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 3999

23rd November 2005

MEDIA RELEASE

The Australian owned national grocery and liquor wholesale distributor and marketer, Metcash Limited announced that, for the six months ended 31 October 2005, earnings before interest & tax (EBIT) grew by 4.8% to $96.2 million. Excluding Franklins, a 12.1% growth was achieved.

Profit after tax, before costs associated with the recent capital re organisation and the acquisition of Foodland Associated Limited's (FAL) Australian assets increased by 13.2% to $56.8 million. The comparative Profit & Loss statement shown below displays these costs and also adjustments reflecting the adoption of Australian International Financial Reporting Standards (AIFRS)

			Excluding Franklins
	31-Oct-05	31-Oct-04	31-Oct-04
	$'000	$'000	$'000
Turnover	3,445,000	3,518,000	3,227,000
EBIT	96,187	91,769	85,790
AIFRS Stock valuation adjustment	(994)	-	-
	95,193	91,769	85,790
Net Interest	(13,168)	(3,909)	
	82,025	87,860	
Tax	(25,249)	(26,970)	
	56,776	60,890	
Less: Goodwill amortisation	0	(10,757)	
	56,776	50,133	
Less: CULS & CUPS costs	(25,515)	0	
	31,261	50,133	
Less: Share based payment expensed	(810)	0	
	30,451	50,133	
Av Weighted EPS (exc. Goodwill & CULS)	13.21	9.55	

Each of the three Metcash businesses performed strongly during the half year. The higher fuel prices in this period have had a positive impact on supermarkets, as consumers spend more money on home prepared food and less on restaurants and fast food outlets, whilst the convenience sector supplied by Campbells has seen the negative affect of reduced discretionary spending.

The results of each of the three businesses follows:

IGA>D

For the six months, IGA>D sales were 6% ahead of last year excluding Franklins whilst EBIT increased by 14.2%, excluding Franklins. Market share for the customers supplied by IGA>D increased to 14.1% from the 13.6% at the same time last year.

These results were achieved in a period of zero price inflation. Although the cost of goods purchased increased by 2.40%, this was negated by additional promotional case deals.

IGA>D volumes increased due to the strong branding and promotional programs implemented. An example is the successful ‘Local Heroes’ promotional campaign run by IGA stores. This promotion embodies the culture and community values of IGA retailers.

During the period, 16 new IGA stores were opened, 8 of them being Supa IGA’s. A further 52 new stores will open by the end of April 2006 with a further 139 other sites are currently under consideration.

IGA>D strong sales focus was backed up by further reductions in the Cost of Doing Business. These came about through a combination of technological enhancements and the provision of warehouse incentives. Further developments, in collaboration with key suppliers, have occurred in reducing supply chain costs. This is an ongoing program which will continue to reduce costs of both IGA>D and its key supplier partners.

CAMPBELLS CASH AND CARRY

Campbells Cash and Carry enjoyed another successful half year with sales increasing by 4% and EBIT by 11.7%. EBIT, as a percentage of sales, has now grown to 1.79%.

A key factor in the improved profitability was the growth of sales in the primary category, which increased by 15.6% and now represents 55% of all sales. Within this category, confectionery grew 39.2% and Campbells market share of the confectionery route market has now reached 26%. Volume growth in the formalised convenience sector has not been as strong as in past periods due mainly to the effects of higher fuel prices and its impact on discretionary spending. However, this has been negated by Campbells achieving a larger share of this market. The 7-eleven contract continues to generate good sales volumes with Phase 2, which covers the supply of all grocery and confectionery lines, now complete. The next phase, which will be completed in early 2006, will incorporate tobacco and carbonated beverages products.

An exclusive supply contract with the major cinema chains, Greater Union and Birch Carroll and Coyle has also been won. These two chains enjoy more than 32% of the box office takings in Australia, with over 450 screens in 47 locations across Australia.

AUSTRALIAN LIQUOR MARKETERS

For the half year to October, ALM sales increased by 9.3% and EBIT by 4.2% on the same period last year. This strong sales growth, in a highly competitive market, was the result of a number of factors including the regaining of the ALH supply contract in Queensland, stronger ‘On-Premise’ sales growth and the recognition by manufacturers of the benefits in placing more of their distribution to the independent market through the ALM warehouse network.

IBA (Independent Brands Australia) has continued to grow and has been strengthened by 420 ‘IGA Liquor Plus’ outlets joining IBA. The total number of retail stores within IBA has increased to 1,879 outlets. At the same time the Liquor Alliance, whose members we supply, has launched national weekly promotions for its 478 outlets, which are mainly hotels.

During the period, further increases in productivity were achieved as a result of continued technological enhancements, the implementation of web-enabled ordering for customers, further reductions in overhead costs and rationalisation of the warehouse network. These gains helped to compensate for the effect of competitive pressures on margins.

FAL

The acquisition of FAL's Australian business will take place on the 24th November. Trading results from the 1st November, when economic benefits passed to Metcash, will be included in the Metcash second half results.

Due to the delay in acquiring the Australian assets of FAL, the short term focus will be on servicing the Action chain of supermarkets and independent customers over the Christmas/New Year trade to ensure that high service levels are provided and driving the Action chain until the last of those supermarkets is sold.

Key actions in the first 100 days include the review of all operations, the testing of assumptions for our integration plan, the roll out of the strategy commencing February 2006 and the commencement of the sale of Action stores.

CAPITAL STRUCTURE

A high level of FAL shareholders, in excess of 90%, has elected to receive shares. The company has previously stated that it would consider capital management initiatives should this occur.

The Board of Metcash is obtaining advice on various capital management initiatives which will be reviewed at its February meeting and discussed with the Company's lenders.

For Further Information Call:

Andrew Reitzer
Metcash Limited
(02) 9741 3060

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

Rules 4.2A.3

Appendix 4D

Half-year report

Name of entity:

METCASH LIMITED ABN 32 112 073 480

For the period 1 May 2005 to 31 October 2005

Due to the requirements under AASB3 Business Combinations to treat the acquisition of Metcash Trading Limited by Metcash Limited as a reverse acquisition, the comparative financial results represent a combination of the financial statements of Metcash Trading Limited and Metcash Limited. Therefore, the financial statements include the Metcash Trading Limited results to 7 April 2005 plus the results of Metcash Limited and its subsidiaries from 7 April 2005, being the date of the reverse acquisition.

For announcement to the market

MTS & MTT for the period 1 May 2005 to 31 October 2005

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

				$A'000
Revenues from ordinary activities	down	1%	to	3,722,127
Profit (loss) from ordinary activities after tax attributable to members	down	50%	to	30,451
Net profit (loss) for the period attributable to members ***	down	50%	to	30,451

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) - MTS*	5.5 c	5.5 c
Previous corresponding period *(Half yearly report) - MTT*	5.5 c	5.5 c

Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	9 November 2005

*** The above numbers compare the MTS financial performance for the 26 weeks ended 31 October 2005 to the MTT financial performance for the 26 weeks ended 31 October 2004.

