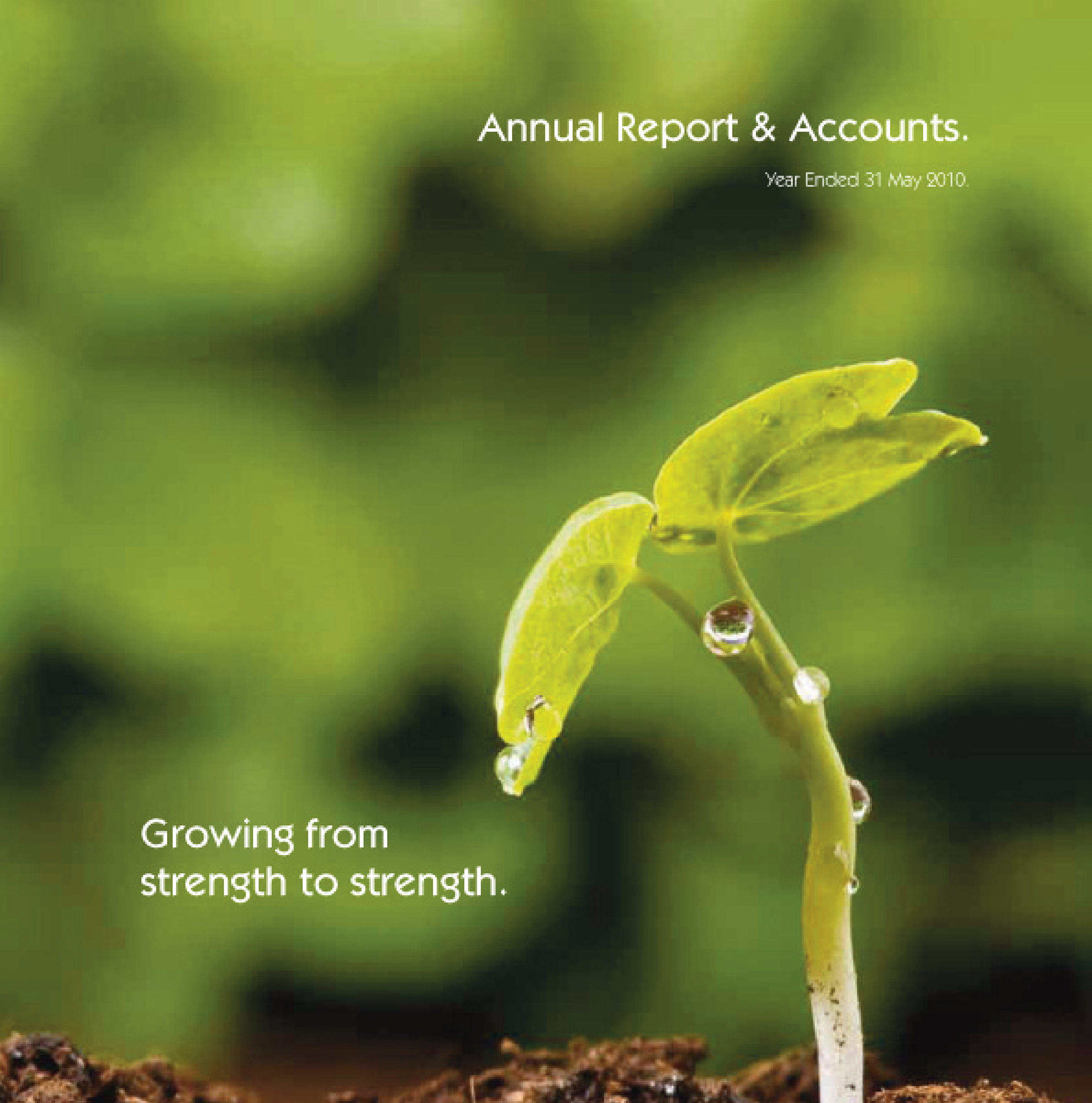
Annual Report & Accounts.

