

# Financial statements 2011

---

FEDERATION OF MIGROS COOPERATIVES

# Financial statements Federation of Migros Cooperatives

---

	<b>Page</b>
<b>Key figures and ratios</b>	<b>3</b>
<b>Balance sheet</b>	<b>4</b>
<b>Income statement</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7</b>
Balance sheet	7
Income statement	12
<b>Notes</b>	<b>15</b>
Accounting standard	15
Balance sheet information	15
Appropriation of net profit for the year	15
Risk management	16
Expenditure for cultural, social and economic policy purposes	16
Asset transfers in 2011	16
List of main equity interests	17
<b>Report of the statutory auditor</b>	<b>18</b>

# Key figures and ratios

CHF thousand	2007	2008	2009	2010	2011
<b>Net sales revenue</b>	<b>5'399'162</b>	<b>5'502'163</b>	<b>5'414'159</b>	<b>5'364'414</b>	<b>5'168'004</b>
Change in % from previous year	-1.7	1.9	-1.6	-0.9	-3.7
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>128'770</b>	<b>186'600</b>	<b>185'376</b>	<b>92'119</b>	<b>70'579</b>
as % of net revenue	2.4	3.4	3.4	1.7	1.4
<b>Net profit</b>	<b>55'441</b>	<b>43'069</b>	<b>242'073</b>	<b>14'381</b>	<b>74'989</b>
as % of net revenue	1.0	0.8	4.5	0.3	1.5
<b>Cashflow</b>	<b>45'203</b>	<b>20'784</b>	<b>285'395</b>	<b>209'420</b>	<b>97'324</b>
as % of net revenue	0.8	0.4	5.3	3.9	1.9
<b>Investments</b>	<b>16'847</b>	<b>20'716</b>	<b>20'550</b>	<b>24'353</b>	<b>24'087</b>
<b>Current assets</b>	<b>2'926'121</b>	<b>3'217'033</b>	<b>3'574'965</b>	<b>3'166'758</b>	<b>3'296'226</b>
as % of total assets	41.3	44.1	46.7	40.5	40.4
<b>Fixed assets</b>	<b>4'150'602</b>	<b>4'075'104</b>	<b>4'076'226</b>	<b>4'661'672</b>	<b>4'864'526</b>
as % of total assets	58.6	55.9	53.3	59.5	59.6
<b>Short-term debt capital</b>	<b>2'473'857</b>	<b>2'737'745</b>	<b>2'896'952</b>	<b>3'397'048</b>	<b>3'783'165</b>
as % of total capital	35.0	37.5	37.9	43.4	46.4
<b>Long-term debt capital</b>	<b>2'806'626</b>	<b>2'715'683</b>	<b>2'674'056</b>	<b>2'337'418</b>	<b>2'209'234</b>
as % of total capital	39.6	37.3	34.9	29.9	27.1
<b>Shareholders' equity</b>	<b>1'796'240</b>	<b>1'838'709</b>	<b>2'080'182</b>	<b>2'093'964</b>	<b>2'168'353</b>
as % of total capital	25.4	25.2	27.2	26.8	26.7
<b>Balance sheet total</b>	<b>7'076'723</b>	<b>7'292'137</b>	<b>7'651'190</b>	<b>7'828'430</b>	<b>8'160'752</b>
<b>Expenditure for cultural, social and economic policy purposes</b>	<b>52'303</b>	<b>44'699</b>	<b>43'175</b>	<b>44'851</b>	<b>46'104</b>
<b>Average workforce</b>					
<b>Number of persons</b>	<b>1'824</b>	<b>1'849</b>	<b>1'862</b>	<b>1'915</b>	<b>2'035</b>
converted to full-time positions	1'699	1'719	1'728	1'776	1'886

# Balance sheet

## Assets

CHF thousand	Notes	31.12.2011	31.12.2010
<b>Current assets</b>			
Liquid assets and fixed-term deposits	1	1'118'156	1'140'438
Securities	2	538'588	591'536
Current receivables:			
↳ due from group companies	3	1'247'322	986'890
↳ trade debtors (third parties)		48'410	34'300
Other current receivables (third parties)	4	42'562	168'577
Inventories	5	209'776	163'765
Prepayments and accrued income		91'412	81'252
<b>Total current assets</b>		<b>3'296'226</b>	<b>3'166'758</b>
<b>Fixed assets</b>			
Financial assets			
Long-term receivables:			
↳ due from group companies	6	2'541'918	2'447'660
↳ due from third parties		56'811	11'940
Equity interests:			
↳ in group companies	7	2'006'860	1'926'424
↳ in third parties	8	155'486	176'484
Tangible assets	9	56'808	54'586
Intangible assets	10	46'643	44'577
<b>Total fixed assets</b>		<b>4'864'526</b>	<b>4'661'672</b>
<b>Total assets</b>		<b>8'160'752</b>	<b>7'828'430</b>

