

MiGROS



Migros Ticaret A.Ş.

01.01.2010 – 30.06.2010

Interim Activity Report

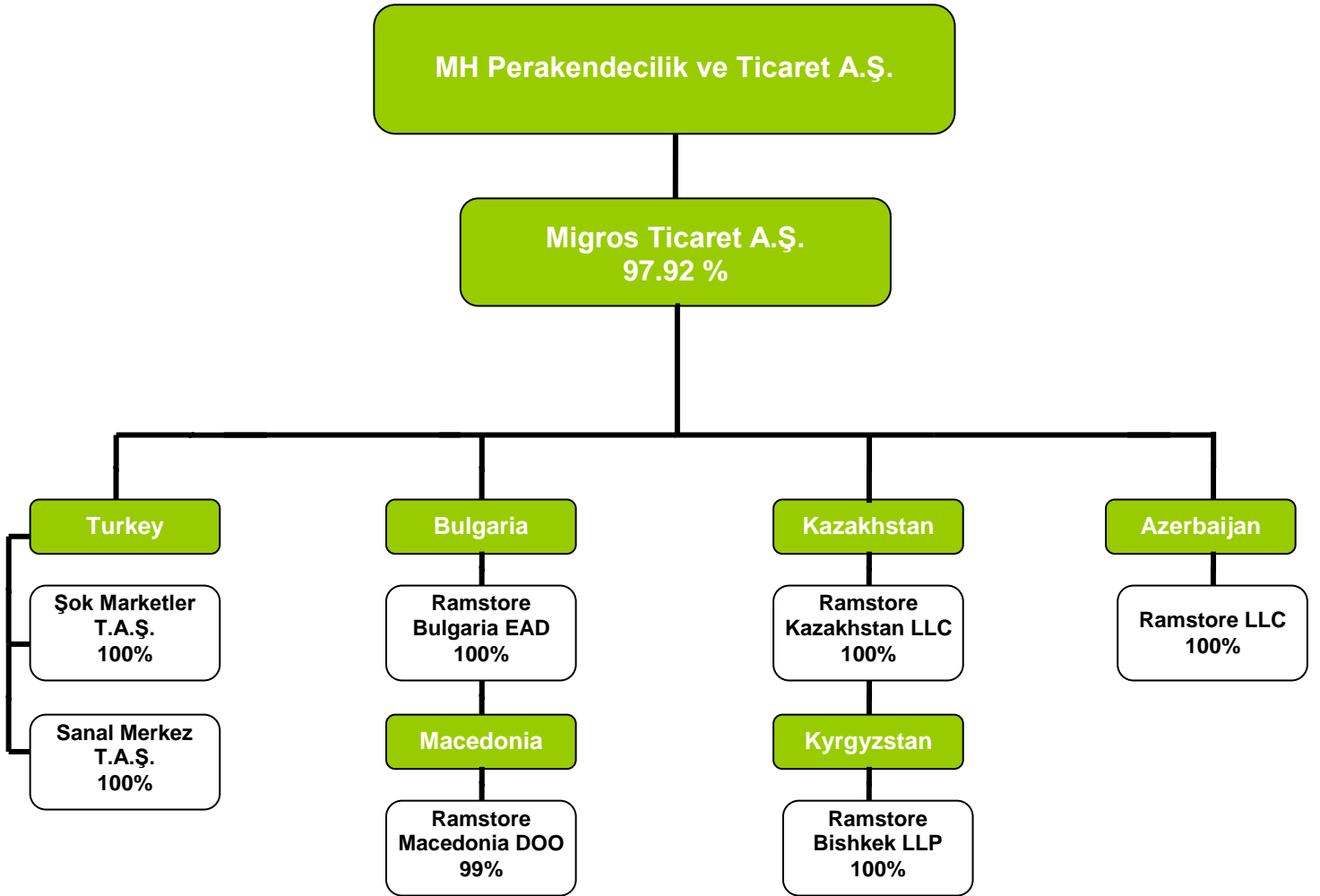
CORPORATE PROFILE

Company	: Migros Ticaret A.Ş.
The Date of Foundation*	: 19.03.2008
Trade Registry Office	: İstanbul Trade Registry Office
Trade Registry Number	: 659896
Tax Administration	: Büyük Mükellefler Vergi Dairesi
Tax ID	: 6220529513
Address	: Turgut Özal Caddesi No:12 34758 Ataşehir - İstanbul
Phone	: 0216 579 30 00
Fax	: 0216 579 35 00
Corporate Web Site	: www.migroskurumsal.com
E-mail	: malimigros@migros.com.tr
Capital	: TL 178,030,000
Stock Exchange	: İstanbul Stock Exchange
Listing Year at the Stock Exchange**	: 2009
Symbol	: MGROS.IS

