Annual Report & Accounts

Year Ended 31 May 2013

countrywide Farmers plc

About Countrywide

Countrywide Farmers

Countrywide Farmers is the UK's leading supplier of products, services and advice to the rural community. With a 100 year heritage, we are at the heart of the countryside, appreciate the rural way of life and understand the challenges faced by all those who live and work in rural communities.

Focussing intently on the needs of our customers, our aim is always to meet and exceed their expectations. In the past 12 months we have delivered strong growth across key product categories and laid the foundations for continued growth in 2014.

What we do

From agriculture, equine and rural business to pet, garden, clothing and energy, we reach our customers via a multichannel offer, including our 53 country stores, a successful on-line operation, telephone traders and on farm through a comprehensive team of agricultural specialists.

Countrywide Farmers has a unique and unrivalled position in the rural community, with specialisms, services and comprehensive range of products across multiple sectors, underpinned by value for money, local relationships and a national retail presence. We are proud to play a key role in the UK food supply chain by supporting the country's farmers to run progressive, productive and profitable businesses.

Our People

The true value of Countrywide Farmers resides in the skills, knowledge and expertise of our experienced and fully qualified staff numbering over 1,000; including over 200 AMTRA qualified animal health specialists, pet and equine experts, in store Account Managers and on-farm Agronomists and Nutritionists.

More importantly our people are passionate about what they do and are chosen because of their empathy and understanding of the rural way of life. Most are also smallholders, riders or pet owners and live within rural communities. We are proud that our people often go the 'extra mile' for our customers, earning their trust and respect.

What we have achieved

Responding decisively to current economic and industry challenges, and meeting core customer requirements, Countrywide Farmers has invested in strengthening our core agricultural, equine and retail operations, with outstanding results:

- Over 1,000 people with wide ranging skills and relevant industry qualifications.
- 53 Retail Stores offering a refreshed look, layout and wider range of products.
- A new CRM system implemented.
- A new successful and expanding commodity trading office in Wetherby, West Yorkshire.
- A growing Arable Team with an increased geographical coverage following the acquisitions of Heart of England Grain and agricultural merchants SM Hackett & Son.
- A growing Livestock Team and partnerships with genetics provider Sterling Sires, beef producer Blade Farming and in-house animal health experts.
- Countrywide Farmers Reward Card has over 100,000 members and is fast becoming the largest loyalty scheme within our market place.

With quality products, a personal service and sound advice remaining at the heart of all that we do, Countrywide Farmers remains committed to promoting the interests and abilities of our staff and delivering a strong, competitive advantage to all our customers.

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Chairman's Report 2013

Introduction

I am delighted to report record operating profits in 2013, despite the impact of tough economic conditions in the UK economy. At the half year I reported strong first half profits and this positive trend continued in the second half of the year. The results are particularly pleasing following the disappointing year in 2012 and support the swift actions taken to ensure performance has not only been restored but improved.

The business has delivered strong organic growth in 2013 across most of our key product categories. This growth, together with the successful repositioning of our Retail business and the cost reduction programme implemented last year have been the key drivers of performance. We have implemented a Customer Relationship Management (CRM) system that enables the sales team to focus on winning new business and selling more to existing customers. We continue to recruit experienced traders and salesman to provide the platform for future growth. The business also expanded its trading area during the year with the acquisition of S M Hackett and Son Limited. The business is based in Leicestershire and has a strong record of providing farmers with a wide range of expertise, products and services. Towards the end of the year, the business also acquired Gommes, a Chilterns based equestrian and farm supply business.

The Chief Executive's Review on pages 3 to 6 provides a comprehensive performance analysis and review of operations.

Financial Results

Sales grew by 15% to £306.0m (2012:£266.7m) and delivered an operating profit of £4.3m (2012: £1.3m).Cash interest costs of £0.6m (2012: £0.6m) reflect average borrowings over the year in line with 2012. The interest charge on the group's pension scheme was £0.4m (2012: £0.2m) resulting in a total interest cost of £1.0m (2012: £0.8m). The Group therefore reports a profit before taxation of £3.3m (2012: £0.6m). Tax on profit on ordinary activities shows a charge of £1.0m (2012: £nil) with a retained profit for the year of £2.2m (2012: £0.5m).

Net cash inflow from operating activities at £4.0m (2012: £5.6m) reflects higher levels of working capital particularly trade debtors with higher input and commodity prices. Net debt at 31 May 2013 fell to £10.3m (2012: £11.8m) with capital expenditure and business acquisition costs lower. Shareholder funds have increased to £22.8m (2012: £21.8m), equivalent to £0.70 per share (2012: £0.67 per share). Gearing at 31 May 2013 stands at 46% of shareholder funds (2012: 54%).

Strategy

Our vision remains for Countrywide to be the leading business in the supply of products and advice to the rural community, through offering quality and value for money, supported by expert knowledge and a personal service. Our Growth Strategy focuses on developing a true multichannel approach to win both new customers and sell more to existing customers. Delivering this strategy requires a long term plan that will call for changes to most of our existing processes and procedures and ultimately the implementation of a single company wide IT platform. Full details of our Growth Plan are included in the Chief Executive's Review.

I wrote to all shareholders on the 30th May outlining the intention of moving the Company onto the Alternative Investment Market (AIM), a market operated by the London Stock Exchange at some stage in the future. The Company's shares were originally listed on Sharemark in 2006 and since then 2.4 million shares (7.5% of the issued share capital) have been traded through the exchange which is now run by Asset Match. The share price on Asset Match is determined simply by the price and quantity of shares at which a willing buyer and willing seller are prepared to trade each month and has fluctuated between 10 pence and 30 pence a share in the last six years effectively valuing the company between £3m and £10m. This has been a source of frustration for shareholders and the Board as this valuation has failed to reflect the improvements which have been made to the business over this period and has always represented a significant discount to net asset value.

The Board has been considering the position for a number of years and has now concluded the company should move its listing to AIM. Such a move should in time allow a more appropriate market value and greater liquidity to be achieved for the business for the ultimate benefit of all shareholders. There are other advantages for shareholders of listing on AIM and these are detailed in the Finance Review. The Company has appointed advisers for the process, including W H Ireland who have been appointed broker and NOMAD. There are a number of enabling measures that will need to take place to facilitate the listing. These include some changes to the Articles of Association that will require shareholder approval. Once we have confirmed the appropriate timing for this move we will commence the process required to obtain these approvals.

Chairman's Report 2013 *(Continued)*

Employee Share Ownership Plan

The first Employee Share Ownership Plan (ESOP) was launched back in 2009 and ran for three years until December 2012. I am pleased to confirm that 17 employees exercised their option to acquire shares at the option price of 21 pence and in total nearly 200,000 shares have subsequently been issued. The Board launched a second invitation in April of this year and I am delighted to say the offer was significantly over-subscribed and had to be scaled back to a total of 1,000,000 shares. In total 122 employees applied at the option price of 20 pence and the scheme now runs for three years until 2016.

Long Term Incentive Plan

The Board first adopted a Long Term Incentive Plan (LTIP) in May 2008 designed to align the interests of a small number of key executives with those of the shareholders. The LTIP awards issued up to 2012 are only released in full or in part on the achievement of challenging profit and cash targets based on the three year strategic plan. The first tranche of share awards were released in 2011 and were exercised by the executives earlier this year. The disappointing financial performance in 2012 meant that the 2009 and 2010 LTIP awards have now lapsed and the 2011 LTIP award will also lapse in 2014.

The 2013 LTIP approved by the Board on 30 May 2013 has set performance targets linked to the market value of the business rather than profit and cash targets that have previously been used. This change has been made to more fully align the interests of participants with those of shareholders by focusing on longer term value creation. The shares involved in the 2013 LTIP will be released in up to four years' time subject to the occurrence of a company flotation or trade sale. The percentage of the award released is dependent on the share price reached and the recipients' continued employment with the Company. The shares required to satisfy the awards will be existing shares already held by the Company for the purpose of employee benefits so will not involve any dilution to existing holdings. Full details of the LTIP are included in note 22 on page 39 of the Report and Accounts.

Board

I am pleased to welcome two new non-executive directors to the Board both appointed on 25th October 2012. John Elliot has experience running a range of farming businesses, and is also Chairman of United Oilseeds Limited and a non-executive director of the NFU Mutual. Paul Freeston is Chairman and Chief Executive of Apetito UK, an organisation providing frozen food and catering solutions to Care Homes, Local Authorities and Hospitals as well as providing a frozen meal delivery service to the public via Wiltshire Farm Foods. He has over 25 years' experience in the food and food manufacturing industry. I am confident that their experience will contribute considerably to the continued development and success of the Company.

The changes on the Board have allowed for the reconstitution of our Board committees. Stuart Crebo has moved to chair the Remuneration Committee with Paul Freeston joining that Committee. John Elliot has taken on the chair of the Audit Committee. Sir Ben Gill remains chair of the Nomination Committee and is retiring by rotation and standing for re-election at the Annual General Meeting on 26 September 2013. This represents his third reappointment and the Company's articles require a non-executive director's reappointment to then be subject to annual confirmation at all subsequent annual general meetings.

People

I also acknowledge the contribution of our Senior Management Team and, most importantly, all our staff during the past year who have risen to the challenges faced by the business and helped the Company emerge stronger and better positioned to serve our customers than ever before.

Future Prospects

Trading conditions in all of our markets are expected to continue to remain challenging in the next financial year. Uncertainty remains as to the speed and sustainability of the UK economic recovery although there are tentative signs that the worst may be behind us. Significant volatility in commodity prices are expected to continue but the prospects for UK agriculture are more positive with the sector well positioned to benefit from increasing world demand for food in the medium to longer term. The business is looking to build on the record year in 2013 and deliver further growth in 2014.

Finally, I look forward to meeting all shareholders attending our Annual General Meeting which is being held at our Evesham head office at 2.00pm on Thursday 26 September.

Nigel Hall
Chairman
28 August 2013

Chief Executive's Review

Review of Operations

I am pleased to say that the last twelve months at Countrywide have proved much more successful after the difficult year we experienced in 2012. Last year a combination of a stagnant economy and consumers under real pressure led to a significant drop in the contribution from our Retail business. These market pressures necessitated a review of the operational structure of the business and associated trading strategy, with the implementation of cost reductions totalling £2.5m made in the second half of 2012. In conjunction with these cost reductions, the Retail business was repositioned with the pricing strategy and ranges reviewed whilst stock lines were rationalised in underperforming categories. We have placed an increasing focus on sales to the farming sector as well as changing the look and feel of the stores to make them much more farmer friendly. Retail sales and profit improved as a direct result of these changes. Group sales were further supported by a wet autumn and cold winter that boosted demand across a number of our key product categories. The one exception was our arable business that suffered along with most in that sector following the poor autumn harvest.