## Liabilities

CHF thousand	Notes	31.12.2011	31.12.2010
<b>Current debt capital</b>			
Financial liabilities	11	316'417	350'270
Liabilities:			
↳ due to group companies	12	2'560'298	2'204'521
↳ third-party trade creditors		285'368	330'723
Other current liabilities	13	292'636	289'622
Personnel and M-participation accounts		12'053	10'281
Current provisions	14	279'095	183'129
Accrued liabilities and deferred income		37'298	28'502
<b>Total current debt capital</b>		<b>3'783'165</b>	<b>3'397'048</b>
<b>Long-term debt capital</b>			
Liabilities:			
↳ due to third parties	15	201'000	381'000
Personnel investment accounts	16	1'464'862	1'414'465
Debenture loans / private placements	17	450'000	450'000
Long-term provisions	18	93'372	91'953
<b>Total long-term debt capital</b>		<b>2'209'234</b>	<b>2'337'418</b>
<b>Total debt capital</b>		<b>5'992'399</b>	<b>5'734'466</b>
<b>Shareholders' equity</b>			
Cooperative capital		15'000	15'000
Statutory reserves		20'000	20'000
Other reserves	19	2'050'007	2'038'007
Culture Percentage provision	20	7'831	7'631
Unappropriated profit	20	75'515	13'326
<b>Total shareholder's equity</b>		<b>2'168'353</b>	<b>2'093'964</b>
<b>Total liabilities and shareholder's equity</b>		<b>8'160'752</b>	<b>7'828'430</b>

# Income statement

CHF thousand	Notes	31.12.2011	31.12.2010
Net sales revenue	21	5'168'004	5'364'414
Other operating income	22	240'652	255'727
<b>Total operating income</b>		<b>5'408'656</b>	<b>5'620'141</b>
Cost of materials, goods and purchased services		4'595'946	4'767'272
<b>Gross operating profit</b>		<b>812'710</b>	<b>852'869</b>
Personnel expenses	23	256'287	235'648
Advertising expenses	24	247'317	282'795
Administration expenses	25	238'527	242'307
Depreciation	26	26'096	14'493
<b>Earnings before income and taxes (EBIT)</b>		<b>44'483</b>	<b>77'626</b>
Financial income and expenses	27	38'690	-61'758
Other income and expenses	28	-11	3'757
<b>Profit before taxes</b>		<b>83'162</b>	<b>19'625</b>
Taxes		8'173	5'244
<b>Net profit</b>		<b>74'989</b>	<b>14'381</b>

# Notes to the financial statements

## Balance sheet

### 1 Liquid assets and fixed-term deposits

CHF thousand	31.12.2011	31.12.2010
Cash and cash equivalents	972'949	428'748
Fixed-term deposits	–	173'390
Fixed-term deposits due from group companies	139'206	532'500
Fixed-term deposits due from affiliate companies	6'000	5'800
<b>Total</b>	<b>1'118'156</b>	<b>1'140'438</b>

This item is used to maintain liquidity for the Migros Community.

### 2 Securities (to maintain liquidity)

CHF thousand	31.12.2011	31.12.2010
Bonds	507'076	527'959
Shares	31'513	45'392
Shares in funds (Money Market)	–	18'184
<b>Total</b>	<b>538'588</b>	<b>591'536</b>

The securities of the current assets are used to maintain liquidity. Securities are valued at their fair value on the balance sheet date.

### 3 Current receivables due from group companies

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>1'247'322</b>	<b>986'890</b>

Services exchanged within the group are settled on a non-cash basis via a clearing system operated by the FMC. The balance results from the corresponding current account transactions.

#### 4 Other current receivables due from third parties

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>42'562</b>	<b>168'577</b>

The item includes loans, refund claims for withholding tax, foreign value-added taxes, and balances relating to current account transactions with foundations. This item also includes the balance of taxes on income and capital of CHF 17.5 million (see Note 14).

#### 5 Inventories

CHF thousand	31.12.2011	31.12.2010
Goods for resale	209'346	163'506
Other materials / advance payments	430	259
<b>Total</b>	<b>209'776</b>	<b>163'765</b>

Inventories include mainly stocks of goods at the two central warehouses in Suhr and Neuendorf.

