

Metro Finance B.V.

Financial statements 2008

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraaf voor identificatiedoeleinden:
KPMG Accountants N.V.



Contents

Financial report

Report of the Supervisory Board	2
Directors' report	3
Overview	3
Statement of responsibility	4
Outlook	4
Financial statements	5
Balance sheet as at 31 December 2008	5
Profit and loss account for the year 2008	6
Cash flow statement for the year 2008	7
Notes to the 2008 financial statements	8
General	8
Principles of valuation of assets and liabilities	8
Principles for the determination of results	13
Other information	27
Provisions in the Articles of Association governing the appropriation of profit	27
Proposal for profit appropriation	27
Auditor's report	27
Auditor's report	28
Report on the financial statements	28
Report on other legal and regulatory requirements	29

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Parsaf voor identificatiedoelinden.
KPMG Accountants N.V.

Metro Finance B.V.

Report of the Supervisory Board

Pursuant to the Articles of Association we are pleased to submit the financial statements for the year 2008 as drawn up by the Board of Managing Directors for your adoption.

The financial statements, which both the Supervisory Board 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), 7 April 2009

Supervisory Board:

T. Unger

T. Grad

Dr. R. Giebel

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraaf voor identificatie doeleinden
KPMG Accountants N.V.

Metro Finance B.V.

Directors' report

Management of the company hereby presents its financial statements for the financial year ended on 31 December 2008.

Overview

Metro Finance B.V. operates as a finance company within the METRO AG 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.

Its main activities consist of attracting loans for long-term funding of the METRO AG Group companies and 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 AG subsidiaries worldwide. The company faces a stable development in 2008 with an increase in the total assets by EUR 116 million to EUR 2,541 million (4.8% increase).

In March 2008, the company issued a Schuldscheindarlehen amounting to EUR 500 million and in November 2008 a new Bond of EUR 500 million under the Debt Issuance Program. Both transactions are guaranteed by METRO AG, Düsseldorf. The proceeds were used to strengthen and to increase the financial flexibility of the finance companies.

Shareholder's equity increased from EUR 24.5 million to EUR 28.3 million. The net interest margin decreased by 5.3% down to EUR 5.5 million which led to decrease of the net result from EUR 4.0 million to EUR 3.8 million for the financial year ended at 31 December 2008. No dividends were declared or paid during 2008.

As a financial service company, Metro Finance B.V. faces financial risks. These include in particular market (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 AG 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.

KPMG
KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(merel) betrekking heeft.
Puntat voor identificatiedoelzinden:
KPMG Accountants, N.V.

Metro Finance B.V.

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 AG Group level. Potential risk positions are covered through the service agreement with METRO AG where a certain interest spread is guaranteed.

In 2008, Metro Finance B.V. faced changes in the Board of Management. Mr. M. Westerwick left the company as of 31 October 2008. As of 1 November 2008, Mr. H. Laaks joined the company as Chairman of the Board and Dr. O. Kruse took over the function of the Managing Director. On 1 April 2009, Mr. E.J. van de Laar has replaced Mr. M. Hoogeweegen as member of the Board of Managing Directors.

Statement of responsibility

Further to the requirements as 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 2008 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the report of the Management Board 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 Management Board includes a description of the principal risks the issuer is facing.


Outlook

The management expects the year 2009 to be effected by the ongoing crisis on the financial and banking markets. A couple of countries may be affected by a credit crunch in the banking markets resulting in higher mid- to long-term financing requests by group companies towards Metro Finance B.V. 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), 7 April 2009

The Board of Managing Directors.


H. Laaks


O. Kruse


H.-D. Hinker


E.J. van de Laar



KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009 

(model) betrekking heeft.
Paraaf voor identificatie doeleinden:
KPMG Accountants N.V.