()*: Migros Türk T.A.Ş. and Moonlight Perakendecilik ve Ticaret A.Ş., established in March 19, 2008, were merged on April 30, 2009. Moonlight changed its name to Migros Ticaret A.Ş. subsequent to the merger.

*(**)*: It is the first listing date of Migros Ticaret A.Ş. to ISE following the merger with Migros Türk T.A.Ş.

Migros Ticaret Ownership Structure and Its Subsidiaries as of 30 June 2010



INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

Turkish GDP growth of 11.7% in 1Q2010 compensated the 14.5% erosion in 1Q2009 to a great extent. However, seasonally and calendar adjusted growth represents that the pace of recovery since second half of 2009 has been losing its momentum. Growth in GDP came mostly from domestic consumption while investment goods production growth was below expectations and contribution of exports was limited. Global economic risks hindering the export growth are challenging the pace of recovery anticipated earlier. One of the components of domestic consumption, food, beverages and tobacco, which grew by a mere 0.9%, made a limited contribution to the GDP growth.

Consumer Price Index (CPI) dropped by 0.56% in June 2010, significantly higher than expectations. Annual inflation decreased from 9.10% to 8.37%.

The main reason for lower than expected inflation is 2.52% decrease in food prices. Decrease in yearly food prices continued and the fall in the prices of 'Services' continued more pronounced than ever.

PPI slid by 0.50% in June 2010 contrary to the expected increase of 0.3%, which resulted in the retreat of yearly PPI from 9.21% in May 2010 to 7.64% in June 2010. Decrease in international oil, commodity and domestic agricultural prices were the main factors responsible for the PPI development in June 2010.

CPI, which was 6.53% in 2009, was realised as 7.58% in July 2010 compared to the same period last year. Food and non-alcoholic beverages group price index declined by 0.55% in July 2010 versus December 2009.

CBRT Consumer Confidence Index, which was 78.8 in December 2009, continued to climb and reached to 88.0 in June 2010, an increase of 11.7% since December 2009.

According to Retail Index results of Trade Council of Shopping Centers and Retailers (TCSCR), annual increase in sales turnover is 9% in June 2010. In food retail market, annual increase in sales turnover realized at 4%. In non-food retail market, annual increase in sales turnover amounted to 18%. The total sales area rose by 15% on an annual basis in food retail and %16 in non-food retail in a similar way.

SECTION 1: CORPORATE INFORMATION

Board of Directors

According to the Minutes of Ordinary General Assembly Meeting dated 20 May 2010, Board Members and Auditors are shown below.

Board of Directors

Fevzi Bülent Özaydınlı	Chairman
Antonio Belloni	Member
Nicholas Stathopoulos	Member
Stefano Ferraresi	Member
Cedric Brice Dubourdieu	Member
Evren Rifki Ünver	Member
Ömer Özgür Tort	Member / General Manager
Pedro Miguel Stemper	Member
Giovanni Maria Cavallini	Member
Sharifa Salim Mohamed Al Busaidy	Member
Carlo Francesco Frau	Member

Auditors

Mustafa Bilgutay Yaşar	Auditor
Yüksel Toparlak	Auditor
Recep Bıyık	Auditor

Also, Stefano Ferraresi and Evren Rifki Ünver have been elected as the members of the Audit Committee and Nicholas Stathopoulos, Ömer Özgür Tort, Erkin Yılmaz and Affan Nomak have been elected as the members of Corporate Governance Committee at the Board of Directors Meeting of our company dated 14 June 2010.

