

MiGROS



Migros Ticaret A.Ş.

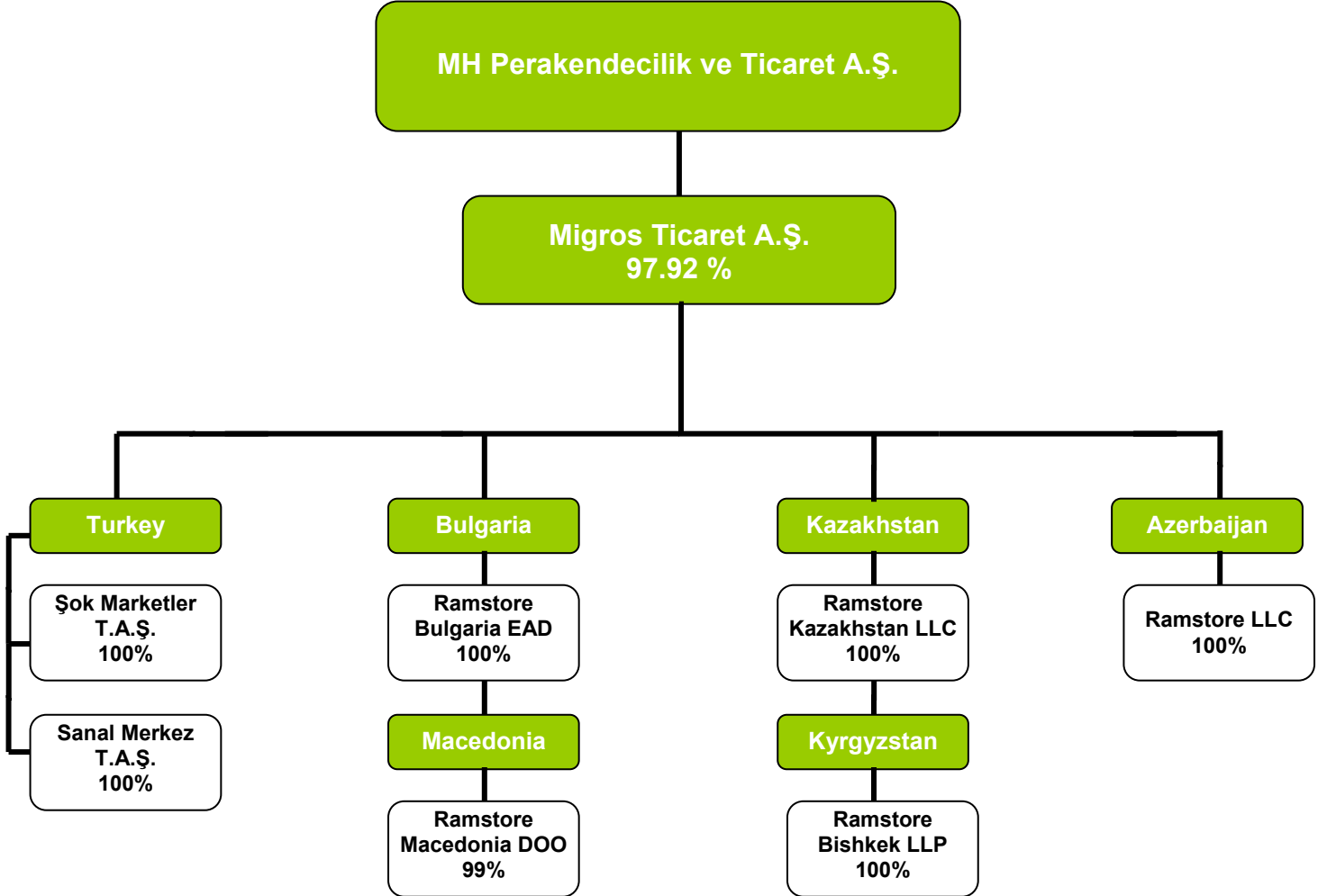
01.01.2010 – 31.03.2010

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 Ticaret Organigram as of 31 March 2010



INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

According to TurkStat (Turkish Statistical Institute), GDP, which rose by 1.1% in real terms in 2008, shrunk 4.7% and reached to TL 954 billion in current prices in 2009. GDP increased by 6.0% in the last quarter of 2009. According to TurkStat data, wholesale and retail trade diminished significantly. Wholesale and retail trade decreased by %10.4 in real terms annually, although 10.3% recovery in the last quarter improved the growth a little bit. Domestic food, alcoholic beverages, and tobacco consumptions of Final Consumption Expenditure of Resident and Non-Resident Households amounted to TL 187 billion with current prices.