#### 6 Long-term receivables due from group companies

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>2'541'918</b>	<b>2'447'660</b>

Group companies are financed primarily by internal FMC loans.

#### 7 Equity interests in group companies

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>2'006'860</b>	<b>1'926'424</b>

Equity interests are shown in the balance sheet at purchase cost less requisite depreciation. The change on the previous year includes the integration of Interio AG and Dolphin France SAS. Denner AG was transferred to Migros Beteiligungen AG at the carrying amount without compensation. The value of Migros Beteiligungen AG was increased by the transfer value (see Asset transfers in 2011 in the Notes).

#### 8 Equity interests in third parties

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>155'486</b>	<b>176'484</b>

Shareholdings of less than 20% are shown under Equity interests in third parties. These are recognised at cost less any accumulated impairment losses.



## 9 Tangible assets

CHF thousand	31.12.2011	31.12.2010
Land and buildings	14'877	14'805
Plant, machinery and equipment	33'627	33'462
Other tangible assets	6'762	6'319
Assets under construction	1'542	–
<b>Total</b>	<b>56'808</b>	<b>54'586</b>

In 2011 a total of CHF 15.5 million was invested in tangible assets. Of this, CHF 11.3 million related to plant, machinery and equipment, and in particular to the development of information technology.

## 10 Intangible assets

CHF thousand	31.12.2011	31.12.2010
Software	21'723	17'877
Trademark and publishing rights	24'920	26'700
<b>Total</b>	<b>46'643</b>	<b>44'577</b>

Both acquired and internally created software is capitalised. The stock increase relates, in particular, to internally created software.

The «Le Shop» brand (CHF 26.7 million) will be depreciated over 15 years.

## 11 Financial liabilities

CHF thousand	31.12.2011	31.12.2010
Bank loans	166'417	150'270
Debenture loans	150'000	200'000
<b>Total</b>	<b>316'417</b>	<b>350'270</b>

The above liabilities are repayable within the next twelve months. The debenture loan, which is due on 28 September 2012, was stated under non-current liabilities in the previous year (see Note 17).

## 12 Liabilities due to group companies (current debt capital)

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>2'560'298</b>	<b>2'204'521</b>

Services exchanged within the group are settled on a non-cash basis via a clearing system operated by the FMC. The balance results from the corresponding current account transactions.

### 13 Other current liabilities

CHF thousand	31.12.2011	31.12.2010
Migros Pension Fund	199'983	221'710
Old-age equalisation fund/foundations	1'432	3'150
Giftcards & Migros gift vouchers	43'383	40'355
Other	47'838	24'407
<b>Total</b>	<b>292'636</b>	<b>289'622</b>

### 14 Current provisions

CHF thousand	31.12.2011	31.12.2010
Provisions for:		
↳ Taxes on income and capital	–	8'756
↳ Insurance losses	9'763	8'507
↳ Group risks	4'400	4'100
↳ Commodity and monetary transaction risks	252'221	149'747
↳ Other	12'711	12'020
<b>Total</b>	<b>279'095</b>	<b>183'129</b>

The taxes on income and capital item shows CHF 17.5 million in our favour. This is due to temporary tax payments which exceed the likely tax figure due. This item is reported as assets under «Other current receivables due from third parties» (see Note 4).

Provisions for Group risks refer to payments to foundations and companies as part of the Culture Percentage expenditure. The increase in provisions for commodity and monetary transactions results predominantly from the increase in the value of hedging transactions.

### 15 Liabilities due to third parties (long-term debt capital)

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>201'000</b>	<b>381'000</b>

The decrease results from the reclassification of bank loans (repayable within twelve months) under the «Financial liabilities» item (see Note 11).

## 16 Personnel investment accounts

CHF thousand	31.12.2011	31.12.2010
<b>Total</b>	<b>1'464'862</b>	<b>1'414'465</b>

Employees and retired employees of the M-Community have made funds available to the FMC. Up to a maximum deposit of CHF 200'000 for employees and CHF 100'000 for retired employees, interest is paid at a preferential rate, equal to the variable interest rate for first mortgages offered by Migros Bank. For drawings over CHF 25'000, three months' notice is required. The balance rose by 2.6% on the previous year.