Balance sheet as at 31 December 2008

(Before profit appropriation)

		2008		2007	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Fixed assets					
Tangible fixed assets	1	35		43	
Financial fixed assets	2	551,528		1,478,830	
			551,563		1,478,873
Current assets					
Loans and receivables	3	1,989,807		946,880	
Cash and cash equivalents	4	2		8	
			1,989,809		946,888
			2,541,372		2,425,761
Shareholder's equity					
Share capital	5	453		453	
Share premium		6,324		6,324	
Retained earnings		17,744		13,726	
Net result for the year		3,766		4,018	
			28,287		24,521
Long-term liabilities					
Bonds	6	1,743,759		1,244,987	
Bank loans	7	698,738		240,609	
			2,442,497		1,485,596
Current liabilities					
Bonds	8	-		30,668	
Bank loans	9	20,826		100,066	
METRO AG group companies	10	59		726,027	
Income taxes		102		81	
Other liabilities and accrued expenses	11	49,601		58,802	
			70,588		915,644
			2,541,372		2,425,761

KPMG

KPMG Audit
December 2008 ons rapport d.d.

07 APR. 2009

(medel) betrekking heeft.
Pareel voor identificatiedoeleinden
KPMG Accountants N.V.

Profit and loss account for the year 2008

		2008		2007	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Interest and similar income	12	131,756		130,261	
Interest and similar expenses	13	126,253		124,447	
Net interest margin			5,503		5,814
Other income	14		331		323
			5,834		6,137
Operating expenses					
Amortisation and depreciation charges		15		15	
Wages and salaries	15	375		345	
Other expenses		389		472	
			779		832
Result before taxation			5,055		5,305
Taxation	16		1,289		1,287
Net result after taxation			3,766		4,018

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraf voor identificatiedoelinden:
KPMG Accountants N.V.

Cash flow statement for the year 2008

	2008		2007	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Net cash flow from operating activities				
Operating result before interest and tax		(448)		(509)
Adjustment for depreciation and amortisation	/	15		15
Net cash flow from ordinary activities			(433)	(494)
Interest margin		5,503		5,814
Corporate income tax paid	/	(1,268)		(1,153)
Net cash flow from operating activities			4,235	4,661
Net cash flow from investing activities				
Additions to tangible fixed assets	/	(7)		-
Disposals of tangible fixed assets		-		-
Net cash flow from investing activities			(7)	-
Net cash flow from financing activities				
(In-)/decrease current assets		(1,042,927)		(123,503)
In-/(decrease) current liabilities		(845,077)		(216,118)
			(1,888,004)	(339,621)
In-/(decrease) long-term liabilities		956,901		40,108
(In-)/decrease financial fixed assets		927,302		295,335
			1,884,203	335,443
Net cash flow from financing activities			(3,801)	(4,178)
Changes in cash and cash equivalents			(6)	(11)
Cash and cash equivalents January 1				19
Cash and cash equivalents December 31	4		2	

KPMG

KPMG Audit
Document waarop ons rapport is d

07 APR. 2009

(model) betrekking heeft.
Parsel voor identificatiedoeleinden
KPMG Accountants N.V.

Metro Finance B.V.

Notes to the 2008 financial statements

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 AG 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.

Activities

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

Principles of valuation of assets and liabilities

General

The financial statements have been prepared in accordance with Part 9, Book 2, of the Netherlands Civil Code (BW) and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving). The financial statements have been prepared in euros, which also is the functional currency of the legal entity. If not specifically stated otherwise, assets and liabilities are stated at the amounts at which they were acquired or incurred.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

KPMG
KPMG Audit
Document waarop ons rapport d.d.
07 APR. 2009
(mede) betrekking heeft.
Peraaf voor identificatie doeleinden:
KPMG Accountants N. 8.

Metro Finance B.V.

Going concern

There are no reasons 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.

Comparison with prior year

The Directive 290 "Financial Instruments" has been implemented as from 1 January 2008.

Due to the choice to apply for the historic cost convention (in combination with cost price hedge accounting within the borders of Directive 290, the principles of valuation and determination of result remained unchanged compared to the prior year.

Comparative figures in the balance sheet and notes have been reclassified to facilitate consistent presentation of monetary assets and liabilities at amortised cost. In previous years the monetary items were presented at their face value. Differences between face value and the amortised cost base were presented separately.

Principles for translation of foreign currencies

Transactions denominated in currencies other than the euro (functional currency) are translated at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in currencies other than the euro (functional currency) 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 profit and loss account.