Profit after tax, before costs associated with the recent capital re-organisation and the acquisition of Foodland Associated Limited's (FAL) Australian assets increased by 13.2% to $56.8 million. The comparative Income Statement shown below displays these costs and also adjustments reflecting the adoption of Australian International Financial Reporting Standards (AIFRS).

	31-Oct-05 $'000	31-Oct-04 $'000	Excluding Franklins 31-Oct-04 $'000
Turnover	3,446,521	3,519,676	3,227,000
EBIT	96,187	91,769	85,790
AIFRS stock valuation adjustment	(994)	-	-
	95,193	91,769	85,790
Net interest	(13,168)	(3,909)	
	82,025	87,860	
Tax	(25,249)	(26,970)	
	56,776	60,890	
Less: Goodwill amortisation	-	(10,757)	
	56,776	50,133	
Less: CULS & CUPS costs	(25,515)	-	
	31,261	50,133	
Less: Share based payment expensed	(810)	-	
	30,451	50,133	
Average weighted EPS (exe. Goodwill & CULS)	13.23	9.55	

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 7.10c

Diluted Earnings per share 6.98c

Earnings used in Basic and Diluted earnings per share = $30,451,000
· Weighted average number of ordinary shares (used in Basic EPS) = 429,046,495
· There have been no changes to ordinary shares since balance date
· Weighted average number of ordinary shares (used in diluted EPS) = 436,076,858 (429,046,495 ordinary shares + 7,030,363 potential ordinary shares).
· Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS = 1,056,678
· 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 MTS	Previous corresponding period MTT
2 Net tangible asset backing per ordinary security (cents)	(46.03)	38.77

Net tangible asset backing in MTS is affected by the capital reorganisation. As at 31 October 2005 the Metcash group has liabilities of $776m relating to the buyout of Metoz Limited.

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)	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	2 December 2005
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)	9 November 2005
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	5.50 c	5.50 c	- c
6.7		Previous year - MTT	5.50c	5.50 c	- 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)*	MTS 27,725	MTT 35,123
6.11	Preference securities *(each class separately)*	-	-
6.12	Other equity instruments *(each class separately)*	-	-
6.13	**Total**	27,725	35,123

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	9 November 2005

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

None

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	752	28
7.2	Income tax on ordinary activities	-	-
7.3	**Profit (loss) from ordinary activities after tax**	**752**	**28**
7.4	Extraordinary items net of tax	-	-
7.5	**Net profit (loss)**	**752**	**28**
7.6	Adjustments	-	-
7.7	**Share of net profit (loss) of associates and joint venture entities**	**752**	**28**

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%	40%	93	28
Abacus Retail Property Trust	25%	N/a	-	-
Ritchies Stores Pty Ltd	26%	N/a	542	
Champions IGA	25.1%	N/a	117	
			-	-
8.2 Total			**752**	**28**
8.3 Other material interests			-	-
8.4 Total			**752**	**28**

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**	**504,008,638**	**504,008,638**	**-**	**-**
9.4	Changes during current period				
	(a) Increases through conversion of employee options	499,601	499,601	16.1	16.1
	(a) Increases through conversion of employee options	1,020,000	1,020,000	138.5	138.5
	(a) Increases through conversion of employee options	1,469,390	1,469,390	126.8	126.8
	(a) Increases through conversion of employee options	26,520	26,520	187	187
	(a) Increases through conversion of CULS	73,597,894	73,597,894	254	254
	(b) Decreases through returns of capital, buybacks	-	-	-	-
9.5	**Convertible debt securities (MTT)** *(description and conversion factor)*	**(description and conversion factor)**	**-**	**-**	**-**
	CULS	147,197,195	147,197,195	254	254
	CUPS	500,000	500,000	10000	10000
9.6	Changes during current period				
	(a) Increases through issues				

	(b) Decreases through securities matured, converted – CULS conversion to MTS	73,597,894	73,597,894	254	254
9.7	**Options** (description and conversion factor)			Exercise price	Expiry date (if any)
		850,000	-	243	02/09/10
		478,440	-	16.1	11/08/06
		32,800	-	16.1	25/11/06
		1,360,000	-	138.5	14/12/07
		8,000	-	16.1	15/12/06
		6,259,770	-	126.8	25/01/08
		166,980	-	187	10/07/08
9.8	Issued during current period	-	-	-	-
9.9	Exercised during current period	499,601	-	16.1	11/08/06
9.9		1,020,000	-	138.5	14/12/07
9.9		1,469,390	-	126.8	25/01/08
9.9		26,520	-	187	10/07/08
9.10	Expired during current period	153,199	-	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: 23rd November 2005
(Secretary)

Print name: J A Randall.

Metcash Limited

ABN 32 112 073 480

Half-Year Financial Report

for the half-year ended 31 October 2005

Corporate Information

ABN 32 112 073 480

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

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

Contents

Directors' Report

Your directors submit their report for the half-year ended 31 October 2005.

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)
Michael R Jablonski
Edwin M Jankelowitz
V Dudley Rubin
Peter L Barnes
Richard A Longes
Bernard J Hale
Joao Louis S Jardim (Lou Jardin)
Michael Wesslink

REVIEW AND RESULTS OF OPERATIONS

Consolidated net profit after income tax for the half-year was $30,451,000 (2004: $60,862,000).

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 23rd November, 2005

Condensed Income Statement

FOR HALF-YEAR ENDED 31 OCTOBER 2005	Notes	Metcash Ltd Group	Metcash Trading Ltd Group
		2005	2004
		$'000	$'000
CONTINUING OPERATIONS			
Revenue	2(a)	**3,446,521**	3,519,676
Revenue from suppliers		**240,318**	222,765
Cost of sales		**(3,386,929)**	(3,444,852)
GROSS PROFIT		**299,910**	297,589
Other income	2(a)	**34,536**	22,015
Other expenses	2(a)	**(238,148)**	(227,607)
Share of profit of associates		**752**	28
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX AND FINANCE COSTS		**97,050**	92,025
Finance costs:			
-Amortisation of CULS redemption premium	6	**(16,537)**	-
-Amortisation of CULS issue costs	6	**(6,421)**	-
- Amortisation of CUPS redemption premium	6	**(2,557)**	-
-Other finance costs		**(15,835)**	(4,192)
PROFIT BEFORE INCOME TAX		**55,700**	87,833
Income tax expenses	3	**(25,249)**	(26,971)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	1(e) (ii)	**30,451**	60,862
NET PROFIT ATTRIBUTABLE TO MEMBERS OF METCASH LIMITED		**30,451**	60,862
Earnings per share (cents per share)			
- basic earnings per share		**7.10**	7.9
- basic earnings per share from continuing operations		**7.10**	7.9
- diluted earnings per share		**6.98**	7.8
- diluted earnings per share from continuing operations		**6.98**	7.8
- franked dividends paid per share		**0**	6.0

