PO Box 1895
North Sydney NSW 2060, Australia
ccamatil.com

23 August 2017

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

2017 HALF YEAR REPORT

In accordance with ASX Listing Rule 4.2A.3, I attach the 2017 Half Year Report (incorporating Appendix 4D requirements) for Coca-Cola Amatil Limited.

It is recommended that the Report be read in conjunction with Coca-Cola Amatil's 2016 annual report, with any public announcements made by Coca-Cola Amatil in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX Listing Rules.

A briefing will be held at 10.00am on Wednesday, 23 August 2017. This briefing will be webcast and can be accessed via our website at *www.ccamatil.com*.

Yours sincerely

Jane Bowd

Jane Bowd
Group Company Secretary and Corporate Counsel

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COCA-COLA AMATIL

2017 Half Year Report
(Including Appendix 4D Requirements)

ASX Code: CCL

2017 HALF YEAR REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

Contents

About this report

This report is a summary of Coca-Cola Amatil Limited (referred to as the Company) and its subsidiaries' operations and financial position as at 30 June 2017 and performance for the half year ended on that date.

It is recommended that this report is read in conjunction with the 2016 annual report of the Coca-Cola Amatil Limited and its subsidiaries together with any public announcements made by the Company during the half year ended 30 June 2017 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and the Australia Securities Exchange listing rules.

References in this report to the half year are to the financial period 1 January 2017 to 30 June 2017 unless otherwise stated. The previous corresponding period is the half year ended 1 July 2016.

PRINCIPAL ACTIVITIES

Coca-Cola Amatil operates in six countries – Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. As one of the largest manufacturers and distributors of ready-to-drink alcohol and non-alcohol beverages, coffee and ready to eat food snacks in the Asia-Pacific region, we are proud of the products we produce that millions of people choose to make part of their lives. We aim to delight our consumers through a diversified portfolio of products. Our product range includes non-alcohol sparkling beverages, spring water, sports and energy drinks, fruit juices, iced tea, flavoured milk, coffee, tea, beer, cider, spirits and ready-to-eat fruit and vegetable snacks and products.

Coca-Cola Amatil is one of the world's major Coca-Cola bottlers and we work closely with our partner and major shareholder (30.1%), The Coca-Cola Company, to deliver the products loved by so many.

The Coca-Cola Company owns the brands and manufactures the concentrates of many of the non-alcohol beverages that Coca-Cola Amatil locally manufactures and packages. This includes the market's number one cola brand, Coca-Cola, and other Coca-Cola Company brands such as Sprite, Fanta and Powerade.

Through Coca-Cola Amatil's extensive sales and distribution networks we deliver these and many other category-leading brands to the hands of consumers every day.

CONTACTS

For further information, in relation to this report please contact:

Investors & Analysts
David Akers
+61 412 944 577
david.akers@ccamatil.com

Media
Liz McNamara
+61 405 128 176
liz.mcnamara@ccamatil.com

OPERATING AND FINANCIAL REVIEW

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

APPENDIX 4D – KEY MATTERS

RESULT OVERVIEW

- Strong earnings performances in New Zealand & Fiji, Indonesia & Papua New Guinea and Alcohol & Coffee
- A challenging start to the year for Australian Beverages as identified in our 21 April trading update, with performance improving since Easter
- Underlying[1] earnings before interest and tax (EBIT) of $312.7 million and underlying net profit after tax (NPAT) of $190.1 million representing declines of 4.3 per cent and 4.1 per cent respectively
- Significant progress on share buyback program with 26.7 million shares bought back for total consideration of $247.8 million[2]; $102.2 million of funds still available to utilise post release of HY17 results
- As a result of the reduced number of shares on issue, underlying earnings per share (EPS) decline contained to 3.5 per cent
- Previously identified non-trading items relating to cost optimisation projects in Australian Beverages of $71.4 million[3] (before tax) or $50.0 million (after tax)
- Statutory EBIT of $241.3 million and statutory NPAT of $140.1 million
- Increase in net debt of $274.0 million to $1,266.8 million from FY16 due primarily to the share buyback program
- Interim dividend declared of 21.0 cents per share (1H16: 21.0 cents per share), franked to 70 per cent, representing an underlying payout ratio of 81.4 per cent for the period. It is anticipated that franking will continue to be at a lower level than prior years

ADDITIONAL DEVELOPMENTS

- Entered into agreements for the sale and leaseback of the Richlands manufacturing and warehousing facility in Queensland, with a one-off gain in the second half to offset one-off costs from Australian Beverages' cost optimisation initiatives for the year; proceeds of approximately $156 million and resulting in a one-off gain of approximately $100 million before tax in the second half; expected that this will be substantially realised as profit after tax due to the utilisation of capital losses
- Coca-Cola Amatil is a partner in Exchange for Change – the industry joint venture which has been appointed as Scheme Coordinator in the NSW Container Deposit Scheme; progressing towards Scheme commencement on 1 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2017 $M	1 July 2016 $M	Variance %
Trading revenue	**2,424.8**	**2,517.1**	**(3.7)**
Total revenue	**2,474.4**	**2,571.8**	**(3.8)**
Earnings before interest and tax (before non-trading items)	312.7	326.9	(4.3)
Net finance costs	(32.2)	(35.8)	(10.1)
Income tax expense (before non-trading items)	(81.9)	(87.0)	(5.9)
Non-controlling interests	(8.5)	(5.9)	44.1
Profit attributable to Coca-Cola Amatil Limited shareholders (before non-trading items)	190.1	198.2	(4.1)
Non-trading items after income tax[3]	(50.0)	–	–
Profit attributable to Coca-Cola Amatil Limited shareholders	**140.1**	**198.2**	**(29.3)**
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Earnings per share (before non-trading items)	25.1	26.0	(3.5)
Earnings per share	18.5	26.0	(28.8)

OTHER INFORMATION

Interim dividend per share (70% franked)[4] (1H16: 75% franked) declared for the period	**21.0**	**21.0**	**–**
Prior year final dividend per share (75% franked)[5] paid in the period	25.0	23.5	6.4

1 Underlying refers to statutory results adjusted to exclude non-trading items.
2 To 23 August 2017.
3 Non-trading items relating to Thebarton site closure and restructuring costs related to cost optimisation programs in Australian Beverages.
4 Record date for 2017 dividend entitlement is 29 August 2017 and is payable 3 October 2017 (2016: paid 7 October 2016).
5 Paid 7 April 2017 (2016: 5 April 2016).

Commentary on Coca-Cola Amatil Limited's financial results and position and additional Appendix 4D disclosure requirements can be found in the remainder of this document.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

BUSINESS PEFORMANCE REVIEWS

SEGMENT RESULTS – UNDERLYING EBIT SUMMARY

	30 June 2017 $M	1 July 2016 $M	Variance %
Non-Alcohol Beverages			
– Australia	182.9	210.8	(13.2)
– New Zealand & Fiji	45.7	43.7	4.6
– Indonesia & Papua New Guinea	50.7	37.0	37.0
Alcohol & Coffee Beverages	21.5	19.5	10.3
Corporate, Food & Services	11.9	15.9	(25.2)
Underlying EBIT	**312.7**	**326.9**	**(4.3)**

- **Australian Beverages** EBIT declined 13.2 per cent reflecting a challenging trading period during the start of the year and particularly in March / April. Performance to April was adversely impacted by competitive pressure in the cola and water categories and channel mix away from operational accounts, combined with higher cost of goods sold. While these challenges remain, there are some encouraging signs with improving performance since Easter as our initiatives gain traction. Overall for the half, revenue decreased 5.1 per cent and volume decreased 3.9 per cent. Sparkling Beverages volumes declined 3.8 per cent while Still Beverages volumes decreased 8.5 per cent. Delivery of cost optimisation projects continued, however, was not sufficient to offset earnings declines in the half.
- **New Zealand & Fiji** EBIT increased 3.7 per cent on a constant currency basis[1]. Lower volume for the period reflected the cycling of a strong performance for Fiji in the first half of 2016 following Cyclone Winston. In New Zealand, improved pricing and a positive performance in Sparkling Beverages delivered revenue growth on consistent volumes. We also continued to deliver growth in the grocery, convenience & leisure and quick service restaurant channels.
- **Indonesia & Papua New Guinea** EBIT increased 41.4 per cent on a constant currency basis[1], contributing an additional $13.7 million of EBIT. Despite continuing soft economic conditions in Indonesia, we made substantial progress on our transformation driving a strong EBIT result. Revenue and volume declines in Indonesia were offset by a continued focus on cost improvement. We increased volume and value share in Sparkling Beverages but continued to face pressure in the juice category. We continued to invest in manufacturing facilities, cold drink equipment and the rollout of our route-to-market model across Java, Bali and Sumatra. Our manufacturing efficiencies improved and cost management programs continued, while accelerating leadership and capability development. Papua New Guinea achieved double-digit volume and EBIT growth on a constant currency basis.
- **Alcohol & Coffee** EBIT grew 10.3 per cent on a constant currency basis[1]. Strong performance was achieved in the Spirits & Premix segment with Canadian Club premix and other full bottle spirits growing ahead of the market. The addition of Molson Coors International's Miller Genuine Draft and Miller Chill brands in Australia at the end of 2016 drove significant volume growth in beer.
- **Corporate, Food & Services** EBIT decreased by $4.0 million. SPC's EBIT result improved from the prior year due to reduced depreciation. A smaller contribution from the services division due to the sale of Quirks and lower services requirement to Australian Beverages for the half. This segment now also includes a Property Division, with the 1H16 segment results restated as per ASX announcement on 11 August 2017.

1 The constant currency basis is determined applying HY16 foreign exchange rates to HY17 local currency results.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

AUSTRALIAN BEVERAGES

	30 June 2017 $M	1 July 2016 $M	Variance %
Trading revenue	**1,234.0**	**1,300.6**	**(5.1)**
– Trading revenue per unit case	$8.30	$8.41	(1.3)
– Volume (M unit cases)[1]	148.6	154.6	(3.9)
Underlying earnings before interest and tax	**182.9**	**210.8**	**(13.2)**
EBIT margin on trading revenue	**14.8%**	**16.2%**	**(1.4) points**
Return on capital employed	**37.3%**	**38.6%**	**(1.3) points**
Volume summary – unit cases			
Sparkling			
– Beverages	97.8	101.7	(3.8)
– Frozen	11.9	10.4	14.4
Stills	38.9	42.5	(8.5)
Total	**148.6**	**154.6**	**(3.9)**

1 A unit case is the equivalent of twenty-four 8 US oz (237ml) serves or 5.678 litres.

Australian Beverages' performance to April was adversely impacted by competitive pressure in the cola and water categories, the continuing shift in channel mix away from operational accounts, and the impact of higher cost of goods sold. While these challenges remain, there are some encouraging signs with improving performance since Easter as our initiatives gain traction.