Year Ended 31 May 2010.



Growing from
strength to strength.

countrywide
Farmers plc

Supplying the rural community

Helping to grow rural businesses.

When it comes to supplying products, services and advice to the rural community, no one understands the unique requirements and challenges faced daily better than Countrywide. As the leading UK specialist in Agriculture, Energy and Retail, we go to great lengths to provide an authentic range of rural products, all of which are seasonally selected by our knowledgeable staff. We also take great pride in offering support and advice to market town and country customers when they need it most. Furthermore, with over 6,000 shareholders, 40,000 account customers and staff numbers surpassing 1,000 across the Group, Countrywide continues to grow from strength to strength.

Agriculture

At the heart of everything we do at Countrywide sits a single word – agriculture. For countless years we've supplied feed and arable products to farming areas throughout the land, with our field specialists and direct sales team working closely with farming and amenity customers to offer the most competitive prices and first-class service. With an ever-expanding product range including everything from blends, straights and high quality feeds, to fertiliser, crop protection and various seeds, farming communities have increasingly grown to rely on the many products Countrywide provide. We also offer specialist products and advice to golf courses and other types of sports grounds through our dedicated Turf and Amenity team. The country pursuits community is now supported by our country keeper business supplying specialist products for game keeping and shooting.

Energy

From traditional energy products to renewable sources, Countrywide are rightly considered a leading energy provider. We can supply and deliver a wide range of fuel and energy products to both domestic and commercial customers, all conveniently delivered direct to their door. Alternatively, we can also offer a wide range of fuel tanks suitable for storage on-site. To make life for our customers as simple as possible we've installed over 40 Autogas sites throughout the UK, plus we offer convenient fuel cards that are accepted at garage forecourts nationwide. Everyone at Countrywide takes great pride in being at the forefront of developing and supplying new energy products including biomass wood pellet boilers and renewable electricity, ensuring that while our product offering keeps increasing, our carbon footprint doesn't.

Retail

With 46 country stores throughout the rural community, our ever-expanding retail business has never been better placed to provide our customers with a wide range of relevant products. In addition to the superb range of brands and quality products each of our stores stock, selected stores also sell local produce while fresh plants are available through our numerous garden centres. Our trained in-store specialists are always on hand to offer expert advice on feeding, animal health and equestrian products, plus our fully AMTRA qualified staff can recommend appropriate animal health products. Rural businesses can also take advantage of the services of a dedicated Account Manager plus benefit from competitive discounts on bulk purchases. While all customers can benefit from a local delivery service and online buying 24 hours a day, 7 days a week.

For further information about Countrywide, or to shop online please visit www.countrywidefarmers.co.uk

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Chairman's Report 2010

Introduction

For the third consecutive year, I am delighted to report record operating profits. This performance reflects the continued hard work of management and staff to grow the business while keeping a close eye on costs. This has been achieved at a time when the UK economy has experienced a deep recession and sustained economic recovery is far from certain. The Chief Executive's Review details the progress achieved in each of our trading businesses on pages 3 to 5.

Financial Results

Group operating profit of £3.6m (2009: £2.5m) comprised improved operating profits in most areas of the business. Cash interest costs of £0.5m (2009: £0.7m) are below last year reflecting lower levels of borrowings and the continued benefit of low bank base rates throughout the year. The interest charge in the group's pension scheme was £1.2m (2009: £0.3m cost) resulting in a total interest cost of £1.7m (2009: £1.0m). As a result the Group reports a profit before taxation for the year of £2.0m (2009: £1.5m). Tax on profit on ordinary activities shows a charge of £0.9m (2009: £0.8m credit). In 2009 following the improved trading performance of the business, the Group recognised a deferred tax asset for the full amount of its trading tax losses and this resulted in the credit recorded last year. Full details of the tax movements are covered in the Finance review on page 7.

