The Midcounties Co-operative

Half Year Report 2012/13

For the 26 weeks ended 28 July 2012

- Food
- Travel
- Funeral
- Pharmacy
- Energy
- Childcare
- Employee Benefits
- Post Offices

The Midcounties Co-operative AWARDED THE SUNDAY TIMES 25 BEST BIG COMPANIES TO WORK FOR 2012

2012 International Year of Co-operatives

INVESTORS IN PEOPLE | Gold

Highlights

We were voted 'The Best Co-operative Retailer as Voted by Shoppers' in the CTP (Convenience Tracking Programme) Awards

We received an Environmental Leadership Award from Business in the Community and a Big Tick for our environmental work

Co-operative Energy won the Positive Change Award at the Which? Awards

We hosted a Co-operative Fun Day in Warwick, attended by 3,000 people, to celebrate the International Year of Co-operatives

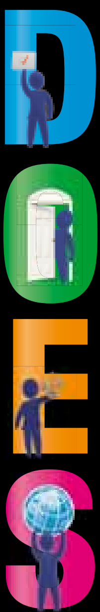
We have raised an additional £100,000 for our charity partner Women's Aid

Our gross sales have grown by 12.5%

We have seen strong sales growth in Travel (39.8%) and Childcare (39.7%)

Welcome to The Midcounties Co-operative

Contents



DEMOCRACY
To ensure the views of our members are reflected in the way the Society is run.

OPENNESS
Being open, honest and fair in our dealings with everyone we come into contact with.

EQUALITY
Recognising the contribution that everyone can make to develop the Society.

SOCIAL RESPONSIBILITY
Reflecting our responsibilities to the wider community in the way we conduct our business.

About us

The Midcounties Co-operative is the largest independent co-operative society in the UK. We operate a range of businesses in Food, Travel, Pharmacy, Funeral, Childcare, Energy and Employee Benefits. We also own a number of Post Offices and manage commercial and residential properties.

We have four core values that guide the way we work - Democracy, Openness, Equality and Social Responsibility. These are derived from the values and principles of the co-operative movement. We believe they demonstrate the strength of co-operation and set us apart from our competitors.

President's review

Despite the recession, the Society has continued to increase sales over the last half year, both through organic growth and by adding turnover by acquiring other, privately-owned trading outlets. Being a co-operative means that we cannot raise cheap capital on the stock market but it does give us real advantages in business terms. It means that we are trusted in the community: people who have spent their lives building up businesses and wish to retire know that if they sell to us we will look after their employees and will invest in what they have created for the future. And being a co-operative also gives us a real advantage in areas where trust is particularly important; in childcare and health products and services for example. The public knows that, for us, concern for customer welfare is not just a marketing device, it is why our movement exists.

Our co-operative system of one-member-one-vote (rather than one-share-one-vote as in the capitalist world) also secures us from hostile takeover. This means that we can take a longer term view, protecting our cherished independence while continuing to explore new areas and methods of business - as we are currently doing in Energy, Travel and with our growing family of nurseries. As the figures in this Half Year Report show, initiatives which we have launched over the last few years in these areas are now beginning to contribute to the bottom line – meeting the needs of new customers, creating new partnerships, and contributing additional revenue to pay for investment and member and community services in the future.

Patrick Gray OBE
President

Chief Executive's review

The past six months have been exciting for everyone connected to the Society as we have continued our strategy of strengthening by diversification.

Co-operative Childcare now has 49 nurseries within the Group which establishes it as a significant player within this market. It was essential that we reached a critical mass to justify the infrastructure necessary to ensure we can deliver a high standard, low risk service to our customers. This has been achieved so we now have a solid platform upon which to base its future development.

Co-operative Energy continues to make its mark. We had over 50,000 customers by the half year which will ensure that this Group will deliver a profit at the year end in line with our business plan. There is every indication that this Group will be a significant driver of profitability for the Society in future years if we can continue to meet and indeed exceed our customers' expectations.

The third area of development is within our Travel business which has performed particularly well showing sales increases of 40% for the first half year. If current progress is maintained then the Board's decision to re-establish our independent Travel business will be well justified.

The development of these three areas has placed a strain on business resources but colleagues have responded well and that is a tribute to their commitment to the Society.