Group sales grew by 15% to £306.0m (2012: £266.7m) reflecting strong growth in feed volumes and retail sales together with the benefit of recent business acquisitions. Sterling gross profit increased by £3.4m and, coupled with the continued control of the cost base, generated a record Operating Profit of £4.3m (2012: £1.3m after absorbing restructuring costs of £0.6m). Cash interest costs of £0.6m (2012: £0.6m) reflect average borrowings over the year in line with 2012. The interest charge on the Group's pension scheme was £0.4m (2012: £0.2m) resulting in a total interest cost of £1.0m (2012: £0.8m). The Group therefore reports a profit before taxation of £3.3m (2012: £0.6m).

As well as delivering a successful turnaround in the financial performance of the Company we've also grown the business during the year. A key element of our strategy is to develop our agri business and with this in mind we implemented a Customer Relationship Management (CRM) system that enables the sales team to focus on winning new business and selling more to existing customers. The system captures and reports information on actual customer spend and, more importantly, potential customer spend for both existing and prospective customers. The system has been fully operational now for over twelve months and the quality of the management information is improving and helping us to serve our customers better.

On 31st July 2012 we completed the acquisition of SM Hackett and Son Limited for a consideration of £450,000. The business is based in Ashby de la Zouch, Leicestershire and has a strong track record of providing arable farmers with a wide range of expertise, products and services. The acquisition follows on from the purchase of Heart of England Grain in 2011 and begins to establish Countrywide as a credible alternative to the large corporate grain trading businesses. We recognise the considerable long term growth opportunities in the arable sector and the Hackett's grain, seed and fertiliser business adds considerable weight to our arable portfolio. On the 1st May 2013 we acquired Gommes, the Chilterns based equestrian and farm supply business. Founded over 100 years ago, the business specialises in equestrian, rural and smallholder products, running a delivery service to customers throughout Oxfordshire, Buckinghamshire and Berkshire. The business has been moved into our store at nearby Thame, Oxfordshire that was acquired with the purchase of the H&C Pearce business in 2012. H&C Pearce was one of the largest agricultural specialist animal health and farm supply businesses in central southern England but without a credible pet and equestrian offering. The integration of the Gommes equestrian business and the introduction of the Countrywide pet range provide a complete and comprehensive product range in the store at Thame. The store has also recently been refitted and successfully relaunched as a Countrywide store.

We also acquired a stake in Sterling Sires in September 2012. Sterling Sires is a specialist provider of bull semen to the livestock sector and strengthens the advice and service we can provide to dairy and beef farmers across the country. The combination of feeding nutrition, animal health and breeding advice to dairy and beef farmers is a unique proposition that we intend to capitalise on. Further details of these acquisitions are included in note 9 on page 32.

This year we have updated the Growth plan as part of our three year strategic planning process. This plan recognises the changes that are taking place in the way customers want to trade, shop and interact with rural businesses and the channels we need to develop to capitalise on these opportunities. This will drive long term growth in E-Commerce and enable the use of new technologies to serve our farming customers. The farming sector has traditionally been a slow adopter of technology but as these new business practices are introduced, Countrywide is planning to be the leader in the multi-channel rural community. We've already successfully implemented a CRM system that helps us serve our customers and later in my report I will outline further plans to overhaul our systems and processes to make sure the business can implement and fully exploit the opportunities of multi-channel. In 2013 we successfully introduced Countrywide Express that allows account managers in the field to place their animal health orders through our central warehouse with shipments then taking place next day or even on the same day to direct customers. These developments allow us to better serve our customers as well as gaining competitive advantage.

We continue to recognise five distinct customer segments-Farmers, Smallholders, Rural Businesses, Equestrian owners and Rural House owners and all marketing and sales support activity is tailored around these segments. Our reward card has approaching 100,000 active cardholders and we undertake regular customer surveys to check with our customers that we are serving them well including understanding where we need to improve.

Chief Executive's Review *(Continued)*

Direct

Our Direct sales business supplies products and services to our customers and includes our Agriculture and Energy businesses. Direct sales increased by £31.6m (17%) to £214.4m (2012: £182.8m) with a combination of volume growth, commodity price inflation and the annualised impact of business acquisitions. In total, Direct recorded an operating profit of £4.7m before corporate costs (2012: £2.8m) an improvement of over 65% year on year. Market conditions remained highly volatile throughout the year with positive factors supporting our feed and energy businesses while the worst growing conditions in many years negatively impacted on arable including grain trading.

Compound feed volumes increased by nearly 9% as a result of our strategy to continue to grow our infield ruminant sales team and helped by a poor grazing season and low quality silage. Compound feed margins were also sharply higher with the effective management of increases in commodity prices supported by our policy of entering into forward supply contracts, which boosted contribution in the year by £0.8m. Our blends and straights business also had an excellent year with volume growth of over 14% and strong margin gains. Sales from the arable business grew by 4%, largely due to higher commodity prices particularly in Fertiliser. Crop protection sales were sharply lower after the wet autumn, poor harvest and cold winter and the consequent impact on spring planting and chemical treatment required. Fertiliser margins were also significantly lower and our grain trading businesses suffered a 20% reduction in tonnage traded with harvest yields well down on the previous record year. Total arable contribution including the contribution from Heart of England Grain was some £0.5m down on 2012. It was a better year for our Turf and Amenity business where sales grew by 8% and contribution improved. We opened a new trading office in Wetherby, West Yorkshire at the start of the financial year and this has performed better than expected in its first year. In April we also added two new arable traders; one operating through the Wetherby office and the other in our new retail store in Wardle, Cheshire. These traders will serve cereal growers in Lancashire, Cheshire, Shropshire, Herefordshire, Monmouthshire and Powys.

We grew the number of LP Gas bulk tank customers in the year and volumes were up 7% boosted by the prolonged cold winter. Margins were also higher and contribution finished 35% up on last year. This strong growth did place significant pressure on our customer service and fulfilment teams for an extended period over the winter months. I wrote to our LP Gas customers in April recognising the issues we and the whole industry had faced and more importantly identifying all the changes we plan to implement to improve customer service for next winter. These changes include the addition of two new tankers to supplement the customer delivery fleet.

It was an excellent year for our Direct sales business in 2013 with the recruitment of some high quality experienced traders and salesmen during the year. We've also added further grain traders and agronomists more recently. The business continues to expand geographically and we continue to exploit our CRM system to win new customers and sell more to our existing customers. The acquisition of Hackett's earlier in the year further consolidates our push into the East Midlands. We continue to attend a number of events and trade shows including the flagship Livestock event at the NEC Birmingham where we showcased our Dairy health, nutrition and genetics credentials.

Retail

Total Sales increased by over 9% to nearly £92m and 'like-for-like" sales increased by nearly 7%. Operating profits, before corporate costs, increased to £2.3m (2012: £1.2m), driven by the strong sales and cost reductions implemented in the second half of 2012. On a like for like basis, excluding acquisitions and new and closed stores, operating profits before corporate costs were £2.5m (2012: £0.9m).

I reported last year that our Retail business needed to be repositioned with a renewed focus on the farming, smallholder and equestrian categories as well as the stronger promotion of our excellent value and competitive pricing across all our ranges. This included the introduction of "excluding VAT" as well as "including VAT" pricing across all our country stores. We launched "A Good Deal Better" marketing campaign that linked the "Stamping Down" price repositioning on 1200 products with the bulk deals that we offer to our trade customers. We have introduced over 500 new products to our market leading range. These include new ranges of equestrian supplements, pet accessories and wild bird seed. A new work wear range from Scruffs and a new Ariat range of equestrian footwear were rolled out to stores in the spring. We've re-laid some of our stores with an emphasis on more heavy duty racking and switching some ranges from shelf to floor pallet presentation for bulk and promotional displays. Category space allocations in store and departmental adjacencies have been adjusted in line with our five customer segments to make our stores easier to shop for our customers. The new format was trialled successfully in our Bridgwater store last autumn and is being rolled out to all our stores including Bearley, Ledbury and Exeter which have all been relaunched recently. These changes have helped arrest the decline in transaction numbers we experienced in 2012 and account sales in our stores increased 18% year on year in 2013. Our new pricing strategy has resulted in lower retail margins but these have been offset by volume growth in the increasingly competitive market place. The impact on profitability has also been mitigated by the cost reduction programme successfully implemented in the second half of 2012.

Chief Executive's Review *(Continued)*

I mentioned last year one benefit of the H&C Pearce acquisition was membership of the United Farmers buying group. United Farmers are particularly strong in animal health but are now branching out into other product categories. As well as offering better trading terms from a number of our existing suppliers, it has given us the opportunity to offer some of our own brand ranges to other members of the buying group. One year into our membership we are very satisfied with the benefits it's brought and are now looking to further capitalise on these opportunities.

We relocated our store in Wardle, Cheshire to larger purpose built premises located opposite the old store in November 2012 and customer reaction has been very positive with trading exceeding our expectations. The small H&C Pearce warehouse located just outside Andover in Hampshire was also relocated in March 2013 to larger trade counter premises in Amesbury adjacent to the trading offices that already operate in the area servicing our straights and blends customers. Finally we were delighted that our Melton Mowbray store was named Country Store of the year in the prestigious "Over the Counter" Awards. The award recognises the store's range of services, products, specialist advice and high levels of customer service for the rural community. Andrea Leavis also won the Harry Hall Retail employee of the year award at the British Equestrian Trade association business awards and two other Countrywide employees were nominated.

Corporate

We have continued to recognise "Corporate" as a dedicated line in the segmental analysis shown in note 2 to these accounts. Corporate costs not allocated to the three businesses include board and corporate salaries, legal, property and bank fees and associated costs. These costs have increased £0.5m reflecting maintenance costs on a number of Group properties and bonus accruals this year after the significantly improved profit performance of the business.

We continue to grow and develop our graduate trainee programme and introduced two more graduates on tailored programmes in 2013. We are also increasingly recruiting graduates directly into line management positions with much success. Training continues to play a vital role in improving the skill levels in the business and in 2013 we undertook a major programme of technical training for the sales team and coaching skills training for the retail teams. Our people add value to Countrywide's products and services through excellent knowledge and quality advice and we hold an annual recognition day where we celebrate with a small number of employees who have all been singled out for special mention by their peers and colleagues. We undertake annual employee engagement surveys to check the pulse of the organisation and identify any areas we need to improve and I chair a series of staff focus groups that follow on from the staff survey to explore all key issues raised. We have recently updated our Countrywide Values and the revised statement is again accessible via the company website. I am also delighted that the second invitation for our Employee Share Ownership Plan was so popular and demonstrates the connection and commitment many of our staff have to the Company.

Finally we held our second supplier conference and charity golf day last September and it proved as popular as the first as well as helping support our chosen charity, the Princes Countryside Fund. The Princes Countryside Fund was the Company's new charity in 2013 and we have raised nearly £25,000 for the cause in this first year of our association. Funding is channelled into grassroots projects that are helping to create a vibrant future for rural Britain and improving the viability of British Farming and sustainability of rural communities.

