

MiGROS



Migros Ticaret A.Ş.

01.01.2012 – 31.03.2012

Interim Activity Report

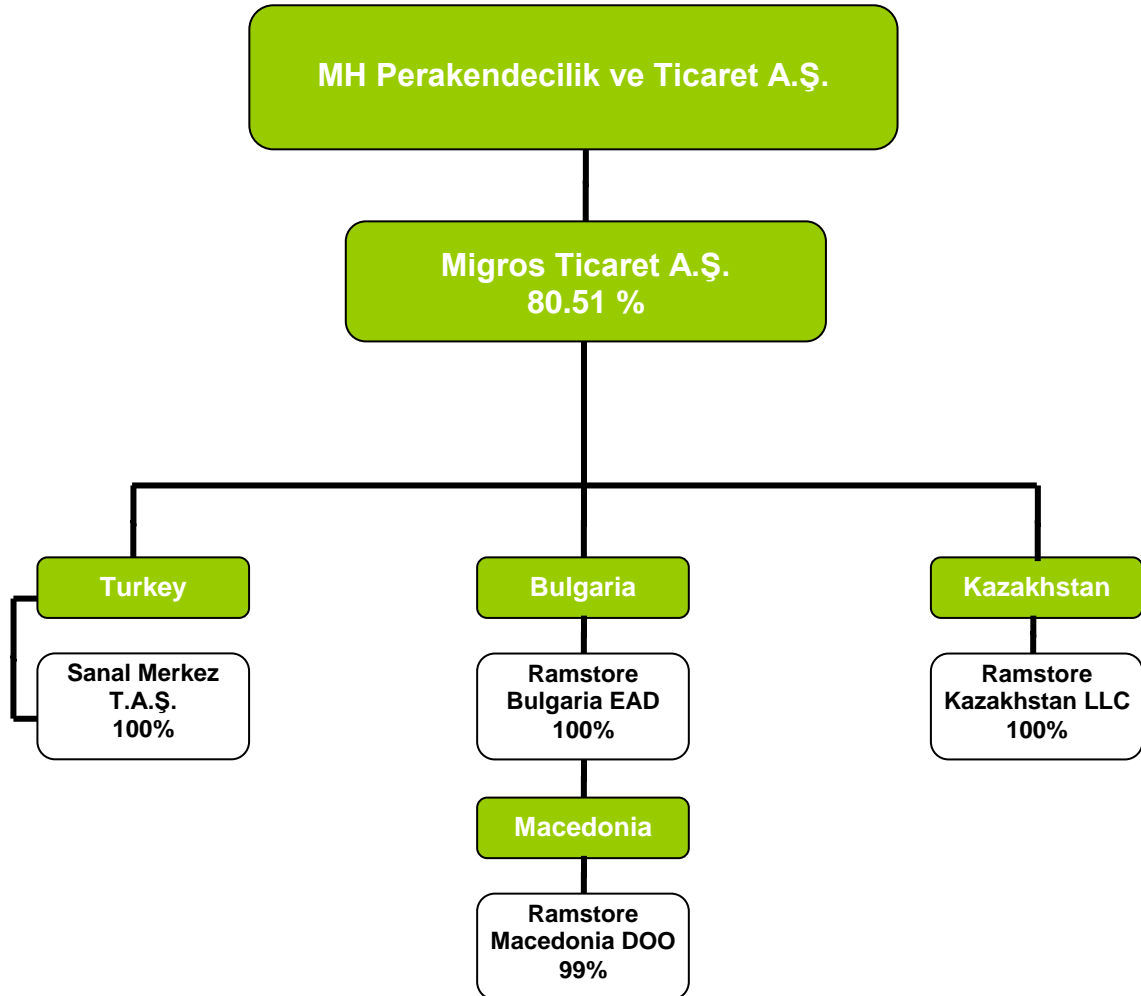
CORPORATE PROFILE

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. in ISE following the merger with Migros Türk T.A.Ş.

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



INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

Gross Domestic Product (GDP) did grow by 8.5% in 2011 in real terms. Food, beverage and tobacco spend, which started its recovery at the beginning of 2010, increased by 6.3% in 2011. Consumer confidence index, reaching 92.0 by the end of 2011, was 93.9% and registering a modest increase of 2.1%.

