

Financial Review

Summary Group Revenue Account For the 28 weeks ended 11 August 2007

	11 August 2007 (28 weeks) (unaudited) £000	12 August 2006 (28 weeks) (unaudited) £000	27 January 2007 (52 weeks) (audited) £000
Sales	216,529	202,780	346,006
Trading Profit			
Trading Profit	5,491	4,355	9,042
Surplus on Sale of Assets	25	36	1,556
Trading Profit after Asset Disposals	5,516	4,391	10,598
Net Interest Receivable	1,530	868	2,289
Profit before Distributions and Taxation	7,046	5,259	12,887

Group Balance Sheet As at 11 August 2007

	11 August 2007 (28 weeks) (unaudited) £000	12 August 2006 (28 weeks) (unaudited) £000	27 January 2007 (52 weeks) (audited) £000
Fixed Assets*	225,452	215,856	215,692
Net Current Assets	46,733	52,369	56,735
Total Assets less Current Liabilities	272,185	268,225	272,427
Long Term Liabilities	(6,873)	(4,745)	(7,152)
Provisions for Pension Liabilities	(25,572)	(27,985)	(24,898)
Net Assets	239,740	235,495	240,377
Financed by:			
Share Capital	18,964	20,270	19,186
Revaluation Reserve	37,476	36,073	37,466
Revenue Reserve	183,300	178,894	183,382
Minority Interest	-	258	343
	239,740	235,495	240,377

*The purchase price allocation exercise in relation to ACS has not been completed as at 23 October 2007. As such provisional values have been used in this report. The final purchase price allocation will be presented in the full year report. The Directors do not anticipate material differences to the provisional values.

Group Cash Flow Statement For the 28 weeks ended 11 August 2007

	11 August 2007 (28 weeks) (unaudited) £000	12 August 2006 (28 weeks) (unaudited) £000	27 January 2007 (52 weeks) (audited) £000
Net Cash Inflow			
From Operating Activities	16,348	18,246	20,469
Returns on Investments and Servicing of Finance	1,049	986	1,916
Taxation	(3,251)	(1,253)	(2,862)
Capital Expenditure	(5,486)	(7,614)	(9,680)
Acquisitions and Disposals	(3,788)	-	-
Dividends Paid	(2,216)	(2,046)	(2,173)
Management of Liquid Resources	3,800	(7,320)	(7,020)
Financing	(5,214)	(2,450)	(2,337)
Increase / (Decrease) in Cash	1,242	(1,451)	(1,687)

The figures and financial information for the year ended 27 January 2007 do not constitute the statutory financial statements for that year. Those financial statements were approved by the Directors on 24 April 2007 and included the report of the previous auditors, KPMG, which was unqualified

Membership, Education and Community Update

Last November, the Society reaffirmed its commitment to its Members and the local community by setting up a new Committee with specific responsibility for encouraging member participation in recreational, social, cultural and educational activities, as well as promoting membership education and distributing Community Dividend grants.

The resources backing this commitment and the achievements during the first half-year have been considerable. They include:

- Ipswich Music Day – provision of the East of England Co-op Stage
- Members' Concert, celebrating International Co-operative Day
- 'We Will Rock You' and 'Cinderella', Co-op Juniors' productions
- Brass and Voices Christmas concerts
- 'Permission to Rock' showcase for local young rock bands
- Fairtrade promotions, presentations and talks across the region
- Local interest walks

Work with schools, youth groups and young people has been carried forward with vigour and enthusiasm, touching thousands of adults and children across Norfolk, Suffolk and Essex.

The Society has led and contributed towards:

- Schools projects across the region on
 - ▶ social enterprise
 - ▶ positive behaviour
 - ▶ global citizenship
 - ▶ Fairtrade
 - ▶ healthy eating
- Teacher training on
 - ▶ co-operative enterprise
 - ▶ values and principles
- Woodcraft Folk groups in Norfolk, Suffolk and Essex
- Music classes in Ipswich and an annual Youth Concert.

For Members who wish to deepen their understanding of how the Society and the Co-operative Movement are more than just shops and premises, we have:

- Developed community groups
- Worked with local authorities and voluntary groups on enterprise and social exclusion

- Supported the Co-operative Women's Guild, Ladies' Groups and Pensioner Clubs
- Worked to safeguard the Society's co-operative archives.

Through the generosity of Members who donate their Dividend to Charity Share 660, the Society continues to support an extensive range of good causes working for the benefit of local people of all ages, especially those in need, plus many community and environmental projects in the areas where we trade.