Financial instruments

Financial instruments generally include loans and (other) receivables, cash items, bonds, loans and other financing commitments.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives shall be separated from the host contract and accounted for as a separate financial instrument if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

KPMG

KPMG Audit
Document: *rapport d.d.*
07 APR. 2009

(made) betrekking heeft.
Paraaf voor identificatiedoeleinden:
KPMG Accountants N.V.

Metro Finance B.V.

If derivatives embedded in contracts are not separated from the host contract they are recognised in accordance with the host contract.

Financial instruments, including stand alone derivatives as well as derivatives separated from the host contracts, are initially recognised at fair value.

After initial recognition, financial instruments are valued in the manner described below.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The loans and receivables with a remaining time to maturity that exceeds 12 months are presented as financial fixed assets. Interest income and expense, based on the effective interest method are accounted for in the net interest margin within the profit and loss account.

Derivatives

Derivative financial instruments include forward exchange contracts, interest rate swaps and cross currency interest rate swaps.

Forward exchange contracts are revalued at the currency spot rate at year-end are presented under prepaid expenses and accrued income, or other liabilities and accrued expenses. Currency translation results within the period are recognised in the profit and loss account. If applicable, forward points are accrued proportionally over the lifetime of the forward exchange contract.

In case forward exchange contracts are used to hedge future interest cash flows, cost price hedge accounting is applied. The treatment of currency translation effects on forward exchange contracts under the application of cost price hedge accounting is described below.

Interest accruals on interest derivatives are included and presented under prepaid expenses and accrued income, or other liabilities and accrued expenses. The cost price or lower market value rule is applied unless cost price hedge accounting is applied.

Cross currency interest rate swaps combine characteristics of an interest and a forward foreign exchange contract and are accounted for accordingly.

Bonds, loans and other financial commitments

Bonds, loans and other financial commitments are carried at amortised cost using the effective interest rate method. The bonds and loans with a remaining time to maturity that exceeds 12 months are presented as financial fixed assets or long term liabilities. Interest income and expense, based on the effective interest method, are accounted for in the net interest margin within the profit and loss account.

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraf voor identificatiedoeleinden:
KPMG Accountants N.V.

Metro Finance B.V.

Hedge accounting

Forward exchange contracts

The company uses forward exchange contracts to hedge exchange rate risks resulting from future interest flows related to loans and bonds denominated in non-functional currencies. The company applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the spot to spot-revaluation of the forward foreign exchange contract and the hedged interest flows from bonds and loans in the profit and loss account.

The application of cost price hedge accounting leads to the following exception to the above-mentioned accounting principles for financial instruments.

As long as the forward foreign exchange contract concerns an expected or committed future transaction, the forward exchange contract will not be revalued. As soon as the hedged position of the expected transaction leads to the recognition of a financial asset or financial liability, the profits or losses associated with the forward foreign exchange contract are recognised in the profit or loss account in the same period in which the asset or liability affects the profit or loss.

The results from the non-effective part of the hedge relationship are included in the profit and loss account.

If a forward exchange contract no longer qualifies for hedge accounting, expires or is sold, the hedging relationship is terminated. The cumulative gain or loss previously not recognised in the profit or loss account is recognised in the balance sheet as deferred income/liability until the transaction has taken place. When it is expected that the transaction will not take place anymore, the cumulative gain or loss is reclassified to profit or loss.

Interest rate swaps

The company uses interest rate swaps to hedge interest rate transaction risks on monetary assets and liabilities. The company applies cost price hedge accounting in order to simultaneously recognise both the interest results on the interest rate swap and the hedged receivable or payable in the profit and loss account. As a result interest income and expense are accounted for in the period they belong to. Further if cost price hedge accounting is applied, the lower of cost or market value rule is not applied.

Tangible fixed assets

Fixed assets are valued at acquisition cost less straight-line depreciation over the estimated useful economic life. Depreciation is recognised in profit or loss on the basis over the estimated useful lives of each item of the tangible fixed assets.

Financial fixed assets

The principles for the valuation of financial fixed assets are described under the heading 'financial instruments' (bonds, loans and other financial commitments).