Condensed Balance Sheet

AS AT 31 OCTOBER 2005

	Notes	Metcash Ltd Group AS AT 31 OCTOBER 2005 $'000	AS AT 30 APRIL 2005 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**202,695**	189,607
Trade and other receivables		**713,316**	648,006
Inventories		**421,687**	392,803
Other		**9,736**	9,707
		1,347,434	1,240,123
Non-current assets classified as held for sale		**206**	206
TOTAL CURRENT ASSETS		**1,347,640**	1,240,329
NON-CURRENT ASSETS			
Receivables		**10,817**	29,814
Investment in associates accounted for using the equity method		**45,783**	2,450
Other financial assets		**6,541**	4,121
Property, plant and equipment		**124,563**	129,073
Deferred income tax assets		**5,899**	8,174
Intangible assets		**267,888**	266,058
Other		**7,874**	11,570
TOTAL NON-CURRENT ASSETS		**469,365**	451,260
TOTAL ASSETS		**1,817,005**	1,691,589
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**919,028**	817,879
Interest-bearing loans and borrowings		**6,972**	7,995
Income tax payable		**20,591**	22,156
Provisions		**31,678**	30,977
TOTAL CURRENT LIABILITIES		**978,269**	879,007
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**350,638**	352,469
Convertible, redeemable, subordinated, unsecured loan notes (CULS)		**380,975**	380,973
Convertible undated preference shares (CUPS)		**52,557**	50,000
Provisions		**18,670**	18,838
TOTAL NON-CURRENT LIABILITIES		**802,840**	802,280
TOTAL LIABILITIES		**1,781,109**	1,681,287
NET ASSETS		**35,896**	10,302
EQUITY			
Parent entity interest			
Issued Capital	7	**845,747**	847,056
Other equity		**(765,779)**	(764,762)
Reserves		**11,408**	13,939
Retained profits		**(55,480)**	(85,931)
Total parent entity interest in equity		**35,896**	10,302
TOTAL EQUITY	1(e) (ii)	**35,896**	10,302

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 OCTOBER 2005	Notes	Metcash Ltd Group	Metcash Tradng Ltd Group
		2005	2004
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,025,926**	4,090,532
Payments to suppliers and employees		**(3,863,182)**	(3,996,108)
Dividend received		**293**	-
Interest received		**2,668**	283
Borrowing costs		**(15,836)**	(4,192)
Income tax paid		**(24,539)**	(27,096)
Goods and services tax paid		**(40,990)**	(49,993)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**84,340**	13,426
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**298**	3,461
Purchase of property, plant and equipment		**(10,196)**	(18,764)
Loans repaid by other entities		**14**	59
Payment of deferred acquisition costs		**(2,354)**	
Payment on acquisition of businesses		**(2,746)**	(7,103)
Payment on acquisition of associates		**(42,876)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(57,860)**	(22,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**3,566**	904
Proceeds from borrowings - other		-	110,000
Repayments of borrowings - other		-	(75,000)
Payment of dividends on ordinary shares		-	(38,219)
Payment of funding costs		**(9,804)**	-
Repayment of finance lease principal		**(4,623)**	(4,271)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(10,861)**	(6,586)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,619**	(15,507)
Add opening cash brought forward		**189,607**	33,651
Effects of exchange rate changes on cash		**(2,531)**	973
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**202,695**	19,117

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 OCTOBER 2005

METCASH TRADING GROUP	Attributable to equity holders of Metcash Trading Limited				Total Equity
	Contributed equity $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2004	562,200	(111,294)	12,777	(185)	463,498
Currency translation differences	-	-	-	973	973
Profit for the period	-	60,847		-	60,847
Exercise of options	904	-	-	-	904
Unrealised rebates adjusted to Inventory	-	15	-	-	15
Cost of share-based payment	43	-	-	-	43
Equity dividends	-	(38,219)	-	-	(38,219)
At 31 October 2004	563,147	(88,651)	12,777	788	488,061

METCASH LTD GROUP	Attributable to equity holders of Metcash Limited					Total Equity
	Contributed equity $'000	Other equity $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2005	847,056	(764,762)	(85,931)	12,777	1,162	10,302
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
Reverse acquisition	-	(1,017)	-	-	-	(1,017)
Share funding costs	(5,685)	-	-	-	-	(5,685)
At 31 October 2005	845,747	(765,779)	(55,480)	12,777	(1,369)	35,896

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

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 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

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 2005 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.

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

Due to the requirements under AASB3 Business Combinations to treat the acquisition of Metcash Trading Limited by Metcash Limited as a reverse acquisition, the comparative financial results represent a combination of the financial statements of Metcash Trading Limited and Metcash Limited. Therefore, the comparative financial results include the Metcash Trading Limited results to 7 April 2005 plus the results of Metcash Limited and its subsidiaries from 7 April 2005, being the date of the reverse acquisition.

(b) Statement of compliance

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

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 October 2004 and full-year ended 30 April 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliation of:

- AIFRS equity as at 1 May 2004, 31 October 2004 and 30 April 2005; and
- AIFRS profit for the half-year 31 October 2004 and full year 30 April 2005,

to the balances reported in the 31 October 2004 half-year report and 30 April 2005 full year financial report prepared under AGAAP are detailed in Note 1(e) below.

(c) 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.

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. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Metcash Limited has control.

There were no acquisitions of subsidiaries during the reporting period.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(ii) 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 whether there is a hedge or not.

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 if 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.

(iii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand and in banks and money market investments with an original maturity of 1 working day.

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

(iv) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(v) Investments

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.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(c) Summary of significant accounting policies (continued)

(v) Investments (continued)

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.

(vi) 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. Both the associates and the Group are using consistent accounting policies.

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. 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.

(vii) Inventories

Inventories of finished goods are carried 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.

(viii) Property, plant and equipment

Cost and valuation

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

Depreciation

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

Major depreciation periods are:	**2005**	**2004**
Freehold buildings:	50 years	50 years
Plant and equipment:	5 - 15 years	5 - 15 years

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(viii) Property, plant and equipment (continued)

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

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

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

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

Directors' valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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.

(ix) 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.

(x) 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

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

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(x) 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.

(xi) 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.

(xii) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. 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 income statement through the 'other expenses' line item.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xii) Other non-current assets

Costs for raising loan facilities yet to be drawn down, are capitalised and amortised over the life of the facility.

(xiii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being 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. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are de-recognised and as well as through the amortisation process.

Finance lease liability is determined in accordance with the requirements of AASB 117 "Leases".

The Convertible, Redeemable, Subordinated, Unsecured Loan Notes (CULS) and the Convertible non-cumulative redeemable preference shares ('CUPS') have been classified as non-current liabilities even though the CULS will be redeemed on 19 December 2005 and the CUPS were repurchased on 18 November 2005. The redemption and the repurchase will be funded by an existing non-current revolving syndicated facility.

(xiv) Convertible non-cumulative redeemable preference shares ('CUPS')

The component of the convertible non-cumulative redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs.

On the issue of the convertible non-cumulative redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost.

The corresponding equity dividends on those shares are charged as a distribution of income.

Issue costs are apportioned between the liability and equity components of the convertible non-cumulative redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(xv) Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, 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 finance 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 shareholders.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xvi) Share-based payment transactions

The Group provides benefits to employees (including 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 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.