Overall for the period, EBIT declined 13.2 per cent and revenue decreased by 5.1 per cent. Categories and channels were impacted by competitive pressure as well as subdued consumer spending. Lower revenue per case reflected our decision to improve price competitiveness in the water category since Easter.

We continued to progress our strategy to rebalance our portfolio, enhance our revenue growth management capabilities and reconfigure our route-to-market model and improve alignment with The Coca-Cola Company.

In **Sparkling Beverages**, volume declined 3.8 per cent. In the **cola** category, aggressive competitor pricing in the early part of the year resulted in volume share loss. While pricing pressure eased compared to the prior period, this was not sufficient to offset the performance prior to Easter. There are positive indicators from the launch of Coca-Cola No Sugar which was launched in Australian on 9 June. Approximately 28 per cent of Sparkling Beverages consumers have consumed the product and approximately 39 per cent have consumed a Coca-Cola No Sugar more than once. We have also already achieved penetration in state immediate consumption and HORECA channel of approximately 68 per cent, and attracting new and lapsed consumers into the cola market. We expect this will contribute positively to performance in the second half.

The **flavours** and **adult** categories also experienced aggressive competitor pricing, particularly at the start of the year resulting in overall revenue and volume declines for the period.

In **Still Beverages** volumes decreased 8.5 per cent, reflecting challenges in **water**, **sports, tea** and **juice** alongside volume growth in **energy** and **dairy**.

In a deflationary environment, our performance in the **water** category continued to be under pressure against private label water. Some of our enhanced water products, such as Glaceau SmartWater, have not yet gained substantial traction in the market.

We continued to grow in the **energy** category through Monster Energy which is performing well and increasing our volume and value share. Mother underwent a brand and packaging refresh during the period.

Barista Bros continued to perform strongly in the **dairy** category, achieving revenue and volume growth and increasing value and volume share. We launched an additional pack size (700ml) for the Double Espresso and Iced Chocolate products and launched a new flavour – Iced Mochaccino. We continue to see opportunities for growth in this category with additional products and pack sizes in the pipeline.

The **sports** category experienced challenges with aggressive competitor pricing, however, this has shown signs of improvement more recently.

In the **tea** category, FUZE Tea is yet to reach scale. Changes are planned for the second half with improvements to the range.

In the **juice** category, we launched Keri Juice Blenders on 30 June which includes traditional and innovative flavours. We are already above our target penetration in state immediate consumption and HORECA at approximately 27 per cent. This range is expected to contribute positively in the second half.

We experienced challenges across all channels, most notably in **state operational accounts**. However, by the end of the first half, we have expanded our customer base with an increase in high value customers by approximately 10 per cent and are taking a targeted approach in the **HORECA channel** with a dedicated sales team, and have increased our high value customer base in this channel by approximately 30 per cent. Online ordering is approximately 50 per cent and we are exploring additional e-commence opportunities.

We continued to progress our cost optimisation and reinvestment programs with savings coming from initiatives focusing on remodelling our supply chain, our 'Business Excellence' program, changes in our merchandising and sales force as well as further procurement optimisation and support services optimisation. We continued to reinvest in rebalancing our portfolio through innovation, refocussing our sales effort and price investment.

As foreshadowed in October 2016, we experienced higher cost of goods sold, in the order of 2-3 per cent. While we increased base pricing to customers to reflect this, the category and channel pressures experienced, did not result in sufficient recovery of this increase.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

NEW ZEALAND & FIJI

	30 June 2017 $M	1 July 2016 $M	Variance %	Variance – constant currency %
Trading revenue	**261.8**	**259.2**	**1.0**	**(0.2)**
– Trading revenue per unit case	$7.93	$7.69	3.1	2.0
– Volume (M unit cases)	33.0	33.7	(2.1)	(2.1)
Earnings before interest and tax	**45.7**	**43.7**	**4.6**	**3.7**
EBIT margin on trading revenue	**17.5%**	**16.9%**	**0.6 points**	**0.6 points**
Return on capital employed	**27.1%**	**27.2%**	**(0.1) points**	**(0.1) points**

NEW ZEALAND

New Zealand delivered revenue growth with improved pricing on consistent volumes and a positive performance in Sparkling Beverages.

Sparkling Beverages revenue increased on consistent volumes reflecting a change in product mix and pricing improvements. We grew revenue and volume on Cola-Cola trademark products, further supported with the successful launch of Coca-Cola No Sugar, particularly in Countdown and Foodstuffs' supermarkets.

Still Beverages had a solid performance, delivering revenue and volume growth.

In the **water** category, there was some pressure in the grocery and petroleum & convenience channels.

In the **energy** category, we delivered strong revenue and volume growth with the portfolio of Monster Energy, Mother and Lift+ brands performing well.

We also grew revenue and volumes in the **juice** category and continued to leverage the benefits from the new manufacturing facility in Auckland completed in 2016.

The **sports** category was more challenging, cycling strong activity from 2016, including the Rio Olympics.

Our entry into the **flavoured dairy** category with Barista Bros has been very successful with strong growth across the first half and continued focus on building distribution and gaining market share.

We performed strongly in the major channels with good performance in Sparkling Beverages, energy and juice driving revenue growth in the **grocery channel** and revenue and volume growth in the **convenience & leisure** and **quick service restaurant channels**.

FIJI

Revenue and volume declines in Fiji reflected excise increases from the second half of 2016 and the cycling of a particularly strong first half in 2016 following Cyclone Winston. Double-digit EBIT was delivered on a constant currency basis, reflecting improved pricing and a consumer shift into higher margin smaller packs.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

INDONESIA & PAPUA NEW GUINEA

	30 June 2017 $M	1 July 2016 $M	Variance %	Variance – constant currency %
Trading revenue	**530.3**	**545.6**	**(2.8)**	**(0.6)**
– Trading revenue per unit case	$4.48	$4.52	(0.9)	1.3
– Volume (M unit cases)	118.5	120.7	(1.8)	(1.8)
Earnings before interest and tax	**50.7**	**37.0**	**37.0**	**41.4**
EBIT margin on trading revenue	**9.6%**	**6.8%**	**2.8 points**	**2.8 points**

INDONESIA

Indonesia delivered a strong EBIT result despite soft economic conditions. Gross domestic product remains at a level lower than would be expected for a developing market and discretionary consumer spending has been constrained by a number of economic factors. While revenue and volume declined in both the modern and traditional trade, delivery of further transformation initiatives resulted in double-digit EBIT growth in constant currency.

In **Sparkling Beverages**, we achieved a slight increase in volumes, however a slight revenue decline reflecting a change in product mix to smaller packs at a lower price point. We achieved strong value and volume share gains in Sparkling Beverages. There are additional opportunities to drive category growth.

In **Still Beverages,** revenue and volume declined driven by the juice and tea categories.

Tea volumes declined, however, we made small gains in market value and volume share.

In **juice**, value and volume share declined, in a category that continues to be dominated by low price competitor products. We launched a new product, Refresh, positioned at a lower price point than our other offering in this category.

We achieved revenue and volume growth in the **dairy** category resulting from an increase in availability and continued benefit from the addition of a multi serve pack option in 2016.

We achieved sales and cost benefits from our **route-to-market** model transformation, which has increased the availability and accessibility of our products across Indonesia. Further strong efficiency gains were delivered in manufacturing and administrative functions. We invested in our salesforce and in developing the leadership and functional capabilities of our people. We also increased investment in marketing, particularly in the traditional trade.

The business remains highly leveraged to deliver significant earnings improvements when the market returns to growth.

PAPUA NEW GUINEA

Papua New Guinea achieved double-digit EBIT growth on a constant currency basis with revenue and volumes both growing at double-digit rates driven by a strong performance in Sparkling Beverages. Slightly more favourable economic conditions and pre-election government spending assisted our performance in addition to a shift into higher margin products and improving efficiency.

BUSINESS PERFORMANCE REVIEWS (CONTINUED)

ALCOHOL & COFFEE BEVERAGES

	30 June 2017 $M	1 July 2016 $M	Variance %	Variance – constant currency %
Trading revenue	**247.5**	**234.8**	**5.4**	**5.4**
Earnings before interest and tax	**21.5**	**19.5**	**10.3**	**10.3**
EBIT margin on trading revenue	**8.7%**	**8.3%**	**0.4 points**	**0.4 points**

Alcohol & Coffee EBIT increased 10.3 per cent, a more modest performance than prior periods reflecting some additional investment back into the business this half to sustain growth in the future.

ALCOHOL

In **Alcohol,** we achieved single-digit revenue and volume growth and double-digit EBIT growth. The result benefited from the addition of Molson Coors International's Miller Genuine Draft and Miller Chill brands to our portfolio at the end of 2016, delivering incremental beer sales.

In Australia, new age whiskey sales delivered overall revenue and volume growth for the **Spirits** category**.** In the **Beer, Bitters & Cider** categories, we achieved strong revenue and volume growth, driven by the addition of the Miller brands into the portfolio. In Fiji, Paradise Beverages' revenue and volume declined reflecting excise increases in the second half of 2016 and a cycling of strong performance in first half of 2016. In New Zealand, revenue and volume growth was delivered driven by strong performances in premix and cider products.

We worked closely with our partners – Beam Suntory, Molson Coors International, Australian Beer Co, Chilli Marketing, The Boston Beer Company and Australian Bitters Company – and our own brands, to leverage opportunities across all categories.

