

# MiGROS



**Migros Ticaret A.Ş.**

**01.01.2012 – 31.12.2012**

**Activity Report**

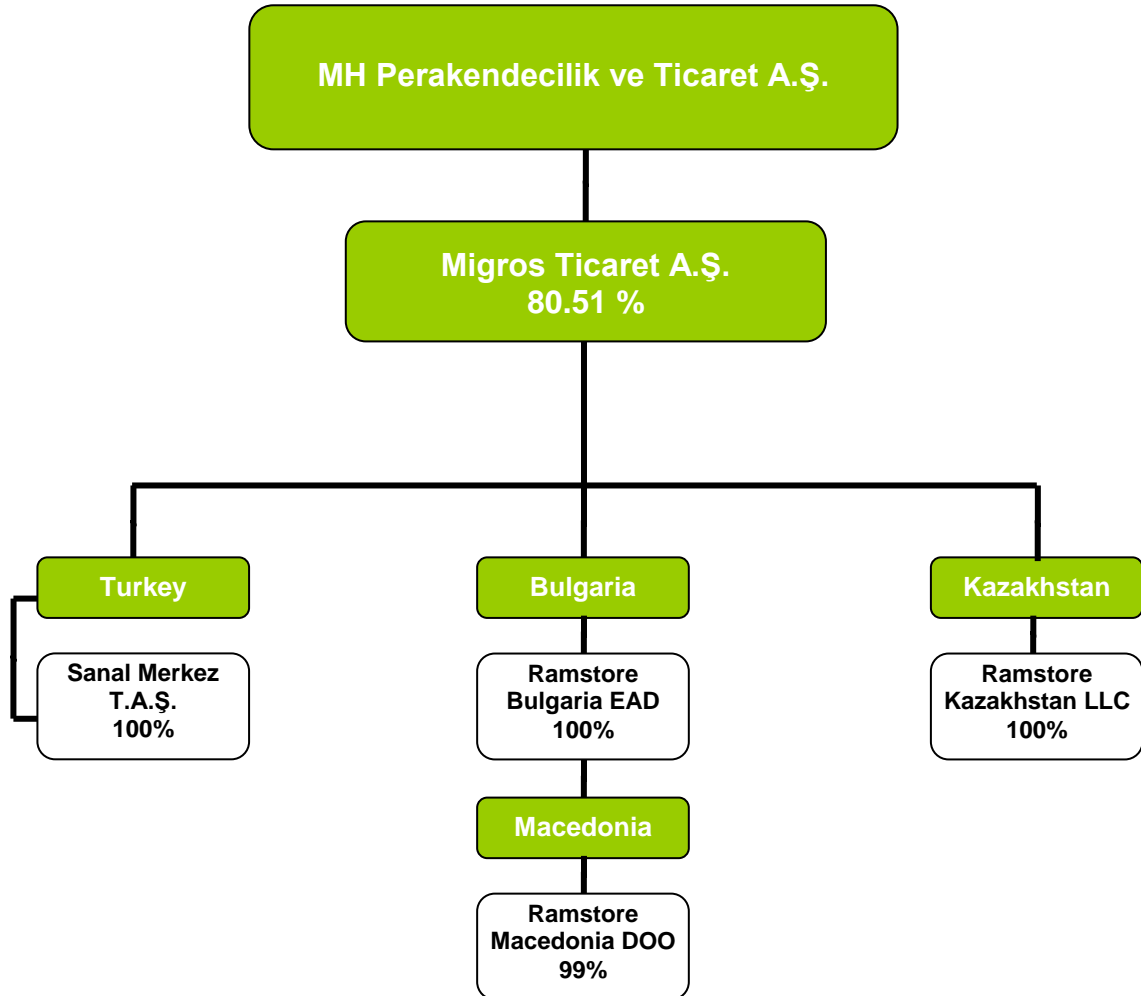
# CORPORATE PROFILE

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

*(\*)*: 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. in ISE following the merger with Migros Türk T.A.Ş.