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

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

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

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.

(xvii) Revenue

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 occurred.

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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xviii) Income tax

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting 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 deductable 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 deductable 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 deductable 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 deductable 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.

(xix) 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 are classified as operating cash flows.

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

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(d) AASB 1 Transition exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' (AIFRS) as follow:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS

Share-based payment transactions

AASB 2 'Shared-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 May 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has not elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below:

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	Metcash Group		
	30 April 2005	31 October 2004	1 May 2004
	$'000	$'000	$'000
Total equity under AGAAP	1,522,464	483,946	470,155
Adjustments to equity:			
Reverse acquisition (A)	(1,523,782)	-	-
Write-back of goodwill amortisation (B)	27,022	10,757	-
Unrealised rebates adjusted to Inventory (C)	(9,006)	(9,489)	(9,510)
CULS amortisation (D)	(9,098)	-	-
Tax effect of the above adjustments (E)	2,702	2,847	2,853
Total equity under AIFRS	10,302	488,061	463,498

(A) The acquisition by Metcash Ltd of Metcash Trading Limited is treated as a reverse acquisition since the substance of the transaction is that the shareholders of Metcash Trading Limited have, through Metcash Ltd, effectively acquired Metoz Holdings.

(B) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(C) AASB 118 – Revenue & UIG 1002 Inventory Rebates and Settlement Discounts require rebates to be deducted from the cost of inventory.

(D) In line with AASB132 'Financial Instruments: Presentation and Disclosure', the redemption premium associated with the CULS is required to be accrued for over the life of the instrument.

(E) The tax effect of adjustment (C) led to an increase in the deferred tax liability.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(e) Impact of adoption of AIFRS (continued)

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

	Metcash Group	
	Year ended 30 April 2005 $'000	Half-Year ended 31 October 2004 $'000
Profit after tax MTS for 1 month - as previously reported	6,632	50,133
Profit after tax MTT for 11 months - Reverse acquisition (A)	98,304	-
Profit after tax – MTT/MTS for the 12 months as per April 2005 4E	104,936	50,133
Cost of share-based payments (B)	(187)	(43)
Write-back of goodwill amortisation (C)	27,022	10,757
Unrealised rebates adjusted to Inventory (D)	483	21
CULS amortisation (E)	(9,098)	-
Tax effect of the above adjustment except goodwill (F)	(145)	(6)
Profit after tax under AIFRS	123,011	60,862

(A) The acquisition by Metcash Ltd of Metcash Trading Limited is treated as a reverse acquisition since the substance of the transaction is that the shareholders of Metcash Trading Limited have, through Metcash Ltd, effectively acquired Metoz Holdings.

(B) Under AASB 2 'Share-Based Payments', costs of equity-settled share-based payment transactions are recognised as expenses with a correspondent increase in equity.

(C) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(D) AASB 118 – Revenue & UIG 1002 Inventory Rebates and Settlement Discounts require rebates to be deducted from the cost of inventory.

(E) In line with AASB132 'Financial Instruments: Presentation and Disclosure', the redemption premium associated with the CULS is required to be accrued for over the life of the instrument.

(F) The tax effect of adjustment (D) led to an increase in the deferred tax liability.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Notes continued

31 OCTOBER 2005	Notes	Metcash Ltd Group	Metcash Trading Ltd Group
		October 2005	October 2004
		$'000	$'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		**3,446,521**	3,519,676
		3,446,521	3,519,676
(ii) Other income			
Rent		**14,426**	12,751
Interest from other person/corporation		**2,667**	283
Retail income		**14,584**	5,503
Profit from disposal of property, plant & equipment		**297**	2,165
Other income		**2,562**	1,313
		34,536	22,015
(iii) Expenses			
Depreciation of non-current assets		**12,500**	11,210
Amortisation of non-current assets		**3,801**	4,432
Employee benefits expenses		**3,879**	5,800

3. INCOME TAX EXPENSE

The effective income tax rate is 45%. This is due to CULS & CUPS redemption premium, CULS issue costs and share based payments being non deductible for tax.

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

(a) Dividends paid during the half-year			
Franked dividends		**-**	38,219
		-	38,219

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			
Expense of share-based payments		**(810)**	(43)
CULS redemption premium amortisation		**(16,537)**	-
CULS issue costs amortisation		**(6,421)**	-
CUPS redemption premium amortisation		**(2,557)**	-
		(26,325)	(43)

Notes continued

31 OCTOBER 2005	Metcash Ltd Group	
	October 2005	April 2005
	$'000	$'000
7. ISSUED CAPITAL		
(a). Ordinary shares:		
Issued and fully paid	**844,713**	846,832
	844,713	846,832
(b). Other items:		
Share-based payments	**1,034**	224
	1,034	224
Total Issued Capital	**845,747**	847,056

	2005 Number of shares	$'000
Movements in ordinary shares on issue		
At 1 May 2005	427,395,233	846,832
Issued during the year:		
- Exercise of employee options – 498,401 ordinary shares at 16.1 cents per share	498,401	80
- Exercise of employee options – 1,200 ordinary shares at 44 cents per share	1,200	1
- Exercise of employee options – 1,469,390 ordinary shares at 126.8 cents per share	1,469,390	1,863
- Exercise of employee options – 1,020,000 ordinary shares at 138.6 cents per share	1,020,000	1,414
- Exercise of employee options – 26,520 ordinary shares at 187 cents per share	26,520	50
- Exercise of employee options – shares not issued at period end		158
- Conversion of CULS (a)	73,597,894	-
- Transaction costs		(5,685)
At 31 October 2005	504,008,638	844,713

(a) 25% of CULS were converted to ordinary shares in Metcash Limited on 19 September 2005 on a 1 to 1 basis.

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.

Notes continued

31 OCTOBER 2005

8 SEGMENT INFORMATION (CONTINUED)

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000
Segment Revenue										
Sales to customers outside the consolidated entity	**1,786,743**	1,977,007	**509,378**	490,088	**1,150,400**	1,052,581	**-**	-	**3,446,521**	3,519,676
Other revenues from customers outside the consolidated entity	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Inter-segment revenues	**202,337**	226,515	**1**	16	**58,227**	64,887	**(260,565)**	(291,418)	**-**	-
Share of net profit of equity accounted investments	**752**	28	**-**	-	**-**	-	**-**	-	**752**	28
Unallocated revenue	**-**	-	**-**	-	**-**	-	**-**	-	**274,854**	244,780
Total segment revenue	**1,989,832**	2,203,550	**509,379**	490,104	**1,208,627**	1,117,468	**(260,565)**	(291,418)	**3,722,127**	3,764,484
Segment result	**72,351**	69,354	**9,092**	8,137	**14,009**	13,441	**-**	-	**95,452**	90,932
Unallocated expenses									**(39,752)**	(3,099)
Consolidated entity profit from ordinary activities before income tax expense									**55,700**	87,833
	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000
Segment Assets	**522,894**	519,416	**190,769**	203,895	**512,879**	443,736	**-**	-	**1,226,542**	1,167,047
Unallocated Assets									**590,463**	363,035
Total Assets									**1,817,005**	1,530,082
Segment Liabilites	**357,938**	353,328	**74,989**	67,953	**320,604**	280,644			**753,531**	701,925
Unallocated Liabilities									**1,027,578**	344,211
Total Liabilities									**1,781,109**	1,046,136