Authorities and Duties of The Board of Directors

According to the articles 16th and 17th in the Articles of Association of the Company, the Board of Directors have the authority to take any resolutions with the exception of matters that needs the resolution of the General Assembly in accordance with the laws and Company's Articles of Association.

Authorities and Duties of the Auditors

According to the articles 22nd and 23rd in the Articles of Association of the Company, the duties, liabilities and responsibilities of auditors as well as matters pertaining thereto are governed by provisions of the Turkish Commercial Code, provided that clauses Article 275 of the same Act is binding. A salary or annual remuneration assessed by the General Assembly is paid to each auditor.

The shareholding structure of Migros Ticaret A.Ş.

The names of shareholders, shareholding amounts and percentages of the shareholders holding more than 10% of the capital of TL 178,030,000 are as follows:

As of 30 June 2010;

Migros Ticaret A.Ş.		
Shareholder	Share (%)	Amount (TL)
MH Perakendecilik ve Ticaret A.Ş.	97.92	174,323,336.00
Other	2.08	3,706,664.00
Total	100.00	178,030,000.00

Information About the Most Recent Capital Increase

No increase was made in the capital during the January – June 2010 period.

Information on General Assembly Meeting

General Assembly Meeting

Meeting Minutes and List of Attendees pertaining to Ordinary General Assembly Meeting of our Company dated 20.05.2010 was disclosed in our corporate web site (www.migroskurumsal.com). In the Ordinary General Assembly Meeting, the statutory and the consolidated financial statements dated 31.12.2009, which was prepared in accordance with IFRS, and the other agenda were duly accepted.

In the Ordinary General Assembly Meeting, Fevzi Bülent Özaydınlı, Antonio Belloni, Nicholas Stathopoulos, Stefano Ferraresi, Cedric Brice Dubourdieu, Evren Rifki Ünver, Ömer Özgür Tort, Pedro Miguel Stemper, Giovanni Maria Cavallini, Sharifa Salim Mohamed Al Busaidy and Carlo Francesco Frau were elected as Board Members for 3 years as specified in the Articles of Association.

In the Ordinary General Assembly Meeting, Mustafa Bilgutay Yaşar, Yüksel Toparlak and Recep Bıyık has been elected as Auditors for 3 years as specified in the Articles of Association.

During the General Assembly Meeting, as per the regulations of the Board of Capital Markets on Independent External Auditing, it was resolved by the Board of Directors that "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (a member of Deloitte Touche Tohmatsu International) which was selected for the year 2010 be authorized to act as independent external auditor.

Meeting Minutes and List of Attendees pertaining to Ordinary General Meeting of our company dated 20.05.2010 have been disclosed in our corporate web site (www.migroskurumsal.com) and prior annual reports of our company.

Amendments in the Articles of Association During the Period

No change was made in the articles of association during the period.

The Dividend Policy of Migros

As it was submitted to shareholders at the General Assembly Meeting on 20 May 2010;

"In line with the Company's long-term strategies, investments and financing plans and profitability, the amount of dividend which determined by the Board of Directors and submitted for the approval of the General Assembly, computed in accordance with the CMB communiqués and regulations, can be distributed in cash or in the form of bonus shares of stock, or some combination of the two. This is the Company's policy for the next three years. Any change in this policy will be publicly disclosed."

The Dividend Distribution

At the General Assembly Meeting of our company held on 20 May 2010, it was resolved to distribute TL 195,833,000 as dividend to the shareholders from the following sources;

- TL 31,500,000.00 current year net profit,
- TL 164,333,000.00 extraordinary reserves, excluding inflation restatement differences,

It was determined that there is no need to set aside first order legal reserves as the first order legal reserves reached 20% of capital in accordance with Turkish Commercial Code.

In addition to TL 195,833,000 dividend payment, it was decided to set aside second order legal reserves amounting to TL 21,759,222.22.

Accordingly,

- A TL 1.10 gross and net cash dividend per share with a nominal value of TL 1 representing a ratio of %110 to institutional shareholders domiciled in Turkey and non-resident foreign institutions, which are tax payers in Turkey through their permanent representative offices or companies,
- A TL 0.935 net cash dividend per one share with a nominal value of TL 1 to other shareholders, which will be calculated following the deduction of the withholding ratios under tax laws, which represents a ratio of %93.5.