# Migros Ticaret A.Ş. Ownership Structure and Its Subsidiaries as of 31 December 2012



## INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

Gross Domestic Product (GDP) grew by 2.2 % in 2012 in real terms. Food, beverage and tobacco spend increased by 2.0 % in 2012. The slowdown in the economy is more pronounced after the first half of the year, the consumer confidence index, reaching 92.0 by the end of 2011, was 89.0 as of end of 2012 corresponding to a 3.3% decrease.

The CPI is 6.16% by the end of 2012 versus the same period of the last year. The price inflation of food and beverages is in line with the consumer price inflation.

According to the Trade Council of Shopping Centers and Retailers (TCSCR), the nominal yearly revenue of organized retail increased by 7% in December 2012. During the same period, grocery retail revenue increase was 2% versus 14% increase in non-food retail.

Grocery sales area expanded by 6% by the end of December 2012 versus last year. Non-food retail space increased by 6% versus last year.

Grocery retail improved by 3% squaremeter according to December 2012 sub-sectors data in comparison with the same month of the last year. Sales per squaremeter in non-food retail increased by 28% in comparison with the same month of the last year.

Employment in grocery retail increased by 4% year on year whereas employment in non-food retail increased by 10%.

## SECTION 1: CORPORATE INFORMATION

### Board of Directors

Board Members and Auditors of our Company are shown below.

### Board of Directors

Fevzi Bülent Özyaydınlı	Chairman
Nicholas Stathopoulos	Board Member / Member of the Corporate Governance Committee
Stefano Ferraresi	Board Member / Member of the Early Recognition of Risk Committee
Ömer Özgür Tort	Board Member / General Manager
Giovanni Maria Cavallini	Board Member
Glen Allen Osmond	Board Member
Jacob Cornelio Adriano de Jonge	Independent Board Member / President of the Early Recognition of Risk Committee
Tayfun Bayazıt	Independent Board Member / President of the Audit Committee / Member of the Early Recognition of Risk Committee
Hakkı Hasan Yılmaz	Independent Board Member / President of the Corporate Governance Committee / Member of the Audit Committee

### Auditors

Mustafa Bilgutay Yaşar	Auditor
Yüksel Toparlık	Auditor
Recep Bıyık	Auditor

### Authorities and Duties of the Board of Directors

According to the articles 16<sup>th</sup> and 17<sup>th</sup> in the Articles of Association of the Company, the Board of Directors have the authority to take any decision 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 22<sup>nd</sup> and 23<sup>rd</sup> 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 of Article 275 of the same Act are 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 TL 178,030,000 capital, are as follows:

**As of 31 December 2012;**

Migros Ticaret A.Ş.		
Shareholder	Share (%)	Amount (TL)
MH Perakendecilik ve Ticaret A.Ş.	80.51	143,323,336
Other	19.49	34,706,664
<b>Total</b>	<b>100.00</b>	<b>178,030,000</b>

## Information About the Most Recent Capital Increase

No increase was made in the capital during 01 January – 31 December 2012.

## Information on General Assembly Meeting

### General Assembly Meeting

Meeting Minutes and List of Attendees pertaining to Ordinary General Assembly Meeting of our Company dated 28.06.2012 were disclosed in our corporate web site ([www.migroskurumsal.com](http://www.migroskurumsal.com)). In the Ordinary General Assembly Meeting, the statutory and the consolidated financial statements dated 31.12.2011, which was prepared in accordance with IFRS and the other agenda articles were duly accepted.

During the General Assembly Meeting, as per the Communique of the Board of Capital Markets on Independent Auditing Standards, 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 recommended by the Audit Committee and selected for the year 2012 be authorized to act as independent external auditor.

Meeting Minutes and List of Attendees pertaining to Ordinary General Meeting of our company pertaining to 2011 operations have been disclosed in our corporate web site ([www.migroskurumsal.com](http://www.migroskurumsal.com)) and in 2011 annual report.

