countrywide Farmers plc

Annual Report & Accounts
Year Ended 31 May 2006

Supplying the rural community

Everything you need in the country

Agriculture

Countrywide Farmers sells a full range of feeds and blends, straights, seeds, fertilisers, and agri chemicals and offers grain marketing for farmers. Our experienced sales specialists and qualified agronomists offer expert advice and services to help farmers improve yields and increase profits. In addition to feed & arable, the business has a growing Turf & Amenity business supplying commercial gardeners, sports grounds and golf courses with a dedicated team offering expert advice and supplying a full range of specialist seeds and fertilisers along with many other products. For further information on products, to place orders or any other queries please call 01225 701333.

Retail

Countrywide Farmers has over 40 Country Stores supplying the everyday needs of the rural community. The range of products covers pet, equestrian and livestock feed, bedding and wormers, country clothing and footwear, composts, garden furniture and machinery, fencing, gates, stoves, household supplies and seasonal products such as barbeques. The majority of stores are open 7 days a week offering services such as garden machinery repairs, equestrian rug cleaning and rider hat fitting. We invest in staff training so we can serve our customers better. Each store has equestrian, agriculture, gardening, clothing and pet specialists offering advice and information on products and help tackle our customers problems. For your local Country Store call 08708 352352.

Energy

Countrywide Farmers has a large and growing business in fuels and utilities. We've been supplying energy products for 50 years. Today, we deliver LP Gas, Heating Oil, Gas Oil and Derv and all the hardware that goes with them. We also supply mains gas, electricity, autogas, fuel cards and, most recently, telephone services. All of these are available to domestic and commercial customers at very competitive prices. We make customer service a priority, which means fast and reliable delivery, expert advice and a human voice on the end of the telephone. Call 0800 3280011.

www.countrywidefarmers.co.uk

Contents

Chairman’s Report 2006

Review of the Year

The past year has been one of considerable progress for Countrywide Farmers plc (CWF). In line with our strategic objectives outlined in last year’s Chairman’s report, the Group has achieved significant financial success and is reporting a profit before taxation for the year. Improvements in our trading performance, particularly in the Retail Division, cost reductions from consolidating the head office in Defford together with the decision to cease compound feed production have generated a major increase in profitability at the operating level.

We have seen progress on all fronts during the year. This includes:

- Positive progress in **agriculture**, and the supply of farm inputs has helped this sector retain an important role in the Group despite a difficult year for our farming customers
- Growth in our **retail estate**, which has increased to 40 stores with new sites opened in Bridgwater, Wenvoe and Carmarthen
- Expansion of the trading area for our **energy** business, which has continued to grow.

Finance and Trading

It is particularly pleasing to report an improvement in our trading which has resulted in a Group operating profit, before reorganisation costs, of £1,114,000 (2005: £398,000). After exceptional costs and interest changes, CWF declared a profit before tax for the year of £212,000 (2005: loss £3,043,000)

This is a significant change for the better, particularly in a difficult trading year in the agriculture sector, where serious cash flow difficulties arose from the late receipt of the Single Farm Payments in England and a long run of lower than expected farm-gate commodity prices.

Although this financial year had only nine months benefit from the cessation of CWF compound feed production, the reduction in losses of the Agriculture Division fully vindicated that decision. I am delighted to report that our decision to outsource the compound feed supply has proved to be so successful.

Considerable research is being conducted into the emerging renewable energy market and CWF is actively evaluating all aspects to determine which opportunities offer the most promise for our customers. Specifically in the biofuel sector we hope to play a significant role with our chosen supplier, Centaur Grain.

The development and expansion of our Country Stores in the Retail Division have significantly increased operating profits again and the Board continues to have confidence in this sector. It not only provides local supplies to farmers but enables CWF to supply the increasing number of customers in rural areas who keep animals on a smaller scale, run small holdings, enjoy rural pursuits and have generally chosen the country lifestyle. This division has achieved a very positive result this year and we intend to continue to expand our Country Store portfolio.

Trading conditions have been difficult for our Energy Division as rising oil prices resulted in massive energy price increases for our customers, however, we increased sales although profits were reduced primarily due to the effect of costs within the Utilities business.

Shares

CWF has a large number of shareholders holding comparatively small parcels of the Company’s shares. The Board were aware that a number of shareholders sought an opportunity to market their shares and to that end we decided to appoint ShareMark to operate a market on the Company’s behalf. This system, though at times only involving a limited number of trades this year, will facilitate higher volumes in a more organised manner in the future.

The Board proposes certain amendments to the Articles which will be considered at the forthcoming EGM. These changes are proposed in order to bring the Group more into line with best practice in terms of directors' engagement terms and retirement by rotation. In addition, the Board proposes an amendment to Article 35.2 to clarify and reinforce the 3% restriction on share ownership in the Company.

Chairman's Report 2006 *(Continued)*

Property

The Group continues to review its property portfolio and we aim to increase the number of Country Stores during 2006/7. As a post financial year event I am pleased to report that the Group is selling the Evesham site and relocating to a new one on the other side of Evesham. A significant sum will be realised that, after tax, will be retained to improve our gearing. Other surplus sites are being marketed and should also realise additional sums.

People

Mike Price will be retiring from the Board at the AGM and I want to thank him for his considerable contribution. He was originally a director with West Midland Farmers and has given many years of service to the companies. David Lenham left the Group after six years as Finance Director and we thank him for the part he has played in the growth of Countrywide Farmers. We are actively recruiting a replacement Finance Director.

In line with the decision to recruit non-executive directors with specific skills and experience appropriate to company development, we are pleased that Dr Norman Leece has joined the Board with a specific interest in the Energy Division.

Finally, I acknowledge the great contribution of our executive team and all our staff during this past year. The supply industry is having to adapt to a new environment and all those working within it are similarly having to change. There are many challenges ahead but the Board is confident that Countrywide Farmers, and its staff, will continue to supply all our customers with the right products, at the right price, and with the right level of service.

John Pugh
Chairman
28 September 2006

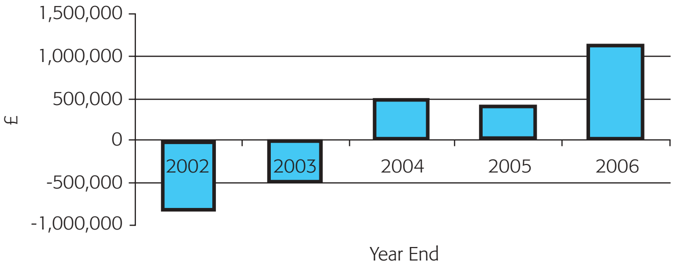
Managing Director's Review

Overview

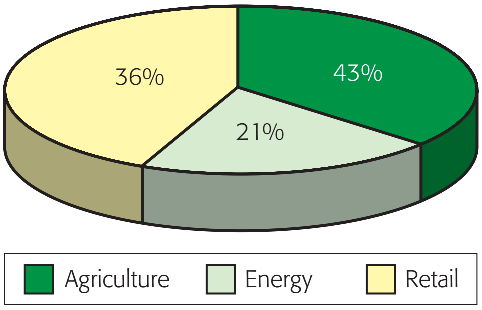
Following a challenging year on all fronts, it is pleasing to note in this year's Annual Report that the Group results demonstrate real progress on the turnaround of the business. Sales, including our share of the joint venture, increased by 5.5% to £159.8 million (2005: £151.4 million) and generated a Group operating profit before reorganisation costs of £1.1 million (2005: £0.4 million). This encouraging result is driven by significant improvements in the retail business and the start of a turnaround in our agricultural business, despite the fact that we had only nine months benefit from the new arrangement through which we outsource compound feed manufacture.

The Group in total reported a profit before taxation for the year of £0.2 million (2005: £3.0 million loss) – a really encouraging achievement by all concerned.

Group operating profit/(loss) before reorganisation costs and excluding share of operating profit of joint venture



Group sales including share of joint venture

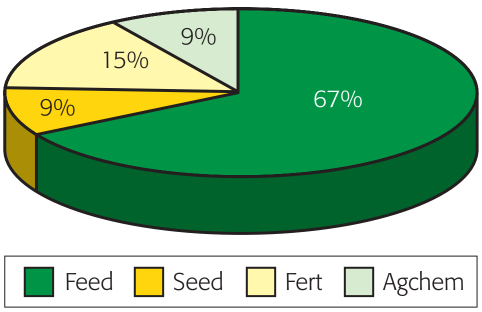


Agriculture

In one of the most difficult years our farming customers have faced since foot and mouth disease, our Agricultural Division reported operating losses of £0.6 million (2005: £0.9 million loss) after reallocation of Group head office costs.

