



**Metcash Limited**

ABN 32 112 073 480  
4 Newington Road  
Silverwater  
NSW 2128 Australia

PO Box 6226  
Silverwater Business Centre  
NSW 1811 Australia  
Ph: 61 2 9741 3000  
Fax: 61 2 9741 3399

5 June 2007

The Manager, Companies  
Australian Stock Exchange  
Company Announcements Office  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**RE: METCASH LIMITED – FULL YEAR RESULTS**

Please find attached announcement and Appendix 4E pertaining to the Metcash Limited full year results.

Yours faithfully

A handwritten signature in black ink, appearing to read "John Randall". The signature is written in a cursive, flowing style.

John Randall  
Company Secretary



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5 June 2007

**Media Release**

**METCASH LIMITED POSTS RECORD PROFIT FOR 2007 FINANCIAL YEAR**

- Total revenue increased 18% to \$9.7 billion
- Wholesale sales rose by 22.7% to \$9.5 billion
- EBITA grew 38.8% to \$315 million, \$314 million after non-recurring items
- EBITA margin increased to 3.33% from 2.95% before non-recurring items
- Group net profit after tax increased 41.6% to \$174 million before non-recurring items
- Net profit after tax grew by 105.5% to \$167 million
- Cost of Doing Business as a percentage of gross profit fell by 0.34% to 66.86%
- Earnings per share grew 62% to 22.15 cents or 23.23 cents normalised
- Dividends increased 48% to 17 cents fully franked.

Australian owned national grocery and liquor wholesaler, distributor and marketer, Metcash Limited, has posted a 105.5 per cent rise in net profit after tax to \$166.8 million in the year to 30 April 2007. On a normalised basis the profit after tax rose 41.6 per cent to \$173.8 million.

The Board is pleased to announce that a final dividend of 10 cents per share has been declared making the total for the year 17 cents, an increase of 47.8% on the prior year. The dividend will be fully franked at 30%, with a record date of 29 June 2007 and payable on 11 July 2007.

The CEO Mr Andrew Reitzer said:

"This is another excellent result capitalising on the strong first half result posted. Group turnover is up 18% to \$9.7 billion. This has produced a normalised EPS of 23.23 cents.

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

"Metcash has been successful in achieving its targeted \$80-90 million FAL profit and synergy gains, posting gains of \$87 million. The one-off restructuring costs and retail losses on the performance of FAL's former Action stores were exclusive to the first half's trading.

"In Metcash's core distribution division, retailer confidence remains high as evidenced by new store growth, store reinvestment, and legacy sales growth of 7.8% (excluding FAL acquired businesses). Pure like-for-like growth (excluding new stores) in the IGA branded business was higher at 8.71% excluding Western Australia and 10.3% including the rebranded WA IGA stores (alone up 17.2%).

"The launch of IGA in WA and success of our 'Local Heroes' marketing campaigns have underpinned excellent sales growth, with market share in the last quarter of the year increasing to 19%.

"Metcash's specialised convenience distribution division, Campbells Wholesale had an excellent year benefiting from the addition of the WA FAL operations, improved negotiating ability arising from its new national footprint, increased 'modern' petrol and convenience market share and improved sales mix.

"Australian Liquor Marketers, the company's liquor division, experienced increased sales reflecting ongoing success in its rationalisation of banners under the umbrella of IBA whilst suffering reduced EBIT margins from the increased competitive environment and investment in banner consolidation.

"The Group's position as the clear 'third force' in the grocery and liquor market has allowed it to establish a range of ongoing growth drivers in each of its business divisions. The Group is well placed to capitalise on its positive momentum and anticipates another strong performance in the year ahead," said Mr Reitzer.

## **BUSINESS PERFORMANCE**

### **IGA DISTRIBUTION (IGA>D)**

Metcash's grocery distribution business IGA>D continued to reap the benefits of a strongly growing 'legacy' business and the FAL acquisition, with a 40.7 per cent rise in Earnings Before Interest and Tax (EBIT) from \$175.8 million to \$247.3 million.

