

Financial reporting 2012

FEDERATION OF MIGROS COOPERATIVES

Financial statements Federation of Migros Cooperatives

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Key figures and ratios

CHF thousand	2008	2009	2010	2011	2012
Net sales revenue	5'502'163	5'414'159	5'364'414	5'168'004	5'147'474
Change in % from previous year	1.9	-1.6	-0.9	-3.7	-0.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	186'600	185'376	92'119	70'579	94'785
as % of net revenue	3.4	3.4	1.7	1.4	1.8
Net profit	43'069	242'073	14'381	74'989	79'084
as % of net revenue	0.8	4.5	0.3	1.5	1.5
Cash flow from operating activity	20'784	285'395	209'420	97'324	641'757
as % of net revenue	0.4	5.3	3.9	1.9	12.5
Investments	20'716	20'550	24'353	24'087	27'560
Current assets	3'217'033	3'574'965	3'166'758	3'296'226	3'869'020
as % of total assets	44.1	46.7	40.5	40.4	44.0
Fixed assets	4'075'104	4'076'226	4'661'672	4'864'526	4'919'155
as % of total assets	55.9	53.3	59.5	59.6	56.0
Short-term debt capital	2'737'745	2'896'952	3'397'048	3'783'165	4'636'826
as % of total capital	37.5	37.9	43.4	46.4	52.8
Long-term debt capital	2'715'683	2'674'056	2'337'418	2'209'234	1'904'512
as % of total capital	37.3	34.9	29.9	27.1	21.7
Shareholders' equity	1'838'709	2'080'182	2'093'964	2'168'353	2'246'837
as % of total capital	25.2	27.2	26.8	26.7	25.6
Balance sheet total	7'292'137	7'651'190	7'828'430	8'160'752	8'788'175
Expenditure for cultural, social and economic policy purposes	44'699	43'175	44'851	46'104	53'598
Average workforce					
Number of persons	1'849	1'862	1'915	2'035	2'239
converted to full-time positions	1'719	1'728	1'776	1'886	2'075

Balance sheet

Assets

CHF thousand	Notes	31.12.2012	31.12.2011
Current assets			
Liquid assets and fixed-term deposits	1	1'995'149	1'118'156
Securities	2	502'417	538'588
Current receivables:			
↳ due from group companies	3	1'025'007	1'247'322
↳ trade debtors (third parties)		35'571	48'410
Other current receivables (third parties)	4	36'100	42'562
Inventories	5	182'233	209'776
Prepayments and accrued income		92'544	91'412
Total current assets		3'869'020	3'296'226
Fixed assets			
Financial assets			
Long-term receivables:			
↳ due from group companies	6	2'392'895	2'541'918
↳ due from third parties		99'995	56'811
Equity interests:			
↳ in group companies	7	2'179'324	2'006'860
↳ in third parties	8	150'105	155'486
Tangible assets	9	47'527	56'808
Intangible assets	10	49'309	46'643
Total fixed assets		4'919'155	4'864'526
Total assets		8'788'175	8'160'752

Liabilities

CHF thousand	Notes	31.12.2012	31.12.2011
Current debt capital			
Financial liabilities	11	404'100	316'417
Liabilities:			
↳ due to group companies	12	2'898'353	2'560'298
↳ third-party trade creditors		246'255	285'368
Other current liabilities	13	861'864	292'636
Personnel and M-participation accounts		13'620	12'053
Current provisions	14	176'312	279'095
Accrued liabilities and deferred income		36'322	37'298
Total current debt capital		4'636'826	3'783'165
Long-term debt capital			
Liabilities:			
↳ due to third parties	15	58'500	201'000
Personnel investment accounts	16	1'528'937	1'464'862
Debenture loans/private placements	17	225'000	450'000
Long-term provisions	18	92'076	93'372
Total long-term debt capital		1'904'512	2'209'234
Total debt capital		6'541'338	5'992'399
Shareholders' equity			
Cooperative capital		15'000	15'000
Statutory reserves		20'000	20'000
Other reserves	19	2'124'007	2'050'007
Culture Percentage provision	20	–	7'831
Unappropriated profit	20	87'830	75'515
Total shareholder's equity		2'246'837	2'168'353
Total liabilities and shareholder's equity		8'788'175	8'160'752