Of course, in addition to the exciting new business streams we have had to ensure that we maintained our focus on our core businesses. The interim results do indicate that has been achieved with solid trading performances across the board.

There is no doubt that trading is tough at the moment and it is anticipated that this will continue for the foreseeable future. However, I am confident that the strategy we are following, of developing businesses which display a real co-operative difference, delivering excellent customer service supported by an engaged and motivated workforce, will carry us through these difficult times and provide a real endorsement for the co-operative way of doing business.

Ben Reid OBE
Chief Executive

Half Year Review

The Society has delivered a strong performance despite the difficult trading environment and the challenge of integrating the significant investment we have made in acquisitions and new stores.

We have recorded a very positive growth in sales in the first half year. Gross sales have increased by 12.5% from £388 million to £436 million. There has been particularly strong growth in Travel (39.8%), Childcare (39.7%) and Energy, which only started trading in May last year but has contributed sales of £10.7 million this half year.

Our operating profit before significant items of £10.4 million is slightly ahead of 2011. Despite this modest increase in profits, cash generated from operating activities increased from £21.6 million to £24.1 million. So, we continue to generate a robust cash income to support our investment in future growth. However, given our capital investment programme in the last six months which has totalled a record £33.1 million, we saw a net cash outflow of £13.7 million.

The performance in the half year has increased the Society's net assets by £4.6 million to £170.3 million.

In our trading groups, our main focus has been on growing our Travel, Childcare, Energy and Food Retail businesses while ensuring our Funeral, Pharmacy, Employee Benefits and Post Office groups maintain their market positions and deliver a strong contribution.

Hence, the majority of our £33.1 million capital investment has been in our Travel, Childcare and Food Retail groups.

Food

Our Food business has performed well in the face of increasing competition and a very difficult trading environment with a like-for-like sales increase of 1.9%. Overall sales are 5.2% above last year, achieved through continued growth with the acquisition of Harry Tuffins and the opening of four new stores.

Gross margin has been under pressure as a result of strong competition and cost increases that have not been fully passed on to customers. The Food Group has mitigated this with good cost control to leave profits only slightly behind last year.

Much of our capital expenditure has been on the Harry Tuffins supermarket chain which has ten food stores in Gloucestershire, Shropshire, Powys and the surrounding counties. Although this acquisition is subject to an investigation by the Office of Fair Trading, we hope to be able to integrate these stores into the business soon.

The Group has continued to focus on ensuring each store is meeting the needs of its customers. This has included trialling an increase in fresh products. We are also in the process of introducing range lockdown, to better control the range of products we offer, and we are looking at ways to 'de-task' our site managers, allowing them to spend more time with customers.

Travel

We have made a number of acquisitions in our Travel Group, put a new management structure in place and introduced a new business stream. Profits are in line with last year despite this investment and our sales have grown by 39.8% to £72.3 million.

We now operate 50 branches following the acquisition of the Travel Angels business in Somerset and Dorset, and a number of branches from the Thomas Cook/Co-operative Travel joint venture. We are also trialling cooptravel.co.uk as the new high street brand as we expand into new trading areas in the East Midlands and Warwickshire. In addition we have more than trebled the number of Personal Travel Agents with the acquisition of Kwik Travel, a home working business. We have also set up a consortium buying group which a number of independent travel agencies have joined, to benefit from our commercial terms, and we are continuing work on developing a stronger online presence through our website, cooptravel.co.uk.

Energy

Our Co-operative Energy business has grown significantly following its successful bid in the Which? Big Switch auction. We welcomed 27,000 new customers as a result, bringing the total number of customers we supply to over 50,000. Energy sales have grown to £10.7 million from just £0.5 million at the half year last year. This growth has been achieved with considerable investment in IT systems, colleagues and marketing which will equip us for further growth. Many of the costs associated with winning the Which? Big Switch auction and doubling our customer numbers have been incurred during the period under review, but the sales benefit will not be seen until the second half of the year.

We have relocated the Energy team to a new building in Warwick and set up a new outbound call centre in Walsall to grow the business further. We have kept our pledge to supply energy with less than half the carbon of the

national average. In fact, all the energy we have supplied to date has come from renewable sources, including community-owned wind farms.