According to Retail Index results of Trade Council of Shopping Centers and Retailers (TCSCR), annual increase in sales turnover is 10% in March 2010. In food retail market, annual increase in sales turnover realized as 5%. In food retail, the total sales area rose by 14% and the total number of stores jumped 25% annually in March 2010. The sales per sqm index in March 2010 dropped 4% compared March 2009. In non-food retail market, annual increase in sales turnover amounted to 19%.

CPI, which was 6.53% in 2009, was released to 9.56% in March 2010 compared to the same month of last year. Food and non-alcoholic beverages group Consumer Price Index (CPI) rose by 7.33% in March 2010 compared to December 2009.

CBRT Consumer Confidence Index, kept it's upward trend till December 2009. The Index, which was 78.8 in December 2009 jumped by 7.5% to 84.7 in March 2010.

SECTION 1: CORPORATE INFORMATION

Board of Directors

According to the Minutes of Extraordinary General Assembly Meeting dated 28 April 2009 and Minutes of Ordinary General Assembly Meeting dated 30 July 2009, 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
Paolo Federico Ceretti	Member
Evren Rıfki Ünver	Member
Ömer Özgür Tort	Member / General Manager
Pedro Miguel Stemper	Member
Giovanni Maria Cavallini	Member
Sharifa Salim Mohamed Al Busaidy	Member

Sharifa Salim Mohamed Al Busaidy was appointed as board member in place of Warith Mubarak Said Al Kharusi, who resigned from his post, at the Board of Directors meeting of our company held on February 04, 2010.

Auditors

Mustafa Bilgutay Yaşar	Auditor
Yüksel Toparlak	Auditor
Recep Bıyık	Auditor

Also, Stefano Ferraresi and Evren Rıfki Ünver have been elected as the members of the Audit Committee and Nicholas Stathopoulos, Ömer Özgür Tort and Erkin Yılmaz have been elected as the members of Corporate Governance Committee at the Board of Directors Meeting of our company dated 07 October 2009.

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 31 March 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 – March 2010 period.

Information on General Assembly Meeting

General Assembly Meeting

At the BoD Meeting of our company held on 26 April 2010,

It has been resolved that the Ordinary General Assembly Meeting regarding to 2009 operations to be held on May 20, 2010 Thursday, at 11:00 a.m. at Migros Ticaret A.Ş.'s Head Office, Turgut Özal Caddesi No: 12 34758 Ataşehir/ İstanbul to resolve the matters stated in the below agenda.

MİGROS TİCARET A.Ş. MEETING AGENDA DATED MAY 20, 2010

- 1 - Roll call and election of the Assembly Presidium,
- 2 - Presentation and discussion of the Board of Directors Report on 2009 activities and accounts, Statutory Auditors' Report and the summary of the Independent Auditors' Report prepared by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., approval, amendment or rejection of the Board's proposed Balance Sheet and Income Statement for 2009,
- 3 - Individual acquittal of the members of the Board of Directors and Statutory Auditors of their fiducial responsibilities for the Company's operations during 2009,
- 4 - Approval of the assignments to the Board of Directors within the year in accordance with Article 315 of the Turkish Code of Commerce,
- 5 - Approval, amendment or rejection of the Board of Directors proposal regarding the distribution and timing of the dividend,
- 6 - Presenting the Company's dividend distribution policies for 2010 and the following years pursuant to Corporate Governance Principles,
- 7 - Presenting the Company's disclosure policies in accordance with the Corporate Governance Principles,
- 8 - Re-election or replacement of Board Members, whose terms have expired and determination of the duration of their assignments,
- 9 - Re-election or replacement of Statutory Auditors whose terms have expired and determination of the duration of their assignments,
- 10 - Determination of the monthly gross remuneration of the Chairman and the Members of the Board of Directors and the Statutory Auditors,
- 11 - Informing the General Assembly of the donations made by the Company for charitable purposes to tax-exempt foundations and associations in 2009,
- 12 - Approval of the Independent Audit Company selected by the Board of Directors pursuant to the regulations of the Capital Markets Board of Turkey pertaining to Independent Auditing in Capital Markets,
- 13 - Informing our shareholders about the details of collaterals, mortgages and pledges given as per Capital Markets Board Resolution no 28/780 dated 09.09.2009,
- 14 - Giving consent to the members of the Board of Directors to carry out the business transactions falling under the Company's scope, personally or on behalf of others, and to become shareholders in companies pursuing businesses of such nature and to carry out other transactions in accordance with Articles 334 – 335 of the Turkish Commercial Code,
- 15 - To authorize the Presidium to sign the minutes of the General Meeting on behalf of the shareholders,
- 16 - Closing.

