



**METCASH TRADING LIMITED**  
ABN 61 000 031 569

4 NEWINGTON ROAD  
SILVERWATER  
NSW 2128 AUSTRALIA

PO BOX 6226  
SILVERWATER BUSINESS CENTRE  
NSW 1811 AUSTRALIA

PHONE: 02 9741 3000  
FAX: 02 9741 3027  
WEB: [www.metcash.com](http://www.metcash.com)

25 May 2005

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

Attached is an announcement on Metcash's acquisition of the Australian assets of Foodland Associated Limited.

This is the announcement referred to in our request for a trading halt on 23 May 2005.

Accordingly, we request that trading be resumed.

Yours faithfully

A handwritten signature in black ink, which appears to read "John Randall".

John Randall  
Company Secretary



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25 May, 2005

Company Announcements Officer  
Australian Stock Exchange Limited  
Level 10, 20 Bridge Street  
Sydney NSW 2000

## **METCASH WINS FOODLAND SUPPORT FOR ACQUISITION OF FAL AUSTRALIA**

Metcash Trading Ltd (Metcash) is pleased to advise that following discussions with Foodland Associated Ltd (FAL) it has reached agreement regarding the acquisition of FAL's Australian business (FAL Australia) excluding 19 Action stores and 3 Action development sites which will be acquired by Woolworths (Woolworths Action Stores) as a package together with its purchase of FAL's New Zealand operations.

Metcash will therefore acquire, on a debt free basis, FAL's:

- West Australian Franchise and Supply division,
- Action Retail division – excluding Woolworths Action Stores, and
- All other FAL Australian assets.

Commenting on the purchase of Woolworths Action Stores by Woolworths, Mr Reitzer said "These stores represent 12% of the total revenue we would have achieved had we acquired 100% of FAL Australia. FAL wanted to announce a composite transaction for the entire company, and we understand that Woolworths' offer for Foodland New Zealand was predicated on gaining some retail (Action) stores, therefore we negotiated with Foodland a \$270m reduction in our cash purchase price."

Metcash has adjusted downwards its current offer price for the FAL Australia business of \$1,050m in cash or \$1,154m in Metcash shares, for the impact of excluding the Woolworths Action Stores. Metcash is now offering \$780m in cash (or \$6.61 per FAL share) or \$859m in Metcash shares (or \$7.29 per FAL share)<sup>1</sup>. The reduced offer price is EPS enhancing compared to the revised offer of 3 May 2005. In addition the agreement reduces the divestment risk on the Action stores as Metcash has fewer stores to sell to Independents.

It is expected the transaction will be implemented by way of a scheme arrangement. Documents are expected to be sent to FAL shareholders by FAL around the end of July with the acquisition becoming effective around the end of August. In the interim Metcash will be working proactively on integration issues, divesture planning for Action stores and other matters. Metcash will continue to advise the market appropriately of any material developments.

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<sup>1</sup> Refer to Appendix for further details.

Metcash Chief Executive Officer, Andrew Reitzer, welcomed the agreement, stating, "Our objective from day one was to acquire the Australian Wholesale and Retail assets of Foodland. Excluding a small basket of retail stores, for which we have been well compensated, we have achieved our objective. We were always the most logical purchaser for these assets."

The transaction expands and strengthens Metcash's IGA business to over 400 SUPA IGA retail stores and strengthens Metcash's position as the third force in the Australian retail sector.

For further information call:

Andrew Reitzer  
Metcash Trading Ltd  
(612) 9741 3060

Tim Allerton  
City PR  
(02) 9267 4511.

## Appendix: Acquisition price

	Cash alternative		Share alternative	
	A\$m	\$ per FAL share	A\$m	\$ per FAL share
Value of cash paid	737	6.25	-	-
Value of 2.05 Metcash shares	-	-	816 <sup>1</sup>	6.93
	737	6.25	816	6.93
Consideration which is subject to due diligence				
- Surplus cash to be paid in cash	18	0.15	-	-
- Surplus cash to be paid in shares	-	-	18	0.15
	18	0.15	18	0.15
Contingent payment				
- Tax receivable to be paid in cash <sup>2</sup>	25	0.21	25	0.21
<b>Total value for FAL Australia (Excluding Woolworths Action Stores)</b>	<b>780</b>	<b>6.61</b>	<b>859</b>	<b>7.29</b>

(1) Based on 2.05 Metcash shares per Foodland share and Metcash close price of \$3.38 as at 20 May 2005.

(2) Contingent payment is subject to due diligence and the mechanism by which FAL shareholders can receive the benefit of the tax receivable is still to be determined.