



Metcash Limited

Annual Report 2007



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Our Mission:

To be the marketing and distribution leader in food and other fast-moving consumer goods

OUR

Championing the Customer

Our Stakeholders are Entitled to Added Value

Responsibility and Personal Accountability

Empowering Our People and Supporting our Communities

VALUES – ARE NOTHING WITHOUT INTEGRITY

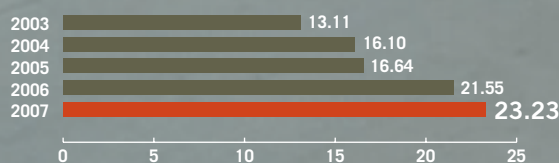
Highlights

- > Successfully integrated the former Foodland Associated Limited's Australian businesses
- > Eighth consecutive record annual profit
- > Total revenue increase by 18% to \$9.7 billion
- > Dividends per share declared from 2007 profit increased 48%

OPERATING CASH FLOW (\$M)



WEIGHTED AVERAGE EARNINGS PER SHARE (CENTS)
– EXCLUDING CULS, CUPS AND RESTRUCTURE COSTS





Every day, across Australia, the Metcash businesses are focused on our mission and core values.

Metcash Limited is a leading marketing and distribution company operating in the grocery and liquor wholesale distribution industries through its three business pillars:

- > IGA Distribution
(Independent Grocers of Australia)
- > Australian Liquor Marketers
- > Campbells Wholesale

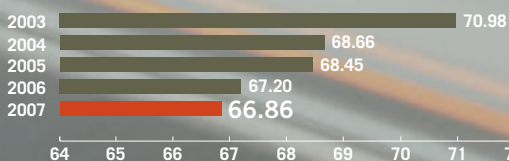
DIVIDENDS AS A % OF EARNINGS (%)



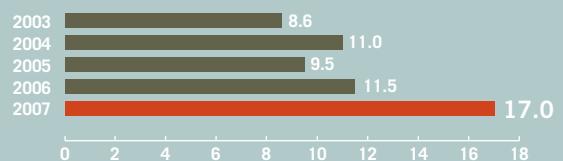
EBITA AS A PERCENT OF SALES (%)



COSTS OF DOING BUSINESS AS A PERCENT OF GROSS PROFIT (%)



DIVIDEND PER SHARE (CENTS)





Report from the Chairman and the Chief Executive Officer

We are pleased to announce that the 2007 financial year was another successful one for Metcash and the eighth consecutive record annual profit has been posted. Total revenue for the Metcash Group increased by 18% to \$9.7 billion with wholesale sales increasing by 22.7% to \$9.5 billion. Before non-recurring items, Group net profit after tax increased 41.6% to \$174 million. After non-recurring items, net profit after tax grew by 105% to \$167 million. Importantly, earnings per share grew 62% to 22.15 cents (or 23.23 cents before non-recurring items). We are also pleased to announce that dividends per share to be paid from the 2007 profits increased 48% to 17 cents on a fully franked basis.

The result reflects both a solid underlying performance by the core, or pre-FAL acquisition operations as well as the gains flowing from the acquisition of the Foodland Associated Limited (FAL) Australian operations.

Since January 2001 the total shareholder return to Metcash shareholders has averaged 55% per annum. This result outperforms the market with the ASX 200 total shareholders' return of 11% per annum. Total shareholder returns have been measured as share price appreciation and dividend returns to shareholders.

FINANCIAL RESULTS

Each of the three Metcash businesses, IGA Distribution, Campbells Wholesale and Australian Liquor Marketers (ALM), performed well during the year. IGA Distribution and Campbells Wholesale grew strongly whilst ALM maintained volumes, a solid performance in view of difficult market conditions and the loss of key Queensland customers through their purchase by the Coles group. It is a credit to the management of those businesses that their core businesses grew strongly whilst the former FAL businesses were being acquired and then integrated with their respective business units.

In addition to the revenue and profit after tax performance referred to earlier, the Company performed strongly against all other financial measures. Normalised, that is before non-recurring items, Earnings Before Interest, Tax and Amortisation (EBITA), grew 38.8% through the year to \$315 million with the EBITA margin rising to 3.33% from 2.95% in the previous year.

The margin growth was aided by well controlled costs with the Cost of Doing Business (CODB) as a percentage of gross profit falling by 0.34% to 66.86%. As a consequence, normalised Profit Before Tax (PBT) as a percentage of sales rose 0.30% to 2.62%. The higher sales volume accompanied by the higher margin ratio resulted in the improved earnings per share and dividends paid and declared for the year.

The enhanced profitability flowed through to cash flow from trading operations which generated \$177.5 million during the year.

The key factors that led to this improved performance were the strong and sustained growth from the IGA Distribution and Campbells Wholesale businesses, the fortitude of ALM in retaining volumes in the face of cheque book acquisitions of ALM customers by the chains, coupled with intense price competition, and the successful integration of the former FAL businesses.



INTEGRATION OF FAL AUSTRALIAN BUSINESSES

In July 2006, the Company provided profit guidance for the 2007 financial year. In that guidance it stated that the acquired FAL assets would generate incremental earnings before interest and tax for the year in the range of \$80-\$90 million before restructuring costs. It was pleasing to be able to announce that the FAL assets generated \$87 million in incremental earnings, which was at the high end of the forecast range. Restructuring costs were also maintained between the \$7 million and \$10 million forecast in the guidance.

The important actions that had to be completed to achieve these earnings included the sale of Action supermarkets to Metcash customers, the implementation of Metcash warehouse and operational systems into the former FAL distribution centres, lifting FAL warehouse productivity to Metcash standards, moving operations to the Metcash IT systems, renegotiating FAL buying arrangements to the more advantageous Metcash negotiated terms, disposing of the FAL Queensland Richlands warehouse and transferring the added volume to the Company's Loganlea and Crestmead warehouses, transferring and integrating all financial and administrative functions into the Metcash Shared Services Centre and integrating and rationalising the four FAL Cash & Carry branches into the Campbells warehouse system.



*Above: Crestmead Distribution Centre, QLD;
Right: Andrew Reitzer,
Chief Executive Officer
and Carlos S dos Santos,
Chairman*



Of the 67 Company owned Action stores acquired, 50 have been sold to independent retailers, five were closed or are in the process of being closed because of unprofitable locations or the conclusion of leases and 12 Western Australian stores have been retained for sale to a single buyer. The Western Australian Action, Dewsons and Supa Valu stores were rebranded as Supa IGA or IGA and 'like for like' sales increased by 17.2% as a consequence of the conversion and IGA marketing. Metcash's Western Australian market share grew to 31.2%.

Trading terms with customers have been reviewed and changed where necessary to ensure that the independent retail segment in Western Australia remains strong and vibrant and able to grow.

Productivity standards of the FAL Western Australian warehouses were below those of other Metcash grocery warehouses. The introduction of Voice Pick and the EXE warehouse management system together with a focus on workplace management and organisation have substantially increased productivity levels.

The purchasing terms of the FAL business were reviewed and compared to the Metcash negotiated terms. In most cases the FAL terms were less advantageous than the Metcash terms and the Metcash terms were implemented in Western Australia.

HEALTH, SAFETY, ENVIRONMENT & COMMUNITY (HSEC)

Metcash is continuing to make good progress with the implementation of the Company's HSEC program. This encompasses care for our people with workplace engagement, development and competency, health services and safety. Environmental management, product safety and public health are also managed through the HSEC program. Progress with HSEC implementation can be demonstrated by the continuing improvement of occupational health and safety statistics, with strong reductions in the number of lost time injuries and hours lost.



WAY FORWARD

Over recent years the Company has grown substantially and sales are now approaching \$10 billion, which is double the sales volume of 1997. Earnings, dividends and cash flow have grown commensurately and the Company's balance sheet is strong. The Board has previously announced the objective of achieving and maintaining balance sheet ratios that would satisfy an investment grade rating of A-. It is pleasing that the balance sheet ratios for the end of the 2007 financial year are approaching that target.

The growth initiatives that are in place will see sales grow in excess of anticipated inflation and earnings will grow in the high single digit range. This is an excellent anticipated result with 'like for like' growth in excess of that of our two chain competitors and is realistic in the light of the uncertainty that currently exists in the Australian grocery retail market with the recently announced sale of the Coles group.

The Company has previously advised of its intention to acquire a fourth business or 'pillar' to complement the existing three businesses and provide further opportunities for growth. This intention remains current. The criteria for a fourth pillar are that it is aligned to the Metcash core competencies of distribution, marketing and merchandising, is in the fast-moving consumer goods sector, should be at least earnings per share neutral in year 1 and accretive thereafter.

APPRECIATION

We take this opportunity of thanking our fellow Directors, employees, customers and suppliers for their hard work, support and counselling during the past year.

Carlos S dos Santos
Chairman

Andrew Reitzer
CEO

Crestmead Distribution Centre, Queensland

Crestmead, Queensland, the home of our new mega distribution centre site. At over 103,000 sq metres, with the potential to add another 20,000 sq metres, Crestmead will hold up to 23,500 stock keeping units (SKU) at one time.

The Crestmead centre houses state of the art liquor, dry and perishable grocery warehouses – stocked ready for dispatch to customers of IGA>D, Campbells Wholesale and ALM.

IGA>D
DISTRIBUTION
LEADING INDEPENDENTS FORWARD


AUSTRALIAN LIQUOR MARKETERS, PTY. LTD.

Campbells
WHOLESALE

*Above: Crestmead
Distribution Centre, QLD;
Left top: Cash & Carry,
Bunbury Branch, WA;
Left middle: Camp
Metcash; Left bottom:
Crestmead Distribution
Centre, QLD from above*



IGA Distribution

2007 was an outstanding year for IGA Distribution. Wholesale sales increased by 27.6% to \$5.6 billion whilst EBITA grew by 40.7% to \$247.3 million. At the same time market share grew to 19%.

The former FAL Western Australian business, now IGA Distribution WA, was successfully integrated with the IGA Distribution business. Voice Pick and the EXE Warehouse Management System were implemented in the Canning Vale distribution centre and have resulted in improved productivity. Further productivity gains have been obtained through introducing Metcash management processes.

The former Action, Dewsons and Supa Valu stores were launched as Supa IGA or IGA stores accompanied by a strong promotional program. As a consequence of these actions, the store sales increased by 17.2% on a 'like for like' basis for the year. The share of the Western Australian market also grew and stood at 31.2% for the quarter ended 31 May 2007.

The reversal of the former FAL policy where the Company owned Action stores competed with the independently owned Dewsons stores has been well-received by the independent retailers and their support is demonstrated in the market share and volume growth.

In addition to the gains obtained from the former FAL business, the base or legacy IGA Distribution business continued to grow and perform strongly. Total IGA branded stores 'like on like' sales growth for the year was 10.3%. Within this, the ex-FAL Western

Australian stores grew by 17.2% and the legacy 'IGA branded stores' by 8.7%. Overall legacy 'business sales' grew by 7.8% or 5.8% if new stores are excluded.

During the year 42 new stores were completed, adding 48,000 sq metres of new retail space, 23 stores extended which added 13,000 sq metres of retail and 61 stores were refurbished. In addition, 50 Action supermarkets were sold to independent supermarket operators in Western Australia and Queensland.

To support the higher volumes a new dry grocery warehouse has been constructed at the Crestmead, Queensland, mega distribution centre site. The Crestmead centre now consists of state of the art liquor and dry and perishable grocery warehouses.

The strong community base and relationship of IGA stores is recognised in the IGA promotional programs based on the 'Local Heroes' concept. This focuses on the benefits that IGA stores bring to local communities, through the owner of the store being a local resident and involvement in local charities through the IGA Community Chest program. During the year the IGA store owners and customers provided over \$1 million to local community-based charitable organisations.

Within the IGA family of retailers an internal cultural strategy centred on Family/Village/Tribe has been developed. This has enabled marketing opportunities to be realised on the strength of the Families, Villages and Tribes of IGA retailers and ensured that the IGA retailers are 'Local Heroes'.

The combination of new store development, internal culture, the 'Local Hero' campaign and supply chain excellence have led to market share increasing to 19%.

The key drivers for growth in the 2008 financial year are the construction of new stores and store extensions and the expansion of the fresh produce program.

During 2008 it is planned to open 60 new stores with a retail area of 82,000 sq metres, extend 53 stores which will add an additional 23,000 sq metres of retail area and refurbish 69 stores.

Past 2008, this growth should continue as at present 252 new stores with a retail area of 367,000 sq metres are 'on the books'.

When the FAL business was acquired, the assets included fresh fruit and vegetable warehouses in Queensland and Western Australia and a fresh meat operation in Western Australia. These warehouses are now supplying not only the former Action stores but also the stores owned by other independent retailers.

The Fresh business will be further grown in Queensland and Western Australia and extended into other states. This will be done by securing supply agreements with a large number of Queensland and Western Australian independent retailers and the selective acquisition of Fresh distributors in strategic locations.

The 2007 financial year has been an extremely successful one for IGA Distribution and the 2008 financial year should be equally successful.

LOU JARDIN
CEO IGA DISTRIBUTION



OPERATIONS SUMMARY

MAJOR ACTIVITIES

- IGA Distribution's role is to be 'The Champion of the Independent Retailer'.
- Marketing and distribution specialists supply over 2,700 independent grocery stores in New South Wales, the Australian Capital Territory, Victoria, Queensland, South Australia and Western Australia.
- Providing expertise, tailored to the Independent Retailer's requirements. From the full range of marketing, merchandising, buying, operational and distribution services to the 1,209 IGA stores to distribution for 574 Foodworks stores.
- Operating 12 major distribution centres, benchmarked to international standards to deliver 21,000 stock keeping units (SKUs) of dry, chilled and frozen groceries.

SIGNIFICANT ACHIEVEMENTS

- Wholesale sales increased by 27.6% to \$5.6 billion.
- EBITA of \$247.3 million grew by 40.7% on the previous year.
- Market share grew to 19%.
- Metcash logistics platforms were implemented successfully in Western Australia, New South Wales and South Australia.
- Continual development of the 'Local Heroes' marketing strategy and Family/Village/Tribe internal culture strategy.
- Fresh business has grown steadily, the sales base expanded.

FUTURE DIRECTION

- Continue to grow 'like for like' retail sales growth in real terms.
- Develop 60 new stores, complete 63 extensions and 69 store refurbishments during the 2008 financial year.
- Double fresh sales through IGA>F (IGA Fresh), geographically expand the program and increase 'grower direct' purchases.
- Continue to develop the community image of the IGA brand and the strong IGA 'Family/Village/Tribe culture'.

Fresh Distribution Centre, Canning Vale Western Australia

Our expanding Fresh business serves over 240 stores throughout Australia, a number that's on the rise. While our current focus is on the expansion of Queensland and Western Australia, we also plan to extend nationally.

IGA >D
DISTRIBUTION

LEADING INDEPENDENTS FORWARD

Above: Canning Vale Distribution Centre, WA; below from left: Food 4 Life TV Program – hosted by Cindy Sargon; Family/Village/Tribe Meeting, a great community focused idea; Fresh produce from IGA Distribution Centre, Canning Vale, WA.





Australian Liquor Marketers

Sales grew during the year by 1.96% despite the loss of the Hedley business in Queensland, which was acquired by Coles. However, strong support from the independent retailers resulted in the effects of the Hedley volume loss and strong price competition limiting the fall in EBIT to 7.6%.

ALM and IBA undertook a significant restructure during April 2007. This restructuring, while reducing indirect labour costs, will align the ALM strategy of supporting independent liquor stores with the most efficient and cost effective route to market to the strong marketing support provided by IBA.

ALM continues to review the cost of doing business and, during the year, rationalisation continued with the closure of Toowoomba and Kawana Waters warehouses in Queensland. These regions are now supplied out of the Crestmead facility, which provides customers with access to a wider range and a more efficient route to market.

IBA's 'Cellarbrations' banner continues to grow in both size and reputation. Receiving the award as 'Retail Banner Group of the Year 2006' at the Australian Liquor Industry Awards, 'Cellarbrations' now operates a multi format offer from stand alone liquor stores to drive thrus and large format liquor barns. Current retail outlets under the 'Cellarbrations' brand stand at just under 400 but the recent acquisition of the Giants group in Queensland will see this figure approach 500 stores within the coming year.

IBA launched the 'Bottle-O' retail brand in October 2006 as their second brand for independent liquor retailers. There are now over 200 'Bottle-O' branded outlets and this number will grow considerably as the consolidation of independent liquor brands continues at pace. Total stores under the IBA banner now total 2,290.

The strong relationship with the Liquor Alliance of independent hoteliers continues and its group now totals 653 outlets. Its brand 'Thirsty Camel' commenced rollout during the year and it continues to provide strong marketing and buying benefits to its members to combat the growth of chain operated liquor stores and hotels.

Sales to the on-premise market were maintained despite strong competition from the chain's discount operations. The Harbottle On Premise (Australia) and Allied Liquor (New Zealand) businesses continue to offer an expansive range, competitive pricing and expertise to support our customer base.

The ALM portal continues to drive significant benefit to both our customers and suppliers. By year's end over 7,400 customers had registered to place orders and receive invoices electronically. Volumes grew from 18% of ALM's sales volume in 2006 to 29% in 2007 and suppliers can now advertise their products and promotions online. The website now displays over two million pages a month and is one of, if not the largest product movement site in Australia.

The wholesale liquor market continues to experience extreme competitive pressures as the chains' growth by acquisition continues. ALM and IBA are strongly positioned now to maintain, support and grow the market share of independent liquor retailers in the years ahead.

FERGUS COLLINS
CEO AUSTRALIAN LIQUOR
MARKETERS



OPERATIONS SUMMARY

MAJOR ACTIVITIES

- Broad range liquor wholesaler, supplying over 14,500 hotels, liquor stores, restaurants and other licensed premises throughout Australia and New Zealand.
- Provides retailers with a one stop shop that allows them to receive all their liquor supplies in one delivery, on one invoice; in full, on time, every time, together with strong marketing support and a wide variety of retail services.
- Operates out of 18 distribution centres throughout Australia and New Zealand.
- Includes a specialist on-premise liquor supply and support division to the on-premise sector including bars, restaurants and hotels in both Australia and New Zealand.

SIGNIFICANT ACHIEVEMENTS

- Sales growth up by 1.9% despite the loss of Hedley business in Queensland.
- Recent restructures have been undertaken to streamline the business for maximum cost effectiveness.
- Launch of 'Bottle-O' retail brand has been successful with the total number of stores under the Independent Brands Australia (IBA) banner continuing to grow significantly.
- Liquor Alliance relationship continues in strength with its brand 'Thirsty Camel' providing strong marketing and buying benefits.
- The ALM portal continues to drive significant benefit to both our customers and suppliers.

FUTURE DIRECTION

- Continue to reduce the cost of doing business through warehouse productivity gains, warehouse rationalisation and increased customer use of electronic ordering and invoicing.
- Growth of Liquor Alliance and rebranding of pubs under the new 'Thirsty Camel' banner.
- Combining Liquor Alliance and IBA to be the largest customer in Australia for the top five suppliers.

ALM Warehouse, Crestmead Distribution Centre, Queensland

ALM has continued to innovate – with a new online portal. The website now displays over two million pages a month and is one of, if not the largest product movement site in Australia.



Above: ALM Crestmead Distribution Centre, QLD; below from left: ALM's new web portal; 'Thirsty Camel' drive-thru liquor mart kicks new goals; Instore merchandise enhances the 'Botte-O' brand.





Campbells Wholesale

Campbells Wholesale (CW) had a record year with sales rising 23.5% over 2006 to \$1.4 billion. The performance capitalised on the synergies from the FAL acquisition and the successful strategy of restructuring operations to match the requirements of distinct customer segments. The sales mix became further weighted in favour of the profitable grocery and confectionery categories, which now represent 55% of total sales.

The divisionalisation of CW into four specialist activities continues to pay dividends with sales volumes increasing substantially in each of the four specialist divisions, they being: Campbells Cash & Carry (CCC) which operates 24 Cash & Carry stores in metropolitan areas; Campbells Wholesale Division (CWD) which operates 19 small distribution centres in country and regional areas focused on 'pick/pack/deliver' and Convenience Store Distribution (CSD) which operates five convenience store and distribution warehouses together with four specialist confectionery warehouses; and Foodlink, a specialist foodservice operation based in Western Australia.

CSD demonstrated the largest sales increase with a 51% gain over 2006. A key target area of this division is the growing modern petrol and convenience sector. Sales to the 7-Eleven Group have increased as a result of completing the rollout of all categories over the year and further gains will be made in 2008. The success of this lowest cost/one stop convenience supply chain solution is creating strong interest from other major convenience groups. Costs have been driven down by converting CSD to stockless warehouses, and the aggregation of stock ordered by customers is now cross-docked from other distribution centres using state of the art logistics technology.