Wholesale sales rose 27.6 per cent from \$4.4 billion to \$5.6 billion, with EBIT to sales margin rising from 4.02 per cent to 4.43 per cent.

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.

A key factor in increased IGA>D volumes was the continued strong branding and marketing programs implemented for the IGA chain of supermarkets. The campaign embodies the culture and community values of IGA retailers and has contributed to market share growth.

During the year, 42 new IGA stores were opened, adding 48,000 square metres of retail space with 23 store extensions adding a further 13,000 square metres. 252 new stores are 'on the books' for assessment and development.

### **CAMPBELLS WHOLESALE (CW)**

CW enjoyed another successful year with sales increasing by 23.5 per cent from \$1,147 million to \$1,417 million, and EBIT growth of 36.1 per cent from \$21.2 million to \$28.9 million.

CW has produced a record year, capitalising on synergies from the FAL acquisition and its successful strategy of restructuring operations to match the requirements of its distinct customer segments.

A key factor in the improved profitability was the continued growth of sales in the main categories of confectionery, grocery and food service, with these grocery categories growing by 40%. The division continues to grow market share in the 'modern' petrol and convenience sector.

### **AUSTRALIAN LIQUOR MARKETERS (ALM)**

ALM's sales increased 1.9 per cent from \$2.407 billion to \$2.453 billion, a strong result in view of difficult market conditions and the loss of the Queensland based Coles/Hedley business. Reflecting those conditions and further investments in banner consolidation and marketing, EBIT fell 7.5 per cent from \$30.7 million to \$28.4 million.

A range of strategies has been implemented to stabilise trading performance and provide a growth framework. This includes the merger of ALM and Independent Brands Australia reporting structures to remove duplication, streamline the business and reduce costs. A cost reduction of approximately \$4 million will be achieved in the 2008 financial year.

Growth will be achieved through further investment in IBA marketing and banner growth and a strategic alliance with the Liquor Alliance. IBA membership has grown to 2,290 independent outlets whilst the Liquor Alliance consists of six external banners representing 653 hotels that have joined together under two brands.

ALM continues to work on improving its operating efficiencies, with the implementation of web-enabled ordering for customers, further reductions in overhead costs and rationalisation of its warehouse network.

## **FAL INTEGRATION**

The FAL integration is now complete and benefits continue to flow from the acquisition, best indicated by the fact that IGA>D's market share in Western Australia now stands at 31.2 per cent.

The former FAL Richlands warehouse in Queensland has been sub-let with the new mega distribution centre at Crestmead completed in April 2007 and transfer of operations has commenced.

Synergy gains reached the expected level of between \$80 million and \$90 million and are calculated to be \$87 million.

## **DIVIDEND POLICY**

The Board has previously stated its intention to return earnings to shareholders whilst retaining adequate funds within the business to invest in future growth opportunities.

The Board has determined that the company's dividend payout ratio should be at least 60% of EPS. In the current period, the total dividend for the year of 17 cents per share represents approximately 77% of reported EPS or 73% of adjusted EPS.

## **THE FUTURE**

Sales for the month of May 2007 continue to be satisfactory. With the uncertainty existing in the retail food and liquor market at present as a consequence of the proposed sale and break up of the Coles Group, earnings growth for the 2008 financial year is expected to be in the high single digit range.

