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
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29th November 2006

The Manager, Companies
Australian Stock Exchange
Company Announcements Office
Level 4
20 Bridge Street
SYDNEY NS2W 2000

Dear Sir

RE: METCASH LIMITED – HALF YEAR RESULTS

Please find attached the following documents pertaining to the Metcash Limited half year results.

- Media Release
- Appendix 4D
- Half Year Financial Report

Yours faithfully

John Randall
Company Secretary

Rules 4.2A.3

Appendix 4D

Half-year report

Name of entity:

METCASH LIMITED ABN 32 112 073 480

For the period 1 May 2006 to 31 October 2006

For announcement to the market

MTS for the half year ended 31 October 2006

Extracts from this report for announcement to the market (see note 1). $A'000

Revenues from ordinary activities up	up	36.7	to	4,762,657
Profit (loss) from ordinary activities after tax attributable to members	up	117%	to	66,134
Net profit (loss) for the period attributable to members	up	117%	to	66,134

Please refer to page 3 for detailed explanation of the results

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend *(Half year report only - item 15.4) – MTS*	7.0c	7.0c
Previous corresponding period *(Half year report - item 15.5) -*	-	-

Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	4 December 2006

Earnings per security (EPS)

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

MTS for 6 months

Basic Earnings per share cents 8.84c

Diluted Earnings per share cents 8.76c

Earnings used in Basic and Diluted earnings per share = $66,134,000
· Weighted average number of ordinary shares (used in Basic EPS) = 748,016,273
· There have been no changes to ordinary shares since balance date
· Weighted average number of ordinary shares (used in diluted EPS) = 754,750,229 (748,016,273 ordinary shares +6,733,956 potential ordinary shares).
· Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS = 757,609
· There are no potential ordinary shares that are non-dilutive.
There have been no issues of potential ordinary shares after balance date.

NTA backing *(see note 7)*	Current period	Previous corresponding period
2 Net tangible asset backing per ordinary security (cents)	(11.48)	(46.03)

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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

Control gained over entities having material effect

4.1	Name of entity (or group of entities)	None
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)	

Loss of control of entities having material effect

5.1	Name of entity (or group of entities)	None
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	3 January 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 CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	4 December 2006
6.3	If it is a final dividend, has it been declared? *(preliminary final financial report only)*	N/A

Amount per security

			Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend	
	(Preliminary final financial report only)					
6.4	**Final dividend:**	Current year - MTS	N/A	N/A	-	c
6.5		Previous year – MTT	N/A	N/A	-	c
	(Half yearly and preliminary final financial reports)					
6.6	**Interim dividend:**	Current year MTS	7.0c	7.0c	-	c
6.7		Previous year -MTS	-	-	-	c

Half-year financial report – final dividend (distribution) on all securities

		Current period – $A'000	Previous corresponding period - $A'000
6.10	Ordinary securities (each class separately)	52,390	-
6.11	Preference securities (each class separately)	-	-
6.12	Ordinary securities (each class separately)		-
6.13	**Total**	52,390	-

The dividend or distribution plans shown below are in operation.

Dividend reinvestment plan (DRP) mailed out to shareholders on 5th September 2005

The last date(s) for receipt of election notices for the dividend or distribution plans	4 December 2006

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

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	1,440	752
7.2	Income tax on ordinary activities		-
7.3	**Profit (loss) from ordinary activities after tax**	1,440	752
7.4	Extraordinary items net of tax		-
7.5	**Net profit (loss)**	1,440	752
7.6	Adjustments		-
7.7	**Share of net profit (loss) of associates and joint venture entities**	1,440	752

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)	
8.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period - $A'000	Previous corresponding period - $A'000
Produce Traders Trust	40.0%	40.0%	32	93
Abacus Retail Property Trust	25.0%	25.0%	-	-
Ritchies Stores Pty Ltd	26.0%	26.0%	1,408	542
Champions IGA	25.1%	25.1%	-	117
Dramet	26.0%	-	-	-
				-
8.2 Total			1,440	752
8.3 Other material interests			-	-
8.4 Total			1,440	752