KPMG
KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

in deze betrekking heeft
Paraf voor identificatiedoeleinden.
KPMG Accountants N.V.

Impairment or disposal of fixed assets

The company states tangible and financial fixed assets in accordance with accounting principles generally accepted for financial reporting in the Netherlands. Pursuant to these principles, assets with a long life should be reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets' recoverable amount is estimated. The recoverable amount is calculated as the present value of estimated future cash flows, discounted at the effective interest rate.

If the book value of an asset exceeds the recoverable amount, an impairment is charged to the result equal to the difference between the carrying amount and the recoverable amount. Assets for sale are stated at the carrying amount or lower market value, less selling costs.

Loans and receivables

The principles for the valuation of loans and receivables are described under the heading 'financial instruments' (bonds, loans and other financial commitments).

Prepaid expenses and accrued income

Prepaid expenses are valued at cost less provisions for impairment where necessary.

Cash and cash equivalents

The principles for the valuation of cash and cash equivalents are described under the heading 'financial instruments'. Cash and cash equivalents consist of cash at banks and cash in hand.

Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's 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 profit and loss as financial income or expense.

Provisions

A provision is recognised if:

- the company has a legal or constructive obligation, arising from a past event; and
- if there is a probable outflow of resources; and
- the amount can be estimated reliably.

 KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009 

(mede) betrekking heeft.
Partij voor identificatiedoelenden:
KPMG Accountants N.V.

Metro Finance B.V.

Long-term liabilities

The valuation of long-term debt is explained under the heading 'financial instruments' (bonds, loans and other financial commitments).

Principles for the determination of results

General

Profit is determined as the difference between income generated as a result from financing activities, and the costs and other charges for the year.

The income and expenses are accounted for in the period to which they relate. Revenue is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods or the contract.

Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the underlying agreement to provide services at the reporting date.

Interest income and expense

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.

Costs

Costs are recognised based on the historical cost convention and are allocated to the reporting year to which they relate.

Personnel remuneration

Salaries, wages and social security costs are charged to the profit and loss account in the period they relate to, and in accordance with employment contracts and obligations.

Corporate income tax

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

KPMG

KPMG Audit
Corporatiewaarschuwingrapport d.d.

07 APR. 2009

(naam) betrekking heeft
Paraaf van de identificatiefunctionaris
KPMG Accountants N.V.

Metro Finance B.V.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary (timing) differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at banks and in hand.

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

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

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined.

The fair values of financial fixed assets, loans and receivables, long term liabilities and current liabilities are estimated on the basis of the expected and/or contractual cash flows. These cash flows are discounted at the market interest rates as at balance sheet date, including a margin representing the relevant risks involved.

The fair value of listed bonds is based on the quotation of the bonds on the applicable stock exchanges.

Where applicable, detailed information concerning the principles for determining the fair value are included in the section that specifically relates to the relevant asset or liability.



KPMG Audit
Document waarop ons rapport d.d.

17 APR. 2009

(Indic) Betrekking heeft:
Parool voor identiteitsverificatie
KPMG Accountants n.v.

1 Tangible fixed assets

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

	EUR 1,000
Balance as per 1 January 2008:	
• At cost	123
• Accumulated depreciation	(80)
	<hr/>
Book value	43
Movements:	
• Addition	7
• Disposals:	
- Cost	45
- Cumulative depreciation	(45)
• Depreciation	(15)
	<hr/>
	35
	<hr/>
Balance as per 31 December 2008:	
• At cost	85
• Accumulated depreciation	(50)
	<hr/>
Total book value	35
	<hr/>

Tangible fixed assets relate to a car as well as office and computer equipment mainly. Tangible fixed assets are depreciated on a straight line basis with the depreciation percentages specified below:

- Computer system : 33.33%
- Cars : 20.0%
- Computer license : 16.66%
- Alarm system : 12.5%

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Plaats voor identificatiebeelden:
KPMG Accountants N.V.

