

FINANCIAL REVIEW

Group Balance Sheet

As at 8 August 2009

	8 August 2009 28 weeks unaudited £000	9 August 2008 28 weeks unaudited £000	24 January 2009 52 weeks audited £000
Fixed assets	239,417	231,898	235,717
Net current assets	23,062	48,818	34,300
Total assets less current liabilities	262,479	280,716	270,017
Long term liabilities	(15,169)	(15,189)	(14,017)
Provisions for pension liabilities	(19,240)	(24,185)	(21,446)
Net assets	228,070	241,342	234,554
Financed by:			
Share capital	17,870	19,180	18,589
Revaluation reserve	37,186	32,558	30,860
Revenue reserve	173,014	189,604	185,105
Members' funds	228,070	241,342	234,554

Group Cash Flow Statement

For the 28 weeks ended 8 August 2009

	8 August 2009 28 weeks unaudited £000	9 August 2008 28 weeks unaudited £000	24 January 2009 52 weeks audited £000
Net cash inflow from trading activities	9,695	21,216	15,166
Returns on investments and servicing of finance	509	801	1,714
Taxation	(2,231)	(5,467)	(6,757)
Capital expenditure and financial investment	(8,854)	(10,820)	(28,885)
Acquisitions and disposals	(2,913)	-	4,275
Dividends paid	(4,236)	(3,226)	(4,029)
Management of liquid resources	5,000	437	25,000
Financing	(682)	586	(53)
(Decrease)/increase in cash	(3,712)	3,527	6,431

The figures and financial information for the year ended 24 January 2009 are extracted from but do not constitute the statutory financial statements for that year. Those financial statements were approved by the Directors on 18 April 2009, upon which the independent auditors' report was unqualified.

Independent review report to the East of England Co-operative Society Limited

Introduction

We have been engaged by the Society to review the financial information in the interim report for the 28 weeks ended 8 August 2009, which comprises the summary group revenue account, group balance sheet and group cash flow statement. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the accounting policies and practices applied in preparing the preceding annual accounts except where any changes and the reasons for them, are disclosed.

Our responsibility

Our responsibility is to express to the Society a conclusion on the financial information in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the Society and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Notes:

- The maintenance and integrity of the East of England Co-operative Society Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 28 weeks ended 8 August 2009.

PricewaterhouseCoopers LLP

Chartered Accountants

Norwich

14 October 2009

East of England
CO-OPERATIVE SOCIETY

Building a better Society

INTERIM REPORT

For the 28 weeks ended 8th August 2009



This document is printed on 100% recycled material using vegetable oil-based inks.

East of England
CO-OPERATIVE SOCIETY

www.eastofengland.coop INTERIM REPORT

Registered Office: Wherstead Park, The Street, Wherstead, Ipswich, Suffolk IP9 2BJ

INTERIM REPORT

Society Review

We are pleased to announce that turnover for continuing operations increased by 3.4% to £204.8m for the period covered by this report and underlying trading profit moved ahead by 22.2% to £7.2m.

However, the economic climate continues to blow a chill wind through the retail sector in 2009 and we further reviewed our business portfolio to ensure that the Society's successful Trading Group has a viable business plan for the years ahead.

This review led to the significant decision to transfer our loss-making Department and Home Stores business to Vergo Retail Limited in July.

Having announced the possible closure of four of our Department Stores three months earlier, we were pleased to be able to finalize an agreement which enabled 340 Society employees to maintain ongoing employment, whilst 12 former Society stores across East Anglia were able to continue trading under the new business operator.

Due to the evolution of the retail sector over many years, there are now very few successful UK operators of Department Stores, a sector which the largest British Co-operative Society, the Co-operative Group, withdrew from several years ago, significantly reducing the buying and marketing synergies available to the few remaining Co-operative Societies that were left trading in this sector.

The freehold ownership of our former stores has been retained by the Society and the entire business which was transferred equates to less than 5% of the Society's total annual turnover.

It is also pleasing to be able to confirm that the Society has completed its 14th successive quarter of like-for-like sales growth in Food Retail, which remains our largest business. This is a significant achievement, particularly as the market has become even more competitive, resulting in severe pressures on profit margins.

The level of our like-for-like food sales performance has been maintained from last year at a rate of increase in excess of 5%, with food inflation having now come down significantly.

We have also continued with the revitalization of our food business, with refurbishments of several of our major supermarkets having taken place in recent months, including our stores in Framlingham, Leiston and Brightlingsea; with more to follow in the months ahead.

Results from our refurbished and rebranded stores have been very encouraging and we continue to seek ways to further develop our food business across the region.

Our new food store in Hatfield Peverel is currently under construction and is scheduled to open before Christmas this year; whilst other potential new store developments are on the drawing board.