## Amendments in the Articles of Association

At the board of directors meeting of our company that was held on 05<sup>th</sup> June 2012,

It was resolved to amend the Article 3 named "Purpose and Scope", Article 11 named "General Assembly Meetings", Article 16 named "Board of Directors", Article 18 named "Meeting of Board of Directors", Article 21 named "Remuneration of the Board of Directors", Article 32 named "Legal Provisions" of Articles of Association and to add Article 16/A named "Committees" and Article 35 named "Compliance with Corporate Governance Principles" to Articles of Association, to file necessary applications at Capital Markets Board and Republic of Turkey Ministry of Customs and Trade to get required approvals; and it has been resolved to present this decision to the approval of the first General Assembly.

Preliminary permission has been taken from Capital Markets Board under letter dated 20.06.2012 and number B.02.6.SP.K.0.13.00-110.03.02-1641-6611 and from T.R. Ministry of Customs and Trade under letter dated 22.06.2012 and number B.21.0.İT.G.0.03.00.01/431.02-59209-622354-4820-4660. In line with preliminary permissions taken, proposal for amendment of Articles of Association accepted by Board of Directors at the General Assembly Meeting dated June 28, 2012.

The new versions of Articles of Association Article 3 named "Purpose and Scope", Article 11 named "General Assembly Meetings", Article 16 named "Board of Directors", Article 18 named "Meeting of Board of Directors", Article 21 named "Remuneration of the Board of Directors", Article 32 named "Legal Provisions" of Articles of Association, Article 16/A named "Committees" and Article 35 named "Compliance with Corporate Governance Principles" are shown below.

### Article 3 – Purpose and Scope

The purpose of the incorporation of the Company is to provide consumers with food and other necessities and products in optimal conditions. For this purpose, the Company's most significant activities are the performance of services such as collecting, loading, shipping, unloading, sorting, packaging, marketing, storing, which are added to the cost of the products until the products are passed from the producer onto the consumer, in the most economical manner, to prevent the products from spoiling and to prevent any losses in the value thereof, to supply the products to the consumers in an ideal form of marketing and organization, and to do business in the retail market.

The Company may, in relation to its above mentioned purposes, engage in the following:

- All kinds of administrative, financial, commercial activities in order to realize its purpose and scope,
- To buy, sell, import, export, produce or have others produce in retail and wholesale all kinds of food products, including fresh fruits and vegetables, family necessities and all kinds of industrial, agricultural and commercial goods and services in Turkey and abroad,
- To establish, operate, manage shopping malls, to establish warehouses, open stores, to establish and operate fuel sale and service stations separately or together with the abovementioned facilities, to operate traveling/itinerant sales cars, to act

as commission agent in various fields, to perform contract manufacturing, to have others perform contract manufacturing, to grant agencies and distributorships,

d. Provided that open/unpackaged products are also included, to supply products for sale at a low price in clean conditions and by complying with the hygiene regulations and commercial requirements after standardizing them in accordance with their type and variety,

e. To establish and operate facilities that produce, purchase, sell, transport, prepare, package and conserve food and necessity products in Turkey and abroad, to establish private partnerships and affiliates to be active in the above mentioned fields or any other field of activity that would benefit the Company or to participate in existing businesses or partnerships which do business in these areas of activity,

f. To facilitate the procurement of the raw and auxiliary products needed by the producers and manufacturers that perform sales connections with the Company, to import any of these as necessary or to have these produced domestically, to assist the producers in agricultural or technical matters and if necessary to grant them advances in exchange for security to be deducted from the purchase price of the products,

g. All kinds of dispositions and activities to aid and facilitate the realization of the purpose and scope of the Company, benefitting from incentives,

h. To purchase, sell, import or export all kinds of machinery, equipment, vehicles and devices including but not limited to all kinds of land and sea vehicles, and spare parts thereof relating to the scope and purpose of the Company; establishment leasing, renting, purchasing and sale of facilities and installations; provided that it does not engage in brokerage activities, acquiring shares in existing companies or companies to be incorporated in the Republic of Turkey or abroad for these purposes, on the condition that the provisions of the last paragraph of Article 15 of the Capital Markets Law is reserved, participating in existing companies or in companies to be incorporated and providing all kinds of financial assistance to such companies, borrowing funds for realizing such purposes and owning shares in these kinds of companies,