Total Agricultural sales fell by 6.7% to £68.2 million (2005: £73.1 million) driven by further contraction in the market, particularly the compound feed and fertiliser sectors. Our exit from compound manufacturing meant we no longer had to compete for low-margin tonnage, enabling us to release a significant volume of this business to the market.

Agri sales



Total feed sales were £44.5 million (2005: £46.9 million). We reversed the trend of continuing lower feed margins year on year, widely reported throughout the industry over the last 12 months. Overall the compound feed business improved considerably from last year.

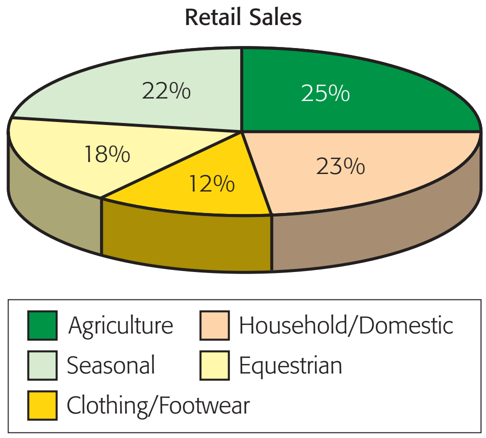
The Alternative Feed business continued its excellent profitable growth since its launch 3 years ago and increased sales by 15%. Our continued success in this sector justifies the strategic direction taken and investment made. This sector of the market will continue to grow and we are well placed to meet the increasing demand from livestock farmers seeking value in the feed market as they strive to contain costs and maintain quality in milk and meat production.

Total Arable sales of £23.7 million (2005: £26.2 million) principally reflected a further decline in the fertiliser market. Our crop protection and seed business sales were similar to last year representing an increase in market share. The field based arable sales team is now being supported by a direct selling operation to keep customers up to date on prices and provide technical advice. Within this, Turf and Amenity continue to improve their market share with sales of £0.8 million (2005: £0.7 million) and increased profits.

Overall, our Agricultural Division has performed well in a year when energy prices have significantly increased input prices to farmers and decreased profitability of many agricultural supply businesses.

Managing Director's Review *(Continued)*

Retail

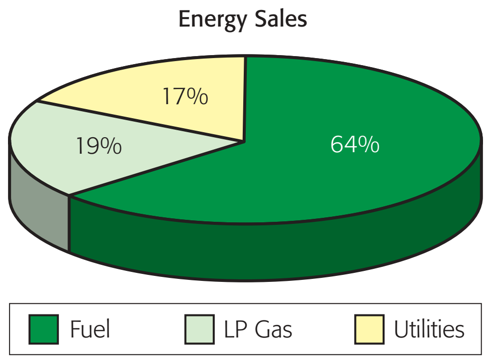


Despite difficult trading conditions and rising energy costs, operating profits from our Retail Division significantly improved to £1.4 million (2005: £0.8 million). Retail is now the most profitable business within the Group. Sales increased by 6% to £57.2 million overall and "like-for-like" sales increased by around 1%. As last year, gross margin improvements were generated by product mix, leveraging the buying benefits from increased scale plus further efficiencies in the supply chain. Operating costs also decreased.

New stores opened during the year are in line with our expectations. Key growth areas were pet food, equestrian products and footwear.

Energy

Energy had a turbulent year. While sales growth was achieved, margins were eroded as we tried to keep pace with escalating oil prices and the cost of growing our Utilities business. This prevented a repeat of last year's record profit. However, despite the market volatility, an operating profit of £0.5 million, including the joint venture of £0.3 million, was recorded (2005: £0.8 million, including the joint venture of £0.3 million).



Turnover increased by 41% driven by an impressive increase in sales and substantial product price inflation. Our continued investment in telephone marketing within the Energy product portfolio and our ability to deliver a high level of personal service, combined to deliver growth.

Fuel volumes increased by 7.7% to nearly 45 million litres including profitable expansion of our trading area and fuel product card.

LP Gas volumes increased by 5% with the majority of the growth from new customers as the Countrywide Energy offering is rolled out to a wider geographic area.

The contribution from Utilities suffered from margin erosion and increased costs associated with growing the business.

Outlook 2006/7

The financial turnaround achieved last year is a source of considerable encouragement. It signals that the strategic plan we have in place is taking us in the right direction. There is still much to do next year and our focus will be to continue to develop our ongoing growth strategy, whilst challenging overall operating costs.

A decrease in retail consumer demand is forecast nationally in the coming year as the threat of higher interest rates depresses spending on the high street. The demographic profile of our customers should help cushion us from the worst of the expected downturn. However, there is no room for complacency so cost control will be imperative. The key driver to increasing the 'basket spend' will come from sophisticated marketing practices and refreshing the product offering.

Retail will continue the store expansion programme, with a number of new stores already in the pipeline, many of which will enable us to expand our trading area.

The really exciting opportunity for CWF this year is the new On-line Trading Store, which goes live in the autumn, ensuring that CWF has a truly Countrywide trading presence. Customers anywhere in the UK will initially be able to buy around 600 retail products over the internet and have them delivered direct to home. It is envisaged that the vast majority of the circa 3,500 products on offer in store will be made available on line during 2007, as will the ability to order on line and collect from a local store. Our Agricultural and Energy businesses will start to use the on-line route to market later in the year.

Managing Director's Review *(Continued)*

Further capital will be invested in Energy to help grow profitable sales within our trading area and provide finance for inorganic growth. Indeed since the year end we have acquired a bottled gas distributor in Oxfordshire and increased our LP Gas storage and distribution area with a new site at Weston Super Mare.

Investment in the expansion of our fuel trading area is also underway.

In Agriculture we will respond to the impact of the CAP reform and high energy prices by focussing our resources on adding value to farm businesses through better advice and improving supply chain efficiency. The feed business will benefit from a full year of the outsourcing agreement which will generate further production and distribution efficiencies. This will enable the feed business to continue to offer a competitively priced product and quality service.

We will continue to invest in people who can offer added value services as well as providing more direct selling resources to meet the changing buying habits of our customers.

Renewable energy is a rapidly evolving and exciting new market for both consumers and farmers in the UK. As a company we have a unique ability to link the entire supply chain, benefitting growers and consumers alike.

As well as developing profitable sales in the rural markets, we also need to improve the efficiency and effectiveness of our routes to each market sector. I stated last year that we must challenge our cost base and whilst some progress has been made with the consolidation of the Head office at Defford, further efficiency will result from the intended overhaul of our back office systems and processes.

Last year's results are a testament to good planning and hard work throughout the team. They provide just the right motivation for our people to drive further profits from the Group's assets.

John Hardman
Managing Director
28 September 2006

Directors' Profiles

JOHN PUGH (Chairman)
Director of a number of agricultural companies and cooperatives including Chairman of Midland Shires Farmers prior to the merger with WMF Limited.
Community responsibilities including the Magistracy and School Governance.
40 years as a Farmer in South Herefordshire.

TIM HOLDERNESS-RODDAM (Deputy Chairman)
Joined the Board in 2001, Deputy Chairman since 2004. Former MD of United Molasses Group and Director of the Abercrombie & Kent Group.
Trustee of Countrywide Farmers Retirement Benefits Scheme.
Arable Farmer and equine stud owner.

JOHN HARDMAN (Managing Director)
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.

RICHARD BELDAM
Chairman of Centaur Grain Limited marketing 1.7 million tonnes of grain annually.
Member of HGCA's British Cereals Export committee.
Trustee of Countrywide Farmers Retirement Benefits Scheme and Chairman of the Remuneration Committee.
Arable Farmer on 1,500 hectares in Gloucestershire and Worcestershire.

SIR BEN GILL
Qualified with degree in Agriculture from Cambridge and worked in Uganda before commencing farming in 1978.
Currently running Hawkhills Consultancy Limited.
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.

NIGEL HALL
Qualified as a Chartered Accountant in 1980 with PriceWaterhouse. Was Group Finance Director of Arcadia Group plc.
Serves as Non-Executive Director of several companies including Unite Group plc and C&J Clark Limited.
Provides finance and retail operations experience to the Board and chairs the Audit Committee.