2 Financial fixed assets

	Loans to third parties	Loans to METRO AG group companies	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Balance as at 1 January 2008	70,009	1,408,821	1,478,830
Additions	187	394,732	394,919
Repayments	(28,130)	(18,279)	(46,409)
Transfers to short term	-	(1,275,812)	(1,275,812)
Balance as at 31 December 2008	42,066	509,462	551,528

The interest rates on fixed interest rate loans vary between 3.43% and 6.27% (2007: 3.43% and 6.27%), depending on the lifetime and interest periods of the respective loans. The interest rates on the floating interest rate loans vary between EURIBOR + 0.60% and EURIBOR + 0.65%.

The expiration dates of the loans are between 2009 and 2024 (2007: 2008 and 2024). The loans to third parties have been guaranteed by METRO AG.

3 Loans and receivables

	2008 EUR 1,000	2007 EUR 1,000
Loans to METRO AG and other METRO group companies	1,945,406	895,716
Loans to third parties	-	6,100
Interest receivable METRO AG and other METRO group companies	44,401	43,886
Other receivables	-	1,178
Balance as at 31 December 2008	1,989,807	946,880

The loans to METRO AG and other METRO Group companies as well as to third parties will be due and/or payable within 1 year. The loans to third parties are guaranteed by METRO AG.

The interest rates on fixed interest rate loans vary between 4.81% and 5.16% (2007: 4.62% and 6.01%), 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%.

KPMG
07 APR. 2009
h
(mede) bevestiging heeft.
Persoonlijke identificatiegegevens:
KPMG Accountants B.V.

4 Cash and cash equivalents

Cash and cash equivalents include balances with the banks and deposits, which are at the free disposal of the company.

5 Shareholder's equity

The authorised share capital of the company as at 31 December 2008 consists of 700 ordinary shares of EUR 1,000 each. The issued and fully paid-up share capital consists of 453 shares of EUR 1,000 each.

The movement in shareholder's equity are as follows:

	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
Balance as at 1 January 2007	453	6,324	10,135	3,591	20,503
Appropriation of the net results for the year ended 31 December 2006	-	-	3,591	(3,591)	-
Net result for the year	-	-	-	4,018	4,018
Balance as at 31 December 2007	453	6,324	13,726	4,018	24,521
Appropriation of the net results for the year ended 31 December 2007	-	-	4,018	(4,018)	-
Net result for the year	-	-	-	3,766	3,766
Balance as at 31 December 2008	453	6,324	17,744	3,766	28,287

The results over 2007 have been adopted at the Shareholder's Meeting. The result has been added to the retained earnings.

6 Bonds

Maturity between 1 and 5 years	Maturity	Fixed interest %	2008		2007	
			Carrying amount EUR 1,000	Principal amount EUR 1,000	Carrying amount EUR 1,000	Principal amount EUR 1,000
DIP Notes in EUR	2011	4.63	747,826	750,000	746,988	750,000
EMTN Notes in EUR	2012	4.75	498,416	500,000	497,999	500,000
EMTN Notes in EUR	2013	9.64	497,517	500,000	-	-
			1,743,759	1,750,000	1,244,987	1,250,000

Document wearop ons rapport d.d.

07 APR. 2009

(media) totrekking naar
 Form of vestiment capital
 17

Metro Finance B.V.

All instruments have been issued under the EMTN and DIP programmes under the guarantee of METRO AG. The notes are denominated in euros and bear interest depending on the lifetime and interest periods of the respective loans.

The DIP and EMTN programmes are operated via listings on (regulated) exchanges in Frankfurt and Luxembourg.

7 Bank loans

	Interest	2008		2007	
		Carrying amount EUR 1,000	Principal amount EUR 1,000	Carrying amount EUR 1,000	Principal amount EUR 1,000
Maturity between 1 and 5 years					
Bank loans	Fixed	212,598	213,000	40,903	40,903
Bank loans	Floating	486,140	487,000	49,963	50,000
		698,738	700,000	90,866	90,903
Maturity over 5 years					
Bank loans	Fixed	-	-	99,792	100,000
Bank loans	Floating	-	-	49,951	50,000
		-	-	149,743	150,000
		698,738	700,000	240,609	240,903

The loans are denominated in euros and are guaranteed by METRO AG.