Outlook

The outlook for the UK economy remains challenging as the need to reduce both government and personal debt levels puts a brake on growth and general consumer spending. There have been some signs recently that the worst may be behind us, although interest rates remain low, and when they do ultimately start to increase this will place further pressure on family budgets. We seem to be faced with a prolonged period of low growth in consumer expenditure. The outlook for UK Agriculture remains more positive as the continuing global demand for food continues to support commodity prices. Crop yields and consequently prices may fluctuate in the short term but they remain on a long term rising trend. The strong Euro continues to boost the Sterling equivalent CAP subsidy which helps support the sector. The livestock farmer is under some pressure with higher input prices but the demand for beef is still rising although the outlook for sheep is less positive where demand is weaker. The dairy sector continues to remain under price pressure although the global milk price is buoyant. Renewed focus on food quality and provenance generally supports the UK farmer and as a major supplier to the sector we are well placed to capitalise on the opportunity.

We are aiming to build on our record performance in 2013 with further growth and profit improvement in 2014. This will be driven by a real focus on using the benefits of our CRM system to sell more to existing customers and win new customers. We continue our policy of buying compound feed ingredients up to twelve months ahead to provide a hedge against commodity price increases. This policy protected our business from commodity price movements in 2013 and boosted our profits by £0.8m as well as providing excellent value to our customers. We expect margins will return to more normal levels in 2014. On the positive side our arable business is well positioned to make a strong recovery from the challenges it and the whole industry faced last year. This together with the recruitment of a number of new traders and Agri specialists, will enable the business to expand into new geographical areas. We will also continue to keep a tight control on costs to ensure we maximise returns in the competitive market place.

Chief Executive's Review *(Continued)*

The wet summer last year boosted volumes in our LP Gas and sales in our clothing and footwear categories. Trading in the first three months of the 2014 financial year has returned to more normal levels in line with our expectations. We continue to seek opportunities to improve the Retail store portfolio and our Ashbourne store in Derbyshire is due to relocate to larger purpose built premises on the edge of town in 2014. We are also opening a smaller footprint trade counter in the centre of Marlborough, Wiltshire this autumn. It will have a more limited area to display our product range in store but will be supported by a number of other initiatives we are launching shortly that will benefit all our stores and offer customers a number of new and exciting ways of trading with us. Our first equestrian catalogue has been developed and will be posted to our equestrian customer base and available in store from October. It features our full feed, bedding and equestrian accessories ranges. As well as the printed catalogue, a digital version of the catalogue will be available to facilitate ordering on-line or on the telephone from our customer service centre. The catalogue is being marketed at the Your Horse live show at Stoneleigh Park, Warwickshire where we are the main sponsor for the event. A smaller promotional leaflet is also being produced to insert in subscriber editions of Horse and Hound magazine and the British Horse Society newsletter. The digital marketing campaign includes embedding the digital version into our equestrian Facebook page and on twitter. We are also introducing a standalone shopping kiosk in all our stores that will enable customers to browse our full ranges on line even in our smaller stores that can't stock our full ranges. Our till software is being enhanced to allow payment for our full range of products in any store with subsequent delivery direct to the customer from the Ledbury E-Commerce warehouse or the Defford central warehouse. A number of new store opportunities are also being evaluated.

In the longer term we recognise the key part technology must play in helping us fully develop our multichannel strategy that can enhance and exploit our existing store network, in-field sales team, on-line, E-commerce and telephone traders. We currently deploy three bespoke sales order processing systems that support our Agri, Retail and Energy businesses. These have been developed and customised over many years and offer a good fit with our current business model. However looking forward in a multi-channel sales environment, customers will increasingly demand a fully integrated front end product offering supported by seamless order processing and efficient supply chain capabilities. To deliver and exploit this opportunity will require a radical overhaul of all our existing processes and procedures supported by the implementation of a new enterprise wide IT system that will introduce most of this new functionality and enable the business to operate in a more cost effective way. This will be a long term investment project that will require a real focus from me and my management team to ensure the Group can overcome the many challenges projects of this nature always bring. The prize is the ability to capitalise on these new technologies to gain a real competitive advantage and significantly increase our market share in the rural supply industry. This, together with our plans to float the business on AIM, will ensure our shareholders have the opportunity to receive a fair and appropriate value for their investment in the company in the future.

A final thank you is reserved for all our employees. They have remained dedicated, committed and supportive and helped drive the significant turnaround in performance in 2013.

John Hardman
Chief Executive
28 August 2013

Finance Review

Balance sheet and Cash flow

Fixed asset purchases in the year totalled £1.9m and included £1.0m in new tanks and cylinders to support the growth of our gas business. We also invested £0.4m in the relocation of our Wardle store and the repositioning of a number of the retail stores including Bridgwater and Bearley. A further £0.2m was spent on CRM licences and new servers and laptops. The Company also acquired two businesses in the year for a total consideration of £0.6m and invested £0.1m in Sterling Sires. The two acquisitions generated goodwill of £0.4m that has been recognised in these accounts. Further details are provided in note 9 on page 32.

High raw material and commodity prices continue to have an impact on the levels of working capital in the business with prices finishing the year significantly higher than at the start of the year. Stocks at the end of the year at £20.1m were in line with the levels at 31 May 2012. Underlying stock turns have improved and the retail business is clearing old and slow moving stock more quickly to allow the introduction of new ranges. Debtors at £36.9m increased £6.5m (21%) over last year. Trade debtors at £33.4m were also 21% up on last year reflecting significantly higher input prices at the end of the year and the relatively strong growth in account sales in retail. Creditors due within one year at £45.6m were £4.8m (12%) up on last year and trade creditors at £36.6m were also 12% up on last year.

The Group had a net cash inflow from operating activities at £4.0m (2012: £5.6m) reflecting higher operating profits more than offset by negative working capital movements particularly the increase in trade debtors explained above. Net debt at 31 May 2013 decreased to £10.3m (2012: £11.8m) with capital expenditure and business acquisition costs sharply lower at £2.6m (2012: £7.8m). Shareholder funds have increased to £22.8m (2012: £21.8m) boosted by the improved profitability of the business. Gearing at 31 May 2013 stands at 46% of shareholder funds (2012: 54%) which is at a manageable level, well within existing facilities and allows plenty of headroom to absorb seasonal expansion of working capital as the business grows.

Pensions

We continue to operate a defined contribution pension scheme for our employees. The charge to the profit and loss account for the scheme was £0.2m (2012: £0.2m). The company is preparing for pensions auto-enrolment that will commence on 1st October 2013 although with a three month qualifying period in place, it will not practically take effect until 1st January 2014. The Company has decided to take advantage of the transitional arrangements available that allow employee and employer contributions under auto-enrolment to build up over a number of years. This should have the benefit of making the transition more affordable for those employees who are keen to commence saving for a pension but wouldn't be able or prepared to save at higher levels.

The Company also supports a closed defined benefit scheme and additional contributions paid by the Company into this scheme in the year totalled £2.1m (2012: £2.0m). The last valuation of the closed defined benefit scheme was at 5 April 2012 and the Company has agreed with the pension trustees to maintain its annual contribution indexed annually by inflation with effect from 1 July 2013.

The valuation of the scheme under FRS 17 at 31 May 2013 gave rise to a small decrease in the pension deficit to £22.3m (2012: £22.6m) or £17.2m (2012: £17.2m) after deferred tax. Scheme assets are substantially invested in equities and there has been an increase in asset values with the rise in equity markets over the period. There has also been a compensating increase in calculated liabilities as discount rates have fallen over the year. Full details of all the other assumptions underlying the actuarial valuation are included in Note 23.

Distributable reserves and tax

Distributable reserves for the Company finished the year £2.6m in deficit (2012: £3.4m) with movements summarised in Note 19. Retained profits in the year at £2.2m (2012: £0.5m) reflected the higher operating profits in 2013. A consequence of the deficit on distributable reserves is the Company is not in a position to pay a dividend to shareholders.

Tax on profit on ordinary activities shows a net charge of £1.0m (2012: £nil). The tax charge on current year profits is £0.2m (2012: £0.3m credit) and is detailed in Note 5. The deferred tax current year charge to the profit and loss account of £0.8m (2012: £0.6m) is detailed in Note 5 and related mainly to the utilisation of tax losses. In 2012 the Company benefitted from a £0.4m prior year deferred tax credit following a revised view of the roll over relief position relating to a property gain in 2011 and the submission of the 2011 tax computation.

The corporation tax rate decreased from 24% to 23% from 1 April 2013 and this change has led to a £0.2m reduction in the deferred tax asset previously recognised in the accounts principally in the STRGL. Further changes are planned to reduce the rate of corporation tax to 20% by 2015.

The business enjoys brought forward tax losses that will shelter the majority of its tax liability on any trading profits in 2014. The company expects to start paying mainstream corporation tax on any trading profits in 2015.

Finance Review *(Continued)*

Banking facilities

The Group's banking facilities are detailed in Note 13 to the accounts. The core facilities currently total £26.5m and include a £14m revolving credit facility committed until September 2015, a £12m invoice discounting facility that matches the business's seasonal working capital movements and a £0.5m overdraft facility. These facilities will provide sufficient headroom to implement the business strategy and are secured at competitive rates. The Directors are satisfied that the business is comfortably operating within the covenants that apply to these facilities.

AIM listing

The Chairman has confirmed the move to AIM should in time allow a more appropriate market value and greater liquidity to be achieved for the business for the ultimate benefit of all shareholders. There are a number of other benefits including raising the public profile of the business that will help increase the Company's status with customers and suppliers. The listing also would allow the Company to broaden the shareholder base in the future which in turn could ultimately provide access to capital to grow the business at a faster rate either organically or through acquisition. Finally AIM will provide a more stable market for the shares helping support future Employee Share Ownership plans.

Financial risk management

The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and continuously monitored by the Executive Directors.

Price risk

The Group is exposed to commodity price risk, principally for raw materials in its Agriculture Feeds business which enters into forward supply contracts to manage the impact of price movements on its gross margin. The use of these contracts is not speculative. The Directors estimate the value of open contracts at 31 May 2013 to be £20.5m (2012: £9.2m)

The Fuels business retails oil-related products that are subject to changes in the world commodity price for crude oil. However the relatively low stockholding maintained and daily price monitoring systems used to determine selling prices, enables the business to effectively manage the risk of gross margin erosion. Forward supply contracts are not utilised by this business.

The extent of these risks is regularly reviewed and assessed by the Executive Directors and reported back to the Board. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change.

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is set and monitored by the business operating within a Board approved credit policy. The business does not maintain credit insurance on its customers and this is considered appropriate given the size and the nature of risks involved, but will be reviewed in the future if circumstances change.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance, which is designed to ensure that the business has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion. The amount of debt finance required is reviewed at least annually by the Directors.

Interest rate risk

The Group has interest-bearing debt liabilities which are fully detailed in Note 13 to these accounts including the interest rates that apply to the different liabilities. The Group has one outstanding interest swap transaction used to fix the interest on part of the Group's borrowings which are also described in this note.