Meeting Minutes and List of Attendees pertaining to Ordinary General Meeting of our company dated 30.07.2009 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 will be 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 Board of Directors' Meeting of our company held on 03 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,

In case Board of Directors' proposal is approved by General Assembly;

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.

Subsequent to the completion of the legal process after General Assembly Meeting, it was decided that dividend distribution will start without delay.

SECTION 2: FINANCIAL INFORMATION

Sales

(thousand TL)

	1 January - 31 March 2010	1 January - 31 March 2009
Domestic sales	1,399,154	1,242,168
Foreign sales	60,629	60,455
	1,459,783	1,302,623
Other sales	583	1,766
	1,460,366	1,304,389
Less: Discounts and returns	(26,280)	(25,720)
Sales revenue - net	1,434,086	1,278,669

The Financial Ratios

The financial resources and the risk management policies

Loans

As from March 31, 2010, the outstanding loans of the Company stands at TL 2,472,696 thousand, out of which TL 93,513 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's exposure to various risks including fluctuations in foreign exchange rates and interest rates, mainly due to the foreign exchange denominated loans utilized by the company, is managed within the limitations of the framework policies approved by the board of Directors.

The foreign exchange risk is followed and limited through the evaluation of foreign currency position and hedges.

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

In the footnote regarding Events After Balance Sheet Date of the Consolidated Financial Statements, necessary explanations have been made on this matter.

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

N/A.

Financial Structure and Profitability Ratios

	MİGROS TİCARET A.Ş.				
IFRS Consolidated Income Statement Summary (Thousand TL)	01 Jan. - 31 March 2010	%	01 Jan. - 31 March 2009	%	Change %
Net Sales	1,434,086	100.0	1,278,669	100.0	12.2
Cost of sales (-)	-1,076,779	-75.1	-944,410	-73.9	14.0
Gross Profit	357,307	24.9	334,259	26.1	6.9
Operating Expenses	-306,577	-21.4	-271,709	-21.2	12.8
Other Income / (Gains)	-19	0.0	-281	0.0	-93.2
Operating Profit	50,711	3.5	62,269	4.9	-18.6
Financial Income / (Gains)	22,700	1.6	15,607	1.2	45.4
Income Before Tax	73,411	5.1	77,876	6.1	-5.7
Tax Income / (Expenses)	-14,604	-1.0	-15,384	-1.2	-5.1
Income For The Period	58,807	4.1	62,492	4.9	-5.9
<i>Income For The Period-Minority Interest</i>	2	0.0	1,339	0.1	-99.9
<i>Income For The Period-Parent Company Shares</i>	58,805	4.1	61,153	4.8	-3.8

Migros Ticaret A.Ş. IFRS Consolidated Balance Sheet Summary (Thousand TL)	March 10	%	Dec. 09	%	Change %
Current Assets	1,884,497	33.7	1,942,003	34.4	-3.0
Non-current Assets	3,702,134	66.3	3,707,173	65.6	-0.1
Total Assets	5,586,631	100.0	5,649,176	100.0	-1.1
Current Liabilities	1,443,932	25.8	1,443,242	25.5	0.0
Non-current Liabilities	2,583,802	46.2	2,704,698	47.9	-4.5
Total Liabilities	4,027,734	72.1	4,147,940	73.4	-2.9
Parent Company Shareholders' Equity	1,558,443	27.9	1,500,775	26.6	3.8
Minority Interest	454	0.0	461	0.0	-1.5
Shareholders' Equity	1,558,897	27.9	1,501,236	26.6	3.8
Total Liabilities and Shareholders' Equity	5,586,631	100.0	5,649,176	100.0	-1.1

LIQUIDITY RATIOS	31 March 10	31 December 09
Current Ratio	1.31	1.35
Liquidity Ratio (Acid-Test)	0.90	0.94
Cash Ratio	0.83	0.89
Working Capital (Thousand TL)	440,565	498,761
Cash Conversion Cycle (in days)*	-50.0	-48.1

*It was calculated from average balances.