## 17 Debenture loans/private placements

CHF thousand			31.12.2011	31.12.2010
Maturity	Term	Interest rate		
28.09.2012	2007 – 2012	3.125%	–	150'000
04.06.2013	2007 – 2013	2.875%	200'000	200'000
03.05.2017	2011 – 2017	2.0%	150'000	–
<b>Debenture loans</b>			<b>350'000</b>	<b>350'000</b>
Private placements			100'000	100'000
<b>Total</b>			<b>450'000</b>	<b>450'000</b>

The loans are listed on the SIX Swiss Exchange. The loan, which is due on 28 September 2012, is now stated under Financial liabilities (see Note 11).

## 18 Long-term provisions

CHF thousand	31.12.2011	31.12.2010
Voluntary staff provident fund	14'840	15'942
Insurance fund	20'000	20'000
General commercial risks	48'533	46'011
Product liability	10'000	10'000
<b>Total</b>	<b>93'373</b>	<b>91'953</b>

The FMC has undertaken to pay an old-age equalisation fund bridging pension to cover the years between the general Migros retirement age and the normal retirement age. Provisions totaling CHF 14.8 million have been set up for these cumulative obligations and for pensions under the early retirement scheme.

## 19 Other reserves

CHF thousand	31.12.2011	31.12.2010
Previous year	2'038'007	1'800'007
Allocation from appropriation of profits	12'000	238'000
<b>Total</b>	<b>2'050'007</b>	<b>2'038'007</b>

The allocation was approved in each case by resolution of the Assembly of Delegates.

## 20 Unappropriated profit / Culture Percentage provision

CHF thousand	2011	2010
Previous year	726	583
Profit for the year	74'989	14'381
Deletion / allocation (-) Culture Percentage provision	-200	-1'638
<b>Total</b>	<b>75'515</b>	<b>13'326</b>

The proposal of the Board of Directors on the employment of the unappropriated profit for 2011 is contained in the Notes to the accounts. Since 2006, the statutory amount allocated to the Culture Percentage, but not used up by the reporting date has been allocated to a Culture Percentage reserve under Equity capital.

## Income statement

### 21 Net sales revenue

CHF thousand	2011	2010
Net sales revenue from trading in goods, by customer classes:		
↳ Third parties	88'899	60'789
↳ Group companies	5'077'129	5'301'952
↳ Related parties	1'977	1'673
<b>Total</b>	<b>5'168'004</b>	<b>5'364'414</b>

The decrease in net sales revenue is due largely to the price cuts in favour of the regional cooperatives (wholesale).

### 22 Other operating income

CHF thousand	2011	2010
Group companies:		
↳ Contribution for promotions and advertising	57'975	51'769
↳ Other income - group	143'232	160'858
Sub-total	201'207	212'628
Third parties:		
↳ Contributions for promotions and advertising	26'761	28'453
↳ Other income - third parties	11'493	13'400
Sub-total	38'254	41'853
Internal expenditure capitalised	1'192	1'247
<b>Total</b>	<b>240'652</b>	<b>255'727</b>

Suppliers share in promotional and marketing costs in the form of contributions for promotion and marketing. The item Other income – group includes the management fee for the segments Fresh Produce and Catering of the regional cooperatives. The item also contains an additional management fee for various group companies, for which FMC provides centralised services.

## 23 Personnel expenses

CHF thousand	2011	2010
Wages and salaries	202'045	185'273
Social insurance	18'105	17'104
Staff pension schemes	25'803	23'776
Other	10'334	9'495
<b>Total</b>	<b>256'287</b>	<b>235'648</b>

The increase in personnel expenses of approximately 8.8% on the previous year is due, on the one hand, to the 2011 salary rise and, on the other hand, to the larger workforce as a result of integrating Migros Media and the MITS competence centre.

## 24 Advertising expenses

CHF thousand	2011	2010
<b>Total</b>	<b>247'317</b>	<b>282'795</b>

Advertising expenses are lower than in the previous year due to generally lower advertising spending and the integration of Migros Media. Advertising is partly funded through contributions made by suppliers.

## 25 Administration expenses

CHF thousand	2011	2010
Rental to group companies	15'411	17'172
Other rent	4'641	3'929
Maintenance of fixed assets	27'966	21'960
Energy and consumables	6'151	5'890
Administrative costs	104'710	92'020
Expenditure for cultural purposes	14'321	15'416
Services	29'249	23'831
Other expenditure	36'078	62'089
<b>Total</b>	<b>238'527</b>	<b>242'307</b>

The decrease in rental to group companies was primarily the result of rent reductions. The increase in administration expenses is due to higher consultancy costs incurred in connection with marketing projects as well as higher legal advice costs.