Les Collins
Finance Director
28 August 2013

Directors' Profiles

NIGEL HALL (Chairman) Age 58

Qualified as a Chartered Accountant in 1980 with Price Waterhouse before joining the Burton Group plc (subsequently Arcadia Group plc) in 1984. Was Group Finance Director from 1997 until 2003.
Serves as Non-Executive Director of Michelmores LLP and C&J Clark Limited. Owns a small farm in mid-Devon near Tiverton.

JOHN HARDMAN (Chief Executive) Age 51

Joined West of England Farmers in 1985 and subsequently became Agri Director of WMF Limited in 1997. Holds a degree in Agriculture and an MBA.
Following the formation of Countrywide Farmers in 1999 became Director of Agri Sales before becoming Deputy Managing Director in 2003 and Managing Director in June 2004.
Serves as Trustee of both of the Company's pension schemes. Serves as Non-Executive Director of Pilon Ltd, a building subcontractor operating in the UK private and commercial housing sector.

LES COLLINS (Finance Director & Company Secretary) Age 52

Qualified as a Chartered Accountant in 1985 with Thomson McLintock.
Has held senior positions with a number of retailers including Allders Department Stores, furniture retailer Gillow, Jaeger and Warner Bros Studio Stores between 1986 and 2000.
Finance Director and Company Secretary at Fortnum & Mason plc between 2000 and 2006 and joined Countrywide Farmers in November 2006.

SIR BEN GILL Age 63

Qualified with a degree in Agriculture from Cambridge and worked in Uganda before commencing farming in 1978. Currently Managing Director of Hawk Creative Business Park Ltd and Hawkhills Consultancy Limited. Senior partner in WN Gill & Son, Chairman of English Apples & Pears Ltd, Eden Research Plc, Meritas Developments Ltd and Visit Herefordshire Ltd. A member of the Marches LEP Board, Trustee of John Innes Foundation and Director of Norwich Research Partners LLP.
Involved in NFU from early 1980's, culminating in the National Presidency from 1998 to 2004.
In 2005 chaired the Government's Biomass Task Force to improve uptake of Biomass as a renewable energy source.
Chairman of the Nominations Committee.

STUART CREBO Age 59

Has held a number of senior positions in Corporate Banking, both in the UK and USA. Currently a Partner in Isca Ventures LLP, Non-Executive Director of Cornish Farm Dairy Ltd and Devon Waste Management Ltd. From 1996 to 2009 was Director of Ernst & Young specialising in advising on corporate finance mergers and acquisitions as well as assisting various enterprises develop their commercial strategy and generate value for shareholders. Chairman of the Remuneration Committee.

JOHN ELLIOT Age 61

Qualified as an accountant before joining the family farming business. Has experience of running a range of farming businesses and now manages estates from 320 to 4,000 acres, including livestock, arable and a commercial shoot. Currently the Chairman of United Oilseeds Limited and Non-Executive Director of NFU Mutual where he is Chairman of the Audit Committee. Chairman of the Audit Committee.

PAUL FREESTON Age 53

Chairman and CEO of Apetito UK, an award winning organisation providing frozen food and catering solutions to care homes, local authorities and hospitals as well as providing a frozen meal delivery service to the public via Wiltshire Farm Foods. Also President of Apetito Canada. Has over 25 years' experience in the food and food manufacturing industry and is Vice President and Treasurer of the Food and Drink Federation. A Fellow of the Institute of Directors.

Registered Office and Advisers

Registered Number	3776711
Registered Office	Countrywide House Asparagus Way Vale Park Evesham Worcestershire United Kingdom WR11 1GN
Independent Auditors	PricewaterhouseCoopers LLP 1 Kingsway Cardiff CF10 3PW
Bankers	HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Bond Dickinson LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ

Directors' Report

The Directors present their report and the audited consolidated Financial Statements for the year ended 31 May 2013.

Countrywide Farmers plc is not listed on a recognised investment exchange, however, shares may be traded on Asset Match which is administered by The Share Centre. If you wish to trade Countrywide Farmers plc shares or require further information, please contact: The Share Centre on 01296 414141.

Principal Activities

The principal activities of the Group during the year are the supply of animal feeds, seeds, fertilisers and agrochemicals, the marketing of fuel, liquid petroleum gas, grain trading and the sale of a range of farm sundries and retail products to the rural community.

Results and Dividends

The Profit and Loss Account for the year is set out on page 17. The Directors recommend that no dividend be paid (2012: £Nil).

Creditor Payment Policy

Whilst no formal code or standard of payment practice is followed, the Group policy is to settle terms of payment with creditors when agreeing the terms of each transaction and to seek to abide by the agreed terms of payment. There are no creditors subject to special arrangements outside of suppliers' terms and conditions. The Group has complied with this policy during the year. During 2013 the average payment period was 58 days (2012: 62 days).

Financial Instruments

As part of its overall financing strategy, the Group has entered into swap transactions to fix the interest rate on part of the Group's borrowings. These transactions are described in note 13 to the financial statements. As at 31 May 2013, the market value of these swaps was a £46,356 loss (2012: £109,612 loss).

Business Review and Future Developments

The review of operations of the Group is covered in the attached Chief Executive's Review.

Directors and Directors' Interests

The Directors of the Company who were in office during the year and up to the date of signing the accounts and their beneficial interests in the share capital of the Company are listed below:

	Shares 2013	Shares 2012
N.P. Hall (Chairman)	330,831	330,831
T.D. Holderness-Roddam (resigned 27 September 2012)	265,818	265,818
J.H. Hardman (Chief Executive)	160,155	21,163
L.J. Collins (Finance Director)	156,539	37,066
Sir Ben Gill	12,180	12,180
N.K.Leece (resigned 27 September 2012)	32,238	32,238
S. Crebo	10,034	10,034
J.A. Elliot (appointed 25 October 2012)	101,740	-
P. Freeston (appointed 25 October 2012)	-	-

Directors' Report *(Continued)*

Employees

Training and development of staff is seen as fundamental to the long term growth and prosperity of the Group. Communication procedures have been established for informing all employees about the progress of the Group and the active feedback now provided from these procedures is welcomed. Further details of how employee involvement in the Group is encouraged is set out in the Chief Executive's review.

Employment of Disabled Persons

It is Group policy that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Group is prepared to modify procedures or equipment, wherever this is possible, so that full use can be made of an individual's abilities.

Health and Safety at Work

The Board has appointed the Finance Director as the Director responsible for Health and Safety and, through him, operates a system of policies, procedures, and audits to ensure that employees work in a healthy and safe environment.

Donations

During the year, the Group and staff donated £24,622 (2012: £71,253) to the Riding for the Disabled Association, which is a registered charity. In the coming year, the Group and staff have chosen to support the Prince's Countryside Fund.

Corporate Social Responsibility

The Board is committed to ensuring Countrywide is a responsible company ensuring business operations are environmentally, socially and ethically sustainable for the long term. In doing so the Board aim to demonstrate clear leadership by supporting our customers and our staff, and by remaining focussed on dealing with the key issues that matter to the rural communities we live and work in.

Full details of the Corporate Social Responsibility statement can be found on the company website.

Independent Auditors

As part of the audit process each Director has confirmed, as at the date of the financial statements, that as far as he is aware (a) there is no relevant audit information of which the Group's auditors are unaware, and (b) he has taken steps to make himself aware of any relevant audit information and to establish that the Group's auditors are also aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Group will be proposed at the Annual General Meeting.

By order of the Board
L.J. Collins
Company Secretary
28 August 2013

Corporate Governance Statement

Countrywide Farmers plc is not a listed company and, as such, is not required to comply with the Combined Code on Corporate Governance. The Board has, however, chosen to present this voluntary statement giving details of the principal features of the Group's corporate governance arrangements.

Board of Directors

During the year the Board comprised two executive Directors and seven non-executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Chief Executive, are separated. The Chief Executive supported by the Finance Director, is responsible for the operating performance of the Group. A formal schedule of matters requiring Board approval is maintained covering such areas as future strategy, approval of budgets, financial results, Board appointments and dividend policy. The Board normally meets once a month and additional meetings are called when required. Adequate information is provided by management to allow Directors to discharge their duties. In addition Directors are able, if necessary, to take independent professional advice, in the furtherance of their duties, at the Group's expense. They seek to understand the views of shareholders about the Group.

All Directors are subject to retirement by rotation and their re-election is a matter for the shareholders.

Remuneration Committee

The Remuneration Committee comprises Messrs Crebo (Chairman), Hall and Freeston. Sir Ben Gill resigned during the year.

The Committee's remit is to determine appropriate short and long-term total reward packages for the executive Directors of the Company. It also satisfies itself that good practices apply to all Group employees through the relevant management structures.

Audit Committee

The Audit Committee comprises Messrs Elliot (Chairman), Crebo, Freeston and Sir Ben Gill. Messrs Holderness-Roddam and Leece resigned during the year.

The Committee identifies and establishes the Group's requirements regarding risk management, internal control, financial reporting, and accounting policies. Meetings are attended, by invitation, by appropriate executive Directors and both the internal and external auditors.

Risk management techniques are continually evaluated and refined to match the ever-changing circumstances of the Group's operations.

Nomination Committee

The Nomination Committee comprises Sir Ben Gill (Chairman), and Messrs Hall and Elliot, Mr Holderness-Roddam resigned during the year.

The Committee establishes the criteria for appointment to the Board and identifies suitable candidates. It seeks to achieve a balance between executive and non-executive Directors. It also reviews and considers wider Company succession plans. Details of Directors' service contracts are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Corporate Governance Statement *(Continued)*

Board and Committee Attendance of Directors

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of Meetings in year ended 31 May 2013	11	4	3	2
Attendance of Directors:				
J.H. Hardman	11			
T.D. Holderness-Roddam (resigned 27 September 2012)	4	2	1	
Sir Ben Gill	8	1	3	1
N.P. Hall	11	4	2	1
N.K. Leece (resigned 27 September 2012)	4	2	1	
L.J. Collins	10			
S. Crebo	10	1	3	
J.A. Elliot (appointed 25 October 2012)	7			
P. Freeston (appointed 25 October 2012)	6	1		

Going Concern

The Directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continued to adopt the going concern basis in preparing the financial statements.

By order of the Board
L.J. Collins
Company Secretary
28 August 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Countrywide Farmers plc 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.