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)
9.1 Preference securities *(description)*	**-**	**-**	**-**	**-**
9.2 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
9.3 Ordinary securities	748,435,479	748,435,479	**-**	**-**
9.4 Changes during current period				
Increase through DRP				
(a) Increases through conversion of employee options	118,360	118,360	16.1	16.1
a) Increases through conversion of employee options	561,766	561,766	126.8	126.8
(a) Increases through conversion of employee options	14,000	14,000	187.8	187.8
(a) Increases through conversion of employee options				
(a) Increases through conversion of employee options				
(b) Decreases through returns of capital, buybacks	-	-	-	-
9.5 Convertible debt securities) *(description and conversion factor)*	**(description and conversion factor)**	**-**	**-**	**-**

9.6	**Changes during current period**			
	(a) Increase through issues			
	(b) Decreases through securities matured, converted – CULS conversion to MTS			
9.7	**Options** (description and conversion factor)		Exercise price	Expiry date (if any)
		22,480	16.1	25/11/2006
		3,844,248	126.8	25/01/2008
		680,000	138.6	14/12/2007
		125,900	187.0	10/07/2007
		850,000	243	02/09/2010
		4,450,000	401.3	02/09/2011
		11,241,383	392.5	02/11/2011
9.8	Issued during current period			
		855,853	392.5	02/11/2011
	Reinstated			
		1400	16.1	25/11/2006
		3600	126.8	25/01/2008
		2000	187.0	10/07/2007
9.9	Exercised during current period			
		118,360	16.1	25/11/2006
		561,766	126.8	25/01/2008
		14,000	187.0	10/07/2007
9.9				
9.9				
9.9				
9.10	Expired during current period	473,008	various	

9.12	**Debentures** (description)	**(description)**	**-**
9.13	Changes during current period		
	(a) Increases through issues	-	-
	(b) Decreases through securities matured, converted	-	-
9.14	**Unsecured notes** *(description)*	**(description)**	**-**
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)*

	The accounts have been audited.	X	The accounts have been subject to review.
	The accounts are in the process of being audited or subject to review.		The accounts have *not* 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: .... Date: 29 November 2006
(Secretary)

Print name: J A Randall.

Metcash Limited

ABN 32 112 073 480

Half-Year Financial Report

for the half-year ended 31 October 2006

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
Bernard J Hale (resigned 29 May 2006)
Bruce A Hogan, AM
Michael R Jablonski
Edwin M Jankelowitz
Joao Louis S Jardim (Lou Jardin)
Richard A Longes
V Dudley Rubin
Michael Wesslink (resigned 29 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 9290 9600
Facsimile: 61 2 9279 0664

Auditors

Ernst & Young

Internet Address

www.metcash.com

Contents

Directors' Report

Your directors submit their report for the half-year ended 31 October 2006.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Carlos S dos Santos (Chairman)
A E (Ted) Harris, AC (Deputy Chairman)
Andrew Reitzer (CEO)
Peter L Barnes
Bernard J Hale (resigned 29 May 2006)
Bruce A Hogan, AM
Michael R Jablonski
Edwin M Jankelowitz
Joao Louis S Jardim (Lou Jardin)
Richard A Longes
V Dudley Rubin
Michael Wesslink (resigned 29 May 2006)

REVIEW AND RESULTS OF OPERATIONS

Consolidated net profit after income tax for the half-year was $66,134,000 (2005: $30,451,000).