For Further Information Call:

Andrew Reitzer  
Metcash Limited  
(02) 9741 3060

Tim Allerton  
City Public Relations  
(02) 9267 4511  
(0412) 715 707

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# Appendix 4E

## Preliminary final report

Name of entity:

**METCASH LIMITED ABN 32 112 073 480**

**For the year ended 30 April 2007**

## For announcement to the market

### MTS for the year ended 30 April 2007

*Extracts from this report for announcement to the market (see note 1).*

\$A'000

Revenues from ordinary activities	up	18.3%	to	9,761,605
Profit (loss) from ordinary activities after tax attributable to members *	up	105.5%	to	166,795
Net profit (loss) for the period attributable to members	up	105.5%	to	166,795
<i>Please refer to page 3 for detailed explanation of the results</i>				
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend ( <i>Preliminary final report only – item 15.4</i> ) – MTS		10.0c		10.0c
Previous corresponding period ( <i>Preliminary final report – item 15.5</i> ) -		6.0c		6.0c
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		29 June 2007		

## Explanatory Note on Results

EBITA (from Normal operations) for the year is 38.8% up on the previous year, whilst normalised profit after tax (excluding non recurring items) has increased by 41.6%.

The Average weighted normalised EPS for 2007 (excluding Restructure costs) is 23.23 cents compared with a 2006 average weighted EPS (excluding CULS, CUPS and Restructure) of 21.55 cents, an increase of 7.8%.

	30-Apr-07 \$'000	30-Apr-06 \$'000	Increase on Last Year
Turnover Total	9,694,772	8,214,375	<b>18.0</b>
EBITA from Normal operations	315,009	226,927	<b>38.8</b>
Net Non recurring loss	(800)		
Net interest	(57,217)	(40,514)	
	256,992	186,413	<b>37.9</b>
Tax (pre restructure)	(72,994)	(57,487)	
Amortisation of intangibles	(5,940)	(2,900)	
Share Based Payments	(4,284)	(3,260)	
Normalised Profit after Tax	173,774	122,766	<b>41.6</b>
<b>Significant and non recurring Items</b>			
CULS and CUPS Costs	-	(29,500)	
Restructure Costs (after tax)	(6,979)	(12,088)	
Reported Profit after Tax	166,795	81,178	<b>105.5</b>

## Earnings per security (EPS)

1. Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings Per Share* are as follows.

<p><b>MTS</b></p> <p>Basic Earnings per share 22.15 cents</p> <p>Diluted Earnings per share 21.98 cents</p> <p>Earnings used in Basic and Diluted earnings per share = \$166,795,000</p> <ul style="list-style-type: none"> <li>· Weighted average number of ordinary shares (used in Basic EPS) 753,116,068</li> <li>· There have been no changes to ordinary shares since balance date</li> <li>· Weighted average number of ordinary shares (used in diluted EPS) = (753,116,068 ordinary shares + 5,696,294 potential ordinary shares).</li> <li>· Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS = 3,653,979</li> <li>· There are no potential ordinary shares that are non-dilutive.</li> </ul> <p>There have been no issues of potential ordinary shares after balance date.</p>
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<b>NTA backing</b> (see note 7)	Current period	Previous corresponding period
2 Net tangible asset backing per ordinary security (cents)	2.76	(2.39)

## Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations or, the details of discontinuing operations they have disclosed in their accounts.

- 3 Discontinuing Operations

None
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## Control gained over entities having material effect

4.1	Name of entity (or group of entities)	
4.2	Date of the gain or loss of control	
4.3	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired (if material)	A\$'000

## Loss of control of entities having material effect

5.1	Name of entity (or group of entities)	N/A
5.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$ -
5.3	Date to which the profit (loss) has been calculated	
5.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ -
5.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$ -

## Dividends (in the case of a trust, distributions)

6.1	Date the dividend (distribution) is payable	11 July 2007
6.2	Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	29 June 2007
6.3	If it is a final dividend, has it been declared? <i>(preliminary final financial report only)</i>	Yes

## Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	<i>(Preliminary final financial report only)</i>			
6.4	<b>Final dividend:</b> Current year - MTS	10.0c	10.0c	- c
6.5	Previous year – MTS	6.0c	6.0c	- c
	<i>(Half yearly and preliminary final financial reports)</i>			
6.6	<b>Interim dividend:</b> Current year MTS	7.0c	7.0c	- c
6.7	Previous year -MTS	5.50c	5.50 c	- c

**Total dividend (distribution) per security (interim plus final)**

(Preliminary final report only)

	Current year	Previous year
6.8 Ordinary securities	17.0c	11.50c
6.9 Preference securities	- c	- c

The dividend or distribution plans shown below are in operation.