Notes continued

31 OCTOBER 2005

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000
Equity accounted investments included in segment assets	**45,783**	1,140	-	-	-	-	-	-	**45,783**	1,140
Acquisition of property, plant and equipment and intangible assets	**1,146**	61	**3,734**	567	**653**	158	-	-	**5,533**	786
Depreciation	**952**	1,484	**1,223**	1,323	**1,058**	693	-	-	**3,233**	3,500
Amortisation	**827**	667	**627**	436	**375**	322	-	-	**1,829**	1,425
Non-cash expenses other than depreciation	**290**	1,138	**293**	(1,128)	**1,939**	586	-	-	**2,522**	596

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. Geographically, the group and the Holding company operate predominantly in Australia. The New Zealand operations represent less than 10% of revenue, results and assets of the consolidated entity.

Notes to the Half-Year Financial Statements

9 EVENTS AFTER THE BALANCE SHEET DATE

(a). Acquisition of Foodland Associated Limited Australian Operations

Metcash is in the process of acquiring the Australian operations (excluding the Woolworths' Action stores) of Foodland Associated Limited (FAL).

Transfer Scheme Consideration
On 27 October 2005, details of the Transfer Scheme consideration was announced to the ASX. The final Metcash consideration payable to FAL shareholders (including adjustments for the net ATO refund of $14.4 million and the Multiplex payment of $3 million) is aprox. $1.1 billion. This means that FAL shareholders will be offered the following amounts from Metcash:

$6.45 per FAL share; or
2.10 Metcash shares per FAL share

Transfer Scheme, Capital Reduction and Demerger Scheme meeting
On 2 November 2005, the shareholders of FAL passed the Transfer Scheme, Capital Reduction and Demerger Scheme.

Transfer Effective Date
Court approval for the scheme was received on 9 November 2005. The Demerger and Transfer Effective Date is 10 November 2005.

Demerger Implementation Date and Transfer Implementation Date
The transfer of FAL to Metcash to take effect on 24 November 2005.

Metcash will acquire the Australian Operations of FAL (excluding the Woolworths Action stores) on this date for $1.1 billion.

The financial effects of the above transaction have not been brought to account at 31 October 2005. The operating results and assets and liabilities of FAL will be consolidated with effect from the date of control.

There has been no disclosure made in this financial report of the fair value of the assets and liabilities acquired as at the date of this financial report Metcash has not had access to the detailed books and records of FAL.

(b). Transfer of Metcash Trading Limited (MTT) shares from Soetensteeg 2-61 Exploitatiemaatschappij BV (Soetenteeg) to Metcash Limited (MTS)

The transfer of 52.79% of the issued shares in Metcash Trading Limited (MTT) from Soetensteeg to Metcash Limited (MTS) under the share sale agreement between Soetensteeg and MTS took place on 7 November 2005.

MTS will pay Soetensteeg, and Soetensteeg will loan this amount back to MTS. This transaction will be eliminated on consolidation.

The above transactions have not been brought to account at 31 October 2005.

(c). Declaration of Interim Dividend

The board of Metcash Ltd announced an interim Dividend on 31 October 2005 for the 2006 financial year of 5.5cents per ordinary share. The record date for the dividend is 9 November 2005. It is payable on 2 December 2005 and fully franked at 30%.

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 2005 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 23rd November 2005

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

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

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 2005.

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, a copy of which is included in the Directors' Report. In addition to our review of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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 31 October 2005 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

Neil Wykes
Partner
Sydney
Date: 23 November 2005

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

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

Auditor's Independence Declaration to the Directors of Metcash Limited

In relation to our review of the financial report of Metcash Limited for the half-year ended 31 October 2005, 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

Ernst & Young

Neil Wykes

Neil Wykes

Partner

Date: 23 November 2005

Rules 4.2A.3

Appendix 4D

Half-year report

Name of entity:

METCASH TRADING LIMITED ABN 61 000 031 569

For the period 1 May 2005 to 31 October 2005

The financial results reported herein reflect the consolidated data of Metcash Trading Limited and its subsidiaries (MTT) for the period 1 May 2005 to 31 October 2005.

For announcement to the market

MTT for the period 1 May 2005 to 31 October 2005

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

				$A'000
Revenues from ordinary activities	down	1%	to	3,721,702
Profit (loss) from ordinary activities after tax attributable to members	down	50%	to	30,360
Net profit (loss) for the period attributable to members ***	down	50%	to	30,360

For a detailed analysis of the trading results, please refer to the MTS Appendix 4D.

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend *(Half year report only)*	-	-
Previous corresponding period *(Half yearly report) - MTT*	5.5 c	5.5 c

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

The above numbers compare the MTT financial performance for the 26 weeks ended 31 October 2005 to the MTT financial performance for the 26 weeks ended 31 October 2004.

Earnings per security (EPS)

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

<u>MTT for 6 months</u>

Basic Earnings per share 4.11c

Diluted Earnings per share 4.11c

Earnings used in Basic and Diluted earnings per share = $30,360,000
· Weighted average number of ordinary shares (used in Basic EPS) = 739,129,828
· There have been no changes to ordinary shares since balance date
· Weighted average number of ordinary shares (used in diluted EPS) = 739,129,828
· Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted EPS = nil
· 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 MTT	Previous corresponding period MTT
2 Net tangible asset backing per ordinary security (cents)	72.05	38.77

Discontinuing Operations – MTT

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

3 Discontinuing Operations

None

Control gained over entities having material effect MTT

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)	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	-
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)	-
6.3	If it is a final dividend, has it been declared? *(Preliminary final 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 report only)				
6.4	**Final dividend:**	Current year - MTT	N/A	N/A	- c
6.5		Previous year – MTT	N/A	N/A	- c
	(Half yearly and preliminary final reports)				
6.6	**Interim dividend:**	Current year – MTT	- c	- c	- c
6.7		Previous year - MTT	5.50c	5.50 c	- c

Preliminary final report - final dividend (distribution) on all securities

		Current period - $A'000	Previous corresponding period - $A'000
6.10	Ordinary securities *(each class separately)*	-	MTT 35,123
6.11	Preference securities *(each class separately)*	-	-
6.12	Other equity instruments *(each class separately)*	-	-
6.13	**Total**	-	35,123

The dividend or distribution plans shown below are in operation.