Dividend can be distributed only to shareholders, who have registered their shares, in accordance with the current legislation. Our shareholders whose shares are not monitored within the framework of the regulations on registration system and physically hold their share certificates should register their shares to be able to receive their dividends. The dividend distribution commenced on **May 28, 2010**, at the branches of Yapı Kredi Bankası A.Ş. and Yapı Kredi Yatırım Menkul Değerler A.Ş. Dividends are paid to the holders of registered and listed shares by the brokerage house.

SECTION 2: FINANCIAL INFORMATION

Sales

(thousand TL)

	1 January - 30 June 2010	1 January - 30 June 2009
Domestic sales	2,908,691	2,608,650
Foreign sales	121,969	115,779
	3,030,660	2,724,429
Other sales	1,154	3,610
	3,031,814	2,728,039
Less: Discounts and returns	(59,917)	(52,119)
Sales revenue - net	2,971,897	2,675,920

The Financial Ratios

The financial resources and the risk management policies

Loans

As from June 30, 2010, the outstanding loans of the Company stands at TL 2,266,482 thousand, out of which TL 49,945 thousand is due within the next 12 months.

On August 4, 2009 , Migros Ticaret A.Ş. borrowed a total amount of EUR 1,170,235,000 from the consortium of Akbank, İş Bankası, Garanti Bankası and Vakıfbank, to be paid back by May 2018.

Risk management policies

The company is exposed to financial risks stemming from the fluctuations in foreign exchange rates and interest rates, mainly due to the foreign exchange denominated loans utilized by the company. Foreign exchange risk from loans and fluctuations in libor rates are continuously monitored and limited by hedging derivative instruments.

Risk management is implemented by each subsidiary within the framework of policies decided by the Board of Directors.

The significant events that take place from ending of the fiscal period to publication of the respective financial statements

In the footnote 'Events After Balance Sheet Date' of the Consolidated Financial Statements, necessary explanations are provided on the matter.

The quality and amount of the capital market instruments that have been issued

N/A.

Financial Statements

	MİGROS TİCARET A.Ş.			
IFRS Consolidated Income Statement Summary (Thousand TL)	01 Jan. - 30 June 2010	%	01 Jan. - 30 June 2009	%
Net Sales	2,971,897	100.0	2,675,920	100.0
Cost of sales (-)	-2,232,965	-75.1	-1,989,570	-74.4
Gross Profit	738,932	24.9	686,350	25.6
Operating Expenses	-645,490	-21.7	-557,650	-20.8
Other Income / (Gains)	-143	0.0	1,029	0.0
Operating Profit	93,299	3.1	129,729	4.8
Financial Income / (Gains)	73,089	2.5	13,688	0.5
Income Before Tax	166,388	5.6	143,417	5.4
Tax Income / (Expenses)	-33,068	-1.1	-29,851	-1.1
Income For The Period	133,320	4.5	113,566	4.2
<i>Income For The Period-Non-controlling Interest</i>	37	0.0	1,635	0.1
<i>Income For The Period-Parent Company Shares</i>	133,283	4.5	111,931	4.2

Migros Ticaret A.Ş. IFRS Consolidated Balance Sheet Summary (Thousand TL)	June 10	%	Dec. 09	%
Current Assets	1,636,498	30.6	1,940,870	34.4
Non-current Assets	3,712,767	69.4	3,707,173	65.6
Total Assets	5,349,265	100.0	5,648,043	100.0
Current Liabilities	1,518,621	28.4	1,443,242	25.6
Non-current Liabilities	2,394,293	44.8	2,704,471	47.9
Total Liabilities	3,912,914	73.1	4,147,713	73.4
Parent Company Shareholders' Equity	1,435,910	26.8	1,499,869	26.6
Minority Interest	441	0.0	461	0.0
Shareholders' Equity	1,436,351	26.9	1,500,330	26.6
Total Liabilities and Shareholders' Equity	5,349,265	100.0	5,648,043	100.0

Financial Structure and Profitability Ratios

FINANCIAL STRUCTURE AND LIQUIDITY RATIOS	30 June 10	31 December 09
Financial Leverage (Total Liabilities / Total Liabilities and Equity)	0.73	0.73
Total Liabilities / Shareholders' Equity	2.72	2.76
Financial Liabilities / Total Assets	0.42	0.46
Net Cash Position (Thousand TL)	-1,411,243	-1,306,652
Current Ratio	1.08	1.34
Liquidity Ratio (Acid-Test)	0.63	0.94
Cash Conversion Cycle (in days)*	-47.2	-48.2

*It was calculated from average balances.