- **Spirits:** With **Beam Suntory**, we launched Jim Beam Double Serve and Midori Spritz; and entered into a new agreement with Jim Beam becoming the official spirit of the AFL (Australian Football League).
- **Paradise Beverages:** Rum Co of Fiji's premium rums won another 11 awards at the 2017 San Francisco World Spirits Competition. The company also launched its award-winning spirits portfolio into Samoa and continued its capital investment program across production facilities.
- **Beer, Bitters & Cider:**
  - This was the first full half with the Miller brands in our portfolio and the integration has delivered solid results for our presence in the beer category; we announced a new partnership with Coors and the National Basketball Association in Australia and in June launched Coors snow activation targeting the snowfield regions in Victoria and New South Wales.
  - With **Australian Beer Company**, we refreshed the Yenda craft beer range, repositioning "Yenda Hell" as "Yenda Crisp Lager" and continued a number of industry engagement programs to build the brand. In June, Yenda Chocolate & Vanilla Stout won a gold medal at the Australian International Beer Awards.
  - In January, we secured the purchase of the **Australian Bitters** from brand owner Europa, having successfully built the brand up to achieve 30 per cent market share in three years.
  - In March, we established a Specialist Beer and Cider team, a dedicated sales team to grow sales in these categories.
  - From July, we secured the distribution rights for Magners Cider in Australia to complement our existing cider portfolio.

COFFEE

Coffee provided another solid contribution with revenue and volume growth. We had a successful first half in the grocery channel with additional ranging and distribution of our 1kg Grinders' beans range. We also delivered growth in state on-premise accounts and expect momentum to continue, supported by the launch of espresso extract. We refreshed packaging for our capsules range and strong brand positioning helped maintain strong revenue and volume growth in grocery.

CORPORATE, FOOD & SERVICES

	30 June 2017 $M	1 July 2016 $M	Variance %
Trading revenue[1]	**151.2**	**176.9**	**(14.5)**
Earnings before interest and tax	**11.9**	**15.9**	**(25.2)**

1 Majority derived from SPC.

The composition of this segment has changed with the creation of a Property Division from 1 January 2017. The 1H16 results in the table above have been restated, as have Australian Beverages and New Zealand & Fiji.

On a like for like basis, the segment EBIT was $4.0 million lower than 1H16. SPC's EBIT improved slightly due to reduced depreciation. While strong marketing has improved share in tomatoes, we continue to come under pressure in the beans, spaghetti and spreads categories.

We delivered a smaller contribution from the Services Division due to the sale of Quirks and lower services requirement to Australian Beverages for the half.

As foreshadowed in February and June, a Property Division has been created within this segment. Key property assets from Australian Beverages and New Zealand have been moved into this segment, with income derived from charging rent based on market rates. The division is also responsible for optimising property lease and ownership arrangements across the Group.

DETAILED FINANCIAL COMMENTARY

CAPITAL EMPLOYED[1]

	30 June 2017 $M	(Restated)[3] 1 July 2016 $M	Variance $M
Working capital[2]	459.0	516.2	(57.2)
Property, plant and equipment	1,821.4	2,027.0	(205.6)
Intangible assets	1,206.9	1,272.8	(65.9)
Current and deferred tax assets/(liabilities)	(288.6)	(345.9)	57.3
Derivative net assets/(liabilities) – non-debt	(24.6)	15.8	(40.4)
Other assets/(liabilities)[4]	9.7	(25.7)	35.4
	3,183.8	3,460.2	(276.4)
Return on capital employed (ROCE)[1]	**20.1%**	**19.3%**	**0.8 points**

1 Capital employed is referred to as Assets and Liabilities – Operating and Investing or segment net assets in the Financial Report.
2 Working capital is defined as current trade and other receivables plus inventories less current trade and other payables.
3 Refer to "Change in Accounting Policy" within the Overview section of the Consolidated Interim Financial Report.
4 Mainly comprising of non-current assets held for sale, prepayments, investment in joint venture entity, defined benefit superannuation plan assets and liabilities and provisions.

Capital employed was reduced by the non-cash impairment of SPC in the second half of 2016.

Reduction in capital employed of $276.4 million from 1 July 2016 resulted from:

- **Working capital** decreasing $57.2 million primarily due to SPC inventory impairment in 2H16 as well as slight improvement on an underlying basis
- **Property, plant and equipment** decreasing by $205.6 million due to SPC impairment in 2H16, transfer of Richlands manufacturing and warehouse site to assets held for sale, (and reflected in **other assets**) and foreign currency translation
- **Intangible assets** decreasing $65.9 million due to SPC impairment in 2H16
- **Current and deferred tax liabilities** decreasing $57.3 million due to the current value of deferred tax assets arising from SPC impairment in 2H16 and from unrealised losses on non-debt derivatives recognised in equity
- **Net non-debt derivative assets** decreasing $40.4 million due to unrealised losses on non-debt derivatives, arising from lower sugar prices relative to the hedged price

Improvement in return on capital employed of 0.8 percentage points to 20.1 per cent.

DETAILED FINANCIAL COMMENTARY (CONTINUED)

FREE CASH FLOW

	30 June 2017 $M	1 July 2016 $M	Variance $M
EBIT	**241.3**	**326.9**	**(85.6)**
Depreciation and amortisation expenses	144.3	133.9	10.4
Impairment charges	9.7	1.7	8.0
Changes in adjusted working capital[1]	(12.3)	18.1	(30.4)
Net interest and other finance costs paid	(32.9)	(31.1)	(1.8)
Income taxes paid	(97.5)	(84.8)	(12.7)
Movements in other items[2]	(23.5)	(33.0)	9.5
Net operating cash flows	**229.1**	**331.7**	**(102.6)**
Capital expenditure	(91.0)	(127.5)	36.5
Proceeds from sale of non-current assets	1.6	2.0	(0.4)
Free cash flow	**139.7**	**206.2**	**(66.5)**
Cash realisation[3]	**78.2%**	**98.1%**	**(19.9) points**

1 Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation, impacts of disposal of businesses and payables relating to additions of property, plant and equipment.

2 Mainly comprising of movements in prepayments and provisions.

3 Net operating cash flows divided by NPAT (adding back depreciation and amortisation expenses before tax).

Free cash flow was $139.7 million, a decrease of $66.5 million from 1H16. This resulted from a reduction in **Group EBIT** and changes in **adjusted working capital** due to timing which resulted in an exceptional cash realisation result in the comparative period.

The slightly higher **net interest and finance costs paid** was due to additional debt utilised for the share buyback and timing of interest payments on deposits.

Tax paid was slightly higher due to the timing of tax instalments paid in 1H16 compared to 1H17.

Capital spend was $36.5 million lower reflecting lower spend in Indonesia and in New Zealand. In Indonesia, we made significant progress on our affordable small sparkling pack line, our new Sparkling Beverages line at Medan and on our preform facility. In New Zealand, initial spend on approved projects will be progressed in 2H17.

Cash realisation was 19.9 percentage points lower at 78.2 per cent.

DETAILED FINANCIAL COMMENTARY (CONTINUED)

CAPITAL EXPENDITURE

	30 June 2017 $M	1 July 2016 $M	Variance $M
Non-Alcohol Beverages			
– Australia	15.3	18.8	(3.5)
– New Zealand & Fiji	5.3	16.7	(11.4)
– Indonesia & Papua New Guinea	37.0	60.5	(23.5)
Alcohol & Coffee Beverages	5.0	3.9	1.1
Corporate, Food & Services	28.4	27.6	0.8
	91.0	**127.5**	**(36.5)**
Capital expenditure/trading revenue	3.8%	5.1%	(1.3) points
Capital expenditure/underlying depreciation and amortisation (software assets)	0.7x	1.0x	(0.3)x

Group capital expenditure was $36.5 million lower than 1H16 at $91.0 million.

Capital expenditure for 2017 will be weighted to the second half due to the progress and timing of several projects in Australia, New Zealand and Indonesia.

In **Australian Beverages**, capex included additional investment in technology to support sales and customer service programs including further development of the online ordering platform (*myCCA.com.au*) and the further automation of processes in support services in areas such as finance, human resources and information technology.

New Zealand & Fiji capex was $11.4 million lower at $5.3 million reflecting higher spend in 1H16 for the investment in the Auckland sports and juice manufacturing facility.

Indonesia & Papua New Guinea capex was $23.5 million lower than 1H16 due to timing differences. Our investment for growth continues with significant progress being made in the period. This included the commissioning of our affordable small sparkling pack line, progress on our new Sparkling Beverages line at Medan, progress on our preform facility and significant progress on a new can line project in Papua New Guinea. There was also additional investment in cold drink equipment in both Indonesia and Papua New Guinea.

Corporate, Food & Services: capex included spend in relation to the Richlands warehouse project and on replacing cold drink equipment in Australia, offset by reduced spend on projects in SPC.

CAPITAL – FINANCING

	30 June 2017 $M	1 July 2016 $M	Variance $M
Equity	**1,917.0**	**2,334.4**	**(417.4)**
Net debt			
– Cash assets	(1,014.0)	(864.0)	(150.0)
– Borrowings and other financial liabilities	2,350.8	2,104.0	246.8
– Net debt derivative (assets)/liabilities	(70.0)	(114.2)	44.2
Total net debt	**1,266.8**	**1,125.8**	**141.0**
	3,183.8	**3,460.2**	**(276.4)**
Net interest cover (calculated as underlying EBIT divided by net finance costs)	9.71x	9.13x	0.58x

The balance sheet remains in a strong position. **Net debt** increased by $141.0 million from 1 July 2016 to $1,266.8 million, reflecting increased debt utilised for the share buyback program offset by strong cashflow in 2H16.

Cash assets increased by $150.0 million primarily due to funds borrowed in the first half for the share buyback and an increase in the cash balance in Papua New Guinea.

As at 30 June 2017, Papua New Guinea had cash assets of $209.6 million (PGK 506.0 million); 2016: $145.6 million (PGK 342.5 million). Presently there are Papua New Guinea government imposed currency controls which are restricting the availability of foreign currency and preventing remittance of the cash held in Papua New Guinea for use elsewhere in the Coca-Cola Amatil Group.

Borrowings and other financial liabilities increased by $246.8 million to $2,350.8 million reflecting funds drawn to fund the share buyback program.

Total available **debt facilities** at period end was $2.43 billion. The average maturity is 5.3 years and the maturity profile is as follows:

	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021+
Borrowing maturity profile	%	%	%	%	%
Committed and uncommitted facilities maturity year	1.3	17.3	6.3	22.8	52.3

STRATEGY, PRIORITIES & OUTLOOK

In October 2014, we announced the results of a strategic review of the Group. Our plans reflect three broad Group strategic themes:

- **Lead**: strengthening category leadership position
- **Execute**: step change in productivity and in-market execution
- **Partner**: better alignment with The Coca-Cola Company and our other partners

In October 2016, we provided an update on the progress of the implementation of our strategic plans. We are confident that we have the right strategy in place and that our progress today will deliver the targeted outcomes for tomorrow.