At the same time I can report net debt at 31 May 2010 of £9.8m which is £0.9m below last year. This debt reduction has been achieved after investing £4.5m of capital expenditure to continue to grow and improve the business in line with the business strategy (2009: £3.9m). Net cash inflow from operating activities at £6.2m (2009: £6.0m) reflects improved profitability and continued close monitoring of working capital. Gearing at 31 May 2010 stands at 40% of shareholder funds (2009: 44%).

Strategy

The Board first approved a three year strategy in 2008, and it has been updated in each subsequent year. Our vision remains for Countrywide to be the leading business in the supply of products and advice to the rural community, by offering quality and value for money, supported by expert knowledge and a personal service. The business has recently embarked on a major internal review redefining how all parts of our business serve our customers. Full details of the initiative are included in the Chief Executives report on page 3. While the full benefits of these changes will take time to be realised, they will ultimately play a major part in improving all aspects of the customer experience and enable the financial performance of the business to continue to improve.

Small Shareholder Offer

The Board recognise that shareholders need an orderly process in which to buy and sell shares and Sharemark were appointed to operate a market on the company's behalf. Dealing costs through Sharemark can be prohibitively high, particularly where a smaller number of shares are involved. To help address this issue, the company wrote to all shareholders owning 1,000 shares or fewer in October 2009, offering to buy these shares at a small premium to the market price and at no dealing cost to the shareholder. The Board was delighted with the positive response to this offer and at the closing date we had received responses from 50% of the 4,600 shareholders written to. A total of 1,489,000 shares were ultimately acquired and these are now held in trust for the purposes of satisfying the ESOP and the LTIP.

Shareholder Privilege Card

The shareholder privilege card was launched at the Annual General Meeting in 2008, and this benefit had been well received by shareholders. I am delighted to be able to report that over 2,000 shareholders are now using their cards spending almost £2m and collectively receiving almost £100,000 of discount in the year. With effect from January 2011, the threshold is being increased to 3,000 shares for any new applications.

Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) was successfully launched last autumn and will run for three years until December 2012. I am pleased to report the offer was over subscribed with 103 employees participating. The applications were scaled back to the maximum number of shares available which had been set by the board at 3% of the issued share capital (999,000 shares). This positive response demonstrates the commitment of these employees to the company and their belief in the strength of the business being developed particularly at a time of wider economic uncertainty.

Chairman's Report 2010 *(Continued)*

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 by focusing on long term value creation. The LTIP awards will only be released in full or in part after three years, on achievement of challenging profit and cash targets for the business based on the three year strategic plan. The Board firmly believes the LTIP has helped to retain and motivate the executive directors and key senior management to deliver the company's strategic plan and a further annual award was made on 27 May 2010. Full details of the LTIPs are included in note 22 on page 37 of the Report and Accounts.

People

Standing for re-election at the Annual General Meeting on 23 September 2010 are Les Collins and Sir Ben Gill. Timothy Holderness-Roddam, our deputy Chairman, is also standing for re-election as he has reached the time of his third re-appointment. The company articles require a non-executive director's reappointment to be subject to annual confirmation at his third and then all subsequent annual general meetings.

I acknowledge the contribution of our Executive Board and most importantly all our staff during the past year in delivering another record level of operating profits.

Future Prospects

Trading conditions in all of our markets are expected to remain challenging in the next financial year. The company has achieved significant and sustained improvements in operating profitability in the last three years as the benefits of the three year strategy have been realised. Further growth and improvement in financial performance can be expected as the benefits of our business strategy and the various customer facing initiatives outlined in the Chief Executive's Review on page 4 are delivered. We also expect to benefit in 2011 from the one off receipt arising from the sale of surplus land at Melksham, which will fund the investment needed to sustain our improved performance.

Finally, I look forward to meeting all shareholders attending our Annual General Meeting which is being held at our Witney store at 2.00pm on Thursday 23 September.