i. Provided that disclosures required by the Capital Markets Board within the scope of the special situations for ensuring the notification of investors are made, to acquire or construct immovables and limited rights in rem related thereto that facilitate or assist the purpose and scope of the Company and to exercise all kinds of legal dispositions over such immovables and limited rights in rem, establishing limited rights in rem and annotating leases in favor of third parties to obtain loans by establishing mortgages or providing other security or borrowing money without any collateral; entering into a commercial enterprise pledge, standing as guarantor against the liabilities of third parties, granting all kinds of surety in rem or in personam, establishing and releasing mortgages and pledges and all other similar rights in rem in favor of the Company or in favor of third parties upon the entirety or any other part of the current or future assets of the Company,

j. Acquiring, and carrying out all kinds of dispositions on patents, licenses, franchises, concessions, marks, models, designs, trade names, know-how, copyrights, special manufacturing and production techniques, engineering and consultancy services and all other similar intangible rights and property useful for the activities related to the purpose and scope of the Company and the registration and cancellation of those rights, signing agreements with foreign and Turkish real persons and legal entities with regard to various intellectual rights,

k. Provided that it does not constitute brokerage activities or securities portfolio management, to issue, purchase, sell, and exercise all kinds of legal dispositions over bonds and all other similar securities; provided that no brokerage activities are conducted, to purchase and sell shares, bonds and other securities owned by private or public legal entities,

l. Engaging in activities in marketing, economic organization, technical consultancy and feasibility studies in relation to the above mentioned activities,

m. Participating in legal entities or establishing partnerships with Turkish and foreign real persons in order to conduct activities that are related to, facilitate or assist the purpose and scope of the Company; provided that it does not engage in any brokerage activities to purchase, sell and exercise all kinds of legal dispositions over interests and shares owned by public or private legal entities,

n. Entering into service agreements with local and foreign technical and artistic experts and groups necessary for the facilities to be established, applying for the work permits of these persons,

o. Granting, acquiring, transferring, renting and establishing representative offices, general distributorships, consultancies, commission houses, distributorships, agencies and dealerships in the Republic of Turkey and abroad related to the purpose and scope of the Company,

p. Engage in all kinds of training/educational activities related to the purpose and scope of the Company, cooperating with other relevant organizations, participating in their activities,

q. Benefitting from all kinds of technology and rationalization measures and cooperating with real persons and public and private legal entities doing business in this field in order to achieve its purpose and scope,

r. The Company may help or make donations to charitable foundations, associations, universities and similar organizations and public legal entities in accordance with the principles set forth by the Capital Markets Board.

The Company may only provide a security or grant a pledge or mortgage within the context of above paragraph “i” or article 4 of the Articles of Association solely in favor of its own legal personality or a company it has included within the scope of full consolidation or another third person for the purpose of carrying out of its ordinary commercial activities. Article 35 titled “Compliance with Corporate Governance Principles” of these Articles of Association is reserved.

If, in the future the Company wishes to enter into and be engaged in activities other than those listed above, which are deemed beneficial to or necessary for the Company, such intent shall be submitted to the approval of the General Assembly by the Board of Directors and upon a resolution to this effect, such activities as contemplated shall be undertaken. Since these resolutions constitute amendments to the Articles of Association, all necessary approvals will be obtained from the Capital Markets Board and Ministry of Commerce for the implementation thereof.

#### **Article 11 – General Assembly Meetings**

The General Assembly may convene in ordinary and extraordinary meetings.

The Ordinary General Assembly Meeting shall be held at least once each year and no later than three months after the end of the preceding financial year at the Company headquarters or at another place where the Company’s branch offices are located as may be designated by the Board of Directors.

Articles 355, 365, 366 and 368 of the Turkish Commercial Code shall apply to invitations with respect to General Assembly meetings.

On the other hand, notice shall not be served on the owners of share certificates which were issued in registered form and are traded on the exchange by means of a letter. At the same time, announcement of the General Assembly meeting shall, in addition to the methods set forth in the legislation, be made at least 3 weeks prior to the date of the General Assembly meeting by all communication means available to the Company, including electronic communication.

The Ordinary General Assembly Meeting shall be called by the Board of Directors or any other person who is authorized to issue such a call pursuant to the Turkish Commercial Code and the agenda of the meeting shall be determined in accordance with the Turkish Commercial Code and the Articles of Association.