Funeral

Our Funeral Group's financial performance has been consistent throughout the period and with the prior half year. Funeral numbers are slightly down on last year due to the falling death rate, but this has been offset by careful cost control.

We have introduced a webcam at our Banbury funeral home to allow family members to view a funeral even if they cannot attend in person, and our recently launched Co-operative Memorials facility in Walsall hosted an open day in March to showcase our skilled craftsmen at work. To promote the masonry business further the team is creating a set of short films to show the journey from the initial contact with the site to the fixing of the memorial.

Pharmacy

The Pharmacy Group's financial performance continues to be affected by the government's drive to reduce expenditure and increase efficiency in the distribution of prescription medication. This has resulted in sales for the first six months being in line with the same period last year, despite a 3.1% increase in the number of prescriptions dispensed. However, the Group has seen an improvement in profitability, despite the static sales, as a result of improved margins on a number of products.

We have set up a website - cooppharmacydirect.co.uk - and an

Amazon store allowing customers to buy toiletries and medicines online. Orders are processed at our new distribution 'hub' site based in Bilston near Wolverhampton. These developments mean that customers and members who don't live near our branches can shop with us. The new website also has health advice and tips. In addition we will shortly be launching a website for our House of Minster business selling premium beauty products and gifts - houseofminster.co.uk.

Childcare

With the acquisition of a number of nursery chains we now operate 49 nurseries – making us the seventh largest childcare provider in the UK (by number of child places). As a result, our sales have grown by 39.7% to £10.0 million from £7.2 million last year.

We have expanded our management team to ensure our new nursery sites receive strong support. The business has also welcomed a team of Little Pioneers – five mascots each with a story to tell about the Rochdale Pioneers or other important figures in the international co-operative movement. The Little Pioneers have attended a number of Society events to promote our Childcare Group and will also be visiting nurseries to help teach children about the principles of co-operation.

Employee Benefits

Employee Benefits sales have grown by 4.2% to £16.4 million. However, gross margins have fallen by 0.4%, reflecting the increasingly competitive market. The combination of these two factors has resulted in profitability being very slightly below last year.

Our Employee Benefits business now offers nine benefits with the introduction of a new health and wellbeing benefit. The team has also set up a payroll giving scheme which supports employers who want to offer a salary sacrifice scheme for colleagues wishing to donate money to charity on a regular basis.

Post Offices

Post Offices sales are below last year at £1.7 million as a result of a reduction in the number of offices following the disposal of the News Express stores last autumn. Although this has created a slight fall in profitability compared with 2011 the remaining estate of 74 offices continues to achieve good profit levels.

We have been training colleagues in product awareness and selling techniques. We have also been working to ensure that all our offices have the equipment and facilities that colleagues need to do their job effectively.

Steering wheel measures

As a co-operative we are not only interested in profits. So we use our 'steering wheel' which measures our performance in key areas – co-operation, people, customers and delivery – to ensure we address all the key areas that help to create a successful business for the long term. The following pages highlight the measures we use and our performance against them.

Co-operation

"Co-operating to make a difference"

Trading with members

Trade with our members has increased to 41% of sales (2011: 40%) and we have recruited almost 34,000 new members (2011: 23,000). We have also involved 26,425 members (2011: 12,100) in membership activities.

Promoting co-operation

We held two pilot Member Forums where we engaged with 265 members in an informal setting. We also launched our second Member of the Year Awards and achieved a record attendance of 520 members at our AGM.

Supporting our communities

We have given more than £112,500 worth of support back to our local communities and our colleagues have supplied over 18,000 volunteer hours (2011: £109,000 and 11,000 hours). In this Olympic year we have also donated over £15,000 to support youth sport.

Acting ethically

We now stock only Fairtrade bananas, our biggest selling Fairtrade line. We have also expanded our Local Harvest range, welcoming 13 new suppliers and 114 new lines. We continue to work to ensure that our suppliers receive a fair price for their goods, whether sourced locally or internationally.

People

"Working together as Team Midcounties"

Being an employer of choice

We ran our first Managers' Survey. Respondents asked, in particular, for support to improve their work-life balance. Our Colleague Engagement Team is looking at a range of solutions and within Food Retail a 'Time for You' initiative has been launched to try to address this.