Nigel Hall
Chairman
26 August 2010

Chief Executive's Review

Review of Operations

In the last twelve months, market conditions have remained challenging for the majority of businesses. The country may have officially come out of recession, but growth remains sluggish and competition intense. Against this background, it is especially pleasing to report a third consecutive year of record operating profits. We have focussed on serving our customers to improve sales volumes and with continued focus on margin growth and cost control, another excellent performance was achieved. It requires strong and decisive management to thrive in these difficult conditions supported by an engaged and committed workforce.

Both our Agriculture and Retail businesses performed strongly against last year and registered impressive improvements in operating profits. The cold winter helped boost volumes in our Energy business, but margins were not as strong as 2009. While the consequent fall in Energy operating profits is disappointing, it was expected and performance was in line with our predictions at the beginning of the year.

The extreme and prolonged winter weather experienced in January and February 2010, presented a major challenge for our operational team, customers and the wider rural community. Trucks, tankers and stores were asked to cope with the difficult conditions and extreme pressure was placed on the supply chain to ensure stock was available for our customers. I'd personally like to thank all those in the business who made this happen and our large number of committed suppliers who helped support us during this difficult time.

There have been a number of exciting new marketing initiatives launched during the year including a customer loyalty card that is now available in over half of our stores with a roll-out planned for the whole estate. A new public relations agency was appointed in the spring to further enhance our profile in the rural community supported by a new advertising agency. Our application to register the Countrywide name as a trademark was approved in April which further protects and strengthens the branding of the business.

We held a supplier conference and charity golf day in September 2009 to update our key suppliers on company strategy and performance as well as launching our support for the Riding for the Disabled Association. This event, together with other fundraising during the year, raised a total of £55,000 for this very worthwhile charity.

Group sales decreased by 5% to £205.7m (2009: £215.7m) largely reflecting lower commodity prices in our Agricultural business. Improved margins and tight control of costs, led to an operating profit of £3.6m (2009: £2.5m). Interest costs of £0.5m excluding pension interest (2009: £0.7m) reflect lower levels of borrowings and bank base rates that have remained at 0.5% all year. Interest on the group's pension scheme increased to £1.2m (2009: £0.3m). The Group reports a profit before taxation for the year of £2.0m (2009: £1.5m).

Agriculture

I am delighted our Agriculture business reported increased operating profits of £1.0m (2009: £0.6m) before corporate costs. Agricultural sales decreased by 12% to £83.6m (2009: £94.6m) driven wholly by lower commodity prices with volumes across feed, seed and fertiliser up by 2% overall against last year. Compound feed volumes increased by a market leading 13% with our strategy to continue to grow our infield sales team coupled with a major training programme starting to bear fruit. Volumes in our blends and straights business fell 3% as competition intensified but margins improved. Overall, the contribution from our feed business increased by an impressive 25%.

The effect of lower commodity prices was particularly evident in Fertiliser, with sales values falling nearly 30% on level volumes, a significant turnaround on the position at the half year. Seed performance was impacted by the dry autumn and cold spring that reduced demand in these key selling periods. Our Crop protection and Turf and Amenity businesses both had strong years and contributed to the excellent profit improvement.

The performance of our Agricultural business was ahead of our expectations against the backdrop of volatile commodity prices that continued to cause uncertainty throughout the industry. We continue to pro-actively develop the business and acquired Country Keeper, a small specialist game feed and supplies business in February to expand our offer in this important business segment. We also disposed of a small crop protection business based outside of our geographical area in Lincolnshire. While this business made a small positive profit contribution it absorbed a disproportionate amount of working capital. We launched a new sheep feed range in the year and continued to expand the Elite nutrition programme to support our dairy customers. We continue to support a large number of livestock shows and dairy events including the showpiece Royal Welsh show.

