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Delhaize Finance B.V.
Rotterdam

Annual accounts 2007

April 8, 2009

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Management Board's report

Delhaize Finance B.V. is a financing company mainly active within the Delhaize group. The main risks and uncertainties relate to interest rate risks and debtors risks, which did not materialize in 2007.

In 2007 Delhaize Finance B.V. had a net result of EUR 3.8 million (2006: EUR 4.6 million) from a net financial income of EUR 4.2 million (2006: EUR 5.2 million). The decrease of the net financial income was mainly due to a larger decrease of interest income than interest expenses.

On December 31, 2007 the shareholder's equity was EUR 42.7 million (compared to EUR 38.8 million on December 31, 2006).

In 2007 there was a decrease of financial income due to less financing activities also resulting in a lower, but still positive, net result. Delhaize Finance B.V. had no employees in 2007 and 2008.

No material post balance sheet events are to be mentioned.

Rotterdam, April 8, 2009

H.A. Bish

H.A. van Wijlen

P.O. Beckers

W.R.H. Schoofs

G. van den Berg

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Delhaize Finance B.V., Rotterdam

Balance sheet as at December 31, 2007

(before appropriation of net income)

	Note	31.12.2007	31.12.2006
		EUR 000	EUR 000
Assets			
Fixed assets			
Prepaid expenses	1	154	549
Financial fixed assets	2	276,745	354,391
Current assets			
Receivable from shareholder		29,891	28,325
Interest receivable affiliated companies	3	<u>5,177</u>	<u>7,491</u>
		35,068	35,816
Cash	4	<u>162</u>	<u>162</u>
		<u>312,129</u>	<u>390,918</u>
Shareholder's equity and liabilities			
Shareholder's equity	5		
Issued and paid-in capital		51	51
Additional paid-in capital		16,999	16,999
Retained earnings		21,766	17,183
Result for the year		<u>3,845</u>	<u>4,583</u>
		42,661	38,816
Provisions	6	59	209
Long-term liabilities	7	98,638	288,357
Short-term liabilities	8		
Interest payable to affiliated companies		3,378	5,378
Interest payable to banks		1,007	892
Intercompany balance		66,348	57,162
Eurobond loan		100,000	-
Taxation	(1)		8
Accrued liabilities		<u>39</u>	<u>96</u>
		<u>170,771</u>	<u>63,536</u>
		<u>312,129</u>	<u>390,918</u>

Delhaize Finance B.V., Rotterdam

Profit and loss account for the year 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		EUR 000	EUR 000
General and administrative expenses	10	<u>(363)</u>	<u>(599)</u>
		(363)	(599)
Financial income and expense:			
Interest income	11	23,576	26,976
Interest expense	12	(19,360)	(21,786)
Currency exchange differences		<u>(8)</u>	<u>(8)</u>
		4,208	5,182
Result before provision for income taxes		3,845	4,583
Provision for income taxes		-	-
Net income		<u><u>3,845</u></u>	<u><u>4,583</u></u>

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Notes to the financial statements

General

Delhaize Finance B.V. ("the company") was incorporated under the law of the Netherlands on June 28, 2001 and has its statutory seat in Rotterdam, the Netherlands. The company is a wholly-owned subsidiary of Delhaize "The Lion" Nederland B.V. ("the parent"), a holding company having its registered office at Martinus Nijhofflaan 2, Delft, The Netherlands. The principal activity of the company is to issue commercial paper notes and other financial debt instruments (refer to below) and provide these funds to its parent and other affiliated companies.

Related parties

The Delhaize Group policy sets out the guidelines for capital adequacy and pricing of intercompany loans for the company. The rules are intended to ensure an adequate capital structure of the company and an arm's length pricing of the loans granted to the group companies located in the United States ("US") or in the European Union ("EU").

The company sets up and maintains a file justifying the pricing of the loans granted to other group companies located in the US or in the EU, including the underlying financial information used, the qualitative elements included in the rating analysis, the computation of a synthetic rating, the market interest rate data used as reference and any other element that justifies the determined arm's length pricing of the intercompany loan.

The financial statements of Delhaize Finance B.V. will be included in the consolidation of Delhaize Group S.A., Bruxelles. These consolidated financial statements will include a consolidated cashflow statement and have been filed at the Chamber of Commerce in The Hague, the Netherlands. Therefore no cashflow statement is presented in these financial statements.