Overall, we have also developed our Shareholder Value Proposition which articulates our investment case, earnings drivers and how we are targeting shareholder value creation. At a group level, we are targeting:

- Mid-single-digit earnings per share growth in the medium term
- Attractive dividends: above 80 per cent payout ratio
- Strong balance sheet and return on capital employed

Our level of performance is subject to the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets, including the impact of container deposit schemes in Australia from 2017.

AUSTRALIAN BEVERAGES

TARGETS

- Stabilise earnings and return to growth
- Shareholder value proposition: low single-digit EBIT growth

Lead – rebalancing the portfolio, focussing on Sparkling Beverages and accelerating Still Beverages

We have refreshed and strengthened our **category growth plans** with The Coca-Cola Company. In **Sparkling Beverages**, we are shaping choice and evolving with the consumer. We have already launched Coca-Cola No Sugar and have further new products and reformulations to roll out in the second half with the launch of additional rotational flavours to attract lapsed consumers and new consumers. We are also increasing the availability of smaller packs and portion sizes. We are focussed on rebalancing our portfolio by accelerating the growth in **Still Beverages.** We launched a new juice offering, Keri Juice Blenders, on 30 June 2017. We are already above our target penetration in state immediate consumption and HORECA at approximately 27 per cent. This range is expected to contribute positively in the second half and we have additional new products to roll out in the second half in the water, juice and energy categories.

Execute – reconfiguring our route-to-market model, and enhancing our revenue growth capabilities

We are leveraging our **route-to-market model**. By the end of the first half we had increased our high value customer base by approximately 10 per cent including in the important HORECA channel by approximately 30 per cent. This was achieved through a more targeted approach and a dedicated sales team. We expect this will contribute positively in the second half. We are also focussed on improving our execution metrics and driving strong customer engagement. Online ordering has increased to approximately 50 per cent and we are exploring additional e-commerce opportunities.

We are building our revenue growth management capability through more targeted promotional spend, pack architecture changes focused on providing smaller portion sizes to support the rebalancing of our portfolio.

Execute – cost optimisation and reinvestment to remodel our supply chain and contribute to the rebalancing of our portfolio

In October 2016, we announced a **second cost optimisation program**, targeting at least a further \$100 million of savings to be delivered over three years. Initiatives include our Richlands warehouse automation project, supply chain 'Business Excellence' program, merchandising outsourcing, salesforce restructure, as well as further optimisation of procurement and support services. Approximately \$80 million of capex will be spent on the Richlands warehouse automation project in 2017 and 2018. Approximately \$25 million of one-off restructuring costs have been recognised in the first half of 2017 associated with this program, which will be offset by the expected profit from the sale and leaseback of our Richlands site in the second half of 2017 (1 December 2017 settlement).

New initiatives to remodel our supply chain are targeting a further \$20 million of savings per annum to be delivered from 2020. These initiatives include the closure of our manufacturing facilities in South Australia and the addition of a new glass production line and expanded capacity for dairy and juice at Richlands which will contribute to the rebalancing of our portfolio. These initiatives have an associated capital investment of \$90 million, the majority of which will be spent in 2018. Approximately \$40 million of one-off costs have been recognised in 1H17, and will be offset by the expected profit from the sale and leaseback of the Richlands site in the second half of 2017 (1 December 2017 settlement).

The savings from these cost optimisation programs are being reinvested in our "Sales Force of the Future" program, continued rebalancing of our portfolio, additional marketing and price investment. We have a well-established transformation office to manage the delivery of these cost optimisation programs as well as a number of revenue growth initiatives that support our category growth plans.

Partner – improving alignment with The Coca-Cola Company

We continue to benefit from improving alignment with The Coca-Cola Company. We have recently implemented incidence pricing which is a more aligned pricing model that links concentrate price per unit to revenue. The key benefits of which are: ensure greater alignment resulting in greater market and consumer focus, joint focus on growing transactions and value, faster day-to-day decision making and simplification of funding arrangements. We are also embracing The Coca-Cola Company's "Total Beverages Company" strategy which they announced earlier in the year.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

AUSTRALIAN BEVERAGES (CONTINUED)

Container deposit schemes

Several state governments in Australia have announced plans to introduce container deposit schemes ("CDS"). The NSW container deposit scheme is scheduled to commence from 1 December 2017. Coca-Cola Amatil is a member of the "Exchange for Change" joint venture, which has been appointed as the Scheme Coordinator. The Scheme Coordinator has published the fees it expects to charge suppliers for eligible containers under the CDS for the first three months of the Scheme. In determining the fees to charge suppliers, the Scheme Coordinator will have made various assumptions, some of which have been published:

- The fees the Network Operator charges the Scheme Coordinator
- The total number of eligible containers in NSW
- The total eligible container redemption rate
- The split of eligible containers redeemed at CPs, RVMs and MRFs
- The operating costs of the Scheme Coordinator
- Each supplier's proportionate share of eligible containers in NSW, by material type

Coca-Cola Amatil intends to recover the fees of the CDS by passing these through to customers. The recovery of the fees by Coca-Cola Amatil will constitute an additional charge being added to our pricing to customers.

At this early stage, it is uncertain how customers and consumers will respond to the introduction of the CDS. As such, Coca-Cola Amatil does not have a reasonable basis to provide a meaningful estimate of the impact to future earnings resulting from the implementation of the CDS.

Summary

We are making significant changes to strengthen the foundations of our business. This includes major plans behind our cola portfolio and in Still Beverages, transformation of what is already a world class route-to-market model, continuing focus on cost reduction while building the strength of the organisation and further strengthening our partnerships. We are confident the building blocks are in place for future sustainable growth.

NEW ZEALAND

TARGETS

- Build trust and focus on new opportunities
- Shareholder value proposition: low single-digit EBIT growth

We are focussed on maintaining our leadership position in Sparkling and Still Beverages and improving our relationships with our brand partners. We are driving the fundamentals for sustainable and profitable growth by ensuring that we offer our customers and consumers the world's leading beverage brands across a broad range of categories and formats. We are adding to our manufacturing and distribution capability, building our sales and marketing execution capability and expect continued growth in 2017.

FIJI

TARGET

- Shareholder value proposition: double-digit EBIT growth

We continue to expand our distribution network through the rollout of cold drink equipment and increase the number of outlets ranging our products. Growth has been marginally impacted by additional excise increases from 1 July 2016. We expect to benefit from the recent investment in an additional production line.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

INDONESIA

TARGETS

- Expand our market presence to realise the market's potential
- Shareholder value proposition: double-digit EBIT growth

Indonesia continues to be an exciting growth market over the medium to long term given the favourable demographics and growing emerging middle class.

Gross domestic product remains at a level lower than would be expected for a developing market and discretionary consumer spending has been constrained by a number of economic factors.

We expect to continue strengthening our leadership position in the Sparkling Beverages category as well as growing the category overall, driven by our focus on strong market execution, new pack and product launches, and supported by a broader brand marketing and advertising program. A significant investment is also being made in the juice, tea, dairy and water categories to tap into the value opportunities these categories present.

Transformation of our route-to-market model is designed to increase product availability, improve execution and broaden the customer base in the traditional trade. This transformation is substantially complete in Jakarta and across Java and we are rolling it out in other parts of Indonesia in 2017, including in Bali and Sumatra. Product availability will continue to improve as a result of this transformation. Significant productivity gains are also being delivered through several initiatives in manufacturing and logistics efficiencies resulting in a lower overall cost to serve.

We continue to benefit from the very strong alignment with The Coca-Cola Company with governance and operating arrangements working well for both organisations.

PAPUA NEW GUINEA

TARGET

- Shareholder value proposition: double-digit EBIT growth

Papua New Guinea is an important growth market. We will continue expanding our distribution network as well as seeking productivity and efficiency improvements in manufacturing and logistics. We are also benefitting from the recent installation of a new can line. A continuation of the current shortfall in the availability of foreign currency that we can purchase will result in increasing amounts of Kina held on deposit in Papua New Guinea for the foreseeable future.

ALCOHOL & COFFEE

TARGETS

- Continue strong momentum
- Shareholder value proposition: double-digit EBIT growth

We expect to continue achieving growth across all categories and in each of our operating geographies.

Spirits: Our partnership with Beam Suntory across Australia and New Zealand continues to deliver opportunities. We have a category leadership position in bourbon and are working with Beam Suntory to bring innovation to this category. Already in the second half, Beam Suntory has launched "Canadian Club 8-year-old" leveraging the continued growth of new age whiskey and premium spirits. Two additional premium scotch whiskies have also been launched in the Bowmore Islay Single Malt Whisky range. From August, we have also added Sipsmith's super-premium London Dry Gin to the spirits portfolio.

Paradise Beverages: Our majority owned business, Paradise Beverages has added further products to its portfolio with "Espresso Par-tini" and "Joskes Brew and cola" an alcoholic ready to drink beverage made from cane spirit. Our strong focus on innovation and new product development will continue throughout the year, taking advantage of the increased capability and capacity to come from our continued capital investment programs. We also continue to gain Australian distribution and recognition for our Rum Co of Fiji premium rum range.

Beer, Bitters & Cider: We will work closely with our partners to develop our brands and take advantage of significant opportunities across categories where we can leverage our distribution and footprint. We will have a full year contribution from the Miller brands with our partner Molson Coors International. We expect to further develop the craft beer range (eg Yenda) through the Australian Beer Company, with our joint venture partner, Casella Family Brands. We have also entered into a partnership with C&C Group, owner of the Magners cider brand with distribution commencing in July in Australia.

Coffee: We will continue developing the Grinders brand across our roast, ground and capsule products and expand our retail presence. In July, we launched "Grinders Coffee X-tract Espresso Martini Mix" which has had encouraging signs. Further innovation is planned in coffee, with a new Grinders Cold Brew product having secured ranging in grocery for a September launch.

SPC

TARGET

- Continue transformation into a profitable modern food business

SPC is making solid progress in delivering on its investment program, and has been well supported by its major customers and loyal consumers. However, returning to profitability is taking longer than had been expected. The SPC team has worked hard to deliver on the investment plan objectives and has made significant progress in modernising its manufacturing capabilities and bringing new innovative products to market, such as 'ProVital', 'Perfect Fruit' and several snacking-fruit products. We see a strong future for SPC as it continues to expand its range of products and targets additional markets. With the joint investment program with the Victorian Government expected to be completed this year, we remain committed to securing SPC's long term future.