The fixed interest rates vary between 3.75% and 4.75% (2007: 3.75% and 4.82%) depending on the lifetime and interest periods of the respective loans.

The floating interest rates on bank loans vary between EURIBOR +0.30% and EURIBOR +0.80%.

8 Bonds (current part)

Maturity within 1 year	Interest rate	2008	2007
		EUR 1,000	EUR 1,000
EMTN Notes in CZK	Floating	-	353
EMTN Notes in JPY	Floating	-	30,315
			30,668

KPMG

KPMG Audit
Occurrence of errors in our report d.d.

07 APR. 2009

(mede) betrekking heeft.
Persaal voor identificatiedoeleinden
KPMG Accountants N.V.

Metro Finance B.V.

The current parts of the EMTN notes outstanding as per 31 December 2007 were denominated in currencies other than the functional currency of the entity. The currency risk had been hedged completely with cross currency interest rate swaps. Both the EMTN Notes as well as the cross currency interest rate swaps matured in July 2008. For further information on these derivatives outstanding as per 31 December 2007 we refer to note 11 and 17.

The floating interest rates on the EMTN notes varied between EURIBOR +0.17% and EURIBOR +0.84%. The notes have been repaid during July 2008.

All loans that are issued in other currencies than the euro are carried at year-end currency rates.

9 Bank loans (current part)

	Interest	2008 EUR 1,000	2007 EUR 1,000
Bank loan	Fixed	-	100,066
Bank loan	Fixed	20,826	-
		<u>20,826</u>	<u>100,066</u>


All loans bear fixed interest rates that vary between 4.71% and 4.82% (2007: 4.51% and 5.50%), depending on the lifetime and interest periods of the respective loans.

All bank loans are taken up under the guarantee of METRO AG.

In order to refinance part of its debt obligations, Metro Finance B.V., guaranteed by METRO AG, entered into a EUR 1,000,000,000 multi-currency revolving credit facility with a number of international banks. As of 31 December 2008 nothing had been drawn on this facility (2007: EUR 0 million). The contracts of the multi-currency revolving credit facility contain financial covenants which are monitored closely within the Group.

10 Group companies

	2008 EUR 1,000	2007 EUR 1,000
Short-term (part of) loans from METRO AG and other METRO companies	-	458
Current account balances with regards to METRO AG and other METRO group companies	59	725,569
	<u>59</u>	<u>726,027</u>

 KPMG Audit
 07 APR, 2009
 (mede) betrekking heeft.
 Paraaf voor identificatiedoeleinde
 KPMG Accountants N.V.

Metro Finance B.V.

All loans and current accounts regarding METRO AG group companies bear interest rates at EURIBOR. The interest rates for loans are set when a derivative foreign exchange contract is entered into on the loan. The interest rates are based on EURIBOR flat or plus a margin.

11 Other liabilities and accrued expenses

	2008 EUR 1,000	2007 EUR 1,000
Interest payable	49,556	41,442
Derivatives	–	17,299
Other	45	61
	<u>49,601</u>	<u>58,802</u>

Interest payable relates to external parties completely as at 31 December 2008 and 31 December 2007.

Derivatives reflect the book value of the cross currency interest rate swaps that matured in July 2008.

12 Interest receivable and similar income

	2008 EUR 1,000	2007 EUR 1,000
Interest income from METRO AG group companies	124,727	126,250
Interest income from METRO AG	4,113	2,897
Interest income from third parties	2,916	1,114
	<u>131,756</u>	<u>130,261</u>

13 Interest payable and similar expenses

	2008 EUR 1,000	2007 EUR 1,000
Interest expenses to METRO AG group companies	21,829	18,553
Interest expenses to third parties	104,424	105,894
	<u>126,253</u>	<u>124,447</u>

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Formaf voor identificatiedoelinden.
KPMG Accountants N.V. 20

14 Other income

The balance consists of income related to general expenses which have been cross charged by Metro Finance B.V. to Metro Euro-Finance B.V.