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The last date(s) for receipt of election notices for the dividend or distribution plans

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Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with AASB 134 Interim Financial Reporting)*

Nil
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**Details of aggregate share of profits (losses) of associates and joint venture entities**

Group's share of associates' and joint venture entities':	Current period - \$A'000	Previous corresponding period - \$A'000
7.1 Profit (loss) from ordinary activities before tax	4,261	3,356
7.2 Income tax on ordinary activities	-	-
<b>7.3 Profit (loss) from ordinary activities after tax</b>	<b>4,261</b>	<b>3,356</b>
7.4 Extraordinary items net of tax	-	-
<b>7.5 Net profit (loss)</b>	<b>4,261</b>	<b>3,356</b>
7.6 Adjustments	-	-
<b>7.7 Share of net profit (loss) of associates and joint venture entities</b>	<b>4,261</b>	<b>3,356</b>

## Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
<b>8.1 Equity accounted associates and joint venture entities</b>				
Produce Traders Trust	40.0%	40.0%	864	93
Abacus Retail Property Trust	25.0%	25.0%	-	-
Ritchies Stores Pty Ltd	26.0%	26.0%	3,220	2,988
Champions IGA	25.1%	25.1%	177	275
Dramet	25.1%	25.1%	-	-
Cocos	26.0%	-	-	-
Adcome	40.0%	-	-	-
<b>8.2 Total</b>			<b>4,261</b>	<b>3,356</b>
8.3 Other material interests			-	-
<b>8.4 Total</b>			<b>4,261</b>	<b>3,356</b>

## Issued and quoted securities at end of current period – Metcash Limited (MTS)

(Description includes rate of interest and any redemption or conversion rights together with prices and dates.)

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
<b>9.1 Preference securities (description)</b>	-	-	-	-
<b>9.2 Changes during current period</b>				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
<b>9.3 Ordinary securities</b>	<b>762,405,655</b>	<b>762,405,655</b>	<b>-</b>	<b>-</b>
<b>9.4 Changes during current period</b>				
(a) Increases through conversion of employee options	129,560	129,560	16.1	16.1
a) Increases through conversion of employee options	2,345,276	2,345,276	126.8	126.8
(a) Increases through conversion of employee options	680,000	680,000	136.8	136.8
(a) Increases through conversion of employee options	32,800	32,800	187.0	187.0
(a) Increases through dividend reinvestment plan(DRP)	11,476,666	11,476,666	456.6	456.6
(b) Decreases through returns of capital, buybacks	-	-	-	-

9.5	<b>Convertible debt securities) (description and conversion factor)</b>	<b>(description and conversion factor)</b>	-	-	-
9.7	<b>Options (description and conversion factor)</b>			Exercise price	Expiry date (if any)
		850,000	-	243	02/09/10
		4,000	-	16.1	25/11/06
		2,018,238	-	126.8	25/01/08
		105,300	-	187.0	10/07/08
		4,450,000	-	400.1	02/09/11
		10,580,302	-	392.5	02/09/11
9.8	Issued during current period	855,853		392.5	02/09/11
	Reinstated	19,844	-	various	
9.9	Exercised during current period	117,760	-	16.1	11/08/06
		11,800	-	16.1	25/11/06
		2,345,276	-	126.8	25/01/08
		680,000	-	138.6	14/12/07
9.9		32,800	-	187.0	10/07/08
9.9					
9.10	Expired during current period	1,198,513	-	various	
9.12	<b>Debentures (description)</b>	<b>(description)</b>	-		
9.13	Changes during current period				
	(a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted	-	-		
9.14	<b>Unsecured notes (description)</b>	<b>(description)</b>	-		
9.15	Changes during current period				
	(a) Increases through issues	-	-		
	(b) Decreases through securities matured, converted.	-	-		


(Half-Year financial report only)

## Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on accounts to which one of the following applies. *(Tick one)*
- |                                     |  |                          |  |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |
- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached. *(Preliminary Final only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*
- 6 The entity has a formally constituted audit committee.

