

METRO Finance B.V.

Financial Statements
2010

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Report of the Board of Supervisory Directors

Pursuant to the Articles of Association we are pleased to submit the financial statements for the year 2010 as drawn up by the Board of Managing Directors for your adoption.

The financial statements, which both the Board of Supervisory Directors and the Board of Managing Directors have signed, have been audited by KPMG Accountants N.V. The auditor's report is included in the other information section.

We recommend you to adopt the financial statements.

Venlo (the Netherlands), 14 April 2011

The Board of Supervisory Directors,

O. Koch

T. Grad

H. Sachs

Report of the Board of Managing Directors

The Board of Managing Directors of the company hereby presents its financial statements for the financial year ended on 31 December 2010.

Overview

METRO Finance B.V. ("the Company") operates as a finance company within the METRO Group. The ultimate parent company of this group is METRO AG which is incorporated in Düsseldorf, Germany and which also is the sole shareholder of the Company.

The main activities of Metro Finance B.V. consist of attracting loans for long-term funding of METRO AG. and Metro Group companies as well as hedging of related interest rate and currency risks.

The operating business of the company developed in line with the expectations of management. METRO Finance B.V.'s activities are strongly focused on the financial needs of METRO subsidiaries worldwide. The company faces a stable development in 2010 with a slight increase in the total assets by EUR 7.5 million to EUR 2,557 million (0,3 % increase).

Shareholder's equity increased from EUR 32.0 million to EUR 35,8 million. The net interest margin has increased by 6.5 % to EUR 5,694 million. The net result for the financial year ended 31 December 2010 amounted to EUR 3,812 million. No dividends were paid during 2010.

As a financial service company, METRO Finance B.V. faces financial risks. These include in particular price risks, liquidity risks and cash flow risks. Price risks result from the impact of changes in market interest rates or exchange rates on the fair value of financial instruments. Interest and currency risks are substantially managed and hedged to the required risk profile, as described in the principles laid down in the internal treasury guidelines of the METRO Group. Like in previous years, foreign exchange exposure has been completely hedged into EUR via derivatives. Since the company is obliged to follow the financial strategic objectives of METRO AG, potential interest risk positions are covered contractually by METRO AG.

Due to guarantees of METRO AG, METRO Finance B.V. has access to sufficient liquidity reserves so that there is no danger of liquidity risk even if an unexpected event has a negative financial impact on the company's liquidity situation. A future change in interest rates may cause cash flows from variable interest rate asset and debt items to fluctuate.

The finance department of METRO AG accounts for these risks by defining a benchmark for the relationship between variable and fixed-interest on a METRO Group level. Potential risk positions are covered through the service agreement with METRO AG where a certain interest spread is guaranteed.

Statement of responsibility

Further to the requirements set out in Article 5:525c sub 2c of the “Wet Financieel Toezicht (Wft)”, the members of the Board of Managing Directors of the Company hereby state that, to our best knowledge:

- the financial statements for the year ended 31 December 2010 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the report of the Board of Managing Directors gives a true and fair view of the status of the Company as per the balance sheet date and the state of affairs during the financial year to which the report relates; and
- the report of the Board of Managing Directors includes a description of the substantial risks the issuer is facing.

Outlook

For 2011 the management expects a stable development of METRO Finance B.V.’s business volume. Since the beginning of the financial crisis in 2008 the markets have calmed down but will be monitored closely. Maturing obligations will be refinanced on the capital markets depending on market conditions. The net interest margin will be primarily influenced by new credit allocation to METRO subsidiaries, alterations of the short and long term interest rates and the margins of capital market instruments.

Venlo (The Netherlands), 14 April 2011

The Board of Managing Directors,

H. Laaks

O. Kruse

H.-D. Hinker

J.E. van de Laar

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Balance sheet as at 31 December 2010

(Before profit appropriation)

		2010		2009	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Noncurrent assets					
Tangible assets	1	35		28	
Financial assets	2	1,454,047		1,229,206	
			1,454,082		1,229,234
Current assets					
Loans and receivables	4	1,102,536		1,319,904	
Cash and cash equivalents	5	64		23	
			1,102,600		1,319,927
			2,556,682		2,549,161
Shareholders' equity					
Share capital	6	453		453	
Share premium		6,324		6,324	
Retained earnings		25,211		21,509	
Net result for the year		3,812		3,702	
			35,800		31,988
Noncurrent liabilities					
Bonds	7	1,021,067		1,768,943	
Promissory note loans	8	699,474		699,097	
Deferred tax liabilities	3	8		0	
			1,720,549		2,468,040
Current liabilities					
Bonds	9	790,219		40,604	
Promissory note loans	10	8,475		8,362	
Income taxes		54		105	
Other liabilities	11	1,585		62	
			800,333		49,133
			2,556,682		2,549,161