Extraordinary General Assembly Meetings may be convened at any time with 3 weeks’ notice upon a call by the Board of Directors or any other person who is authorized to issue such a call pursuant to the Turkish Commercial Code.

The General Assembly meeting announcement to be made on the Company’s website shall, in addition the announcements and explanations required as per the legal legislation, announce the content specified in article 1.3.2 of the Capital Markets Board Corporate Governance Principles to the shareholders.

#### **Article 16 – Board of Directors**

The affairs and management of the Company shall be carried out by a Board of Directors composed of 9 (nine) members who are elected by the General Assembly from among the shareholders in accordance with the provisions of the Turkish Commercial Code.

Where a legal entity is a shareholder, one or more persons representing such legal entity may be elected as Board member(s) of the Company and each member so appointed shall have one vote. In case of any vacancy on the Board, the Board of Directors shall temporarily appoint a person who possesses the qualifications required by law and shall submit such appointment for the approval of the first General Assembly to be convened.

There are executive and non-executive members on the Board of Directors. A non-executive Board member is a person who has no administrative duties in the Company other than his membership on the Board of Directors and does not intervene in the Company’s day-to-day flow of business and ordinary activities.

Among the non-executive Board members shall be independent members who possess the attribute of being capable of carrying out their duties without being subject to any influence as per the principles set forth in capital market legislation.

Rules with regard to the number of non-executive and independent members within the Board of Directors, the attributes of such members, the methods of their selection are subject to capital market legislation and in particular the Capital Markets Board Corporate Governance Principles.

In case of a vacancy on the Board due to the death, resignation or withdrawal of a member, the Board of Directors may appoint a new member pursuant to Article 315 of the Turkish Commercial Code to be approved by the General Assembly. The new member may continue his office for the remainder of the term of the member he is replacing.

The duties, rights, obligations and responsibilities of the Board of Directors, the election of the Chairman and the Vice-Chairman, their fees and obligation to deposit a security and any other matter concerning the Board of Directors are governed by the provisions of the Turkish Commercial Code.

#### **Article 16/A – Committees**

The Board of Directors may form committees to monitor the course of business, to prepare reports on matters presented to it, to implement its decisions or for the purpose of internal controls. Members of the Board of Directors may be included in such committees.

Within this context, the Board of Directors may, without any limitation, form a "Audit Committee", "Nomination Committee," "Early Risk Identification and Management Committee," "Corporate Governance Committee" and "Remuneration Committee".

The manner in which committees to be created within the framework of this article are to be formed, the attributes of the members of such committees, the duties and powers of such committees, the areas of responsibility of such committees, the financial rights granted to the members thereof as a result of their position shall be determined and ascertained by the Board of Directors in accordance with the Turkish Commercial Code and the provisions of capital market legislation.

#### **Article 18 – Meeting of the Board of Directors**

The Board of Directors shall convene when the business and transactions of the Company necessitate it. The invitations to a meeting of the Board of Directors shall include the date, time, place and agenda of the meeting and shall be sent by facsimile, letter or electronic mail at least 3 days prior to the date of such meeting.

The Board of Directors shall convene at the Company's headquarters. The meetings of the Board of Directors may be held at another place within or outside of the Republic of Turkey.

The Board of Directors convenes with the attendance of at least 6 members and shall pass resolutions with the majority vote of those members present at the meeting.

#### **Article 21 – Remuneration of the Board of Directors**

Remuneration for the Chairman and members of the Board of Directors shall be determined by the General Assembly.

Share options or payment plans based on the Company's performance cannot be used with regard to the remuneration of independent Board members.

The rules set forth in capital markets legislation must be complied with in regard to the remuneration of senior executives and members of the Board of Directors.

#### **Article 32 – Legal Provisions**

The relevant provisions of the Turkish Commercial Code and capital markets legislation shall apply to all matters not covered by these Articles of Association.