By order of the Board
L.J. Collins
Company Secretary
28 August 2013

Independent Auditors' Report to the Members of Countrywide Farmers plc

We have audited the group and parent company financial statements of Countrywide Farmers plc For the year ended 31 May 2013 which comprise the Consolidated Profit and Loss Account, the Statement of Group Total Consolidated Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2013 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Ellis (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
28 August 2013

Consolidated Profit and Loss Account

For the year ended 31 May 2013

	Note	Group 2013 £000s	Group 2012 £000s
Group Turnover		306,013	266,721
Cost of Sales		(262,243)	(226,352)
Gross Profit		43,770	40,369
Other operating income		227	223
Administrative expenses		(39,697)	(39,273)
Operating profit		4,300	1,319
Interest payable and similar charges	3a	(613)	(611)
Other finance expense	3b	(396)	(156)
Profit on ordinary activities before taxation	4	3,291	552
Taxation on profit on ordinary activities	5	(1,044)	33
Profit on ordinary activities after taxation		2,247	585
Minority Interests in profit for the year		(50)	(42)
Profit for the financial year	19	2,197	543

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents. These relate wholly to continuing operations.

Statement of Group Total Consolidated Recognised Gains and Losses

For the year ended 31 May 2013

	Note	Group 2013 £000s	Group 2012 £000s
Profit for the financial year		2,197	543
Actuarial loss recognised in the pension scheme	23	(1,397)	(7,407)
Movement on deferred tax asset relating to pension scheme	16	321	1,778
Impact of tax rate change recognised in reserves	16	(226)	(342)
Loss on revaluation of fixed assets		-	(2,305)
Total recognised gains/(losses) for the year		895	(7,733)

Consolidated Balance Sheet *(Registered no. 3776711)*

At 31 May 2013

	Note	Group 2013 £000s	Group 2012 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	2,267	2,642
Negative Goodwill	7	(459)	(565)
		1,808	2,077
Tangible assets	8	37,288	39,493
Investments	10	133	43
		39,229	41,613
Current Assets			
Stocks	11	20,081	20,122
Debtors	12	36,932	30,471
Cash at bank and in hand		5,001	3,249
		62,014	53,842
Creditors - amounts falling due within one year	13	(45,631)	(40,820)
Net Current Assets		16,383	13,022
Total Assets less Current Liabilities		55,612	54,635
Creditors - amounts falling due after more than one year	14	(14,410)	(14,771)
Provisions for liabilities	15	(1,195)	(843)
Net assets excluding Pension Liability		40,007	39,021
Net Pension Liability	23	(17,165)	(17,177)
Net assets including Pension Liability		22,842	21,844
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	9,701	9,701
Profit and loss account	19	(3,509)	(4,474)
Total shareholders' funds	20	22,605	21,640
Minority interests		237	204
Capital employed		22,842	21,844

The financial statements on pages 17 to 44 were approved by the Board of Directors on 28 August 2013 and were signed on its behalf by:

NP Hall
JH Hardman } Directors

Parent Company Balance Sheet (Registered no. 3776711)

At 31 May 2013

	Note	2013 £000s	2012 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	1,996	2,642
Negative Goodwill	7	(459)	(565)
		1,537	2,077
Tangible assets	8	37,087	39,327
Investments	10	813	283
		39,437	41,687
Current Assets			
Stocks	11	19,790	19,833
Debtors	12	36,409	32,057
Cash at bank and in hand		3,852	2,399
		60,051	54,289
Creditors - amounts falling due within one year	13	(43,230)	(40,513)
Net Current Assets		16,821	13,776
Total Assets less Current Liabilities		56,258	55,463
Creditors - amounts falling due after more than one year	14	(14,410)	(14,771)
Provisions for liabilities	15	(1,195)	(828)
Net assets excluding Pension Liability		40,653	39,864
Net Pension Liability	23	(17,165)	(17,177)
Net assets including Pension Liability		23,488	22,687
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	9,701	9,701
Profit and loss account	19	(2,626)	(3,427)
Total shareholders' funds		23,488	22,687

The financial statements on pages 17 to 44 were approved by the Board of Directors on 28 August 2013 and were signed on its behalf by:

NP Hall
JH Hardman
} Directors

Consolidated Cash Flow Statement

For the year ended 31 May 2013

	Note	Group 2013 £000s	Group 2012 £000s
Net cash inflow from operating activities	(a)	3,976	5,648
Returns on investments and servicing of finance			
Interest paid		(633)	(582)
Interest element of finance lease payments		(9)	(7)
Dividend paid to minority interests		(17)	(16)
Net cash outflow from returns on investments and servicing of finance		(659)	(605)
Taxation			
Corporation tax received/(paid)		214	(445)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,840)	(3,861)
Sale of tangible fixed assets		489	341
Purchase of fixed asset investments		-	(2)
Net cash outflow for capital expenditure and financial investment		(1,351)	(3,522)
Acquisitions			
Payments to acquire trade and businesses		(595)	(3,492)
Payment to acquire other investment		(80)	-
Cash acquired with business		(109)	(434)
Net cash outflow for acquisitions		(784)	(3,926)
Net cash inflow/(outflow) before financing		1,396	(2,850)
Financing			
Decrease in Members' Retirement Scheme		(7)	(52)
Increase in borrowings		-	2,000
Capital element of finance lease payments		(58)	161
Issue of own shares by EBT		110	8
Net cash inflow from financing		45	2,117
Increase/(Decrease) in cash for the year	(b)	1,441	(733)

Consolidated Cash Flow Statement Notes

For year ended 31 May 2013

(a) Reconciliation of Operating Profit to Net Cash flow from Operating Activities

	Group 2013 £000s	Group 2012 £000s
Operating profit	4,300	1,319
Depreciation charge	3,729	3,419
Net Goodwill amortisation	647	431
Profit on disposal of fixed assets	(64)	(105)
Decrease in stock	106	598
(Increase) in debtors	(5,092)	(2,872)
Increase in creditors	2,492	4,933
Excess of pension contributions over charge	(2,102)	(2,046)
Share option charge	(40)	(29)
Net cash inflow from operating activities	3,976	5,648

(b) Reconciliation of Cash Flow to movement in Net Debt

	Group 2013 £000s	Group 2012 £000s
Increase/(Decrease) in cash at bank	1,441	(733)
Increase in loan	-	(2,000)
Decrease/(Increase) in lease financing	58	(161)
Decrease in Members' Retirement Scheme	7	52
Movement in net debt for the year	1,506	(2,842)
Opening net debt	(11,809)	(8,967)
Closing net debt	(10,303)	(11,809)

(c) Analysis of Net Debt

Group	At 1 June 2012 £000s	Cash Flow £000s	At 31 May 2013 £000s
Cash at bank	3,249	1,752	5,001
Due within one year:			
Cash in hand and at bank, advances and overdrafts	-	(311)	(311)
Finance leases	(59)	(3)	(62)
Due after one year:			
Bank loans	(14,000)	-	(14,000)
Members' Retirement Scheme	(828)	7	(821)
Finance leases	(171)	61	(110)
	(11,809)	1,506	(10,303)

Notes to the Financial Statements

For the year ended 31 May 2013

1) ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below and have been applied consistently throughout the year.

Basis of consolidation

The financial statements of the Group represent the consolidation of Countrywide Farmers plc and its subsidiary undertakings. All material inter-company transactions and balances are eliminated. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

Investments

The Group's investments are stated at the lower of cost and net realisable value.

Income from investments

Income from investments is included in the financial statements when the amounts are received.

Turnover

Turnover represents the net amount received and receivable in respect of goods and services supplied to external customers in the normal course of business, excluding value added tax. Turnover is recognised on delivery of goods or their collection by the customer in store. Turnover from the sale of services is recognised when the services have been supplied.

Intangible fixed assets

Intangible fixed assets comprise goodwill which represents the excess or deficit of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is carried within intangible assets on the balance sheet, and written off through the profit and loss account over its estimated economic life.

Tangible fixed assets

Tangible fixed assets other than land and buildings are stated at cost less depreciation and provision for any impairment. Land and buildings are shown at an independent valuation on an existing use basis for non specialised properties and at open market value where properties are surplus to requirements. The valuations are performed by a qualified external valuer every five years and updated every three years after the original valuation. Valuations are also updated in the intervening years if there are material changes in value. All other plant and equipment is stated at historical cost less depreciation.
Depreciation is provided to write off the cost or valuation, less estimated residual values of all tangible assets, (except for freehold land) evenly over their expected economic lives. The principal periods and annual rates used for this purpose are as follows:-

Freehold buildings	2.5% p.a. straight line
Leasehold property	2.5% - 10% p.a. straight line
Plant and machinery	5% - 33.3% p.a. straight line
Vehicles	20% - 25% p.a. straight line

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

1) ACCOUNTING POLICIES *(Continued)*

Impairment of fixed assets

Fixed assets are reviewed to determine whether their value appears to be impaired. Where a fixed asset held at historical cost has been impaired, the impairment is charged to the profit and loss account and the asset is carried at its recoverable amount. Where impairment losses are recognised on revalued assets and the loss is not caused by a consumption of the economic benefits of the asset, they are charged to the statement of Group total consolidated recognised gains and losses.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Taxation

Corporation tax is charged at current rates on profits arising in the year.

Deferred taxation

Full provision has been made for deferred tax on tax assets and liabilities arising on timing differences, that give rise to an obligation to pay more taxation or a right to pay less taxation in the future. Deferred tax assets have been recognised only to the extent that it is considered more likely than not that there will be future profits from which future reversal of the underlying timing difference can be deducted. Provision is made for deferred tax liabilities, using the liability method, on all material timing differences. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses. Deferred tax balances are not discounted.

Derivative financial instruments

The group has in place interest rate swaps, the details of which are fully disclosed in note 13. Such derivative instruments are used for hedging purposes to alter the risk profile of existing underlying exposures within the group. Interest differentials, under swap arrangments used to manage interest rate exposure on borrowings and current asset investments, are recognised by adjusting interest payable or receivable as appropriate.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Finance leases

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. These assets are included in fixed assets and the capital element of the leasing commitments is disclosed within obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

1) ACCOUNTING POLICIES *(Continued)*

Pension scheme arrangements

The Group operates two pension schemes, a defined contribution and a hybrid scheme containing both deferred benefit and defined contribution sections. All schemes are funded with the assets being held by the Trustees separately from the assets of the Group. In respect of the defined benefit section of the hybrid scheme, the fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The assets of the defined section of the hybrid scheme are measured using closing market rates. Pension scheme liabilities are measured using the Defined Accrued Benefits method and discounted at the current rate of return on high quality corporate bonds of equivalent terms. The increase in the present value of the liability of the scheme expected to arise from employee service during the period is charged to operating profit. The expected return on scheme assets and the increase during the period in the present value of the schemes liabilities, arising from the passage of time, are included as an interest expense. Actuarial gains and losses are recognised in the statement of Group total consolidated recognised gains and losses. In respect of the defined contribution scheme and the defined contribution section of the hybrid scheme, the amount charged to the profit and loss account represents contributions payable to the independent investment managers, who operate the schemes, in funds separate from those of the Group. The Group provides no other post retirement benefits to its employees.

Employee Benefit Trust

The group operates an Employee Benefit Trust (EBT) which is used to hold shares in the company in advance of their distribution under employee incentive schemes. The trust is consolidated into these financial statements with the holdings in the company's own shares being treated as a deduction from shareholders' funds.