STRATEGY, PRIORITIES & OUTLOOK (CONTINUED)

FINANCIAL OUTLOOK

TARGETS

- Medium-term target of mid-single-digit earnings per share growth
- Attractive dividends: above 80 per cent payout ratio
- Strong balance sheet and return on capital employed

Underlying NPAT and EPS

As stated in our trading update on 21 April 2017, we expect FY17 underlying net profit after tax to be broadly in line with FY16. Performance in Australian Beverages has improved since Easter and we have developed strong products and execution plans for the second half. We also expect our growth businesses to continue their strong performance in the second half.

We remain confident that our strategic framework, and aligned plans, are moving each business in the right direction and our medium-term target for the Group is to deliver mid-single-digit earnings per share growth. Our level of performance is subject to the success of revenue initiatives in Australia, Indonesian economic factors and regulatory conditions in each of our markets, including the impact of container deposit schemes in Australia from December 2017. We do acknowledge that the roll-out of container deposit schemes in Australia will challenge us over the next couple of years given the inherent uncertainty of their impact across the industry.

Capital Expenditure

For 2017, additional capex is expected to be spent on specific initiatives within Australian Beverages, namely, our Richlands warehouse automation project resulting in Group capex of around $365 million. As a result of an additional $90 million of capex to be invested at Richlands including a new glass production line and additional capacity for dairy and juice, 2018 Group capex is expected to be similar to 2017.

Dividend and Capital Management

We expect to generate sufficient free cash flow to support a medium-term dividend payout ratio of over 80 per cent. It is anticipated that from 2017, franking will be lower than previous years.

In April 2017, we commenced an on-market share buy-back program of up to $350 million. As at 23 August 2017, we had bought back 26.7 million shares for total consideration of $247.8 million. We have $102.2 million of funds still available to utilise following the release of 1H17 results.

Balance Sheet and Return on Capital Employed

We expect to maintain a conservative balance sheet position which provides us with flexibility to fund future growth opportunities. We also expect to maintain strong return on capital employed.

We will also continue to explore opportunities to extract value from our property portfolio.

DIRECTORS' REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

In accordance with the *Corporations Act 2001*, the Directors submit hereunder their Report on Coca-Cola Amatil Limited and its subsidiaries (referred to as Group), for the half year ended 30 June 2017.

1 DIRECTORS

The names of the Directors of Coca-Cola Amatil Limited (also referred to as Company) in office during the half year and/or until the date of this Report are detailed below:

Current	Former[1]
Ilana Rachel Atlas[2]	David Michael Gonski, AC
Alison Mary Watkins	Anthony Grant Froggatt
John Borghetti, AO	David Edward Meiklejohn, AM
Catherine Michelle Brenner	Wallace Macarthur King, AO
Martin Jansen	
Mark Graham Johnson	
Paul Dominic O'Sullivan[3]	
Krishnakumar Thirumalai	

1 Retired 16 May 2017 at the conclusion of the Annual General Meeting.
2 Appointed as Chairman on 16 May 2017 at the conclusion of the Annual General Meeting.
3 Appointed 1 March 2017.

2 REVIEW OF OPERATIONS

A review of the operations and the results of those operations is set out in the Operating and Financial Review.

3 AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from the Company's auditor, Ernst & Young:

EY
Building a better working world

200 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

As lead auditor for the review of Coca-Cola Amatil Limited for the half year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coca-Cola Amatil Limited and the entities it controlled during the financial period.

Ernst & Young

Katrina Zdrilic
Engagement Partner
Sydney
23 August 2017

4 ROUNDING OFF

The Company is of a kind referred to in the *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and, accordingly, amounts in this Report and the Consolidated Interim Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.

Ilana R. Atlas
Chairman
Sydney
23 August 2017

Alison M. Watkins
Group Managing Director
Sydney
23 August 2017

CONSOLIDATED INTERIM FINANCIAL REPORT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

CONSOLIDATED INTERIM INCOME STATEMENT

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

	Note	30 June 2017 $M	1 July 2016 $M
Trading revenue	2	2,424.8	2,517.1
Cost of goods sold		(1,415.4)	(1,467.7)
Delivery		(114.3)	(113.9)
Gross profit		**895.1**	**935.5**
Other revenue	2	30.8	33.3
Expenses			
Selling		(346.1)	(350.7)
Warehousing and distribution		(86.3)	(90.7)
Support services and other[1]		(251.7)	(199.8)
		(684.1)	**(641.2)**
Share of loss of joint venture entity		(0.5)	(0.7)
Earnings before interest and tax		241.3	326.9
Net finance costs			
Finance income	2	18.8	21.4
Finance costs		(51.0)	(57.2)
		(32.2)	**(35.8)**
Profit before income tax		209.1	291.1
Income tax expense	5	(60.5)	(87.0)
Profit for the half year		**148.6**	**204.1**
Attributable to:			
Shareholders of Coca-Cola Amatil Limited		140.1	198.2
Non-controlling interests		8.5	5.9
Profit for the half year		**148.6**	**204.1**
Earnings per Share (EPS) attributable to shareholders of Coca-Cola Amatil Limited			
Basic and diluted EPS (cents)	6	**18.5**	**26.0**

1 2017 includes non-trading items, refer to Note 3 for further details.

Notes appearing on pages 23 to 36 to be read as part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

	30 June 2017 $M	(Restated)[1] 1 July 2016 $M
Profit for the period	**148.6**	**204.1**
Other comprehensive income		
Items to be reclassified to the income statement in subsequent periods:		
Foreign exchange differences on translation of foreign operations	(66.5)	13.9
Reclassification of foreign exchange differences on disposal of a business	1.1	(1.6)
Cash flow hedges	(52.3)	39.4
Income tax effect relating to cash flow hedges	14.1	(13.9)
	(103.6)	**37.8**
Items not to be reclassified to the income statement in subsequent periods:		
Actuarial valuation reserve	(6.2)	(7.8)
Income tax effect	1.6	2.1
	(4.6)	**(5.7)**
Other comprehensive income	**(108.2)**	**32.1**
Total comprehensive income for the period	**40.4**	**236.2**
Attributable to:		
Shareholders of Coca-Cola Amatil Limited	46.5	225.2
Non-controlling interests	(6.1)	11.0
Total comprehensive income for the period	**40.4**	**236.2**

1 Refer note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 23 to 36 to be read as part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

		Attributable to shareholders of Coca-Cola Amatil Limited						
	Note	Share capital $M	Treasury shares $M	Reserves $M	Accumulated losses $M	Total $M	Non-controlling interests $M	Total equity $M
At 1 January 2017 (Restated)[1]		**2,271.7**	**(15.7)**	**392.4**	**(719.6)**	**1,928.8**	**346.1**	**2,274.9**
Total comprehensive income for the period		–	–	(93.6)	140.1	(93.6)	(6.1)	40.4
Transactions with shareholders:								
Share buy-back		(201.7)	(8.7)	–	–	(210.4)	–	(210.4)
Share-based remuneration		–	2.0	1.2	–	3.2	–	3.2
Dividends paid	4	–	–	–	(190.9)	(190.9)	(0.2)	(191.1)
		(201.7)	(6.7)	1.2	(190.9)	(398.1)	(0.2)	(398.3)
At 30 June 2017		**2,070.0**	**(22.4)**	**300.0**	**(770.4)**	**1,577.2**	**339.8**	**1,917.0**
At 1 January 2016 (Restated)[1]		**2,271.7**	**(16.8)**	**322.9**	**(625.9)**	**1,951.9**	**323.7**	**2,275.6**
Total comprehensive income for the period		–	–	27.0	198.2	27.0	11.0	236.2
Transactions with shareholders:								
Share-based remuneration		–	0.9	1.3	–	2.2	–	2.2
Dividends paid	4	–	–	–	(179.4)	(179.4)	(0.2)	(179.6)
		–	0.9	1.3	(179.4)	(177.2)	(0.2)	(177.4)
At 1 July 2016 (Restated)[1]		**2,271.7**	**(15.9)**	**351.2**	**(607.1)**	**1,999.9**	**334.5**	**2,334.4**

1 Refer note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 23 to 36 to be read as part of the consolidated interim financial statements.

CONSOLIDATED INTERIM BALANCE SHEET

Coca-Cola Amatil Limited and its subsidiaries
as at 30 June 2017

	Note	30 June 2017 $M	(Restated)[1] 31 December 2016 $M	(Restated)[1] 1 July 2016 $M
Current assets				
Cash assets	12	1,014.0	1,378.1	864.0
Trade and other receivables		814.5	976.8	828.7
Inventories		719.8	676.4	788.3
Non-current assets held for sale	8	36.3	–	–
Derivatives	10	27.8	35.2	46.2
Current tax assets		0.8	1.5	10.5
Prepayments		49.5	36.8	66.7
Total current assets		**2,662.7**	**3,104.8**	**2,604.4**
Non-current assets				
Property, plant and equipment		1,821.4	1,948.9	2,027.0
Intangible assets		1,206.9	1,216.1	1,272.8
Investment in joint venture entity	13	25.6	26.1	25.6
Defined benefit superannuation plans		17.0	20.9	14.1
Derivatives	10	99.8	124.5	156.2
Other receivables		12.5	14.3	14.4
Prepayments		20.0	17.3	16.6
Deferred tax assets		–	–	5.0
Total non-current assets		**3,203.2**	**3,368.1**	**3,531.7**
Total assets		**5,865.9**	**6,472.9**	**6,136.1**
Current liabilities				
Trade and other payables		1,075.3	1,194.4	1,100.8
Borrowings		207.5	421.5	351.5
Other financial liabilities		65.9	71.8	101.2
Provisions		93.8	97.9	91.5
Current tax liabilities		5.3	42.0	31.3
Derivatives	10	38.9	15.5	23.5
Total current liabilities		**1,486.7**	**1,843.1**	**1,699.8**
Non-current liabilities				
Borrowings		2,077.4	1,959.5	1,651.3
Provisions		13.1	14.1	15.1
Deferred tax liabilities		284.1	300.1	330.1
Defined benefit superannuation plans		44.3	44.3	56.5
Derivatives	10	43.3	36.9	48.9
Total non-current liabilities		**2,462.2**	**2,354.9**	**2,101.9**
Total liabilities		**3,948.9**	**4,198.0**	**3,801.7**
Net assets		**1,917.0**	**2,274.9**	**2,334.4**
Equity				
Share capital	9	2,070.0	2,271.7	2,271.7
Treasury shares		(22.4)	(15.7)	(15.9)
Reserves		300.0	392.4	351.2
Accumulated losses		(770.4)	(719.6)	(607.1)
Equity attributable to shareholders of Coca-Cola Amatil Limited		**1,577.2**	**1,928.8**	**1,999.9**
Non-controlling interests		339.8	346.1	334.5
Total equity		**1,917.0**	**2,274.9**	**2,334.4**