PROFITABILITY RATIOS (%)	30 June 10	30 June 09
Return On Equity (ROE)	9.3	2.8
Return On Assets (ROA)	2.5	2.1
Gross Profit Margin	24.9	25.6
EBITDA Margin	5.3	7.3
Operating Profit Margin	3.1	4.8
Income Before Tax Margin	5.6	5.4
Net Income Margin	4.5	4.2

SHARE PERFORMANCE RATIOS	30 June 10	30 June 09	Change %
Market Cap (Thousand TL)	4,940,333	3,115,525	58.6
Share Price (TL)	27.75	17.50	58.6
Earnings Per Share (EPS) (Kr)	0.75	0.63	19.0
Price-earnings Ratio (Annual)	18.5	13.7	35.1

SECTION 3: OPERATIONAL ACTIVITIES

Position of Migros in the Sector and Investments

Operating in the food and consumer goods sector, Migros Ticaret A.Ş. is engaged in the retail sale of all types of food products and consumer goods, as well as their wholesale for retail consumption. The Company also operates shopping malls in Turkey and abroad through its subsidiaries.

The Company commanded a store network of 1,809 stores in total at the end of June 30, 2010, of these 116 M, 119 MM, 45 MMM, 1.171 Şok, 8 5M, 319 Tansaş and 9 Macrocenter stores in seven geographical regions throughout Turkey, as well as 3 Ramstores in Azerbaijan, 15 Ramstores in Kazakhstan and 4 Ramstores in Macedonia operated through its associates abroad.

During 1 January – 30 June 2010, Migros Ticaret A.Ş. opened 243 new stores.:

18 Migros stores			
<u>M (6 stores)</u> Edirne (1) Hatay (1) İstanbul (2) Muğla (2)	<u>MM (10 stores)</u> Antalya (1) Bursa (2) Diyarbakır (2) İstanbul (2) İzmir (2) Sakarya (1)	<u>MMM (1 store)</u> Diyarbakır (1)	<u>5M (1 store)</u> İstanbul (1)

25 Tansaş stores		
<u>Mini (14 stores)</u> Adana (1) Afyon (1) Ankara (2) Balıkesir (1) İstanbul (2) İzmir (1) Kayseri (1) Konya (1) Muğla (1) Sakarya (1) Tokat (2)	<u>Midi (9 stores)</u> Antalya (2) Balıkesir (1) Hatay (1) İstanbul (2) Kayseri (2) Muğla (1)	<u>Maxi (2 stores)</u> Bartın (1) Kütahya (1)

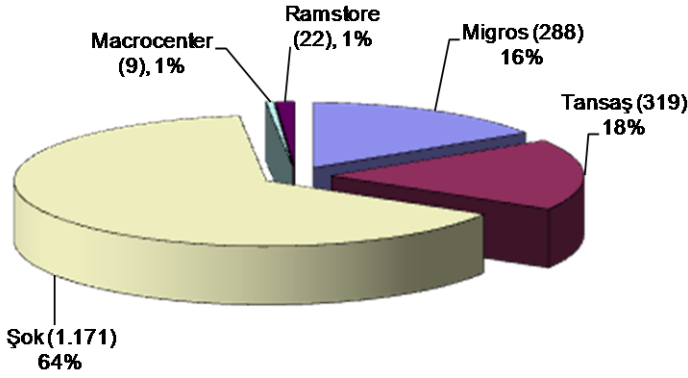
196 Şok stores		
Adana (3) Adıyaman (1) Afyon (3) Ağrı (1) Aksaray (1) Amasya (1) Ankara (7) Antalya (10) Aydın (7) Balıkesir (6) Bartın (2) Bilecik (1) Bolu (1) Burdur (1) Bursa (5) Çanakkale (1) Çankırı (3) Denizli (4) Edirne (3)	Elazığ (2) Erzincan (1) Erzurum (3) Eskişehir (1) Gaziantep (2) Giresun (1) Gümüşhane (1) Hatay (3) Isparta (2) İstanbul (24) İzmir (11) Kahramanmaraş (1) Kastamonu (4) Kayseri (9) Kilis (2) Kocaeli (2) Konya (3) Kütahya (1) Manisa (1)	Mersin (4) Muğla (2) Nevşehir (1) Niğde (1) Ordu (2) Osmaniye (2) Rize (2) Sakarya (17) Samsun (4) Sinop (2) Sivas (4) Şanlıurfa (1) Tekirdağ (5) Tokat (2) Trabzon (1) Uşak (3) Yalova (2) Yozgat (2) Zonguldak (4)