The notes on page 10 to 31 are an integral part of these financial statements

Statement of income for the year 2010

		2010		2009	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial income	<i>12</i>	134,239		135,445	
Financial expenses	<i>13</i>	128,545		130,100	
		<hr/>		<hr/>	
Net financial income			5,694		5,345
Other income	<i>14</i>		798		696
Operating expenses					
Amortisation and depreciation charges		10		9	
Wages and salaries	<i>15</i>	631		595	
Other expenses	<i>16</i>	734		468	
		<hr/>		<hr/>	
			1,375		1,072
			<hr/>		<hr/>
Result before taxation			5,117		4,969
Income tax	<i>17</i>		1,305		1,267
			<hr/>		<hr/>
Net result for the year			3,812		3,702
			<hr/>		<hr/>
Attributable to:					
- Shareholders of the company			3,812		3,702
- Minority interest			-		-
			<hr/>		<hr/>
Net result for the year			3,812		3,702
			<hr/>		<hr/>

The notes on page 10 to 31 are an integral part of these financial statements

Statement of recognized income and expense for the year 2010

	2010 EUR 1,000	2009 EUR 1,000
Other comprehensive income directly recognised in equity	–	–
Net result for the year	3,812	3,702
Total comprehensive income for the year	3,812	3,702
Comprehensive income attributable to:		
- Shareholders of the company	3,812	3,702
- Minority interest	–	–
Total comprehensive income for the year	3,812	3,702

The notes on page 10 to 31 are an integral part of these financial statements

Statement of changes in equity 2010

	Share capital EUR 1,000	Share premium EUR 1,000	Retained Earnings EUR 1,000	Net result for the year EUR 1,000	Total EUR 1,000
1 January 2009	453	6,324	17,587	3,922	28,286
Appropriation of the net results for the year ended 31 December 2008	–	–	3,922	(3,922)	–
Net result for the year	–	–	–	3,702	3,702
31 December 2009	453	6,324	21,509	3,702	31,988
Appropriation of the net results for the year ended 31 December 2009	–	–	3,702	(3,702)	–
Net result for the year	–	–	–	3,812	3,812
31 December 2010	453	6,324	25,211	3,812	35,800

The notes on page 10 to 31 are an integral part of these financial statements

Cash flow statement for the year 2010

		2010		2009 ¹⁾
		EUR 1,000	EUR 1,000	EUR 1,000
Result before taxation ²⁾		5,117		4,969
Adjustments for:				
• Depreciation	<i>I</i>	10		9
		<u>5,127</u>		<u>4,978</u>
Change in other working capital		14,191		12,140
		<u>19,318</u>		<u>17,118</u>
Cash generated from operations				
Corporate income tax paid		(1,348)		(1,264)
		<u></u>		<u></u>
Cash flow from operating activities			17,970	15,854
Investments in tangible assets	<i>I</i>	(17)		(26)
Disposals of tangible assets		–		24
Raising of financial assets / prolongations				
Metro Group companies	<i>2</i>	(697,686)		(978,217)
Redemption of financial assets Metro Group companies	<i>2/4</i>	695,347		977,232
		<u></u>		<u></u>
Raising of financial assets / prolongations third parties	<i>2</i>	(50,681)		(19,298)
Redemption of financial assets third parties	<i>2/4</i>	35,108		1,671
		<u></u>		<u></u>
Cash flow from investing activities			(17,929)	(18,614)
Raising of financial liabilities		–		23,606
Redemption of financial liabilities		–		(20,825)
		<u></u>		<u></u>
Cash flow from financing activities			–	2,781
Changes in cash & cash equivalents		41		21
Cash & cash equivalents January 1		23		2
		<u></u>		<u></u>
Cash & cash equivalents December 31		<u>64</u>		<u>23</u>

The notes on page 10 to 31 are an integral part of these financial statements

¹⁾ The 2009 figures have been adjusted for comparison reasons

²⁾ The result before taxation contains the following cash items, interest paid EUR 126,846 (2009: EUR 129,405) and interest received EUR 143,873 (2009: EUR 146,143)

Notes to the 2010 financial statements

Summary of significant accounting policies

General

METRO Finance B.V. (“the Company”), domiciled in Venlo, was incorporated on October 3, 1984 as a Dutch company with limited liability (“B.V. = Besloten Vennootschap”). The financial year equals the calendar year.

Group structure

METRO Finance B.V. belongs to the METRO Group. The ultimate parent company of this group is METRO AG which is incorporated in Düsseldorf, Germany which is also the sole shareholder of the company. The financial statements of Metro Finance B.V. have been included in the consolidated financial statements of Metro AG for the year ended 31 December 2010.

Activities

METRO Finance B.V. operates as a finance company within the METRO Group. Its main activities consist of attracting loans for funding of METRO AG and METRO Group companies as well as hedging of related interest rate and currency risks.

Accounting principles

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements were authorized for issue by the board of Managing Directors on 14 April 2011. The accounting principles as set out below have been applied in preparing the financial statements for the year ended December 31, 2010 and the comparative information presented in these financial statements. The date of transition to IFRS, being the beginning of the earliest period for which full comparative information under IFRS is presented, is January 1, 2008. An explanation on how the transition to IFRS has affected the financial statement captions has been provided in note 25 as included in these financial statements.