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have received the independence declaration on the page following the review report from the auditors of Metcash Limited.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

Andrew Reitzer
Director

Sydney 29th November 2006

Income Statement

FOR HALF-YEAR ENDED 31 OCTOBER 2006	Notes	Metcash Ltd Group 2006 $'000	Metcash Ltd Group 2005 $'000
Revenue	2(a)	**4,762,657**	3,480,761
Cost of sales		**(4,250,352)**	(3,146,611)
GROSS PROFIT		**512,305**	334,150
Other income	2(a)	**-**	297
Distribution costs	2(a)	**(224,729)**	(114,459)
Administrative Costs	2(a), 6	**(154,123)**	(123,690)
Share of profit of associates		**1,440**	752
Restructure costs	6	**(9,970)**	-
Finance costs:			
CULS redemption premium		**-**	(16,537)
CULS issue costs		**-**	(6,421)
CUPS redemption premium		**-**	(2,557)
Other finance costs	2(a)(i), (v)	**(27,943)**	(15,835)
PROFIT BEFORE INCOME TAX		**96,980**	55,700
Income tax expenses	3	**(30,846)**	(25,249)
NET PROFIT FOR PERIOD		**66,134**	30,451
PROFIT ATTRIBUTABLE TO THE MEMBERS OF METCASH LIMITED		**66,134**	30,451
Earnings per share (cents per share)			
- basic earnings per share		**8.84**	7.10
- diluted earnings per share		**8.76**	6.98
- franked dividends paid per share			-

Balance Sheet

AS AT 31 OCTOBER 2006

	Notes	Metcash Ltd Group	
		AS AT 31 OCTOBER 2006	AS AT 30 APRIL 2006
		$'000	$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**138,497**	220,199
Trade and other receivables		**906,313**	865,883
Inventories		**609,074**	533,337
Prepayments		**5,053**	4,334
		1,658,937	1,623,753
Assets classified as held for sale		**63,707**	168,778
TOTAL CURRENT ASSETS		**1,722,644**	1,792,531
NON-CURRENT ASSETS			
Receivables		**29,379**	8,019
Investment in associates		**56,715**	50,171
Other financial assets		**778**	227
Property, plant and equipment		**140,956**	127,495
Deferred tax assets		**40,051**	36,592
Intangible assets and goodwill		**1,134,868**	1,141,198
Other		**792**	-
TOTAL NON-CURRENT ASSETS		**1,403,539**	1,363,702
TOTAL ASSETS		**3,126,183**	3,156,233
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**1,199,025**	1,173,947
Interest-bearing loans and borrowings		**4,763**	5,810
Income tax payable		**17,249**	17,984
Provisions		**45,734**	33,081
		1,266,771	1,230,822
Liabilities classified as held for sale		**23,365**	50,027
TOTAL CURRENT LIABILITIES		**1,290,136**	1,280,849
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**703,099**	751,299
Deferred tax liabilities		**10,686**	10,623
Provisions		**65,195**	80,595
TOTAL NON-CURRENT LIABILITIES		**778,980**	842,517
TOTAL LIABILITIES		**2,069,116**	2,123,366
NET ASSETS		**1,057,067**	1,032,867
EQUITY			
Contributed equity		**1,824,652**	1,823,895
Other equity		**(765,923)**	(765,923)
Reserves		**14,979**	12,200
Retained earnings		**(16,641)**	(37,305)
TOTAL EQUITY		**1,057,067**	1,032,867

Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 OCTOBER 2006	Notes	Metcash Ltd Group 2006 $'000	Metcash Ltd Group 2005 $'000
CASH FROM OPERATING ACTIVITIES			
Receipts from customers		**5,727,180**	4,025,926
Payments to suppliers and employees		**(5,568,162)**	(3,860,515)
Dividend received		**447**	293
Interest received		**4,891**	2,668
Borrowing costs		**(32,834)**	(18,503)
Income tax paid		**(31,192)**	(24,539)
GST paid		**(53,322)**	(40,990)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**47,008**	84,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**2,728**	298
Proceeds from assets classified as held for sale		**71,098**	-
Proceeds from loan repayments		**482**	14
Purchase of property, plant and equipment		**(16,344)**	(10,196)
Payment of liabilities directly associated with assets classified as held for sale		**(27,303)**	-
Payment of deferred acquisition costs		**-**	(2,354)
Payment on acquisition of businesses		**-**	(2,746)
Payment on acquisition of associates		**(5,168)**	(42,876)
Loan to associates and other entities		**(55,684)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(30,191)**	(57,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**505**	3,566
Proceeds from borrowings - other		**-**	-
Repayments of borrowings - other		**(50,000)**	-
Payment of dividends on ordinary shares		**(45,470)**	-
Payment of funding costs		**(183)**	(9,804)
Payment of finance lease principal		**(4,008)**	(4,623)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(99,156)**	(10,861)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(82,339)**	15,619
Add opening cash brought forward		**220,199**	189,607
Effects of exchange rate changes on cash		**637**	(2,531)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**138,497**	202,695

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 OCTOBER 2006

METCASH LTD GROUP	Attributable to equity holders of Metcash Limited						Total Equity
	Contributed equity $'000	Other equity $'000	Share-based payments $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2005	846,976	(765,923)	224	(90,751)	12,777	1,162	4,465
Currency translation differences	-	-	-	-	-	(2,531)	(2,531)
Profit for the period	-	-	-	30,451	-	-	30,451
Exercise of options	3,566	-	-	-	-	-	3,566
Cost of share-based payment	-	-	810	-	-	-	810
Share funding costs	(5,685)	-	-	-	-	-	(5,685)
At 31 October 2005	844,857	(765,923)	1,034	(60,300)	12,777	(1,369)	31,076

METCASH LTD GROUP	Attributable to equity holders of Metcash Limited						Total Equity
	Contributed equity $'000	Other equity $'000	Share-based payments $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2006	1,823,895	(765,923)	3,484	(37,305)	12,777	(4,061)	1,032,867
Currency translation differences	-	-	-	-	-	636	636
Profit for the period	-	-	-	66,134	-	-	66,134
Dividend for the period	-	-	-	(45,470)	-	-	(45,470)
Exercise of options	757	-	-	-	-	-	757
Cost of share-based payment	-	-	2,143	-	-	-	2,143
At 31 October 2006	1,824,652	(765,923)	5,627	(16,641)	12,777	(3,425)	1,057,067

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report.

The half-year report should be read in conjunction with the Annual Financial Report of Metcash Limited as at 30 April 2006. It is also recommended that the half-year report be considered together with any public announcements made by Metcash Limited and its controlled entities during the half-year ended 31 October 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for assets held 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.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Metcash Limited (the parent entity) and its subsidiaries as at 31 October 2006.

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.

The acquisition of Foodland Associated Limited (FAL) on 2 November 2005 has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(ii) 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 estimates, 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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(ii) Significant accounting judgements, estimates and assumptions (continued)

(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 of the Metcash Limited Annual Report for 2006.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees 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, using the assumptions detailed in Metcash Limited Annual report note 15.

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.

(iii) 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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(iii) Foreign currency translation (continued)

Translation of financial reports of overseas operations
The functional currency of the overseas subsidiaries is as follow:

- Tasman Liquor Company Limited is New Zealand dollars (NZ$).
- Metoz Holdings Limited is South African Rand.
- Pinnacle Holdings Limited is Great British Pounds (GBP).
- Soetensteeg 2-61 Exploitatiemaatschappij BV is Euros.
- Wickson Corporation NV is Euros.

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

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

(iv) 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.

(v) 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 un-collectable 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.

(vi) 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 Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(vii) 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.

(viii) Inventories

Inventories are valued at the lower of cost and 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.

(ix) 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:	**2006**	**2005**
Freehold buildings:	50 years	50 years
Plant and equipment:	5 - 15 years	5 - 15 years

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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(ix) Property, plant and equipment (continued)

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.

(x) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that the values 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.

(xi) 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.