This interim report barely scratches the surface of the work the Society undertakes. Further details of the ways in which the Society reaches out to its Members and the communities it serves can be found in the regular Members' Magazines and via the Society's web-site.



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East of England
CO-OPERATIVE SOCIETY

Building a better Society

INTERIM REPORT

07

Interim Report of the
East of England Co-operative Society
for the 28 weeks ended
11 August 2007

www.eastofengland.coop

Interim Report

Society Review

The new Society's consolidation, following the merger of October 2005, has continued and overall sales and profit performance is continuing to improve, in spite of a hugely competitive trading environment.

With the amalgamation of United Co-operatives into the Co-operative Group this summer, creating the biggest co-operative in the world, our Society is now the 3rd largest independent consumer co-operative in the UK.

In sales terms, our Food Division is currently the fastest growing of the top 5 largest UK consumer co-operatives this year, with the acquisition of the Norfolk-based Anglian Convenience Stores ("ACS") chain in February being an important factor in our development.

The former East Anglian Federal Society was fully integrated into our Society during the period, following fruitful discussions with our neighbours at Chelmsford Star Co-op Society. We now have 100% control of this important Distribution Centre, which delivers to Co-op food stores across

Norfolk, Suffolk and Essex.

In our major trading operation, Food Retail, we are now operating from 135 food stores across the region, compared with 117 at the same time last year.

Our new Dividend Scheme now requires the use of Members' Dividend Cards whenever they shop with us, ensuring that ONLY Society Members are able to benefit from sharing the profits of their Society, whether they opt for personal Dividend or wish to donate their Dividend to a local good cause.

Our very first OSCAS (Outstanding Service to



Austin Solomon, Employee of the Year (centre) with Karen Pickering and Richard Samson.

Customers and Staff) event took place at Trinity Park, Suffolk in June, enabling some of our top performing branches and individuals to receive well deserved recognition.

Trading Update

Trading profit before asset disposals has increased by £1.1million or 26% compared with the equivalent period last year, due to an improved trading performance coupled with tight cost controls.

Our development programme continues at a significant pace and a main feature of the first half of the year was the acquisition, followed by the re-branding and re-ranging, of the ACS chain of convenience food stores.

Overall, these stores are producing higher sales levels following their re-branding as East of England Co-op food stores, and they are now fully integrated into our Dividend Scheme for Society Members.

Completed developments during the period include the building of the new Stanway Supermarket (with the customer car park due for completion in October), the extended Rosehill Supermarket

and the refurbished and re-branded West Mersea Supermarket, all of which sport the new Society identity and branding.

A new optical practice was also acquired in Clacton-on-Sea during the period under review. Further developments, refurbishments and potential acquisitions are on the drawing board and we expect the momentum of improvement to be maintained.

However, we are continuing to review all of our businesses with a view to achieving future success and to ensure that Members' funds are being well utilised.



The refurbished West Mersea Supermarket.

Under-achieving or loss-making activities will be carefully assessed and decisions taken where necessary to create a strong foundation for the continuing financial and trading success of the East of England Co-operative Society.

Sales Update

Overall sales increased by 6.8% when compared with last year, with the acquisition of the 20 strong Anglian Convenience Stores chain adding to this year's revenues.

On a like-for-like basis, Group sales increased by 3.5%, mainly driven by a creditable performance from our major trading division, Food Retail,

which produced a 3.0% improvement on last year's comparable sales period. However, a market-leading like-for-like sales improvement of around 5.7% in our food stores in the North of the region was offset by a small decrease of 0.6% from our Southern food stores, which are, however, beginning to recover from an extended period of declining market share, following significant new competition in the area.

During a period when interest rates have consistently risen, we are pleased with the progress made so far this year, although the second half of 2007 is generally anticipated to become more difficult for UK retailers.

Appointment of Director

The Society is pleased to welcome Clive Mann to the Board, having been elected as a new Director in May.

Appointment of new Auditor

PricewaterhouseCoopers were appointed as Society Auditor, as approved by the Members at the Society's AGM in May.

Introduction

We have been instructed by the Society to review the financial information for the 28 weeks ended 11 August 2007 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, including the financial information contained therein, 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 presentation applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly, we do not express an audit opinion on the financial information.

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.

Review 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 11 August 2007.

**PricewaterhouseCoopers
LLP
Norwich
23 October 2007**

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 Interim Report since it was initially presented on the web site.
- Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.