Following completion of the sale of Somerfield to the Co-operative Group in February, there has been an increasing level of competition in our region, with new stores for Asda, Tesco, Waitrose and Sainsbury having already opened this year and more in the pipeline.

In spite of the challenges faced, we are pleased that we were able to improve our Society's

BELOW - East of England Co-op Food store, Wivenhoe.



underlying trading profit during the period, which endorses the strength of our continuing businesses. However, the costs of exiting our Non-Food business and prudently allowing for the impairment of our investment property portfolio, due to the continuing property market downturn, have inevitably impacted adversely on our Revenue Account and Balance Sheet this year.

There are, however, encouraging signs that the fall in the property market may have bottomed out and that it may see a gradual improvement as we move into 2010.

Based on our financial results from last year, the Directors were pleased to authorize payment of an employee bonus for the second successive year, amounting to £806,000, which was shared amongst nearly 3,000 qualifying employees.

The ongoing difficult economic environment, coupled with additional new competition in our trading area, will ensure that the months ahead remain particularly challenging, but we will continue to take the necessary steps to look after our Members and customers and to protect and develop our future business.

Board of Directors

At the Annual Members' Meeting on 16th May, John Holmes and Tim Carey retired as Directors after many years' service. In the elections held by post and at the meeting, Dianne Dallender-Jones and John Pendle were re-elected to the Board and Sally Chicken and Chris Newbury were elected for their first term of office.

The Board was saddened by the death of Ian Grimwood. Ian had completed nearly ten years' service on the Board and his contribution will be greatly missed.


Gillian Bober
President


Richard Samson
Chief Executive



ABOVE - Membership Department stand at the Society's AGM, Wherstead Park.

Membership, Education and Community Update

As a co-operative, community involvement and helping local people and community groups to help themselves goes with the territory!

The Society has continued to support a broad range of Membership, Education and Community activities across the region, including the Co-op Juniors, 'Permission to Rock' and Ipswich Music Day in Christchurch Park.

We have also acquired and launched a new Exhibition Vehicle to help promote healthy lifestyle initiatives, primarily for the benefit of our Members. This unique initiative is funded from utilizing, in a positive way, the net profit the Society generates from the sale of cigarettes and tobacco through its retail outlets.

A large attendance was achieved at the Annual Members' Meeting in May, held for the first time at the Society's new Head Office location at Wherstead Park, near Ipswich.

In planning for the future, a wide-ranging survey of Members is being undertaken, to help shape the Society's future Community Policy and ensure that it reflects Members' views.

This will help the Directors to make the most effective use of money and other resources utilized on community-related activities across the whole of the Society's area of operation in future years.

FINANCIAL REVIEW

Summary Group Revenue Account

For the 28 weeks ended 8 August 2009

	8 August 2009 28 weeks unaudited £000	9 August 2008* 28 weeks unaudited £000	24 January 2009 52 weeks audited £000
Turnover			
Continuing operations	204,765	198,005	364,066
Discontinued operations	6,784	9,316	17,871
Total turnover	211,549	207,321	381,937
Trading profit before unrealised investment property impairment and employee bonus			
Continuing operations	8,325	8,002	16,564
Discontinued operations	(336)	(1,372)	(1,445)
Total trading profit before unrealised investment property impairment and employee bonus	7,989	6,630	15,119
Continuing operations - unrealised impairment of investment properties	(6,498)	(538)	(6,073)
Trading profit			
Continuing operations	1,827	7,464	10,491
Discontinued operations	(336)	(1,372)	(1,445)
Trading profit before employee bonus	1,491	6,092	9,046
Employee bonus	(806)	(751)	(751)
Trading profit after employee bonus	685	5,341	8,295
Restructuring costs	-	(525)	(1,626)
Net surplus on sale of the dairy distribution business and closure of dairy production business	-	2,344	4,234
Net deficit on transfer of department stores, homestore and jewellery businesses	(5,031)	-	-
(Loss)/profit before interest, distributions and taxation	(4,346)	7,160	10,903
Net interest (payable)/receivable	(542)	1,421	1,489
(Loss)/profit before distributions and taxation	(4,888)	8,581	12,392
<small>*Restated to ensure consistency in the presentation of distributions.</small>			
Alternative Performance Measure - Underlying trading profit			
	8 August 2009 28 weeks unaudited £000	9 August 2008 28 weeks unaudited £000	24 January 2009 52 weeks audited £000
(Loss)/profit before interest, distributions and taxation	(4,346)	7,160	10,903
Unrealised impairment of investment properties	6,498	538	6,073
Pension scheme curtailment gains	-	-	(2,937)
Restructuring costs	-	525	1,626
Net surplus on sales of the dairy distribution business and closure of dairy production business	-	(2,344)	(4,234)
Net deficit on transfer of department stores, homestore and jewellery businesses	5,031	-	-
Underlying trading profit for the period	7,183	5,879	11,431