These financial statements have been based on the historical cost convention, except for financial instruments that are recognised at fair value. The financial statements have been prepared in Euros. All amounts are stated in thousands of euros. The accounting principles used as a basis for the financial statements have been described in the following paragraphs.

Going concern

There are no indications to doubt the continuity of either the Company or the sole shareholder Metro AG. Therefore the going concern assumption was applied during the preparation of these financial statements.

Currency translation

Transactions denominated in currencies other than euro (functional currency) are translated at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in currencies other than euro are translated at the rate of exchange prevailing on balance sheet date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euros at the applicable exchange rates on the transaction date. The resulting exchange rate differences are credited or charged to the statement of income.

The following currency exchange rates were applied in the translation of the key currencies to euro:

	Average 2010	Average 2009	31 December 2010	31 December 2009
Romanian Leu (RON)	4.21160	4.23794	4.26200	4.23630
Great Britain Pounds(GBP)	0.85836	0.89129	0.86075	0.88810

Balance sheet

Non current assets

Tangible assets

Tangible fixed assets used in operations for a period that exceeds one year are recognised at cost less scheduled depreciations. Tangible assets are depreciated solely on a straight line basis, taking into account the following useful lives:

- Computer system : 3-5 years
- Cars : 5 years
- Computer license : 6 years
- Office equipment : 5-8 years

Assets are impaired in case the recoverable amount is below the book value.

Financial Assets

Financial assets held by the Company are recognised in accordance with IAS 39 (Financial instruments: Recognition and Measurement). Financial assets are initially recognised at fair value.. Subsequently financial assets are measured at either amortised cost or fair value, depending on the applicable categorisation in accordance with IAS 39. The Company applies value date accounting.

Derivative financial instruments are measured at fair value with fair value movements in the statement of income.

Income and deferred tax

Income taxes concern direct taxes on income.

Deferred taxes are determined in accordance with IAS 12, based on which future tax benefits and liabilities are recognised in case these are related to temporary difference between the commercial and fiscal base of recognition. Anticipated future tax savings due to compensating fiscal loss carry forwards, that are expected to be realised in the foreseeable future, are capitalised.

Deferred tax assets and liabilities are netted if these relate to an identical (group of) topics and subjects that are jointly assessed for income tax purposes by the same tax authority.

Current Assets

Loans and receivables

Loans are classified as “loans and receivables” and therefore recognised at amortised cost based on the effective interest method, decreased by the impairment adjustment if applicable.

Cash and Cash equivalents

Cash and cash equivalents comprise bank deposits and monetary assets with a remaining time to maturity of 3 months and are measured at amortised cost, which equals nominal values unless stated otherwise.

Other assets

”Other assets” include deferred expense, as well as derivative financial instruments with a time to maturity that does not exceed 12 months. Derivative financial instruments are measured at fair value with fair value movements recognised in the statement of income.

Impairment or disposal of assets

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit and loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognized through unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Liabilities

Noncurrent liabilities

Noncurrent liabilities are either "loans and borrowings" or derivative financial instruments with a time to maturity that exceeds 12 months, that are recognised in accordance with IAS 39 (Financial instruments: Recognition and Measurement).

Loans and borrowings consist of bonds, promissory note loans and bank loans that are initially recognised at fair value. Subsequently "loans and borrowings" are measured at amortised cost using the effective interest method in accordance with IAS 39. The amortised cost basis for financial liabilities designated as a hedged item in a fair value hedge relationship is increased with an amount that represents the effective part of the fair value movement of the hedging instrument designated in the fair value hedge relationship.

Derivative financial instruments are measured at fair value with fair value movements recognised in the statement of income.

Current liabilities

Current liabilities include (parts of the) loans and borrowings with times to maturity that do not exceed 12 months, income tax liabilities and "other liabilities".

"Other liabilities" include deferred income, accrued expenses and derivative financial instruments measured at fair value or amortised cost, for which the period to maturity does not exceed 12 months. Deferred income and accrued expenses are valued at cost. Derivative financial instruments are valued at fair value.

Contingent liabilities

Contingent liabilities are, on one hand, potential obligations arising from past events whose existence is confirmed only by occurrence or non-occurrence of uncertain future events that are not entirely under the Company's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of resources is not considered probable or whose size cannot be determined with reasonable certainty. According to IAS 37 (provisions, contingent liabilities and contingent assets), such liabilities are not recognised but commented upon in the notes.

Accounting for derivative financial instruments / hedge accounting

Derivative financial instruments are used exclusively to reduce risks in accordance with the respective group guidelines. Usage is limited to foreign exchange spot and forward transactions, interest rate swaps and cross currency swaps.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and presented under "current assets" or "current liabilities" or "other assets" or "other liabilities" in case the remaining period to maturity does not exceed twelve months. Fair value changes are recognised directly in the statement of income. The Company does not apply cash flow hedge accounting.