Chief Executive's Review *(Continued)*

Retail

The Retail business has continued to make excellent progress in 2010. Sales increased by 8% to over £75m and 'like-for-like" sales increased by 4%. Operating profits, before corporate costs, increased to £3.6m (2009: £2.7m), and on a like for like basis, excluding new stores, operating profits before corporate costs increased by £0.6m (21%) to £3.7m (2009: £3.1m).

A key part of our retail strategy remains the opening of new stores. I am pleased to report three store openings in the year. A new store at Honiton, Devon opened in July 2009 and two major business acquisitions were completed in the year. Town and Country Supplies based in Ashbourne Derbyshire and West Country Feeds based in Taunton, Somerset. In addition a farm inputs business based in Monmouth was acquired and operations transferred to our Raglan store. A major store refurbishment was completed at our Gloucester store shortly before Christmas, and a number of clothing refreshes and garden centre upgrades were implemented across the store estate.

During the last twelve months we have successfully launched Farmgate, a popular small holder range of bagged feeds. Range development included new shooting and fishing ranges supported by key branded suppliers including Le Chameau. The leading equestrian clothing supplier Joules launched their new Mary King range with us last autumn. We were delighted to win a Gold Medal for the best trade stand at the Spring Garden show in Malvern for the third consecutive year. David Gray our gardening specialist was a finalist for the Retail Week Store support manager of the year and Danny Greaves our store space planner has been shortlisted as a finalist in the Retail Week Rising Star awards. Finally we are delighted to have increased again the number of AMTRA qualified staff and now average four animal health specialists in each of our stores to continue to improve customer advice in this important area of our business.

Energy

After a very strong year in 2009 it was always going to be difficult for our Energy business to match this exceptional level of performance. In 2010, we achieved record new LP Gas bulk tank sales that helped drive a 6% increase in LP Gas sales volumes. We also continue to grow our gas cylinder business. Performance in the Fuels business was disappointing with fuel card in particular suffering due to competitive pressures and the impact of the recession on the sector. Overall fuel volumes were 10% behind last year. In 2009, gas margins were boosted by favourable movements in wholesale gas prices at the key seasonal peak. These conditions were not repeated in 2010 and as expected margins returned to more normal levels. An operating profit of £1.2m before corporate costs was recorded (2009: £1.9m) which, while disappointing, was in line with expectations and with prior year achievements.

Renewable energy continues to offer exciting opportunities for the business and our customers. The publication in April of the new renewable energy incentives has given a boost to the sector and will help support the commercial investment required to implement the technology when the new government ratify the proposals. At this time we were also delighted to sponsor the renewable energy conference at the Three Counties showground at Malvern. We have subsequently acquired a biomass boiler business, Green Energy, to add specialist technical knowledge and supply contracts for this area of our fledgling renewable energy business. We continue to invest to support the development of our business and energy tankers have been fitted with electronic in cab technology and computerised routing introduced for transport planning purposes.

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. Corporate net operating assets recorded at £1.7m at 31 May 2010 comprise land and buildings which are used by all our three businesses at Defford, and land at Melksham, which has long been identified as surplus to our operating requirements.

Outlook

Our performance in the first three months of the 2011 financial year remains on track as we continue to pursue a number of exciting opportunities to grow our business.

The outlook for UK Agriculture remains positive with the prospects for the livestock sector improved. The dairy sector still remains under significant price pressure. The weather around the world has become even more extreme in 2010 with heat waves on one continent and severe floods in another. These factors will continue to drive volatile world commodity prices as crop yields and consequently prices fluctuate. The new government has declared a strategy of increasing UK food production and encouraging the consumption of UK grown food, measures in the long run that should underpin the growth and prosperity of UK Agriculture. We continue our policy of buying compound feed ingredients up to twelve months ahead to provide a hedge against commodity price increases.