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

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

None

Details of aggregate share of profits (losses) of associates and joint venture entities –MTT

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	752	28
7.2	Income tax on ordinary activities	-	-
7.3	**Profit (loss) from ordinary activities after tax**	**752**	**28**
7.4	Extraordinary items net of tax	-	-
7.5	**Net profit (loss)**	**752**	**28**
7.6	Adjustments	-	-
7.7	**Share of net profit (loss) of associates and joint venture entities**	**752**	**28**

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%	40%	93	28
Abacus Retail Property Trust	25%	N/a	-	-
Ritchies Stores Pty Ltd	26%	N/a	542	
Champions IGA	25.1%	N/a	117	
			-	-
8.2 Total			**752**	**28**
8.3 Other material interests			-	-
8.4 Total			**752**	**28**

Issued and quoted securities at end of current period – Metcash Trading Limited (MTT)

(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	**739,129,828**	**739,129,828**	**-**	**-**
9.4 Changes during current period				
(a) Increases through conversion of employee options				
(a) Increases through conversion of employee options				
(a) Increases through conversion of employee options				
(a) Increases through conversion of employee options				
(a) Increases through conversion of CULS				
(b) Decreases through returns of capital, buybacks	-	-	-	-
9.5 Convertible debt securities (MTT) *(description and conversion factor)*	**(description and conversion factor)**	**-**	**-**	**-**
CULS				
CUPS				
9.6 Changes during current period				
(a) Increases 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)
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
9.8	Issued during current period	-	-	-	-
9.9	Exercised during current period	-	-	-	-
9.9		-	-	-	-
9.9		-	-	-	-
9.9		-	-	-	-
9.10	Expired during current period	-	-		

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.	-	-

(Preliminary final 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. *(Half yearly report 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: 23rd November 2005
(Secretary)

Print name: J A Randall.

Metcash Trading Limited

ABN 61 000 031 569

Half-Year Financial Report

for the half-year ended 31 October 2005

Corporate Information

ABN 61 000 031 569

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

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

Contents

Directors' Report

Your directors submit their report for the half-year ended 31 October 2005.

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)
Michael R Jablonski
Edwin M Jankelowitz
V Dudley Rubin
Peter L Barnes
Richard A Longes
Bernard J Hale
Joao Louis S Jardim (Lou Jardin)
Michael Wesslink

REVIEW AND RESULTS OF OPERATIONS

Consolidated net profit after income tax for the half-year was $30,360,000 (2004: $60,862,000).

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 23rd November, 2005

Condensed Income Statement

FOR HALF-YEAR ENDED 31 OCTOBER 2005	Notes	Metcash Trading Group	
		2005	2004
		$'000	$'000
CONTINUING OPERATIONS			
Revenue	2(a)	**3,446,521**	3,519,676
Revenue from suppliers		**241,371**	222,738
Cost of sales		**(3,387,982)**	(3,444,825)
GROSS PROFIT		**299,910**	297,589
Other income	2(a)	**33,059**	22,015
Other expenses	2(a)	**(237,145)**	(227,607)
Share of profit of associates		**752**	28
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX AND FINANCE COSTS		**96,576**	92,025
Finance costs:			
-Amortisation of CULS redemption premium	6	**(16,537)**	-
-Amortisation of CULS issue costs	6	**(6,421)**	-
-Amortisation of CUPS redemption premium	6	**(2,557)**	-
-Other finance costs		**(15,835)**	(4,192)
PROFIT BEFORE INCOME TAX		**55,226**	87,833
Income tax expenses	3	**(24,866)**	(26,971)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	1(e) (ii)	**30,360**	60,862
NET PROFIT ATTRIBUTABLE TO MEMBERS OF METCASH LIMITED		**30,360**	60,862
Earnings per share (cents per share)			
- basic earnings per share		**4.11**	7.9
- basic earnings per share from continuing operations		**4.11**	7.9
- diluted earnings per share		**4.11**	7.8
- diluted earnings per share from continuing operations		**4.11**	7.8
- franked dividends paid per share		**0**	6.0

Condensed Balance Sheet

AS AT 31 OCTOBER 2005	Notes	Metcash Trading Group	
		AS AT 31 OCTOBER 2005	AS AT 30 APRIL 2005
		$'000	$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**160,690**	143,904
Trade and other receivables		**1,447,085**	1,566,289
Inventories		**421,687**	392,802
Other		**9,736**	9,707
		2,039,198	2,112,702
Non-current assets classified as held for sale		**206**	206
TOTAL CURRENT ASSETS		**2,039,404**	2,112,908
NON-CURRENT ASSETS			
Receivables		**10,817**	29,814
Investment in associates accounted for using the equity method		**45,783**	2,450
Other financial assets		**6,541**	4,121
Property, plant and equipment		**124,563**	129,073
Deferred income tax assets		**5,899**	8,174
Intangible assets		**267,888**	266,058
Other		**7,873**	11,570
TOTAL NON-CURRENT ASSETS		**469,364**	451,260
TOTAL ASSETS		**2,508,768**	2,564,168
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**847,705**	744,927
Interest-bearing loans and borrowings		**6,972**	7,995
Income tax payable		**19,165**	21,103
Provisions		**31,678**	30,977
TOTAL CURRENT LIABILITIES		**905,520**	805,002
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**350,638**	352,469
Convertible, redeemable, subordinated, unsecured loan notes (CULS)		**380,975**	567,910
Convertible undated preference shares (CUPS)		**52,557**	50,000
Provisions		**18,670**	18,838
TOTAL NON-CURRENT LIABILITIES		**802,840**	989,217
TOTAL LIABILITIES		**1,708,360**	1,794,219
NET ASSETS		**800,408**	769,949
EQUITY			
Parent entity interest			
Issued Capital	7	**847,120**	847,056
Reserves		**13,975**	13,939
Retained profits		**(60,686)**	(91,046)
Total parent entity interest in equity		**800,408**	769,949
TOTAL EQUITY	1(e) (ii)	**800,408**	769,949

Condensed Cash Flow Statement

FOR HALF-YEAR ENDED 31 OCTOBER 2005	Notes	Metcash Trading Group	
		2005	2004
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**4,023,423**	4,090,532
Payments to suppliers and employees		**(3,860,200)**	(3,996,108)
Dividend received		**293**	-
Interest received		**1,191**	283
Borrowing costs		**(15,836)**	(4,192)
Income tax paid		**(24,539)**	(27,096)
Goods and services tax paid		**(40,990)**	(49,993)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**83,352**	13,426
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**298**	3,461
Purchase of property, plant and equipment		**(10,196)**	(18,764)
Loans repaid by other entities		**14**	59
Payment of deferred acquisition costs		**(2,354)**	
Payment on acquisition of businesses		**(2,746)**	(7,103)
Payment on acquisition of associates		**(42,876)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(57,860)**	(22,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**-**	904
Proceeds from borrowings - other		**-**	110,000
Repayments of borrowings - other		**-**	(75,000)
Payment of dividends on ordinary shares		**-**	(38,219)
Payment of funding costs		**(4,119)**	-
Repayment of finance lease principal		**(4,623)**	(4,271)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(8,742)**	(6,586)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**16,750**	(15,507)
Add opening cash brought forward		**143,904**	33,651
Effects of exchange rate changes on cash		**36**	973
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**160,690**	19,117