## 26 Depreciation

CHF thousand	2011	2010
Land and buildings	160	156
Plant, machinery and equipment	11'818	10'779
Other tangible assets	1'682	1'032
Intangible assets	5'018	2'526
Investments	7'418	–
<b>Total</b>	<b>26'096</b>	<b>14'493</b>

Depreciation amounts are based on the provisions of commercial and fiscal law.

## 27 Financial income and expenses

CHF thousand	2011	2010
Interest revenue	96'792	105'096
Interest costs	-95'997	-108'262
Net currency differences	108'790	-93'028
Income from securities	-72'130	31'803
Income from investments	81'235	2'632
Debt waiver of receivables	-80'000	–
<b>Total</b>	<b>38'690</b>	<b>-61'758</b>

As FMC also concluded currency hedging transactions of the Migros Pension Fund in full in 2011, the imparity principle was no longer applied to all foreign currency transactions of Migros associates with effect from 2011. This results in a positive currency difference in 2011. The income from securities and investments is characterised by returns on shareholdings, securities valuations and income from the sale of companies in 2011. The debt waiver of receivables relates to a loan from FMC to Interio AG and is primarily due to the depreciation of the brand.

## 28 Other income and expenses

CHF thousand	2011	2010
Unrealised profit from disposal of fixed assets	41	49
Unrealised loss from disposal of fixed assets	-51	-252
Extraordinary expenditure and income	–	3'960
<b>Total</b>	<b>-11</b>	<b>3'757</b>

In both 2010 and 2011 there were no significant profits or losses from the disposal of fixed assets.

# Notes

## Accounting standard

The annual financial statement of the Federation of Migros Cooperatives, Zurich, has been prepared in accordance with the regulations currently applicable under company law.

In 2011 the imparity principle was no longer applied for foreign currency transactions concluded by FMC for its partners (companies and foundations of the Migros Community).

## Balance sheet information

CHF thousand	2011	2010
Fire insurance values:		
↳ Moveable property	281'672	267'744
↳ Real estate	31'574	31'397
Accumulation / release of undiscolosed reserves (-)	5'634	22'236
Sureties, guarantee commitments, charges in favour of third parties	75'196	43'830
Liabilities in respect of staff pension schemes	199'983	221'710

## Appropriation of net profit for the year

Proposal of the Board of Directors for the appropriation of net profit for the year:

CHF thousand	2011
Profit brought forward from previous year	726
Profit for the current year	74'989
Allocation of the Culture Percentage provisions <sup>1</sup>	- 200
<b>Net profit for the year for approval by the Assembly of Delegates</b>	<b>75'515</b>
Interest at 4% on FMC Cooperative capital	600
Allocation to other reserves	74'000
<b>Carried forward to new account</b>	<b>915</b>

<sup>1</sup> The statutes state that at least 1/3% of the retail sales must be allocated to cultural, social and economic purposes. Every year it is determined whether too much or too little money has been spent on the Culture Percentage. Any unspent amounts must be spent within five years.

## Risk management

The Federation of Migros Cooperatives Zurich operates a risk management system. The Board of Directors ensures that a risk assessment is carried out on time and in the appropriate manner. The Board is regularly informed by the Management about the risk situation of the company.

Based on a systematic risk analysis, the Board of Directors and the Chief Executives identify the main risks for the Federation of Migros Cooperatives and assess the likelihood of occurrence and financial effects. Measures implemented by the Board of Directors ensure that these risks are avoided, reduced or passed on.

Risks that have to be borne by the company are rigorously monitored. The results of the risk assessment are taken into consideration in the Board's annual review of business strategy.

The last risk assessment was carried out by the Board of Directors on 8 March 2012 and established that risks were well covered by strategies, processes and systems.

## Expenditure for cultural, social and economic policy purposes

CHF thousand	2011	2010
Culture	19'496	20'516
Social	6'647	4'797
Education	12'171	10'642
Leisure	4'664	4'803
Economy	2'265	2'179
Administrative / infrastructure costs	861	914
Extraordinary expenditure (donation Haiti)	–	1'000
<b>Total</b>	<b>46'104</b>	<b>44'851</b>

## Asset transfers in 2011

A shareholding of FMC was transferred to Migros Beteiligungen AG. No payment was made for this transfer.