CCC sales grew by 18% during the year, aided by the new Western Australia stores. Grocery and confectionery sales continue to increase and now represent 62% of the total sales mix. Significant growth has been experienced in this division due to range expansion in confectionery and general merchandise to a broader base of small business owners. This division has also developed a successful confectionery concept within a cash and carry environment called 'SweetSpot'. 'SweetSpot' will be introduced into selected cash and carry sites on a national scale.

The CWD division's sales increased 3% on the 2006 year. CWD is a low cost distributor and continues to provide convenience and liquor independent retailers with a distribution solution in regional Australia. CWD will also benefit from recent federal government

initiatives to provide a controlled total supply to community owned stores in remote areas of Australia. CWD will continue to expand its specialist confectionery offer through its Coast and Country format.

Foodlink continues to demonstrate excellence in foodservice operations. Foodlink is the premium specialist foodservice distributor in Western Australia. The business has taken full advantage of the buoyant resource market in Western Australia and prides itself on deliveries in full, on time, every time.

Another major initiative undertaken by Campbells Wholesale is the rollout of the 'Lucky 7' banner which has been relaunched to provide independent convenience store owners with a formatted convenience offer. 'Lucky 7' is supported by strong consumer promotions, retail advisers and alignment to Campbells warehouses for procurement. Demand for the banner is strong and 'Lucky 7' will have 150 compliant operators by April 2008.

Campbells Wholesale will continue to deliver growth in 2008.

PETER DUBBELMAN
CEO CAMPBELLS WHOLESALE



OPERATIONS SUMMARY

MAJOR ACTIVITIES

Focusing on the convenience and 'route' sector of the grocery and liquor market servicing customers who require a total supply solution and buy in quantities that cannot be economically serviced through a full case grocery or liquor distribution centre. This takes place through –

- 24 Cash & Carry warehouses and 19 regional wholesale distribution warehouses coast to coast across all states and territories, stocking a broad range of groceries, liquor, confectionery and foodservice, serving more than 100,000 business customers.
- Five Convenience Store Distribution (CSD) Centres, supported by specialist confectionery wholesale outlets.
- The FoodLink Foodservice business in Western Australia provides leading distribution solutions to the food service industry.

SIGNIFICANT ACHIEVEMENTS

- Sales rose 23.5% on last year to \$1.4 billion.
- EBITA has grown by 36.1% to \$28.9 million.
- Cost of doing business fell from 86.6% to 83.3% of gross profit.
- Campbells now offers four distribution solutions to reflect tailored distribution systems aligned to market needs on a national basis.
- Development of the Campbells web portal, growth in the number of users and increased sales through the portal.

FUTURE DIRECTION

- Providing a total supply chain solution to the modern petrol and convenience channel.
- Growth of Independent convenience sector through the 'Lucky 7' convenience banner.
- Expanding the Foodservice offer.
- Continued growth in confectionery markets.
- Continued sales growth through the Campbells web portal.

Cash & Carry Warehouse, Alexandria, New South Wales

Grocery and confectionery sales continue to increase with significant growth due to a range expansion in confectionery and general merchandise. SweetSpot is a new confectionery concept developed by this division and will be introduced into selected cash and carry sites nationally.

Campbells
WHOLESALE

Above: 'SweetSpot' display at Cash & Carry, Alexandria Branch, NSW; below from left: Campbells Wholesale Distribution services regional Australia, including communities in Arnhemland, NT; Cash & Carry, Bunbury, WA; 'Lucky 7' Retail Coordinator, Steven Edwards, Campbells Cash & Carry Business Development Manager, Alison Connors and 'Lucky 7' store owner Catherine Thoi, Southbank, QLD.



CARLOS S DOS SANTOS CA (SA)
Non-executive Chairman

Member of the Remuneration
& Nomination Committee

Date of Appointment to Metcash Limited:
18 April 2005.

Mr dos Santos is a chartered accountant
and is a director of various companies
trading in Africa and the Far East. He has
had 37 years industry experience.

A E (TED) HARRIS, AC FID, FAIM, FAICD
Non-executive Deputy Chairman

Chairman of the Remuneration &
Nomination Committee

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Harris served as Managing Director
and Chief Executive Officer of the Ampol
Group for a period of 10 years. He
was formerly Chairman of Australian
Airlines, British Aerospace Australia,
Australian National Industries, the Gazal
Corporation and a director of a number
of public companies. Currently Mr Harris
is Chairman of Thakral Holdings, the
Australian Radio Network and President
of the St. Vincent's Clinic Foundation.
He is Deputy Chairman of APN News
& Media, a member of the International
Advisory Board of INP News & Media
and a Director of the New Zealand Radio
Network. He is a Life Governor of the
Melanoma Foundation, a Life Member
of the Australian Sports Commission, a
former Commissioner of the ABC and was
a member of the executive board of the
Sydney Olympics 2000 Bid Company.

ANDREW REITZER B Comm MBL
CEO Metcash Group of Companies

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Andrew Reitzer has 29 years
experience in the retail/wholesale
industry. Previous positions at Metro
Cash and Carry include Group Operations
Director, heading operations in Russia
and Israel, Marketing Director, IT Director
and managing various operating divisions.

PETER L BARNES MBA (Melbourne),
B Commerce (Hons)
Non-executive Director

Member of the Remuneration
& Nomination Committee

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Peter Barnes is Chairman of Ansell
Ltd, a Director of News Corporation and
Chairman of Samuel Smith & Sons Pty
Ltd and was formerly an executive with
Philip Morris International Inc. He held
several senior management positions
in Australia and overseas including
Managing Director Lindeman Holdings
Ltd and President, Asia Region, based
in Hong Kong.

MICHAEL R BUTLER, AM B Sc, MBA
Non-executive Director

Member of the Audit Risk
& Compliance Committee

Date of Appointment to Metcash Limited:
8 February 2007.

Mr Butler has extensive experience
in investment banking gained as an
executive director of Bankers Trust's
Corporate Finance Group and as
Executive Vice President of its Private
Equity group. He is presently a non-
executive director of Members Equity

Bank Pty Limited, AXA Asia Pacific
Holdings Limited and APN Property
Group Limited. He was previously a
non-executive director and Chairman
of Ausdoc Group Limited, Freightways
Express Limited, Hamilton Island Limited
and Verticon Group Limited.

BERNARD J HALE B Th (CAN)
Chief Information Officer

Date of Appointment to Metcash Limited:
18 April 2005. Mr Hale retired as a
director on 25 May 2006.

Mr Hale was formerly a Director of Metro
Cash and Carry Limited of South Africa. Mr
Bernard Hale has 32 years of IT industry
experience, 24 of which have been within
the Metro Cash and Carry organisation.
Previous positions held in Metro include
Operation Director IT, Group IT Director,
Group Operations Director (Domestic) and
Corporate Group IT Director.

He was appointed Chief Information Officer
of Metcash Trading Limited on 1 December
2002. Prior to being appointed to his
current role he served as a non-executive
director of Metcash Trading Limited.

BRUCE A HOGAN, AM B Ec (Hons) FAICD
Non-executive Director

Member of the Audit Risk
& Compliance Committee

Date of Appointment to Metcash Limited:
23 November 2005. Mr Hogan retired as a
director of Metcash on 5 December 2006.

At the time of his resignation Mr Hogan
was the Chairman of State Super
Financial Services Limited and a director
of NSW Treasury Corporation and The
Snowy Hydro Limited. Mr Hogan was
formerly Joint Managing Director of
Bankers Trust Australia Limited and a
director of Coles Myer Limited, Adelaide
Casino, Funds South Australia, Energy
Australia and GIO Australia Limited.

The Board



MIKE JABLONSKI
Group Merchandise Director

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Jablonski has 35 years experience in the food industry. Previous positions include: 1984 Merchandise Executive – Foods of OK Bazaars, 1987-1991 Merchandise and Marketing Director of Score Food Holdings Ltd, 1992-1996 Deputy Group Merchandise Director of Metro Cash and Carry, 1996-1998 Director of Distribution and Retail Development of Metro Cash and Carry. Mr Jablonski is the Group Merchandise Director of Metcash Limited. He is responsible for the Group's Merchandise, Supplier relationships, and the income derived thereof.

EDWIN JANKELOWITZ B Comm CA (SA)
Finance Director

Date of Appointment to Metcash Limited:
18 April 2005.

Qualified as a Chartered Accountant (SA) in 1966. From July 1967 to November 1979 with Adcock Ingram Ltd in Head Office – promoted over time to Group Company Secretary and then Finance Director.

Consulting January 1980 to March 1983 – business management and tax.

Caxton Ltd 1983-1997 – Finance Director; Managing Director; Chairman. Chairman of other publicly quoted companies.

Metcash Trading Limited – May 1998 to date – Finance Director.

Mr Jankelowitz has spent over 33 years in corporate offices of listed companies with excellent corporate governance reputations. He was a member of the Income Tax Special Court in South Africa for 20 years (1977-1997).

LOU JARDIN
CEO IGA Distribution

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Jardin has extensive industry experience, including owning and operating independent supermarkets and holding senior positions within a chain store environment, as well as warehouse and distribution operations. He held a senior position with Coles-Myer for 11 years before joining Metcash in 1997 as the National Manager of Company owned stores. In 1998, Mr Jardin moved to Queensland as the State General Manager until his current appointment in May 2000 to the role of CEO IGA Distribution.

RICHARD A LONGES BA (Sydney), LLB (Sydney), MBA (NSW) Solicitor (non-practising)
Non-executive Director

Chairman of the Audit Risk & Compliance Committee

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Richard Longes has been a director of a number of public companies and a member of various government bodies and inquiries for more than 20 years. He is currently Chairman of Austbrokers Holdings Ltd and a Director of Boral Limited, Viridis Energy Capital Pty Ltd and Investec Bank (Australia) Ltd.

Mr Longes was formerly a co-founder and principal of the corporate advisory and private equity firm, Wentworth Associates and prior to that a partner of Freehill Hollingdale & Page, solicitors.

V DUDLEY RUBIN CA (SA), H Dip BDP, MBA
Non-executive Director

Member of the Audit Committee

Date of Appointment to Metcash Limited:
18 April 2005.

Mr Rubin is a chartered accountant and is a director of various companies trading in Africa. He has had 24 years industry experience.

MIKE WESSLINK B Sc (Chem Eng) Syd, MBA (UNSW)
CEO Australian Liquor Marketers

Date of Appointment to Metcash Limited:
18 April 2005. Mr Wesslink retired as a director on 25 May 2006.

Mr Wesslink joined ALM in March 1998. He has worked in the liquor industry for over 32 years having previously held the Chief Executive position at Tooheys Limited and The Swan Brewery Company Limited. More recently, Mr Wesslink worked as Managing Director of Amcor Containers Packing, Asia in managing and establishing packaging operations throughout Asia, particularly in China and Singapore.

Below From left: Edwin Jankelowitz, Andrew Reitzer, A E (Ted) Harris, AC, Richard A Longes, Peter L Barnes, Michael R Butler, AM, V Dudley Rubin, Carlos S dos Santos, Lou Jardin, Mike Jablonski.



ANDREW REITZER B Comm MBL
CEO Metcash Group of Companies

Mr Andrew Reitzer has 29 years experience in the retail/ wholesale industry. Previous positions at Metro Cash and Carry include Group Operations Director, heading operations in Russia and Israel, Marketing Director, IT Director and managing various operating divisions.

KEN BEAN MBA, Grad Dip Bus, Dip Acc
Chief Executive, Group Logistics and Corporate Development

Mr Ken Bean has over 36 years experience in the retail wholesale industry. Previously Ken was General Manager of Coles Myer Logistics Pty Ltd and was also responsible for Coles Myer Asia's buying offices. Ken has also held senior roles in corporate development as well as finance and administration. He also has significant industrial property development and construction experience and is currently a member of the Logistics Association of Australia and the Australian Logistics Council.

FERGUS COLLINS B Comm (Hons) (Dublin),
B Sc (Mgmt) (Ireland), MBA (UQ)
CEO Australian Liquor Marketers

Mr Collins joined ALM in December 2001 as Commercial Manager Qld and was promoted to General Manager Qld in May 2004. He became General Manager, IBA in July 2006. Mr Collins is a member of the Chartered Institute of Management Accountants of the UK and a graduate of the Metcash Executive Leadership Program.

Prior to moving to Australia Mr Collins has had extensive retail and distribution experience with Texaco and Fosters in the UK.

PETER DUBBELMAN MBA (Melb)
CEO Campbells Wholesale

Appointed CEO of Campbells Wholesale in June 1998. He has over 23 years experience in fast-moving consumer goods distribution at wholesale, primarily in multi-site general management.

Peter has successfully initiated major growth of the wholesale business through the establishment of four distinct divisions each aligned with the specific needs of the convenience, liquor and hospitality markets throughout Australia.

BERNARD J HALE B Th (CAN)
Chief Information Officer

Mr Hale was formerly a Director of Metro Cash and Carry Limited of South Africa. Mr Bernard Hale has 32 years of IT industry experience, 24 of which have been within the Metro Cash and Carry organisation. Previous positions held in Metro include Operation Director IT, Group IT Director, Group Operations Director (Domestic) and Corporate Group IT Director.

He was appointed Chief Information Officer of Metcash Trading Limited on 1 December 2002. Prior to being appointed to his current role he served as a non-executive director of Metcash Trading Limited.

MIKE JABLONSKI
Group Merchandise Director

Mr Jablonski has 35 years experience in the food industry. Previous positions include: 1984 Merchandise Executive – Foods of OK Bazaars, 1987-1991 Merchandise and Marketing Director of Score Food Holdings Ltd, 1992-1996 Deputy Group Merchandise Director of Metro Cash and Carry, 1996 -1998 Director of Distribution and Retail Development of Metro Cash and Carry. Mr Jablonski is the Group Merchandise Director of Metcash Limited. He is responsible for the Group's Merchandise, Supplier relationships, and the income derived thereof.

The Executive Team



EDWIN JANKLOWITZ B Comm CA (SA)
Finance Director

Qualified as a Chartered Accountant (SA) in 1966. From July 1967 to November 1979 with Adcock Ingram Ltd in Head Office – promoted over time to Group Company Secretary and then Finance Director.

Consulting January 1980 to March 1983 – business management and tax.

Caxton Ltd 1983-1997 – Finance Director; Managing Director; Chairman. Chairman of other publicly quoted companies.

Metcash Trading Limited – May 1998 to date – Finance Director.

Mr Jankelowitz has spent over 33 years in corporate offices of listed companies with excellent corporate governance reputations. He was a member of the Income Tax Special Court in South Africa for 20 years (1977-1997).

LOU JARDIN
CEO IGA Distribution

Mr Jardin has extensive industry experience, including owning and operating independent supermarkets and holding senior positions within a chain store environment, as well as warehouse and distribution operations. He held a senior position with Coles-Myer for 11 years before joining Metcash in 1997 as the National Manager of Company owned stores. In 1998, Mr Jardin moved to Queensland as the State General Manager until his current appointment in May 2000 to the role of CEO IGA Distribution.

DAVID JOHNSTON M Bus (Employment Relations), AFAHRI, JP
Chief Human Resources Officer

Mr Johnston joined Metcash in December 2001. He has had 29 years experience in Human Resources with some of Australia's leading FMCG companies including Cadbury Schweppes and Simplot Australia at Senior Executive level. He has designed and implemented successful programs in executive development and implemented major Culture Change initiatives at a national and international level.

JOHN RANDALL BEc, FCPA, FCIS, MAICD
General Manager Finance and Company Secretary

Mr Randall joined the Company in 1997. Previously Chief Financial Officer of Metal Manufactures Limited and Overseas Telecommunications Corporation Limited. Member and former President of the Accounting Foundation, University of Sydney, a former National President of the Group of 100, NSW President and National Board member of CPA Australia.

Below From left: Andrew Reitzer, Lou Jardin, Fergus Collins, Mike Jablonski, Peter Dubbelman, David Johnston, Ken Bean, Bernard J Hale, Edwin Jankelowitz, John Randall.



Five year review

	AIFRS			AGAAP	
	2007 \$'000	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
Income Statement					
Net sales	9,694,772	8,214,375	7,010,374	7,173,897	6,695,519
Earnings before amortisation, interest and taxation	315,474	196,259	194,530	183,842	152,704
Earnings before interest and taxation	294,015	174,000	186,601	163,241	133,549
Interest, net	57,217	40,514	1,455	7,590	7,503
Operating profit before tax ^(a)	236,798	133,486	185,146	155,651	126,046
Balance Sheet					
Metcash shareholder equity	1,163,024	1,032,867	4,465	470,155	427,102
Net tangible assets per share (cents)	2.76	(2.4)	(73)	36	29
Interest bearing debt to equity (%)	53	73	76	15	29
Share Statistics					
Fully paid ordinary shares	762,405,655	747,741,353	427,395,233	636,761,358	630,748,848
Weighted average ordinary shares	753,116,068	593,675,382	427,395,233	633,572,081	620,622,370
Earnings per ordinary share (cents) ^(b)	22.15	13.67	29.68	16.10	13.10
Dividends declared per share (cents)	17.00	11.50	9.50	11.00	8.60
Other Statistics					
Number of employees (full-time equivalents)	5,855	7,033	4,316	4,317	4,202

(a) Earnings after CULS, CUPS and restructure costs in 2006 and 2007 only.

(b) Basic earnings per share has been calculated using weighted average number of shares before the effect of dilutive securities (share options).

Below: Lucky 7 store, Southbank, QLD.



Corporate Governance Statement

Metcash Limited ABN 32 112 073 480

The Directors of Metcash Limited (Metcash or Company) support and adhere to the principles of corporate governance set out in the Metcash Corporate Governance Statement. In supporting these principles, the Directors acknowledge the need for the highest standards of behaviour and accountability.

Except for the departures explained in this Statement, the Directors believe that the Company's policies and practices have complied in all substantial respects with corporate governance best practice in Australia, including the ASX Corporate Governance Council Principles of Good Corporate Governance (**Principles**) introduced in March 2003.

The Board

The principal functions of the Board include:

- charting the direction, strategies and financial objectives of the Company;
- monitoring implementation of those strategies and the operational and financial performance and risk of each of the Company's activities;
- reviewing major capital expenditure, acquisitions, divestments and funding;
- reviewing performance, remuneration and succession of senior management;
- monitoring compliance with legal regulatory requirements, including occupational health and safety laws, product safety and the protection of the environment;
- monitoring the Company's relationships with its stakeholders and compliance with ethical standards and the Company's Code of Conduct;
- Corporate Governance generally.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual.

The Board's Charter can be found on the Company's website (www.metcash.com) under the heading 'Corporate Governance'.

Appointment to the Board

The composition of the Board is monitored (with respect to both size and membership) to ensure that the Board has the appropriate mix of skills and experience.

When a vacancy exists, or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Remuneration & Nomination Committee selects a panel of candidates with appropriate expertise and experience. This may be supplemented with advice from external consultants if necessary. The Board, on the Committee's recommendation, then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Directors are not appointed for a fixed term but, under the Company's Constitution, must be re-elected each 3 years by rotation and are subject to Australian Securities Exchange (ASX) Listing Rules and Corporations Act provisions.

Board Composition (ASX Guidelines Principle 2)

Maintaining a balance of experience and skills is an important factor in Board composition. For details of the skills, experience and expertise of the individual Directors, please refer to page 12, headed 'The Board', of this report.

The Board of Metcash is currently constituted as follows:

- Two Non-executive Directors, including the Chairman, who were representatives of the former majority shareholder. This majority shareholder relationship ceased 2 years ago. These Directors have extensive knowledge and experience of grocery wholesaling and marketing. As they were executives of Metoz Holdings Limited, the former majority shareholder, within the last 3 years, they do not meet the ASX Corporate Governance Guidelines definition of independent.
- Four Independent Directors, holding key positions that include chairing the Board committees of Audit Risk & Compliance and Remuneration & Nomination. They provide an external perspective and checks and balances for the interests of all shareholders.
- Four Executive Directors, each of whom is responsible for key activities of the Company. Their membership of the Board enables direct access to key executives by the Independent Directors such that Board discussions and decisions are held on a fully informed basis and it enables the Non-executive Directors to obtain greater personal knowledge of key executives, aiding the management succession process.
- The Board has a majority of Non-executive Directors.

The Board of Metcash does not conform to Principle 2, in relation to Board composition in two respects:

1. The Board does not have a majority of Independent Directors; and
2. The Chairman (Carlos dos Santos) has an association with the former majority shareholder as described above. The Deputy Chairman, Mr A E Harris, AC, fills the role of lead Independent Director.

Overall, the Board of Metcash believes it has the capability and does bring independent judgement to bear on decision making. In May 2007, the Board commissioned Cameron Ralph Pty Ltd, a consultancy specialising in Board performance, to conduct a review of the capacity of the Metcash Board to act in that way (see below).