FINANCIAL STRUCTURE RATIOS	31 March 10	31 December 09
Financial Leverage	0.72	0.73
Total Liabilities / Shareholders' Equity	2.58	2.76
Current Liabilities / Total Assets	0.26	0.26
Non-current Liabilities / Total Assets	0.46	0.48
Net Cash Position / Shareholders' Equity	-0.82	-0.87
Financial Liabilities / Shareholders' Equity	1.59	1.72
Financial Liabilities / Total Assets	0.44	0.46
Total Financial Liabilities (Thousand TL)	2,472,696	2,578,887
Interest Coverage Ratio*	1.65	4.65
Net Cash Position (Thousand TL)	-1,276,718	-1,306,652
Net Foreign Currency Position (Thousand TL)	-1,644,814	-1,707,194

PROFITABILITY RATIOS (%)	31 March 10	31 March 09
Return On Equity (ROE)	3.8	3.7
Return On Assets (ROA)	1.1	2.2
Gross Profit Margin	24.9	26.1
EBITDA Margin	5.6	7.6
Operating Profit Margin	3.5	4.9
Income Before Tax Margin	5.1	6.1
Net Income Margin	4.1	4.9

SHARE PERFORMANCE RATIOS	31 March 10
Market Cap (Thousand TL)	4,940,333
Share Price (TL)	27.75
Earnings Per Share (EPS) (Kr)	0.33
Price-earnings Ratio (Annual)	21.0

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 associates.

The Company commanded a store network of 1,700 stores in total at the end of March 31, 2010, of these 111 M, 112 MM, 46 MMM, 1.086 Şok, 7 5M, 307 Tansaş and 9 Macrocenter stores in seven geographical regions throughout Turkey, as well as 4 Ramstores in Azerbaijan, 15 Ramstores in Kazakhstan and 3 Ramstores in Macedonia operated through its associates abroad.

During 1 January – 31 March 2010, Migros Ticaret A.Ş. opened 5 Migros, 7 Tansaş, 107 Şok and 3 Ramstore stores under:

M format (1 store); Etiler Alkent in İstanbul,

MM format (3 stores); Bademli in Bursa, Diyarbakır, Diclekent City Center in Diyarbakır,

MMM format (1 store); Mega Center in Diyarbakır,

Mini Tansaş format (5 stores); Emirdağ in Afyon, Subayevleri in Ankara, Hisarcık in Kayseri, Anıt in Konya, Erbaa in Tokat,

Midi Tansaş format (2 stores); Belsin, Kızılırmak in Kayseri

Şok format;

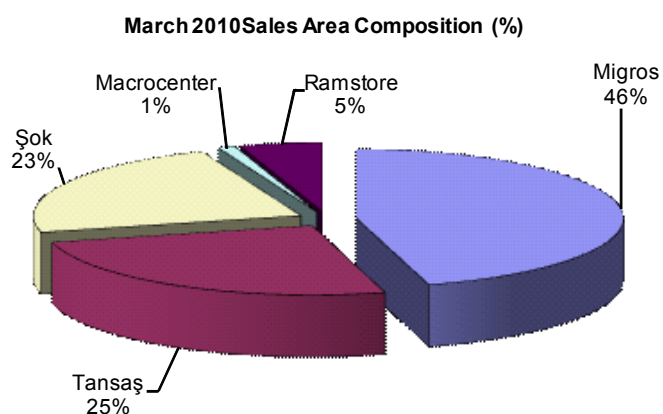
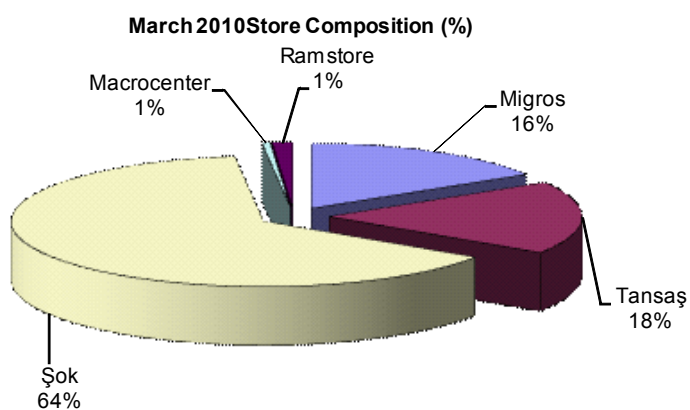
107 Şok stores		
Adana (2)	Çankırı (2)	Manisa (1)
Adıyaman (1)	Denizli (2)	Mersin (1)
Afyon (2)	Edirne (1)	Ordu (1)
Ağrı (1)	Erzurum (3)	Osmaniye (1)
Aksaray (1)	Eskişehir (1)	Rize (2)
Ankara (4)	Gaziantep (1)	Sakarya (13)
Antalya (4)	Giresun (1)	Samsun (3)
Aydın (3)	Isparta (1)	Sivas (2)
Balıkesir (3)	İstanbul (20)	Tekirdağ (1)
Bartın (1)	İzmir (4)	Tokat (2)
Bilecik (1)	Kastamonu (3)	Trabzon (1)
Bolu (1)	Kayseri (6)	Uşak (2)
Burdur (1)	Kocaeli (1)	Yalova (1)
Bursa (3)	Kütahya (1)	Zonguldak (1)