Share based payments

As set out in note 22, the group operates a Long Term Incentive Plan for certain key executives who are eligible to receive nil cost share awards at the end of the 3 and 4 year vesting periods subject to certain performance conditions.

In addition, the group has set up a Savings Related Share Option Scheme that was made available to all employees which allows members to purchase shares in the company at a discounted price at the end of the 3 year vesting period.

The fair value of all the options issued are recognised as an expense in the profit and loss account over the vesting period of the option.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

2) SEGMENTAL REPORTING

	Turnover 2013 £000s	Operating Profit/(Loss) 2013 £000s	Net Operating Assets 2013 £000s
Continuing operations			
Direct Sales	214,431	4,654	17,363
Retail	91,582	2,262	30,248
Corporate	-	(2,616)	3,062
Group Total	306,013	4,300	50,673

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	50,673
Less Bank Balance and Loans	(9,310)
Add Corporation and Deferred Tax	(535)
Less Members Retirement Scheme (Note 15)	(821)
Less Net Pension Liability	(17,165)
Net Assets as at 31 May 2013	22,842

	Turnover 2012 £000s	Operating Profit/(Loss) 2012 £000s	Net Operating Assets 2012 £000s
Continuing operations			
Direct Sales	182,840	2,818	19,463
Retail	83,881	1,226	28,600
Corporate	-	(2,139)	2,185
	266,721	1,905	50,248
Restructuring	-	(586)	-
Group Total	266,721	1,319	50,248

Reconciliation of Net Operating Assets to the Balance Sheet	£000s
Net Operating Assets	50,248
Less Bank Advance and Loans	(10,751)
Less Corporation and Deferred tax	352
Less Members Retirement Scheme (Note 15)	(828)
Less Net Pension Liability	(17,177)
Net Assets as at 31 May 2012	21,844

The Group operates and trades only in the United Kingdom.

Segmental Reporting allows visibility of the two core trading operations recognising separate lines for restructuring and corporate costs. The principal operating assets comprising property, plant and equipment have been allocated to the businesses in line with use.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

3a) INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2013 £000s	Group 2012 £000s
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	434	605
Interest on invoice discounting finance	171	-
Interest payable on finance leases	8	6
	613	611

3b) OTHER FINANCE EXPENSE

	Group 2013 £000s	Group 2012 £000s
Other finance expense - pension scheme (Note 23)	396	156

4) OPERATING PROFIT

	Group 2013 £000s	Group 2012 £000s
Operating Profit is stated after charging/(crediting):		
Staff costs (note 22)	22,134	21,875
Restructuring costs	-	586
Depreciation		
Tangible owned fixed assets	3,661	3,364
Tangible fixed assets held under finance leases	68	55
Goodwill amortisation	564	537
Negative goodwill amortisation	(106)	(106)
Operating lease charges		
Plant and machinery	1,971	1,845
Other	2,761	2,601
Profit on sale of fixed assets	(64)	(105)
Auditors' remuneration in respect of:		
Audit of the parent company and consolidated financial statements	65	63
Other services:		
Subsidiary company audit services	6	5
Tax advisory services	50	45
Other	14	3

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2013 £000s	Group 2012 £000s
Current tax		
United Kingdom corporation tax at 23.83% (2012: 25.83%)	160	(223)
Adjustments in respect of previous years	(10)	(51)
Current tax charge/(credit)	150	(274)
Deferred tax: (note 16)		
Current year charge	841	637
Prior year charge/(credit)	49	(422)
Effect of decrease in tax rate	4	26
Tax on profit on ordinary activities	1,044	(33)

Factors affecting tax charge for the year

The tax for the year is lower (2012: lower) than the effective rate of Corporation tax in the UK for the year ended 31 May 2013 of 23.83% (2011:25.83%). The differences are explained below:

	Group 2013 £000s	Group 2012 £000s
Profit on ordinary activities before taxation	3,291	552
Profit on ordinary activities at the standard rate in the UK of 23.83% (2012: 25.83%)	784	143
Effects of:		
Expenses not deductible for tax purposes	259	321
Depreciation allowances in excess of capital for year	88	(176)
Other timing differences	(408)	(494)
Differences between book gains and taxable gains	(3)	-
Losses utilised	(556)	-
Tax of group company at marginal rates	(4)	(17)
Adjustments to tax charge in respect of previous year	(10)	(51)
Current tax charge/(credit) for the year	150	(274)

Factors that may affect future tax charges

Based on its current plans the company expects the factors affecting future tax charges to be broadly similar to those affecting the charge in the current year. Certain of the Group's fixed assets have base costs below their carrying value due to revaluations and rollover relief claims in prior years. Were these properties to be sold without it being possible to claim rollover relief additional tax would become payable. No provision has been made in relation to these potential gains as there were no unconditional obligations to sell such properties at the balance sheet date.

During the year, the standard rate of UK corporation tax decreased from 24% to 23% from 1 April 2013, which was substantially enacted on 3 July 2012. Further reductions to the UK corporation tax rate which were substantively enacted on 2 July 2013. The changes reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. These changes were not substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of these further changes would be to reduce the net deferred tax asset by approximately £619,500 over the 2 years to 31 May 2015 but primarily this is expected to reduce the total recognised gains and losses, rather than the profits for those years.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

6) PROFITS OF THE PARENT COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 408, of the Companies Act 2006.
The amount of profit for the year attributable to the Company is £2,086,000 (2012: £438,000).

7) INTANGIBLE FIXED ASSETS

Goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2012	4,334	4,183
Additions (note 9)	378	82
Disposals	(330)	(330)
At 31 May 2013	4,382	3,935
Accumulated Amortisation		
At 1 June 2012	1,692	1,541
Charge for the year	564	539
Disposals	(141)	(141)
At 31 May 2013	2,115	1,939
Net book value at 31 May 2013	2,267	1,996
Net book value at 31 May 2012	2,642	2,642

Goodwill that arose on the acquisition of businesses is being amortised on a straight line basis over the period which the Directors estimate that the values of the underlying businesses acquired are expected to exceed the values of the underlying assets.

Negative goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2012 and 31 May 2013	(1,059)	(1,059)
Accumulated Amortisation		
At 1 June 2012	494	494
Credit for the year	106	106
At 31 May 2013	600	600
Net book value at 31 May 2013	(459)	(459)
Net book value at 31 May 2012	(565)	(565)

Negative goodwill is being written back on a straight line basis over a period of 10 years.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

8) TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2012	28,412	1,836	43,333	1,169	74,750
Additions	23	97	1,468	361	1,949
Disposals	(58)	(89)	(560)	(155)	(862)
Reclassification	(111)	-	111	-	-
At 31 May 2013	28,266	1,844	44,352	1,375	75,837
Accumulated Depreciation					
At 1 June 2012	8,062	1,343	25,281	571	35,257
Charge for the year	472	89	2,891	277	3,729
Disposals	(25)	(16)	(278)	(118)	(437)
At 31 May 2013	8,509	1,416	27,894	730	38,549
Net book value at 31 May 2013	19,757	428	16,458	645	37,288
Net book value at 31 May 2012	20,350	493	18,052	598	39,493

Tangible assets held under finance leases, capitalised and included in Fixed Assets above:

	2013 £000s	2012 £000s
Net book value at 31 May	213	278

Analysis of Land and Buildings

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Analysis of land and buildings at cost or valuation				
At cost	10,056	10,649	10,035	10,626
At valuation	9,701	9,701	9,701	9,701
	19,757	20,350	19,736	20,327

The Group's freehold properties were revalued at 31 May 2012 on the basis of existing use value by independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom by DTZ Debenham Tie Leung, a firm of independent Chartered Surveyors.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the Balance Sheet date, a binding commitment to sell the asset has been entered into and it is likely that any gain will be rolled over.

If the revalued assets were stated on the historical cost basis then the amounts would be:

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Freehold and long leasehold land and buildings				
At cost	18,565	18,711	18,534	18,681
Aggregate depreciation	(8,509)	(8,062)	(8,499)	(8,055)
	10,056	10,649	10,035	10,626

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

8) TANGIBLE FIXED ASSETS *(Continued)*

Company	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2012	28,382	1,838	43,134	1,154	74,508
Additions	22	97	1,455	261	1,835
Disposals	(58)	(89)	(560)	(139)	(846)
Reclassification	(111)	-	111	-	-
At 31 May 2013	28,235	1,846	44,140	1,276	75,497
Accumulated Depreciation					
At 1 June 2012	8,055	1,342	25,210	574	35,181
Charge for the year	469	89	2,873	230	3,661
Disposals	(25)	(16)	(277)	(114)	(432)
At 31 May 2013	8,499	1,415	27,806	690	38,410
Net book value at 31 May 2013	19,736	431	16,334	586	37,087
Net book value at 31 May 2012	20,327	496	17,924	580	39,327

Tangible assets held under finance leases, capitalised and included in Fixed Assets above:

	2013 £000s	2012 £000s
Net book value at 31 May	213	278

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

9) ACQUISITIONS

On 31 July 2012, Countrywide Farmers plc completed the acquisition of the entire share capital of S M Hackett & Son Limited.

Details of the asset values and price paid are given below:

Provisional fair value of acquisition	£'000s
Fixed assets	108
Debtors	1,758
Overdraft	(109)
Creditors	(1,603)
Net assets acquired	154
Consideration:	
Cash	450
Acquisition costs	17
	467
Goodwill arising on acquisition	313

On 4 September 2012, Countrywide Farmers plc acquired a 30% stake in Sterling Sires Limited for a consideration of £80,000. A further 19% stake in the business was acquired on 7 March 2013 for consideration of £2.

On 1 May 2013, Countrywide Farmers plc acquired the trade and assets of Gommes LLP. Details of the asset values acquired and price paid are given below:

Initial fair value of acquisition	£'000s
Stocks	65
Goodwill	65
Total consideration	130

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

10) FIXED ASSET INVESTMENTS

Group	Other Investments £000s
Cost at 1 June 2012	43
Additions	90
Cost at 31 May 2013	133

Company	Investments in subsidiary companies £000s	Other investments £000s	Total £000s
Cost at 1 June 2012	240	43	283
Additions	450	80	530
Cost at 31 May 2013	690	123	813

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Own shares
The group operates an Employee Benefit Trust to hold shares in the company prior to their issue under employee share incentive schemes.

At 1 June 2012, 5,495,045 ordinary shares of 50p each were held at a cost of £1,699,000. During the year, shares were issued to a number of employees on exercise of their options under the Long Term Incentive Plan and on maturity of the employee Save as you earn scheme. At 31 May 2013, 5,291,805 shares were held at a cost of £1,587,541.

These investments in the shares of Countrywide Farmers plc have been shown as a deduction from shareholders' funds (note 20).