Providing opportunities for all

We now have 42% of colleagues with an NVQ Level 2 or equivalent and we have recently launched a Level 3 NVQ Diploma in Retail Management.

Learning hours are over 54,000, a 43% increase on last year. We received almost 1,000 applications for our Food Retail Apprenticeship programme. Our Stonemasonry business also launched an Apprenticeship scheme.

Communicating effectively

We have relaunched our Colleague Councils to ensure all representatives are clear about their role. Each trading group now has its own dedicated newsletter to improve group-specific communication. A number of our senior managers are now using webcam chats and DVDs to help improve communication with colleagues.

Performing at our best

We have delivered performance review training to new managers to ensure the reviews they undertake are as productive as possible. We have introduced new Essential Business Skills Programmes to support development needs identified from performance reviews.

Customers

"Putting customers first"

Creating loyal customers
We have seen a continued improvement in Customer Loyalty scores across our businesses and our overall score has increased from 66 to 67.

Increasing compliments
Our Convenience stores have signed up to a Convenience Charter to ensure consistency in customer service, availability and team working. Customer comment boxes and feedback forms have been introduced to other trading group sites to encourage feedback which will help us make improvements.

Reducing complaints
We have carried out a range of Customer Focus sessions across Childcare, Convenience stores and Travel, to understand what we do well and what we could do better. The feedback we have received has been very helpful in forming the basis of improvement plans.

Handling complaints better
Our Travel business has begun calling a selection of customers who have sent in complaints to discuss how we handled their issues and to see if there was anything else we could have done. Pharmacy has appointed a dedicated manager as a first point of contact for any professional complaints.

Delivery

“Doing things better”

Improving branch standards

We have re-furbished four Food stores and have acquired new Childcare and Travel sites, improving standards where necessary. Additionally, an audit of the colleague areas of our Food stores has been carried out and we have improved all colleague areas.

Working safely

We joined the Mindful Employer scheme to help with our commitment to supporting mental health in the workplace. We also launched a Colleague Guide to a Healthy 2012 and a similar guide for members.

Saving energy

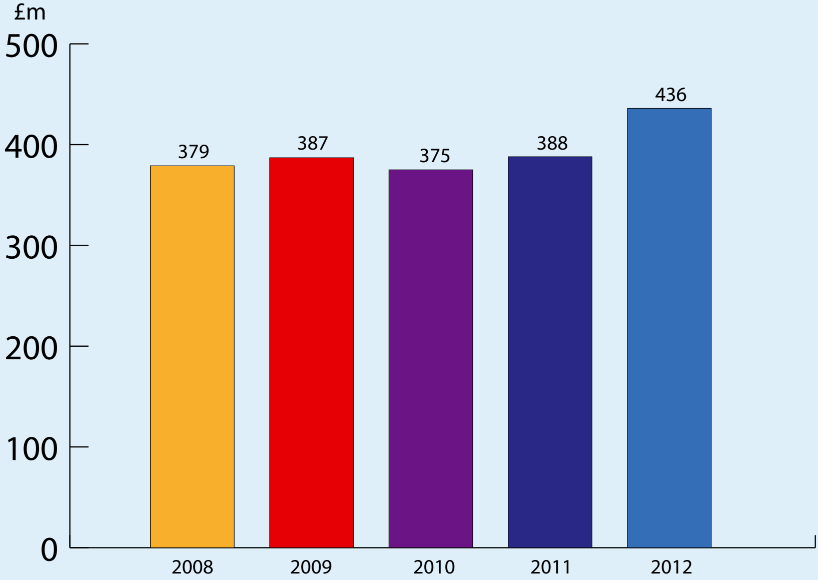
We have continued to reduce our energy use by implementing energy reduction projects such as adding doors to chillers and raising colleague awareness. We have also developed a bespoke energy reduction shutdown procedure for each Food store.