Chief Executive's Review *(Continued)*

This policy will help protect our business from commodity price movements in the short term and enable us to continue to provide excellent value to our customers. We will continue to strengthen our dedicated in field sales team to sell our full range of products across all our key customer groups. This will provide valuable customer sales contact and maintain relationships and loyalty to the business. These teams are increasingly being supported by the recruitment of dedicated account managers who provide the bridge between the in field sales teams and our stores.

We continue to seek opportunities to grow the Retail store portfolio in 2011 through a combination of new stores and business acquisitions. However, a number of the current opportunities being progressed require planning approval that can delay the process by up to 9 months. We continue to improve the retail supply chain as well as improving merchandising and space planning in store to deliver commercial benefits and serve our customers better. The new government has announced that VAT will rise to 20% from January 2011. This increase could impact on customer spending patterns. Our expectation is that while it may distort the timing of certain purchases it will not have a material impact on longer term spending plans. That said, after the strong positive sales growth delivered over the last four years our expectations for the coming year are more conservative in terms of sales and margin growth.

Our Energy business remains focussed on growing its customer base in both fuels and LP Gas. With this in mind we are exploring a number of options to extend our current trading area through arrangements with third parties. These discussions are ongoing and not yet finalised but when concluded will enable the business to accelerate its growth in a cost effective and profitable way. The Energy business had a difficult year in 2010 and conditions remain equally challenging in 2011.

In 2007 we exchanged contracts with ASDA for the sale of part of the land at Melksham subject to obtaining planning approval and satisfying all conditions of the sale contract. Planning approval was obtained earlier this year and in the last four weeks all outstanding contractual matters have been concluded and the contract is expected to become unconditional in September 2010. The current Melksham store will move to an existing building on the nearby southern site which has been refurbished over the last nine months. Full continuity of trade will be maintained. Sale proceeds of £7.8m will be received and after tax estimated at £1.3m, the gain on disposal is forecast at £3.1m with a further £2.5m being released from the revaluation reserve.

Finally I have launched a major internal review redefining how all parts of our business serve our customers. Under this "customer first" initiative we are refining our business operating model. This review will culminate in the introduction of a comprehensive single customer database that will enable us to serve all our customers more efficiently and eliminate many of the frustrations of our historical product led approach. The first phase of the project will complete in summer 2011. Aligned with this review we exchanged contracts on 23 July 2010 to purchase a freehold head office comprising land and buildings totalling 28,000 sq ft just outside Evesham in Worcestershire. The building will allow all our office based functions to be consolidated from our existing operational site at Defford. As well as providing improved facilities for our office based staff, the purchase will enable the Defford site to expand its warehousing and distribution facilities to support the further growth and development of our business. Completion is expected to take place by October 2010 for a consideration of £2.1m. The offices will then be fitted out with occupation scheduled from spring 2011.

After our record operating results in 2010 we are aiming to improve our performance again in 2011. Looking forward the outlook for the economy generally is tougher than ever before and there are signs that customers are starting to feel the pressure of the difficult economic conditions. Interest rates are likely to increase in the medium term reducing disposable incomes and measures taken by the new government to reduce the public deficit may further constrain demand in the wider economy in the medium to long term. The outlook for Agriculture remains positive and this should help support the industry generally and our business specifically. The major structural work we are completing on improving the customer focus in the business will also help benefit our business in the future. We continue to invest in all aspects of our business as we pursue the right strategy for the growth and long term prosperity of the business.

A final thank you is reserved for all our employees, these results could not have been achieved without their ongoing dedication and commitment to the business.

John Hardman
Chief Executive
26 August 2010

Finance Review

Balance sheet and Cash flow

Freehold land & buildings are valued by an external valuer every five years with the last formal valuation completed as at 31 May 2007. The next full revaluation is not due until 31 May 2012 but on the third anniversary of the valuation, the Directors are required to review the valuation in accordance with FRS 15. The conclusion of this review is that no adjustment to the current carrying values is required.