Income statement

CHF thousand	Notes	31.12.2012	31.12.2011
Net sales revenue	21	5'147'474	5'168'004
Other operating income	22	252'522	240'652
Total operating income		5'399'996	5'408'656
Cost of materials, goods and purchased services		4'525'459	4'595'946
Gross operating profit		874'537	812'710
Personnel expenses	23	287'920	256'287
Advertising expenses	24	227'365	247'317
Administration expenses	25	264'467	238'527
Depreciation	26	23'718	26'096
Earnings before income and taxes		71'068	44'483
Financial income and expenses	27	33'256	38'690
Other income and expenses	28	428	- 11
Profit before taxes		104'752	83'162
Taxes		25'668	8'173
Net profit		79'084	74'989

Notes to the financial statements

Balance sheet

1 Liquid assets and fixed-term deposits

CHF thousand	31.12.2012	31.12.2011
Cash and cash equivalents	1'622'144	972'949
Fixed-term deposits	4'700	–
Fixed-term deposits due from group companies	341'305	139'206
Fixed-term deposits due from affiliate companies	27'000	6'000
Total	1'995'149	1'118'156

This item is used to maintain liquidity for the Migros Community. It also serves as a cash pool for placing liquidity of group companies and affiliate companies.

2 Securities (to maintain liquidity)

CHF thousand	31.12.2012	31.12.2011
Bonds	468'840	507'076
Shares	33'577	31'513
Total	502'417	538'588

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	31.12.2012	31.12.2011
Total	1'025'007	1'247'322

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	31.12.2012	31.12.2011
Total	36'100	42'562

The item includes loans, refund claims for withholding tax, foreign value-added taxes, balances relating to current account transactions with foundations and claims in connection with outstanding deliveries of goods.

5 Inventories

CHF thousand	31.12.2012	31.12.2011
Goods for resale	181'613	209'346
Other materials / advance payments	620	430
Total	182'233	209'776

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	31.12.2012	31.12.2011
Total	2'392'895	2'541'918

Group companies are financed primarily by internal FMC loans.

7 Equity interests in group companies

CHF thousand	31.12.2012	31.12.2011
Total	2'179'324	2'006'860

Equity interests are shown in the balance sheet at purchase cost less requisite depreciation. During the reporting year, a 30% share in Galaxus AG as well as an additional stake of 50% in Cash + Carry AG were acquired.

8 Equity interests in third parties

CHF thousand	31.12.2012	31.12.2011
Total	150'105	155'486

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	31.12.2012	31.12.2011
Land and buildings	4'833	14'877
Plant, machinery and equipment	34'094	33'627
Other tangible assets	8'147	6'762
Assets under construction	453	1'542
Total	47'527	56'808

In 2012 a total of CHF 27.6 million was invested in tangible assets.

10 Intangible assets

CHF thousand	31.12.2012	31.12.2011
Software	26'169	21'723
Trademark and publishing rights	23'140	24'920
Total	49'309	46'643

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	31.12.2012	31.12.2011
Bank loans	179'100	166'417
Debenture loans	200'000	150'000
Private placement	25'000	
Total	404'100	316'417

The above liabilities are repayable within the next twelve months. The debenture loan, which is due on 4 June 2013, and the private placement were stated under non-current liabilities in the previous year (see Note 17).

12 Liabilities due to group companies (current debt capital)

CHF thousand	31.12.2012	31.12.2011
Total	2'898'353	2'560'298

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	31.12.2012	31.12.2011
Fixed-term deposits	1'000	–
Migros Pension Fund	767'624	199'983
Old-age equalisation fund/foundations	2'232	1'432
Gift cards and Migros gift vouchers	56'623	43'383
Other	34'385	47'838
Total	861'864	292'636

Liabilities due to the Migros Pension Fund are significantly higher than in the previous year. The reason for this is the Migros Pension Fund's new investment strategy as at 01.01.2013. This is associated with greater reallocations to individual sub-funds. There are plans to reduce this liquidity holding again considerably as early as the first quarter of 2013.

14 Current provisions

CHF thousand	31.12.2012	31.12.2011
Provisions for:		
↳ Taxes on income and capital	14'027	–
↳ Insurance losses	10'285	9'763
↳ Group risks	6'579	4'400
↳ Commodity and monetary transaction risks	131'770	252'221
↳ Other	13'651	12'711
Total	176'312	279'095

Provisions for Group risks refer to payments to foundations and companies as part of the Culture Percentage expenditure. The decrease in provisions for commodity and monetary transactions results predominantly from the increase in the value of hedging transactions, the positive fair values of which are recognised in a provision (imparity principle).