Reducing waste

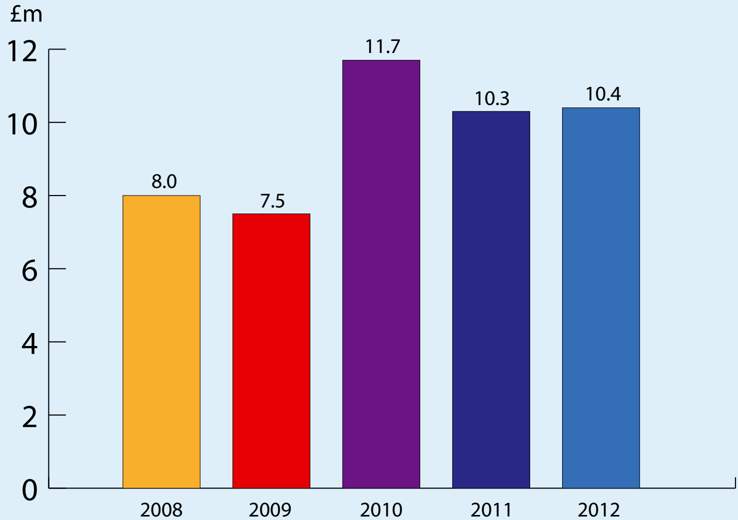
We have continued to increase our recycling by raising colleague awareness. We are now recycling 63% of our waste (2011: 50%). Our recycling efforts meant we were shortlisted as finalists for the Retailer Recycler of the Year award at this year’s National Recycling Awards.

Key figures

Gross sales

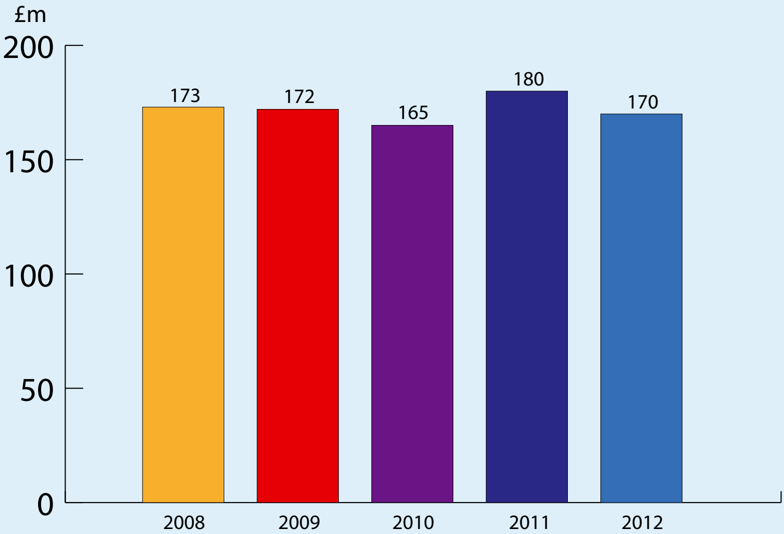


Operating Profit before Significant Items*



*Operating profit before significant items in 2008, 2009 and 2010 is calculated as trading profit as per the half year report for each year adjusted for the Co-operative Group corporate dividend received

Net assets


£m
200
150
100
50
0
173
172
165
180
170
2008
2009
2010
2011
2012


The co-operative food

Interim Income Statement

for the 26 weeks ended 28 July 2012

	Notes	**26 weeks to 28 July 2012 (Unaudited)**	26 weeks to 23 July 2011 (Restated) (Note 4) (Unaudited)	53 weeks to 28 January 2012 (Audited)
		£'000	£'000	£'000
Gross sales	2	**436,201**	387,645	787,736
Less agency sales and staff discount		**(62,099)**	(47,607)	(97,983)
Less Revenue VAT		**(24,412)**	(23,945)	(48,622)
Revenue		**349,690**	316,093	641,131
Cost of sales		**(247,291)**	(221,214)	(447,382)
Gross profit		**102,399**	94,879	193,749
Operating expenses		**(92,003)**	(84,535)	(176,073)
Operating Profit before Significant items		**10,396**	10,344	17,676
Significant items	3	**2,239**	5,592	3,251
Operating Profit		**12,635**	15,936	20,927
Finance income		**89**	755	2,189
Finance expenses		**(1,001)**	(819)	(2,498)
Profit before payments to and on behalf of members		**11,723**	15,872	20,618
Payments to and on behalf of members		**(4,702)**	(6,408)	(8,239)
Profit before tax		**7,021**	9,464	12,379
Income tax expense		**(2,177)**	(3,906)	(2,830)
Profit for the period		**4,844**	5,558	9,549