1 Refer note on change in accounting policy under basis of preparation for further details.

Notes appearing on pages 23 to 36 to be read as part of the consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

	Note	30 June 2017 $M	1 July 2016 $M
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		3,005.8	3,136.5
Payments to suppliers and employees		(2,646.3)	(2,688.9)
Interest income received		21.8	20.5
Interest and other finance costs paid		(54.7)	(51.6)
Income taxes paid		(97.5)	(84.8)
Net operating cash flows	12	**229.1**	**331.7**
Investing cash flows			
Payments for:			
– additions of property, plant and equipment		(83.6)	(121.1)
– additions of software development assets		(7.4)	(6.4)
Proceeds from:			
– withdrawal of long term deposits		–	85.2
– disposal of business[1]		–	3.5
– disposal of property, plant and equipment		1.6	2.0
Net investing cash flows		**(89.4)**	**(36.8)**
Financing cash flows			
Proceeds from borrowings and other financial liabilities		334.0	171.5
Borrowings repaid		(419.3)	(643.3)
Payment for buy-back of shares		(201.7)	–
Dividends paid	4	(190.9)	(179.4)
Dividend paid to non-controlling interests	4	(0.2)	(0.2)
Net financing cash flows		**(478.1)**	**(651.4)**
Net decrease in cash and cash equivalents		(338.4)	(356.5)
Cash and cash equivalents held at the beginning of the half year		1,377.0	1,237.4
Effects of exchange rate changes on cash and cash equivalents		(26.0)	(16.9)
Cash and cash equivalents held at the end of the half year	12	**1,012.6**	**864.0**

1 Relates to disposal of SPC Nature's Finest Limited (UK), a subsidiary of Coca-Cola Amatil.

Notes appearing on pages 23 to 36 to be read as part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

OVERVIEW

Coca-Cola Amatil Limited (also referred to as Company) is a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Coca-Cola Amatil Limited does not have a parent entity.

The consolidated interim financial statements for the half year ended 30 June 2017 comprise of Coca-Cola Amatil Limited and its subsidiaries (together referred to as Group) and was authorised for issue in accordance with a resolution of the Coca-Cola Amatil Board of Directors on 23 August 2017.

BASIS OF PREPARATION

This general purpose consolidated interim financial report:

- 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
- 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 2016 annual financial report of the Group, together with any announcements made by Coca-Cola Amatil during the half year ended 30 June 2017
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 11)
- is presented in Australian Dollars
- presents reclassified comparative information where necessary to conform to changes in presentation in the current period
- presents all values as rounded to the nearest hundred thousand dollars, unless the option is available to Coca-Cola Amatil Limited under *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*
- applies accounting policies and judgements/estimates that are the same with those adopted and disclosed in the Group's 2016 annual financial report except those mentioned below; and
- does not early adopt any *Australian Accounting Standards* and *Interpretations* that have been issued or amended but are not yet effective, with the exception of *AASB 9 Financial Instruments – 2013* which was early adopted on 1 January 2014.

CHANGE IN ACCOUNTING POLICY

As a result of the recent International Financial Reporting Standards Interpretation Committee's published agenda decision in relation to the accounting requirements for deferred tax and specifically clarifying the criteria that entities are required to apply when determining the recovery through sale or through use basis to determine tax values for indefinite lived intangible assets, we have made the below mentioned adjustments to our financial statements.

Previously, Coca-Cola Amatil had assessed that the recovery of its indefinite lived intangible assets would be through sale and therefore used tax bases for this purpose (for example capital gains tax cost bases) to determine taxable temporary differences. However, as a result of the interpretation, the deferred tax on Coca-Cola Amatil's investments in bottler agreement (IBA) assets have been adjusted to reflect recovery through use. The tax base for the recovery through use approach is zero, in that there are no tax deductions available to the Group. Accordingly, deferred tax liabilities have increased as a result.

These adjustments have been applied as a retrospective change in accounting policy, meaning adjustment to the opening balance sheet position (1 January 2016) against accumulated losses and goodwill, depending on whether the underlying IBA was acquired before or after Australia's transition to International Financial Reporting Standards in 2004. These adjustments impacted the Australia, New Zealand & Fiji and Indonesia & Papua New Guinea segments, with the Group impact on the financial statements being as follows:

	(Restated) 1 January 2016 $M	(As reported) 1 January 2016 $M	(Restated) 1 July 2016 $M	(As reported) 1 July 2016 $M	(Restated) 31 December 2016 $M	(As reported) 31 December 2016 $M
Intangible assets	1,274.6	1,265.9	1,272.8	1,264.1	1,216.1	1,207.4
Deferred tax liability[1]	305.9	163.0	330.1	186.5	300.1	156.0
Reserves[1]	322.9	322.9	351.2	351.9	392.4	393.6
Accumulated losses	625.9	491.7	607.1	472.9	719.6	585.4

1 The stated amounts have moved only for relevant foreign currency translation effects across the periods shown.

I RESULTS FOR THE HALF YEAR

1 SEGMENT REPORTING

We operate in a number of segments, based on results that are reported to the Group Managing Director. The Australia, New Zealand & Fiji and Indonesia & Papua New Guinea Non-Alcohol Beverages segments derive their revenues from the manufacture, distribution and marketing of sparkling drinks and other non-alcohol beverages. The Alcohol & Coffee Beverages segment manufactures and distributes alcohol and coffee products. The Corporate, Food & Services segment includes other non-individually reportable businesses and comprises of the corporate office function for the Group, the processing and marketing of fruit and other food products business (SPC), managing key property assets of Australia and New Zealand and the provision of certain support services to the Group and third party customers business.

The Group's financial statements are affected by seasonality depending on the timing of certain festivities in the different countries within which Coca-Cola Amatil operates. Typically, revenue, earnings and operating cash flows of Australian and New Zealand based operations are greater in the second half of the financial year due to the Christmas holiday trading period, which can lead to associated effects on working capital components. Similarly, the Ramadan period positively impacts the timing of the Indonesian business's financial performance within the financial year.

Segment results are evaluated on earnings before interest, tax and non-trading items basis. Segment net assets include Assets and Liabilities – Operating and Investing amounts (which excludes net debt amounts). Net debt comprises of cash assets, long-term deposits, debt related derivative assets and liabilities, borrowings and other financial liabilities. 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. Inter-segment transactions are conducted on normal commercial terms and conditions.

RESTATEMENT OF PRIOR YEAR COMPARATIVES

In 2017, Coca-Cola Amatil created a property division, which is reported as part of Coca-Cola Amatil's Corporate, Food & Services segment to:

- manage Coca-Cola Amatil's Australian and New Zealand land and building assets associated with its key production and warehousing facilities; and
- derive income from internal rent charges determined at market rates to Coca-Cola Amatil's beverage businesses located in these countries. The other businesses incur depreciation charges for their owned building assets and therefore do not incur internal rental charges.

The above change has been applied to the half year ended 1 July 2016, as if the changes in structure had been effective 1 January 2016, this has been done to facilitate comparability over multiple reporting periods.

I RESULTS FOR THE HALF YEAR (CONTINUED)

1 SEGMENT REPORTING (CONTINUED)

SEGMENT INFORMATION

	Non-Alcohol Beverages											
	Australia		New Zealand & Fiji		Indonesia & Papua New Guinea		Alcohol & Coffee Beverages		Corporate, Food & Services		Total	
	30 June 2017 $M	(Restated)[1, 2] 1 July 2016 $M	30 June 2017 $M	(Restated)[1, 2] 1 July 2016 $M	30 June 2017 $M	(Restated)[1] 1 July 2016 $M	30 June 2017 $M	1 July 2016 $M	30 June 2017 $M	(Restated)[2] 1 July 2016 $M	30 June 2017 $M	(Restated)[1] 1 July 2016 $M
Segment trading revenue	**1,234.0**	**1,300.6**	**261.8**	**259.2**	**530.3**	**545.6**	**247.5**	**234.8**	**151.2**	**176.9**	**2,424.8**	**2,517.1**
EBITDA[3] before non-trading items	217.2	244.9	59.9	56.6	90.7	75.0	24.1	21.9	51.9	62.4	443.8	460.8
Depreciation and amortisation expenses	(34.3)	(34.1)	(14.2)	(12.9)	(40.0)	(38.0)	(2.6)	(2.4)	(40.0)	(46.5)	(131.1)	(133.9)
Segment results	**182.9**	**210.8**	**45.7**	**43.7**	**50.7**	**37.0**	**21.5**	**19.5**	**11.9**	**15.9**	**312.7**	**326.9**
Non-trading items[4]											(71.4)	–
EBIT[3]											**241.3**	**326.9**
Other segment information												
Segment net assets	**1,096.6**	**1,118.0**	**377.8**	**371.8**	**778.0**	**763.1**	**253.6**	**251.1**	**677.8**	**956.2**	**3,183.8**	**3,460.2**
Net debt[5]											(1,266.8)	(1,125.8)
Net assets											**1,917.0**	**2,334.4**
Payments made for additions of non-current assets[6]	**15.3**	**18.8**	**5.3**	**16.7**	**37.0**	**60.5**	**5.0**	**3.9**	**28.4**	**27.6**	**91.0**	**127.5**

1 Refer note on change in accounting policy under basis of preparation for further details.
2 Refer to the prior page for details of changes in segment reporting.
3 EBITDA refers to earnings before interest, tax, depreciation and amortisation while EBIT refers to earnings before interest and tax.
4 Refer to Note 3 for further details.
5 Refer to Note 10 for further details.
6 Comprises of payments made for property, plant and equipment and software development assets.

I RESULTS FOR THE HALF YEAR (CONTINUED)

2 REVENUE

	30 June 2017 $M	1 July 2016 $M
Trading revenue		
Sale of products	2,344.6	2,440.7
Marketing support from The Coca-Cola Company (related party)	40.9	37.5
Rental of equipment and processing fees	39.3	38.9
	2,424.8	**2,517.1**
Other revenue		
Rendering of services	5.1	10.3
Miscellaneous rental and sundry income	25.7	23.0
	30.8	**33.3**
Finance income	18.8	21.4
	2,474.4	**2,571.8**

Finance income mainly comprises of interest income on cash in bank, term deposits and implied returns under the defined benefit superannuation plans.