Sign here:   
.....  
(Secretary)

Date: 5<sup>th</sup> June 2007

Print name: J A Randall.

**Metcash Limited**

**ABN 32 112 073 480**



# **Financial Statements and Explanatory Notes**

**for the year ended 30 April 2007**

## 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 Butler (appointed 8 February 2007)  
Michael R Jablonski  
Edwin M Jankelowitz  
Joao Louis Jardim (Lou Jardim)  
Richard A Longes  
V Dudley Rubin  
Bruce Hogan (resigned 5 December 2006)  
Bernard J Hale (resigned 25 May 2006)  
Michael Wesslink (resigned 25 May 2006)

### **Company Secretary**

John A Randall

### **Registered Office**

4 Newington Road  
Silverwater, NSW 2128  
61 2 9741 3000

### **Share Register**

Registries Ltd  
PO Box R67  
Royal Exchange  
Sydney NSW 1223  
Telephone: 61 2 9279 0677  
Facsimile: 61 2 9279 0664

### **Auditors**

Ernst & Young

### **Internet Address**

[www.metcash.com](http://www.metcash.com)

# Income Statement

FOR YEAR ENDED 30 April 2007	Notes	Consolidated	
		Metcash Ltd	Metcash Ltd
		2007	2006
		\$'000	\$'000
Revenue		9,761,605	8,251,646
Cost of sales		(8,744,049)	(7,406,154)
<b>GROSS PROFIT</b>		<b>1,017,556</b>	<b>845,492</b>
Other expenses		(710,364)	(623,324)
Share of profit of associates		4,261	3,356
<b>PROFIT BEFORE TAX, FINANCE COSTS AND RESTRUCTURE COSTS</b>		<b>311,453</b>	<b>225,524</b>
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		(64,685)	(45,271)
<b>PROFIT BEFORE INCOME TAX</b>		<b>236,798</b>	<b>133,486</b>
Income tax expense		(70,003)	(52,308)
<b>PROFIT AFTER TAX</b>		<b>166,795</b>	<b>81,178</b>
<b>NET PROFIT ATTRIBUTABLE TO MEMBERS OF METCASH LIMITED</b>		<b>166,795</b>	<b>81,178</b>
Earnings per share (cents per share)			
- basic earnings per share		22.15	13.67
- diluted earnings per share		21.98	13.52
- franked dividends paid per share			11.5

# Balance Sheet

As at 30 April 2007	Notes	Consolidated	
		Metcash Ltd 30 April 2007	Metcash Ltd 30 April 2006
		\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		141,873	220,199
Trade and other receivables		952,794	865,883
Inventories		595,145	524,903
Other		5,402	4,334
		<u>1,695,214</u>	<u>1,615,319</u>
Non-current assets classified as held for sale		206	168,778
<b>TOTAL CURRENT ASSETS</b>		<u>1,695,420</u>	<u>1,784,097</u>
<b>NON-CURRENT ASSETS</b>			
Receivables		23,001	8,019
Investment in associates accounted for using the equity method		77,898	50,171
Other financial assets		744	227
Property, plant and equipment		136,409	127,495
Deferred tax assets		51,568	36,592
Intangible assets		1,141,951	1,149,632
		<u>1,431,571</u>	<u>1,372,136</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,431,571</u>	<u>1,372,136</u>
<b>TOTAL ASSETS</b>		<u>3,126,991</u>	<u>3,156,233</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,169,539	1,173,947
Interest-bearing loans and borrowings		5,467	5,810
Income tax payable		43,607	17,984
Provisions		60,588	33,081
		<u>1,279,201</u>	<u>1,230,822</u>
Liabilities directly associated with assets held for sale		-	50,027
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,279,201</u>	<u>1,280,849</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings		605,731	751,299
Deferred tax liabilities		10,686	10,623
Provisions		68,349	80,595
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>684,766</u>	<u>842,517</u>
<b>TOTAL LIABILITIES</b>		<u>1,963,967</u>	<u>2,123,366</u>
<b>NET ASSETS</b>		<u>1,163,024</u>	<u>1,032,867</u>
<b>EQUITY</b>			
Contributed equity		1,880,111	1,823,895
Other equity		(765,923)	(765,923)
Reserves		17,214	12,200
Retained profits		31,622	(37,305)
<b>TOTAL EQUITY</b>		<u>1,163,024</u>	<u>1,032,867</u>

# Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL 2007	Notes	Consolidated	
		Metcash Ltd	Metcash Ltd
		2007	2006
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		11,365,612	9,479,154
Payments to suppliers and employees		(10,963,512)	(9,012,845)
Dividend received		1,971	781
Interest received		7,468	4,757
Borrowing costs		(64,685)	(41,997)
Income tax paid		(51,927)	(77,523)
Goods and services tax paid		(117,450)	(109,654)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>177,477</b>	<b>242,673</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		11,622	2,297
Purchase of property, plant and equipment		(40,124)	(50,264)
Net proceeds from assets classified as held for sale		55,549	-
Proceeds from sale of businesses		-	380
Proceeds from sale of investments		-	20
Proceeds from loans repaid by other entities		1,322	59
Loans repaid to other entities		-	-
Payment of deferred acquisition costs		-	-
Loan to associates		(31,992)	-
Loan to other entities		(29,358)	-
Payment on acquisition of businesses		(97)	(55,679)
Payment on acquisition of associates		(24,949)	(45,990)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(58,027)</b>	<b>(149,177)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		56,399	34,324
Repayment of CULS		-	(401,913)
Repayment of CUPS		-	(52,557)
Proceeds from borrowings - other		-	565,000
Repayments of borrowings - other		(150,000)	(150,000)
Repayments of financing facilities		-	(11,000)
Payment of dividends on ordinary shares		(97,868)	(27,732)
Payment of funding costs		(183)	(7,449)
Repayment of finance lease principal		(6,854)	(9,011)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(198,506)</b>	<b>(60,338)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(79,056)</b>	<b>33,158</b>
Add opening cash brought forward		220,199	189,607
Effects of exchange rate changes on cash		730	(2,566)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>141,873</b>	<b>220,199</b>

Metcash Limited

## Statement of Changes in Equity

FOR THE YEAR ENDED 30 APRIL 2007

METCASH LTD GROUP	Attributable to equity holders of Metcash Limited						Total Equity
	Contributed equity \$'000	Other equity \$'000	Share based payment \$'000	Retained Earnings \$'000	Capital Reserves \$'000	Foreign Currency Translation Reserve \$'000	\$'000
<b>At 30 April 2006</b>							
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
Dividends	-	-	-	(97,868)	-	-	(97,868)
<b>At 30 April 2007</b>							
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
<b>At 30 April 2005</b>							
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	-	-	-	-	-	(5,223)	(5,223)
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)
<b>At 30 April 2006</b>							
Total equity at the end of the financial period	1,823,895	(765,923)	3,484	(37,305)	12,777	(3,334)	1,032,867

# Explanatory Notes to the 4E

30 April 2007

## 1 Summary of significant accounting policies

There have been no changes to the accounting policies as previously disclosed in last year's Annual Report 2006.