Ramstore format (3 stores); Tulpar, Mango and Arman in Kazakhstan.

The company's domestic net sales area has increased by 15.6% in March 2010 compared to March 2009 to 808,893 sqm. The store efficiency as a result of the campaigns conducted and the increased customer satisfaction rose, and the annualized domestic sales per sqm realized TL 6,815. In January – March 2010 period, the number of customers has increased by 14% compared to the same period of the previous year and reached a total number of 85.5 million. The sales per customer realized TL 16.98.

The sales through Migros Club Card and Money Club Card, that continues to be the largest card program of Turkish retail market, reached 77% of total sales in January – March 2010.

Number of Stores	March 2009	December 2009	March 2010
Turkey			
5M	6	7	7
M	99	112	111
MM	102	110	112
MMM	44	46	46
Şok	718	980	1,086
Mini	138	146	149
Midi	89	97	99
Maxi	56	59	59
Macrocenter	9	9	9
Number of Stores - Domestic	1,261	1,566	1,678
Net Sales Area – Domestic (m²)	699,466	783,147	808,893
International			
Kazakhstan	10	12	15
Azerbaijan	4	4	4
Macedonia	2	3	3
Kyrgyzstan	1	1	-
Number of Stores - International	17	20	22
Net Sales Area – International (m²)	29,491	38,980	42,478
Total number of stores	1,278	1,586	1,700
Total net sales area (m²)	728,957	822,127	851,371



SECTION 4: CORPORATE GOVERNANCE

Statement of Compliance with Corporate Governance Principle

Migros Ticaret A.Ş., on principle, adheres to Corporate Governance Principles, which were adopted by the Capital Markets Board of Turkey (CMB) Resolution No. 35/835 dated July 4, 2003 and were announced to the public in July 2003. Migros is aware of the benefits that the implementation of these principles will bring to the Company, its stakeholders and ultimately the country. Deficiencies in implementation are reviewed with a view to continuous improvement and efforts are underway to fix these shortcomings in order for Migros to be an exemplary role model.

The Company adopted the main principles of Corporate Governance, which are:

- a) Fairness
- b) Transparency
- c) Responsibility
- d) Accountability

During the year, business processes regarding intra-company reporting and business conduct were improved and made more effective. In 2007, the Company set up the Corporate Governance Committee within the framework of compliance with the Capital Market Legislation and Corporate Governance Principles. Also, Stefano Ferraresi and Evren Rifki Ünver have been elected as the members of the Audit Committee and Nicholas Stathopoulos, Ömer Özgür Tort and Erkin Yılmaz have been elected as the members of Corporate Governance Committee at the Board of Directors Meeting of our company dated 07 October 2009.

In an effort to keep the shareholders informed, the Company renewed its corporate website in August 2009 and enriched its substance and content, thereby allowing the shareholders to have access to more information about the Company.

The Company's 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

In accordance with our company policy, investor relations is given the utmost importance. Investor Relations Unit under Finance Department was formed in 2003 in order to meet the information requests of shareholders for our Company, and the unit manages the processes related to General Assembly, capital increases and dividend distribution in addition to handling all enquiries and transactions of the shareholders regarding capital increases and dividend payments.

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. Within the scope of the Public Disclosure Platform (in Turkish: KAP) of the CMB, these material disclosures and other announcements are also posted on the electronic environment using software developed by TÜBİTAK. 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. It identifies the improvement areas and based on continuous improvement philosophy, supports the Company's senior management to make Migros a role model institution.

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.