The Board believes that the presence of the Executive Directors adds considerable knowledge and expertise to the operations of the Board, and that the Board's mode of operation and processes are always capable of ensuring that the presence of the Executive Directors does not limit the ability of the Independent Directors to contribute.

All directors, whether independent or not, bring an independent judgement to bear on Board decisions.

Corporate Governance Statement

Metcash Limited ABN 32 112 073 480

The Board's four Independent Directors, Mr Harris, Mr Barnes, Mr Butler and Mr Longes, are Independent Directors within the definition of independence set out in the Principles. Having regard to the Principles, the four Independent Directors are not substantial shareholders of the Company or associated with a substantial shareholder of the Company; they have not been employed by the Company in an executive position; are not material suppliers or customers of the Group; have no material contractual relationship with the Group; have no interest, business or other relationship, nor have they served on the Board for a period which could be perceived to materially interfere with the Directors' responsibility to act in the best interests of the Company.

Mr Harris, AC has been a Director of Metcash Limited and its predecessors since 1994. The Board considers Mr Harris' tenure to have provided valuable leadership continuity and experience and that this does not in any way limit his ability to act in the best interests of the Company. Mr Barnes is Chairman of Samuel Smith & Sons Pty Ltd and a Director and Chairman of Ansell Limited, suppliers to the Company; however, the level of purchases involved is not considered material being less than 0.4% of the Company's total purchases.

Performance Evaluation of the Board and Board Committees

Board performance consultants Cameron Ralph Pty Ltd were engaged in May 2007 to conduct an independent review of the Board's effectiveness and, in particular, its capacity to act independently and in the interests of all shareholders. The following summary of their findings is provided by Cameron Ralph.

"The Cameron Ralph 2007 review noted the unique context for Metcash as a large wholesale grocery and liquor company operating in Australia.

"Cameron Ralph considered materials provided by the Company, interviewed each of the Directors and reviewed board papers and decision processes for several key decisions over the past year.

"Cameron Ralph is satisfied that the Board of Metcash (in its current composition) has both people and processes that enable it to act effectively and to apply independent judgement to actions and decisions.

"Aspects of the culture and group dynamics which contribute to the Board's effectiveness include:

- high degree of integrity, courage, and diligence of Non-executive Directors;
- high level of industry knowledge amongst the Non-executive Directors;
- open and vigorous culture;
- no inappropriate pressure from the Executive Directors.

"The processes which produce this result include properly constituted and well-functioning committees of the Non-executive Directors, effective use of the Deputy Chair, and full access by Non-executives to Company executives.

"Cameron Ralph observed that the ability of the Metcash Board to continue to bring independent judgement to bear in decision-making depends on the current composition, culture, systems and processes. Cameron Ralph made some suggestions aimed at maintaining this capacity for independence of judgement into the future."

Independent Professional Advice

The Board has a policy of enabling Directors to seek independent professional advice at the Company's expense. The Board will review in advance the estimated costs for reasonableness, but will not impede the seeking of advice.

Audit Risk & Compliance Committee

The membership of the Audit Risk & Compliance Committee consists of the following Non-executive Directors.

MEMBER	QUALIFICATIONS	MEETINGS HELD	MEETINGS ATTENDED
R A Longes ^(C)	BA, LLB, MBA	3	3
M R Butler, AM** (from 8 February 2007)	B Sc, MBA	–	–
B A Hogan, AM* (from 23 November 2005 to 5 December 2006)	B Ec (Hons) FAICD	3	2
V Dudley Rubin	CA (SA), H Dip BDP, MBA	3	3

(C) Chairman.

* Mr Hogan, AM retired from the Metcash Board on 5 December 2006.

** Mr Butler, AM was appointed to the Audit Committee on 8 February 2007 and no meetings of the Committee were held between that date and 30 April 2007.

The function of the Audit Risk & Compliance Committee is to advise on the establishment and maintenance of a framework of internal control, effective management of financial and other risks, compliance with laws and regulations and appropriate ethical standards for the management of Metcash. It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial statements. In accordance with the Principles, the Committee consists only of Non-executive Directors, consists of a majority of independent Directors and is chaired by an Independent Director who is not Chairman of the Board.

The principal terms of reference of the Audit Risk & Compliance Committee are the effective management of financial and other risks through ensuring that systems and management processes are in place to identify and manage operational, financial and compliance risks.

Corporate Governance Statement

Metcash Limited ABN 32 112 073 480

Specific areas of review include:

- overseeing the establishment of a framework within which risks to the Company are identified and mitigating or risk avoidance processes are established and monitoring the effectiveness of the risk management process;
- financial risk and exposure;
- occupational health and safety;
- environmental issues;
- Hazard Analysis and Critical Control Points (HACCP) based food safety program; and
- integrity of information technology systems.

The Board reviews the effectiveness of risk management policies and procedures by:

- undertaking, annually, a comprehensive strategic and budget review of the Group's activities;
- reviewing monthly financial performance against budget and updated forecasts at least quarterly;
- reviewing the internal audit of the Group's financial controls, taxation compliance and adherence to policies and regulations;
- reviewing annually the effectiveness and adequacy of the Group's insurance program;
- the provision of reliable management and financial reporting; this is done by reviewing and assessing the:
 - quality and timing of management reporting to the Board to enable internal and external reporting of the Company's risks, operations and financial condition;
 - accounting policies and practices against generally accepted accounting principles and the requirements of the Corporations Law, Australian Accounting Standards and Australian Securities Exchange requirements;
 - half-yearly and annual financial statements;
- compliance with laws and regulations by monitoring developments and changes in the various rules, laws and regulations relating to the Company's business operations, the responsibilities of Directors and reviewing the extent to which the Board and the Company are meeting their obligations and to ensure that all requirements are met;
- the maintenance of an effective and efficient audit function; this is achieved by:
 - recommending to the Board the appointment of external and internal auditors;
 - reviewing the effectiveness of the external and internal audit functions;
 - ensuring audit scopes are adequate and cover areas of anticipated risk;
 - reviewing audit findings and management response;
 - reviewing the independence of the external auditor;
 - ensuring auditors have the necessary access to Company information and staff to fulfil their obligations.

The Audit Risk & Compliance Committee acts to ensure that operational, financial and compliance risks are managed in accordance with the Board's risk tolerance. The Committee has obtained assurance regarding the effectiveness of the overall system of risk management through various means. These means have included direct enquiry of management, internal and external audit reports and the monitoring of financial and operational results.

The Committee has taken the decision to further strengthen its risk monitoring activities through the establishment of an enterprise-wide Risk Management Framework (RMF). The RMF will implement the Australian Risk Management standard (AS 4360) across Metcash. The RMF will be supported with specialised software. Management will use this software to provide the Committee with timely and relevant reports regarding current and emerging risks and the continuing operation of key controls.

It is the Board policy that the lead external audit partner and review partner are each rotated periodically. The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor that is based on the principle that work which may detract from the external auditor's independence and impartiality, or be perceived as doing so, should not be carried out by the external auditor. Details of the amounts paid to the external auditor for non-audit services performed during the year are set out in the Directors' Report at page 79. The Company's external auditor has also confirmed its independence to the Directors in accordance with applicable laws and standards as set out in the Directors' Report.

The Committee's Charter can be found on the Company's website (www.metcash.com) under the heading 'Corporate Governance'.

Code of Ethics/Conduct

The Company has a Code of Conduct that applies to Directors and all employees. Subjects covered by the Code include:

- equal employment opportunity, discrimination and harassment;
- security of Company records and assets and confidentiality guidelines;
- conflict of interest, acceptance of gifts, entertainment and services;
- fraud, corruption and irregular transactions;
- legal compliance;
- honest ethical behaviour;
- environmental protection, safe working environment.

The Code can be found on the Company's website (www.metcash.com) under the heading 'Corporate Governance'.

Compliance with the Code is checked through the Company's processes including internal audit, security, human resources and occupational health and safety. New staff members are required to attend an induction program that includes behaviour guidelines. Additionally, the Company's staff appraisal process includes employees' performance against 'Key Behavioural Indicators' as well as 'Key Performance Indicators'.

Corporate Governance Statement

Metcash Limited ABN 32 112 073 480

The Company also has a Share Trading Policy and a Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules and to ensure accountability at a senior management level for that compliance. Copies of the policies can be found on the Company's website (www.metcash.com) under the heading 'Corporate Governance'.

The Metcash Share Trading Policy restricts trading of Metcash securities by executives and Directors. Under the policy, no executive or Director may purchase or sell securities in Metcash during the periods between 1 October and the date of publication of preliminary half-year results and 1 April and date of publication of preliminary final results, except with the written authority of the Chairman of Metcash. Such authority will only be granted in exceptional circumstances. The Chairman may restrict dealings in securities of Metcash during other periods.

Remuneration & Nomination Committee

Members of the Committee, and attendance at meetings, are shown below:

MEMBER	QUALIFICATIONS	MEETINGS HELD	MEETINGS ATTENDED
A E (Ted) Harris, AC ^(C)	FID, FAIM, FAICD	4	4
C S dos Santos	CA (SA)	4	4
P L Barnes	B Comm (Hons), MBA	4	4

(C) Chairman.

Responsibilities of the Committee include:

- advise the Board on remuneration of the CEO and senior management;
- advise the Board on performance-linked compensation for management;
- oversee the administration of the Metcash Employees Option Plan;
- advise the Board on directorship and Board Committee appointments, Board succession planning, performance of the CEO;
- implement processes to assess the effectiveness of the Board and its Committees.

The Committee consists only of Non-executive Directors, consists of a majority of Independent Directors and is chaired by an Independent Director who is not Chairman of the Board.

The Charter of the Committee can be found on the Company's website (www.metcash.com) under the heading 'Corporate Governance'.

A formal review of the Board's effectiveness was undertaken during the year 2007 by Cameron Ralph Pty Ltd (as detailed above).

In relation to key executives, the Company maintains a performance evaluation process which measures them against previously agreed Key Performances Indicators and Key Behavioural Indicators. This is performed formally once a year with quarterly reviews and took place during the 2007 financial year in accordance with this process.

Senior executives have access to continuing education to update and enhance their skills and knowledge.

Remuneration Policy

The Company remuneration policy can be found on the Metcash Limited website (www.metcash.com) under the heading of 'Corporate Governance'. It is summarised in the 'Remuneration Report' contained within the Directors' Report. Details of the compensation of key management personnel are also contained in the Directors' Report.

Non-executive Directors' Compensation

Refer to the 'Remuneration Report' contained within the Directors' Report.

Termination Entitlements

Refer to the 'Remuneration Report' contained within the Directors' Report.

Disclosure to Investors

The Company has implemented procedures to ensure that it provides relevant and timely information to its shareholders and to the broader investment community in accordance with its obligations under the ASX continuous disclosure regime.

In addition to the Company's obligations to disclose information to the ASX and to distribute information to shareholders, the Company publishes annual and half-year reports, media releases, and other investor relations publications on its website (www.metcash.com).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Company's strategy and goals. The external auditor attends the Annual General Meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Metcash Limited

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Corporate Information

ABN 32 112 073 480

DIRECTORS

Carlos S dos Santos (Chairman)

A E (Ted) Harris, AC (Deputy Chairman)

Andrew Reitzer (CEO)

Peter L Barnes

Michael R Butler, AM

Michael R Jablonski

Edwin M Jankelowitz

Joao Louis S Jardim (Lou Jardin)

Richard A Longes

V Dudley Rubin

COMPANY SECRETARY

John Randall

REGISTERED OFFICE

4 Newington Road

Silverwater NSW 2128

Telephone: 61 2 9741 3000

SHARE REGISTER

Registries Ltd

PO Box R67

Royal Exchange

Sydney NSW 1223

Telephone: 61 2 9290 9600

Facsimile: 61 2 9279 0664

AUDITOR

Ernst & Young

INTERNET ADDRESS

www.metcash.com

Directors' Report

Year ended 30 April 2007

Your Directors submit their report for the year ended 30 April 2007.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows:

Carlos S dos Santos (Chairman)

A E (Ted) Harris, AC (Deputy Chairman)

Andrew Reitzer (CEO)

Peter L Barnes

Michael R Butler, AM (appointed 8 February 2007)

Michael R Jablonski

Edwin M Jankelowitz

Joao Louis S Jardim (Lou Jardim)

Richard A Longes

V Dudley Rubin

Bruce A Hogan, AM (resigned 5 December 2006)

Bernard J Hale (resigned 25 May 2006)

Michael Wesslink (resigned 25 May 2006)

Directors were in office for this entire period unless otherwise stated.

COMPANY SECRETARY

John Randall

For qualifications and experience of Directors please refer to 'the Board' section of this annual report.

For qualifications and experience of the Company Secretary please refer to 'the Executive Team' section of this annual report.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options of Metcash Limited were:

	Number of ordinary shares	Number of options over ordinary shares
Carlos S dos Santos	54,100	–
A E (Ted) Harris, AC	404,695	–
Andrew Reitzer	1,750,000	1,200,000
Peter L Barnes	177,083	–
Michael R Butler, AM	50,000	–
Michael R Jablonski	–	650,000
Edwin M Jankelowitz	520,000	650,000
Joao Louis S Jardim	329,986	650,000
Richard A Longes	128,154	–
V Dudley Rubin	15,000	–

EARNINGS PER SHARE

	Cents
Basic earnings per share	22.15
Diluted earnings per share	21.98

Directors' Report

Year ended 30 April 2007

DIVIDENDS

	\$'000
Dividends paid in the year	
Interim for the year	
– on ordinary shares in December 2006	52,398
	52,398
Final for 2007 declared	
– on ordinary shares	76,263
	76,263

CORPORATE INFORMATION

Corporate structure

Metcash Limited is a company limited by shares that is incorporated and domiciled in Australia.

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were the wholesale distribution and marketing of groceries, liquor and associated products.

Employees

The consolidated entity employed 5,855 employees as at 30 April 2007 (2006: 7,033 employees).

REVIEW AND RESULTS OF OPERATIONS

Group overview

A review of the operations during the period and the results of those operations, appears in the 'Report from the Chairman and the Chief Executive Officer' on page 2.

Summarised operating results are as follows:

	2007	
	Revenues \$'000	Profit before tax \$'000
<i>Business segments</i>		
Food Distribution	5,824,248	247,318
Cash & Carry Distribution	1,417,351	28,896
Liquor Distribution	2,453,175	28,367
	9,694,774	304,581
Consolidated entity adjustments/(unallocated amounts)	66,831	(67,783)
Consolidated entity sales and profit from ordinary activities before income tax expense	9,761,605	236,798

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Company occurred during the financial period, not otherwise disclosed in the 'Report from the Chairman and the Chief Executive Officer'.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No significant events occurred after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Information with respect to likely developments is set out within the 'Report from the Chairman and the Chief Executive Officer' elsewhere in this annual report.

Directors' Report

Year ended 30 April 2007

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each of the Directors were as follows:

	MEETINGS OF COMMITTEES		
	Directors' meetings	Remuneration & Nomination	Audit Risk & Compliance
Number of meetings held:	6	4	3
Number of meetings attended:			
Carlos S dos Santos	6	4	–
A E (Ted) Harris, AC	6	4	–
Andrew Reitzer	6	–	–
Peter L Barnes	6	4	–
Michael R Butler, AM**	1	–	–
Bernard J Hale ++	1	–	–
Bruce A Hogan, AM*	2	–	2
Michael R Jablonski	6	–	–
Edwin M Jankelowitz	6	–	–
Joao Louis S Jardim	6	–	–
Richard A Longes	5	–	3
V Dudley Rubin	6	–	3
Michael Wesslink ++	1	–	–

* Bruce Hogan, AM retired from the Metcash Board on 5 December 2006.

** Michael Butler, AM was appointed to the Metcash Board on 8 February 2007.

++ Bernard Hale and Michael Wesslink retired from the Metcash Board on 25 May 2006.

All Directors were eligible to attend all meetings held, except for Bruce A Hogan, AM, who was eligible to attend four Directors' meetings and Michael R Butler, AM, Bernard J Hale and Michael Wesslink who were eligible to attend one Directors' meeting.

Committee membership

As at the date of this report, the Company had an Audit Risk & Compliance Committee and a Remuneration & Nomination Committee. Members acting on the committees of the Board during the year were:

Audit Risk & Compliance	Remuneration & Nomination
R A Longes ^(C)	A E (Ted) Harris, AC ^(C)
M R Butler, AM*	P L Barnes
B A Hogan, AM*	C S dos Santos
V Dudley Rubin	

(C) Designates the chairman of the committee.

* M R Butler, AM replaced B A Hogan, AM on the Audit Risk & Compliance Committee.

For details of the committees, their charters and current membership, please refer to the section 'Corporate Governance Statement'.

Directors' Report

Year ended 30 April 2007

Indemnification and insurance of directors and officers

- (i) The Constitution of the Company permits the grant of an indemnity (to the maximum extent permitted by law) in favour of each Director, the Company Secretary, past Directors and Secretaries, and all past and present Executive Officers. The Company has entered into Deeds of Indemnity and Access with F J Conroy, C P Curran, J R Fleming, T S Haggai, D W J Bourke, R S Allan, J J David, Sir Leo Heilscher, B A Hogan and M Wesslink together with all of the current Directors and certain other officers of the Company. This indemnity is against any liability to third parties (other than related Metcash companies), by such officers unless the liability arises out of conduct involving a lack of good faith. The indemnity also includes costs or expenses incurred by an officer in unsuccessfully defending proceedings relating to that person's position.
- (ii) During the financial year, the Company has paid, or agreed to pay, a premium in respect of a contract of insurance insuring officers (and any persons who are officers in the future) against certain liabilities incurred in that capacity. Disclosure of the total amount of the premiums and the nature of the liabilities in respect of such insurance, is prohibited by the contract of insurance.

SHAREHOLDER RETURNS

The ongoing performance of the Group has ensured that returns to shareholders, through both dividends and capital growth, has continued.

	AIFRS			AGAAP	
	2007	2006	2005	2004	2003
Earnings per share before CULS, CUPS and restructure costs in 2006 and 2007	23.23	21.55	31.81	16.10	13.10
Earnings per share before goodwill/intangible amortisation	22.94	14.16	29.68	18.86	16.19
Basic earnings per share	22.15	13.67	29.68	16.10	13.10
Dividends declared per share	17.00	11.50	9.50	11.00	8.60
Dividends paid per share	13.00	5.50	15.50	9.60	7.00
Return on equity	15.20	15.70	28.80	22.70	21.10
Share price (30 April)	5.24	4.60	3.20	2.05	2.19

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under Australian Securities and Investment Commission (ASIC) Class Order 98/0100. The Company is an entity to which the Class Order applies.

TAX CONSOLIDATION

Metcash Limited has formed a tax consolidation group including its 100% owned Australian owned subsidiaries. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a modified stand alone basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

OCCUPATIONAL HEALTH AND SAFETY

Health, Safety, Environment and Community (HSEC)

Metcash is committed to being a responsible member of the communities in which we live and work. We endeavour to achieve high standards of workplace health and safety, fair and equitable conditions of employment, environmental protection and product safety by striving to always conduct our business in a safe, environmentally sustainable and socially responsible manner.

The establishment and ongoing implementation of a HSEC Governance Standards Framework that provides guidance, policy and principles on what constitutes acceptable levels of performance for HSEC in Metcash allows us to implement and maintain HSEC objectives and targets, and provide necessary resources to support these objectives at each relevant function and level within the organisation. Through developing measurable objectives consistent with our HSEC values we aim to demonstrate best practice HSEC leadership in all matters pertaining to HSEC and promote individual responsibility for HSEC by all employees.

This year has provided us with the ongoing opportunity to work with our employees, government, industry, and the public in support of regulations and programs that promote HSEC excellence. We have continued to share our knowledge through open communication with our employees and work with our external stakeholders and business partners to support best practice HSEC practices among our customers, suppliers, contractors and communities.

Directors' Report

Year ended 30 April 2007

Our people

Employee well-being – Metcash Pro-Fit

We have continued to enhance our employee health and well-being initiatives including some new innovative programs for employees with children. Metcash recognises that school holidays are demanding on parents as they juggle work obligations and childcare responsibilities therefore we have partnered with YMCA to offer 'Camp Metcash'. This tailored and subsidised 5 day vacation care program will be offered twice annually at all major Metcash sites for the children of Metcash employees. Parents bring their children to the Metcash site each morning from where they depart for a day of fun and educational activities such as museums, wildlife parks, sporting activities and outdoor adventures.

In alignment with our Core Values and as part of our commitment for supporting community and social concerns, Metcash has also introduced Charity Leave for all full-time Metcash employees. We offer one additional paid leave day to provide volunteer assistance to the charity of the employee's choice.

In addition we have launched a new Compressed Working Week policy for eligible employees in recognition of the need to offer more flexible work arrangements to balance the demands of a high performance organisation. This concept enables employees to reallocate their working hours by commencing earlier or finishing later during the week in return for working one 5 hour day.