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 OCTOBER 2005

	Attributable to equity holders of Metcash Trading Limited				Total Equity
METCASH TRADING GROUP	Contributed equity $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2004	562,200	(111,294)	12,777	(185)	463,498
Currency translation differences	-	-	-	973	973
Profit for the period	-	60,847	-	-	60,847
Exercise of options	904	-	-	-	904
Unrealised rebates adjusted to Inventory	-	15	-	-	15
Cost of share-based payment	43	-	-	-	43
Equity dividends	-	(38,219)	-	-	(38,219)
At 31 October 2004	563,147	(88,651)	12,777	788	488,061

	Attributable to equity holders of Metcash Trading Limited				Total Equity
METCASH TRADING LTD GROUP	Contributed equity $'000	Retained Earnings $'000	Capital Reserves $'000	Foreign Currency Translation Reserve $'000	$'000
At 1 May 2005	847,056	(91,046)	12,777	1,162	769,949
Currency translation differences	-	-	-	36	36
Profit for the period	-	30,360	-	-	30,360
Exercise of options	-	-	-	-	-
Cost of share-based payment	64	-	-	-	64
Share funding costs	-	-	-	-	
At 31 October 2005	847,120	(60,686)	12,777	1,198	800,409

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

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 Trading Limited as at 30 April 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year report be considered together with any public announcements made by Metcash Trading Limited and its controlled entities during the half-year ended 31 October 2005 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.

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

(b) Statement of compliance

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

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 October 2004 and full-year ended 30 April 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliation of:
- AIFRS equity as at 1 May 2004, 31 October 2004 and 30 April 2005; and
- AIFRS profit for the half-year 31 October 2004 and full year 30 April 2005,

to the balances reported in the 31 October 2004 half-year report and 30 April 2005 full year financial report prepared under AGAAP are detailed in Note 1(e) below.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Metcash Trading Limited (the parent entity) and its subsidiaries.

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. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Metcash Limited has control.

There were no acquisitions of subsidiaries during the reporting period.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(ii) Foreign currency translation

Translation of foreign currency transactions

Both the functional and presentation currency of Metcash Trading 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 whether there is a hedge or not.

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$).

As at the reporting date the assets and liabilities of the overseas subsidiary are translated into the presentation currency of Metcash Trading Limited at the rate if 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.

(iii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash on hand and in banks and money market investments with an original maturity of 1 working day.

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

(iv) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(v) Investments

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.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(v) Investments (continued)

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.

(vi) 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. Both the associates and the Group are using consistent accounting policies.

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. 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.

(vii) Inventories

Inventories of finished goods are carried 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.

(viii) Property, plant and equipment

Cost and valuation

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

Depreciation

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

Major depreciation periods are:	**2005**	**2004**
Freehold buildings:	50 years	50 years
Plant and equipment:	5 - 15 years	5 - 15 years

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(viii) Property, plant and equipment (continued)

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

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

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

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

Directors' valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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.

(ix) Recoverable amount of assets

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

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

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

(x) 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

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

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(x) 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.

(xi) 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.

(xii) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. 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 income statement through the 'other expenses' line item.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xii) Other non-current assets

Costs for raising loan facilities yet to be drawn down, are capitalised and amortised over the life of the facility.

(xiiii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being 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. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are de-recognised and as well as through the amortisation process.

Finance lease liability is determined in accordance with the requirements of AASB 117 "Leases".

The Convertible, Redeemable, Subordinated, Unsecured Loan Notes (CULS) and the Convertible non-cumulative redeemable preference shares ('CUPS') have been classified as non-current liabilities even though the CULS will be redeemed on 19 December 2005 and the CUPS were repurchased on 18 November 2005. The redemption and the repurchase will be funded by an existing non-current revolving syndicated facility.

(xiv) Convertible non-cumulative redeemable preference shares ('CUPS')

The component of the convertible non-cumulative redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs.

On the issue of the convertible non-cumulative redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost.

The corresponding equity dividends on those shares are charged as a distribution of income.

Issue costs are apportioned between the liability and equity components of the convertible noncumulative redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(xv) Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, 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 finance 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 shareholders.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xvi) Share-based payment transactions

The Group provides benefits to employees (including 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 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.

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

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

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

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.

(xvii) Revenue

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 occurred.

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.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(c) Summary of significant accounting policies (continued)

(xviii) Income tax

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting 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 deductable 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 deductable 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 deductable 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 deductable 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.

(xix) 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 are classified as operating cash flows.

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

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(d) AASB 1 Transition exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' (AIFRS) as follow:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS

Share-based payment transactions

AASB 2 'Shared-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 May 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has not elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below:

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

	Metcash Trading Ltd Group		
	30 April 2005	31 October 2004	1 May 2004
	$'000	$'000	$'000
Total equity under AGAAP	763,588	483,946	470,155
Adjustments to equity:			
Write-back of goodwill amortisation (A)	21,763	10,757	-
Unrealised rebates adjusted to Inventory (B)	(9,006)	(9,489)	(9,510)
CULS amortisation (C)	(9,098)		
Tax effect of the above adjustments (D)	2,702	2,847	2,853
Total equity under AIFRS	769,949	488,061	463,498

(A) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(B) AASB 118 – Revenue & UIG 1002 Inventory Rebates and Settlement Discounts require rebates to be deducted from the cost of inventory.

(C) In line with AASB132 'Financial Instruments: Presentation and Disclosure', the redemption premium associated with the CULS is required to be accrued for over the life of the instrument.

(D) The tax effect of adjustment (B) led to an increase in the deferred tax liability.

Notes to the Half-Year Financial Statements

31 OCTOBER 2005

(e) Impact of adoption of AIFRS (continued)

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

	Metcash Trading Group	
	Year ended 30 April 2005 $'000	Half-Year ended 31 October 2004 $'000
Profit after tax as previously reported	110,195	50,133
Cost of share-based payments (A)	(187)	(43)
Write-back of goodwill amortisation (B)	21,763	10,757
Unrealised rebates adjusted to Inventory (C)	483	21
CULS amortisation (D)	(9,098)	-
Tax effect of the above adjustments (E)	(145)	(6)
Profit after tax under AIFRS	123,011	60,862

(A) Under AASB 2 'Share-Based Payments', costs of equity-settled share-based payment transactions are recognised as expenses with a correspondent increase in equity.

(B) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(C) AASB 118 – Revenue & UIG 1002 Inventory Rebates and Settlement Discounts require rebates to be deducted from the cost of inventory.

(D) In line with AASB132 'Financial Instruments: Presentation and Disclosure', the redemption premium associated with the CULS is required to be accrued for over the life of the instrument.

(E) The tax effect of adjustment (C) has resulted in a reduction of $145,000 in deferred tax expense for the half-year ended 31 October 2005.

