

MiGROS



Migros Ticaret A.Ş.

01.01.2010 – 30.09.2010

Interim Activity Report

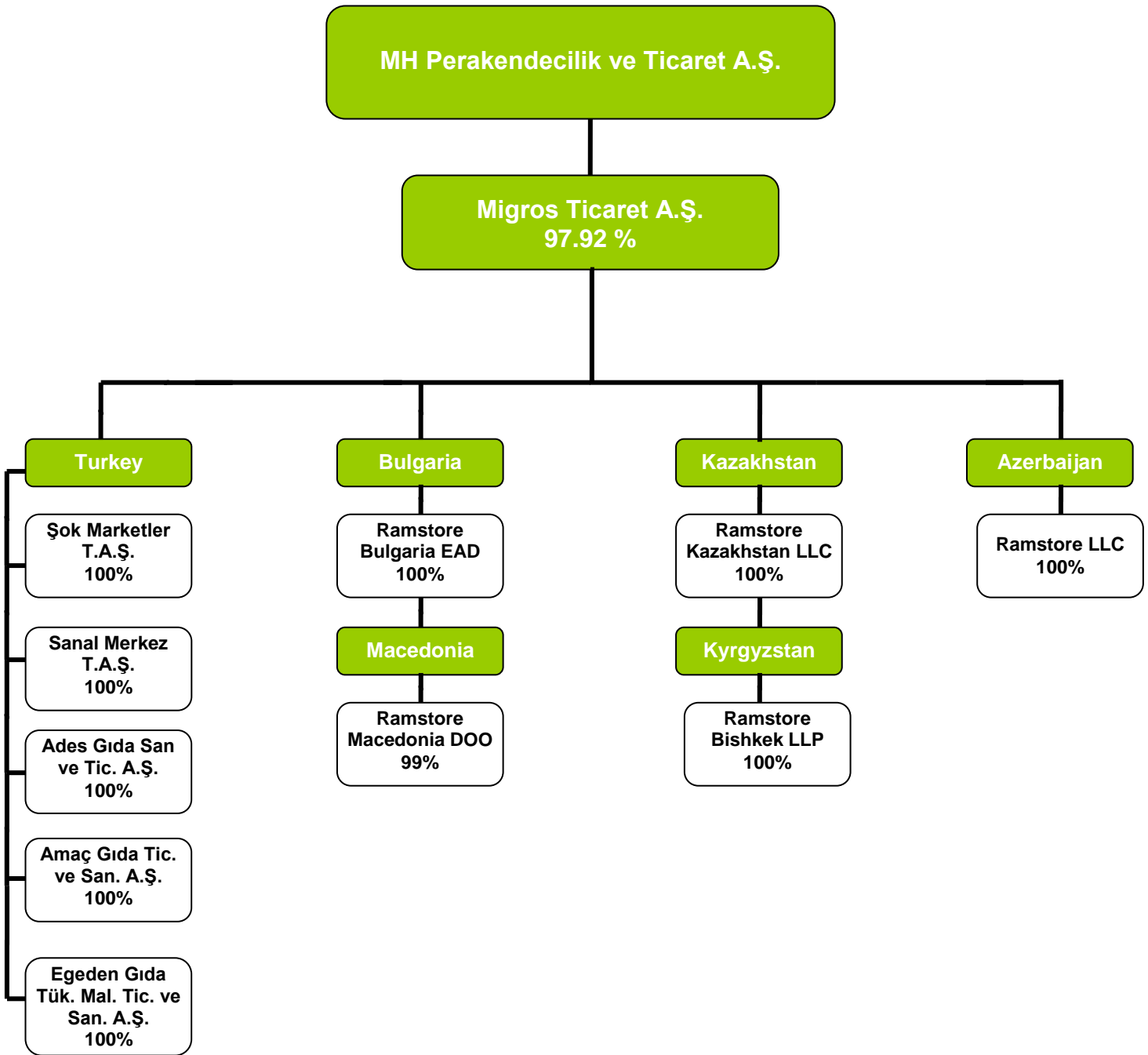
CORPORATE PROFILE

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 A.Ş. Ownership Structure and Its Subsidiaries as of 30 September 2010



INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

Central Bank (CBRT) confidence index that has been on an upward trend, and encouraging GDP growth data published for the second quarter confirms that the economy is on a recovery track. Turkish economy grew by 11% in the first half of 2010 and the confidence index increased 14.7% to 90.4 between December 2009 and September 2010. Many institutions increased their estimations for GDP growth in Turkey for 2010. IMF revised its forecast from 6.1% to 7.8% for 2010. Main driver of GDP growth is domestic consumption. In food and retail trade, one of the important indicators of domestic consumption, we experienced a 20.7% and 14% increase in 1Q2010 and in 2Q2010 respectively, which mostly offsets the deep contraction in the same period last year. Food, beverage and tobacco consumption inched up 1.7% in 1H2010, thanks to base line effect of mere 0.3% shrinkage in 1H2009.