Further enhancements include an increase to paid parental leave provisions to 8 weeks and new health education training programs focusing this year on Stress Management. Other Pro-Fit programs such as annual health checks and flu vaccinations, counselling services, purchased leave, well-being days, flexible start and finish times and family days continue to be embraced enthusiastically by employees and are a key feature of our employee attraction and retention strategies.

Employee engagement

At Metcash, engagement means the alignment of employees' efforts and contributions to those of the business and of shareholders. It is about constant communication, regular and frequent team briefs and understanding and, perhaps more importantly, 'doing something about' what concerns employees in their day-to-day activities. Engagement at all levels of the workforce is one key to Metcash's ongoing success.

The completion of the former FAL employee integration has been a major focus over the past 12 months. Alignment of all critical human resources processes such as performance management, remuneration and employee development programs have been completed. Indicators to date show that these efforts are having a tangible contribution to the performance of the business.

Metcash continues to offer a range of reward and recognition programs aligned to key business outcomes and our Core Values for all employees. We have significantly increased the number of employees eligible for performance-based incentive payments this year.

Employee development

Metcash continues to review and improve employee development and talent management programs to ensure alignment with short and long-term business requirements. The Diploma of Business (Frontline Management) has recently been launched with 58 employees enrolled in the first year. The inclusion of the Diploma ensures that we offer a full range of management development programs from supervisory to executive levels.

As part of our commitment to employee development, Metcash continues to have a preference for internal promotion with 34% of all vacancies filled by internal Metcash employees. We have also encouraged more employees to look at interstate career opportunities by offering enhanced relocation packages and incentives as part of the 'Sea-Change' program.

While still offering traditional classroom training, the use of e-learning continues to grow and develop. The Fraud Awareness e-learning program, launched this year, has had over 1,200 employees complete the course to date.

Metcash encourages employees to continue their personal and professional development through formal education at either undergraduate or postgraduate levels. Through a company sponsorship scheme, eligible employees receive a reimbursement towards course fees on the successful completion of each unit of study.

Safety

Commitment and strategy

The ongoing implementation of the HSEC Governance Standards Framework to provide guidance, policy and principles on what constitutes acceptable levels of performance for HSEC, alongside well developed OH&S assurance management systems and a reporting portfolio of well defined performance targets and measurements, have greatly assisted to realise continuous improvement in safety performance. The 5 year OH&S strategy implemented in 2004 continues to deliver consistently favourable results in safety and workers compensation performance, amounting to improved safety conditions for employees and significant financial gains for the business.

Risk and hazard management initiatives

Initiatives introduced this year continue to enforce a zero tolerance to manual handling and mobile plant incidents, Metcash's key safety risk focus areas. A rigorous compliance driven strategy has also delivered measured improved results in OH&S internal procedural compliance across the business.

Directors' Report

Year ended 30 April 2007

Performance results, management evaluation and review

Metcash continues to deliver a strong performance in OH&S and workers compensation.

The annual statistics include the former FAL warehouses and Action retail stores. Although there has been an increase in the number of hours worked in 2007, the increase in the number of lost time injuries and hours lost also reflects a higher standard of reporting in the Action stores after the implementation of the Metcash reporting standards and OH&S procedures.

What is pleasing to note is that Metcash's lost time frequency rate (LTIFR), severity and duration rates have decreased from last year. Even with the challenges experienced in aligning the FAL business with existing Metcash OH&S systems, Metcash has achieved a cumulative reduction of the LTIFR rate from the past 2 years of 58% company wide.

The Company has also experienced significant insurance premium reductions in some states and a national reduction of the number of claims and associated costs as a result of proactive and consistent claims performance and effective in-house injury management initiatives. A reduction in back injuries also indicates successful targeting of manual handling injury prevention through proactive strategies and initiatives in this risk area.

Lead indicators such as employee consultation meetings and hazard inspections also continue to consistently improve upon last year's performance to assure focus on preventing accidents before they occur.

Statistic	Percentage change from previous year
Lost time incident frequency rate (LTIFR)	↓ 22% decrease
Number of lost time injuries	↑ 33% increase
Number of hours lost	↑ 36% increase
Severity rate	↓ 30% decrease
Duration rate	↓ 10% decrease
Number of workers' compensation claims	↓ 21% decrease
Number of hazard inspections	↑ 58% increase
Number of employee consultation safety meetings	↑ 185% increase
Number of safety regulatory non-compliances/ improvement notices	↓ 71% decrease

Our places of work

The Company has also put in place strategies to ensure its business units comply with chain of responsibility transport safety legislation requirements, dangerous goods management, packaging recycling legislation, while assisting with plastic bag reduction commitments of its retailers.

Environmental management

There were zero environmental incidents for the year. The Company is implementing improved processes to enable the accurate measurement of water and energy consumption. Strategies and targets are being developed to reduce the usage of water and power and increase the rate of water recovery. Energy saving initiatives are being designed into new building works.

Formal Proposals on Carbon Credit Schemes are being assessed to enable Metcash to meet the proposed national carbon trading scheme options planned for introduction in 2010.

Metcash (in conjunction with the Company's retailer customers) has been engaged in a number of strategies to help the environment including work being carried out over previous years to recover, recycle, re-use and or reduce excessive packaging in goods under National Packaging Covenant responsibilities. Other work done in conjunction with Clean Up Australia has supported education campaigns to help the retail grocery industry achieve a national 50% reduction in the consumption of plastic carry checkout bags.

Dangerous goods

Formal data management and action programs are in place.

Chain of responsibility

In November 2006, Metcash along with major retailers and transport providers agreed to jointly adopt a Code of Conduct for managing and monitoring supply chain transport safety requirements for long distance and heavy vehicle drivers. Training systems and audits have been developed to meet these industry agreed objectives and will be introduced over the next 12 months to all sites. Third party audits will commence from mid 2007.

Bioterrorism assessments

Metcash continues to assist in a number of food industry consultative groups to increase security management across the businesses and to assist the Food Industry Infrastructure Assurance Action Group to better prepare the community and the Company controlled sites for possible pandemic or other bioterrorism risks.

Directors' Report

Year ended 30 April 2007

Our processes and products

Product safety/public health

The Company continues to implement effective strategies to ensure its business units comply with food safety and food labelling legislation plus assisting with the training and implementation of these programs with its independent retail customers.

Food safety standards

Metcash sites continue to implement best practice Hazard Analysis and Critical Control Points (HACCP) based Food Safety Programs. The relevant staff at warehouses and corporately operated retail stores previously owned by FAL have been trained and HACCP-based food safety systems and procedures implemented.

REMUNERATION REPORT

This report outlines the remuneration arrangements for Directors and executives of Metcash Limited (the Company).

Remuneration & Nomination Committee

Role

The Remuneration & Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer (CEO) and the senior executive team.

The principal responsibilities of the Committee (which are available on the Company's website) are to:

1. review and advise the Board annually on the remuneration and components of remuneration for the Chief Executive Officer and executives reporting directly to the Chief Executive Officer;
2. review management's recommendation and advise the Board on performance linked compensation packages for management staff, Directors' and executives' retirement, pension and superannuation schemes, and employee participation schemes, including executive share and share option plans and employee share plans;
3. oversee the administration of the Metcash Employees Option Plan and exercise the Board's discretionary power when required;
4. advise the Board on directorship appointments, and implement processes to assess the Board and its committees, review the Board's required status, experience, mix of skills, and other qualities, including gender, and provide a Directors' orientation and education program;
5. regularly evaluate and advise the Board on the performance of the Chief Executive Officer;
6. advise the Board on the successor to the Chief Executive Officer; and
7. assess the effectiveness of the Board as a whole and its committees as set out in Section 7 of the Metcash Board Charter.

The Remuneration & Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Compensation structure

In accordance with best practice corporate governance, the structure of Non-executive Director and senior executive remuneration is separate and distinct.

Non-executive Director compensation

Aggregate Non-executive Directors' remuneration is determined from time to time at a general meeting. The current limit, \$1,000,000, was agreed by members at the 1 September 2005 Annual General Meeting.

Non-executive Directors are paid an annual fee which is periodically reviewed. The Remuneration & Nomination Committee has responsibility for reviewing and recommending the level of remuneration for Non-executive Directors. External professional advice is sought before any changes are made to the amount paid to Directors within the overall maximum amount approved by shareholders. Additional amounts are paid to the Chairman and Deputy Chairman to recognise the responsibilities involved with those positions. Directors performing committee duties are paid additional fees. The current fees were based on independent advice.

Non-executive Directors do not receive bonuses, and are not entitled to participate in the Company's share option scheme.

A retirement benefit was paid to Non-executive Directors for past service. The benefits were in accordance with Section 8.3(h) and (i) of the Company's Constitution and Section 200 of the Corporations Law.

The retirement benefit scheme was discontinued as at the date of the 2005 Annual General Meeting and accrued benefits (as shown below) were frozen at that time. Directors' fees were increased based on independent advice to reflect the cessation of this benefit.

Directors' Report

Year ended 30 April 2007

Accrued benefits	\$
A E Harris, AC	301,882
R A Longes	211,619
P L Barnes	211,619
	<u>\$725,120</u>

Senior executive and Executive Director compensation

The Remuneration & Nomination Committee recognises that the Group operates in a very competitive environment and that its performance depends on the quality of its people. To continue to prosper, the Group must be able to attract, motivate and retain highly skilled executives.

The guiding principles of the Group's remuneration policy are to:

- provide competitive rewards to attract and retain executive talent;
- apply demanding Key Performance Indicators to deliver results across the Group and to a significant portion of the total reward;
- link rewards to executives to the creation of value to shareholders;
- assess and reward executives using financial and non-financial measures of performance;
- ensure remuneration arrangements between executives are equitable and facilitate the deployment of human resources around the Group; and
- limit severance payments on termination to pre-established contractual arrangements which do not commit the Group to making unjustified payments in the event of non-performance.

Advisers

The Chief Executive Officer and the Chief Human Resources Officer have assisted the Committee in its deliberations during the year. In addition, independent advisers were retained to provide assistance and advice on market-related remuneration and short, medium and long-term incentives.

Service contracts

Service contracts exist for senior executives including the Chief Executive Officer. They are unlimited in term but capable of termination on 15 months notice in the case of the Chief Executive Officer and 9 months notice in the case of executives who are direct reports to the Chief Executive Officer. The Group retains the right to terminate a contract immediately, by making payments equal to the notice period, in lieu of notice. In addition, should termination be as a result of redundancy, a further payment of 9 months of fixed remuneration (base salary plus superannuation) is payable to the Chief Executive Officer and 6 months further payment to executives who are direct reports to the Chief Executive Officer.

The Chief Executive Officer and executives who are direct reports to the Chief Executive Officer, may terminate their employment by giving 3 months notice.

The service contracts typically outline the components of remuneration paid to executives, but do not prescribe how remuneration levels are reviewed each year to take account of cost-of-living changes, any change in the scope of the role performed by the executive and any changes required to meet the principles of the remuneration policy.

Remuneration is divided into two components. The first is the fixed or base component, which is made up of base salary and superannuation benefits. The second is the 'at risk' component, which is subject to Key Performance Indicators (KPIs) and performance hurdles and is generally made up of short, medium and long-term incentives that take the form of cash payments and/or participation in the equity plans. The amount of 'at risk' remuneration, if any, that is earned by an executive is wholly dependent on that executive's and the Group's performance against those pre-determined KPIs and performance hurdles.

Fixed remuneration

Base salary and benefits

Base salaries are determined by reference to the scope and nature of the individual's role and their performance and experience. Market data is used to benchmark salary levels. Particular consideration is given to competitive remuneration levels and the need to retain talent.

Superannuation benefits

Superannuation benefits are delivered in accordance with the Federal Government's Superannuation Guarantee Levy, which currently sits at 9% of fixed remuneration to a maximum of \$159,009 p.a. and for amounts above that at a flat \$13,129 p.a.

At risk remuneration

At risk remuneration is delivered as short, medium and long-term incentives and applies to the Group's senior management, which includes the Company Secretary and, assuming that maximum bonuses are earned, 75% of short-term income is at risk. The components of the at risk remuneration are as follows:

- Executive management bonus scheme (short-term incentive). This is a scheme catering for different levels of management responsibility and delivers a maximum of 25% or 50% of fixed remuneration subject to achievement of pre-determined KPIs relating to Business Pillar and/or Group financial and individual performance.

Directors' Report

Year ended 30 April 2007

- Synergy Gains Incentive Plan (medium-term incentive). This plan has a fixed life and delivers a maximum of 50% per year of fixed remuneration subject to achievement of specific and pre-determined synergies associated with the FAL integration over 2 years, the 2006 and 2007 financial years. Bonus payments are made 1 year after the determination of each year's synergy earnings. This plan concluded at the end of the 2007 financial year.
- Options plan (long-term incentive). This plan delivers share options to individuals and is subject to achievement of performance hurdles for Executive Directors based on increase in earnings per share. The Company's policy is that unexercised options cannot be 'hedged'.
- A long-term retention payment of \$5,000,000 to the Chief Executive Officer and \$2,000,000 to each of the Finance Director, Group Merchandise Director, Chief Executive Officer IGA Distribution and the Chief Information Officer subject to achievement of specific hurdles over a 5 year period (a compounding 12.5% increase in earnings per share based on 2005 earnings per share adjusted for material changes to the number of shares issued) and only payable on successful achievement of the hurdles in 2010 and if the executive is still employed by the Company at that time.
- A long-term retention payment of \$1,000,000 to each of the Chief Executive Officer Campbells Wholesale, Chief Executive Officer Group Logistics and Corporate Development, Chief Executive Officer ALM and the Chief Human Resources Officer subject to achievement of specific hurdles over a 5 year period (a compounding 10% increase in earnings per share based on 2007 earnings per share adjusted for material changes to the number of shares issued) and only payable on successful achievement of the hurdles in 2012 and if the executive is still employed by the Company at that time.

Earnings per share growth has been selected as the performance measure for long-term incentives as it directly relates to the performance of the Company and is not distorted by external influences.

The performance hurdle for options issued to Executive Directors in 2005, as agreed by members at the Annual General Meeting held on 1 September 2005, was that, in each of the years in which options became available for exercise, earnings per share for the financial year preceding the tranche exercise date must be at least equal to a 12.5% annual increase of earnings per share compounded from the 2005 earnings per share, adjusted for any dilution that might occur as a consequence of any alteration to the number of ordinary shares issued.

Before options are exercised by Executive Directors, agreement is obtained from the Remuneration & Nomination Committee, which verifies that the hurdle has been achieved with confirmation obtained from the Company's external auditor.

Performance hurdles have not been applied to options issued in the past to the key management executives as they do not have the ability to influence the performance of the Company to the same degree as Executive Directors. They also generally are offered a smaller number of options than Executive Directors. However, should there be any future issue of share options, the use of hurdles will be considered for key management executives. The employee option scheme applies to all of the Company's employees and it is not considered practicable for hurdles to apply in all instances.

At risk remuneration and Company performance

The 'at risk' remuneration, with the short-term focus on sales and profit and the long-term segment influenced by earnings per share and share price, has contributed to the growth in the shareholder returns as identified in another part of the Directors' Report.

Details of Key Management Personnel

Directors		Executives	
Carlos S dos Santos	Non-executive Chairman	Ken Bean	CEO Group Logistics and Corporate Development
A E (Ted) Harris, AC	Non-executive Deputy Chairman	Peter Dubbelman	CEO Campbells Wholesale
Andrew Reitzer	Chief Executive Officer	John Randall	General Manager Finance and Company Secretary
Peter L Barnes	Non-executive Director	David Johnston	Chief Human Resources Officer
Michael R Butler, AM	Non-executive Director (appointed 8 February 2007)	Fergus Collins	CEO Australian Liquor Marketers (appointed 19 February 2007)
Mike Jablonski	Group Merchandise Director		
Edwin M Jankelowitz	Finance Director		
Lou Jardin	CEO IGA Distribution		
Richard A Longes	Non-executive Director		
V Dudley Rubin	Non-executive Director		
Bernard J Hale	Chief Information Officer (resigned as director 25 May 2006)		
Bruce A Hogan, AM	Non-executive Director (resigned as director 5 December 2006)		
Mike Wesslink	CEO Australian Liquor Marketers (resigned 16 February 2007) (resigned as director 25 May 2006)		

Directors' Report

Year ended 30 April 2007

Compensation of Key Management Personnel*

Compensation of Key Management Personnel for the year ended 30 April 2007*

	Salary and fees	SHORT-TERM		POST EMPLOYMENT	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED (%)
		Bonus	Non-monetary benefits	Superannuation	Termination benefits	Options granted		
Directors								
C S dos Santos	216,760	–	–	12,687	–	–	229,447	–
A E Harris, AC	182,140	–	–	–	–	–	182,140	–
R Longes	125,000	–	–	11,250	–	–	136,250	–
P Barnes	110,000	–	–	9,900	–	–	119,900	–
D Rubin	110,000	–	–	9,900	–	–	119,900	–
B Hogan, AM	51,649	–	–	–	–	–	51,649	–
M Butler, AM	–	–	–	47,709	–	–	47,709	–
A Reitzer	1,352,764	1,087,769	3,269	105,113	–	371,186	2,920,101	49.96%
M Jablonski	572,413	437,253	23,000	12,687	–	201,059	1,246,412	51.21%
E Jankelowitz	601,317	441,498	–	12,687	–	201,059	1,256,561	51.14%
L Jardin	566,354	447,388	23,000	18,746	–	201,059	1,256,547	51.61%
Executives								
K Bean	394,647	359,045	–	104,687	–	75,216	933,595	46.51%
B Hale	411,142	365,153	–	96,687	–	440,371	1,313,353	61.33%
J Randall	343,729	347,100	–	97,271	–	75,216	863,316	48.92%
P Dubbelman	405,727	335,754	23,000	43,691	–	75,216	883,388	46.52%
D Johnston	355,440	284,943	–	40,837	–	75,216	756,436	47.61%
M Wesslink	275,381	144,064	–	60,769	724,193* ¹	–	1,204,407	–
F Collins* ²	263,564	128,333	14,000	12,687	–	28,207	446,791	35.04%
	6,338,027	4,378,300	86,269	697,308	724,193	1,743,805	13,967,902	43.83%

*1 The payment represents a termination payment (per the executive's service contract) and normal statutory entitlements.

*2 Compensation for the whole year.

Compensation of Key Management Personnel for the year ended 30 April 2006*

	Salary and fees	SHORT-TERM		POST EMPLOYMENT	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED (%)
		Bonus	Non-monetary benefits	Superannuation	Termination benefits	Options granted		
Directors								
C S dos Santos	252,887	–	–	12,140	–	–	265,027	–
A E Harris, AC	190,211	–	–	–	–	–	190,211	–
R Longes	166,399	–	–	12,128	–	–	178,527	–
P Barnes	123,899	–	–	11,003	–	–	134,902	–
D Rubin	115,568	–	–	10,401	–	–	125,969	–
B Hogan, AM	72,709	–	–	–	–	–	72,709	–
A Reitzer	1,287,932	531,200	–	100,587	–	231,910	2,151,629	35.47
M Jablonski	544,003	289,571	23,000	12,140	–	125,618	994,332	41.76
B Hale	387,507	241,823	–	96,140	–	364,930	1,090,400	55.65
E Jankelowitz	572,626	292,383	–	12,140	–	125,618	1,002,767	41.68
M Wesslink	431,489	216,095	–	48,724	–	125,618	821,926	41.57
L Jardin	537,944	289,571	23,000	18,199	–	125,618	994,332	41.76
Executives								
K Bean	393,414	237,778	–	81,950	–	46,996	760,138	37.46
J Randall	326,276	210,000	–	93,724	–	46,996	676,996	37.96
P Dubbelman	386,362	224,961	23,000	40,560	–	46,996	721,879	37.67
D Johnston	338,559	188,703	–	38,848	–	46,996	613,106	38.44
G Tempany	314,192	175,000	19,000	16,808	–	17,623	542,623	35.50
	6,441,977	2,897,085	88,000	605,492	–	1,304,919	11,337,473	37.06

* The disclosures marked with an asterisk have been included within the Remuneration Report and audited in accordance with the exemption under Corporation Amendments Regulations 2006.

Directors' Report

Year ended 30 April 2007

Options exercised as part of remuneration for the year ended 30 April 2007*

Value of options exercised during the year

A Reitzer	1,133,560
M Jablonski	556,631
E Jankelowitz	559,657
L Jardin	270,560
K Bean	266,560
M Wesslink	1,251,200
B Hale	–
J Randall	–
P Dubbelman	271,360
D Johnston	244,160
F Collins	4,771

There were no options issued to Executive Directors during the financial year.