In case (interest rate) fair value hedge accounting is applied, the hedged item is adjusted to reflect the effective part of the fair value change of the hedging instrument with an offsetting amount to be included in the statement of income. Both at the hedge inception and at each reporting date, we assess whether the derivatives used are highly effective in offsetting changes in fair values or cash flows of hedged items. When a derivative is not highly effective, we discontinue hedge accounting prospectively. In case the fair value hedge is de-designated, the remaining fair value adjustment on the hedged item is amortised over the remaining time to maturity using the effective interest rate at date of de-designation.

Use of assumptions and estimates

In general financial statements are prepared using assumptions and estimates that had an effect on the value and presentation of the reported assets, liabilities, income and expense as well as contingent liabilities. In the context of the Company financial statements, estimates and assumptions mainly relate to contingent liabilities, provisions, fair value assessments and impairments.

A yearly analysis of impairment triggers for financial assets is performed based on information available within the Group and external market data.

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the statement of income as financial income or expense.

Statement of income

Recognition of income and expense

Financial income and expense

Financial income and expense is composed of interest income and expense, fair value changes of derivative financial instruments as well as currency revaluation gains and gains and losses on monetary assets and liabilities. Interest income and expense are time apportioned, based on the effective interest rate for the relating assets and liabilities that includes the effects of directly related transaction costs.

Other income

Other income relates to revenue from management services rendered to the affiliated companies. For which service level agreements are in place. Revenues are recognised in the period they relate to.

Operating expenses

Operating expenses are recognised in the period they relate to.

Segment reporting

Segment information is not separately reported because the primary activity of the Company is financing the parent company Metro AG (Germany) and Metro Group companies within continental Europe (2010: 96.8%; 2009: 96.7%), Metro Group Companies within Central Eastern Europe (2010: 3.1%; 2009: 3.3%), as well as Metro Group Companies in Africa (2010: 0.1%, 2009: 0%). The interest income relates to continental Europe (2010: 96.4%; 2009: 96.4%), to Central Eastern Europe (2010: 3.5%; 2009: 3.6%) and to Africa (2010: 0.1%; 2009: 0%).

New standards and interpretations

An amendment to IFRS 2, “Share-based Payment” which clarifies how an individual subsidiary in a group should account for share-based payment arrangements in its own financial statements became effective in 2010. This amendment is not applicable to our financial statements

IFRS 3, “Business Combinations” and IAS 27, “ and Separate Financial Statements” were revised and are effective as from 2010. This revision is not applicable to our financial statements

IFRS 9, “Financial Instruments” (replacement of IAS 39) will become effective as from 2013, with earlier adoption permitted. IFRS 9 introduced new requirements for classifying and measuring financial assets and liabilities. This standard encompasses an overall change of accounting principles for financial instruments and will eventually replace IAS 39 – the current standard on financial instruments. As its scope will be further expanded during 2011, we will review the effects of a comprehensive standard on financial instruments and consider adoption when appropriate

IASB’s annual improvements project 2009 resulted in many smaller amendments to several IFRSs effective as from 2010. They did not materially impact our financial statements

IASB’s annual improvements project 2010 will result in many smaller amendments to several IFRSs, mostly effective as from 2011. They are not expected to materially impact our financial statements

An amendment to IAS 24, “Related Party Disclosures” clarifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The revised standard also clarifies that disclosure is required for any commitments of a related party to do something if a particular event occurs or does not occur in the future. The revised standard is effective as from 2011, with earlier application permitted. We do not expect that our financial statements will be materially affected by this amendment

An amendment to IAS 32, “Financial Instruments: Presentation” addressing the accounting for rights issues such as options and warrants, denominated in a currency other than the functional currency of the issuer became effective in 2010. Our financial statements are not affected by the amendment as we have not issued such financial instruments

An amendment to IAS 39, “Financial Instruments: Recognition and Measurement” addresses two separate hedge accounting issues. It clarifies the requirements when options are used for hedging and it regulates inflation-linked hedge relationships. The amendment to IAS 39 is effective as from 2010. As we commonly use forward contracts for hedges and do not have inflation-linked hedge relationships, there is no material impact from adopting this amendment

An amendment to IFRIC 14 on minimum funding requirements corrects an unintended consequence of the originally issued interpretation. The amendment is effective as from 2011, with earlier application permitted. As we currently have no pension asset on our balance sheet that falls in the scope of this amendment, we do not expect that our financial statements will be materially affected

IFRIC 17 “Distribution of Non-cash Assets to Owners” will apply prospectively as from 2010. There is no impact on our financial statements as no proposal to distribute non-cash assets to shareholders has been made

IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments” applies when a debtor extinguishes a liability fully or partly by issuing equity instruments to the creditor. The interpretation will be effective as from 2011. As there currently do not exist such agreements within our businesses, we do not expect that our financial statements will be affected.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010. Those newly issued standards and/or interpretations do not have an impact on the Company’s financial statements.