A closer look at the consumer price index (CPI) components, there has been an extraordinary movement particularly in unprocessed food prices. On an annual basis, unprocessed food prices skyrocketed by 31.28% as of October, processed food prices increased by only 5.04%.

Sales turnover performance of food and non-food retail trade mimics the growth of GDP components mentioned above. According to Retail Index results of Trade Council of Shopping Centers and Retailers (TCSCR), annual increase in sales turnover is 8% in September 2010. In food retail market, annual increase in sales turnover realized at 3%. In non-food retail market, annual increase in sales turnover amounted to 17%. The total sales area rose by 16% on an annual basis in food retail parallel to a %14 increase in non-food retail.

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 September 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 – September 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 Özyadınlı, 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 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 20 May 2010, it was resolved to distribute TL 195,833,000 (TL 31,500,000.00 from current year net profit and TL 164,333,000.00 from extraordinary reserves, excluding inflation restatement differences) as dividend to the shareholders.

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.

Dividend distribution of TL 1.10 gross per share (with a dividend ratio of %110) to institutional shareholders resident in Turkey as well as non-resident foreign institutions, and a TL 0.935 cash dividend (with a dividend ratio of %93.5) net of withholding tax per one share to other shareholders, began on **May 28, 2010**.

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. 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 September 2010	1 January - 30 September 2009
Domestic sales	4,675,378	4,176,068
Foreign sales	186,886	170,931
	4,862,264	4,346,999
Other sales	2,535	1,675
	4,864,799	4,348,674
Less: Discounts and returns	(102,656)	(97,544)
Sales revenue - net	4,762,143	4,251,130

The Financial Ratios

The financial resources and the risk management policies

Loans

As from September 30, 2010, the outstanding loans of the Company stands at TL 2,351,609 thousand, out of which TL 73,133 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 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 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 Sept. 2010	%	01 Jan. - 30 Sept. 2009	%
Net Sales	4,762,143	100.0	4,251,130	100.0
Cost of sales (-)	-3,561,616	-74.8	-3,185,641	-74.9
Gross Profit	1,200,527	25.2	1,065,489	25.1
Operating Expenses	-1,041,957	-21.9	-864,412	-20.3
Other Income / (Gains)	396	0.0	653	0.0
Operating Profit	158,966	3.3	201,730	4.7
Financial Income / (Gains)	-29,516	-0.6	-82,263	-1.9
Income Before Tax	129,450	2.7	119,467	2.8
Tax Income / (Expenses)	-26,267	-0.6	-23,583	-0.6
Income For The Period	103,183	2.2	95,884	2.3
<i>Income For The Period-Non-controlling Interest</i>	<i>51</i>	<i>0.0</i>	<i>1,565</i>	<i>0.0</i>
<i>Income For The Period-Parent Company Shares</i>	<i>103,132</i>	<i>2.2</i>	<i>94,319</i>	<i>2.2</i>

Migros Ticaret A.Ş. IFRS Consolidated Balance Sheet Summary (Thousand TL)	Sept. 10	%	Dec. 09	%
Current Assets	1,735,968	31.7	1,940,870	34.4
Non-current Assets	3,746,754	68.3	3,707,173	65.6
Total Assets	5,482,722	100.0	5,648,043	100.0
Current Liabilities	1,621,011	29.6	1,443,242	25.6
Non-current Liabilities	2,460,494	44.9	2,704,471	47.9
Total Liabilities	4,081,505	74.4	4,147,713	73.4
Parent Company Shareholders' Equity	1,400,748	25.5	1,499,869	26.6
Minority Interest	469	0.0	461	0.0
Shareholders' Equity	1,401,217	25.6	1,500,330	26.6
Total Liabilities and Shareholders' Equity	5,482,722	100.0	5,648,043	100.0

Financial Structure and Profitability Ratios

FINANCIAL STRUCTURE AND LIQUIDITY RATIOS	30 September 10	31 December 09
Financial Leverage (Total Liabilities / Total Liabilities and Equity)	0.74	0.73
Total Liabilities / Shareholders' Equity	2.91	2.76
Financial Liabilities / Total Assets	0.43	0.46
Net Cash Position (Thousand TL)	-1,429,707	-1,306,652
Current Ratio	1.07	1.34
Liquidity Ratio (Acid-Test)	0.64	0.94
Cash Conversion Cycle (in days)*	-45.4	-48.2

*It was calculated from average balances.