General accounting principles for the preparation of the consolidated financial statements

The financial statements have been prepared according with Title 9, Book 2 of the Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Financial instruments

Financial instruments are both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Financial derivatives are valued at fair value:

Upon first recognition, financial derivatives are recognised at fair value and then revalued at fair value as at balance sheet date.

The profit or loss from the revaluation to fair value as at balance sheet date is recognised directly in the profit and loss account. If, however, financial derivatives are eligible for hedge accounting, and hedge accounting is applied, recognition of this profit or loss depends on the nature of the hedge.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account, except when covered by a hedge or swap agreement, at the contractual rates.

Principles of valuation of assets and liabilities

Financial fixed assets

The receivables on and loans to participations and other receivables are valued at face value after deduction of any provisions.

Receivables

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Long-term liabilities

Recorded interest-bearing loans and liabilities are valued at amortised cost.

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Principles for the determination of the result

Recognition of income

Revenues and expenses are recorded in the period in which they originate.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

The company forms part of the fiscal unity with Delhaize "The Lion" Nederland B.V. for corporate income tax purposes.

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Notes to specific items of the balance sheet and the profit and loss account

1. Prepaid expenses

The movement in the eurobond expenses is as follows:

	EUR000
Book value January 1, 2007	549
Amortization	(395)
Book value December 31, 2007	<u>154</u>

The composition of the eurobond expenses is as follows:

Historical cost	1,975
Accumulated amortization	(1,426)
Book value January 1, 2007	<u>549</u>
Historical cost	1,975
Accumulated amortization	(1,821)
Book value December 31, 2007	<u>154</u>

The remaining balance of EUR 154 will be amortized in 2008.

2. Financial fixed assets

The movement in the loans to affiliated companies is as follows:

	EUR000
Balance January 1, 2007	354,391
Addition	3,745
Redemptions	(79,152)
Exchange results	(2,239)
Balance December 31, 2007	<u>276,745</u>

Delhaize Finance B.V., Rotterdam

The loans to affiliated companies represent:

Amount	Interest Rate	Interest %	To
EUR			
180,000	6 months Euribor + 0,75%	5,324%	Delhaize Group S.A.
90,000	3 months Euribor + 5,55%	10,186%	Delhaize the Lion Coordination Center S.A.
3,000	12 months Euribor + 0,75%	5,522%	Mega Image S.A.
3,745	3 months Euribor + 1,05%	9,230%	Mega Image S.A.
<u>276,745</u>			

3. Interest receivable

The interest receivable affiliated companies can be detailed as follows:

	<u>EUR000</u>
Balance January 1, 2007	7,491
Interest for the year	18,259
Repayments	(20,504)
Exchange results	(69)
Balance December 31, 2007	<u>5,177</u>

4. Cash

No restrictions on usage of cash exist.

5. Shareholder's equity

The movement in shareholder's equity is as follows:

	<u>Issued and paid-in capital EUR 000</u>	<u>Additional paid-in capital EUR 000</u>	<u>Retained earnings EUR 000</u>	<u>Result for the year EUR 000</u>	<u>Total EUR 000</u>
Balance January 1, 2007	51	16,999	17,183	4,583	38,816
Appropriation of result 2006	-	-	4,583	(4,583)	-
Net income 2007	-	-	-	3,845	3,845
Balance December 31, 2007	<u>51</u>	<u>16,999</u>	<u>21,766</u>	<u>3,845</u>	<u>42,661</u>

Delhaize Finance B.V., Rotterdam

The authorized share capital consists of 250,000 authorized common shares of which 51,000 were issued and paid-in per December 31, 2007. The shares have a par value of EUR 1.

6. Provisions

Provisions are specified as follows:

	2007	2006
	EUR000	EUR000
Eurobond premium	59	209
	<u>59</u>	<u>209</u>

The movements in the provisions is as follows:

	EUR000
Book value January 1, 2007	209
Depreciation	(150)
Book value December 31, 2007	<u>59</u>

The remaining balance of EUR 59 will be settled in 2008.

7. Long-term liabilities

Liabilities with a remaining period up to one year, including the short-term portion of long-term liabilities, are presented under short-term liabilities.