NORMAN LEECE
Graduated in Metallurgy from Sheffield University in 1970 and awarded a PhD in 1973.
Worked for significant companies in the Energy industry, latterly as a Director, including UK Petroleum Products Ltd, prior to establishing the consultancy company, Prime Energy Technologies Limited.

MICHAEL PRICE
Director of Crop Marketing Groups and hosts NIAB and Bayer trials of wheat, beans and OSR.
An Arable/Dairy Farmer in the Vale of Glamorgan until 2001 then moved to Herefordshire to Arable/Potato growing.

Registered Office and Advisers

Registered Number	3776711
Registered Office	Defford Earls Croome Worcester WR8 9DF
Auditors	PricewaterhouseCoopers LLP 31 Great George Street Bristol BS1 5QD
Bankers	Barclays Bank PLC North West Business Banking 7th Floor 1 Marsden Street Manchester M2 1HW

Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 31 May 2006.

Countrywide Farmers plc is not listed on a recognised investment exchange, however, shares may be traded on ShareMark. For further information, please contact: ShareMark Ltd, PO Box 2000, Bucks, HP21 8ZB. Telephone 01296 414245. www.sharemark.co.uk

Principal Activities

The principal activities of the Group during the year are the manufacture and supply of animal feeds, the processing and supply of seeds, the supply of fertilisers and agrochemicals, the marketing of fuel, natural gas, liquid petroleum gas, utilities 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 14. The Directors recommend that no dividend be paid (2005: £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 2006 the average payment period was 49 days (2005:56 days).

Financial Instruments

As part of its overall financing strategy, the Group has entered into an interest swap transaction to fix the interest rate on part of the Group's borrowings. This transaction is described in note 16 to the financial statements. As at 31 May 2006, the market value of this swap was (£141,729) (loss) (2005:£278,431 loss).

Business Review and Future Developments

The review of operations of the Group is covered in the attached Managing Director's Review.

Directors and Directors' Interests

The Directors of the Company during the year to 31 May 2006 and their beneficial interests in the share capital of the Company are listed below:

	Shares 2006	Shares 2005
J.W. Pugh (Chairman)	90,715	50,876
J.H. Hardman (Managing Director)	9,623	9,623
D.J. Lenham (Finance) (resigned 31.05.06)	7,200	7,200
R.C. Beldam	16,107	16,107
T.D. Holderness-Roddam (Deputy Chairman)	65,843	37,410
J.M. Lowe (resigned 20.06.05)	Nil	Nil
M.F. Price	4,982	4,982
Sir A.B.N. Gill	12,180	6,852
N.P. Hall	91,652	Nil
N.K.Leece (appointed 01.03.06)	12,542	Nil

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.

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 Managing 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.

Environmental Policies

Recognising the environmental impact of our operations, the Group, amongst other things, seeks to:

- Minimise fuel consumption and CO_2 emissions by transport.
- Reduce energy usage in our offices.
- Recycle packaging waste.

The Group is conducting considerable research into the renewable energy market, particularly in the biofuel sector.

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
P.A. Marfell
Company Secretary
28 September 2006

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, five non-executive farmer Directors and two independent non-executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Managing Director, are separated. The Managing Director, supported by the other executive 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 Company's expense. They seek to understand the views of shareholders about the Company.

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 Beldam (Chairman), Hall, Holderness-Roddam and Price.

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

Audit Committee

The Audit Committee comprises Messrs Hall (Chairman), Beldam, Gill and Holderness-Roddam. It 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 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 Messrs Pugh (Chairman), Hall and Holderness-Roddam. It establishes the criteria for appointment to the Board and identifies suitable candidates. The Committee seeks to achieve a balance between executive and non-executive Directors. 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 2006	13	3	2	1
Attendance of Directors:				
J.W. Pugh	13			1
J.H. Hardman	13			
D.J. Lenham (resigned 31.05.06)	13			
R.C. Beldam	12	3	2	
T.D. Holderness-Roddam	13	3	2	1
J.M. Lowe (resigned 20.06.05)	1			
M.F. Price	13	2	1	
Sir A.B.N. Gill	12		1	
N.P. Hall	12	2	2	1
N.K. Leece (appointed 01.03.06)	4			
Average % attendance	97%	83%	100%	100%

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
P.A. Marfell
Company Secretary
28 September 2006

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In addition, they are required to 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 confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2006 and that applicable accounting standards have been followed.

The Directors confirm that proper accounting records have been kept which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors confirm that they have taken reasonable steps to safeguard the assets of the Company and of the Group and to prevent and detect fraud and other irregularities. They also confirm that they have identified, evaluated, and sought to manage the significant risks faced by the Company, and that these are regularly reviewed. An internal audit function is in place and the Board receives regular reports from it.

The maintenance and integrity of the Countrywide Farmers plc website is the responsibility of the Directors. Information published on the internet is accessible in many countries with different legal requirements. 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
P.A. Marfell
Company Secretary
28 September 2006

Independent Auditors' Report to the Members of Countrywide Farmers plc

We have audited the group and parent company financial statements (the "financial statements") of Countrywide Farmers plc for the year ended 31 May 2006 which comprise the Consolidated Profit and Loss Account, the Note of Historical costs, Profits and Losses, Statement of Total Consolidated Recognised Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Report, the Managing Director's Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2006 and of the group's profit and cash flows for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
28 September 2006

Consolidated Profit and Loss Account

For the year ended 31 May 2006

	Note	Group 2006 £000s	Group 2005 £000s
Turnover: including share of joint venture	2	159,755	151,423
Less: share of joint venture turnover		(4,052)	(3,601)
Group turnover		155,703	147,822
Cost of Sales		(121,514)	(112,650)
Gross Profit		34,189	35,172
Other operating income		151	147
Net operating expenses	3	(33,376)	(37,180)
Group Operating Profit/(Loss)			
Continuing operations before reorganisation		1,114	398
Reorganisation costs	4	(150)	(2,259)
Group Operating Profit/(Loss)		964	(1,861)
Share of operating profit of joint venture		287	342
Total Operating Profit/(Loss) including Joint Venture		1,251	(1,519)
Non-operating items:			
Profit on disposal of Tangible Fixed Assets	5	871	74
Loss on disposal of Tangible Fixed Assets	5	(390)	-
Profit on disposal of Investments	6	2	-
Profit/(Loss) before interest and taxation		1,734	(1,445)
Interest receivable	7a	86	78
Interest payable	7a	(1,409)	(1,386)
Other finance expense	7b	(199)	(290)
Profit/(Loss) on ordinary activities before taxation		212	(3,043)
Taxation	9	163	48
Profit/(Loss) after taxation		375	(2,995)
Minority Interests in profit for the year		(11)	(65)
Profit/(Loss) for the year		364	(3,060)

Note of Historical Cost Profits and Losses

For the year ended 31 May 2006

	Group 2006 £000s	Group 2005 £000s
Reported profit/(loss) on ordinary activities before taxation	212	(3,043)
Realisation of property revaluation gains/(losses)	793	(38)
Historical cost profit/(loss) on ordinary activities before taxation	1,005	(3,081)
Historical cost profit/(loss) for the year after taxation and minority interest	1,157	(3,098)

Statement of Total Consolidated Recognised Losses

For the year ended 31 May 2006

	Note	Group 2006 £000s	Group 2005 £000s
Profit/(loss) for the financial year		364	(3,060)
Actuarial (loss) recognised in the pension scheme	27	(1,018)	(93)
Movement on deferred tax asset relating to pension scheme	19	305	28
Recognition of impairment in revaluation reserve	22	(150)	-
Total recognised (losses) for the year		(499)	(3,125)

Consolidated Balance Sheet

At 31 May 2006

	Note	Group 2006 £000s	Group 2005 £000s
Fixed Assets			
Intangible assets	11	407	402
Tangible assets	12	41,618	41,943
Investments	13	117	124
Investment in Joint Venture:			
Share of Gross Assets		5,004	4,550
Share of Gross Liabilities		(1,749)	(1,552)
		45,397	45,467
Current Assets			
Stock	14	11,970	12,649
Debtors	15	22,037	19,449
		34,007	32,098
Creditors - amounts falling due within one year	16	(35,773)	(32,094)
Net Current (Liabilities)/Assets		(1,766)	4
Total Assets less Current Liabilities		43,631	45,471
Creditors - amounts falling due after more than one year	17	(5,614)	(7,064)
Provisions for liabilities and charges	18	(1,333)	(1,379)
Net assets excluding Pension Liability		36,684	37,028
Net Pension Liability	27	(12,116)	(11,905)
Net assets		24,568	25,123
Capital and Reserves			
Called up share capital	20	16,413	16,413
Merger reserve	21	(7,343)	(7,343)
Revaluation reserve	22	20,376	21,319
Profit and loss account	23	(4,953)	(5,397)
Equity shareholders' funds	24	24,493	24,992
Equity minority interests	25	75	131
Total equity shareholders' funds		24,568	25,123