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

CHF thousand	31.12.2012	31.12.2011
Total	58'500	201'000

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	31.12.2012	31.12.2011
Total	1'528'937	1'464'862

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.

17 Debenture loans/private placements

CHF thousand			31.12.2012	31.12.2011
Maturity	Term	Interest rate		
04/06/2013	2007 – 2013	2.875%	–	200'000
03/05/2017	2011 – 2017	2.0%	150'000	150'000
Private placements			75'000	100'000
Total			225'000	450'000

The loans are listed on the SIX Swiss Exchange. The loan, which is due on 4 June 2013, and the private placement, which is due in 2013, are now stated under Financial liabilities (see Note 11).

18 Long-term provisions

CHF thousand		31.12.2012	31.12.2011
Voluntary staff provident fund		13'961	14'840
Insurance fund		20'000	20'000
General commercial risks		48'114	48'533
Product liability		10'000	10'000
Total		92'076	93'373

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 totalling CHF 14.0 million have been set up for these cumulative obligations and for pensions under the early retirement scheme.

19 Other reserves

CHF thousand		31.12.2012	31.12.2011
Previous year		2'050'007	2'038'007
Allocation from appropriation of profits		74'000	12'000
Total		2'124'007	2'050'007

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

20 Unappropriated profit/Culture Percentage provision

CHF thousand		2012	2011
Previous year		915	726
Profit for the year		79'084	74'989
Deletion/allocation (-) Culture Percentage provision		7'831	-200
Total		87'830	75'515

The proposal of the Board of Directors on the employment of the unappropriated profit for 2012 is contained in the Notes to the accounts.

In 2012, the statutory amount allocated to the Culture Percentage was exceeded. As a result, reserves of CHF 7'831'000, which were set aside in the past by means of a reduction in expenditure, were reversed.

Income statement

21 Net sales revenue

CHF thousand	2012	2011
Net sales revenue from trading in goods, by customer classes:		
↳ Third parties	115'512	88'899
↳ Group companies	5'030'058	5'077'129
↳ Related parties	1'903	1'977
Total	5'147'474	5'168'004

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

The sales of Migros Media, which was integrated in the FMC as of 01.07.2011, as well as the passing on of charges for IT, transport and logistics services to the regional cooperatives, M-Industry and other Migros partners, increase the billing volumes year on year. Growth also stems from the online shops Melectronics, Micasa and SportXX.

22 Other operating income

CHF thousand	2012	2011
Group companies:		
↳ Contributions for promotions and advertising	66'206	57'975
↳ Other income - group	144'926	143'232
Sub-total	211'132	201'207
Third parties:		
↳ Contributions for promotions and advertising	24'615	26'761
↳ Other income - third parties	10'694	11'493
Sub-total	35'309	38'254
Internal expenditure capitalised	6'081	1'192
Total	252'522	240'652

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

23 Personnel expenses

CHF thousand	2012	2011
Wages and salaries	227'196	202'045
Social insurance	21'190	18'105
Staff pension schemes	28'681	25'803
Other	10'853	10'334
Total	287'920	256'287

The increase in personnel expenses of approximately 12% on the previous year is due, on the one hand, to the 2012 salary rise and, on the other hand, to the larger workforce as a result of integrat-

ing Migros Media and a part of the regional cooperatives' IT departments into MITS (MITS competence centres).

24 Advertising expenses

CHF thousand	2012	2011
Total	227'365	247'317

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

25 Administration expenses

CHF thousand	2012	2011
Rental to group companies	16'427	15'411
Other rent	17'932	4'641
Maintenance of fixed assets	33'728	27'966
Energy and consumables	5'499	6'151
Administrative costs	115'198	104'710
Expenditure for cultural purposes	18'522	14'321
Services	31'199	29'249
Other expenditure	25'963	36'078
Total	264'467	238'527

The sharp rise in rent compared to the previous year is linked to the increase in staff and the associated growth in office space (e.g. Migros Media, MITS competence centres, Migros Museum). The increase in administrative costs is the result of higher consulting and legal fees. This is due to the integration of part of the regional cooperatives' IT departments into MITS (MITS competence centres), which generates higher project-related costs for IT consulting.

