



Metcash Limited

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NSW 2113 Australia

5 May 2014

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

Dear Sir/Madam

METCASH - ATO SETTLEMENT

Metcash and the Australian Taxation Office (ATO) have settled the dispute arising from the tax audit of the Company's income tax returns for the 2005 - 2008 income years.

While the precise terms of the settlement are confidential and made without concession or admission of liability, Metcash will receive a partial refund of the \$24.4m tax paid in June/July 2011. The income tax expense of \$10.8m arising from the settlement will be treated as a non-recurring significant item in the Company's FY14 financial statements.

Metcash has previously advised the market that it was subject to an income tax audit resulting in two disputed items:

- A disputed tax liability arising from the loss on sale of various ex-Action Supermarket retail businesses acquired as part of the acquisition of Foodland Associated Limited (FAL), which were sold as part of Metcash's ongoing business activities to enhance Australia's independent retailer network; and
- A disputed tax liability arising from the denial of foreign tax credits for taxes paid in South Africa by Metcash's foreign subsidiaries on intercompany loans during the 2006 and 2007 years.

In addition, the ATO has concluded its Pre-Lodgement Compliance Reviews of the 2013 and 2014 years with no adverse findings for Metcash. The Company and the ATO are now up to date in their review of Metcash's income tax affairs. This outcome provides income tax certainty for all past income years.

The ATO has advised that it now views Metcash as a lower risk taxpayer for income tax under the Risk Differentiation Framework (RDF), being the lowest possible risk rating.

For further information please call Adrian Gratwicke, Chief Financial Officer on (02) 9741 3248.

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Watson", is written over a large, stylized, looped graphic element that resembles a signature flourish or a large letter 'G'.

Greg Watson
Company Secretary