The financial statements on pages 14 to 36 were approved by the Board of Directors on 28 September 2006 and were signed on its behalf by:

J. W. Pugh
J. H. Hardman } Directors

Parent Company Balance Sheet

At 31 May 2006

	Note	2006 £000s	2005 £000s
Fixed Assets			
Intangible assets	11	256	377
Tangible assets	12	12,294	11,498
Investments	13	9,427	9,242
Investment in Joint Venture		881	881
		22,858	21,998
Current Assets			
Stock	14	11,820	12,517
Debtors	15	26,180	24,666
		38,000	37,183
Creditors - amounts falling due within one year	16	(60,047)	(54,410)
Net Current (Liabilities)		(22,047)	(17,227)
Total Assets less Current Liabilities		811	4,771
Creditors - amounts falling due after more than one year	17	(5,613)	(7,059)
Provisions for liabilities and charges	18	(1,333)	(1,379)
Net liabilities excluding Pension Liability		(6,135)	(3,667)
Net Pension Liability	27	(12,116)	(11,905)
Net liabilities		(18,251)	(15,572)
Capital and Reserves			
Called up share capital	20	16,413	16,413
Merger reserve	21	(7,343)	(7,343)
Profit and loss account	23	(27,321)	(24,642)
Equity shareholders' funds		(18,251)	(15,572)

The financial statements on pages 14 to 36 were approved by the Board of Directors on 28 September 2006 and were signed on its behalf by:

J. W. Pugh
J. H. Hardman
} Directors

Consolidated Cash Flow Statement

For the year ended 31 May 2006

	Note	Group 2006 £000s	Group 2005 £000s
Net cash (outflow)/inflow from operating activities	(a)	(515)	5,590
Returns on investments and servicing of finance			
Interest paid		(1,442)	(1,080)
Interest element of finance lease payments		(87)	(118)
Dividend paid to minority interests		-	(25)
		(1,529)	(1,223)
Taxation			
Corporation tax (paid)		(18)	(41)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,160)	(4,761)
Sale of tangible fixed assets		1,432	529
		(1,728)	(4,232)
Acquisitions and disposals			
Purchase of investments		(192)	(40)
Sale of investments		9	28
		(183)	(12)
Net cash flow before use of liquid resources and financing		(3,973)	82
Financing			
Increase/(Decrease) in Members' loans		1	(53)
Decrease in Members' Retirement Scheme		(28)	(63)
Decrease in finance loans		(9)	(5)
Repayment of loans		(700)	(6,322)
Cash inflow from loans		-	10,400
Capital element of finance lease payments		(271)	(269)
Net cash (outflow)/inflow from financing		(1,007)	3,688
(Decrease)/Increase in cash for the period	(b)	(4,980)	3,770

Consolidated Cash Flow Statement Notes

For the year ended 31 May 2006

(a) Reconciliation of Operating Profit/(Loss) to Net Cash Flow from Operating Activities

	Group 2006 £000s	Group 2005 £000s
Operating profit/(loss)	964	(1,861)
Depreciation charge	2,560	3,791
Goodwill amortisation	119	108
Profit on sale of fixed assets	-	(27)
Decrease/(Increase) in stock	680	(240)
(Increase) in debtors	(2,092)	(1,385)
Increase/(Decrease) in creditors	(1,812)	5,804
Excess of pension contributions over charge	(916)	(600)
Provisions reduction	(18)	-
Net cash (outflow)/inflow from operating activities	(515)	5,590

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

	Group 2006 £000s	Group 2005 £000s
(Increase)/Decrease in net overdraft	(4,980)	3,770
Decrease/(Increase) in loans	700	(4,078)
(Increase)/Decrease in Members' loans	(1)	53
Decrease in lease financing	95	5
Decrease in Members' Retirement Scheme	28	63
Decrease in finance loans	9	269
Non-cash changes	18	-
Movement in net debt for the year	(4,131)	82
Opening net debt	(16,923)	(17,005)
Closing net debt	(21,054)	(16,923)

(c) Analysis of Net Debt

Group	At 1 June 2005 £000s	Cash Flow £000s	Other non-cash Changes £000s	At 31 May 2006 £000s
Due within one year:				
Cash in hand and at bank, advances and overdrafts	(4,617)	(4,980)	-	(9,597)
Bank loans	(4,100)	-	-	(4,100)
Members' loans	(94)	(1)	-	(95)
Finance loans	(7)	7	-	-
Finance leases	(254)	(61)	-	(315)
Due after one year:				
Bank loans	(5,950)	700	-	(5,250)
Members' Retirement Scheme	(1,379)	28	18	(1,333)
Finance loans	(6)	2	-	(4)
Finance leases	(516)	156	-	(360)
	(16,923)	(4,149)	18	(21,054)

Notes to the Financial Statements

For the year ended 31 May 2006

1) ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost accounting rules, as adjusted for the revaluation of properties. A summary of the more important accounting policies is set out below.

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.

Joint Ventures

Group interests in Joint Ventures are shown on the face of the profit and loss account and balance sheet in accordance with FRS 9 'Associates and Joint Ventures' and are included on the gross equity basis.

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.

Intangible fixed assets

Intangible fixed assets comprise goodwill, which represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. Goodwill is carried within the 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	In equal annual amounts over the remaining life of the lease
Plant and machinery	5% - 33.3% p.a. straight line
Vehicles	20% - 25% p.a. straight line

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 recognised gains and losses.

Stock

Stock 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, except for a deferred tax asset on trading losses which has 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 differences 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.

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. The assets are included in fixed assets and the capital element of the leasing commitments is shown as 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.

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 projected unit 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 total 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.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2006

2) SEGMENTAL REPORTING

	Turnover 2006 £000s	Operating Profit/(Loss) 2006 £000s	Net Operating Assets 2006 £000s
Continuing operations			
Agriculture	68,196	(565)	6,497
Retail	57,191	1,435	27,065
Energy	30,316	244	6,705
	155,703	1,114	40,267
Reorganisation costs (note 4)	-	(150)	-
Group	155,703	964	40,267
Energy Joint Venture activity	4,052	287	3,256
Group Total	159,755	1,251	43,523

Reconciliation of Net Operating Assets to the Balance Sheet	**£000s**
Net Operating Assets	43,523
Less Bank Advance and Loans	(18,947)
Less Corporation tax	(8)
Net Assets as at 31 May 2006	24,568

	Turnover 2005 £000s	Operating Profit/(Loss) 2005 £000s	Net Operating Assets 2005 £000s
Continuing operations			
Agriculture	73,116	(865)	12,332
Retail	53,933	797	22,419
Energy	20,773	466	2,061
	147,822	398	36,812
Reorganisation costs (note 4)	-	(2,259)	-
Group	147,822	(1,861)	36,812
Energy Joint Venture activity	3,601	342	2,998
Group Total	151,423	(1,519)	39,810

Reconciliation of Net Operating Assets to the Balance Sheet	**£000s**
Net Operating Assets	39,810
Less Bank Advance and Loans	(14,667)
Less Corporation tax	(20)
Net Assets as at 31 May 2005	25,123

The Group operates and trades only in the United Kingdom.

Segmental Reporting has been provided to allow visibility of the three core trading operations and to include the valuation of the Group's properties. The principal operating assets comprising property, plant and equipment and working capital have been allocated to the businesses in line with use. The main operating costs, comprising staff costs and related overheads have been allocated on the basis of staff employed.

3) NET OPERATING EXPENSES

	Group 2006 £000s	Group 2005 £000s
Distribution costs	6,017	6,316
Administration costs	27,359	30,864
	33,376	37,180

4) REORGANISATION COSTS

The principal components of business re-organisation costs during the period were:

	Group 2006 £000s	Group 2005 £000s
Redundancy and other personnel related costs	150	887
I.T. Restructuring costs	-	64
Cost of rationalising Feed operation	-	1,308
	150	2,259

5) NET PROFIT ON SALE OF TANGIBLE FIXED ASSETS

The net profit on sale of tangible fixed assets of £481,000 (2005: £74,000) arose principally from the disposal of properties that were surplus to the Group's operational requirements.