Participating interests
In accordance with the Companies Act 2006, CWF1 Limited (a holding company in which Countrywide Farmers plc has a 26% interest) is described as a participating interest. Lockes Animal Homes Limited is a wholly owned trading subsidiary of CWF1 Limited. As Countrywide Farmers plc does not participate in the commercial or financial policy decisions and has no board representation on Lockes Animal Homes Limited, it is not regarded as an associate undertaking and is therefore included within the group balance sheet at cost.

Audit Exemption
In accordance with the Companies Act 2006, the group has taken advantage of the exemption afforded to certain subsidiary companies to be audited. Countrywide Farmers plc has given a guarantee to its subsidiary S M Hackett & Son Limited under section 479C.

11) STOCKS

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Work in progress	-	43	-	43
Finished goods	20,081	20,079	19,790	19,790
	20,081	20,122	19,790	19,833

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

12) DEBTORS

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Trade debtors	33,352	27,485	31,138	27,403
Amounts owed by group undertakings	-	-	1,784	1,717
Other debtors	464	112	397	88
Prepayments and accrued income	3,116	2,498	3,090	2,473
Corporation taxation	-	233	-	233
Deferred taxation (note 16)	-	143	-	143
	36,932	30,471	36,409	32,057

The Group's financing arrangements include the use of invoice discounting as explained in note 13. Included in trade debtors for the Group of £33,352,000 (2012: £27,485,000) and for the Company of £31,138,000 (2012: £27,403,000) are amounts of £444,000 (2012: nil) on which finance has been raised.

13) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Amounts due in respect of invoice discounting	311	-	311	-
Trade creditors	36,563	32,599	34,446	32,393
Finance lease obligations	62	59	62	59
Corporation tax	161	9	75	9
Other taxation and social security	370	635	341	616
Accruals and deferred income	8,164	7,518	7,995	7,436
	45,631	40,820	43,230	40,513

Banking facilities
The Group's principal bankers are HSBC Bank plc and the following facilities are in place:

(1) Revolving credit facility of £14,000,000 repayable in full in September 2015 bearing interest at 1.7% above LIBOR.
(2) An invoice discounting facility up to £12,000,000 bearing a discount charge of 1.7% above HSBC Bank base rate.
(3) An overdraft facility (unused at 31 May 2013) of £500,000 until 30 October 2013 bearing interest of 2.0% above the Bank base rate.

These facilities are secured by a first debenture over the assets of Countrywide Farmers plc and a first legal charge over a number of Countrywide Farmers plc's freehold properties.

In addition, the group has entered into an interest rate swap transaction to partially hedge the group's exposure to interest rate movements by replacing floating rates of interest with fixed commitments. This has a nominal value that reduces each year until its termination on 30 September 2014 and at 31 May 2013 was £1,050,000 (2012: £1,750,000). As at 31 May 2013, the market value of these swaps was £46,356 loss (2012: £109,612 loss).

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

14) CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Bank loans	14,000	14,000	14,000	14,000
Finance lease obligations	110	171	110	171
Accruals and deferred income	300	600	300	600
	14,410	14,771	14,410	14,771

Maturity Statement

Group	Bank 2013 £000s	Finance Leases 2013 £000s	Total 2013 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	-	110	110
In more than two years, but not more than five years	14,000	-	14,000
	14,000	172	14,172

	Bank 2012 £000s	Finance Leases 2012 £000s	Total 2012 £000s
In one year or less, or on demand	-	59	59
In more than one year, but not more than two years	-	61	61
In more than two years, but not more than five years	14,000	110	14,110
	14,000	230	14,230

Company	Bank 2013 £000s	Finance Leases 2013 £000s	Total 2013 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	-	110	110
In more than two years, but not more than five years	14,000	-	14,000
	14,000	172	14,172

	Bank 2012 £000s	Finance Leases 2012 £000s	Total 2012 £000s
In one year or less, or on demand	-	59	59
In more than one year, but not more than two years	-	61	61
In more than two years, but not more than five years	14,000	110	14,110
	14,000	230	14,230

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

15) PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Members' Retirement Scheme	821	828	821	828
Deferred Tax (note 16)	374	15	374	-
	1,195	843	1,195	828

Members' Retirement Scheme	£000s
At 1 June 2012	828
Paid in Year	(7)
At 31 May 2013	821

The Members' Retirement Scheme is a closed non-interest bearing fund, made up of 60% of members trading bonuses paid to former Midland Shires Farmers Limited members. Funds are paid to individual members upon request, gross of any tax or to the estate of deceased members.

16) DEFERRED TAX

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Accelerated Capital Allowances	819	837	819	822
Short term timing differences	(151)	(151)	(151)	(151)
Losses	(294)	(814)	(294)	(814)
	374	(128)	374	(143)
Deferred tax on pension liability	(5,126)	(5,423)	(5,126)	(5,423)
Total deferred tax asset	(4,752)	(5,551)	(4,752)	(5,566)

Movement in Deferred Tax

	Group Total 2013 £000s
Deferred tax asset at 1 June 2012	(5,551)
Deferred tax charge to the profit and loss account	894
Deferred tax charge to the statement of Group total consolidated recognised gains and losses	(95)
Deferred tax asset at 31 May 2013	(4,752)

In accordance with the provisions of FRS 19 'Deferred Tax', deferred tax assets have been recognised to the extent that it is more likely than not that they are recoverable on the basis of current forecast and uncertainties. There is an unprovided deferred tax liability of £1,341,000 (2012: £1,392,000) in respect of gains rolled into assets which are not expected to be sold in the foreseeable future.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

17) CALLED UP SHARE CAPITAL

	2013 £000s	2012 £000s
Authorised		
100,000,000 (2012: 100,000,000) Ordinary shares of 50p each	50,000	50,000
Allotted, called up and fully paid		
32,825,267 (2012: 32,825,267) Ordinary shares of 50p each	16,413	16,413

18) REVALUATION RESERVE

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
At 1 June	9,701	12,006	9,701	12,006
Movement on revaluation reserve	-	(2,305)	-	(2,305)
At 31 May	9,701	9,701	9,701	9,701

19) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2012	(4,474)	(3,427)
Retained profit for the year	2,197	2,086
Actuarial loss on pension scheme	(1,397)	(1,397)
Movement on deferred tax relating to pension liability	95	95
Share option charge	(40)	(40)
Issue of shares by EBT	110	57
At 31 May 2013	(3,509)	(2,626)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

20) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2013 £000s	Group 2012 £000s
At 1 June	21,640	29,394
Retained profit for the year	2,197	543
Actuarial loss on pension scheme	(1,397)	(7,407)
Movement on deferred tax relating to pension liability	95	1,436
Share option (credit)	(40)	(29)
Movement on property revaluation	-	(2,305)
Issue of shares from EBT	110	8
At 31 May	22,605	21,640

21) MINORITY INTEREST

The minority interest is the minority's share of the net assets of MSF (Welland Valley Feeds) Limited.

22) EMPLOYEES' AND DIRECTORS' REMUNERATION

Staff costs	2013 £000s	2012 £000s
Wages and salaries	19,993	20,278
Social security costs	1,789	1,820
Other pension costs	352	363
	22,134	22,461

The average number of persons employed by the Group during the year was:

	Full Time Equivalent 2013 Number	Full Time Equivalent 2012 Number	Headcount 2013 Number	Headcount 2012 Number
Direct	252	269	258	284
Retail	574	595	746	789
	826	864	1,004	1,073

Remuneration of Directors	2013 £000s	2012 £000s
Salary, fees and benefits in kind	556	534
Performance related bonuses	171	-
Contribution to defined contribution pension scheme	30	30
	757	564

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2012: one). Retirement benefits are accruing to one director under the Countrywide Farmers Money Purchase Scheme (2012: one).

Aggregate emoluments (excluding pension contributions) include the following amounts paid to the highest paid director:

	2013 £000s	2012 £000s
Emoluments (including performance related bonus)	304	185
Defined benefit pension scheme:		
Accrued pension as at 31 May	44	43
Employers pension contribution	16	16

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

22) EMPLOYEES' AND DIRECTORS' REMUNERATION *(Continued)*

Long Term Incentive Plan

Over the last six years, Long Term Incentive Plans have been introduced for key executives. In accordance with the scheme rules, the following conditional nil cost share awards were made to the Directors and certain members of senior management. The weighted average share price of the company over the 3 months preceding the introductory date is shown below for the options granted in the year:

	Options at 1 June 2012	Options lapsed at 27 May 2013	Options granted at 31 May 2013	Options exercised in year	Options at 31 May 2013
	No of shares	No of shares	No of shares	No of shares	No of shares
Nigel Hall	-	-	120,000	-	120,000
Stuart Crebo	-	-	70,000	-	70,000
Ben Gill	-	-	70,000	-	70,000
John Elliot	-	-	70,000	-	70,000
Paul Freeston	-	-	70,000	-	70,000
John Hardman	670,576	(181,405)	1,600,000	(125,164)	1,964,007
Les Collins	449,764	(124,040)	800,000	(85,075)	1,040,649
Senior Management	1,068,118	(448,782)	1,600,000	(29,349)	2,189,987
Total	2,188,458	(754,227)	4,400,000	(239,588)	5,594,643
Weighted average share price			25 pence		

The shares involved in the LTIP awards granted up to 31 May 2012 will be released three years from the introductory date subject to the key executives continued employment and the satisfaction of the following performance conditions:

1. 50% of the award is subject to the Company's cumulative profit before interest and tax performance over the three year period achieving agreed targets.
2. 50% of the award is subject to the Company's cumulative cash generation over the three year period achieving agreed targets.

The shares involved in the LTIP award granted on 31 May 2013 will be released within four years of the date of the grant, subject to the occurrence of a company flotation or trade sale. The percentage of the award released will be dependent on the share price at flotation.

The shares required to satisfy the awards will be either existing shares held or acquired by the Company for the purpose of employee benefits.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

23) PENSION SCHEMES

During the year, the Group has operated two pension schemes.

Countrywide Farmers Money Purchase Pension Scheme
The assets of this money purchase scheme are held in a separate trustee administered fund. The charge to the profit and loss account for this scheme for the year ended 31 May 2013 was £209,960 (2012: £206,929).

Countrywide Farmers Retirement Benefits Scheme
The fund was closed to new members on 31 December 1999 and to the accrual of future defined benefits on 31 December 2004. From 1 January 2005 benefits in this scheme have accrued on a defined contribution basis. The company's contributions to the defined contribution section of the scheme are recognised within operating profit and amount to £128,090 (2012: £140,000)

The disclosures given below relate to the defined benefit section of this scheme only.

Additional contributions paid by the company during the year totalled £2,102,000 (2012: £2,046,000)

A formal valuation of the scheme was carried out on 5 April 2009 and the company increased its contributions to £2million per annum to reduce the deficit identified in the final salary section of the scheme from July 2010.