The term "capital market legislation" used in these Articles of Association means the Capital Market Law no. 2499 as well as any Communiqués and all other kinds of secondary legislation enacted by the Capital Markets Board and other agencies on the basis of such Law as well as the resolutions issued by the Capital Markets Board and corporate governance principles that the Company is required to comply with.

#### **Article 35 – Compliance with Corporate Governance Principles**

Mandatory Corporate Governance Principles are complied. The transactions and Board Decisions, which are not in line with mandatory principles, are void and considered against the Articles of Association. In transactions which are of importance to Corporate Governance Principles which are with related parties, and in transactions which involve furnishing mortgages, guarantees, indemnity, surety and pledge to third parties on our own account or for any other parties, the regulations on Corporate Governance Principles of Capital Markets Board as well as the principles stipulated in capital markets charter are complied with.

In terms of main shareholders, board members, high level executives and their up to second degree relatives to compete and/or enter into transactions with the company and its affiliates in a manner which may create a conflict of interest, a prior approval of the General Assembly is required and furthermore the general assembly shall be informed about executed transactions and competitive activities of the abovementioned persons in the General Assembly Meeting.

### **The Dividend Policy of Migros**

As it was submitted to shareholders at the General Assembly Meeting on 28 June 2012;

"In line with the Company's long-term strategies, investments and financing plans and profitability, the amount of dividend which was 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 28 June 2012;

It was resolved to propose no dividend distribution for 2011 fiscal year since Migros recorded TL 163,169,871.28 net loss in the consolidated financial statements of 2011. Resolution was taken within the framework of the Communiqué of CMB Serial: IV, No: 27, provisions presented in our articles of association and dividend distribution policies that were disclosed to public by our company.



## SECTION 2: FINANCIAL INFORMATION

### Sales

(thousand TL)

	1 January – 31 Dec. 2012	1 January – 31 Dec. 2011
Domestic sales	6.271.076	5.547.385
Foreign sales	394.733	353.347
	6.665.809	5.900.732
Other sales	10.333	13.625
	6.676.142	5.914.357
Less: Discounts and returns	(193.740)	(161.245)
<b>Sales revenue – net</b>	<b>6.482.402</b>	<b>5.753.112</b>

**Note about discontinued operations:** Profit/loss due to the disposal of the subsidiary Şok Marketler Ticaret A.Ş., in which the company's ownership was 99.6% until 25 August 2011, is classified under "Discontinued Operations" in the 01 January – 31 December 2011 financial statements.

### The Financial Ratios

#### The financial resources and the risk management policies

##### Loans

As from December 31, 2012 the outstanding loans of the Company stands at TL 2,486,371 thousand, out of which TL 146,261 thousand, is due within the next 12 months.

Migros Ticaret A.Ş. made a EUR 100 million early down payment on 05 September 2011.

##### Risk management policies

The company's exposure to the fluctuations in foreign exchange rates and interest rates, is mainly due to the foreign exchange denominated loans in its Balance Sheet. Foreign exchange risk from loans and fluctuations in Euribor 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.

At the Board of Directors meeting dated 9 October 2012, Tayfun Bayazıt, Jacob Cornelio Adriano de Jonge, Stefano Ferraresi and Erkin Yılmaz were elected to the Early Recognition of Risk Committee which was founded in accordance with the New Turkish Commercial Code, Capital Markets Code and Corporate Governance Principles. Jacob Cornelio Adriano de Jonge was elected as the President of the Committee in accordance with Capital Markets Board regulations. The committee, consists of four members, convenes six times in a year.

The Early Recognition of Risk Committee coordinates to take precaution against predictable risks that the company might face as a result of its financial structure.