6) PROFIT ON SALE OF INVESTMENTS

The profit on sale of investments of £2,240 arose from the disposal of the shares in Bodenham Grange Storage Limited. (2005: nil).

7a) INTEREST

	Group Total 2006 £000s	Group Total 2005 £000s
Interest Receivable		
Joint Venture interest receivable	86	78
Interest Payable		
Interest payable on bank loans and overdrafts	935	892
Interest on invoice discounting finance	378	374
Interest on other loans	7	2
Interest payable on finance leases	87	118
Interest payable other than Joint Venture	1,407	1,386
Joint Venture interest payable	2	-
	1,409	1,386

7b) OTHER FINANCE EXPENSE

	Group Total 2006 £000s	Group Total 2005 £000s
Other finance expense - pension scheme	199	290

8) TOTAL OPERATING PROFIT/(LOSS)

	Group Total 2006 £000s	Group Total 2005 £000s
Total Operating Profit/(Loss) is stated after crediting:		
Profit on disposal of tangible fixed assets	-	27
and after charging:		
Staff costs (note 26)	16,439	17,913
Depreciation		
Tangible owned fixed assets	2,543	3,752
Tangible fixed assets held under finance leases	17	39
Within joint venture	327	345
Goodwill amortisation	119	108
Operating lease charges		
Plant and machinery	950	895
Other	1,281	1,275
Auditors' remuneration for:		
Audit fees (Company £56,000; 2005: £61,000)	68	77
Non-audit fees		
Taxation advice	25	44
Due diligence work	-	36
Other advice	69	4

9) TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Group Total 2006 £000s	Group Total 2005 £000s
Current tax		
United Kingdom corporation tax at 30% (2005: 30%)	8	39
Overprovision in respect of previous year:		
Group	(2)	(12)
Joint Venture	-	(75)
Current tax charge/(credit)	6	(48)
Deferred tax: Group	(281)	100
Joint Venture	112	(100)
Tax on profit/(loss) on ordinary activities	(163)	(48)

None of the current tax charge arises in the Joint Venture (2005: £nil)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Group Total 2006 £000s	Group Total 2005 £000s
Profit/(Loss) on ordinary activities before tax	212	(3,043)
Profit/(Loss) on ordinary activities at the standard rate in the UK, 30%	64	(913)
Effects of:		
Expenses not deductible for tax purposes	412	227
Capital allowances for year in excess of depreciation	(298)	1,036
Other timing differences	(246)	(241)
Unrecognised trading losses	80	(65)
Tax of group company at marginal rates	(4)	(5)
Adjustments to tax charge in respect of previous year	(2)	(87)
Current tax charge/(credit) for the year	6	(48)

Factors that may affect future tax charges

As Countrywide Farmers plc makes trading profits, losses not yet utilised may result in reduced tax charges until they have been exhausted.

10) LOSSES OF HOLDING COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 230 (1), of the Companies Act 1985. The amount of the loss for the year attributable to the Company is £1,966,000 (2005 loss £5,399,000).

11) INTANGIBLE FIXED ASSETS

	Group £000s	Company £000s
Cost		
At 1 June 2005	756	731
Additions	126	-
Diposals	(2)	(2)
At 31 May 2006	880	729
Amortisation		
At 1 June 2005	354	354
Charge for the year	119	119
At 31 May 2006	473	473
Net book value at 31 May 2006	407	256
Net book value at 31 May 2005	402	377

Goodwill that arose on the acquisitions of businesses is being amortised on a straight line basis over periods of between 3 and 5 years. The periods chosen are the periods over which the Directors estimate that the values of the underlying businesses acquired are expected to exceed the values of the underlying assets.

12) TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost					
At 1 June 2005	31,993	27	21,844	2,566	56,430
Additions	322	-	2,799	215	3,336
Disposals	(1,003)	-	(1,235)	(348)	(2,586)
Impairment	(150)	-	-	-	(150)
Reclassification	3,244	-	(311)	311	3,244
At 31 May 2006	34,406	27	23,097	2,744	60,274
Depreciation					
At 1 June 2005	238	27	12,166	2,056	14,487
Charge for the year	359	-	1,909	292	2,560
Disposals	(140)	-	(1,209)	(286)	(1,635)
Reclassification	3,244	-	-	-	3,244
At 31 May 2006	3,701	27	12,866	2,062	18,656
Net book value at 31 May 2006	30,705	-	10,231	682	41,618
Net book value at 31 May 2005	31,755	-	9,678	510	41,943
Impairment losses included in depreciation:					
At 31 May 2006	-	-	2,064	-	2,064
At 31 May 2005	-	-	2,064	-	2,064

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

	2006 £000s	2005 £000s
Net book value at 31 May	968	1,147

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2006

Analysis of Land and Buildings

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Analysis of land and buildings at cost or valuation				
At cost	10,329	10,436	-	-
At valuation	20,376	21,319	-	-
	30,705	31,755	-	-

The Group's freehold properties were revalued at 31 May 2004 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 King Sturge, 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 not be rolled over.

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

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Freehold and long leasehold land and buildings				
At cost	14,030	13,918	-	-
Aggregate depreciation	(3,701)	(3,482)	-	-
	10,329	10,436	-	-

TANGIBLE FIXED ASSETS

Company	Land and Buildings £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost				
At 1 June 2005	1,370	21,803	2,525	25,698
Additions	92	2,791	215	3,098
Disposals	-	(1,234)	(336)	(1,570)
Reclassification	-	(311)	311	-
At 31 May 2006	1,462	23,049	2,715	27,226
Depreciation				
At 1 June 2005	19	12,142	2,039	14,200
Charge for the year	26	1,905	286	2,217
Disposals	-	(1,208)	(277)	(1,485)
At 31 May 2006	45	12,839	2,048	14,932
Net book value at 31 May 2006	1,417	10,210	667	12,294
Net book value at 31 May 2005	1,351	9,661	486	11,498

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

	2006 £000s	2005 £000s
Net book value at 31 May	968	1,147

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2006

13) FIXED ASSET INVESTMENTS

Group	Own shares £000s	Other investments £000s	Associate Companies £000s	Total £000s
Cost at 1 June 2005	51	65	8	124
Disposals	-	(7)	-	(7)
At 31 May 2006	51	58	8	117

Company	Investments in subsidiary companies £000s	Own shares £000s	Other investments £000s	Associate Companies £000s	Total £000s
Cost at 1 June 2005	9,118	51	65	8	9,242
Additions	192	-	-	-	192
Disposals	-	-	(7)	-	(7)
At 31 May 2006	9,310	51	58	8	9,427

Own shares

At 31 May 2006, 247,665 ordinary shares of 50p each in Countrywide Farmers plc were held, at a cost of £51,000 by the Employee Share Option Plan Trust. These are being held in respect of future employee incentive schemes.

14) STOCK

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Raw materials and consumables	590	948	590	948
Finished goods	11,380	11,701	11,230	11,569
	11,970	12,649	11,820	12,517

15) DEBTORS

	Note	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Trade debtors		18,481	16,153	18,424	16,193
Amounts owed by subsidiary companies		-	-	4,293	5,188
Other debtors		964	508	940	484
Prepayments and accrued income		1,604	2,296	1,575	2,277
Deferred taxation	19	988	492	948	524
		22,037	19,449	26,180	24,666

The Group's financing arrangements include the use of invoice discounting as explained in note 16. Included in trade debtors for the Group of £18,481,000 (2005: £16,153,000) and for the Company of £18,424,000 (2005: £16,193,000) are amounts of £11,000,000 (2005: £6,500,000) on which finance has been raised.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2006

16) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Bank loans, advances and overdrafts	7,177	5,015	7,506	5,288
Amounts due in respect of invoice discounting	6,520	3,702	6,520	3,702
Members' loans:				
Midland Shires Farmers Limited	66	65	66	65
WMF Limited	29	29	29	29
Finance loan	-	7	-	7
Trade creditors	18,364	19,652	18,209	19,533
Amounts owed to subsidiary companies	-	-	22,009	20,667
Finance lease obligations	315	254	311	250
Corporation tax	8	20	-	4
Other taxation and social security	1,161	778	1,155	771
Accruals and deferred income	2,133	2,572	4,242	4,094
	35,773	32,094	60,047	54,410

Banking facilities
The Group's principal bankers at 31 May 2006 were Barclays Bank PLC.
On 3 September 2004 the Group entered into a Rate Swap Transaction, effective from 30 September 2004, initially in respect of interest on its term loan of £7,000,000. This Rate Swap Transaction terminates on 30 September 2014 and includes an Option Early Termination Date of 30 September 2009. This transaction was entered into for the purpose of hedging the Group's future interest liability in respect of its term loan for the periods detailed immediately above by replacing floating rate interest risk with fixed interest commitments. The nominal value of the swap reduces each year in line with the groups repayment of the term loan. At 31 May 2006, the balance was £5,250,000 (2005:£5,950,000).