By the end of the year in 2011, the CPI is 10.45%, which was 11.14% in April 2012. The price inflation of food and beverages is 11.65% in April 2012 versus the same period last year.

According to the Trade Council of Shopping Centers and Retailers (TCSCR), the sales revenues of organized retail increased by 7% in March 2012. During the same period, grocery retail sales revenues increase is 2% versus 15% non-food retail by the end of March 2012.

SECTION 1: CORPORATE INFORMATION

Board of Directors

Board Members and Auditors of our Company 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

Stefano Ferraresi and Evren Rifki Ünver are the members of the Audit Committee. Nicholas Stathopoulos, Ömer Özgür Tort, Erkin Yılmaz and Affan Nomak are in the Corporate Governance Committee of our company.

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 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 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 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 March 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
Total	100.00	178,030,000

Information About the Most Recent Capital Increase

No increase was made in the capital during 01 January – 31 March 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 26.05.2011 were disclosed in our corporate web site (www.migroskurumsal.com). In the Ordinary General Assembly Meeting, the statutory and the consolidated financial statements dated 31.12.2010, which was prepared in accordance with IFRS, merger decision with Ades Gıda Sanayi ve Ticaret Anonim Şirketi, Amaç Gıda Ticaret ve Sanayi Anonim Şirketi ve Egeden Gıda Tüketim Malları Ticaret ve Sanayi Anonim Şirketi and the other agenda articles were duly accepted.

During the General Assembly Meeting, as per the Communiqué of the Board of Capital Markets on Independent Auditing Standards, it 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 2011 be authorized to act as independent external auditor.

Meeting Minutes and List of Attendees pertaining to Ordinary General Meeting of our company pertaining to 2010 operations have been disclosed in our corporate web site (www.migroskurumsal.com) and in 2010 annual report.

Amendments in the Articles of Association During the Period

No change was made in the articles of association during 01 January – 31 March 2012.

The Dividend Policy of Migros

As it was submitted to shareholders at the General Assembly Meeting on 26 May 2011;

"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 26 May 2011;

It was resolved to propose no dividend distribution for 2010 fiscal year in accordance with the decision of Capital Markets Board (CMB) dated 27.01.2010 numbered and 02/51 related with the distribution of dividend for listed companies, in 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. In the consolidated financial statements of 2010, Migros recorded TL 42,674,000 net profit. Net profit was allocated to the extraordinary reserves. As legal limit is reached, there is no need to set aside primary legal reserve.

SECTION 2: FINANCIAL INFORMATION

Sales

(thousand TL)

	1 January – 31 March 2012	1 January – 31 March 2011
Domestic sales	1,390,760	1,225,224
Foreign sales	97,056	80,167
	1,487,816	1,305,391
Other sales	2,162	1,490
	1,489,978	1,306,881
Less: Discounts and returns	(35,210)	(35,888)
Sales revenue – net	1,454,768	1,270,993

Note about discontinued operations: Profit/loss due to the disposal of the subsidiary and 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 March 2011 financial statements.

The Financial Ratios

The financial resources and the risk management policies

Loans

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.

As from March 31, 2012 the outstanding loans of the Company stands at TL 2,542,663 thousand, out of which TL 50,424 thousand, is due within the next 12 months.

Migros Ticaret A.Ş. made a EUR 100 m early down payment in 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.

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

Migros - IFRS Consolidated Income Statement Summary (Thousand TL)	01 Jan. – 31 March 2012	%	01 Jan. - 31 March 2011	%
Net Sales	1,454,768	100.0	1,270,993	100.0
Cost of sales (-)	-1,069,528	-73.5	-934,254	-73.5
Gross Profit	385,240	26.5	336,739	26.5
Operating Expenses	-325,700	-22.4	-283,500	-22.3
Other Operating Income / (Expense)	-6,759	-0.5	-2,053	-0.2
Operating Profit	52,781	3.6	51,186	4.0
Financial Income / (Expense)	13,188	0.9	-146,913	-11.6
Income/Loss Before Tax From Continued Operations	65,969	4.5	-95,727	-7.5
Tax Income / (Expenses)	-4,420	-0.3	-11,269	-0.9
Income/Loss For The Period From Continued Operations	61,549	4.2	-106,996	-8.4
Income / Loss After Tax From Discontinued Operations	0	0.0	-21,385	-1.7
Net Profit / Loss	61,549	4.2	-128,381	-10.1
<i>Income For The Period-Non-controlling Interest</i>	<i>20</i>	<i>0.0</i>	<i>17</i>	<i>0.0</i>
<i>Income For The Period-Parent Company Shares</i>	<i>61,529</i>	<i>4.2</i>	<i>-128,398</i>	<i>-10.1</i>