4 Ramstore stores	
<u>Kazakhstan (3 stores)</u> Astana (1) Almaty (2)	<u>Macedonia (1 store)</u> Tetova (1)

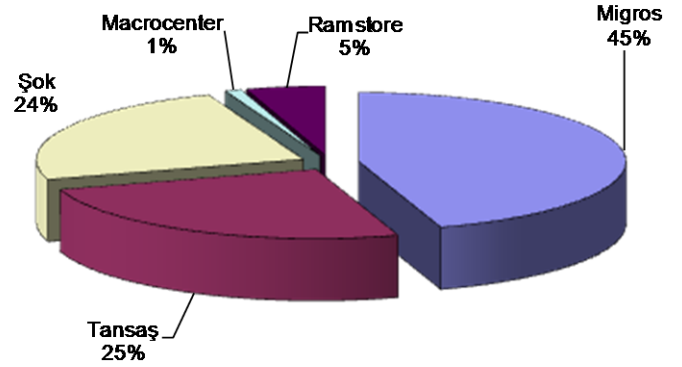
The company's domestic net sales area increased by 18.7% in June 2010 to 851,023 sqm on a yearly basis . In January – June 2010 period, the number of customers increased by 15% compared to the same period of last year reaching a total of 181 million.

The sales through Migros Club Card and Money Club Card, which continues to be the largest royalty card program in Turkish retail market, reached 82% of total Migros and 5M sales in January – June 2010. Usage level of Money Club Card in the remaining store formats has been increasing significantly, after the launch of the Money Club Card in March 2010 covering all formats.

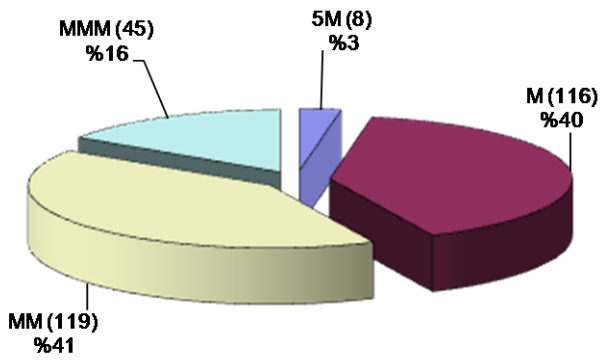
June 2010 Store Composition



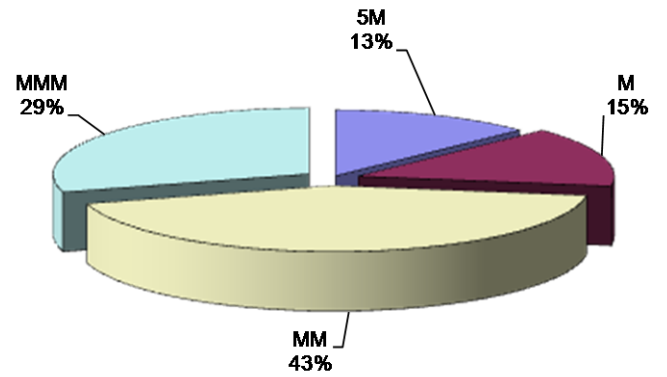
June 2010 Sales Area Composition (%)



