


Metro Cash & Carry Danmark ApS
Ejby Industrivej 111
2600 Glostrup, Denmark

Metro Cash & Carry Danmark ApS Annual report 2015/16

The annual report was presented and approved at the
Company's annual general meeting
on 28.12. 2016

chairman

CVR no. 19 03 34 49

216368_2

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 October 2015 – 30 September 2016	10
Accounting policies	10
Income statement	15
Balance sheet	16
Statement of changes in equity	18
Notes	19

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Metro Cash & Carry Danmark ApS for the financial year 1 October 2015 – 30 September 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016.

In our opinion, the Management's review includes a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 December 2016

Executive Board:



Nils Wolfgang
Kulmann



Andreas Becker



Independent auditor's report

To the shareholders of Metro Cash & Carry Danmark ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Metro Cash & Carry Danmark ApS for the financial year 1 October 2015 – 30 September 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 judgement, 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 Company's preparation of financial statements that give a true and fair view 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 Company'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 financial statements.

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

Our audit has not resulted in any qualification.



Independent auditor's report

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's operations and cash flows for the financial year 1 October 2015 – 30 September 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 15 December 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'P. E. Olsen'.

Per Ejsing Olsen
State Authorised
Public Accountant

Metro Cash & Carry Danmark ApS
Annual report 2015/16
CVR no. 19 03 34 49

Management's review

Company details

Metro Cash & Carry Danmark ApS
c/o Visma Services Danmark A/S
Lyskær 3C
2730 Herlev
Denmark

Telephone:	+45 43 46 77 00
Fax:	+45 43 46 77 03
CVR no.:	19 03 34 49
Established:	1. January 1996
Registered office:	Herlev.
Financial year:	1 October – 30 September

Executive Board

Nils Wolfgang Kulman
Andreas Becker

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Management's review

Financial highlights

DKKkm	2015/16	2014/15	2014 (9 months)	2013	2012
Key figures					
Income statement:					
Revenue	0	322.5	1,589.8	1,273.3	1,727.2
Gross profit	0	18.9	178.0	171.1	307.2
Operating profit/loss-EBIT	22.7	77.1	-345.5	-110.5	-21.8
Net financials	-1.5	-2.3	-4.1	-3.2	-6.5
Profit/loss from ordinary activities	22.4	74.8	-349.6	-113.7	-28.3
Profit/loss for the year	22.4	74.8	-353.9	-104.6	-29.6
Balance sheet:					
Total assets	16.6	389.9	419.6	685.8	759.1
Operating assets	-0.9	104.2	398.9	655.0	708.1
Equity	-91.1	-113.4	-188.2	145.7	180.3
Financial ratios in %: *)					
Gross margin	na	5.8	11.2	13.4	17.8
Operating margin	na	24	Neg.	Neg.	Neg.
Return on invested capital	Neg.	Neg.	Neg.	Neg.	Neg.
Equity interest	Neg.	Neg.	Neg.	21.2	23.7
Average number of full-time employees					
	1	202	503	576	553

*) Financial ratios are calculated in accordance with the definitions described; please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

Up to 31 December 2014, the principal activities comprised trade in convenience goods and non-food articles, primary on cash & carry basis, but also on credit. The customers comprised entities and self-employed traders as well as associations and public institutions. The activities were carried out at the Group's outlets in Copenhagen, Glostrup, Aarhus, Kolding and Aalborg.

As announced in the annual report for 2013/14, the decision to wind down Metro Cash & Carry Danmark's activities in Denmark was announced in September 2014, and the final decision was communicated in October 2014. By the end of December 2014, the activities in the outlets in Copenhagen, Glostrup, Kolding, Aarhus and Aalborg ceased, and shortly after, all employees left the Company with a few exceptions, and all contracts related to the Cash & Carry activities were terminated. The activities are subsequently concentrated on divesting the properties hosting the five former outlets and land in Odense. At the end of September 2015, the property in Copenhagen was sold.

Metro Cash & Carry Danmark ApS is a subsidiary of the German-based Metro AG Group. With effect from 1 October 2014, Metro Cash & Carry Danmark ApS was merged with its former Danish parent company, METRO Danmark Holding ApS, and its former Danish affiliated company, METRO Properties Danmark ApS, with Metro Cash & Carry Danmark ApS as the continuing company.

Development in activities and financial position

As described above, the Company had no activity during 2015/16 within the Cash & Carry Business that ceased on 31 December 2014. During the financial year 2015/16, the Company has sold the remaining properties in Glostrup, Kolding, Aarhus and Aalborg as well as a plot in Odense. The sales have resulted in a net gain of DKK 29 million.

The net profit after tax amounted to DKK 22 million compared to a profit of DKK 75 million in 2014/15. The profit matches the expectation expressed in the financial statements for 2014/15.