### Transfer from FMC to the following group companies

Recipient	Assets	%	Date	Transfer value in CHF thousand		
				Total	against payment	of which without payment
Migros Beteiligungen AG, Rüslikon	Denner AG	–	10.04.2011	899'747	–	899'747
Liegen-schaften-Betrieb AG, Zürich	Innenausbau Liegen-schaft	–	25.08.2011	178	178	–

The value of Migros Beteiligungen AG in the FMC balance sheet was increased by the transfer value of Denner AG.

FMC acquired from Migros Beteiligungen AG its shareholding in Interio AG (CHF 74.0 million) against payment.



## List of main equity interests

Company	Domicile	Currency	Equity capital thousand	Equity interest in %
AMS Sourcing BV	NL-Schiphol	EUR	67	3
Atlante S.r.l.	IT-Casalecchio di Reno (BO)	EUR	80	20
Crempesso AG	Zürich	CHF	200	100
Dolphin France SAS	FR-Saint-Etienne	EUR	115.2	51
EG Dritte Kraft AG	Wollerau	CHF	600	100
Ferrovia Monte Generoso SA	Mendrisio	CHF	3'500	100
Gries Deco Holding GmbH	DE-Niedernberg	EUR	63	48.9
Interio AG	Dietikon	CHF	1'000	100
Le Shop S.A.	Ecublens	CHF	4'072.5	90.5
Migrolino AG	Bern	CHF	6'000	100
Migros Beteiligungen AG	Rüschlikon	CHF	1'000	100
Angehrn Holding AG	Gossau SG	CHF	150	30
Aproz Sources Minérales SA	Nendaz	CHF	829	97.5
Bischofszell Nahrungsmittel AG	Bischofszell	CHF	6'000	100
Chocolat Frey AG	Buchs	CHF	4'000	100
Delica AG	Birsfelden	CHF	1'000	100
Denner AG	Zürich	CHF	15'000	100
Estavayer Lait SA	Estavayer-le-Lac	CHF	3'500	100
Ex Libris AG	Dietikon	CHF	3'000	100
Hotelplan Holding AG	Opfikon	CHF	10'000	100
Jowa AG	Volketswil	CHF	10'000	100
Liegenschaften-Betrieb AG	Zürich	CHF	18'000	100
Magazine zum Globus AG	Spreitenbach	CHF	33'000	100
Mibelle AG	Buchs	CHF	2'000	100
Micarna SA	Courtepin	CHF	10'000	100
Midor AG	Meilen	CHF	2'000	100
Mifa AG Frenkendorf	Frenkendorf	CHF	2'000	100
Mifroma SA	Ursy	CHF	3'000	100
Migrol AG	Zürich	CHF	50'700	97.5
Migros Bank	Zürich	CHF	700'000	100
OWiba AG	Bolligen	CHF	100	100
Riseria Taverne SA	Toricella-Taverne	CHF	100	100
Scana Lebensmittel AG	Regensdorf	CHF	9'000	100
Migros Deutschland GmbH	DE-Lörrach	EUR	4'880	48.8
Migros (Hong Kong) Ltd.	HK-Kowloon	HKD	100	100
Migros-Verteilbetrieb Neuendorf AG	Neuendorf	CHF	4'500	100
Migros Verteilzentrum Suhr AG	Suhr	CHF	35'000	100
Migros Liegenschaften GmbH	DE-Lörrach	EUR	4'812.8	94
M Industry Canada Inc.	CA-Saint John NB	CAD	300	100
M Industry USA Inc.	Delaware	USD	700	100
m-way AG	Glattbrugg	CHF	1'000	100
Ryffel Running AG	Uster	CHF	36	60
Ryffel Running Versand AG	Uster	CHF	100	100
Sportxx AG	Zürich	CHF	100	100
SSP Informatik AG	Zürich	CHF	100	100
Swiss Industries GmbH	DE-Weil am Rhein	EUR	125	100
TKL Tiefkühlager AG	Neuendorf	CHF	2'500	100

# Report of the statutory auditor

Report of the statutory auditor to the  
Assembly of Delegates of the  
Federation of Migros Cooperatives  
Zurich

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of the Federation of Migros Cooperatives, which comprise the balance sheet, income statement and notes (pages 4 to 17), for the year ended December 31, 2011.

### Management's Responsibility

Management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the cooperative's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the cooperative's articles of incorporation.

### **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 906 CO in connection with article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 906 CO in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of Management.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the cooperative's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

**Daniel Anliker**  
Audit expert  
Auditor in charge

**Hans Peter Heiber**  
Audit expert

Zurich, March 8, 2012

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of the available earnings