3 NON-TRADING ITEMS

Transactions which are material to the financial statements in aggregate and arise from activities other that those associated with Coca-Cola Amatil's ordinary trading activities are treated as non-trading items. Such transactions are included in support services and other expenses in the income statement.

	30 June 2017 $M	1 July 2016 $M
Profit before income tax[1] includes the following expenses (by nature), which are classified as non-trading items:		
Redundancy and termination costs	37.7	–
Impairment charges – plant and equipment	8.4	–
Accelerated depreciation expenses – plant and equipment	13.2	–
Other restructuring costs[2]	12.1	–
	71.4	**–**

1 Refer to Note 5 for income tax benefit on non-trading items.
2 Mainly includes Thebarton plant closure and product portfolio rebalancing costs.

These expenses have arisen as a result of the following:

RESTRUCTURING OF AUSTRALIAN BEVERAGES

During the half year, Coca-Cola Amatil commenced a series of cost and revenue optimisation programs, as part of its broader transformation activities, and are summarised as follows:

- Remodelling of the supply chain function across a number of manufacturing sites, including the planned closure of the Thebarton manufacturing site in South Australia
- Rebalancing the product portfolio through reviewing pack and brand offerings
- Implementing new organisation designs in the finance and sales functions, through a redundancy programme.

SALE AND LEASEBACK OF THE RICHLANDS, QUEENSLAND MANUFACTURING SITE

In June 2017, Coca-Cola Amatil has signed agreements for the sale and operating leaseback of land and building assets associated with the Richlands manufacturing and warehousing site, which is expected to result in the receipt of proceeds from sale of approximately $156.0 million and a one-off net gain of approximately $100.0 million before tax, to be recognised on 1 December 2017 on settlement of sale as a non-trading item. Refer to Note 8 to the financial statements for further information.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

I RESULTS FOR THE HALF YEAR (CONTINUED)

4 DIVIDENDS

	30 June 2017 $M	1 July 2016 $M
a) SUMMARY OF PRIOR YEAR FINAL DIVIDENDS PAID DURING THE HALF YEAR		
Paid at 25.0¢ per share franked to 75% (2016: 23.5¢ per share franked to 75%)	190.9	179.4
b) INTERIM DIVIDENDS DECLARED AFTER BALANCE DATE AND NOT RECOGNISED AS LIABILITIES		
Declared at 21.0¢ per share franked to 70% (2016: 21.0¢ per share franked to 75%)	**154.7**	**160.4**

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

During the period, Paradise Beverages (Fiji) Limited, a subsidiary of Coca-Cola Amatil, paid a dividend of $0.2 million (2016: $0.2 million) to its non-controlling interests.

c) DIVIDEND REINVESTMENT PLAN (DRP)

Coca-Cola Amatil'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, which are acquired on market, at the price calculated using the daily volume weighted average market price of Coca-Cola Amatil 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 interim dividend entitlement is 28 August 2017 and 29 August 2017 respectively. The last date for receipt of election notices under this Plan for the 2017 interim dividend entitlement is 30 August 2017.

5 INCOME TAX

	30 June 2017 $M	1 July 2016 $M
Reconciliation of Coca-Cola Amatil Limited's applicable (Australian) tax rate to the effective tax rate		
Profit before income tax	**209.1**	**291.1**
	%	%
Applicable (Australian) tax rate	30.0	30.0
Overseas tax rates differential	(2.1)	(1.1)
Overseas withholding tax	0.7	–
Adjustments for prior periods	(0.9)	–
Non-allowable expenses	1.2	1.0
Effective tax rate	**28.9**	**29.9**
Effective tax rate (before non-trading items)[1]	29.2	29.9

1 Income tax benefit on non-trading items amounts to $21.4 million.

I RESULTS FOR THE HALF YEAR (CONTINUED)

6 OTHER PERFORMANCE MEASURES

	30 June 2017 $	(Restated)[1] 1 July 2016 $
a) NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE OF COCA-COLA AMATIL		
NTA per ordinary share	0.50	0.95

	¢	¢
b) EARNINGS PER SHARE (EPS)		
Basic and diluted EPS	18.5	26.0
Basic and diluted EPS (before non-trading items)	25.1	26.0

	M	M
The following reflects share and earnings information used in the calculation of basic and diluted EPS:		
Weighted average number of ordinary shares	**758.9**	**763.6**
The weighted average number of ordinary shares takes into account the weighted average effect of changes due to shares acquired by the Company under the share buy-back program (refer to Note 9 for further details).		

	$M	$M
Profit for the half year attributable to shareholders of Coca-Cola Amatil Limited	140.1	198.2
Add back: non-trading items after income tax benefit	50.0	–
Profit for the half year attributable to shareholders of Coca-Cola Amatil Limited (before non-trading items)	**190.1**	**198.2**
c) FREE CASH FLOW (FCF)		
FCF is calculated as the sum of net operating cash flows and investing activities, excluding cash flows dealing with long term deposits and disposal of a business.		
FCF	**139.7**	**206.2**

	%	%
d) RETURN ON CAPITAL EMPLOYED (ROCE)		
ROCE is calculated as EBIT before non-trading items, divided by the average of the assets and liabilities – operating and investing (net assets of the Group excluding net debt) at the beginning and at the end of the twelve-month period ended as at the balance date.		
ROCE	**20.1**	**19.3**

1 Refer note on change in accounting policy under basis of preparation for further details.

I RESULTS FOR THE HALF YEAR (CONTINUED)

6 OTHER PERFORMANCE MEASURES (CONTINUED)

	30 June 2017 %	1 July 2016 %
e) CAPITAL EXPENDITURE (CAPEX) RATIOS		
Capex is defined as payments for additions of property, plant and equipment and software development assets		
Capex to trading revenue	**3.8**	**5.1**

	times	times
Capex to depreciation of property, plant and equipment (before non-trading items) and amortisation of software development assets	**0.7**	**1.0**

	%	%
f) CASH REALISATION		
Cash realisation is calculated as net operating cash flows divided by profit after income tax excluding depreciation and amortisation expenses before tax.		
Cash realisation	**78.2**	**98.1**

II ASSETS AND LIABILITIES – OPERATING AND INVESTING

HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION

We manage the overall financial position by segregating the balance sheet into two categories: Assets and Liabilities – Operating and Investing; and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at the operations' level of the Group while Capital – Financing (refer to Section III) is managed by the Group's centralised Treasury function.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	30 June 2017 $M	(Restated)[1] 31 December 2016 $M	(Restated)[1] 1 July 2016 $M
Working capital	7	459.0	458.8	516.2
Property, plant and equipment		1,821.4	1,948.9	2,027.0
Intangible assets		1,206.9	1,216.1	1,272.8
Current and deferred tax net liabilities		(288.6)	(340.6)	(345.9)
Derivative net assets/(liabilities) – non-debt related	10	(24.6)	25.4	15.8
Other net assets/(liabilities)[2]		9.7	(40.9)	(25.7)
		3,183.8	**3,267.7**	**3,460.2**
Capital - Financing	**Section III**	**3,183.8**	**3,267.7**	**3,460.2**

1 Refer note on change in accounting policy under basis of preparation for further details.

2 Mainly comprising of non-current assets held for sale, prepayments, investment in joint venture entity (Note 13), defined benefit superannuation plan assets and liabilities and provisions.

7 WORKING CAPITAL

	30 June 2017 $M	31 December 2016 $M	1 July 2016 $M
Trade and other receivables – current	814.5	976.8	828.7
Inventories	719.8	676.4	788.3
Trade and other payables	(1,075.3)	(1,194.4)	(1,100.8)
	459.0	**458.8**	**516.2**

8 NON-CURRENT ASSETS HELD FOR SALE

In June 2017, Coca-Cola Amatil entered into agreements for the sale and operating leaseback of land and building assets associated with the Richlands manufacturing and warehousing site in Queensland. The sale will settle on 1 December 2017, delivering proceeds of approximately $156.0 million and resulting in a one-off net gain of approximately $100.0 million before tax, to be recognised in the full year's financial statements for 2017. Land and buildings located at Richlands have therefore been reclassified to non-current assets held for sale within the Corporate, Food & Services segment. Further capital expenditure will be incurred prior to settlement, in accordance with the agreement, to build the distribution warehouse in Richlands.

III CAPITAL – FINANCING

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

We manage our capital to ensure that entities in the Group have continued access to funding to support the business activities and strategies of the Group while maximising returns to shareholders through the optimisation of net debt and equity balances.

Our capital comprises of equity plus net debt. Net debt is calculated as the sum of borrowings and derivatives – debt related, less cash assets, long term deposits and other financial liabilities.

Our capital structure is monitored using the gearing ratio. This ratio is calculated as net debt divided by equity. In order to maintain or adjust the capital structure, the Group may undertake certain activities such as adjusting the amount of dividends paid to shareholders, return equity to shareholders or issue new shares. The Group continuously reviews the capital structure to ensure that:

- sufficient finance for the business is maintained at a reasonable cost
- sufficient funds are available for the business to carry out its investing activities, such as purchasing of property, plant and equipment, other non-current assets and acquisitions of businesses
- distributions to shareholders are maintained within stated dividend policy parameters
- 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 funds to shareholders

Details of Capital – Financing are as follows:

	Note	30 June 2017 $M	(Restated)[1] 31 December 2016 $M	(Restated)[1] 1 July 2016 $M
Total equity		1,917.0	2,274.9	2,334.4
Net debt	10	1,266.8	992.8	1,125.8
		3,183.8	**3,267.7**	**3,460.2**

1 Refer note on change in accounting policy under basis of preparation for further details

9 SHARE CAPITAL

As at 30 June 2017, the number of fully paid ordinary shares were 742,177,090 (31 December 2016 and 1 July 2016: 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.

Coca-Cola Amatil presently acquires shares on market to satisfy any shares to be provided to participants under the Dividend Reinvestment Plan (refer to Note 4c).

SHARE BUY-BACK

For the 2017 half year, Coca-Cola Amatil paid $201.7 million under the Board approved on-market share buy-back program of up to $350.0 million. 21,143,159 shares acquired under the program have been bought back and cancelled resulting in a reduction of fully paid ordinary shares on issue.