The latest valuation of the scheme was determined by a professionally qualified actuary using the Defined Accrued Benefits Method. The most significant assumptions made by the actuary for the purpose of determining the charge were that prior to retirement, investment earnings would exceed salary growth by 2.2% and 2.8% per annum, based on CPI and RPI respectively and that after retirement, investment earnings would exceed pension increases by 1.5% and 2.0% per annum, based on CPI and RPI respectively per annum. The market value of the assets at 5 April 2012 was £62.8million, which represented 71% of the value of the liabilities assessed on these assumptions.

A full actuarial valuation of the Countrywide Farmers Retirement Benefits Scheme was carried out at 5 April 2012 and has been updated to 31 May 2013 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 31 May 2013	At 31 May 2012	At 31 May 2011
Rate of increase of pensions in payment	3.00%	2.70%	3.25%
Rate of increase in deferred pensions	3.00%	2.70%	3.25%
Discount rate	4.50%	5.00%	5.33%
Inflation assumption - RPI	3.20%	2.70%	3.30%
Inflation assumption - CPI	2.40%	2.00%	2.55%

Following agreement with the trustees, the deferred pension benefits are now indexed each year in line with CPI as an inflation measure.

Under the mortality tables adopted, the assumed life expectancy at age 65 is as follows:

Life expectancy aged 65	31 May 2013	31 May 2012	31 May 2011
Male currently aged 45	23.6	23.1	23.1
Female currently aged 45	26.2	25.9	25.9
Male currently aged 65	22.3	21.2	21.2
Female currently aged 65	24.6	24.0	24.0

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

23) PENSION SCHEMES *(Continued)*

The assets in the scheme and the expected rate of return were:

	Expected rate of return	Value at 31 May 2013 £000s	Expected rate of return	Value at 31 May 2012 £000s	Expected rate of return	Value at 31 May 2011 £000s
Equities/property	6.75%	37,354	7.00%	37,115	7.00%	46,568
Government bonds/cash	3.07%	3,221	2.60%	2,992	3.90%	4,978
Corporate bonds	4.10%	11,097	4.50%	10,265	5.30%	6,815
Diversified Growth Fund	6.00%	16,955	7.00%	9,813	7.00%	5,169
Total market value of assets		68,627		60,185		63,530
Actuarial value of liability		(90,918)		(82,785)		(80,613)
Deficit in the scheme		(22,291)		(22,600)		(17,083)
Related deferred tax asset		5,126		5,423		4,441
Net pension liability		(17,165)		(17,177)		(12,642)

Analysis of the amount charged to other finance expense:

	At 31 May 2013 £000s	At 31 May 2012 £000s
Expected return on pension scheme assets	(3,691)	(4,041)
Interest on pension liabilities	4,087	4,197
Net expense	396	156

Analysis of amount recognised in statement of total recognised gains and losses (STRGL):

	At 31 May 2013 £000s	At 31 May 2012 £000s
Actual return less expected return on assets	5,944	(5,840)
Changes in actuarial assumptions	(7,341)	(1,567)
Net (loss) recognised	(1,397)	(7,407)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

23) PENSION SCHEMES *(Continued)*

The change in defined benefit obligation and assets for the final salary section of the scheme was:

	2013 £000s	2012 £000s
Defined benefit obligation at beginning of year	82,785	80,613
Interest cost	4,087	4,197
Benefits paid	(3,295)	(3,592)
Actuarial gain on liabilities	7,341	1,567
Defined benefit obligation at end of year	90,918	82,785

	2013 £000s	2012 £000s
Fair value of assets at beginning of year	60,185	63,530
Expected return on assets	3,691	4,041
Employer contributions	2,102	2,046
Benefits paid	(3,295)	(3,592)
Actuarial gain/(loss) on assets	5,944	(5,840)
Fair value of assets at end of year	68,627	60,185

History of experience gains and losses:

	2013 £000s	2012 £000s	2011 £000s	2010 £000s	2009 £000s
Experience adjustments on scheme assets:					
Amount (£'000s)	5,944	(5,840)	4,536	7,523	(14,806)
Percentage of scheme assets	(8.66%)	(9.70%)	7.14%	13.22%	(30.51%)
Total amount recognised in STRGL:					
Amount (£'000s)	(1,397)	(7,407)	290	(519)	(11,070)
Percentage of scheme liabilities	(1.54%)	(8.95%)	0.36%	0.69%	16.65%

	2013 £000s	2012 £000s	2011 £000s	2010 £000s	2009 £000s
Defined benefit obligation	(90,918)	(82,785)	(80,613)	(75,445)	(66,471)
Scheme assets	68,627	60,185	63,530	56,891	48,535
Scheme deficit	(22,291)	(22,600)	(17,083)	(18,554)	(17,936)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

24) LEASE COMMITMENTS

Annual operating costs of leases expiring in the following periods are:

	Land and Buildings 2013 £000s	Other Plant and Machinery 2013 £000s	Group 2013 £000s	Company 2013 £000s
Within one year	120	482	602	593
Between one and two years	170	675	845	845
Within two to five years inclusive	815	453	1,268	1,132
Over five years	1,637	-	1,637	1,637
	2,742	1,610	4,352	4,207

	Land and Buildings 2012 £000s	Other Plant and Machinery 2012 £000s	Group 2012 £000s	Company 2012 £000s
Within one year	73	398	471	466
Between one and two years	49	454	503	503
Within two to five years inclusive	688	931	1,619	1,478
Over five years	1,904	-	1,904	1,904
	2,714	1,783	4,497	4,351

25) CAPITAL COMMITMENTS

	Group 2013 £000s	Group 2012 £000s	Company 2013 £000s	Company 2012 £000s
Capital expenditure contracted but not provided for	238	412	238	412

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2013

26) PRINCIPAL SUBSIDIARIES

	Nature of business	Type of shares	% Share holding	Country of registration	Reporting date
Subsidiary undertakings					
MSF (Welland Valley Feeds) Limited	Inputs to farming trade	£1 ordinary	80%	England	31 May
SM Hackett & Son Limited	Grain & Agricultural Merchants	£1 ordinary	100%	England	31 May

27) RELATED PARTY TRANSACTIONS

Non Executive Directors in the normal course of business enter into transactions with the Group which are at arms length and on the same terms as are available to other customers with a similar size of enterprise.

No Directors have any contracts with the Company, other than Directors' service contracts and trading transactions are on identical terms to other customers.

During the year the Group undertook the following material transactions with related parties:-

Related party	Relationship to Group	Transactions 2013 £000s	Transactions 2012 £000s	Debt at 31 May 2013 £000s	Debt at 31 May 2012 £000s
T. Holderness-Roddam	Non Executive Director (resigned 27 September 2012)	27	157	n/a	33
J. Elliot	Non Executive Director (appointed 25 October 2012)	712	-	106	-

The Group has taken advantage available to it under FRS 8 'Related Party Disclosures' to not disclose transactions or balances with its wholly owned subsidiaries. During the year MSF (Welland Valley Feeds) Limited made purchases of £362,770 (2012: £339,652) from Countrywide Farmers plc and as at 31 May 2013 owed £46,073 (2012: £34,202).

28) CONTINGENT LIABILITIES

Countrywide Farmers plc is a participant in the Group banking arrangement under which cash balances are offset with borrowings, and has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting at 31 May 2013 to £9,310,000 (2012: 10,751,000). In the prior year, this guarantee covered bank guarantees of £260,000 which are no longer required.

At the year end the Group was committed to minimum payments of £nil in relation to contracts for the supply of gas and electricity for resale (2011: £272,314).

29) ULTIMATE CONTROLLING PARTY

The Company does not have a known ultimate controlling party, as the current share distribution gives no individual overall control over the Company.

Notice of Annual General Meeting

Countrywide Farmers plc

(the "Company")
(registered in England No. 3776711)

Notice is hereby given that the Annual General Meeting of the Company will be held at 2.00 pm. on 26 September 2013 at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual financial statements and the report of the directors and auditors for the year ended 31 May 2013.

2. To re-elect Mr John Andrew Elliot who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.

3. To re-elect Mr Paul Freeston who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.

4. To re-elect Sir Ben Gill who retires pursuant to Article 92.2 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.

5. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to fix their remuneration.

SPECIAL RESOLUTION

6. THAT the directors of the Company (Directors) be given the general power to allot equity securities (as defined in section 560 of the Companies Act 2006 (2006 Act)) wholly for cash, either pursuant to the authority conferred by an ordinary resolution passed on 24 September 2009 (Allotment Resolution) or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited:

(i) to the allotment of equity securities in connection with an offer of equity securities:

(a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(ii) to the allotment (otherwise then pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £820,000.

The power granted by this resolution will expire on the same date that the Allotment Resolution expires (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

By order of the Board
L.J. Collins
Company Secretary
28 August 2013

Registered Office
Countrywide House
Asparagus Way
Vale Park
Evesham
Worcestershire
WR11 1GN

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")
(registered in England No. 3776711)

NOTES:

1. A Member of the Company who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy, who need not be a Member of the Company, to attend, speak and vote instead of him. A Member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A Member may not appoint more than one proxy to exercise rights attached to any one share.

2. A form of proxy is enclosed. The appointment of the proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.

3. To be effective the duly signed instrument appointing a proxy, and a power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the Company's registered office, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN not less than 48 hours before the time for holding the meeting. If a Member wishes to appoint more than one proxy, each proxy form should specify the shares to which it relates. If you require additional proxy forms, please let us know by telephoning 01386 429500.

4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6. To change your proxy instructions simply submit a new proxy appointment. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registered office, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

8. A revocation notice must be received by the Company no later than 48 hours before the time of the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid. However, appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

9. Members who have general queries should contact the Company Secretary at the Company's registered office, Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN. Members are not permitted to use any electronic address provided either in this notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

NOTES TO RESOLUTIONS:

1. Resolution 1 is proposed in order to receive, consider and adopt the Company's annual financial statements and the directors' & auditors' reports for the year ended 31 May 2013.

2. Resolutions 2 and 3 are proposed for the re-election of the directors named in those resolutions. Each of these individuals is retiring by rotation in accordance with the Company's articles of association and offers himself for re-election.

3. Resolution 4 relates to the re-appointment of the Company's current auditors.

4. Resolution 5 will, if passed, give the Directors power, pursuant to the Allotment Resolution, to allot equity securities (as defined by section 560 of the 2006 Act) or sell treasury shares for cash:

   - in relation to a rights issue and offers to holders of other equity securities if required by the rights of those securities or as the Directors otherwise consider necessary, up to a maximum nominal amount of £33,587,367 (being the remaining headroom under the Allotment Resolution) which represents approximately 102% of the Company's issued ordinary shares (excluding treasury shares) as at 28 August 2013;

   - in any other case, up to a maximum nominal amount of £820,000 which represents approximately 5% of the Company's issued ordinary shares (excluding treasury shares) as at 28 August 2013.

Notes

Where to find us

Countrywide Farmers Plc
Countrywide House, Asparagus Way, Vale Park,
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Tel: 01386 429500
Fax: 01386 429501
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