#### 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

<b>Migros - IFRS Consolidated Income Statement Summary (Thousand TL)</b>	<b>01 Jan. – 31 Dec. 2012</b>	<b>%</b>	<b>01 Jan. - 31 Dec. 2011</b>	<b>%</b>
<b>Net Sales</b>	<b>6.482.402</b>	<b>100,0</b>	<b>5.753.112</b>	<b>100,0</b>
Cost of sales (-)	-4.777.067	-73,7	-4.258.622	-74,0
<b>Gross Profit</b>	<b>1.705.335</b>	<b>26,3</b>	<b>1.494.490</b>	<b>26,0</b>
Operating Expenses	-1.435.662	-22,1	-1.241.823	-21,6
Other Operating Income / (Expense)	-21.750	-0,3	-20.255	-0,4
<b>Operating Profit</b>	<b>247.923</b>	<b>3,8</b>	<b>232.412</b>	<b>4,0</b>
Financial Income / (Expense)	-119.013	-1,8	-548.270	-9,5
<b>Income/Loss Before Tax From Continued Operations</b>	<b>128.910</b>	<b>2,0</b>	<b>-315.858</b>	<b>-5,5</b>
Tax Income / (Expenses)	-40.774	-0,6	-53.356	-0,9
<b>Income/Loss For The Period From Continued Operations</b>	<b>88.136</b>	<b>1,4</b>	<b>-369.214</b>	<b>-6,4</b>
Income / Loss After Tax From Discontinued Operations	0	0,0	206.044	3,6
<b>Net Profit / Loss</b>	<b>88.136</b>	<b>1,4</b>	<b>-163.170</b>	<b>-2,8</b>
<i>Income For The Period-Non-controlling Interest</i>	<i>73</i>	<i>0,0</i>	<i>75</i>	<i>0,0</i>
<i>Income For The Period-Parent Company Shares</i>	<i>88.063</i>	<i>1,4</i>	<i>-163.245</i>	<i>-2,8</i>

<b>EBITDA</b>	<b>430.103</b>	<b>6,6</b>	<b>398.080</b>	<b>6,9</b>
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\*The profit attributable to Şok Marketler Ticaret A.Ş. and Ramstore Azerbaijan sale is shown under discontinued operations.

<b>Migros IFRS Consolidated Balance Sheet Summary (Thousand TL)</b>	<b>Dec. 12</b>	<b>%</b>	<b>Dec. 11</b>	<b>%</b>
Current Assets	1.908.550	34	1.788.260	33
Non-current Assets	3.715.795	66	3.692.704	67
<b>Total Assets</b>	<b>5.624.345</b>	<b>100</b>	<b>5.480.964</b>	<b>100</b>
Current Liabilities	1.875.140	43,0	1.578.694	36,8
Non-current Liabilities	2.487.129	57,0	2.706.563	63,2
<b>Total Liabilities</b>	<b>4.362.269</b>	<b>100,0</b>	<b>4.285.257</b>	<b>100,0</b>
Parent Company Shareholders' Equity	1.261.554	22,4	1.195.231	21,8
Non-controlling Interest	522	0,0	476	0,0
<b>Shareholders' Equity</b>	<b>1.262.076</b>	<b>22,4</b>	<b>1.195.707</b>	<b>21,8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5.624.345</b>	<b>100,0</b>	<b>5.480.964</b>	<b>100,0</b>

## Financial Structure and Profitability Ratios

<b>FINANCIAL STRUCTURE AND LIQUIDITY RATIOS</b>	<b>31 Dec. 12</b>	<b>31 Dec. 11</b>
Financial Leverage (Total Liabilities / Total Liabilities and Equity)	0,78	0,78
Total Liabilities / Shareholders' Equity	3,46	3,58
Financial Liabilities / Total Assets	0,44	0,47
Net Cash Position (Thousand TL)	-1.447.205	-1.577.979
Current Ratio	1,02	1,13

<b>PROFITABILITY RATIOS (%)</b>	<b>31 Dec. 12</b>	<b>30 Sept. 11</b>
Gross Profit Margin*	26,3	26,0
EBITDA Margin*	6,6	6,9
Operating Profit Margin*	3,8	4,0
Net Profit / Loss Margin	1,4	-2,8

\* It shows the profitability rates of continuing operations.

<b>SHARE PERFORMANCE RATIOS</b>	<b>31 Dec. 12</b>	<b>31 Dec. 11</b>
Market Cap (Thousand TL)	3.827.645	2.252.080
Share Price (TL)	21,50	12,65
Earnings Per Share (EPS) (Kr)	0,49	-0,92

## 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 operates a network of 882 stores in total at the end of December 31, 2012, of these 78 M-jet, 261 M, 191 MM, 66 MMM, 18 5M, 127 Mini, 67 Midi, 25 Maxi and 17 Macrocenter stores in seven geographical regions throughout Turkey, as well as 25 Ramstores in Kazakhstan and 7 Ramstores in Macedonia operated through its associates abroad.