On 7 September 2004, the following banking facilities were put in place:
(1) Term loan facility of £7,000,000 repayable in 10 years bearing interest at 1.85% above LIBOR.
(2) Revolving credit facility of £3,400,000.
(3) Invoice discounting facilities between £5,500,000 and £10,000,000 bearing a discount charge of 1.25% above the Barclays Bank PLC's Base Rate.
(4) An overdraft facility of between £1,000,000 and £4,500,000 bearing interest at Barclays Bank PLC's Base Rate plus 1.75%.

These facilities were secured by a first debenture over the assets of Countrywide Farmers plc and a first legal charge over Countrywide Farmers plc's freehold and leasehold properties. The amounts extant against these facilities are reflected in the Group's Financial Statements at 31 May 2006.

Interest charges and fees are charged to the profit and loss account as they arise.

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

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Bank loans	5,250	5,950	5,250	5,950
Finance loan	4	6	4	6
Finance lease obligations	360	516	359	511
Other creditors	-	592	-	592
	5,614	7,064	5,613	7,059

Maturity Statement

Group	Bank 2006 £000s	Finance Leases 2006 £000s	Other Financial Liabilities 2006 £000s	Total 2006 £000s
In one year or less, or on demand	13,697	315	95	14,107
In more than one year, but not more than two years	700	267	4	971
In more than two years, but not more than five years	2,100	93	-	2,193
In more than five years	2,450	-	-	2,450
	18,947	675	99	19,721

	Bank 2005 £000s	Finance Leases 2005 £000s	Other Financial Liabilities 2005 £000s	Total 2005 £000s
In one year or less, or on demand	8,717	254	101	9,072
In more than one year, but not more than two years	700	284	598	1,582
In more than two years, but not more than five years	2,100	232	-	2,332
In more than five years	3,150	-	-	3,150
	14,667	770	699	16,136

Company	Bank 2006 £000s	Finance Leases 2006 £000s	Other Financial Liabilities 2006 £000s	Total 2006 £000s
In one year or less, or on demand	14,026	311	95	14,432
In more than one year, but not more than two years	700	266	4	970
In more than two years, but not more than five years	2,100	93	-	2,193
In more than five years	2,450	-	-	2,450
	19,276	670	99	20,045

	Bank 2005 £000s	Finance Leases 2005 £000s	Other Financial Liabilities 2005 £000s	Total 2005 £000s
In one year or less, or on demand	8,990	250	101	9,341
In more than one year, but not more than two years	700	279	598	1,577
In more than two years, but not more than five years	2,100	232	-	2,332
In more than five years	3,150	-	-	3,150
	14,940	761	699	16,400

18) PROVISIONS FOR LIABILITIES AND CHARGES

Members' Retirement Scheme Group and Company

	£000s
At 1 June 2005	1,379
(Release) to profit and loss account	(18)
Paid in Year	(28)
At 31 May 2006	1,333

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 after they reach the age of 65 or to the estate of deceased members.

19) DEFERRED TAX (ASSET)

		Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Deferred Capital Allowances		(397)	(386)	(448)	(419)
Short term timing differences		(1)	(106)	-	(105)
Losses		(500)	-	(500)	-
Capital Losses		(90)	-	-	-
		(988)	(492)	(948)	(524)
Deferred tax on pension liability	27	(5,192)	(5,102)	(5,192)	(5,102)
		(6,180)	(5,594)	(6,140)	(5,626)

Movement in Deferred Tax

	2006 Group £000s
Deferred tax (asset) at 1 June 2005	(5,594)
Deferred tax credit to the profit and loss account (excluding Joint Venture)	(281)
Deferred tax credit to the statement of total recognised gains and losses	(305)
Deferred tax (asset) at 31 May 2006	(6,180)

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. The total asset not recognised for the Group and Company is £1,937,730 (2005: £2,613,000) all of which relates to trading losses. In addition to this there is an unprovided deferred tax liability of £1,070,987 (2005: £921,000) in respect of gains rolled into assets which are not going to be sold in the foreseeable future.

20) SHARE CAPITAL

	2006 £000s	2005 £000s
Authorised		
100,000,000 Ordinary shares of 50p each	50,000	50,000
Allotted, called up and fully paid		
32,825,267 Ordinary shares of 50p each	16,413	16,413

21) MERGER RESERVE

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Merger reserve	(7,343)	(7,343)	(7,343)	(7,343)

The merger reserve represents the difference between the nominal value of the share capital issued by Countrywide Farmers plc and the nominal value of the interests transferred to it in the share capital of Midland Shires Farmers Limited of £6,080,568 and in WMF Limited of £2,989,187 consequent to the merger of those entities under the Schemes of Arrangement effected in July 1999 under Section 425, Companies Act 1985.

22) REVALUATION RESERVE

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
At 1 June 2005	21,319	21,281	-	-
Transfer to profit and loss account on disposal	(793)	38	-	-
Recognition of impairment in revaluation reserve	(150)	-	-	-
At 31 May 2006	20,376	21,319	-	-

23) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2005	(5,397)	(24,642)
Retained profit/(loss) for the year	364	(1,966)
Transfer from revaluation reserve	793	-
Actuarial loss on pension scheme	(1,018)	(1,018)
Movement on deferred tax relating to pension liability	305	305
At 31 May 2006	(4,953)	(27,321)

24) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Group	2006 £000s	2005 £000s
At 1 June 2005	24,992	28,117
Retained profit/(loss) for the year	364	(3,060)
Actuarial loss on pension scheme	(1,018)	(93)
Movement on deferred tax relating to pension liability	305	28
Recognition of impairment in revaluation reserve	(150)	-
At 31 May 2006	24,493	24,992

25) MINORITY INTEREST

The minority interest is the minority's share of the net assets of MSF (Welland Valley Feeds) Limited. The percentage reduced from 44% to 20% in the year.

26) EMPLOYEES' AND DIRECTORS' REMUNERATION

Staff costs

	2006 £000s	2005 £000s
Wages and salaries	14,433	15,840
Social security costs	1,385	1,494
Other pension costs	621	579
	16,439	17,913

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

	Full Time Equivalent 2006 Number	Full Time Equivalent 2005 Number	Headcount 2006 Number	Headcount 2005 Number
Agriculture	207	290	219	301
Retail	438	424	532	528
Energy	52	50	58	59
	697	764	809	888

Remuneration of Directors	2006 £000s	2005 £000s
Aggregate emoluments (including benefits in kind)	407	435
Compensation for loss of office	150	-
Contribution to defined contribution pension scheme	24	16
	581	451

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2005: one). Benefits were not accruing to any directors under the Countrywide Farmers Money Purchase Scheme (2005: one).

Aggregate emoluments (excluding pension contributions) include amounts paid to:

	2006 £000s	2005 £000s
Highest paid Director		
Emoluments:	136	116
Defined benefit pension scheme:		
Accrued pension as at 31 May	21	18

27) PENSION OBLIGATIONS

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 2006 was £179,922 (including £13,858 for Meadow Quality staff) (2005: £166,000).

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 charge to the profit and loss account for this scheme for the year ended 31 May 2006 was £441,000 (including £14,755 for Meadow Quality and Severn Grain staff) (2005: £413,000).

Additional contributions paid by the company during the year totalled £916,000 (2005: £600,000)

A formal valuation of the scheme was carried out as at 30 November 2003 and the company agreed to pay an additional £0.9million per annum from October 2004 to reduce the deficit identified in the final salary section of the scheme.