(b) Summary of significant accounting policies (continued)

(xi) Leases (continued)

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.

(xii) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the 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.

Where goodwill forms part of a cash-generating unit and part of the 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 on the basis of 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.

(xiii) 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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(xiii) Intangible assets (continued)

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.

Gain or losses arising from the 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

(xiv) 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 period that are unpaid and arise when the Group becomes obligated to make the future payments in respect of the purchase of these goods and services.

(xv) 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.

(i) 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.

(b) Summary of significant accounting policies (continued)

(xvi) 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

(xvii) 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, 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 determined by discounting the expected future cash flow at a 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.

(xviii) 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 at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Metcash Limited Annual Report 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).

(b) Summary of significant accounting policies (continued)

(xviii) Share-based payment transactions (continued)

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.

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

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.

(xix) 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 recognised when the promotional activities occur.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

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.

(xx) 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 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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2006

(b) Summary of significant accounting policies (continued)

(xx) Income tax (continued)

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 profit 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 of 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 profit 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.

(xxi) Other taxes

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

- where 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 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.

(b) Summary of significant accounting policies (continued)

(xxii) 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.

(xxiii) 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 a deduction, net of tax, from the proceeds.

(xxiv) 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.

(xxv) Financing costs

Borrowing costs are recognised as an expense when incurred.

(xxvi) Comparatives

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

Notes continued

31 OCTOBER 2006	Notes	Metcash Ltd Group October 2006 $'000	Metcash Ltd Group October 2005 $'000
2. REVENUES AND EXPENSES			
(a) Specific Items			
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:			
(i) Revenue			
Revenue from sale of goods		**4,733,112**	3,461,105
Rent		**24,654**	14,426
Interest from other person/corporation		**4,891**	2,668
Other revenue		-	2,562
		4,762,657	3,480,761
(ii) Other income			
Profit from disposal of property, plant & equipment		**-**	**297**
		-	**297**
(iii) Expenses			
Depreciation of non-current assets		**20,090**	12,500
Amortisation of non-current assets		**7,634**	3,801
Amortisation of customer relationship		**2,970**	-
(iv) Operating lease rental			
- minimum lease payments		**60,082**	35,845
(v) Finance costs			
Interest expense		**32,834**	18,503

3. INCOME TAX EXPENSE

The effective income tax rate is 32%. This is due to amortisation of customer relationship and share based payments being non-deductible for tax.

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

Dividends paid during the half-year			
Franked dividends		**45,470**	-
		45,470	-

Notes continued

5. CONTINGENT ASSETS AND LIABILITIES

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

6. SIGNIFICANT ITEMS

During the reporting period, the following significant items had impact on the profit after tax from continuing operations:

(i) Expenses

	Metcash Ltd Group	Metcash Ltd Group
	October 2006	October 2005
Expense of share-based payments	**(2,143)**	(810)
Restructure costs	**(9,970)**	-
	(12,113)	(810)

Restructure costs include redundancy and associated expenses related to the integration of the FAL business into Metcash.

7. 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	Carrying Value
	$'000	$'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

Notes continued

7. BUSINESS COMBINATIONS (continued)

	Recognised	Carrying Value
	$'000	$'000
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	

During the half year ended 31 October 2006, valuations of the property, plant and equipments, 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 equipments	19,725
Inventories & 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.

