

Notes to the Financial Statements

Federation of Migros Cooperatives

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
Crempo 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
Ferrovie 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