15 Wages and salaries

	2008 EUR 1,000	2007 EUR 1,000
Wages and salaries	341	314
Social security	34	31
	375	345

16 Taxation

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

	2008 EUR 1,000	2007 EUR 1,000
Result from ordinary activities before taxation	5,055	5,305
Taxation on result from ordinary activities	1,289	1,287
Effective tax rate	25.5%	24.3%
Nominal tax rate	25.5%	25.5%

The nominal tax rate is 25.5% (2007: 24.3%). The tax liability in the profit and loss account over 2008 amounts to EUR 1,289,000 or 25.5% of the result before taxes (2007: 24.3%). The difference between the 2007 effective and nominal tax rate was due to prior year adjustments included in the 2007 tax charge.

17 Financial instruments

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.

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraaf voor identificatiedoeleinden:
KPMG Accountants N.V.

Metro Finance B.V.

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 a counterparty fails to meet its payment obligations to the company, the resulting losses 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

Approximately 98% (2007: 98%) of the receivables of the company are held with related parties, for definition see below to related party transactions. Approximately 52% (2007: 64%) 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 42 million (2007: EUR 70 million). We refer to note 2, for further information. The third parties involved consist of real estate companies located in Luxembourg. The receivables arose due to the sale of real estate by METRO AG (group companies) during 2007. METRO AG has issued a guarantee that covers any future loss on the underlying receivables involved.

In general management of the company tends to assess and review credit risk for counterparties within the Group. As part of the service level agreement between the company and its sole parent, METRO AG issued a guarantee that covers any future loss on the underlying receivable to METRO AG group companies.

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 AG Group interest rate policy aims to reduce the financing costs as much as possible. Derivative financial instruments are not used for speculative purposes.

As per 31 December 2007, two cross currency interest swaps were outstanding that to hedge the interest rate cash flow risk. The derivatives represented a notional amount of EUR 17.3 million. The fair value amounted to approximately EUR 17.8 million. Both derivatives have matured during July 2008.

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

KPMG
KPMG Audit
Accountants N.V.
07 APR. 2009
(medel) betrekking heeft.
Paraaf voor identificatiedoeleinden:
KPMG Accountants N.V.

Metro Finance B.V.

As per 31 December 2008, no other derivative contracts were outstanding to hedge the interest risk.

The duration mismatch between interest bearing assets and liabilities that appear from the balance sheet as at 31 December 2008, is due to:

- the proceeds of the bond issue (EUR 500 million maturing in 2013) that have been lent to METRO AG via the current account;
- bank loans (EUR 500 million) with a time to maturity that exceeds 12 months after balance sheet date;
- the transfer to short term assets of a loan placed with a Metro AG subsidiary that will mature in 2009 (EUR 920 million).

The fair value effects resulting from the duration effects are covered under the "liquidity risk" paragraph.

Currency risk

The company is exposed to foreign exchange risk on loans and receivable 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 profit and loss account does not include any currency results (2007: net amount of nil).

As per 31 December 2008, the company has no derivative contracts outstanding to hedge currency risks since assets and liabilities are denominated in the functional currency being the euro.

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 2008 no derivatives were outstanding. As per 31 December 2007, two cross currency interest rate swaps were outstanding to hedge the interest and currency risk on the loan notes denominated in non functional currencies. We refer to the paragraph on "interest rate risk".

Liquidity risk

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.

KPMG

KPMG Audit

07 APR. 2009

(mede) betrekking heeft
Parent voor identificatie doelen:
KPMG Accountants N.V.

Metro Finance B.V.

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.

Fair value

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

	Note	2008		2007	
		Fair value EUR 1,000	Book value EUR 1,000	Fair value EUR 1,000	Book value EUR 1,000
Financial fixed assets	2				
Loans to third parties		45,708	42,066	71,165	70,009
Loans to METRO AG group companies		521,592	509,462	1,475,045	1,408,821
Loans and receivables	3				
Loans to third parties		–	–	6,110	6,100
Loans to METRO AG group companies		2,012,842	1,945,406	896,339	895,716
Long-term liabilities					
Bond	6	1,774,093	1,743,759	1,255,355	1,244,987
Bank loans	7	719,820	698,738	239,590	240,609
Current liabilities					
Bonds	8	–	–	30,736	30,688
Bank loans	9	20,673	20,826	98,547	100,066

We refer to notes mentioned to facilitate a reconciliation to the face of the balance sheet. The fair values represent the clean fair value excluding of interest accruals.