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Notes continued

31 OCTOBER 2005	Notes	Metcash Trading Ltd Group October 2005 $'000	Metcash Trading Ltd Group October 2004 $'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		**3,446,521**	3,519,676
		3,446,521	3,519,676
(ii) Other income			
Rent		**14,426**	12,751
Interest from other person/corporation		**1,190**	283
Retail income		**14,584**	5,503
Profit from disposal of property, plant & equipment		**297**	2,165
Other income		**2,561**	1,313
		33,058	22,015
(iii) Expenses			
Depreciation of non-current assets		**12,500**	11,210
Amortisation of non-current assets		**3,801**	4,432
Employee benefits expenses		**3,879**	5,800

3. INCOME TAX EXPENSE

The effective income tax rate is 45%. This is due to CULS & CUPS redemption premium, CULS issue costs and share based payments being non deductible for tax.

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

(a) Dividends paid during the half-year		
Franked dividends	**-**	38,219
	-	38,219

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		
Expense of share-based payments	**(144)**	(43)
CULS redemption premium amortisation	**(16,537)**	-
CULS issue costs amortisation	**(6,421)**	-
CUPS redemption premium amortisation	**(2,557)**	-
	(25,659)	(43)

Notes continued

31 OCTOBER 2005	Metcash Trading Ltd Group	
	October 2005	April 2005
	$'000	$'000
7. ISSUED CAPITAL		
(a). Ordinary shares:		
Issued and fully paid	**846,976**	846,976
	846,976	846,976
(b). Other items:		
Share-based payments	**144**	-
	144	-
Total Issued Capital	**847,120**	846,976

	2005 Number of shares	$'000
Movements in ordinary shares on issue		
At 1 May 2005	739,129,828	846,976
Issued during the year	-	-
At 31 October 2005	739,129,828	846,976

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.

Notes continued

31 OCTOBER 2005

8 SEGMENT INFORMATION (CONTINUED)

Business segments	Food Distribution		Cash and Carry Distribution		Liquor Distribution		Eliminations		Consolidated	
	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000
Segment Revenue										
Sales to customers outside the consolidated entity	**1,786,743**	1,977,007	**509,378**	490,088	**1,150,400**	1,052,581	**-**	-	**3,446,521**	3,519,676
Other revenues from customers outside the consolidated entity	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Share of net profit of equity accounted Investments	**752**	28	**-**	-	**-**	-	**-**	-	**752**	28
Intersegment revenues	**202,337**	226,515	**1**	16	**58,227**	64,887	**(260,565)**	(291,418)	**-**	-
Unallocated revenue	**-**	-	**-**	-	**-**	-	**-**	-	**274,429**	244,808
Total segment revenue	**1,989,832**	2,203,550	**509,379**	490,104	**1,208,627**	1,117,468	**(260,565)**	(291,418)	**3,721,702**	3,764,484
Segment result	**72,351**	69,354	**9,092**	8,137	**14,009**	13,441	**-**	-	**95,452**	90,932
Unallocated expenses									**(40,226)**	(13,828)
Consolidated entity profit from ordinary activities before income tax expense									**55,226**	77,104
	October 2005 $'000	**October 2004 $'000**	**October 2005 $'000**	**October 2004 $'000**	**October 2005 $'000**	**October 2004 $'000**	**October 2005 $'000**	**October 2004 $'000**	**October 2005 $'000**	**October 2004 $'000**
Segment Assets	522,894	519,416	190,769	203,895	512,879	443,736			1,226,542	1,167,047
Unallocated Assets									1,282,226	363,035
Total Assets									2,508,768	1,530,082
Segment Liabilites	357,938	353,328	74,989	67,953	320,604	280,644			753,531	701,925
Unallocated Liabilities									954,829	344,211
Total Liabilities									1,708,360	1,046,136

Notes continued

31 OCTOBER 2005

	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000	October 2005 $'000	October 2004 $'000
Investment in equity method associates included in segment assets	45,783	1,140							45,783	1,140
Acquisition of property, plant and equipment and intangible assets	1,146	61	3,734	567	653	158			5,533	786
Depreciation	952	1,484	1,223	1,323	1,058	693			3,233	3,500
Amortisation	827	667	627	436	375	322			1,829	1,425
Non-cash expenses other than depreciation	290	1,138	293	(1,128)	1,939	586			1,414	596

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. Geographically, the group and the Holding company operate predominantly in Australia. The New Zealand operations represent less than 10% of revenue, results and assets of the consolidated entity.

Notes to the Half-Year Financial Statements

9 EVENT AFTER THE BALANCE SHEET DATE

(a). Acquisition of Foodland Associated Limited Australian Operations

Metcash is in the process of acquiring the Australian operations (excluding the Woolworths' Action stores) of Foodland Associated Limited (FAL).

Transfer Scheme Consideration
On 27 October 2005, details of the Transfer Scheme consideration was announced to the ASX. The final Metcash consideration payable to FAL shareholders (including adjustments for the net ATO refund of $14.4 million and the Multiplex payment of $3 million) is aprox $1.1 billion. This means that FAL shareholders will be offered the following amounts from Metcash:

$6.45 per FAL share; or
2.10 Metcash shares per FAL share

Transfer Scheme, Capital Reduction and Demerger Scheme meeting
On 2 November 2005, the shareholders of FAL passed the Transfer Scheme, Capital Reduction and Demerger Scheme.

Transfer Effective Date
Court approval for the scheme was received on 9 November 2005. The Demerger and Transfer Effective Date is 10 November 2005.

Demerger Implementation Date and Transfer Implementation Date
The transfer of FAL to Metcash to take effect on 24 November 2005.

Metcash will acquire the Australian Operations of FAL (excluding the Woolworths Action stores) on this date for $1.1 billion.

The financial effects of the above transaction have not been brought to account at 31 October 2005. The operating results and assets and liabilities of FAL will be consolidated with effect from the date of control.

There has been no disclosure made in this financial report of the fair value of the assets and liabilities acquired as at the date of this financial report Metcash has not had access to the detailed books and records of FAL.

(b). Transfer of Metcash Trading Limited (MTT) shares from Soetensteeg 2-61 Exploitatiemaatschappij BV (Soetenteeg) to Metcash Limited (MTS)

The transfer of 52.79% of the issued shares in Metcash Trading Limited (MTT) from Soetensteeg to Metcash Limited (MTS) under the share sale agreement between Soetensteeg and MTS took place on 7 November 2005.

MTS will pay Soetensteeg, and Soetensteeg will loan this amount back to MTS. This transaction will be eliminated on consolidation.

The above transactions have not been brought to account at 31 October 2005.

(c). Purchase of Convertible Undated Preference Shares (CUPS)

On the 18 November 2005, Metcash Limited purchased 100% (500,000) of the CUPS from Deutsche Bank AG for $52.557m. The consideration was at the face value plus a redemption premium of $2.557m.

Directors' Declaration

In accordance with a resolution of the directors of Metcash Trading Limited, 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 2005 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 23 November, 2005

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

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

Independent review report to members of Metcash Trading 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 Trading Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 October 2005.

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, a copy of which is included in the Directors' Report. In addition to our review of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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 Trading 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 31 October 2005 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
Date: 23 November 2005

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

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

Auditor's Independence Declaration to the Directors of Metcash Trading Limited

In relation to our review of the financial report of Metcash Trading Limited for the half-year ended 31 October 2005, 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

Ernst & Young

Neil Wykes

Partner

Date: 23 November 2005