Cash flow statement

The cash flow statement has been prepared applying the indirect method.

Cash flows in foreign currencies have been translated at the weighted average exchange rates.

Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities.

Determination of fair value of financial assets and liabilities

The estimated fair value of financial instruments as included in the either or both the balance sheet and disclosure notes has been determined by the Company using acknowledged measurement methodology, using market data as money market and swap curves and foreign exchange rates present as at balance sheet date. Specific counterparty related credit risk is assessed by using the credit default swap spreads for the parties involved.

The fair values disclosed for financial liabilities outstanding under the DIP and EMTN programmes operated via listings on (regulated) exchanges in Frankfurt and Luxembourg are based on market data.

The fair values presented are not necessarily indicative of the amounts that will ultimately be realized by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

IFRS 7 specifies a fair value hierarchy that identifies the following hierarchy levels:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the financial instruments included at fair value in the Company financial statements are classified as level 2 according to the before mentioned fair value hierarchy referred to in IFRS 7.

Where applicable detailed information concerning the principles for determination of the fair values has been included in the section that specifically relates to the relevant financial asset or liability.

1 Tangible assets

The movements of the tangible fixed assets can be shown as follows:

	2010 EUR 1,000	2009 EUR 1,000
Balance as per January 1		
• At cost	87	85
• Accumulated depreciation	(59)	(50)
Book value	28	35
Movements:		
• Addition	17	26
• Disposals	-	(24)
- Cost		
- Cumulative depreciation		
• Depreciation	(10)	(9)
	7	(7)
Balance as per December 31		
• At cost	104	87
• Accumulated depreciation	(69)	(59)
Total book value	35	28

Tangible fixed assets relate to a car as well as office and computer equipment mainly. Impairment adjustments were not deemed necessary.

2 Financial assets

	Loans to third parties	Loans to METRO Group companies	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Balance as at January 1, 2009	42,066	509,500	551,566
Additions	19,298	978,217	997,515
Repayments	(1,671)	(13,605)	(15,276)
Transfers to short term	(35,000)	(269,599)	(304,599)
Balance as at December 31, 2009	24,693	1,204,513	1,229,206
Balance as at January 1, 2010	24,693	1,204,513	1,229,206
Additions	50,681	697,686	748,367
Repayments	(108)	(3,278)	(3,386)
Transfers to short term	-	(520,140)	(520,140)
Balance as at December 31, 2010	75,266	1,378,781	1,454,047

The interest rates on fixed interest rate loans vary between 1.67% and 11.75% (2009: 1.4% and 11.75 %), depending on the lifetime and interest periods of the respective loans. The interest rate on the floating interest rate loans is Euribor + 1.70%.

The expiration dates of the loans are between 2012 and 2024 (2009: 2011 and 2024). Impairments adjustment were not deemed necessary.

3 Deferred tax assets and liabilities

At 31 December 2010 EUR 8 deferred tax liabilities exist (2009: nil).

Deferred tax assets and liabilities relate to the difference in measurement basis for IFRS and fiscal reporting purposes with regards to derivative financial instruments. For Dutch fiscal purposes these are valued at cost or lower market value rule while under IFRS fair value accounting is applied. The measurement difference is temporary in nature.

4 Loans and receivables

	December 31, 2010 EUR 1,000	December 31, 2009 EUR 1,000
Loans to Metro Group companies	1,079,412	1,251,341
Loans to third parties	–	35,000
Interest receivable Metro Group companies	22,262	33,538
Other receivables	862	25
	<hr/>	<hr/>
Balance as at 31 December	1,102,536	1,319,904
	<hr/>	<hr/>

The loans to METRO AG and Metro Group companies, as well as to third parties will be due payable within one year from balance sheet date. In the balance is a current account position of EUR 84,366 with METRO AG.

The interest rates on fixed interest rate loans vary between 0.7 % and 4.8% (2009 1.8% and 5.00%), depending on the original lifetime and interest periods of the respective loans. The interest rates on the floating interest rate loans vary between Euribor + 0.25% and Euribor + 0.65%. Impairment adjustments have not been deemed necessary.

The fair value of the collateral exceeds the carrying amounts of the loans provided.

5 Cash and cash equivalents

Cash and cash equivalents include bank balances held with commercial banks, that are due within three months after balance sheet date and which are at the free disposal of the company.

6 Shareholder's equity

The authorised share capital of the company as at December 31, 2010 consists of 700 ordinary shares of EUR 1 thousand each. The issued and fully paid-up share capital consists of 453 shares.

The proposal for appropriation of net results over 2009 has been adopted at the Shareholders Meeting. The 2009 net result has been added to the retained earnings.

Reference is made to the statement of changes in equity as included in the financial statements.