Fixed asset additions in the year totalled £4.5m and were split between our energy and retail businesses. In our Energy business, we invested £2.3m in new tanks and cylinders to support the strong growth of our gas business. In retail, we opened a new store at Honiton, Devon and refurbished a number of stores at a total cost of £0.8m. During the year we acquired three retail businesses at Ashbourne, Taunton and Monmouth together with a small game feed supplies business and a specialist biomass boiler business for a total consideration of £1.1m. Further details are provided in Note 9.

Changing commodity prices continue to have an impact on the levels of working capital in the business with prices generally finishing the year lower than at the start of the year. Since the balance sheet date, global market conditions have moved with a significant increase in prices that is expected to accelerate in the coming months creating uncertainty in commodity based markets.

Stocks at the end of the year at £17.4m were £1.0m (6%) up on the levels at last year. The increase largely reflects our new retail store at Honiton and the five business acquisitions during the year. The business continues to ensure stock levels are carefully managed to support the company growth plans.

Debtors at £22.8m were £2.3m (9%) down on last year. Trade debtors at £19.0m were down on last year largely reflecting the sale of the crop protection business based in Lincolnshire. I am delighted to report that the levels of over 90 day past due debts have decreased to 3.7% sales (2009: 5.6%) reflecting the continued excellent work of our credit control department in working with our customers to minimise levels of older debt.

The group had a net cash inflow from operating activities of £6.2m (2009: £6.0m) reflecting improved profitability and continued close monitoring of working capital. It is pleasing to report a reduction in net debt at 31 May 2010 to £9.8m (2009: £10.7m). The net pension deficit at £13.4m (2009: £12.9m) shows a small increase and shareholder funds have risen to £24.5m (2009: £24.2m) which is equivalent to £0.75 per share (2009: £0.74 per share). Gearing at 31 May 2010 stands at 40% of shareholder funds (2009: 44%).

The Chief Executive's Review details the significant cash proceeds shortly to be received following the sale of surplus land at Melksham. The receipt of these proceeds will support the further growth of the business and allow borrowings to be further reduced in 2011.

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 (2009: £0.2m).

The company also supports a closed defined benefit scheme and additional contributions paid by the company into this scheme in the year totalled £1.1m (2009: £1.1m). The valuation of the closed defined benefit scheme at 5 April 2009 has recently been completed and the company has agreed with the pension trustees to increase our ongoing annual contribution to £2m.

The valuation of the scheme under FRS 17 at 31 May 2010 gave rise to a small increase in the pension deficit of £0.6m to £18.6m (2009: £17.9m) or £13.4m (2009: £12.9m) after deferred tax. Scheme assets are substantially invested in equities and while there has been a substantial improvement in asset values with the rise in equity markets over the period there has been a corresponding increase in calculated liabilities as discount rates have fallen. Full details of all the assumptions underlying the actuarial valuation are included in Note 23.

Finance Review *(Continued)*

Distributable reserves and tax

Distributable reserves for the company finished the year at £6.6m in deficit (2009: £7.2m deficit) with movements summarised in Note 19. A consequence of this deficit is that the business is not in a position to pay dividends to shareholders.

Tax on profit on ordinary activities shows a charge of £0.9m (2009: £0.8m credit). The tax charge on current year profits of £0.1m (2009: £0.1m credit) is detailed in Note 5. The deferred tax charge to the profit and loss account of £0.8m (2009: £0.7m credit) is detailed in Note 16. In 2009, following the improved profitability of the company and in accordance with FRS 19, the Group recognised a deferred tax asset of £1.7m for the full amount of its brought forward trading tax losses. This resulted in the credit recorded in 2009.

Banking facilities

The group's banking facilities are detailed in Note 13 to the accounts. These facilities, total £18m, and will provide sufficient headroom to implement the business strategy and are secured at competitive rates. The business is comfortably operating within the covenants that apply to these facilities.