The latest valuation of the scheme was determined by a professionally qualified actuary using the Projected Unit 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 5.0% per annum and that after retirement, investment earnings would exceed pension increases by 2.5% per annum. The market value of the assets at 31 May 2006 was £59.0 million, which represented 77% of the value of the liabilities assessed on these assumptions.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2006

A full actuarial valuation was carried out at 30 November 2003 and has been updated to 31 May 2006 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 31 May 2006	At 31 May 2005	At 31 May 2004
Rate of increase in salaries	-	-	3.50%
Rate of increase of pensions in payment	2.75%	2.25%	2.75%
Rate of increase in deferred pensions	2.75%	2.25%	2.75%
Discount rate	5.00%	5.10%	5.75%
Inflation assumption	3.00%	2.50%	3.00%

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

	Expected rate of return	Value at 31 May 2006 £000s	Expected rate of return	Value at 31 May 2005 £000s	Expected rate of return	Value at 31 May 2004 £000s
Equities/property	7.00%	46,639	7.00%	39,369	8.00%	33,743
Government bonds/cash	4.30%	8,209	4.50%	666	5.00%	5,917
Corporate bonds	5.00%	4,183	5.10%	12,180	5.75%	6,056
Total market value of assets		59,031		52,215		45,716
Actuarial value of liability		(76,339)		(69,222)		(63,262)
Deficit in the scheme		(17,308)		(17,007)		(17,546)
Related deferred tax asset		5,192		5,102		5,264
Net pension liability		(12,116)		(11,905)		(12,282)

Analysis of the amount charged to operating profit in respect of defined benefit scheme:

	At 31 May 2006 £000s	At 31 May 2005 £000s
Service cost	242	470
Past service cost	-	291
Curtailment Gain	-	(638)
Total operating charge	242	123

Analysis of the amount charged to other finance income:

	At 31 May 2006 £000s	At 31 May 2005 £000s
Expected return on pension scheme assets	(3,317)	(3,300)
Interest on pension liabilities	3,516	3,590
Net expense	199	290

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

	At 31 May 2006 £000s	At 31 May 2005 £000s
Actual return less expected return on assets	4,899	3,999
Changes in assumptions	(5,917)	(4,092)
Net (loss) recognised	(1,018)	(93)

Movement in deficit during the year:

	At 31 May 2006 £000s	At 31 May 2005 £000s
Deficit in scheme at beginning of year	(17,007)	(17,546)
Movement in year:		
Current service costs	(242)	(470)
Contributions	1,158	1,045
Past service costs	-	(291)
Curtailment Gain	-	638
Net finance expense	(199)	(290)
Actuarial loss	(1,018)	(93)
Deficit in scheme at end of year	(17,308)	(17,007)

History of experienced gains and losses:

	At 31 May 2006 £000s	At 31 May 2005 £000s
Difference between expected and actual return on scheme assets:		
Amount (£'000s)	4,899	3,999
Percentage of scheme assets	8.30%	7.70%
Total amount recognised in statement of total recognised gains and losses:		
Amount (£'000s)	(1,018)	(93)
Percentage of scheme liabilities	(1.3%)	(0.13%)

28) LEASE COMMITMENTS

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

	Land and Buildings 2006 £000s	Other Plant and Machinery 2006 £000s	Group 2006 £000s	Company 2006 £000s
Within one year	52	141	193	140
Within two to five years inclusive	216	1,547	1,763	549
Over five years	1,046	-	1,046	1,046
	1,314	1,688	3,002	1,735

	Land and Buildings 2005 £000s	Other Plant and Machinery 2005 £000s	Group 2005 £000s	Company 2005 £000s
Within one year	14	946	1,013	1,005
Within two to five years inclusive	246	1,771	2,406	2,319
Over five years	680	-	680	680
	940	2,717	4,099	4,004

29) CAPITAL COMMITMENTS

	Group 2006 £000s	Group 2005 £000s	Company 2006 £000s	Company 2005 £000s
Capital expenditure contracted but not provided for	93	40	93	40

30) PRINCIPAL SUBSIDIARIES

Subsidiary undertakings	Nature of business	Type of shares	% Share holding	Country of registration	Reporting date
Chepstow Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide Farmers Retail Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide Farmers Stores Limited	Non-trading	£1 ordinary	100%	England	31 May
Countrywide LP Gas Limited	LPG Supplier	£1 ordinary	100%	England	31 May
Lidstone Midwinter Holdings Limited	Non-trading	£1 ordinary	100%	England	31 May
Midland Shires Farmers Limited	Non-trading	50p ordinary	100%	England	31 May
MSF (Property) Limited	Non-trading	£1 ordinary	100%	England	31 May
MSF (Welland Valley Feeds) Limited	Inputs to farming trade	£1 ordinary	80%	England	31 May
Neway Datacare Limited	Non-trading	£1 ordinary	100%	England	31 May
Passey Nott & Company Limited	Non-trading	£1 ordinary	100%	England	31 May
Porthouse Farms Limited	Non-trading	£1 ordinary	100%	England	31 May
South West Blends Limited	Non-trading	£1 ordinary	100%	England	31 May
MB 2000 Limited	Non-trading	£1 ordinary	91%	England	30 June
West Midland Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
Wiltshire Farmers Limited	Non-trading	£1 ordinary	100%	England	31 May
WMF Limited	Non-trading	£1 ordinary	100%	England	31 May

During the year the Group's investment in MSF (Welland Valley Feeds) Limited was increased from 56% to 80%.

Subsidiary with a joint venture interest

Countrywide LP Gas Limited operates its business under a Joint Venture agreement with Esso Petroleum Company Limited dated 8 November 1994. Under this agreement 50% of the assets, liabilities, income and expenditure of the joint venture are attributable to each party.

The group's share of the results of the joint venture business is as follows :

	2006 £'000	2005 £'000
Turnover	4,052	3,601
Profit before taxation	370	420
Taxation	(112)	175
Profit after taxation	258	595
Fixed assets	2,707	2,521
Current assets	2,297	2,029
Liabilities due within 1 year	(1,749)	(1,532)
Liabilities due after 1 year	-	(20)

31) 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 2006 £000s	Transactions 2005 £000s	Debt at 31 May 2006 £000s	Debt at 31 May 2005 £000s
R.C. Beldam	Non Executive Director	212	231	24	10
T.D. Holderness-Roddam	Non Executive Director	57	58	5	5
M.F. Price	Non Executive Director	108	131	35	22

The Group has taken advantage of the exemption available to it under FRS 8 'Related Party Disclosures' not to disclose transactions or balances between Group entities that have been eliminated on consolidation.

32) 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 2006 to £17,174,000 (2005: £14,667,000). In addition, this guarantee covers bank guarantees of £2,395,000 (2005: £1,645,000).

At the year end the Group was committed to minimum payments of £1,392,750 in relation to contracts for the supply of gas and electricity for resale (2005: £454,650).

33) 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 Extraordinary General Meeting

Countrywide Farmers plc

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

Notice is hereby given that an Extraordinary General Meeting of the above-named Company will be held at 2.30 p.m. on the 26th October 2006 at the Frank Parkinson Centre, Pershore College, Avonbank, Pershore, Worcestershire, WR10 3JP.

The business of the meeting will be to consider, and if thought fit, to pass the following resolution which will be proposed as a **SPECIAL RESOLUTION:**

That the Articles of Association be altered in the following manner:

In Article 2.1

By the addition of the following words after **"Director"** means a director for the time being of the Company. An **"Executive Director"** shall mean a director who is an employee holding an executive office within the Company. A **"Non-Executive Director"** shall mean a director who is not a holder of an executive office within the Company.

By the deletion of Article 35.2 and the addition of the following new Article

Right to refuse registration

35.2 Transfers of shares will not be registered either if upon such transfer the transferee(s) would be required to make a notification of interests in shares (including notification of family and corporate interests) to the Company under Sections 198-220 CA 1985 due to the interest and other notifiable interests being more than 3% of the share capital of the Company provided that this limit shall not apply in the case of any holding by any person or persons for the purpose of facilitating any employee share option scheme for the benefit of employees of the Company or any of its subsidiaries.

By the deletion of Article 86 and the addition of the following new Article

86 Eligibility of new Directors

By the deletion in Article 86.1(a) of the number 65 and the substitution of the number 70.