After sales of the properties, total assets amounts to DKK 15 million of which DKK 14 million is bank deposits.

Material uncertainties regarding recognition and measurement

There are no uncertainty related to recognition and measurement at 30 September 2016. The Company has a significant deferred tax asset, which is measured at nil in the financial statements.

Management's review

Operating review

Capital resources

After distribution of the profit for the year, the net equity is negative by DKK 92 million. The Company is financed by loans and credit lines in other Metro AG Group companies. The Company has received confirmation from other Metro AG Group companies that credit lines necessary to finance the expected activities will continue at least until the end of 2017.

Furthermore as described below, the Company has after the year end received a Group contribution of DKK 104 million which has increased the equity to a positive amount.

Based on this commitment from other Metro AG Group companies and the group contribution of DKK 104 million, Management is of the opinion that the Company has sufficient capital resources to prepare the financial statements under the assumption of going concern.

Events after the balance sheet date

At 4 October 2016, the parent company provided a group contribution of DKK 104 million to Metro Cash & Carry Danmark ApS, which resulted in a similar increase in equity. The proceeds were used to repay an intercompany loan. After the group contribution, equity is positive in the amount of DKK 12 million at 4 October 2016.

Besides the group contribution, there have been no significant events after the balance sheet date that significantly affect the financial statements for 2015/16.

Outlook

For 2016/17, the Company will not have any activities, and it is expected that the Company will be liquidated during 2017. It is expected that the period until the final liquidation will result in a minor loss after tax.

Risks

As the Cash & Carry activities have ceased, the Company is no longer exposed to new operating risks or significant financial risks. Risks are related to guarantees provided in various sales agreements.

Intellectual capital and environmental matters

Apart from the Executive Board, the Company has only a few employees. The activities have ceased, and specific reporting on intellectual capital and environmental matters is therefore no longer relevant.

Management's review

Operating review

Research and development activities

The Company has had no research and development activities in 2015/16.

Corporate social responsibility

Management reported on corporate social responsibility, including policies regarding human rights and climate impact, in the Management's review in the financial statements for 2013/14. As the activities of the Company have ceased, the policies for corporate social responsibility, including policies regarding human rights and climate impact, are no longer relevant, and Management has therefore nothing to report in respect of how the policies are implemented and which results have been achieved.

Goals and policies for the underrepresented gender

The Company has no Board of Directors. The Executive Board comprises two men. As the activities of the Company have ceased, and the Company is expected to be liquidated during 2017, no goals or policies have been formulated for the underrepresented gender at various management levels.

Financial statements 1 October 2015 – 30 September 2016

Accounting policies

The annual report of Metro Cash & Carry Danmark ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class C large-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

With effect from 1 October 2014, Metro Cash & Carry Danmark ApS was merged with its former Danish parent company, METRO Danmark Holding ApS, and its former Danish affiliated company, METRO Properties Danmark ApS, with Metro Cash & Carry Danmark ApS as the continuing company. The comparative figures and the 5-year financial highlights have been adjusted to reflect the merger.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of METRO AG, Germany.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising the sale of Food and Non-food, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue is measured at the fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All discounts granted are included in revenue.

Financial statements 1 October 2015 – 30 September 2016

Accounting policies

Cost of sales

Cost of sales comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the Company, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 October 2015 – 30 September 2016

Accounting policies

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, energy consumption, staff and depreciation of machinery used.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	15-30 years
Fixtures and fittings, tools and equipment	5-20 years

Land is not depreciated.

Depreciation is recognised in the income statement as cost of sales, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Financial statements 1 October 2015 – 30 September 2016

Accounting policies

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 October 2015 – 30 September 2016

Accounting policies

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average operating assets}}$
Operating assets	Operating assets comprise total assets less cash at bank and in hand and other interest-bearing assets
Equity interest	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

Financial statements 1 October 2015 – 30 September 2016

Income statement

DKK'000	Note	2015/16	2014/15
Revenue	2	0	322,502
Production costs	3	0	-303,643
Gross profit		0	18,859
Distribution costs	3	0	-65,592
Administrative expenses	3	-4,419	-2,718
Ordinary operating loss		-4,419	-49,451
Other operating income		28,348	126,593
Operating profit		23,929	77,142
Financial income	5	236	65
Financial expenses	6	-1,765	-2,409
Profit before tax		22,400	74,798
Tax on profit for the year		0	0
Profit for the year		22,400	74,798
Proposed profit appropriation			
Proposed dividends for the financial year		0	0
Retained earnings		22,400	74,798
		22,400	74,798

Financial statements 1 October 2015 – 30 September 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Property, plant and equipment	7		
Land and buildings		0	97,651
		0	97,651
Total non-current assets		0	97,651
Current assets			
Receivables			
Trade receivables		2,053	474
Other receivables		222	3,977
Prepayments	8	15	2,540
		2,290	6,991
Cash at bank and in hand		14,324	285,645
Total current assets		16,614	292,636
TOTAL ASSETS		16,614	390,287