Options granted as part of remuneration for the year ended 30 April 2006*

	Grant date	Grant number	Value per option at grant date	Value of options granted during the year	Value of options exercised during the year	Total value of options granted and exercised during the period	Remuneration consisting of options for the year %
A Reitzer	1 Sep 2005	1,200,000	1.27	1,524,000	1,085,960	2,609,960	11.24
M Jablonski	1 Sep 2005	650,000	1.27	825,500	1,621,120	2,446,620	12.63
E Jankelowitz	1 Sep 2005	650,000	1.27	825,500	1,653,420	2,478,920	12.53
L Jardin	1 Sep 2005	650,000	1.27	825,500	1,485,720	2,311,220	12.71
K Bean	1 Sep 2005	400,000	1.30	520,000	1,433,300	1,953,300	6.81
M Wesslink	1 Sep 2005	650,000	1.27	825,500	552,860	1,378,360	16.00
B Hale	1 Sep 2005	650,000	1.27	825,500	–	825,500	60.29
J Randall	1 Sep 2005	400,000	1.30	520,000	216,296	736,296	7.89
P Dubbelman	1 Sep 2005	400,000	1.30	520,000	1,063,040	1,583,040	6.78
D Johnston	1 Sep 2005	400,000	1.30	520,000	610,080	1,130,080	8.58
G Tempany	1 Sep 2005	150,000	1.30	195,000	91,152	286,152	3.28

* The disclosures marked with an asterisk have been included within the Remuneration Report and audited in accordance with the exemption under Corporation Amendments Regulations 2006.

Directors' Report

Year ended 30 April 2007

Compensation options: granted and vested for the year ended 30 April 2006*

30 April 2006				TERMS AND CONDITIONS		FOR EACH GRANT		
	Vested number	Granted number	Grant date	Fair value per option at grant date (per note 15)	Exercise price per option (per note 15)	Expiry date	First exercise date	Last exercise date
Directors								
A Reitzer	340,000	1,200,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
M Jablonski	170,000	650,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
B Hale	–	650,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
E Jankelowitz	170,000	650,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
M Wesslink	220,000	650,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
L Jardin	200,000	650,000	1 Sep 05	1.27	4.01	1 Sep 11	1 Sep 08	1 Sep 11
Executives								
P Dubbelman	80,000	400,000	1 Sep 05	1.30	3.925	1 Sep 11	1 Sep 08	1 Sep 11
K Bean	80,000	400,000	1 Sep 05	1.30	3.925	1 Sep 11	1 Sep 08	1 Sep 11
D Johnston	80,000	400,000	1 Sep 05	1.30	3.925	1 Sep 11	1 Sep 08	1 Sep 11
J Randall	32,000	400,000	1 Sep 05	1.30	3.925	1 Sep 11	1 Sep 08	1 Sep 11
G Tempany	12,000	150,000	1 Sep 05	1.30	3.925	1 Sep 11	1 Sep 08	1 Sep 11
	1,384,000	6,200,000						

Details of bonus provided for in year ended 30 April 2007*

	Potential bonus	Bonus payable	Bonus forfeited
Directors			
C S dos Santos	–	–	–
A E Harris, AC	–	–	–
R Longes	–	–	–
P Barnes	–	–	–
D Rubin	–	–	–
B Hogan, AM	–	–	–
M Butler, AM	–	–	–
A Reitzer	1,439,229	1,087,769	351,460
M Jablonski	598,979	437,253	161,726
E Jankelowitz	604,794	441,498	163,296
L Jardin	598,979	447,388	151,591
Executives			
K Bean	491,844	359,045	132,799
J Randall	434,385	347,100	87,285
P Dubbelman	465,332	335,754	129,578
M Wesslink	213,695	144,064	69,631
B Hale	500,211	365,153	135,058
D Johnston	390,333	284,942	105,391
F Collins	145,126	128,333	16,793

All bonuses for the year ended 30 April 2007 were paid either in December 2006, April 2007 or June 2007.

* The disclosures marked with an asterisk have been included within the Remuneration Report and audited in accordance with the exemption under Corporation Amendments Regulations 2006.

Directors' Report

Year ended 30 April 2007

Details of bonus provided for in year ended 30 April 2006*

	Potential bonus	Bonus payable	Bonus forfeited
Directors			
C S dos Santos	–	–	–
A E Harris, AC	–	–	–
R Longes	–	–	–
P Barnes	–	–	–
D Rubin	–	–	–
B Hogan, AM	–	–	–
M Wesslink	240,105	216,096	24,009
B Hale	241,823	241,823	–
A Reitzer	650,000	531,200	118,800
M Jablonski	289,571	289,571	–
E Jankelowitz	292,383	292,383	–
L Jardin	289,571	289,571	–
Executives			
K Bean	237,778	237,778	–
J Randall	210,000	210,000	–
P Dubbelman	224,961	224,961	–
D Johnston	188,703	188,703	–
G Tempany	175,000	175,000	–

All bonuses for the year ended 30 April 2006 were paid in either December 2005, June 2006 or July 2006.

Compensation by category*

	METCASH GROUP	
	2007 \$	2006 \$
Short-term	10,802,596	9,427,063
Post employment	697,308	605,492
Other long-term	–	–
Termination benefits	724,193	–
Share-based payments	1,743,805	1,304,919
Total	13,967,902	11,337,474

* The disclosures marked with an asterisk have been included within the Remuneration Report and audited in accordance with the exemption under Corporation Amendments Regulations 2006.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 16,782,131 unissued ordinary shares under option (18,007,840 at the reporting date). Refer to note 15 of the financial statements for further details of the options outstanding.

Shares issued as a result of options

During the financial year, employees and executives have exercised options to acquire 3,187,636 fully paid ordinary shares in Metcash Limited at a weighted average exercise price of \$1.25. Since the end of the financial year, a further 384,997 options have been exercised, at a weighted average exercise price of \$1.28.

Directors' Report

Year ended 30 April 2007

CEO AND CFO DECLARATION

The Chief Executive Officer and Chief Financial Officer have provided a declaration which states:

- (a) With regard to the integrity of the financial report of Metcash Limited for the period ended 30 April 2007:
- (i) the financial statements and associated notes comply in all material respects with the accounting standards as required by Section 296 of the Corporations Act 2001;
 - (ii) the financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 30 April 2007 and performance of the Company for the period then ended as required by section 297 of the Corporations Act 2001;
 - (iii) in our opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (b) With regard to the financial records and systems of risk management and internal compliance and control of Metcash Limited for the period ended 30 April 2007:
- (i) the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the statements made in (a) above regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board of Directors;
 - (iii) the risk management and internal compliance and control systems of the Company relating to financial reporting, compliance and operations objectives are operating efficiently and effectively, in all material respects;
 - (iv) subsequent to 30 April 2007, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal control and control systems of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 April 2007 has been received and is included on page 83 of the financial report.

NON-AUDIT SERVICES

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

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

Tax compliance	\$866,000
Assurance-related	\$88,000

Signed in accordance with a resolution of the Directors.

Andrew Reitzer

Director

Sydney, 19 July 2007

Income Statement

For the Year ended 30 April 2007

	Notes	METCASH GROUP		METCASH LIMITED	
		2007 \$'000	2006 \$'000	2007 \$'000	Period ending 2006 \$'000
Revenue	4	9,761,605	8,251,646	178,418	31,008
Cost of sales		(8,744,049)	(7,406,154)	–	–
Gross profit		1,017,556	845,492	178,418	31,008
Distribution costs		(425,583)	(368,468)	–	–
Administrative costs		(284,781)	(254,856)	(4,287)	(3,260)
Share of profit of associates	11	4,261	3,356	–	–
Restructure costs		(9,970)	(17,267)	–	–
Finance costs					
CULS redemption premium		–	(20,940)	–	–
CULS issue costs		–	(6,003)	–	–
CUPS redemption premium		–	(2,557)	–	–
Other finance costs	4	(64,685)	(45,271)	–	–
Profit before income tax		236,798	133,486	174,131	27,748
Income tax expense	5	(70,003)	(52,308)	–	–
Net profit for period		166,795	81,178	174,131	27,748
Profit attributable to the members of the parent company		166,795	81,178	174,131	27,748
Earnings per share (cents per share)					
– basic earnings per share	27	22.15	13.67	–	–
– diluted earnings per share	27	21.98	13.52	–	–
– franked dividends paid per share	6	17.00	11.50	–	–

Balance Sheet

As at 30 April 2007

	Notes	METCASH GROUP		METCASH LIMITED	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	141,873	220,199	–	–
Trade and other receivables	8	969,641	865,883	437,203	265,090
Inventories	9	595,145	524,903	–	–
Prepayments		5,402	4,334	–	–
		1,712,061	1,615,319	437,203	265,090
Assets classified as held for sale	28	206	168,778	–	–
Total current assets		1,712,267	1,784,097	437,203	265,090
Non-current assets					
Receivables	10	23,001	8,019	–	–
Investments in associates	11	77,716	50,171	–	–
Other financial assets	12	182	227	2,242,229	2,242,229
Property, plant and equipment	13	119,562	127,495	–	–
Deferred tax assets	5	51,568	36,592	–	–
Intangible assets and goodwill	14	1,142,695	1,149,632	–	–
Total non-current assets		1,414,724	1,372,136	2,242,229	2,242,229
TOTAL ASSETS		3,126,991	3,156,233	2,679,432	2,507,319
LIABILITIES					
Current liabilities					
Trade and other payables	16	1,169,539	1,173,947	–	–
Interest bearing loans and borrowings	17	5,467	5,810	–	–
Income tax payable		43,607	17,984	43,872	8,525
Provisions	18	60,588	33,081	–	–
		1,279,201	1,230,822	43,872	8,525
Liabilities directly associated with assets classified as held for sale	28	–	50,027	–	–
Total current liabilities		1,279,201	1,280,849	43,872	8,525
Non-current liabilities					
Interest bearing loans and borrowings	17	605,731	751,299	–	–
Deferred tax liabilities	5	10,686	10,623	–	–
Provisions	18	68,349	80,595	–	–
Total non-current liabilities		684,766	842,517	–	–
TOTAL LIABILITIES		1,963,967	2,123,366	43,872	8,525
NET ASSETS		1,163,024	1,032,867	2,635,560	2,498,794
EQUITY					
Contributed equity	19	1,880,111	1,823,895	2,551,734	2,495,518
Other equity	19	(765,923)	(765,923)	–	–
Reserves	19	17,214	12,200	7,563	3,276
Retained earnings	19	31,622	(37,305)	76,263	–
TOTAL EQUITY		1,163,024	1,032,867	2,635,560	2,498,794

Statement of Changes in Equity

Year ended 30 April 2007

	METCASH GROUP						
	Contributed equity \$'000	Other equity \$'000	Share-based payments \$'000	Retained earnings \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
At 30 April 2006							
Total equity at the beginning of the financial period	1,823,895	(765,923)	3,484	(37,305)	12,777	(4,061)	1,032,867
Currency translation differences	-	-	-	-	-	727	727
Net income/(expenses) recognised directly in equity	-	-	-	-	-	727	727
Profit for the period	-	-	-	166,795	-	-	166,795
Total recognised income and expenses for the period	-	-	-	166,795	-	727	167,522
Exercise of options	3,998	-	-	-	-	-	3,998
Issue of share capital	52,218	-	-	-	-	-	52,218
Cost of share-based payment	-	-	4,287	-	-	-	4,287
Dividend	-	-	-	(97,868)	-	-	(97,868)
At 30 April 2007							
Total equity at the end of the financial period	1,880,111	(765,923)	7,771	31,622	12,777	(3,334)	1,163,024
At 30 April 2005							
Total equity at the beginning of the financial period	846,976	(765,923)	224	(90,751)	12,777	1,162	4,465
Currency translation differences	-	-	-	-	-	(5,223)	(5,223)
Net income/(expenses) recognised directly in equity	-	-	-	-	-	-	-
Profit for the period	-	-	-	81,178	-	-	81,178
Total recognised income and expenses for the period	-	-	-	81,178	-	(5,223)	75,955
Exercise of options	6,201	-	-	-	-	-	6,201
Issue of share capital	970,718	-	-	-	-	-	970,718
Cost of share-based payment	-	-	3,260	-	-	-	3,260
Dividends	-	-	-	(27,732)	-	-	(27,732)
At 30 April 2006							
Total equity at the end of the financial period	1,823,895	(765,923)	3,484	(37,305)	12,777	(4,061)	1,032,867

Statement of Changes in Equity

Year ended 30 April 2007

	METCASH LIMITED			
	Contributed equity \$'000	Share-based payments \$'000	Retained earnings \$'000	Total equity \$'000
At 1 May 2006				
Total equity at the beginning of the financial period	2,495,518	3,276	–	2,498,794
Currency translation differences	–	–	–	–
Net income/(expenses) recognised directly in equity	–	–	–	–
Profit for the period	–	–	174,131	174,131
Total recognised income/expense for the period	–	–	174,131	174,131
Exercise of options	3,998	–	–	3,998
Issue of share capital	52,218	–	–	52,218
Cost of share-based payment	–	4,287	–	4,287
Dividends	–	–	(97,868)	(97,868)
At 30 April 2007				
Total equity at the end of the financial period	2,551,734	7,563	76,263	2,635,560
At 1 May 2005				
Total equity at the beginning of the financial period	1,335,608	16	(16)	1,335,608
Currency translation differences	–	–	–	–
Net income/(expenses) recognised directly in equity	–	–	–	–
Profit for the period	–	–	27,748	27,748
Total recognised income/expense for the period	–	–	27,748	27,748
Exercise of options	6,201	–	–	6,201
Issue of share capital	970,718	–	–	970,718
Conversion of CULS	182,991	–	–	182,991
Cost of share-based payment	–	3,260	–	3,260
Dividends	–	–	(27,732)	(27,732)
At 30 April 2006				
Total equity at the end of the financial period	2,495,518	3,276	–	2,498,794

Cash Flow Statement

Year ended 30 April 2007

	METCASH GROUP		METCASH LIMITED		
	Notes	2007 \$'000	2006 \$'000	2007 \$'000	Period ending 2006 \$'000
Cash from operating activities:					
Receipts from customers		11,365,612	9,479,154	–	–
Payments to suppliers and employees		(10,967,894)	(9,012,845)	–	–
Income taxes paid		(51,927)	(77,523)	–	–
GST paid		(117,450)	(109,654)	–	–
Dividends received		1,971	781	–	–
Borrowing costs		(60,303)	(41,997)	–	–
Interest received		7,468	4,757	–	–
Total cash from operating activities	7	177,477	242,673	–	–
Cash flows from investing activities:					
Proceeds from sale of plant and equipment		11,622	2,297	–	–
Proceeds from sale of investment		–	20	–	–
Proceeds from sale of businesses		–	380	–	–
Net proceeds from assets classified as held for sale		55,549	–	–	–
Payment on acquisition of businesses		(97)	(55,679)	–	–
Purchase of property, plant and equipment		(40,124)	(50,264)	–	–
Payment on acquisition of associates		(24,949)	(45,990)	–	–
Loan (to)/from other entities		–	–	41,652	(2,949)
Loan to associates		(31,992)	–	–	–
Loan (to)/from other entities		(29,358)	–	–	–
Proceeds from repayments of non-current receivables		1,322	59	–	–
Net cash used by investing activities		(58,027)	(149,177)	41,652	(2,949)
Cash flows from financing activities:					
Proceeds from the issue of ordinary shares		56,399	34,324	56,399	37,584
Proceeds/(repayment) of CULS		–	(401,913)	–	–
Proceeds/(repayment) of CUPS		–	(52,557)	–	–
Proceeds from borrowings – other		–	565,000	–	–
Repayments of borrowings – other		(150,000)	(150,000)	–	–
Repayment of financing facilities		–	(11,000)	–	–
Payment of finance lease principal		(6,854)	(9,011)	–	–
Payment of funding costs		(183)	(7,449)	(183)	(6,903)
Payment of dividends on ordinary shares		(97,868)	(27,732)	(97,868)	(27,732)
Net cash used by financing activities		(198,506)	(60,338)	(41,652)	2,949
Net cash increase (decrease) in cash and cash equivalents		(79,056)	33,158	–	–
Cash and cash equivalents at beginning of year		220,199	189,607	–	–
Effect of exchange rate changes on cash		730	(2,566)	–	–
Cash and cash equivalents at end of year	7	141,873	220,199	–	–

Notes to the Financial Statements

Year ended 30 April 2007

1 CORPORATE INFORMATION

The financial report of Metcash Limited (the Company) for the year ended 30 April 2007 was authorised for issue in accordance with a resolution of the Directors on 19 July 2007.

Metcash Limited and its controlled entities (the Group), is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has been prepared using the historical cost basis, except for available for sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

(ii) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(a) Changes in accounting policy

Since 1 May 2006 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 May 2006. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 2007-10 Amendments to Australian Accounting Standards (AASB 4, 1023, 132 and 139)

(b) Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 April 2007. These are outlined in the table below:

Reference	Title	Summary	Application date of Standard*	Impact on Group financial report	Application date for Group*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 <i>Financial Instruments: Disclosures</i> .	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 May 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 <i>Interim Financial Reporting and Impairment</i> .	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact.	1 May 2007

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reference	Title	Summary	Application date of Standard*	Impact on Group financial report	Application date for Group*
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 <i>Service Concession Arrangements</i> .	1 January 2007	As the Group currently has no service concession arrangements or public-private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 May 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the new standard is expected to have an impact on the Group's segment disclosures as segment information based on management reports are more detailed than those currently reported under AASB 114.	1 May 2009
AASB 7	<i>Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 May 2007
AASB 8	<i>Operating Segments</i>	This new standard will replace AASB 114 <i>Segment Reporting</i> and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 May 2009
AASB Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	Addresses an inconsistency between AASB 134 <i>Interim Financial Reporting</i> and the impairment requirements relating to goodwill in AASB 136 <i>Impairment of Assets</i> and equity instruments classified as available for sale in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	1 November 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 is not expected to have any impact on the Group's financial report.	1 May 2007
AASB Interpretation 11	<i>Group and Treasury Share Transactions</i>	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled.	1 March 2007	Refer to AASB 2007-1 above.	1 May 2007
AASB Interpretation 12	<i>Service Concession Arrangements</i>	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2007	Refer to AASB 2007-2 above.	1 May 2007

* Designates the beginning of the applicable annual reporting period.

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Basis of consolidation

The consolidated financial statements comprise the financial statements of Metcash Limited and its subsidiaries as at 30 April 2007.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

In preparing the consolidated financial statements all intercompany balances and transactions have been eliminated in full.

(iv) Reverse acquisition

In accordance with AASB 3 *Business Combinations*, in 2005 when Metcash Limited (the legal parent) acquired the Metoz group (being Metoz Holdings Limited and its controlled entities including Metcash Trading Limited) (the legal subsidiary), the acquisition was deemed to be a reverse acquisition. The consolidated financial statements are issued under the name of the legal parent (Metcash Limited) but are a continuation of the financial statements of the deemed acquirer under the reverse acquisition rules (Metcash Trading Limited).

(v) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual customer relationships

Identifying those relationships with customers that meet the definition of separately identifiable intangibles that have a finite life.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated.

The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill is discussed in note 14.

Contractual customer relationships

The useful life of contractual customer relationships of 25 years is based on management's expectation of future attrition rates based on historical rates experienced.

(vi) Foreign currency translation

Translation of foreign currency transactions

Both the functional and presentation currency of Metcash Limited and its Australian subsidiaries is Australian Dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences in the consolidated financial report are taken to profit or loss.

Translation of financial reports of overseas operations

The functional currency of the overseas subsidiaries is as follows:

- Tasman Liquor Company Limited is New Zealand Dollars.
- Metoz Holdings Limited is South African Rand.
- Pinnacle Holdings Limited is British Pounds Sterling.
- Soetensteeg 2-61 Exploitiemaatschappij BV is Euros.
- Wickson Corporation NV is Euros.

As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Metcash Limited at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve.

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand and in banks and short-term deposits with an original maturity of 3 months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(viii) Trade and other receivables

Trade receivables, which generally have 7-40 day terms, are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(ix) Investments and other financial assets

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available for sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to securities exchange quoted market bid prices at the close of business on the balance sheet date.

(x) Investment in associates

The Group's investments in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are the entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures.

The financial statements of the associates are used by the Group to apply the equity method.

The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

(xi) Inventories

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for using the standard cost method. Cost is determined by deducting from the supplier's invoice price any purchase incentives, allowances, discounts and net marketing income.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(xii) Property, plant and equipment

Cost

All classes of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:

	2007	2006
Freehold buildings:	50 years	50 years
Plant and equipment:	5-15 years	5-15 years

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is de-recognised.

(xiii) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that the value of an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(xiv) Leases

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

Operating leases

(i) Group as a lessee

Operating leases are those where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item. Operating lease payments are recognised as an expense on a straight-line basis.