7 Bonds

	Maturity	Fixed interest	Effective interest	Carrying amount December 31, 2010 EUR 1,000	Principal amount December 31, 2010 EUR 1,000	Carrying amount December 31, 2009 EUR 1,000	Principal amount December 31, 2009 EUR 1,000
<i>Maturity between 1 and 5 years:</i>							
DIP Notes	2011	4.63%		0	0	748,703	750,000
EMTN Notes	2012	4.75%	4.85%	499,313	500,000	498,854	500,000
EMTN Note (RON 150 million)	2012	11.55%	11.55%	23,367	23,606	23,456	23,606
EMTN Notes	2013	9.38%	9.5%	498,387	500,000	497,930	500,000
Total				1,021,067	1,023,606	1,768,943	1,773,606

All instruments have been issued under the EMTN and DIP programs. The notes are denominated in euros, except for the RON 150 million notes, and bear interest depending on the lifetime and interest periods of the respective loans. No bonds with a maturity over 5 years.

The DIP and EMTN programmes are operated via listings on (regulated) exchanges in Frankfurt am Main and Luxembourg. For an overview of fair values reference is made to the note on financial risk management.

8 Promissory note loans

	Weighted Interest	Effective interest	Carrying amount December 31, 2010 EUR 1,000	Principal amount December 31, 2010 EUR 1,000	Carrying amount December 31, 2009 EUR 1,000	Principal amount December 31, 2009 EUR 1,000
<i>Maturity between 1 and 5 years:</i>						
Promissory note loans	4.32 %	4.34 %	212,818	213,000	212,706	213,000
Promissory note loans	Floating		486,656	487,000	486,391	487,000
Total promissory note loans			699,474	700,000	699,097	700,000

The promissory loan notes are denominated in euros. The floating interest rates on bank loans vary between EURIBOR +0.30% and EURIBOR +0.80%. For an overview of fair values reference is made to the note on financial risk management. No promissory note loans with a maturity over 5 years.

9 Bonds (current part)

	Fixed interest	Effective interest	December 31, 2010 EUR 1,000	December 31, 2009 EUR 1,000
Bonds	4.63 %	4.73 %	749,622	—
Accrued interest			40,597	40,604
Total bonds			790,219	40,604

The Bonds (current part) contains the interest accruals related to the Bonds, presented as non-current liabilities.

10 Promissory note loans (current part)

	December 31, 2010 EUR 1,000	December 31, 2009 EUR 1,000
Promissory loans	—	—
Accrued interest	8,475	8,362
Total Promissory note loans	8,475	8,362

For an overview of fair values reference is made to the note on financial risk management.

11 Other liabilities and accrued expenses

	December 31, 2010 EUR 1,000	December 31, 2009 EUR 1,000
Derivatives	1,480	1
Other	105	61
	1,585	62

December 31, 2010	December 31, 2009
EUR 1,000	EUR 1,000

The change in derivatives during the year can be specified as follows:

	December 31, 2010	December 31, 2009
	EUR 1,000	EUR 1,000
Balance as at 1 January	1	–
Disposal of derivatives	–	–
Change in fair value	1,479	1
	<hr/>	<hr/>
Balance as at 31 December	1,480	1

The derivatives per 31 December 2010 reflect the book values of forward contract to hedge the future RON interest cash flows resulting from the RON note as well as the forward contract to hedge the future GBP interest cash flows resulting from the loan in GBP granted to a METRO group company.

12 Financial income

	2010	2009
	EUR 1,000	EUR 1,000
Interest income from loans and receivable (Held to maturity)		
<i>Thereof financial instruments of the IAS 39 measurement categories and related classes of financial instruments:</i>		
- Loans and receivables –external counterparties	2,223	3,209
- Loans and receivables –Metro Group companies	130,374	132,071
	<hr/>	<hr/>
Sub total interest income	132,597	135,280
Currency translation gains		
Currency translation gains loans and receivables	1,642	165
Fair value changes on interest derivatives - <i>external counterparties</i>	–	–
	<hr/>	<hr/>
Sub total foreign exchange income	1,642	165
	<hr/>	<hr/>
Financial income	134,239	135,445

13 Financial expense

	2010 EUR 1,000	2009 EUR 1,000
Interest expense from loans and receivable (Held to maturity)		
<i>Thereof financial instruments of the IAS 39 measurement categories and related classes of financial instruments:</i>		
- Loans and receivables –external counterparties	126,952	129,934
- Loans and receivables –Metro Group companies	–	–
	<hr/>	<hr/>
Sub total interest expense	126,952	129,934
Currency translation losses		
Currency translation losses loans and receivables	113	165
Fair value changes on Derivatives – counterparties	1,480	1
Fair value changes on interest derivatives - <i>external counterparties</i>	–	–
	<hr/>	<hr/>
Sub total foreign exchange losses	1,593	166
	<hr/>	<hr/>
Financial expense	128,545	130,100
	<hr/>	<hr/>

14 Other income

The other income consists of general expenses and services fees which were cross charged by METRO Finance B.V. to METRO Euro-Finance B.V. relating to expenses incurred and services rendered. The cross charges have been based on documented policies.