Notes continued

8. ISSUED CAPITAL

	Metcash Ltd Group October 2006 $'000	Metcash Ltd Group April 2006 $'000
Ordinary shares:		
Issued and fully paid	**1,824,652**	845,747
Total Issued Capital	**1,824,652**	845,747

	2006 Number of shares	$'000
Movements in ordinary shares on issue		
At 1 May 2006	747,741,353	1,823,895
Issued during the year:		
- Exercise of employee options – 118,360 ordinary shares at 16.1 cents per share	118,360	19
- Exercise of employee options – 561,766 ordinary shares at 126.8 cents per share	561,766	712
- Exercise of employee options – 14,000 ordinary shares at 187 cents per share	14,000	26
At 31 October 2006	748,435,479	1,824,652

9. SEGMENT INFORMATION

Segment products and locations

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 predominately by differences in the products and services provided. 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 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 continued

31 OCTOBER 2006

8 SEGMENT INFORMATION (CONTINUED)

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000
Segment Revenue										
Sales to customers outside the consolidated entity	**2,871,615**	1,786,743	**661,635**	509,378	**1,198,409**	1,150,400	**-**	-	**4,731,659**	3,446,521
Other revenues from customers outside the consolidated entity	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Inter-segment revenues	**269,513**	202,337	**-**	1	**50,795**	58,227	**(320,308)**	(260,565)	**-**	-
Share of net profit of equity accounted investments	**1,440**	752	**-**	-	**-**	-	**-**	-	**1,440**	752
Unallocated revenue	**-**	-	**-**	-	**-**	-	**-**	-	**29,558**	33,488
Total segment revenue	**3,142,568**	1,989,832	**661,635**	509,379	**1,249,204**	1,208,627	**(320,308)**	(260,565)	**4,762,657**	3,480,761
Segment result	**112,943**	72,351	**14,548**	9,092	**12,513**	14,009	**-**	-	**140,004**	95,452
Unallocated expenses									**(43,024)**	(39,752)
Consolidated entity profit from ordinary activities before income tax expense									**96,980**	55,700
	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000	October 2006 $'000	October 2005 $'000
Segment Assets	**813,662**	522,894	**218,437**	190,769	**550,986**	508,059	**-**	-	**1,583,085**	1,221,722
Unallocated Assets									**1,543,098**	590,463
Total Assets									**3,126,183**	1,812,185
Segment Liabilites	**519,475**	357,938	**103,663**	74,989	**353,531**	320,604	**-**	-	**976,669**	753,531
Unallocated Liabilities									**1,092,447**	1,027,578
Total Liabilities									**2,069,116**	1,781,109

Notes continued

31 OCTOBER 2006

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	October 2006 $'000	**October 2005 $'000**	**October 2006 $'000**	**October 2005 $'000**	**October 2006 $'000**	**October 2005 $'000**	**October 2006 $'000**	**October 2005 $'000**	**October 2006 $'000**	**October 2005 $'000**
Equity accounted investments included in segment assets	**56,715**	45,783	-	-	-	-	-	-	**56,715**	45,783
Acquisition of property, plant and equipment and intangible assets	**1,783**	1,146	**1,515**	3,734	**588**	653	-	-	**3,886**	5,533
Depreciation	**2,213**	952	**1,640**	1,223	**1,381**	1,058	-	-	**5,234**	3,233
Amortisation	**895**	827	**563**	627	**341**	375	-	-	**1,799**	1,829
Non-cash expenses other than depreciation	**2,211**	290	**1,809**	293	**(210)**	1,939	-	-	**3,810**	2,522

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.

Notes to the Half-Year Financial Statements

9 EVENTS AFTER THE BALANCE SHEET DATE

There are no events that have occurred after the end of the financial half year that could materially affect the financial position and performance of Metcash Limited or any of its controlled entities.

Directors' Declaration

In accordance with a resolution of the directors of Metcash Ltd, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position as at 31 October 2006 and the performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Andrew Reitzer
Director

Sydney
29 November 2006

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Independent review report to members of Metcash Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Metcash Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 October 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Metcash Limited and the entities it controlled during the period is not in accordance with:

(a) the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the financial position of the consolidated entity at balance date and of its performance for the period ended on that date; and

 (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Neil Wykes

Partner

Sydney

29 November 2006

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Auditor's Independence Declaration to the Directors of Metcash Limited

In relation to our review of the financial report of Metcash Limited for the half-year ended 31 October 2006, 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
29 November 2006