Consolidated Statement of Financial Position

as at 28 July 2012

	As at 28 July 2012 (Unaudited)	As at 23 July 2011 (Restated) (Note 4) (Unaudited)	As at 28 January 2012 (Audited)
ASSETS	**£'000**	£'000	£'000
Non-current assets			
Property, plant and equipment	**199,783**	188,710	181,818
Intangible assets	**52,895**	34,845	38,870
Investment property	**16,490**	18,373	16,296
Other investments	**30,299**	26,316	28,447
Deferred tax assets	**12,432**	9,061	13,319
Total non-current assets	**311,899**	277,305	278,750
Current assets			
Other investments (current)	**2,368**	2,224	2,213
Stocks	**25,684**	22,220	22,030
Trade and other receivables	**41,793**	28,902	48,675
Cash and cash equivalents	**27,378**	60,833	41,100
Assets held for sale	**7,840**	-	7,840
Total current assets	**105,063**	114,179	121,858
TOTAL ASSETS	**416,962**	391,484	400,608
EQUITY			
Share capital	**31,648**	32,129	31,491
Other reserves	**48,264**	47,282	48,264
Retained earnings	**90,412**	100,179	85,958
TOTAL EQUITY	**170,324**	179,590	165,713
LIABILITIES			
Current liabilities			
Loans and borrowings (current)	**1,091**	1,025	994
Trade and other payables	**109,793**	87,121	93,205
Provisions (current)	**437**	917	465
Current tax liabilities	**2,596**	7,248	6,345
Total current liabilities	**113,917**	96,311	101,009
Non-current liabilities			
Loans and borrowings	**48,746**	49,738	49,255
Other payables	**34,203**	28,950	32,751
Provisions	**1,257**	750	1,174
Pension obligations	**39,202**	21,462	40,889
Deferred tax liabilities	**9,313**	14,683	9,817
Total non current liabilities	**132,721**	115,583	133,886
TOTAL LIABILITIES	**246,638**	211,894	234,895
TOTAL EQUITY AND LIABILITIES	**416,962**	391,484	400,608

Consolidated Statement of Cash Flows

for the 26 weeks ended 28 July 2012

	26 weeks to 28 July 2012 (Unaudited) £'000	26 weeks to 23 July 2011 (Unaudited) £'000	**53 weeks to 28 January 2012 (Audited) £'000**
Cash flows from operating activities			
Profit for the period	**4,844**	5,558	9,549
Adjustments for:			
Depreciation	**4,568**	3,885	9,235
Amortisation of intangible assets	**47**	0	82
Gain on sale of property, plant and equipment	**0**	(306)	(344)
Change in fair value of investment property	**0**	0	29
Change in fair value of trading property	**0**	0	1,190
Net finance expense	**912**	64	309
Income tax expense	**2,177**	3,906	2,830
Payments to and on behalf of members	**4,702**	6,408	8,239
Change in working capital	**12,384**	4,065	(8,425)
Income tax paid	**(5,557)**	(1,980)	(5,661)
Net cash from operating activities	**24,077**	21,600	17,033
Cash flows from investing activities			
Interest received	**47**	280	580
Proceeds from sale of non-current assets	**2**	13,743	14,368
Purchase of non-current assets	**(33,141)**	(5,126)	(14,716)
Net cash (used in)/generated from investing activities	**(33,092)**	8,897	232
Cash flows from financing activities			
Proceeds from issue of share capital	**4,643**	4,697	8,470
Repayment of share capital	**(4,486)**	(4,934)	(9,520)
Interest paid on borrowings	**(1,052)**	(1,084)	(2,172)
Repayment of borrowings	**(577)**	(424)	(950)
Payments to and on behalf of members and share interest paid	**(3,235)**	(5,340)	(9,414)
Net cash used in financing activities	**(4,707)**	(7,085)	(13,586)
Net (decrease)/ increase in cash and cash equivalents	(13,722)	23,412	3,679
Cash and cash equivalents at start of period	41,100	37,421	37,421
Cash and cash equivalents at end of period	**27,378**	60,833	41,100

Notes

1. Accounting Policies

This interim financial report is for the 26 week period ended 28 July 2012. The information included within this document has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) in issue that are endorsed by the European Commission (EU) and effective at 28 January 2012.