PROFITABILITY RATIOS (%)	30 September 10	30 September 09
Return On Equity (ROE)	7.4	6.5
Return On Assets (ROA)	1.9	1.7
Gross Profit Margin	25.2	25.1
Operating Profit Margin	3.3	4.7
Income Before Tax Margin	2.7	2.8
Net Income Margin	2.2	2.3

SHARE PERFORMANCE RATIOS	30 Sept. 10	30 Sept. 09	Change %
Market Cap (Thousand TL)	5,474,423	3,596,206	52.2
Share Price (TL)	30.75	20.20	52.2
Earnings Per Share (EPS) (Kr)	0.58	0.53	9.4
Price-earnings Ratio (Annual)	39.8	28.1	41.5

SECTION 3: OPERATIONAL ACTIVITIES

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.

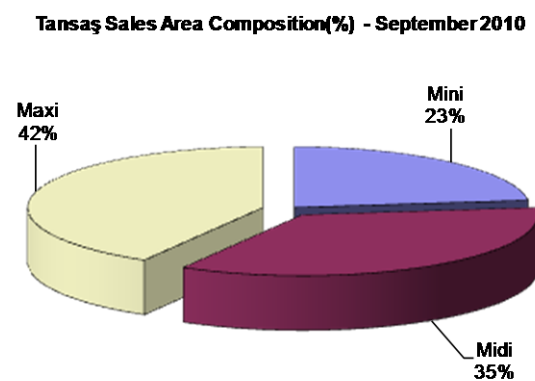
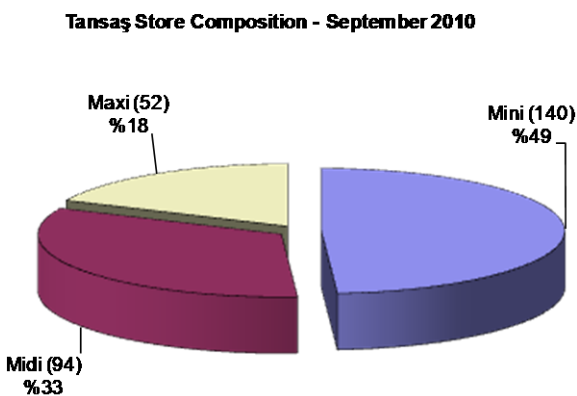
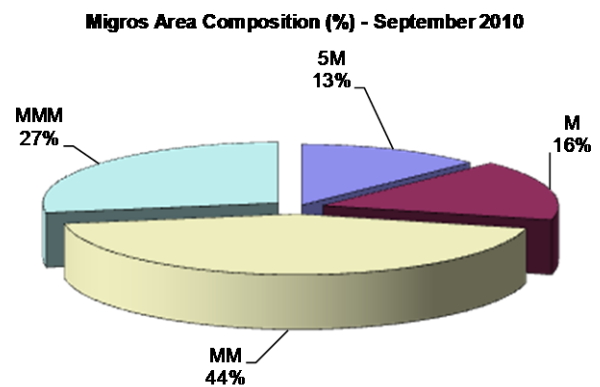
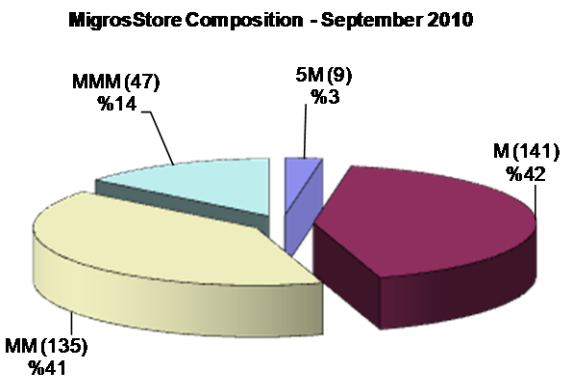
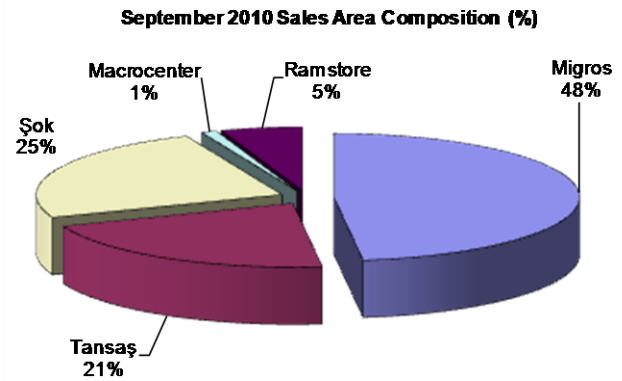
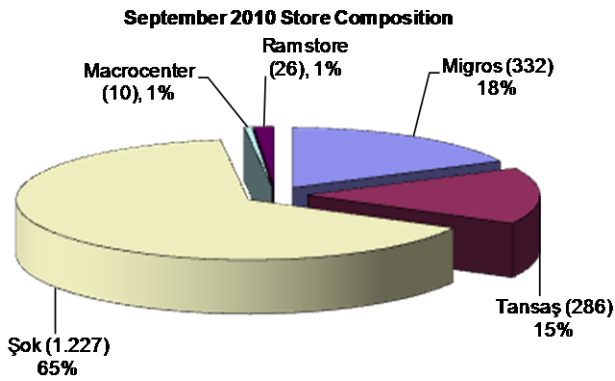
The Company commanded a store network of 1,881 stores in total at the end of September 30, 2010, of these 141 M, 135 MM, 47 MMM, 1.227 Şok, 9 5M, 286 Tansaş and 10 Macrocenter stores in seven geographical regions throughout Turkey, as well as 3 Ramstores in Azerbaijan, 18 Ramstores in Kazakhstan and 5 Ramstores in Macedonia operated through its associates abroad.