26 Depreciation

CHF thousand	2012	2011
Land and buildings	181	160
Plant, machinery and equipment	12'175	11'818
Other tangible assets	1'963	1'682
Intangible assets	9'148	5'018
Investments	250	7'418
Total	23'718	26'096

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

27 Financial income and expenses

CHF thousand	2012	2011
Interest revenue	98'086	96'792
Interest costs	- 84'892	- 95'997
Net currency differences	- 1'032	108'790
Income from securities	26'949	- 72'130
Income from investments	75'964	81'235
Depreciation / Impairment / Debt waiver of receivables	- 81'410	- 80'000
Total	33'256	38'690

Interest revenue increased marginally despite slightly lower interest rates. Interest costs, on the other hand, were slightly down on the previous year and are influenced by the change in unrealised gains and losses from interest rate hedges.

The income from securities reflects the significant recovery on the financial markets compared to the previous year.

The depreciation / impairment / debt waiver of receivables figure for 2012 contains an impairment on a loan from the FMC to m-way as well as the debt waiver of receivables in 2011 relating to a loan from the FMC to Interio.

During the reporting year, a merger took place between Angehrn Holding AG and Cash + Carry AG, while Interio AG and DEPOT CH AG were split into two separate companies. In order to create the prerequisites for the legal execution of these transactions, non-cash dividends of CHF 73'400'000 were distributed to the FMC and are included in the income from investments. Simultaneously the same amount was depreciated from the distributing subsidiary companies. These transactions did not have any impact on the annual result or on the balance sheet item of equity interests.

28 Other income and expenses

CHF thousand	2012	2011
Unrealised profit from disposal of fixed assets	18	41
Unrealised loss from disposal of fixed assets	-	- 51
Extraordinary expenditure and income	-	-
Total	18	- 11

In both 2012 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. Since 2011 the imparity principle has no longer been applied for foreign currency transactions concluded by the FMC for its partners (companies and foundations of the Migros Community).

Balance sheet information

CHF thousand	2012	2011
Fire insurance values:		
↳ Movable property	245'140	281'672
↳ Real estate	32'555	31'574
Accumulation/release of undisclosed reserves (-)	4'400	5'634
Sureties, guarantee commitments, charges in favour of third parties	158'055	75'196
Liabilities in respect of staff pension schemes	767'624	199'983

Appropriation of net profit for the year

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

CHF thousand	2012
Profit brought forward from previous year	915
Profit for the current year	79'084
Allocation of the Culture Percentage provisions ¹	7'831
Net profit for the year for approval by the Assembly of Delegates	87'830
Interest at 4% on FMC Cooperative capital	600
Allocation to other reserves	87'000
Carried forward to new account	230

¹ 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 30 August 2012 and established that risks were well covered by strategies, processes and systems.

Expenditure for cultural, social and economic policy purposes

CHF thousand	2012	2011
Culture	22'450	19'496
Social	6'237	6'647
Education	14'643	12'171
Leisure	6'593	4'664
Economy	2'730	2'265
Administrative/infrastructure costs	945	861
Total	53'598	46'104

Letters of comfort

The FMC has issued letters of comfort to Migros Bank for three subsidiaries, in which it states that the subsidiaries will have adequate capital to be able to meet their obligations towards Migros Bank. Should the equity capital no longer be fully covered as a result of losses, the FMC would provide the amount needed to restore the legally required condition.

List of main equity interests

Company	Domicile	Currency	Equity capital thousand	Equity interest in %
AMS Sourcing BV	NL-Schiphol	EUR	67	3
Cash + Carry Angehrn AG	Gossau SG	CHF	6'400	80
Atlante S.r.l.	IT-Casalecchio di Reno (BO)	EUR	80	20
Cremento AG	Zurich	CHF	200	100
Depot CH AG	Winterthur	CHF	1'000	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
Galaxus AG	Zurich	CHF	108	30
Gries Deco Holding GmbH	DE-Niedernberg	EUR	32	51.1
Interio AG	Dietikon	CHF	1'000	100
Le Shop S.A.	Ecublens	CHF	4'158	92.4
Migrolino AG	Bern	CHF	6'000	100
Migros Beteiligungen AG	Rüschlikon	CHF	1'000	100
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	Zurich	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	Zurich	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	Zurich	CHF	50'700	97.5
Migros Bank	Zurich	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	Zurich	CHF	100	100
SSP Informatik AG	Zurich	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, 2012.

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 judgement, including the assessment of the risks of material misstatement of the consolidated 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, 2012 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, 14 March 2013

Enclosures:

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