This financial information should be read in conjunction with the Society's Annual Report and Accounts for 2011-12, which were prepared in accordance with IFRS as adopted by the EU, and has been prepared using the accounting policies set out in that report.

The Society's Financial Statements for 2012-13 will be prepared in accordance with IFRS as adopted by the EU.

	26 weeks to 28 July 2012 (Unaudited) £'000	26 weeks to 23 July 2011 (Unaudited) £'000	Change %
2. Revenue			
Gross Sales	**436,201**	387,645	12.5%
Less Agency Sales Adjustment and staff discount	**(62,099)**	(47,607)	30.4%
Less Value Added Tax	**(24,412)**	(23,945)	2.0%
Revenue	**349,690**	316,093	10.6%
Analysis of Revenue:	**£'000**	£'000	
Food	**288,088**	273,867	5.2%
Funeral	**13,346**	13,147	1.5%
Pharmacy	**21,176**	21,166	0.0%
Travel	**72,346**	51,740	39.8%
Childcare	**10,007**	7,162	39.7%
Energy	**10,677**	454	2251.8%
Post Offices	**1,716**	1,985	-13.6%
Employee benefits	**16,350**	15,684	4.2%
Other	**409**	488	-16.2%
Retail revenue	**434,115**	385,693	12.6%
Property rentals	**2,086**	1,952	6.9%
	436,201	387,645	12.5%

3. Significant Items

Significant items are items of income and expenditure that are either non-recurring or whose magnitude or volatility would distort the underlying performance of the Society if not separately disclosed.

	26 weeks to 28 July 2012 (Unaudited)	26 weeks to 23 July 2011 (Restated) (Unaudited)	53 weeks to 28 January 2012 (Audited)
Analysis of significant items:	**£'000**	£'000	£'000
Net gain on disposal of property, plant and equipment	**0**	306	344
Change in fair value of trading properties	**0**	0	(1,190)
Change in fair value of investment properties	**0**	0	(29)
Expense of business acquisitions	**(1,535)**	(35)	(468)
Freehold sale retention recovery	**0**	396	396
Head Office re-location expenses	**0**	(171)	(898)
Fee recovery on cancelled development	**0**	330	330
The Co-operative Group corporate dividend received	**3,774**	4,766	4,766
	2,239	5,592	3,251

4. Restatement

The Society has restated the Income Statement for the 26 weeks to 23 July 2011 and the Statement of Financial Position as at 23 July 2011 due to the re-classification of certain items of income and expenditure, as outlined in note 3, and the ageing of current and non-current provisions. This has had no effect on the reported profit for the period or the total liabilities of the Society.

Independent review report by KPMG LLP to The Midcounties Co-operative Limited ('the Society')

Introduction

We have been engaged by the Society to review the financial information set out on pages 18 to 22 for the six months ended 28 July 2012. We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information presented.

This report is made solely to the Society in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Society those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Half Year Report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the Society are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The financial information included in this Half Year Report has been prepared in accordance with the recognition and measurement requirements of IFRS as adopted by the EU.

As disclosed in note 1, the next annual financial statements of the Society will be prepared in accordance with IFRS as adopted by the EU.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the directors currently intend to use in the next annual financial statements.

Our responsibility

Our responsibility is to express to the Society a conclusion on the financial information in the Half Year Report based on our review.

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 UK. 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

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the Half Year Report for the six months ended 28 July 2012 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRS as adopted by the EU.

S Haydn-Jones
(Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditors
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

1 October 2012

The **Midcounties Co-operative**

We are happy to provide publications in alternative formats

0800 435902
member.communications@midcounties.coop

The Midcounties Co-operative Limited
Co-operative House, Warwick Technology Park,
Warwick, CV34 6DA

www.midcounties.coop

Printed on: 100% Recycled stock
Printed by: Hickling & Squires
Designed by: The Midcounties Co-operative Design Studio