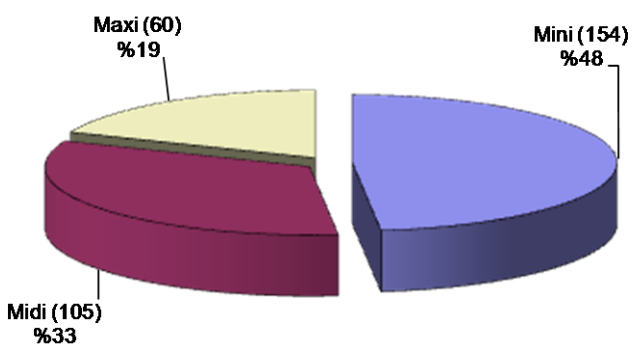
Migros Store Composition - June 2010



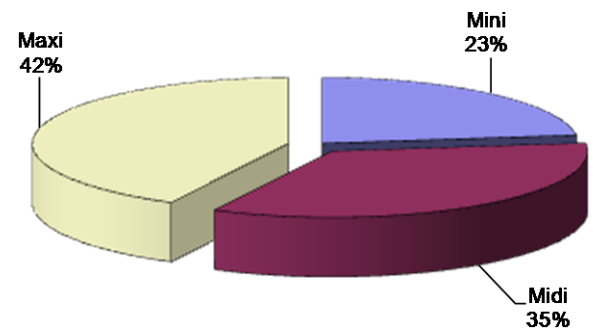
Migros Area Composition (%) - June 2010



Tansaş Store Composition - June 2010



Tansaş Sales Area Composition(%) - June 2010



SECTION 4: OTHER MATTERS

Information About Acquisition of FRC Shares

As it was stated in the Material Disclosures published on 17 February 2010 and 16 April 2010, the Company completed the required procedures and met all the other requirements following the permit obtained from the Competition Board within the context of the share transfer of Amaç Gıda Ticaret ve Sanayi A.Ş. ("Amaç"), Ades Gıda Sanayi ve Ticaret A.Ş. ("Ades) and Egeden Gıda Tüketim Malları Ticaret ve Sanayi A.Ş. ("Egeden"), which were previously appointed as the franchisee of Migros and Şok brands upon the franchise agreement. Share transfer procedures were finalized as of 31 July 2010.

The Company's shareholding participation in Amaç, Ades and Egeden has been increased to 99,9996%, 99,996% and 99,998%, respectively following the share transfer.

SECTION 5: CORPORATE GOVERNANCE

Statement of Compliance with Corporate Governance Principle

Migros Ticaret A.Ş., on principle, adheres to "Corporate Governance Principles", which were announced by the Capital Markets Board of Turkey (CMB) in 2003. The application of the main principles of Corporate Governance, which are fairness, transparency, responsibility and accountability are continuously reviewed, deficiencies are fixed on the way to become an exemplary role model.

The Company enriched the contents of its corporate website in order to keep its shareholders better informed about the Company.

Migros Corporate Governance Principles Compliance Report can be accessed at the corporate website (www.migroskurumsal.com) in the Investor Relations section, in addition to the annual report.

Investor Relations

Investor Relations Unit formed under the Finance Department in 2003 not only manages the relations with domestic and foreign investors but also the processes related to General Assembly, capital increases and dividend distribution. Within the same context, all enquiries and transactions of the shareholders regarding capital increases and dividend payments are handled here.

In addition, the Investor Relations communicates directly with various institutions including the CMB, İstanbul Stock Exchange (ISE), Central Registry Agency (CRA) and Takasbank (ISE Settlement and Custody Bank Inc) and represents the Company. Keeping records of the Board of Directors meetings and material disclosures to the ISE in compliance with the CMB Communiqué are among the department's other activities. Migros' Investor Relations Department monitors relevant legislation as well as CMB communiqués and informs the senior management about the subjects and issues requiring compliance.

The department also responds to the information requests about the Company. By making use of all available communication opportunities (one-on-one meetings, conference participations, meetings, corporate website, phone, email, investor bulletins, investor presentations, etc.), the department informs Migros shareholders and brokerage analysts about the Company. The department is responsible for the preparation of the annual report as well as the coordination of Corporate Governance operations and activities.

All shareholders requesting information about the Company can submit their queries by sending e-mail to investor_relations@migros.com.tr. All other channels of communication are also available for the shareholders.