During 01 January – 31 December 2012, Migros Ticaret A.Ş. opened 2 hypermarkets, 159 supermarkets and 5 Ramstores.

<b>106 Migros stores</b>			
<b><u>M (50 stores)</u></b>	<b><u>MM (10 stores)</u></b>	<b><u>MMM (4 stores)</u></b>	<b><u>M-jet (42 stores)</u></b>
Adana (1) Afyon (1) Ankara (1) Antalya (3) Artvin (1) Aydın (2) Bursa (3) Denizli (1) Edirne (1) Elazığ (1) Hatay (1) İstanbul (4) İzmir (8) Kayseri (1) Kütahya (1) Manisa (1) Mersin (4) Muğla (6) Niğde (1) Sakarya (1) Samsun (3) Tekirdağ (2) Yalova (2)	Antalya (2) Bitlis (1) İstanbul (5) İzmir (1) Mardin (1)	Batman (1) Gaziantep (1) İzmir (2)	Antalya (5) Balıkesir (4) Bilecik (1) Bursa (2) Denizli (1) Düzce (1) İstanbul (8) İzmir (3) Kırklareli (1) Kocaeli (2) Mersin (1) Muğla (3) Sakarya (1) Tekirdağ (3) Tokat (1) Yalova (5)

<b>50 Tansaş stores</b>	
<b><u>Mini 41 stores)</u></b>	<b><u>Midi (9 stores)</u></b>
Antalya (3) Balıkesir (7) Çanakkale (1) İzmir (23) Manisa (1) Muğla (6)	Antalya (3) Aydın (1) Balıkesir (1) İzmir (1) Muğla (3)

<b>3 Macrocenter stores</b>
İstanbul (2) Muğla (1)

<b>2 5M Hypermarket stores</b>
İzmir (1) Muğla (1)

<b>5 Ramstores</b>
Kazakhstan (3) Macedonia (2)

## **SECTION 4: CORPORATE GOVERNANCE**

### **Statement of Compliance with Corporate Governance Principle**

Migros Ticaret A.Ş. is taking necessary steps to adopt the “**Communiqué on Determination and Implementation of Corporate Governance Principles**” (Serial: IV, No: 56), which were announced by the Capital Markets Board of Turkey (CMB). The application of the main principles of Corporate Governance, which are fairness, transparency, responsibility and accountability are continuously reviewed, deficiencies are addressed with the aspiration of becoming an exemplary role model.

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

### **Corporate Governance Committee**

Hakkı Hasan Yılmaz, Nicholas Stathopoulos and Affan Nomak were elected to the Corporate Governance Committee at the Board of Directors meeting dated 9 October 2012. Besides, Hakkı Hasan Yılmaz was elected as the President of the Committee in accordance with Capital Markets Board regulations. Furthermore, within the scope of the “Communiqué on Determination and Implementation of Corporate Governance Principles” of Capital Markets Board (“CMB”) (Serial: IV, No: 56), it has been resolved that the Corporate Governance Committee will be responsible for the duties of the Nomination Committee and the Remuneration Committee. The committee, consists of three members, convenes four times in a year.

### **Investor Relations**

Investor Relations Department, founded 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. All enquiries and transactions of the shareholders regarding capital increases and dividend payments are handled here by the Investor Relations Department.

In addition, the Investor Relations communicates directly with various institutions including the Capital Markets Board (CMB), Istanbul 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 keeps up with relevant legislation as well as CMB communiqués and informs the senior management on the matters requiring compliance.

The department also responds to the information requests about the Company. Investor Relations is also responsible for the preparation of the annual reports as well as the coordination of Corporate Governance operations and activities.

All shareholders requesting information about Migros can submit their queries by sending e-mail to [investor\\_relations@migros.com.tr](mailto:investor_relations@migros.com.tr). All other channels of communication are also available for the shareholders.