The fair value of financial instruments other than the ones stated in the above table is close to the carrying amount.

As per 31 December 2008, no derivative financial instruments were outstanding. As per 31 December 2007, two cross currency interest swaps were outstanding that represented a book value of EUR 17.3 million. The fair value amounted to approximately EUR 17.8 million. Both derivatives have matured during July 2008.

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraf voor identificatiedoeleinden.
KPMG Accountants N.V.

18 Related party transactions

All companies belonging to the METRO AG Group qualify as related parties.

The main activity of the company is attracting loans for funding of companies belonging to the METRO AG Group. The balances outstanding to group companies have been separately disclosed in the notes to the balance sheet.

The intercompany interest income and intercompany expenses have also been separately disclosed in the notes to the profit and loss account.

The company has a service agreement with METRO AG. For delivering the financing services the company receives a guaranteed margin of 20% of the interest spread before any write off of its receivables. The difference between the actual margin and the guaranteed margin is included in the line interest income from METRO AG. As a result the company realised a stable margin.

19 Contingent obligations

The company has a non-cancellable rent agreement for its office building, which will expire on 31 May 2012 with a total obligation of EUR 258,000 for the remaining contractual period, of which EUR 58,000 is due in financial year 2009. No other off balance sheet liabilities, guarantees or long term financial obligations are applicable.

20 Personnel

The company employed 7 persons (2007: 6) on average in the financial year. Measured in full time equivalents, the company employed 6.5 FTE on average during the financial year (2007: 5).

21 Remuneration of the Boards of Managing and Supervisory Directors

The Board of Managing Directors consisted of 4 persons during the year (2007: 3).

The Board of Supervisory Directors consisted of 3 persons during the year (2007: 3).

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

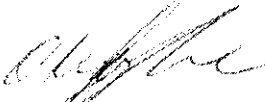
(mede) betrekking heeft.
Paraaf voor identificatie doeleinden.
KPMG Accountants N.V.

Metro Finance B.V.

The remuneration for the Managing Directors amounted to EUR 136,000 (2007: EUR 124,000).
The remuneration for the Supervisory Board for the financial year 2008 amounted to EUR 8,000
(2007: EUR 8,000).

Venlo, 7 April 2009

The Board of Managing Directors,



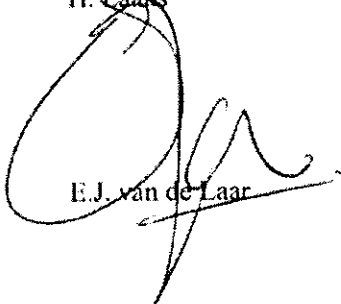
O. Kruse



H.-D. Hinker



H. Gaaks



E.J. van de Laar

The Board of Supervisory Directors,



T. Unger



T. Grad



Dr. R. Griebeler



KPMG Audit
Document waarop ons rapport d.d.

0 / APR. 2009

(mede) betrekking heeft
Paraf van terzake afdrukt
KPMG Audit 2009 110 10 10

Metro Finance B.V.

Other information

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 shareholder's 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 2008 profit after tax (EUR 3,766,000) to the other reserves.

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

Auditor's report

The auditor's report is set forth on the following pages.

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft
Parzaal voor identificatiedoeleinden
KPMG Accountants N.V.

To the Shareholder of Metro Finance B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2008 set out on page 5 to 26 of Metro Finance B.V., Venlo, which comprise the balance sheet as at 31 December 2008, the profit and loss account and the cash flow statement 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 directors' 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. 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.

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

(mede) betrekking heeft.
Paraal voor identiteitsdoelenden:
KPMG Accountants N.V.

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 2008, 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 f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 7 April 2009

KPMG ACCOUNTANTS N.V.

M.G. Schönhage RA

KPMG

KPMG Audit
Document waarop ons rapport d.d.

07 APR. 2009

Imodet b. tre. kins. heett.
Paraaf voor identificatiedoeleinden.
KPMG Accountants N.V.