(ii) Group as a lessor

Leases in which the Group transfers substantially all the risks and benefits of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

Finance leases

Leases which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Capitalised leases are disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(xv) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses for goodwill are not subsequently reversed.

(xvi) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the profit or loss on a straight-line basis.

Intangible assets (excluding software development costs) created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Contractual customer relationships are recognised as intangible assets when the criteria specified in AASB 138 *Intangible Assets* have been met. Contractual customer relationships are assessed to have a finite life and are amortised over the asset's useful life.

The carrying value of these assets are reviewed for impairment where an indicator of impairment exists.

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

Any costs carried forward are amortised over the assets' useful economic lives.

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statements when the asset is de-recognised.

The estimated useful lives of existing finite intangible assets are as follows:

- customer contracts – 25 years;
- software development costs – 5 years.

(xvii) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xviii) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Long service leave

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

(xix) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

(xx) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Provisions for store lease and remediation are raised where the economic entity is committed by the requirements of the lease agreement. The future lease costs, net of any income from sub-leasing, are discounted to their net present value in determining the provision.

Dividends payable are recognised when a legal or constructive obligation to pay the dividend arises, typically following approval of the dividend at a meeting of directors.

(xxi) Share-based payment transactions

The Group provides benefits to employees (including executive directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Group provides benefits to executive directors, senior executives and its employees in the form of the Employee Share Option Plan (ESOP).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in note 15.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Metcash Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Notes to the Financial Statements

Year ended 30 April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(xxii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from promotional activities is recognised when the promotional activities occur.

Interest

Revenue is recognised as the interest is earned.

Dividends

Revenue is recognised when the right to receive the payment is established.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(xxiii) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Notes to the Financial Statements

Year ended 30 April 2007

(xxiv) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xxv) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxvi) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

(xxvii) Assets classified as held for sale

A non-current asset classified as held for sale at its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Gains for any subsequent increase in fair values less costs to sell, are recognised only to the extent of the cumulative impairment loss that has been previously recognised.

(xxviii) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(xxix) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

3 SEGMENT INFORMATION

Segment products and locations

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The economic entity predominantly operates in the industries indicated. Food distribution activities comprise the distribution and marketing of grocery and tobacco supplies to retail outlets, convenience stores and hospitality outlets. Liquor distribution activities comprise the distribution of liquor products to retail outlets and hotels. Cash and Carry distribution comprises the distribution of grocery and tobacco supplies via cash and carry warehouses. Geographically the Group operates predominantly in Australia. The New Zealand operation represents less than 5% of revenue, results, and assets of the consolidated entity.

Segment accounting policies

The selling price between segments is at normal selling price and is paid under similar terms and conditions as any other customers of the economic entity.

Notes to the Financial Statements

Year ended 30 April 2007

3 SEGMENT INFORMATION (continued)

	BUSINESS SEGMENTS													
	FOOD DISTRIBUTION			CASH AND CARRY DISTRIBUTION			LIQUOR DISTRIBUTION			ELIMINATIONS			CONSOLIDATED	
	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	April 2006 \$'000	April 2007 \$'000	
Segment Revenue	5,824,248	4,659,265	1,417,351	1,147,438	2,453,175	2,407,672	-	-	9,694,774	8,214,375	-	-	-	
Sales to customers outside the consolidated entity	941,501	724,551	-	524	102,221	114,383	(1,043,722)	(839,458)	-	-	66,831	37,271	-	
Inter-segment revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unallocated revenue	6,765,749	5,383,816	1,417,351	1,147,962	2,555,396	2,522,055	(1,043,722)	(839,458)	9,761,605	8,251,646	-	-	-	
Total segment revenue	247,318	175,808	28,896	21,235	28,367	30,711	-	-	304,581	227,755	-	-	-	
Segment result														
Unallocated result									(67,783)	(94,269)				
Consolidated entity profit from ordinary activities before income tax expense														
Segment Assets	1,048,901	972,916	221,850	199,753	498,411	489,414	-	-	1,769,162	1,662,083	236,798	133,486	-	
Unallocated Assets									1,357,829	1,494,150				
Total Assets									3,126,991	3,156,233				
Segment Liabilities	539,651	613,739	115,038	84,646	307,046	301,080	-	-	961,735	999,465				
Unallocated Liabilities									1,002,232	1,123,901				
Total Liabilities									1,963,967	2,123,366				
Acquisition of property, plant and equipment and intangible assets	5,871	2,449	6,370	4,198	1,288	7,519	-	-	13,529	14,166				
Depreciation	4,771	2,266	3,230	2,572	3,233	2,293	-	-	11,234	7,131				
Amortisation	1,784	1,787	1,131	1,227	699	759	-	-	3,614	3,773				
Non-cash expenses other than depreciation	5,570	334	1,897	260	1,038	1,584	-	-	8,505	2,178				

The revenue, expenses and liabilities of the holding company are included in the unallocated portion of the segment note. All assets and liabilities of the holding company are held in Australia.

Notes to the Financial Statements

Year ended 30 April 2007

4 REVENUE AND EXPENSES

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Revenue				
Sale of goods	9,694,772	8,214,375	–	–
Rent	52,344	29,127	–	–
Interest from other person/corporation	7,468	4,757	–	–
Dividend income	–	–	178,418	31,008
Other revenue	7,021	3,387	–	–
	9,761,605	8,251,646	178,418	31,008
(b) Other income (included in other revenue)				
Net profit from disposal of property, plant and equipment	5,020	–	–	–
(c) Expenses				
Depreciation of non-current assets	29,117	34,445	–	–
Amortisation of non-current assets	15,519	19,359	–	–
Loss from disposal of property, plant and equipment	–	624	–	–
Amortisation of customer relationships	5,940	2,900	–	–
Doubtful debt provision	2,265	2,424	–	–
Inventories obsolescence provision	14,025	11,225	–	–
(d) Operating lease rental				
Minimum lease payments	93,580	93,530	–	–
(e) Employee benefits expense				
Wages and salaries	370,712	322,084	–	–
Defined contribution plan expense	37,293	29,838	–	–
Workers' compensation costs	6,919	10,128	–	–
Share-based payments	4,287	3,260	4,287	3,260
Other employee benefits costs	10,608	6,167	–	–
(f) Other finance costs				
Interest expense	64,685	45,271	–	–

Notes to the Financial Statements

Year ended 30 April 2007

5 INCOME TAX

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
The major components of income tax expense are:				
Current income tax				
Current income tax charge	69,172	66,413	–	–
Adjustments in respect of current income tax of previous years	(4,107)	1,181	–	–
Deferred income tax relating to origination and reversal of temporary differences	4,938	(15,286)	–	–
Income tax expense reported in the income statement	70,003	52,308	–	–
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit before income tax	236,798	133,486	174,131	27,748
At the Group's statutory income tax rate of 30% (2006: 30%)	71,039	40,046	52,239	8,324
Expenditure not allowable for income tax purposes	3,380	11,898	1,286	978
Income not assessable for income tax purposes	–	–	(53,525)	(9,302)
Adjustment in respect of current income tax of previous years	(4,107)	–	–	–
Other	(309)	364	–	–
Income tax expense reported in the consolidated income statement at an effective tax rate of 30% (2006: 39%)	70,003	52,308	–	–

	BALANCE SHEET		INCOME STATEMENT	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Deferred income tax				
Deferred income tax at 30 April relates to the following:				
Deferred tax liabilities				
Accelerated depreciation for tax purposes	3,143	2,688	(455)	(1,156)
Deferred expenditure	7,543	7,935	392	8,877
	10,686	10,623	–	–
Deferred tax assets				
Provisions	35,175	34,417	758	11,051
Future cost deductions	2,175	2,175	–	(339)
Project costs	14,218	–	(5,633)	–
Other	–	–	–	(3,147)
	51,568	36,592	–	–
Deferred tax income			(4,938)	15,286

At 30 April 2007, there is no recognised or unrecognised deferred income tax liability (2006: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries and associates as the Group has no liability for additional taxation should these earnings be remitted.

Notes to the Financial Statements

Year ended 30 April 2007

5 INCOME TAX (continued)

Tax consolidation

Metcash Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 18 November 2005. Metcash Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a modified stand alone basis. In addition the agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

As a result of the entry of Metcash Limited and its 100% owned Australian resident subsidiaries into a tax consolidated group, the Group is required to reset the tax values of assets in the subsidiaries using the Allocable Cost Amount (ACA) method.

At the date of reporting, the impact of resetting the tax values of subsidiaries' assets on current year earnings and deferred tax assets and liabilities as at 30 April 2007 has not been finalised.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their modified stand alone tax calculation for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes.

The allocation of tax expense under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Metcash Limited. The group has applied the modified stand alone taxpayer approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

In preparing the accounts for Metcash Limited for the current year, the following amounts have been recognised as tax consolidation contribution adjustments:

	METCASH LIMITED	
	2007 \$'000	2006 \$'000
Total increase to inter-company assets of Metcash Limited	43,872	8,525

Notes to the Financial Statements

Year ended 30 April 2007

6 DIVIDENDS PAID

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Dividends paid on ordinary shares during the year				
(i) Final franked dividend for 2006: 6.0c (2005: nil)	45,470	–	45,470	–
(ii) Interim franked dividend for 2007: 7.0c (2006: 5.5c)	52,398	27,732	52,398	27,732
	97,868	27,732	97,868	27,732
Dividends declared (not recognised as a liability as at 30 April 2007)				
Franked dividends for 2007: 10.0c per share (2006: 6.0c)	76,263	45,470	76,263	45,470
(b) Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
– franking account balance as at the end of the financial year at 30% (2006: 30%)			146,752	154,722
– franking credits that will arise from the payment of income tax payable as at the end of the financial year			15,956	8,252
The amount of franking credits available for future reporting period:				
– amount of franking credit of dividends declared but not recognised as distribution to shareholders during the period			(32,684)	(19,228)
			130,024	143,746

The tax rate at which paid dividends have been franked is 30% (2006: 30%).

Dividends declared have been franked at the rate of 30% (2006: 30%).

Notes to the Financial Statements

Year ended 30 April 2007

7 CASH AND CASH EQUIVALENTS

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash at bank and on hand	141,873	220,199	–	–
	141,873	220,199	–	–
Reconciliation of net profit after tax to net cash flows from operations				
Net profit	166,795	81,178	174,131	27,748
<i>Adjustments for:</i>				
Depreciation	29,117	34,445	–	–
Amortisation	21,459	22,259	–	–
Net (profit)/loss on disposal of property, plant and equipment	(1,820)	624	–	–
Share of associates' net profit	(4,261)	(3,356)	–	–
Dividends received from associates	1,971	781	–	–
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	–	–	–	–
(Increase)/decrease in trade and other receivables	(4,703)	(89,634)	(174,131)	(27,748)
(Increase)/decrease in prepayments	(847)	6,315	–	–
(Increase)/decrease in inventories	(60,069)	65,421	–	–
(Increase)/decrease in deferred tax assets	(16,917)	8,582	–	–
(Decrease)/increase in payables and provisions	46,752	129,623	–	–
(Decrease)/increase in deferred tax liabilities	–	(13,565)	–	–
Net cash from operating activities	177,477	242,673	–	–

8 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables – Securitised ⁽ⁱ⁾	687,060	–	–	–
Trade receivables – Non-securitised ⁽ⁱⁱ⁾	166,355	788,935	–	–
Allowance for doubtful debts	(6,770)	(5,023)	–	–
	846,645	783,912	–	–
Other receivables ⁽ⁱⁱⁱ⁾	122,996	81,971	–	–
Related party receivables: ^(iv) wholly owned subsidiaries	–	–	437,203	265,090
	969,641	865,883	437,203	265,090

(i) The economic entity has securitised certain trade receivables from 5 April 2007 by way of granting an equitable interest over those receivables to a special purpose trust managed by a major Australian bank. The terms of the securitisation require, as added security, that at any time the book value of the securitised receivables must exceed by at least a certain proportional amount, the funds provided by the trust to the economic entity as a consequence of securitisation. At the end of the financial year (refer to note 17iii) trade receivables of \$687,060,000 (2006: \$nil) had been securitised as disclosed above, with \$150,000,000 (2006: \$nil) of funds received. The resultant security margin exceeded the minimum required at that date.

(ii) Trade receivables are non-interest bearing and terms vary by business unit. At 30 April 2007, 87.88% of trade receivables are required to be settled within 30 days and 12.12% of trade receivables have terms extending from 30 days to 60 days. An allowance for doubtful debt is made when there is objective evidence that a trade receivable is impaired. An allowance of \$2,265,000 (Company: \$nil) has been recognised as an expense in the current year for specific debtors for which such evidence exists. See note 4(c). The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

(iii) Other receivables are non-interest bearing and have repayment terms of less than 12 months.

(iv) For terms and conditions relating to related party payables refer to note 23.

Notes to the Financial Statements

Year ended 30 April 2007

9 INVENTORIES

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Finished goods (at net realisable value)	595,145	524,903	–	–
Total inventories at the lower of cost and net realisable value	595,145	524,903	–	–

Inventory write-downs recognised as an expense totalled \$14,025,000 (2006: \$11,225,000) for the Group and \$nil (2006: \$nil) for the Company. The expense is included in the cost of sales line item as a cost of inventory.

10 RECEIVABLES (NON-CURRENT)

Loans ⁽ⁱ⁾	21,213	4,909	–	–
Other receivables ⁽ⁱⁱ⁾	1,788	3,110	–	–
Total	23,001	8,019	–	–

(i) Loans receivable are non-current and have repayment terms of greater than 12 months. \$3,854,000 (2006: \$2,128,000) of loans are non-interest bearing. \$17,356,000 (2006: \$2,781,000) of loans have annual interest of 8.68% (2006: 8.00%).

(ii) Other receivables are non-interest bearing and have repayment terms greater than 12 months.

11 INVESTMENTS IN ASSOCIATES

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Investments in associates	77,716	50,171	–	–
	77,716	50,171	–	–

Interest in associates

	Principal activities	Balance date	OWNERSHIP INTEREST	
			2007 %	2006 %
Produce Traders Trust	Distribution of fruit and vegetables	30 Jun	40	40
Abacus Retail Property Trust	Retail property investment	30 Jun	25	25
Ritchies Stores Pty Ltd	Grocery retailing	30 Jun	26	26
Champions IGA	Grocery retailing	30 Jun	25	25
Dramet	Grocery retailing	30 Jun	26	26
Cocos	Grocery retailing	30 Jun	26	–
Adcome Pty Ltd	Grocery retailing	30 Jun	40	–
Metfoods	Negotiate to reduce costs for Metcash and Foodstuffs	30 Apr	50	–

Notes to the Financial Statements

Year ended 30 April 2007

11 INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates summarised financial information relating to the Group's investment in associates.

Share of associates' profit:

	METCASH GROUP	
	2007 \$'000	2006 \$'000
Profit/(loss) before income tax	6,087	4,796
Income tax expense	(1,826)	(1,440)
Profit after income tax	4,261	3,356
Share of associates' balance sheet:		
Current assets	19,436	18,369
Non-current assets	52,943	44,230
Total Assets	72,379	62,599
Current liabilities	(41,378)	(31,764)
Non-current liabilities	(12,753)	(12,554)
Total Liabilities	(54,131)	(44,318)
Net Assets	18,248	18,281

There were no impairment losses relating to the investments in associates and no capital commitments or other commitments relating to the associates.

12 OTHER FINANCIAL ASSETS (NON-CURRENT)

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Investment in shares (unlisted)	182	227	–	–
Investments in controlled entities	–	–	2,242,229	2,242,229
	182	227	2,242,229	2,242,229

Notes to the Financial Statements

Year ended 30 April 2007

13 PROPERTY, PLANT AND EQUIPMENT

	METCASH GROUP			METCASH LIMITED		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 April 2007						
At 1 May 2006, net of accumulated depreciation and impairment	47,129	80,366	127,495	–	–	–
Additions	1,672	23,882	25,554	–	–	–
Disposals	(677)	(3,693)	(4,370)	–	–	–
Depreciation charge for the year	(2,635)	(26,482)	(29,117)	–	–	–
At 30 April 2007, net of accumulated depreciation and impairment	45,489	74,073	119,562	–	–	–
At 1 May 2006						
Cost or fair value	51,138	134,753	185,891	–	–	–
Accumulated depreciation and impairment	(4,009)	(54,387)	(58,396)	–	–	–
Net carrying amount	47,129	80,366	127,495	–	–	–
At 30 April 2007						
Cost or fair value	52,133	154,942	207,075	–	–	–
Accumulated depreciation and impairment	(6,644)	(80,869)	(87,513)	–	–	–
Net carrying amount	45,489	74,073	119,562	–	–	–
Year ended 30 April 2006						
At 1 May 2005, net of accumulated depreciation and impairment	27,092	49,922	77,014	–	–	–
Additions	2,779	41,709	44,488	–	–	–
Disposals	(4,370)	(4,796)	(9,166)	–	–	–
Assets held for sale	(23,139)	(77,010)	(100,149)	–	–	–
Additions through acquisition of entities/operations	46,610	103,143	149,753	–	–	–
Depreciation charge for the year	(1,843)	(32,602)	(34,445)	–	–	–
At 30 April 2006, net of accumulated depreciation and impairment	47,129	80,366	127,495	–	–	–
At 1 May 2005						
Cost or fair value	29,765	69,811	99,576	–	–	–
Accumulated depreciation and impairment	(2,673)	(19,889)	(22,562)	–	–	–
Net carrying amount	27,092	49,922	77,014	–	–	–
At 30 April 2006						
Cost or fair value	51,138	134,753	185,891	–	–	–
Accumulated depreciation and impairment	(4,009)	(54,387)	(58,396)	–	–	–
Net carrying amount	47,129	80,366	127,495	–	–	–

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 April 2007 is \$17,571,000 (2006: \$21,109,000).

Notes to the Financial Statements

Year ended 30 April 2007

14 INTANGIBLE ASSETS AND GOODWILL

	METCASH GROUP			METCASH LIMITED	
	Software development costs	Customer contracts	Goodwill	Total	Total
At 1 May 2006					
Cost (gross carrying amount)	104,646	148,000	966,056	1,218,702	–
Accumulated amortisation and impairment	(66,170)	(2,900)	–	(69,070)	–
Net carrying amount	38,476	145,100	966,056	1,149,632	–
Year ended 30 April 2007					
At 1 May 2006, net of accumulated amortisation and impairment	38,476	145,100	966,056	1,149,632	–
Additions/disposals	14,570	–	(48)	14,522	–
Amortisation	(15,519)	(5,940)	–	(21,459)	–
At 30 April 2007, net of accumulated amortisation and impairment	37,527	139,160	966,008	1,142,695	–
At 30 April 2007					
Cost (gross carrying amount)	119,216	148,000	966,008	1,233,224	–
Accumulated amortisation and impairment	(81,689)	(8,840)	–	(90,529)	–
Net carrying amount	37,527	139,160	966,008	1,142,695	–
At 1 May 2005					
Accumulated amortisation and impairment	(46,811)	–	–	(46,811)	–
Net carrying amount	52,059	–	274,041	326,100	–
Year ended 30 April 2006					
At 1 May 2005, net of accumulated amortisation and impairment	52,059	–	274,041	326,100	–
Additions	5,776	–	16,857	22,633	–
Acquisition of subsidiary	–	148,000	684,158	832,158	–
Amortisation	(19,359)	(2,900)	–	(22,259)	–
Fair Value Adjustment	–	–	(9,000)	(9,000)	–
At 30 April 2006, net of accumulated amortisation and impairment	38,476	145,100	966,056	1,149,632	–
At 30 April 2006					
Cost (gross carrying amount)	104,646	148,000	966,056	1,218,702	–
Accumulated amortisation and impairment	(66,170)	(2,900)	–	(69,070)	–
Net carrying amount	38,476	145,100	966,056	1,149,632	–

Notes to the Financial Statements

Year ended 30 April 2007

14 INTANGIBLE ASSETS AND GOODWILL (continued)

Intangibles – contractual customer relationships

As part of the acquisition of FAL, contractual customer relationships were brought to account in line with AASB 3 *Business Combinations* and AASB 138 *Intangible Assets*.

Valuation approach

To value the customer relationships, the multi-period excess-earnings approach (MEEM) that attributes value to intangible assets by reference to the excess earnings generated by an intangible has been applied. Specifically the MEEM approach adjusts the earnings stream and cash flows generated by customer relationships having regard to the longevity of the customer relationships. That is, the period over which the relationship is expected to generate economic benefit. In the case of valuing a relationship with a number of similar customers, this will typically be modelled by reference to the attrition in relationships over time.

The following describes the key assumptions applied by management in the valuation of contractual customer relationships:

Cash flow forecasts – Cash flow forecasts are based on historical results extrapolated out to 25 years using forecast growth rates.

Forecast growth rates – Forecast growth rates are based on past performance and management's expectation for future performance.