III CAPITAL – FINANCING (CONTINUED)

10 NET DEBT

	30 June 2017 $M	31 December 2016 $M	1 July 2016 $M
Cash assets	(1,014.0)	(1,378.1)	(864.0)
Borrowings – current	207.5	421.5	351.5
Borrowings – non-current	2,077.4	1,959.5	1,651.3
Other financial liabilities – current	65.9	71.8	101.2
Derivative net assets – debt related	(70.0)	(81.9)	(114.2)
	1,266.8	**992.8**	**1,125.8**
Details of derivative net assets are as follows:			
Assets – current	27.8	35.2	46.2
Assets – non-current	99.8	124.5	156.2
Liabilities – current	(38.9)	(15.5)	(23.5)
Liabilities – non-current	(43.3)	(36.9)	(48.9)
	45.4	**107.3**	**130.0**
Derivative net assets comprises:			
Debt related – financing	70.0	81.9	114.2
Non-debt related – operating and investing	(24.6)	25.4	15.8
	45.4	**107.3**	**130.0**

IV FINANCIAL INSTRUMENTS

11 FAIR VALUE

The Group applies historical cost accounting, with the exception of certain financial assets and liabilities. These financial assets and liabilities and a summary of how fair value accounting is applied, are summarised below:

Financial assets and liabilities	**Carrying amount and fair value relationship**
Cash, trade and other receivables and payables, and other financial liabilities	Values are approximately same mainly due to their short-term nature.
Borrowings – bonds	Differences arise mainly due to mandatory borrowing terms. At 30 June 2017, carrying and fair values for bonds were $2,243.2 million and $2,295.2 million (31 December 2016: $2,205.8 million and $2,242.5 million and 1 July 2016: $1,861.1 million and $1,934.8 million) respectively. For these fair values, inputs were based on interest rates and yield curves at commonly quoted intervals and credit spreads (level 2 inputs) that are observable for a similar liability in the market. Differences between carrying and fair values for bonds are due to changes in fixed interest rates.
Long-term deposits and borrowings – other than bonds	Values are approximately same mainly due to the absence of material break costs on early repayment or cancellation.
Derivatives	Accounted for at fair value using certain valuation techniques described below.

DERIVATIVES – VALUATION TECHNIQUES

Fair values of derivatives based on quoted prices in active markets are categorised as level 1. The Group establishes fair value by using valuation techniques such as discounted cash flow analysis or option pricing models (level 2), using inputs that are observable either directly (as prices) or indirectly (derived from prices). These include reference to the fair values of recent arm's length transactions, involving the same or similar instruments. The classification of derivatives by level is shown in the table below:

	30 June 2017			31 December 2016			1 July 2016		
Derivative	Level 1 $M	Level 2 $M	Carrying amount $M	Level 1 $M	Level 2 $M	Carrying amount $M	Level 1 $M	Level 2 $M	Carrying amount $M
Assets	14.1	113.5	127.6	26.6	133.1	159.7	27.3	175.1	202.4
Liabilities	(25.2)	(57.0)	(82.2)	(12.9)	(39.5)	(52.4)	(14.8)	(57.6)	(72.4)
Derivative net assets/(liabilities)	**(11.1)**	**56.5**	**45.4**	**13.7**	**93.6**	**107.3**	**12.5**	**117.5**	**130.0**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

V OTHER INFORMATION

12 STATEMENT OF CASH FLOWS INFORMATION

	30 June 2017 $M	31 December 2016 $M	1 July 2016 $M
Cash on hand and at banks	431.3	691.7	552.4
Short term deposits	582.7	686.4	311.6
Cash assets	**1,014.0**	**1,378.1**	**864.0**
Bank overdrafts	(1.4)	(1.1)	–
Cash and cash equivalents	**1,012.6**	**1,377.0**	**864.0**

Reconciliation of earnings before interest and tax (EBIT) to net operating cash flows:

	30 June 2017 $M	1 July 2016 $M
EBIT	**241.3**	**326.9**
Adjustments for:		
Depreciation and amortisation expenses[1]	144.3	133.9
Impairment charges[1]	9.7	1.7
Changes in adjusted working capital[2]	(12.3)	18.1
Net interest and other finance costs paid	(32.9)	(31.1)
Income taxes paid	(97.5)	(84.8)
Other[3]	(23.5)	(33.0)
	(12.2)	**4.8**
Net operating cash flows[4]	**229.1**	**331.7**

1 The 2017 half year balance includes non-trading items. Refer to Note 3 for further details.
2 Working capital is adjusted to exclude the impact of non-cash flow and non-operating items such as foreign exchange translation and payables relating to additions of property, plant and equipment.
3 Mainly comprising of movements in prepayments and provisions.
4 Net operating cash flows for the 2017 half year includes $22.4 million of cash outflows associated with 2017 half year non-trading items. Net operating cash flows before non-trading items amounts to $251.5 million.

RESTRICTIONS ON CASH HELD IN PAPUA NEW GUINEA

As at 30 June 2017, Coca-Cola Amatil's Papua New Guinea business had local currency (Kina) denominated cash assets of $209.6 million (PGK 506.0 million); (2016: $145.6 million (PGK 342.5 million)). Presently there are Papua New Guinea government imposed currency controls which impact on the extent to which the cash held in Papua New Guinea can be converted and remitted for use elsewhere in the Coca-Cola Amatil Group.

13 INVESTMENT IN JOINT VENTURE

	30 June 2017 $M	31 December 2016 $M	1 July 2016 $M
Carrying amount of investment in Australian Beer Company Pty Ltd (ABCo)	**25.6**	**26.1**	**25.6**

Coca-Cola Amatil has a 50% interest in ABCo. The principal activity of ABCo is the manufacture of alcohol beverages. The majority of the carrying amount of the investment in ABCo is represented by property, plant and equipment assets.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Coca-Cola Amatil Limited and its subsidiaries
for the half year ended 30 June 2017

V OTHER INFORMATION (CONTINUED)

14 UPDATE ON NEW AND UPCOMING STANDARDS

Coca-Cola Amatil has provided below an update on the new and upcoming accounting standards which are not yet effective:

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

Application date of standard: 1 January 2018

This standard includes more specific rules around revenue recognition compared to the current standard AASB 118. These rules require Coca-Cola Amatil to:

- Identify sales contracts with customers
- Identify each performance obligations within the sales contracts
- Determine selling prices
- Allocate selling prices to each performance obligations
- Only recognise revenue when performance obligations are satisfied

Presently the Group is assessing the revenue streams of each of the Group's businesses, through a project team working with relevant finance, commercial, sales and legal staff.

One of the main changes from the new standard is in relation to identifying separate performance obligations. For some organisations, this is expected to result in the "unbundling" of bundled goods and/or services supplied within a customer contract, resulting in separate revenue recognition.

Coca-Cola Amatil's core business activity is to sell beverages to customers, so it is expected that contracts with customers will have minimal performance obligations outside of delivering beverage and food products.

AASB 9 FINANCIAL INSTRUMENTS – 2014 – IMPAIRMENT

Application date of standard: 1 January 2018

This standard will require the Group to change its basis for determining allowances for doubtful receivables and to recognise potential credit losses relating to cash assets.

Currently, allowances for doubtful receivables are recognised by assessing each receivable balance for collectability based on an analysis of specific customer and historical factors. Under the revised standard, these allowances will be required to reflect current and forecast credit conditions. This approach is also to be applied (where material) to the Group’s cash assets, as required by the revised standard.

The Group is in the process of determining expected credit loss rates. These rates are expected to be calculated by reviewing historical bad debt experience, followed by analysis of macro-economic factors, so as to check for any correlation of these factors with the Group's bad debt experience. Where a correlation exists, and is considered material, allowances for doubtful debts will be adjusted to reflect forecast movements in these macro-economic factors.

The Group expects this standard to have an immaterial impact on the financial statements but will generally result in earlier recognition of credit losses.

AASB 16 LEASES

Application date of standard: 1 January 2019

This standard will impact accounting for the Group's operating leases. As at 31 December 2016, the Group had non-cancellable operating lease commitments of $387.0 million, comprising mainly property, forklift and motor vehicle leases. This amount includes arrangements that will not be captured by the standard as they comprise low value assets or do not qualify as leases.

This standard will require the calculation and recognition of a right of use asset and corresponding liability based upon committed lease payments. The lease payments, currently expensed within EBIT, will be replaced by the straight-line amortisation of the right of use asset. The lease payment will reduce the lease liability and recognise a financing cost in the income statement. The principle component of lease payments will be reclassified in the statement of cash flows from operating to financing activities.

It is expected the standard will mainly impact Coca-Cola Amatil's Australian and New Zealand based businesses, with the overall forecast impact of the new standard to be determined prior to application.

V OTHER INFORMATION (CONTINUED)

15 EVENTS AFTER THE BALANCE DATE

In July 2017, Coca-Cola Amatil along with Asahi Holdings, Coopers Brewery, Carlton & United Breweries and Lion Nathan have set up a joint venture, Exchange for Change (NSW) Pty Ltd, which was appointed as the scheme coordinator under the New South Wales (NSW) Government's legislated Container Deposit Scheme (CDS). The CDS applies to all eligible containers (between 150 ml and 3 L with some exceptions e.g. plain milk) that are first supplied in NSW regardless of their manufacturer or manufacturing or filling location. The CDS requires a refund be paid for any empty eligible container returned to an authorised collection point.

Other than the above, 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.

DIRECTORS' DECLARATION

Coca-Cola Amatil Limited and its subsidiaries

The Directors declare that the consolidated interim financial statements and notes, set out on pages 17 to 36:

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 2017 and of its performance for the half year ended 30 June 2017; 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 consolidated interim financial report for the half year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Directors pursuant to section 303(5) of the *Corporations Act 2001*, dated 23 August 2017.

On behalf of the Directors

Ilana R. Atlas
Chairman
Sydney
23 August 2017

Alison M. Watkins
Group Managing Director
Sydney
23 August 2017

Building a better
working world

200 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

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF COCA-COLA AMATIL LIMITED

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONCLUSION

We have reviewed the accompanying half-year financial report of Coca-Cola Amatil Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim balance sheet as at 30 June 2017, the consolidated interim income statement, the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with *the Corporations Act 2001,* including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial 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 the Group, 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.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Katrina M Zdrilic
Engagement Partner
Sydney
23 August 2017