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### OUR FAMILY OF BUSINESSES

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Count</th>
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<tbody>
<tr>
<td>Food Stores</td>
<td>239</td>
</tr>
<tr>
<td>Petrol Filling Stations</td>
<td>23</td>
</tr>
<tr>
<td>Funeral Homes</td>
<td>123</td>
</tr>
<tr>
<td>Masonry Showrooms</td>
<td>2</td>
</tr>
<tr>
<td>Florist Shops</td>
<td>10</td>
</tr>
<tr>
<td>Coffin Factory</td>
<td>1</td>
</tr>
<tr>
<td>Crematorium</td>
<td>1</td>
</tr>
<tr>
<td>Travel Shops</td>
<td>19</td>
</tr>
<tr>
<td>Opticians</td>
<td>3</td>
</tr>
<tr>
<td>Investment Property Portfolio</td>
<td>£120m</td>
</tr>
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Central England Co-operative

**INTERIM REPORT 2017**
A thriving, community-based co-operative business

Central England Co-operative is a successful independent regional business owned by its members. We are a modern, forward-looking business employing over 8,600 people and operate more than 400 trading outlets across 16 counties in Central England.

Our main business activities are food stores, petrol filling stations, funeral services and property investment. We also run travel shops, optical services and a coffin manufacturing business.

Our colleagues are the foundation of our business and make a real difference in the communities they serve. We focus continuously on being a great place to work by harnessing the talent, creativity and diversity of our colleagues.

A purpose beyond profit that benefits our communities

As a co-operative, we have a purpose beyond profit and are guided by our values and principles to achieve sustainable business success. We are proud of our heritage too, which dates back over 165 years, and have grown to become one of the largest co-operatives in the UK.

Our Membership and Community Councils provide a diverse range of events and activities for our members in all communities in which the Society trades.

Through our Corporate Responsibility strategy we continually seek opportunities to improve the environment and contribute to the well-being of the communities in which we operate. We invest 1% of our trading profit into supporting local good causes through our Community Dividend scheme and our colleagues have recently chosen Dementia UK as the Society’s new corporate charity partner.
Serving our communities
One of our newly refitted stores in Wooldale, West Yorkshire
FINANCIAL HIGHLIGHTS

Gross Sales £460.2m (excluding VAT)

Trading Profit £11.9m (on an unaudited management accounts basis)

Capital Expenditure £19.2m

Payments to Stakeholders £2.6m

Strong Cash Generation £24.6m

Further improvements to Customer Satisfaction Scores 😊😊

Growing Our Business:
- 5 New Food Stores
- 4 New Funeral Homes

Refurbishments completed at:
- 19 Food Stores
- 6 Funeral Homes

Wooldale
Transfer of engagements successfully completed

3 New stores added to our estate

Find out what we’ve done as a result on the following page
**SOCIETY HIGHLIGHTS**

- **52** Community Dividend Grants Awarded
  - Total: £100,000
  - Community Dividend Fund

- **£1.5 million** Fundraising target reached for newlife, the charity for disabled children

- **£1.5 million** Fundraising target reached for Dementia UK, helping families face dementia

- **Over 1,000 Volunteer Hours** From Colleagues

- **50 Mental Health and Wellbeing Champions** Recruited across all areas of the business

- **36 Mental Health Sessions held**

- Chosen by our colleagues as the Society’s new corporate charity

- **Food and Farming Day**
  - Promoting co-operative values and principles and engaging with
  - **7,000 Young People**
Food and Farming Day, East of England Showground
People are at the heart of everything we do at Central England Co-operative, with our members, customers, colleagues and local communities working together for the common good.

Elaine Dean, President
As your new President, I am looking forward to building on the Society’s long and proud heritage as a successful co-operative business. I remain confident that as a co-op, we can continue to make a positive difference to our members and further embrace the spirit of co-operation in our community work.

People are at the heart of everything we do at Central England Co-operative, with our members, customers, colleagues and local communities working together for mutual benefit and for the common good. In this context, your Board remains alert to the challenging and commercial trading environment and works closely with our Executive team to develop our strategy to ensure the Society’s continued success.

The first half of the year has been a busy and productive period for the Society, resulting in another resilient trading performance and encouraging progress across all parts of our business.

In July, we were delighted to welcome members and colleagues from Wooldale Co-operative Society following a transfer of engagements to join Central England. The three stores at Wooldale, Newmill and Thongsbridge have extended our trading presence in West Yorkshire and we are looking forward to strengthening our links with members and the local community.

Our Membership & Community Councils continue to go from strength to strength and in June we were proud to sponsor the Kids Country Food and Farming Day in Peterborough. Over 7,000 school children visited the East of England Showground to learn all about how food gets from farm to fork, Fairtrade and the history of the co-operative movement. This vibrant event showcased our commitment to young people by promoting our co-operative point of difference through fun and creativity.