Forecast attrition rates – Attrition rates are based on historical rates experienced and management's expectations of future attrition.

Discount rates – A discount rate approximating the weighted average cost of capital of an acquirer of the FAL business has been applied.

The Company has arrived at a valuation of customer relationships of \$148 million with a finite life and amortised over 25 years, straight line. Amortisation of \$5.9 million has been charged to the profit and loss (in the administrative costs line) in the current financial year.

Intangibles – software development costs

Development costs have been capitalised at cost and are amortised using the straight-line method over the asset's useful economic life which has been assessed as 5 years. Software development costs are tested for impairment where indicator of impairment exists. Useful lives are also estimated on an annual basis and adjustments, where applicable, are made on a prospective basis.

Goodwill

Goodwill acquired through business combinations have been allocated to the three business pillars (IGA>D, CW and ALM), which are reportable segments. In IGA>D these are further allocated by states. Under AIFRS, goodwill and intangibles with indefinite lives have to be tested annually, provided the testing is done at the same time each year. Management has elected to conduct the impairment testing during the year. The cash-generating units (CGU) used for impairment testing are as follows:

	Carrying value \$'000
IGA>D NSW	53,780
IGA>D VIC	41,066
IGA>D QLD	147,382
IGA>D SA	45,278
IGA>D WA	544,696
CW; and	30,878
ALM	85,461

Notes to the Financial Statements

Year ended 30 April 2007

14 INTANGIBLE ASSETS AND GOODWILL (continued)

The recoverable amount of the CGUs have been determined based on a value in use calculation using cash flow projections based on financial projections approved by senior management covering a 5-year period.

The discount rate applied to cash flow projections is 8.3% and cash flows beyond the 5-year period are extrapolated using the following growth rates:

IGA>D NSW	3.4%
IGA>D VIC	2.8%
IGA>D QLD	4.8%
IGA>D SA	3.5%
IGA>D WA	5.4%
CW; and	2.9%
ALM	4.8%

These growth rates are based on the historical population and applicable food and liquor inflation growth rates for each CGU.

The following describes the key assumptions on which management has based its cash flow projection:

Budgeted gross margins. These have been estimated based on utilisation of existing assets and on the average gross margins achieved immediately before the budgeted year, increased for expected efficiency improvements.

Risk free rate based on current Commonwealth Government 10 year bond rate at the date of the impairment test.

Future growth driven by population growth, food inflation and changes in market share.

15 SHARE-BASED PAYMENTS

Share-based payment plans

During the year no options were issued to Executive Directors.

There was a general share option issue to a number of employees who joined the Group as part of the FAL acquisition. These options were issued on the same basis and price as the general share option issue in the prior year. There are no performance hurdles associated with these options.

The following table illustrates the number and exercise prices and movements during the year ended 30 April 2007 and 30 April 2006:

	2007 Number	2007 Exercise price	2006 Number	2006 Exercise price
Outstanding at the beginning of the year	21,518,292	–	12,324,700	–
Granted during the year	–	–	4,450,000	4.01
Reinstated during the year	19,844	various	–	–
Granted during the year	855,853	3.925	10,927,124	3.925
Exercised during the year	(117,760)	0.161	(848,400)	–
	–	–	(1,200)	0.44
	(11,800)	0.161	(17,200)	0.161
	–	–	(12,000)	0.161
	(680,000)	1.385	(1,700,000)	1.385
	(2,345,276)	1.268	(3,157,346)	1.268
	(32,800)	1.87	(46,800)	1.87
Expired during the year	(1,198,513)	various	(400,586)	various
Outstanding at the end of the year	18,007,840	–	21,518,292	–

Notes to the Financial Statements

Year ended 30 April 2007

15 SHARE-BASED PAYMENTS (continued)

The outstanding balance as at 30 April 2007 is represented by:

- 4,000 options over ordinary shares with an exercise price of \$0.161 exercisable until 25 November 2006.
- 2,018,238 options over ordinary shares with an exercise price of \$1.268 exercisable until 25 January 2008.
- 105,300 options over ordinary shares with an exercise price of \$1.87 exercisable until 10 July 2007.
- 850,000 options over ordinary shares with an exercise price of \$2.43 exercisable until 2 September 2010.
- 4,450,000 options over ordinary shares with an exercise price of \$4.0134 exercisable until 2 September 2011.
- 10,580,302 options over ordinary shares with an exercise price of \$3.9251 exercisable until 2 September 2011.

The fair value of options granted during the year was \$1.30 for the general staff issue.

The fair value of the equity-settled share options granted is estimated at the date of the grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model in the year ending 30 April 2006 and 30 April 2007:

	2007 \$	2006 \$
Dividend yield (%)	3.91	3.91
Expected volatility (%)	37.80	37.80
Risk free rate (%)	5.47	5.47
Expected life of options (years)	6.00	6.00
Option exercise price (\$)	3.92	3.92
	4.01	4.01
Weighted average share price (\$)	4.00	4.00

Notes to the Financial Statements

Year ended 30 April 2007

16 TRADE AND OTHER PAYABLES (CURRENT)

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables ⁽ⁱ⁾	916,979	911,072	–	–
Other payables ⁽ⁱ⁾	252,560	262,875	–	–
	1,169,539	1,173,947	–	–

(i) Trade and other payables are non-interest bearing and are normally settled within 30-day terms.

17 INTEREST BEARING LOANS AND BORROWINGS

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Secured liabilities				
Finance lease obligation ⁽ⁱ⁾	5,467	5,810	–	–
	5,467	5,810	–	–
Non-current				
Finance lease obligation ⁽ⁱⁱ⁾	14,129	16,771	–	–
Bank loans ⁽ⁱⁱⁱ⁾	441,602	734,528	–	–
Debt securitisation ⁽ⁱⁱⁱ⁾	150,000	–	–	–
	605,731	751,299	–	–

(i) Finance leases have an average lease term of 5 years with the option to purchase the asset at the completion of the lease term for the asset's market value. The average discount rate implicit in the lease is 7.78% (2006: 7.22%). Secured lease liabilities are secured by a charge over the leased asset.

(ii) Bank loans are a 3-year senior unsecured syndicated loan note subscription facility. The syndicated facility has been provided to Metcash by a syndicate of lenders.

(iii) The securitisation finance has no finite term and is not expected to be repaid in the ordinary course of business in the coming financial year. The securitisation facility may be terminated by the trust manager at short notice in the event of an act of default, which includes the insolvency of any of the individual companies securitising trade receivables, failure of the economic entity to remit funds when due, or a substantial deterioration in the overdue proportion of the eligible receivables.

Notes to the Financial Statements

Year ended 30 April 2007

18 PROVISIONS

	METCASH GROUP			
	Rental subsidy \$'000	Lease and remediation \$'000	Other \$'000	Total \$'000
1 May 2006	53,362	1,287	1,532	56,181
Arising during the year	–	–	700	700
Utilised	(12,098)	(1,141)	(1,531)	(14,770)
30 April 2007	41,264	146	701	42,111

Other provisions contain a number of insignificant balances, the costs of which are expected to be incurred within the next financial year.

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Employee entitlements	59,741	30,653	–	–
Lease and remediation	146	896	–	–
Other	701	1,532	–	–
	60,588	33,081	–	–
Non-current				
Employee entitlements	27,085	26,842	–	–
Rental subsidy	41,264	53,362	–	–
Lease and remediation	–	391	–	–
	68,349	80,595	–	–
Total	128,937	113,676	–	–

19 CONTRIBUTED EQUITY AND RESERVES

	METCASH GROUP		METCASH LIMITED	
	2007	2006	2007	2006
<i>(a) Ordinary shares:</i>				
Issued and fully paid	1,880,111	1,823,895	2,551,734	2,495,518
	1,880,111	1,823,895	2,551,734	2,495,518

Notes to the Financial Statements

Year ended 30 April 2007

19 CONTRIBUTED EQUITY AND RESERVES (continued)

	METCASH GROUP			
	2007		2006	
	Number of shares	\$'000	Number of shares	\$'000
<i>Movements in ordinary shares on issue</i>				
At 1 May	747,741,353	1,823,895	427,395,233	846,976
Issued during the year:				
Dividend Reinvestment Plan	11,476,666	52,218	6,521,085	27,734
– Exercise of employee options – 129,560 ordinary shares at 16.1 cents per share	129,560	21	877,600	141
– Exercise of employee options – nil ordinary shares at 44 cents per share	–	–	1,200	1
– Exercise of employee options – 2,345,276 ordinary shares at 126.8 cents per share	2,345,276	2,974	3,157,346	4,004
– Exercise of employee options – 680,000 ordinary shares at 138.6 cents per share	680,000	942	1,700,000	2,356
– Exercise of employee options – 32,800 ordinary shares at 187 cents per share	32,800	61	46,800	88
FAL Share allotment	–	–	234,444,195	949,499
– Conversion of CULS ^(a)	–	–	73,597,894	–
– Transaction costs	–	–	–	(6,904)
At 30 April	762,405,655	1,880,111	747,741,353	1,823,895

	METCASH LIMITED			
	2007		2006	
	Number of shares	\$'000	Number of shares	\$'000
<i>Movements in ordinary shares on issue</i>				
At 1 May	747,741,353	2,495,518	427,395,233	1,335,608
Issued during the year:				
Dividend Reinvestment Plan	11,476,666	52,218	6,521,085	27,734
– Exercise of employee options – 129,560 ordinary shares at 16.1 cents per share	129,560	21	877,600	141
– Exercise of employee options – nil ordinary shares at 44 cents per share	–	–	1,200	1
– Exercise of employee options – 2,345,276 ordinary shares at 126.8 cents per share	2,345,276	2,974	3,157,346	4,004
– Exercise of employee options – 680,000 ordinary shares at 138.6 cents per share	680,000	942	1,700,000	2,356
– Exercise of employee options – 32,800 ordinary shares at 187 cents per share	32,800	61	46,800	88
FAL Share allotment	–	–	234,444,195	949,499
– Conversion of CULS	–	–	73,597,894	186,937
– Transaction costs	–	–	–	(10,850)
At 30 April	762,405,655	2,551,734	747,741,353	2,495,518

(a) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes to the Financial Statements

Year ended 30 April 2007

19 CONTRIBUTED EQUITY AND RESERVES (continued)

Reserves

	METCASH GROUP				METCASH LIMITED	
	Share-based payments \$'000	Capital reserves \$'000	Foreign currency translation \$'000	Total \$'000	Share-based payments \$'000	Total \$'000
At 1 May 2005	224	12,777	1,162	14,163	16	16
Currency translation differences	–	–	(5,223)	(5,223)	–	–
Share-based payments	3,260	–	–	3,260	3,260	3,260
At 30 April 2006	3,484	12,777	(4,061)	12,200	3,276	3,276
Currency translation differences	–	–	727	727	–	–
Share-based payments	4,287	–	–	4,287	4,287	4,287
At 30 April 2007	7,771	12,777	(3,334)	17,214	7,563	7,563

Nature and purpose of reserves

Capital profits reserve

The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares.

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 15 for further details of these plans.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Retained earnings

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At 1 May	(37,305)	(90,751)	–	(16)
Profit/(loss) for the period	166,795	81,178	174,131	27,748
Dividends	(97,868)	(27,732)	(97,868)	(27,732)
At 30 April	31,622	(37,305)	76,263	–
Other equity				
At 1 May				
Reverse acquisition	(765,923)	(765,923)	–	–
At 30 April	(765,923)	(765,923)	–	–

Nature and purpose

The other equity account is used to record the reverse acquisition adjustment on application of AASB 3 *Business Combinations*.

Notes to the Financial Statements

Year ended 30 April 2007

20 FINANCIAL INSTRUMENTS

Interest rate risk

The consolidated entity exposure to interest rate risk and the effective rates of financial assets and liabilities, both recognised and unrecognised at balance date, are as follows:

Financial instruments	1 year or less		Over 1 to 5 years		More than 5 years		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
<i>(i) Financial assets</i>										
Fixed rate										
Trade and other receivables	–	–	17,356	2,781	–	–	17,356	2,781	8.68	8.00
Floating rate										
Cash	141,873	220,199	–	–	–	–	141,873	220,199	5.25	5.35
Total financial assets	141,873	220,199	17,356	2,781	–	–	159,229	222,980	–	–
<i>(ii) Financial liabilities</i>										
Fixed rate										
Finance lease liability	5,467	5,810	10,065	13,288	4,064	3,483	19,596	22,581	7.78	7.22
Weighted average interest rate	8.21%	8.05%	7.73%	7.24%	6.49%	6.51%				
Floating rate										
Bank and other loans	591,602	734,528	–	–	–	–	591,602	734,528	7.35	7.00
Total financial liabilities	597,069	740,338	10,065	13,288	4,064	3,483	611,198	757,109	–	–

At the reporting date, the carrying value of all financial assets and liabilities approximate their net fair values.

The other financial instruments of the Group and parent that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Notes to the Financial Statements

Year ended 30 April 2007

21 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies (Group and Company)

The Group's principal financial instruments comprise bank loans and overdrafts, finance and operating leases and cash and short-term deposits.

The main purpose of these instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

The Group also enters into a small number of derivative transactions principally to manage interest rate risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are detailed below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial instrument, financial liability and equity instrument are disclosed in note 2 summary of significant accounting policies.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

To manage the exposure, the Group enters into interest rate swaps designated to hedge underlying debt obligations.

Credit risk

The Group trades with a large number of customers across the business operations and it is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivables balances are monitored on an ongoing basis and a formal review of all balances occurs every 6 months and where necessary appropriate provisions are established.

There are no significant concentrations of credit risk within the Group.

Foreign currency risk

The Group's exposure to foreign currency risk is minimal.

Notes to the Financial Statements

Year ended 30 April 2007

22 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group has entered into commercial leases on certain forklifts, land and buildings. These leases have an average lease term of 5 years and an implicit interest rate of 7%. Contingent rentals are payable to reflect movements in the Consumer Price Index on certain leases and to reflect the turnover of certain stores occupying the land and buildings. Future minimum rentals payable under non-cancellable operating leases as at 30 April are as follows:

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within 1 year	122,909	116,271	–	–
After 1 year but not more than 5 years	383,734	388,728	–	–
More than 5 years	375,875	396,016	–	–
	882,518	901,015	–	–
Aggregate expenditure commitments comprise:				
Store lease and remediation provision	–	(1,287)	–	–
Aggregate lease expenditure contracted for at reporting date	882,518	899,728	–	–

(b) Operating lease receivables

Certain properties under operating lease have been sublet to third parties. These leases have an average lease term of 5 years and an implicit interest rate of 7%. The future lease payments expected to be received at the reporting date are:

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within 1 year	39,118	34,436	–	–
After 1 year but not more than 5 years	111,685	93,848	–	–
More than 5 years	98,590	78,776	–	–
	249,393	207,060	–	–

(c) Finance lease commitments

The Group has finance leases for various items of vehicles and equipments. The weighted average interest rate impact in the leases is 7.78% (2006: 7.22%). The parent company has no finance lease commitments. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Within 1 year	6,392	7,347	5,017	5,810
After 1 year but not more than 5 years	14,317	15,538	13,146	14,153
More than 5 years	3,566	4,738	2,085	2,618
	24,275	27,623	20,248	22,581
Less amounts representing finance charges	(4,027)	(5,042)	–	–
Present value of minimum lease payments	20,248	22,581	20,248	22,581

Notes to the Financial Statements

Year ended 30 April 2007

23 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Metcash Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity	
		2007 %	2006 %
Metcash Trading Limited	Australia	100	100
Australian Liquor Marketers Pty Limited	Australia	100	100
Campbells Cash and Carry Pty Ltd	Australia	100	100
Clancy's Food Stores Pty Ltd	Australia	100	100
Cotswrap Pty Ltd (a)	Australia	100	100
Metcash Export Services Pty Ltd	Australia	100	100
IGA Retail Services Pty Ltd	Australia	100	100
Jewel Food Stores Pty Ltd	Australia	100	100
Jewel Superannuation Fund Pty Ltd (a)	Australia	100	100
M C International Australia Pty Ltd (a)	Australia	100	100
Metro Cash & Carry Pty Ltd (a)	Australia	100	100
Property Reference Pty Ltd	Australia	100	100
Retail Merchandise Services Pty Ltd	Australia	100	100
Davids Food Services Pty Ltd (a)	Australia	100	100
Australian Liquor Marketers (QLD) Pty Ltd (a)	Australia	100	100
Denham Bros Pty Limited (a)	Australia	100	100
Moucharo Pty Ltd (a)	Australia	100	100
QIW Pty Limited (a)	Australia	100	100
Queensland Independent Wholesalers Pty Limited (a)	Australia	100	100
Regzem (No. 3) Pty Ltd (a)	Australia	100	100
Regzem (No. 4) Pty Ltd (a)	Australia	100	100
Retail Stores Development Finance Pty Limited (a)	Australia	100	100
Rockblock Pty Ltd (a)	Australia	100	100
RSDF Nominees Pty Ltd (a)	Australia	100	100
Bofeme Pty Ltd (a)	Australia	100	100
City Ice and Cold Storage Company Pty Ltd (a)	Australia	100	100
Composite Buyers Finance Pty Ltd (a)	Australia	100	100
Composite Buyers Pty Limited (a)	Australia	100	100
Composite Pty Ltd (a)	Australia	100	100
IGA Distribution Pty Ltd	Australia	100	100
IGA Distribution (VIC) Pty Ltd	Australia	100	100
Five Star Wholesalers Pty Ltd	Australia	100	100
Metcash Holding Pty Limited	Australia	100	100
Keithara Pty Ltd (a)	Australia	100	100
Knoxfield Transport Service Pty Ltd (a)	Australia	100	100
Moorebank Transport Pty Ltd (a)	Australia	100	100
Payless Superbarn (NSW) Pty Ltd (a)	Australia	100	100
Payless Superbarn (VIC) Pty Ltd (a)	Australia	100	100
Rainbow Supermarkets Pty Ltd (a)	Australia	100	100
Mirren (Australia) Pty Ltd	Australia	100	100
Stonemans (Management) Pty Ltd	Australia	100	100
Stonemans Self Service Pty Ltd	Australia	100	100
Arrow Pty Limited	Australia	100	100
Blue Lake Exporters Pty Ltd	Australia	100	100
Casuarina Village Shopping Centre Pty Ltd	Australia	100	100

Notes to the Financial Statements

Year ended 30 April 2007

23 RELATED PARTY DISCLOSURE (continued)

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity	
		2007 %	2006 %
IGA Distribution (SA) Pty Limited	Australia	100	100
Metcash Management Pty Ltd	Australia	100	100
Gawler Supermarkets Pty Ltd	Australia	100	100
Metcash Storage Pty Ltd	Australia	100	100
Green Triangle Meatworks Pty Ltd	Australia	100	100
Plympton Properties Pty Ltd	Australia	100	100
Davids Group Staff Superannuation Fund Pty Ltd	Australia	100	100
Australian Liquor Marketers (WA) Pty Ltd	Australia	100	100
Jorgensens Confectionery Pty Limited (a)	Australia	100	100
Tasman Liquor Company Ltd	New Zealand	100	100
Amalgamated Confectionery Wholesalers Pty Ltd	Australia	100	100
Harvest Liquor Pty Ltd	Australia	100	100
IGA Pacific Pty Limited	Australia	100	100
IGA Retail Network Limited	Australia	100	100
Independent Brands Australia Pty Limited	Australia	100	100
Newton Cellars Pty Ltd	Australia	100	100
Regeno Pty Limited	Australia	100	100
Rennet Pty Limited	Australia	100	100
Tasher No.8 Pty Limited	Australia	100	100
Vawn No.3 Pty Ltd	Australia	100	100
Australian Asia Pacific Wholesalers Pty Limited	Australia	100	86
Rainbow Unit Trust	Australia	100	100
Wimbledon Unit Trust	Australia	100	100
Action Holdco Pty Limited	Australia	100	100
GP New Co Pty Ltd	Australia	100	100
IGA Community Chest Limited	Australia	100	100
Melton New Co Pty Ltd	Australia	100	100
NZ Holdco Limited	Australia	100	100
Metoz Holding Limited	South Africa	100	100
Pinnacle Holdings Limited	Jersey	100	100
Wickson Corporation Limited	Netherlands Antilles	100	100
Soetensteeg 2-61 Exploitatiemaatschappij BV	Netherlands Antilles	100	100
Metcash Services Proprietary Ltd	Australia	100	100
Action Holdings Pty Ltd	Australia	100	100
Action Supermarkets Pty Ltd	Australia	100	100
Action Projects Pty Ltd	Australia	100	100
Quickstop Pty Ltd	Australia	100	100
FAL Superannuation Fund Pty Ltd	Australia	100	100
Drumstar V 2 Pty Ltd	Australia	100	100
Foodland Property Holdings Pty Ltd	Australia	100	100
FAL Properties Pty Ltd	Australia	100	100
Foodland Property Unit Trust	Australia	100	100
Foodland Properties Pty Ltd	Australia	100	100
SR Brands Pty Ltd	Australia	100	100
Foodchain Holdings Pty Ltd	Australia	100	100
IGA Distribution (WA) Pty Ltd	Australia	100	100

Metcash Limited is the ultimate parent entity.