The movement in the long-term liabilities is as follows:

	EUR000
Balance January 1, 2007	288,357
Interest	1,111
Addition	1,500
Repayments	(88,634)
Reclassification to short term liabilities	(100,000)
Exchange results	(3,696)
Balance December 31, 2007	<u>98,638</u>

Delhaize Finance B.V., Rotterdam

The long term liabilities represent:

Amount	Interest Rate	Interest %	From
EUR			
28,638	Euribor +/- 0,125%	4,661%	Redelcover S.A.
70,000	Euribor + 1,30%	5,378%	Delhaize the Lion Coordination Center S.A.
<u>98,638</u>			

The liabilities will expire between one and five years.

8. Short-term liabilities

The interest payable affiliated companies can be detailed as follows:

	EUR000
Balance January 1, 2007	5,378
Interest for the year	5,232
Repayments	(7,166)
Exchange results	(66)
Balance December 31, 2007	<u>3,378</u>

The movement in the loans from affiliated companies is as follows:

	EUR000
Balance January 1, 2007	57,162
Interest	2,911
Additions	6,275
Balance December 31, 2007	<u>66,348</u>

This balance relates to the current account with Delhaize the Lion Coordination Center S.A.

Delhaize Finance B.V., Rotterdam

9. Contingent liability

The company is severally liable for the tax of the fiscal unity.

10. General and administrative expenses

The balance consist of:

	<u>2007</u>	<u>2006</u>
	EUR 000	EUR 000
Wages and salaries	-	165
Social securities	(2)	51
Amortization Eurobond expenses	395	395
Depreciation Eurobond premium	(150)	(150)
Intercompany charges	56	87
Other operating charges	64	51
	<u>363</u>	<u>599</u>

11. Interest income

Interest income consists of:

	<u>2007</u>	<u>2006</u>
	EUR 000	EUR 000
Interest income third parties	-	31
Interest income loan affiliated companies	22,063	23,610
Interest income shareholder	1,513	3,335
	<u>23,576</u>	<u>26,976</u>

12. Interest expense

Interest expense consists of:

	<u>2007</u>	<u>2006</u>
	EUR 000	EUR 000
Interest expense third parties	8,703	7,440
Interest expense loan affiliated companies	10,657	11,620
Interest expense shareholder	-	2,726
	<u>19,360</u>	<u>21,786</u>

Delhaize Finance B.V., Rotterdam

Personnel

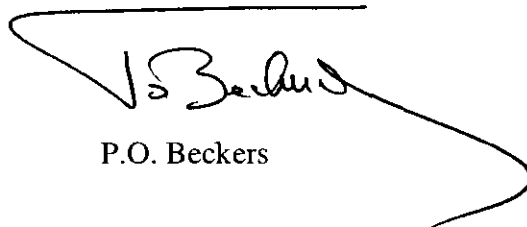
The Company is managed under direction of the Statutory Directors.

Signing of the financial statements

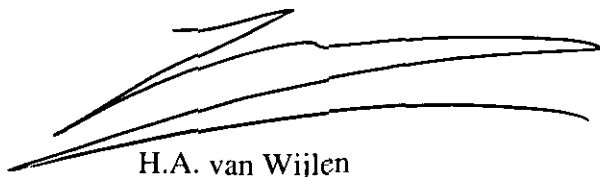
Rotterdam, April 8, 2009

Statutory directors:

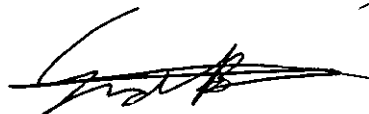
H.A. Bish



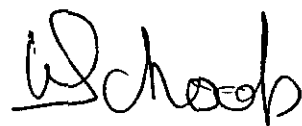
P.O. Beckers



H.A. van Wijlen



G. van den Berg



W.R.H. Schoofs

Delhaize Finance B.V., Rotterdam

Other information

Auditor's report

Reference is made to the auditor's report included hereinafter.

Appropriation of result for the financial year 2006

The general meeting of shareholders has determined the appropriation of result to the retained earnings in accordance with the proposal.

Proposed appropriation of result for the financial year 2007

In the coming meeting of shareholders it will be proposed to add the result to the retained earnings. In anticipation of such decision, this proposal has been reflected in the financial statements.

To the shareholders of Delhaize Finance B.V.

Date

April 8, 2009

From

J. Penon

Reference

Oml/3100062924/op9998/DvM

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2007 of Delhaize Finance B.V., Rotterdam, which comprise the balance sheet as at December 31, 2007, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

April 8, 2009

Oml/3100062924/op9998/DvM

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 Delhaize Finance B.V. as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

was signed

J. Penon