30 April 2007	Notes	Metcash Ltd April 2007 \$'000	Metcash Ltd April 2006 \$'000
<b>2. REVENUES AND EXPENSES</b>			
<b>(a) Specific Items</b>			
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:			
<b>(i) Revenue</b>			
Revenue from sale of goods		9,694,772	8,214,375
Rent		52,344	29,127
Interest from other person/corporation		7,468	4,757
Other revenue		7,020	3,387
		9,761,605	8,251,646
<b>(ii) Other income (included in other revenue)</b>			
Net profit from disposal of property, plant & Equipment		5,020	-
<b>(iii) Expenses</b>			
Depreciation of non-current assets		29,117	34,445
Amortisation of non-current assets		15,519	19,359
Loss from disposal of property, plant & Equipment		-	624
Amortisation of intangibles		5,940	2,900
<b>3. INCOME TAX EXPENSE</b>			
The effective income tax rate is 29.6%. This is due to timing differences.			
<b>4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES</b>			
<b>(a) Dividends paid during the year</b>			
Franked dividends		97,868	27,732
		97,868	27,732
<b>5. CONTINGENT ASSETS AND LIABILITIES</b>			

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

## Explanatory Notes to the 4E

30 April 2007

**Metcash Ltd Group**  
**April 2007**      **April 2006**  
**\$'000**              **\$'000**

### 6. SIGNIFICANT ITEMS

During the reporting period, the following significant items impacted on the profit after tax.:

#### (i) Expenses

Expense of share-based payments	(4,284)	(3,260)
Restructure costs	(9,970)	(17,267)
CULS redemption premium	-	(20,940)
CULS issue costs	-	(6,003)
CUPS redemption premium	-	(2,557)
	(14,254)	(50,027)

### 7. CONTRIBUTED EQUITY

(a) Ordinary shares:

Issued and fully paid	1,880,111	1,823,895
<b>Total contributed equity</b>	1,880,111	1,823,895

2007	2007
Number of shares	\$'000

*Movements in ordinary shares on issue*

At 1 May 2006	747,741,353	1,823,895
Issued during the year:		
Dividend Reinvestment Plan	11,476,666	52,218
- Exercise of employee options – 129,560 ordinary shares at 16.1 cents per share	129,560	21
- Exercise of employee options 2,345,276 ordinary shares at 126.8 cents per share	2,345,276	2,974
- Exercise of employee options 680,000 ordinary shares at 138.6 cents per share	680,000	942
- Exercise of employee options – 32,800 ordinary shares at 187 cents per share	32,800	61
At 30 April 2007	762,405,655	1,880,111

## Explanatory Notes to the 4E

30 April 2007

### 8. SEGMENT INFORMATION

#### Segment products and locations

The economic entity predominantly operates in the industries indicated. Food distribution activities comprise the distribution 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 predominately in Australia. The New Zealand operation represents less than 10% 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.

## Explanatory Notes to the 4E

30 April 2007

### 8 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
Segment Revenue										
Sales to customers outside the consolidated entity	5,824,248	4,659,265	1,417,351	1,147,438	2,453,175	2,407,672	-	-	9,694,773	8,214,375
Inter-segment revenues	941,501	724,551	-	524	102,221	114,383	(1,043,723)	(839,458)		
Unallocated revenue		-		-		-		-	66,832	37,271
Total segment revenue	6,765,749	5,383,816	1,417,351	1,147,962	2,555,396	2,522,055	(1,043,723)	(839,458)	9,761,605	8,251,646
Segment result	247,318	175,808	28,896	21,235	28,367	30,711	-	-	304,581	227,755
Unallocated result									(67,783)	(94,269)
Consolidated entity profit from ordinary activities before income tax expense									236,798	133,486
Segment Assets	1,048,901	972,916	221,850	199,753	498,411	489,414	-	-	1,769,162	1,662,083
Unallocated Assets									1,370,939	1,441,937
Total Assets									3,140,101	3,104,020
Segment Liabilities	539,651	613,739	115,038	84,646	307,046	301,080	-	-	961,735	999,465
Unallocated Liabilities									1,015,342	1,071,688
Total Liabilities									1,977,077	2,071,153

## Explanatory Notes to the 4E

30 April 2007

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	April 2007	April 2006	April 2007	April 2006	April 2007	April 2006	April 2007	April 2006	April 2007	April 2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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, assets 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.