By the deletion of Article 87 and the addition of the following new Article

Share Qualification

87.1 A Director shall be required to acquire within six months of his appointment shares in the Company to a value of not less than £1,000

87.2 A Director who is not a member of the Company shall nevertheless for the six month period following his appointment be entitled to be given notice of and attend and speak at general meetings including any separate meeting of the holders of any class of shares.

By the deletion of Article 89 and the addition of the following new Article.

Retirement by rotation

89.1 The number of Directors to retire from office at each annual general meeting of the Company shall be determined as follows:-

Number of Directors on Date of Notice convening the Annual General Meeting as defined in Article 90.1 (excluding Directors subject to annual re-election under Article 90.2.1)	Number of Directors to Retire
9	3
8	2
7	2
6	2
5	1
4	1
3	1
2	0

Notice of Extraordinary General Meeting *(Continued)*

By the deletion of Article 90 and the addition of the following new Article.

90 Directors subject to retirement by rotation

90.1 Subject to the provisions of CA 1985 and of these Articles, the Directors to retire by rotation at each annual general meeting shall be, so far as necessary to obtain the number required, first, any Director who wishes to retire and not offer himself for re-election and second, those Directors who have been longest in office since their last appointment or re-appointment and third those Directors who are subject to annual re-election in accordance with Article 90.2.1 (who shall not be taken into account in ascertaining the number required to retire by rotation). As between two or more Directors who have been in office an equal length of time, the Director to retire shall, in default of agreement between them, be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the start of business on the date of the notice convening the annual general meeting notwithstanding any change in number or identity of the Directors after that time but before the close of the meeting.

90.2.1 A Non-Executive Director may be re-elected by the Company in general meeting (by rotation or otherwise) twice. In the event of a third and subsequent re-election his office shall be confirmed annually by the Company in general meeting.

90.2.2 An Executive Director may be re-elected by the Company in general meeting any number of times.

By the deletion of Article 93 and the addition of the following new Article.

93 Retirement on account of age

93.1 Section 293 CA 1985 shall apply to the Company, and accordingly a Director shall vacate his office at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years.

By order of the Board
P.A.Marfell
Company Secretary
28 September 2006

Registered office
Defford
Earls Croome
Worcester
WR8 9DF

NOTE:

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 and vote instead of him.

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 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, Defford, Earls Croome, Worcester, WR8 9DF not less than 48 hours before the time for holding the meeting.

4. These resolutions are proposed by the Board to modernise and update the Company's Articles relating to Directors' engagement terms and retirement by rotation in order to bring the company more into line with best practice and to clarify and reinforce the 3% restriction on share ownership.

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 2.35 p.m. on 26 October 2006 at the Frank Parkinson Centre, Pershore College, Avonbank, Pershore, Worcestershire, WR10 3JP for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual accounts and the report of the directors and auditors for the year ended 31 May 2006.
2. To re-elect Mr. John William Pugh who retires pursuant to article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
3. To re-elect Mr. John Harry Hardman who retires pursuant to article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
4. To re-elect Mr. Norman Kay Leece who retires pursuant to Article 84 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 be and they are hereby empowered pursuant to Section 95(1) of the Act and in substitution for all existing powers, to allot for cash equity securities (within the meaning of Section 94 of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power is limited to:

   (i) the allotment of equity securities in connection with an offer (whether by way of rights, open offer or otherwise) of securities, open for acceptance for a period fixed by the directors to the holders of ordinary shares and such other equity securities of the Company as the directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws, or the requirement of any recognised regulatory body or any stock exchange, in any territory; and
   (ii) any other allotment of equity securities up to an aggregate nominal amount of five per cent of the issued share capital of the Company;

and shall expire fifteen months after the passing of this resolution, 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 notwithstanding such expiry the directors may allot equity securities in pursuance of such offers or agreements. (See note 4 for an explanation of this resolution).

By order of the Board	*Registered Office*
P.A.Marfell	*Defford*
Company Secretary	*Earls Croome*
28 September 2006	*Worcester*
	WR8 9DF

NOTES:

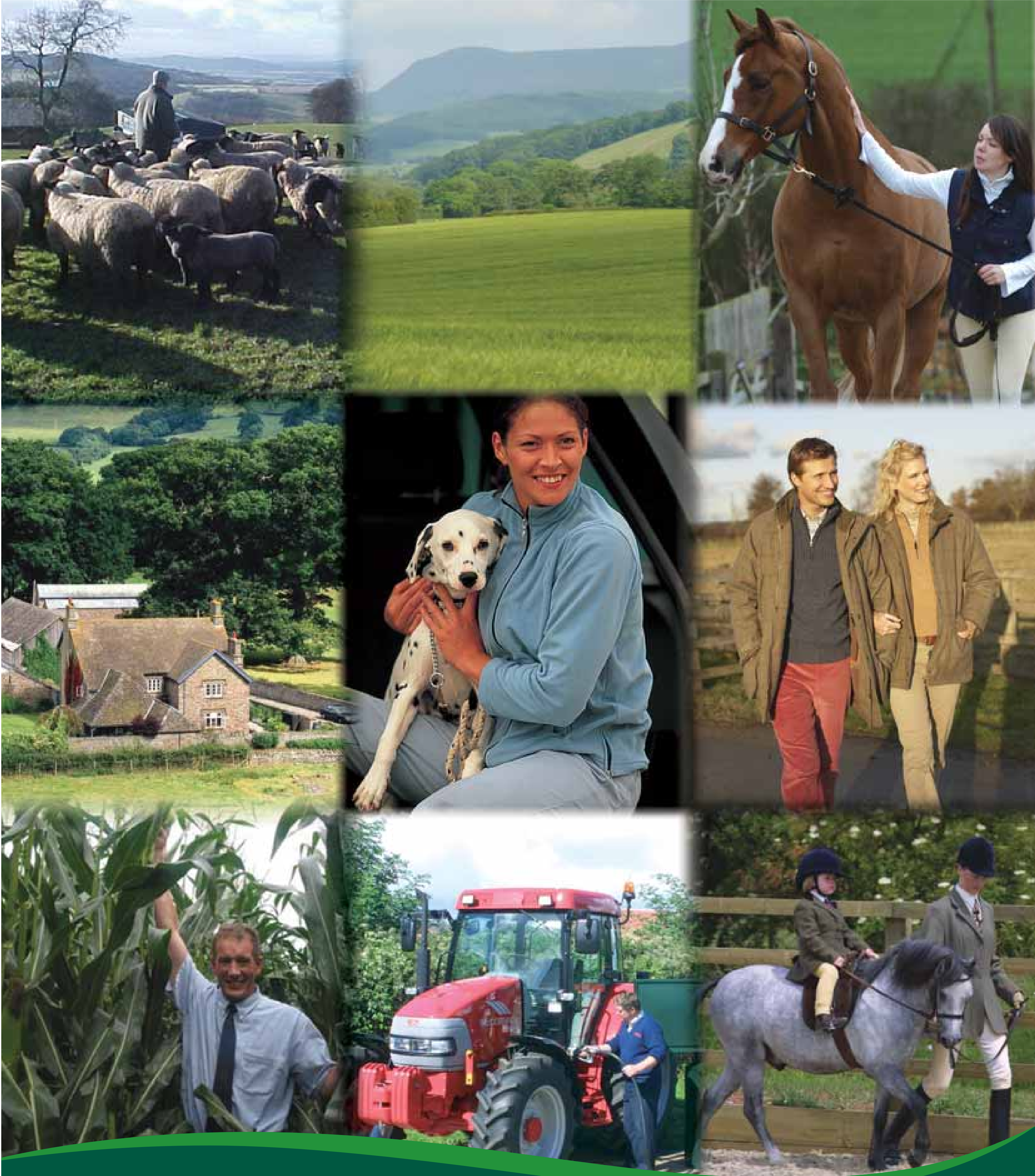
1. A Member of the Company who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy, who need not be a Member of the Company, to attend and vote instead of him.

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 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, Defford, Earls Croome, Worcester, WR8 9DF not less than 48 hours before the time for holding the meeting.

4. Resolution 6 gives the directors the power to issue shares for cash, without first offering the shares to existing shareholders by way of rights. Such power is limited to a quantity of shares not exceeding 5% of the current issued share capital. Such a power could be useful in many situations including the admission of new members. The wording in sub paragraph (i) of the resolution addresses the technicalities of company law which may arise if the directors were to propose a rights issue.

Countrywide Farmers Sites



countrywide
Farmers plc

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