Financial statements 1 October 2015 – 30 September 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity			
Share capital	9	10,000	10,000
Retained earnings		-100,992	-123,392
Total equity		-90,992	-113,392
Current liabilities			
Trade payables		1,125	1,011
Debt to affiliates		104,446	441,048
Other payables		2,035	61,620
		107,606	503,679
Total liabilities		107,606	503,679
TOTAL EQUITY AND LIABILITIES		16,614	390,287
Capital resources	1		
Related party disclosures	10		
Ownership	11		

Financial statements 1 October 2015 – 30 September 2016

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 October 2015	10,000	-123,392	-113,392
Transferred; see the profit appropriation	0	22,400	22,400
Equity at 30 September 2016	10,000	-100,992	90,992

Financial statements 1 October 2015 – 30 September 2016

Notes

1 Capital resources

After distribution of the profit for the year, the net equity is negative by DKK 92 million. The Company is financed by loans and credit lines in other Metro AG Group companies. The Company has received confirmation from other Metro AG Group companies that credit lines necessary to finance the expected activities will continue at least until the end of 2017.

Furthermore, the Company has after the year end received a group contribution of DKK 104 million which has increased the equity to a positive amount of DKK 12 million.

Based on this commitment from other Metro AG group companies and the group contribution of DKK 104 million, Management is of the opinion that the Company has sufficient capital resources to prepare the financial statements under the assumption of going concern.

DKK'000	2015/16	2014/15
2 Revenue by segment		
Food	0	272,043
Non-food	0	50,459
	<u>0</u>	<u>322,502</u>
3 Costs		
Wages and salaries	2,874	88,763
Effect of provisions for restructuring	-3,905	-62,588
Pensions	27	5,444
Other social security costs	63	2,045
	<u>-941</u>	<u>33,664</u>
 Average number of employees	 <u>1</u>	 <u>202</u>

Financial statements 1 October 2015 – 30 September 2016

Notes

3 Costs (continued)

Remuneration of the Company's Executive Board amounts to DKK 0 thousand (2014/15: DKK 6,664 thousand).

DKK'000	2015/16	2014/15
Depreciation and impairment losses		
Property, plant and equipment	0	14,395
	0	14,395

Depreciation, amortisation and impairment losses are recognised as follows in the financial statements:

DKK'000	2015/16	2014/15
Distribution	0	14,386
Administration	0	9
	0	14,395

4 Fees to the auditor appointed by the general meeting (included in administrative expenses)

DKK'000	2015/16	2014/15
Statutory audit	200	200
Tax and VAT consultancy	50	107
Non-audit services	75	38
	325	345

5 Other financial income

Interest income from affiliated companies	234	0
Other interest income	2	65
	236	65

Financial statements 1 October 2015 – 30 September 2016

Notes

6 Financial expenses

DKK'000	2015/16	2014/15
Interest expense to affiliated companies	1,710	2,359
Interest expense to banks, etc.	55	50
	<u>1,765</u>	<u>2,409</u>

7 Property, plant and equipment

DKK'000	Land and buildings
Cost at 1 October 2015	424,227
Additions	0
Disposals	-424,227
Cost at 30 September 2016	<u>0</u>
Depreciation and impairment losses at 1 October 2015	326,576
Impairment losses	0
Depreciation	0
Disposals	-326,576
Depreciation and impairment losses at 30 September 2016	<u>0</u>
Carrying amount at 30 September 2016	<u>0</u>

DKK'000	2015/16	2014/15
8 Prepayments		
Property taxes	0	2,540
Insurance, leases and other items	15	0
	<u>15</u>	<u>2,540</u>

Financial statements 1 October 2015 – 30 September 2016

Notes

9 Share capital

The share capital consists of 10,000 shares of DKK 1,000 each. There have been no changes to the share capital for the past five years.

DKK'000	2015/16	2014/15
Share capital	10,000	10,000

10 Related party disclosures

Parties exercising control	Basis
Metro Cash & Carry International Holding B.V. Metro AG and other Metro AG Group companies	Principal shareholder Ultimate shareholder and group entity
Other related parties	
Andreas Becker Nils Wolfgang Kulmann	Member of the Executive Board Member of the Executive Board

Transactions

In 2015/16, there have been no transactions with related parties except for normal trade and salaries.

11 Ownership

The Company is wholly-owned by

Metro Cash & Carry International Holding B.V
Dalsteindreef 101-139
1112 XC Diemen
The Netherlands

The Company is included in the consolidated financial statements of Metro AG, Diemen, the Netherlands, whose financial statements can be obtained by contacting the Company.