EBITDA	98,812	6.8	89,098	7.0
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* The profit/loss attributable to Şok Marketler Ticaret A.Ş. is shown under discontinued operations in 01 January – 31 March 2011 period.

**The profit attributable to Şok Marketler Ticaret A.Ş. and Ramstore Azerbaijan sale is shown under discontinued operations in 01 January – 31 March 2011 period.

Migros Ticaret A.Ş. IFRS Consolidated Balance Sheet Summary (Thousand TL)	March 12	%	Dec. 11	%
Current Assets	1,788,951	32.8	1,797,570	32.8
Non-current Assets	3,669,102	67.2	3,683,394	67.2
Total Assets	5,458,053	100.0	5,480,964	100.0
Current Liabilities	1,583,395	29.0	1,578,694	28.8
Non-current Liabilities	2,623,819	48.1	2,706,563	49.4
Total Liabilities	4,207,214	77.1	4,285,257	78.2
Parent Company Shareholders' Equity	1,250,359	22.9	1,195,231	21.8
Non-controlling Interest	480	0.0	476	0.0
Shareholders' Equity	1,250,839	22.9	1,195,707	21.8
Total Liabilities and Shareholders' Equity	5,458,053	100.0	5,480,964	100.0

Financial Structure and Profitability Ratios

FINANCIAL STRUCTURE AND LIQUIDITY RATIOS	31 March 12	31 Dec. 11
Financial Leverage (Total Liabilities / Total Liabilities and Equity)	0.77	0.78
Total Liabilities / Shareholders' Equity	3.36	3.58
Financial Liabilities / Total Assets	0.47	0.47
Net Cash Position (Thousand TL)	-1,547,568	-1,577,979
Current Ratio	1.13	1.14

PROFITABILITY RATIOS (%)	31 March 12	31 March 11
Gross Profit Margin*	26.5	26.5
EBITDA Margin*	6.8	7.0
Operating Profit Margin*	3.6	4.0
Net Profit / Loss Margin	4.2	-10.1

* It shows the profitability rates of continuing operations.

SHARE PERFORMANCE RATIOS	31 March 12	31 Dec. 11
Market Cap (Thousand TL)	2,892,988	2,252,080
Share Price (TL)	16.25	12.65
Earnings Per Share (EPS) (Kr)	0.35	-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 764 stores in total at the end of March 31, 2012, of these 271 M, 185 MM, 62 MMM, 17 5M, 102 Mini, 62 Midi, 24 Maxi and 13 Macrocenter stores in seven geographical regions throughout Turkey, as well as 23 Ramstores in Kazakhstan and 5 Ramstores in Macedonia operated through its associates abroad.

During 01 January – 31 March 2012, Migros Ticaret A.Ş. opened 1 hypermarket and 30 supermarkets:

18 Migros stores			
<u>M (15 stores)</u> Adana (1) Ankara (1) Antalya (2) Aydın (1) Balıkesir (1) Denizli (1) İstanbul (1) İzmir (3) Kayseri (1) Mersin (1) Niğde (1) Tokat (1)	<u>MM (1 store)</u> İstanbul (1)	<u>MMM (1 store)</u> Gaziantep (1)	<u>5M (1 store)</u> İzmir (1)

13 Tansaş stores	
<u>Mini (10 stores)</u> Balıkesir (1) İzmir (8) Muğla (1)	<u>Midi (3 stores)</u> Antalya (1) İzmir (1) Muğla (1)

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) in the Investor Relations section.

Investor Relations

Investor Relations 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. Investor Relations is 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. All other channels of communication are also available for the shareholders.