Your Board wholeheartedly supports efforts within the co-operative movement and across the world to prevent modern slavery and we are proud to be playing our part in this important work. We believe in inclusivity, equality and diversity and are committed to addressing our gender pay gap. We have published our gender pay gap report and are developing plans to improve performance in this area.

We remain committed to supporting local community groups and good causes through our Community Dividend scheme and in the first half of 2017, granted 52 awards totalling over £100,000.

We live and work in a competitive and sometimes uncertain environment. Our co-operative way of doing things, focus on people and ethical approach enables us to achieve sustainable business success for the benefit of our members and to support our long term social goals.

On behalf of the Board, I would like to thank our brilliant colleagues for their dedication, commitment and hard work – the Society’s continued progress could not be achieved without them. We also owe a huge thanks to our members and local communities for being part of our co-operative journey.

Elaine Dean
President
An encouraging first half

The Society’s gross sales grew by 2.6% to £460.2 million, representing a pleasing performance in a highly competitive and increasingly uncertain trading environment.

Trading profit at the half year of £11.9m is well ahead of our budget expectations but £1.0m lower than the prior year, primarily as a result of implementing improved pay rates for our colleagues and other cost increases. Our year-on-year performance also reflects the continued impact of intense competition in the grocery sector and in particular, significant pressure in our large stores and supermarkets. Importantly, strong cash generation of £24.6m in the first half was in line with the prior year and remains a key driver of our expansion plans.

In our core food business, like-for-like sales in our convenience stores outperformed the market with an increase of 4.4% and included strong trading during the key events of Valentine’s Day, Mother’s Day and Easter. We continue to serve our members and customers better, with satisfaction levels again improved and positive ‘ease of shop’ scores reflecting good work to enhance the shopping experience in our stores.

Our funeral business experienced a more challenging period in the first half of the year with arrangement numbers reflecting a decline in the death rate in the second quarter. As part of our strategy to offer the highest standards of care, service and choice, we have made further progress in sales of pre-paid funeral plans to help remove some of the burden on families at the most difficult of times.

Elsewhere, our 19 Travel shops have traded positively in 2017, with niche holiday sectors such as cruise, escorted tours, worldwide and tailor-made holidays all performing well.

Our Property team has maintained good progress in re-balancing the Society’s investment portfolio whilst also securing satisfactory arrangements to exit a number of former trading sites.

Becoming fit for the future

Three major transformation programmes have been launched across the Society to simplify and modernise our business. Listening to our colleagues is a key part of our plans and their valuable input has already supported the successful implementation of new in-store procedures. This important work will gather pace in the second half of this year and into 2018, and will include the introduction of new technology to drive efficiencies.

A good indication of the Society’s health is our ambitious growth strategy and capital investment of £19.2m in the first half year included the opening of five new food stores and four new funeral homes, together with significant refurbishment activity across the business. We were particularly pleased to complete the refurbishment of the three stores in Wooldale, West Yorkshire following the transfer of engagements in July. Further new openings are on track for the second half of the year and our pipeline of new sites remains strong for 2018 and beyond.
We continue to serve our members and customers better, with satisfaction levels again improved.

— Martyn Cheatle, Chief Executive
Colleagues take part in a Dementia Awareness Talk
CHIEF EXECUTIVE’S REVIEW

Together we can make a difference

As a responsible business, we are proud to have launched a major initiative to fight the stigma surrounding mental health. Our programme has attracted huge support and interest amongst our colleagues, including the appointment of 50 mental health and well-being champions and a series of workshops and activities across the business.

We take our responsibilities to the environment seriously and have further reduced our carbon footprint by 35.8% since our baseline position in 2010. Over the last 12 months we have continued to invest in new energy efficient lighting and refrigeration equipment, together with the installation of a new biomass heating system at our coffin factory.

In the first half of 2017 we reached our fundraising target of £1.5 million for Newlife, the Charity for Disabled Children. During our four year partnership with Newlife our colleagues, members and customers have supported everything from bungee jumps to cake sales to raise essential funds for families in need across Central England.

Recently our colleagues voted for Dementia UK as the Society’s new corporate charity, with the new partnership having a strong link with our mental health awareness programme. Our fundraising efforts will help to provide specialist support to families affected by dementia through the charity’s Admiral Nurse Service and Dementia Helpline.

We are encouraged by our progress and have a clear strategy in place to respond to the challenges and opportunities ahead. With the support of our fantastic colleagues, we remain committed to delivering sustainable business growth for the benefit of our members, customers and local communities.

Looking ahead

We expect the trading environment to remain challenging and highly competitive for the foreseeable future. We also anticipate an uncertain economic backdrop over the medium term, especially around the prospect of rising inflation, a slowdown in real wages and growing pressure on household budgets. We remain confident in our strategy and our co-operative point of difference which enables us to provide a relevant and attractive proposition to our members and customers.

We look forward to reporting the Society’s performance for the full year in our annual report and financial statements for the year ending 27 January 2018.

Martyn Cheatle
Chief Executive
Registered Office: Central House, Hermes Road, Lichfield, Staffordshire WS13 6RH

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