During 1 January – 30 September 2010, Migros Ticaret A.Ş. opened 346 new stores.:

36 Migros stores			
<u>M (15 stores)</u> Adana (1) Aydın (1) Edirne (1) Hatay (1) İstanbul (5) İzmir (1) Muğla (4) Rize (1)	<u>MM (17 stores)</u> Ankara (1) Antalya (1) Bursa (2) Diyarbakır (2) İstanbul (4) İzmir (2) Mersin (1) Muğla (2) Sakarya (2)	<u>MMM (2 store)</u> Diyarbakır (1) Hatay (1)	<u>5M (2 store)</u> Afyon (1) İstanbul (1)
28 Tansaş stores			
<u>Mini (15 stores)</u> Adana (1) Afyon (1) Ankara (2) Aydın (1) Balıkesir (1) İstanbul (2) İzmir (1) Kayseri (1) Konya (1) Muğla (1) Sakarya (1) Tokat (2)	<u>Midi (10 stores)</u> Antalya (2) Balıkesir (1) Hatay (1) İstanbul (2) Kayseri (2) Muğla (1) Osmaniye (1)	<u>Maxi (3 stores)</u> Antalya (1) Bartın (1) Kütahya (1)	
1 Macrocenter store			
İstanbul (1)			
273 Şok stores			
Adana (3) Adıyaman (1) Afyon (4) Ağrı (2) Aksaray (1) Amasya (2) Ankara (9) Antalya (16) Artvin (2) Aydın (7) Balıkesir (11) Bartın (3) Bilecik (1) Bolu (1) Burdur (1) Bursa (7) Çanakkale (2) Çankırı (4) Çorum (1) Denizli (4) Edirne (3)	Elazığ (5) Erzincan (1) Erzurum (5) Eskişehir (2) Gaziantep (5) Giresun (2) Gümüşhane (1) Hatay (4) İğdir (2) Isparta (2) İstanbul (36) İzmir (12) Kahramanmaraş (1) Kars (1) Kastamonu (5) Kayseri (11) Kilis (2) Kocaeli (2) Konya (4) Kütahya (1) Manisa (1)	Mersin (6) Muğla (2) Nevşehir (1) Niğde (1) Ordu (4) Osmaniye (2) Rize (3) Sakarya (22) Samsun (6) Sinop (4) Sivas (6) Şanlıurfa (1) Tekirdağ (7) Tokat (3) Trabzon (2) Uşak (4) Yalova (2) Yozgat (2) Zonguldak (5)	
8 Ramstore stores			
<u>Kazakhstan (6 stores)</u> Astana (1) Almaty (3) Uralsk (1) Aktau (1)		<u>Macedonia (2 store)</u> Tetova (1) Skopje (1)	

The company's domestic net sales area increased by 19.3% in September 2010 to 882,706 sqm on a yearly basis . In January – September 2010 period, the number of customers increased by 15% compared to the same period of last year reaching a total of 281 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 – September 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.



SECTION 4: 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 keeps Migros shareholders and brokerage analysts informed. Investor Relations 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 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.