Notes to the Financial Statements

Year ended 30 April 2007

23 RELATED PARTY DISCLOSURE (continued)

Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to all controlled entities, except those marked (a), from the Corporations Law requirements for preparation, audit and lodgement of their financial reports. As a condition of the Class Order, Metcash Limited and the controlled entities subject to the Class Order (the Closed Group) entered into a Deed of Cross Guarantee on 27 May 1994 or assumption deeds dated 7 February 1995 and 20 May 1996. The effect of the deed is that Metcash Limited has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given similar guarantees in the event that Metcash Limited is wound up.

The consolidated income statement and balance sheet of the entities that are members of the 'Closed Group' are as follows:

	CLOSED GROUP	
	2007 \$'000	2006 \$'000
<i>(i) Income Statement</i>		
Profit before income tax	236,798	102,725
Income tax expense	(70,003)	(43,080)
Profit after tax	166,795	59,645
Net profit for the financial year	166,795	59,645
Retained profits at the beginning of the financial year	(37,305)	(182,457)
Dividends provided for or paid	(97,868)	(27,732)
Retained profits at the end of the financial year	31,622	(150,544)
<i>(ii) Balance Sheet</i>		
ASSETS		
Current Assets		
Cash and cash equivalents	141,873	220,199
Trade and other receivables	969,641	554,021
Inventories	595,145	378,049
Other	5,402	2,416
	1,712,061	1,154,685
Non-current assets classified as held for sale	206	185,505
Total Current Assets	1,712,267	1,340,190
Non-current Assets		
Receivables	23,001	7,213
Investments accounted for using the equity method	77,716	50,171
Other financial assets	182	167
Property, plant and equipment	119,562	136,108
Deferred income tax assets	51,568	3,209
Intangible assets	1,142,695	1,013,651
Other	–	–
Total Non-current Assets	1,414,724	1,240,218
Total Assets	3,126,991	2,580,408

Notes to the Financial Statements

Year ended 30 April 2007

23 RELATED PARTY DISCLOSURE (continued)

	CLOSED GROUP	
	2007 \$'000	2006 \$'000
LIABILITIES		
Current Liabilities		
Trade and other payables	1,169,539	881,387
Interest bearing loans and borrowings	5,467	10,588
Current tax liabilities	43,607	10,170
Provisions	60,588	26,534
	1,279,201	928,679
Liabilities directly associated with assets held for sale	–	49,655
Total Current Liabilities	1,279,201	978,334
Non-current Liabilities		
Interest bearing loans and borrowings	605,731	749,946
Deferred income tax liabilities	10,686	10,623
Provisions	68,349	23,851
Total Non-current Liabilities	684,766	784,420
Total Liabilities	1,963,967	1,762,755
NET ASSETS	1,163,024	817,653
EQUITY		
Contributed equity	1,880,111	1,725,612
Other equity	(765,923)	(762,439)
Reserves	17,214	5,025
Retained profits	31,622	(150,544)
TOTAL EQUITY	1,163,024	817,653

Notes to the Financial Statements

Year ended 30 April 2007

23 RELATED PARTY DISCLOSURE (continued)

Associates

There were no transactions between the parent and its associates during the year (2006: nil).

Subsidiaries

Sales to, and purchases from, related parties are made in arm's length transactions, both at normal market prices and on normal commercial terms.

	Amounts owed by related parties \$'000
Related party	
Metcash Trading Limited	
– 2007	401,856
– 2006	265,090
	Income/(expense) \$'000
Transactions with Metcash Trading Limited	
– 2007	
Dividend received	178,418
– 2006	
Acquisition of Foodland Limited	949,499
Transaction costs	(10,850)
Dividend reinvestment plan	27,734
Share options exercised	6,590
CULS	186,939
Dividend paid	(27,734)
Dividend received	31,008
Application of UIG 1052 <i>Tax Consolidation Accounting</i>	8,525

Other transactions with Key Management Personnel

Mr Barnes is Chairman of Samuel Smith and Sons Pty Ltd and a Director of Ansell, both organisations are suppliers to the entity.

However, the total level of purchases from both companies is less than 0.4% of Metcash's annual purchases and is not considered material.

Notes to the Financial Statements

Year ended 30 April 2007

24 DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Key Management Personnel

Directors

Carlos S dos Santos	Non-executive Chairman
A E (Ted) Harris, AC	Non-executive Deputy Chairman
Andrew Reitzer	Chief Executive Officer
Peter L Barnes	Non-executive Director
Michael Butler, AM	Non-executive Director
Mike Jablonski	Group Merchandise Director
Edwin M Jankelowitz	Finance Director
Lou Jardin	CEO IGA Distribution
Richard A Longes	Non-executive Director
V Dudley Rubin	Non-executive Director
Bernard J Hale	Chief Information Officer
Bruce Hogan, AM	Non-executive Director
Mike Wesslink	CEO Australian Liquor Marketers (resigned 16 February 2007)

Executives

Ken Bean	CEO Group Logistics and Corporate Development
Peter Dubbelman	CEO Campbells Wholesale
John Randall	General Manager Finance and Company Secretary
David Johnston	Chief Human Resources Officer
Fergus Collins	CEO Australian Liquor Marketers (appointed 19 February 2007)

The Group has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed companies from providing remuneration disclosures in relation to their key management personnel in their annual financial reports by Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures are provided on pages 31 to 34 of the Directors' Report designated as audited.

Option holding of Key Management Personnel

30 April 2007	Balance at beginning of period 1 May 2006	Granted as remuneration	Options exercised	Other adjustments	Balance at end of period 30 April 2007	Vested at April 2007	
						Total	Exercisable
Directors							
C S dos Santos	-	-	-	-	-	-	-
A E Harris, AC	-	-	-	-	-	-	-
R Longes	-	-	-	-	-	-	-
P Barnes	-	-	-	-	-	-	-
D Rubin	-	-	-	-	-	-	-
B Hogan, AM	-	-	-	-	-	-	-
M Butler, AM	-	-	-	-	-	-	-
A Reitzer	1,540,000	-	(340,000)	-	1,200,000	1,200,000	1,200,000
M Jablonski	820,000	-	(170,000)	-	650,000	650,000	650,000
B Hale	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000
E Jankelowitz	820,000	-	(170,000)	-	650,000	650,000	650,000
M Wesslink	1,050,000	-	(400,000)	(650,000)	-	-	-
L Jardin	730,000	-	(80,000)	-	650,000	650,000	650,000
Executives							
K Bean	480,000	-	(80,000)	-	400,000	400,000	400,000
J Randall	412,000	-	-	-	412,000	412,000	412,000
P Dubbelman	480,000	-	(80,000)	-	400,000	400,000	400,000
D Johnston	560,000	-	(80,000)	-	480,000	480,000	480,000
F Collins	53,200	-	(1,600)	-	51,600	51,600	51,600
Total	8,445,200	-	(1,401,600)	(650,000)	6,393,600	6,393,600	6,393,600

Notes to the Financial Statements

Year ended 30 April 2007

24 DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

30 April 2006	Balance at beginning of period 1 May 2005	Granted as remuneration	Options exercised	Other adjustments	Balance at end of period 30 April 2006	Vested at April 2006	
						Total	Exercisable
Directors							
C S dos Santos	–	–	–	–	–	–	–
A E Harris, AC	–	–	–	–	–	–	–
R Longes	–	–	–	–	–	–	–
P Barnes	–	–	–	–	–	–	–
D Rubin	–	–	–	–	–	–	–
B Hogan, AM	–	–	–	–	–	–	–
A Reitzer	680,000	1,200,000	(340,000)	–	1,540,000	340,000	340,000
M Jablonski	850,000	650,000	(680,000)	–	820,000	170,000	170,000
B Hale	850,000	650,000	–	–	1,500,000	–	–
E Jankelowitz	850,000	650,000	(680,000)	–	820,000	170,000	170,000
M Wesslink	540,000	650,000	(140,000)	–	1,050,000	400,000	400,000
L Jardin	520,000	650,000	(440,000)	–	730,000	80,000	80,000
Executives							
K Bean	540,000	400,000	(460,000)	–	480,000	80,000	80,000
J Randall	80,000	400,000	(68,000)	–	412,000	12,000	12,000
P Dubbelman	400,000	400,000	(320,000)	–	480,000	80,000	80,000
D Johnston	400,000	400,000	(240,000)	–	560,000	160,000	160,000
Total	5,710,000	6,050,000	(3,368,000)	–	8,392,000	1,492,000	1,492,000

Notes to the Financial Statements

Year ended 30 April 2007

24 DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

Shareholding of Key Management Personnel

30 April 2007	Balance at beginning of period 1 May 2006	Granted as remuneration	On market trade	Options exercised	Adjustments (DRP issue)	Balance at end of period 30 April 2007
Directors						
C S dos Santos	100	–	–	–	–	100
A E Harris, AC	404,695	–	–	–	–	404,695
R Longes	125,000	–	–	–	3,154	128,154
P Barnes	177,083	–	–	–	–	177,083
D Rubin	4,100	–	3,700	–	–	7,800
B Hogan, AM	–	–	75,000	–	1,150	76,150
M Butler, AM	–	–	–	–	–	–
A Reitzer	1,410,000	–	–	340,000	–	1,750,000
M Jablonski	–	–	–	–	–	–
B Hale	–	–	–	–	–	–
E Jankelowitz	520,000	–	(170,000)	170,000	–	520,000
M Wesslink	205,849	–	(240,000)	400,000	–	365,849
L Jardin	440,000	–	(200,000)	80,000	9,986	329,986
Executives						
K Bean	–	–	–	–	–	–
J Randall	340,749	–	–	–	10,745	351,494
P Dubbelman	550,350	–	–	–	–	550,350
D Johnston	–	–	–	–	–	–
F Collins	–	–	–	–	–	–
Total	4,177,926	–	(531,300)	990,000	25,035	4,661,661

Notes to the Financial Statements

Year ended 30 April 2007

24 DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

Shareholding of Key Management Personnel (continued)

30 April 2006	Balance at beginning of period 1 May 2005	Granted as remuneration	On market trade	Options exercised	Other adjustments (CULS conversion)	Balance at end of period 30 April 2006
Directors						
C S dos Santos	–	–	100	–	–	100
A E Harris, AC	374,838	–	–	–	29,857	404,695
R Longes	112,500	–	–	–	12,500	125,000
P Barnes	151,041	–	–	–	26,042	177,083
D Rubin	–	–	4,100	–	–	4,100
B Hogan, AM	–	–	–	–	–	–
A Reitzer	1,820,000	–	(750,000)	340,000	–	1,410,000
M Jablonski	–	–	(680,000)	680,000	–	–
B Hale	–	–	–	–	–	–
E Jankelowitz	600,000	–	(760,000)	680,000	–	520,000
M Wesslink	364,374	–	(310,000)	140,000	11,475	205,849
L Jardin	140,000	–	(140,000)	440,000	–	440,000
Executives						
K Bean	–	–	(460,000)	460,000	–	–
J Randall	256,165	–	12,846	68,000	3,738	340,749
P Dubbelman	550,350	–	(320,000)	320,000	–	550,350
D Johnston	–	–	(240,000)	240,000	–	–
Total	4,369,268	–	(3,642,954)	3,368,000	83,612	4,177,926

Compensation by category

	METCASH GROUP	
	2007 \$	2006 \$
Short-term	10,802,596	9,427,063
Post employment	697,308	605,492
Other long-term	–	–
Termination benefits	724,193	–
Share-based payments	1,743,805	1,304,919
Total	13,967,902	11,337,474

The Group has applied the option under Corporations Amendments Regulation 2006 to transfer key management personnel remuneration disclosures required by AASB 124 *Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report.

These transferred disclosures have been audited.

Notes to the Financial Statements

Year ended 30 April 2007

25 AUDITORS' REMUNERATION

	METCASH GROUP		METCASH LIMITED	
	2007 \$	2006 \$	2007 \$	2006 \$
Amounts received or due and receivable by Ernst & Young (Australia) for:				
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	1,311,000	1,623,603	–	–
– other services in relation to the entity and any other entity in the consolidated entity				
– tax compliance	866,000	716,000	–	–
– assurance related	88,000	20,000	–	–
– other services	–	29,000	–	–
	2,265,000	2,388,603	–	–

26 BUSINESS COMBINATIONS

Acquisition of Foodland Associated Limited (FAL)

On 2 November 2005, Metcash acquired Foodland Associated Limited's demerged Australian business. FAL's trading results from 2 November, when economic benefits passed to Metcash, are included in Metcash results for the year. The total cost of the combination was \$1,007 million and comprised an issue of equity instruments, cash and transaction costs directly attributable to the combination. Metcash issued 234,444,195 shares with a fair value of \$4.05 each, based on the quoted price of the shares at the date economic benefits passed to Metcash. The revised fair value of the identifiable assets and liabilities of FAL as at the date of acquisition are:

	Recognised on acquisition \$'000	Carrying value \$'000
Property, plant and equipment	41,580	63,464
Deferred income tax asset	3,787	3,787
Cash and cash equivalent	8,726	8,726
Trade receivables	94,537	107,728
Inventories	115,990	122,244
Intangibles – Goodwill	–	173,503
Intangibles – Contractual Customer Relationship	148,000	–
Assets – held for sale	168,573	167,041
	581,193	646,493
Trade payables	134,789	133,877
Provisions	64,656	10,155
Deferred income tax liability	10,940	
Liabilities – held for sale	50,027	50,027
	249,472	204,999
Fair value of net assets	331,721	
Goodwill arising on acquisition	674,869	
	1,006,590	

Notes to the Financial Statements

Year ended 30 April 2007

26 BUSINESS COMBINATIONS (continued)

During the half year ended 31 October 2006, valuations of the property, plant and equipment, inventories, leases and assets held for sale were revised which resulted in an increase in the previously reported fair valuation adjustments as follows:

	\$'000
Recognition of onerous lease contract provisions	53,362
Decrease in the carrying value of assets held for sale	16,727
Decrease in value of property, plant and equipment	19,725
Inventories and other	650
Total	90,464

These adjustments have been recognised in the accounts in line with AASB 3 *Business Combinations*, as reflected in the revised fair values above. The 30 April 2006 comparative information is restated to reflect these adjustments. These adjustments have no material impact on the reported profit for 2006.

27 EARNINGS PER SHARE

	2007 \$'000	2006 \$'000
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net profit attributable to ordinary equity holders of Metcash Limited	166,795	81,178
Adjustments:		
Earnings used in calculating basic and diluted earnings per share	166,795	81,178
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	753,116,068	593,675,382
Effect of dilutive securities		
Share options	5,696,294	6,960,035
Weighted average number of ordinary shares used in calculating dilutive earnings per share	758,812,362	600,635,417

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements

Year ended 30 April 2007

28 ASSETS CLASSIFIED AS HELD FOR SALE

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Assets classified as held for sale	206	168,778	–	–
Liabilities directly associated with assets held for sale	–	50,027	–	–

Available for sale investments consist of land held for sale.

29 SUBSEQUENT EVENTS

There are no subsequent events which impact the results.

30 CONTINGENT LIABILITIES

	METCASH GROUP		METCASH LIMITED	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
A controlled entity has guaranteed third party loans to storeowners amounting to	–	1,580	–	–
The Company and certain controlled entities have granted Bank guarantees to third parties in respect of property lease obligations to the value of	18,374	19,242	–	–
The Company and certain controlled entities have granted Bank guarantees in respect of Workcover in WA	3,200	4,900	–	–

Franklins

Following the termination of the Franklins supply contract in January 2005, Franklins commenced proceedings against Metcash in the NSW Supreme Court for unquantified damages, alleging failure to pass on all rebates to which Franklins was entitled. The case proceeded in late 2006 with a hearing to determine the terms of the contract as a separate issue to the quantum of any damages, which Franklins may have suffered. The court decided to rectify the contract in accordance with Metcash's submissions. Franklins are appealing this decision. Metcash maintains that it does not consider that Franklins has any valid claim against it and will continue to vigorously oppose Franklins' claims.

Directors' Declaration

Year ended 30 April 2007

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 36 to 81 and the additional disclosures included in the Directors' Report designated as audited, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 April 2007 and of the performance for the year ended on that date of the Company and the consolidated entity;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the economic entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. in the Directors' opinion, as at the date of this declaration, there are reasonable grounds to believe that members of the Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

This declaration is made in accordance with a resolution of the Board of Directors.

Andrew Reitzer

Director

Sydney, 19 July 2007

Auditor's Independence Declaration

Year ended 30 April 2007



■ Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel: 61 2 9248 5555
Fax: 61 2 9248 5959
DX: Sydney Stock
Exchange 10172

Auditor's Independence Declaration to the Directors of Metcash Limited

In relation to our audit of the financial report of Metcash Limited for the financial year ended 30 April 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Neil Wykes
Partner
19 July 2007

Liability limited by a scheme approved under
Professional Standards Legislation.

Independent Audit Report to Members of Metcash Limited

Year ended 30 April 2007



■ Ernst & Young Centre
400 George Street
Sydney NSW 2000
Australia

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Sydney NSW 2001

■ Tel: 61 2 9240 5555
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DX: Sydney Stock
Exchange 10172

Independent auditor's report to members of Metcash Limited

We have audited the accompanying financial report of Metcash Limited and the entities it controlled during the year, which comprises the balance sheet as at 30 April 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" on pages 28-34 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Independent Audit Report to Members of Metcash Limited

Year ended 30 April 2007

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Metcash Limited is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Metcash Limited and the consolidated entity at 30 April 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - (b) other mandatory financial reporting requirements in Australia.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.
3. the remuneration disclosures that are contained on pages 31-34 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst & Young

Neil Wykes
Partner
Sydney
19 July 2007

ASX Additional Information

Year ended 30 April 2007

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows.
The information is current as at 10 July 2007

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Size of holding	Number of shareholders
	1-1,000	5,673
	1,001-5,000	17,506
	5,001-10,000	5,619
	10,001-100,000	3,745
	100,001-999,999,999	204
	Total	32,747

(b) Twenty largest shareholders

The names of the 20 largest holders of quoted shares are:

Name	Number of shares	Percentage of ordinary shares
HSBC Custody Nominees (Australia) Limited	186,416,559	24.443
J P Morgan Nominees Australia Limited	81,764,959	10.721
National Nominees Limited	76,010,774	9.966
Citicorp Nominees Pty Limited	31,664,964	4.152
RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	24,545,222	3.218
Cogent Nominees Pty Limited	19,676,414	2.580
Queensland Investment Corporation	15,891,602	2.084
AMP Life Limited	10,789,774	1.415
ANZ Nominees Limited <Cash Income A/C>	9,383,368	1.230
RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/C>	9,181,914	1.204
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	7,426,397	0.974
RBC Dexia Investor Services Australia Nominees Pty Limited	5,083,823	0.667
Cogent Nominees Pty Limited <SMP Accounts>	4,861,062	0.637
RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	4,639,533	0.608
UBS Wealth Management Australia Nominees Pty Ltd	4,622,364	0.606
IAG Nominees Pty Limited	4,386,160	0.575
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 18 A/C>	4,207,219	0.552
Australian Foundation Investment Company Limited	4,100,000	0.538
UBS Nominees Pty Ltd	4,014,911	0.526
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	3,842,406	0.504
	512,509,425	67.199

ASX Additional Information

Year ended 30 April 2007

(c) Substantial shareholders

The following is extracted from the Company's register of substantial shareholders:

Name	Number of shares
Perennial Investment Partners Limited (PIPL)	85,366,361
Westpac Banking Corporation	83,979,346
Lazard Asset Management Pacific Co	60,800,284
IOOF Holdings Limited	50,381,402
Deutsche Bank AG	39,156,696

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

METCASH LIMITED GROUP NATIONAL OFFICES

METCASH LIMITED Corporate Office

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National Office

Street Address
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Postal Address

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SILVERWATER NSW 1811

ALM Head Office

Ph: (02) 9741 3450
Fax: (02) 9741 3009

Street Address

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Silverwater NSW 2128

Postal Address

PO Box 6226
Silverwater Business Centre
Silverwater NSW 1811

CAMPBELLS WHOLESALE Head Office

Ph: (02) 9683 9000
Fax: (02) 9630 0967 (Buying Dept)
Fax: (02) 9890 1650 (Corporate)

Street Address

Unit 4D 6 Boundary Road
Northmead NSW 1750

Postal Address

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North Parramatta NSW 1750

IGA DISTRIBUTION Head Office

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Metcash Limited

Every day, across Australia