15 Wages and salaries

	2010 EUR 1,000	2009 EUR 1,000
Wages and salaries	586	557
Social security charges and pension contributions	45	38
	<hr/>	<hr/>
	631	595
	<hr/>	<hr/>

For an overview of staff members and remuneration of Board of Managing and Supervisory Directors, reference is made to note 21 and note 22.

16 Other expenses

Other expenses relate to general and administrative expenses.

17 Income tax

The taxation on the result from ordinary activities can be specified as follows:

	2010 EUR 1,000	2009 EUR 1,000
Result from ordinary activities before taxation	5,117	4,969
Taxation on result from ordinary activities	1,305	1,267
Effective tax rate	25.5%	25.5%
Nominal tax rate	25.5%	25.5%

The nominal tax rate is 25.5% (2009: 25.5%). The tax liability in the profit and loss account over 2009 amounts to EUR 1,304 (2009: EUR 1,267) or 25.5 % of the result before taxes (2009: 25.5%).

No permanent differences between fiscal and commercial tax base were identified.

18 Financial risk management

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk including interest rate and currency risk.

This note presents information about the exposure of the Company to each of the above risks, the Company's objectives, policies and processes for managing and measuring these risks, and the Company's approach to capital management.

General

During the normal course of business, the company uses various financial instruments that expose the company to market, credit and liquidity risks. The company is exposed to these risks given the portfolio of interest-bearing receivables (mainly taken up in financial fixed assets and cash at bank and in hand), interest-bearing long term and current liabilities (including bonds and bank loans) as well as derivative financial instruments.

The company does not trade these financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market. If counterparties fail to meet payment obligations to the company, the resulting losses in principle are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables. Due to activities within the METRO Group the credit risk is very limited.

In the course of the risk management of monetary investments and financial derivatives, minimum creditworthiness requirements and maximum exposure limits have been defined for all business partners of METRO Group. This is based on a system of limits laid down in the treasury guidelines applied within the METRO Group.

The Company reviews the creditworthiness internally as part of the Company risk management procedures. This risk has not materialised and no allowance for impairment for incurred losses in respect of receivables is recognised.

Approximately 97% (2009: 98%) of the receivables of the company are held with related parties, for definition see below to related party transactions. Approximately 62% (2009: 62%) of the receivables is concentrated with METRO Cash and Carry International Holding B.V., The Netherlands.

The receivables outstanding with third parties amount to EUR 75 million (2009: EUR 59 million). We refer to note 2 and 4, for further information. These receivables are secured by the following.

- Guarantee of Metro AG;
- Mortgage agreement, and.
- Obligation to take over rental payments.

In general management of the Company tend to assess and review credit risk for counterparties within the Group. If considered necessary receivables will be secured by adequate warranty instruments.

Liquidity risk

Due to guarantees of METRO AG, METRO Finance B.V. has access to sufficient liquidity reserves so that liquidity risk is limited.

The following table provides a maturity overview of contractual cash flows. The amounts disclosed in the table are the contractual undiscounted amounts.

Maturity of liabilities and cash outflows (contractual cash flows)	Less than 1 year	Between 1 and 5 years	Over 5 years
At December 31, 2009			
Borrowings	–	2,473,605	–
Interest on borrowings	124,735	290,041	–
Other payables	62	–	–
Derivatives	–	–	–
Total	124,797	2,763,646	–
At December 31, 2010			
Borrowings	750,000	1,723,000	–
Interest on borrowings	108,846	111,869	–
Other payables	105	–	–
Derivatives	77,650	–	–
Total	936,601	1,834,869	–

Interest rate risk

The company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. In relation to fixed rate interest bearing receivables and liabilities, the company is exposed to fair value interest rate risk.

Derivative financial instruments may be used by the entity to hedge interest rate risks if deemed necessary.

Interest rate derivative financial instruments may be used to adjust the fixed or floating nature of the external loans obtained to the desired profile. The METRO Group interest rate policy aims to reduce the financing costs as much as possible. Derivative financial instruments are not used for speculative purposes.

The estimated market value indicates the amount payable or receivable in exchange for termination of the contracts as at year-end without further obligations.

Sensitivity analysis

At December 31, 2010, if EURIBOR interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been EUR 0 million higher/lower (2009: EUR 0 million lower/higher), because of the existing service agreement with METRO AG, according to which a stable interest income is guaranteed. The change in interest rates would have had no impact on equity.

Currency risk

The company is exposed to foreign exchange risk on loans receivables and payable denominated in a currency other than the euro. Foreign currency derivative financial instruments, mainly currency forwards and swaps may be used to reduce the foreign currency risk arising on financing and funding transactions in foreign currencies. Forward exchange contracts and currency swap contracts are entered into to adjust the currency of the payables and receivables to the desired currency. Derivative financial instruments are not used for speculative purposes.

The estimated market value indicates the amount payable or receivable in exchange for termination of the contracts as at year-end without further obligations.

As per 31 December 2010 one foreign exchange forward contract (EUR/RON) was outstanding to hedge the RON currency risk of the future RON interest margin relating to the RON denominated loan receivable and Note and one foreign exchange forward contract (EUR/GBP) was outstanding to hedge the GBP currency risk of the future GBP interest margin relating to the GBP loan granted to a METRO Group company.. We refer to the paragraph on “interest rate risk”.

Sensitivity analysis

At December 31, 2010, if the euro had weakened/strengthened by 10 percent against the RON with all other variables held constant, post-tax profit for the year would have been EUR 0 million (2008: EUR 0 million) lower/higher, because the RON positions are naturally hedged. The change in exchange rate has no impact on equity.

Fair value

The fair value of the financial instruments stated on the balance sheet can be specified as follows:

	Note Ref.	Fair value 2010 EUR 1,000	Book value 2010 EUR 1,000	Fair value 2009 EUR 1,000	Book value 2009 EUR 1,000
Financial assets	2				
Loans to third parties		76,733	75,266	26,694	24,693
Loans to Metro Group companies		1,467,812	1,378,781	1,260,403	1,204,513
Loans and receivables	4				
Loans to third parties		–	–	36,314	35,000
Loans to Metro Group companies		1,084,249	1,079,412	1,254,879	1,251,341
Noncurrent liabilities					
Bond	7	1,152,209	1,021,067	1,964,368	1,768,943
Promissory loan notes	8	713,404	699,474	719,260	699,097
Current liabilities					
Bonds	9	760,234	790,219	40,604	40,604
Promissory note loans	10	8,475	8,475	8,362	8,362
Bank loans	11	–	–	–	–
Other liabilities-derivatives	13	1,480	1,480	1	1

We refer to notes mentioned to facilitate reconciliation to the face of the balance sheet. The fair values represent the clean fair value excluding of interest accruals. All, except derivatives, assets and liabilities categorized as loans and receivables and valued accordingly at amortized cost. Derivatives are categorized at fair value through profit and loss and valued and accounted for accordingly.

As per 31 December 2010 a RON denominated forward contract is outstanding representing a fair value of EUR 0,7 and a GBP demoninated forward contract is outstanding respresenting a fair value of EUR 1,479.

19 Related party transactions

Metro Finance B.V. has business relationships with Metro AG, the sole shareholder, and several Metro Group companies.

The main activity of Metro Finance B.V. is to issue bonds in the external market. The proceeds are lent to the parent company (METRO AG) or to other entities within the METRO Group. An arms length interest spread is included by Metro Finance B.V. on top of the funding rate in case loans are granted to affiliated companies.

The balance outstanding with and interest revenues and expenses related to Metro AG and the overall balance Metro Group companies have been separately disclosed in balance sheet and statement of income.

For an overview of all Metro Group companies we refer to the consolidated financial statements of Metro AG.

Business relationships with related parties are based on contractual agreements providing for at arms length prices. During the year 2010, an amount of EUR 0 million regarding interim dividend was paid to METRO AG (2009: EUR 0 million).

Metro Finance B.V. has no business relations with related natural persons during the financial year.

20 Contingent obligations

The company has a non-cancellable rent agreement for its office building, which will expire on May 31, 2012 with a total obligation of EUR 92 (2009: EUR 164) for the remaining contractual period, of which EUR 61 is due in financial year 2010 (2009: EUR 59 due in 2009). No other off balance sheet liabilities, guarantees or long term financial obligations are applicable.

21 Personnel

The company employed 10 persons (2009: 10) on average in the financial year. Measured in full time equivalents, the company employed 9 FTE on average during the financial year (2009: 9).

22 Remuneration of the Boards of Managing and Supervisory Directors

The Board of Managing Directors consisted of 4 persons during the year (2009: 4).

The Board of Supervisory Directors consisted of 3 persons during the year (2009: 3).

The remuneration for the Managing Directors amounted to EUR 237. (2009: EUR 211). The remuneration for the Supervisory Board for the financial year 2010 amounted to EUR 8 (2009: EUR 8).

Venlo, 14 April 2011

The Board of Managing Directors,
O. Kruse
H.-D. Hinker
H. Laaks
J.E. van de Laar

The Board of Supervisory Directors,
O.Koch
T. Grad
H. Sachs

Other Information

Independent auditor's report

To: The Annual Meeting of Shareholders of METRO Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of METRO Finance B.V., Venlo, which comprise the balance sheet as at 31 December 2010, the statement of income for the year, the statement of recognized income and expense, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Managing Directors, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of METRO Finance B.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Managing Directors, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Report of the Board of Managing Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 14 April 2011

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA

Provisions in the Articles of Association governing the appropriation of profit

According to article 15.1 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity exceeds the paid-up and called-up part of the capital plus the legally required reserves.

Proposal for profit appropriation

The General Meeting of Shareholders will be proposed to add the 2010 net result after tax, amounting to EUR 3,812 to the other reserves.

The proposed appropriation of the net result for the year has not been effectuated yet.