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 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 2010 to be £10.4m (2009: £9.5m)

The Energy 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. In addition, the Fuels business maintains credit insurance in order to manage the potential financial loss incurred on certain debts.

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 entered into two interest swap transactions to fix the interest on part of the Group's borrowings which are also described in this note.

Les Collins
Finance Director
26 August 2010

Directors' Profiles

NIGEL HALL (Chairman) Age 55
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 Unite Group plc, where he is the Senior Independent Non-Executive Director, C&J Clark Limited and Pinewood Shepperton plc. Owns a small farm in mid-Devon near Tiverton.

TIM HOLDERNESS-RODDAM (Deputy Chairman) Age 67
Joined the Board in 2001, Deputy Chairman since 2004. Trustee of Countrywide Farmers Retirement Benefits Scheme. Director of Abercrombie & Kent Limited.
Chairman of British Equestrian Federation Fund (BEFF). Director of British Eventing Limited (BE).
Former Managing Director of United Molasses Group. Arable Farmer and equine stud owner.

JOHN HARDMAN (Chief Executive) Age 48
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.

LES COLLINS (Finance Director & Company Secretary) Age 49
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 for six years, between 2000 and 2006 and joined Countrywide Farmers in November 2006.

SIR BEN GILL Age 60
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 and Chairman of Eden Research Plc.
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.

NORMAN LEECE Age 59
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 which provides support to small and medium sized businesses in the energy and technology sectors.
Chairman of the Remuneration Committee.

STUART CREBO Age 56
Has held a number of senior positions in Corporate Banking, both in the UK and USA. Currently Managing Director of White Eagle Consulting Ltd, 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 Audit Committee.

Registered Office and Advisers

Registered Number	3776711
Registered Office	Defford Earls Croome Worcester WR8 9DF
Independent Auditors	PricewaterhouseCoopers LLP 31 Great George Street Bristol BS1 5QD
Bankers	HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Solicitors	Bond Pearce LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ

Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 31 May 2010.

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 supply of animal feeds, seeds, 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 16. The Directors recommend that no dividend be paid (2009: £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 2010 the average payment period was 47 days (2009:51 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 2010, the market value of these swaps was a £396,178 loss (2009: £395,484 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 during the year to 31 May 2010 and their beneficial interests in the share capital of the Company are listed below:

	Shares 2010	Shares 2009
N.P. Hall (Chairman)	182,321	182,321
T.D. Holderness-Roddam (Deputy Chairman)	255,818	219,318
J.H. Hardman (Chief Executive)	17,557	9,735
L.J. Collins (Finance Director)	7,200	7,200
Sir Ben Gill	12,180	12,180
N.K.Leece	32,238	32,238
S. Crebo	5,489	5,489

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 Chief Executive 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 donated £15,000 to the Riding for the Disabled Association, which is a registered charity.

Environmental Policies

The Board are committed to reducing the group's environmental impact by formulating an energy management strategy which incorporates it's environmental commitments which are ongoing and measurable. The Board is focusing on the following areas:

• Setting up an organisational structure within the group so that individuals have direct responsibility for reporting on and acting on environmental issues.
• Measuring, quantifying and managing the group's carbon footprint from direct emissions covering energy consumption, transport, waste and water whilst having an influence on indirect emissions from subcontractors, product supply chain and operations with the overall aim of carbon reduction.
• Investigating and sourcing a greater number of environmentally friendly products to be sold in store.
• A continued training programme for staff on energy efficiency that will become embedded in the group's vision and become the normal way of working therefore reducing energy usage in the group's offices and retail stores.
• Actively researching and applying renewable technology to existing, refitted or new retail stores.
• Promoting and growing the renewable energy sector leading by example by installing biomass boilers in the group's stores, where practical.
• Aiming to gain Carbon Trust Accreditation for the group's actions in reducing it's carbon footprint and carrying out the energy strategy.

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
26 August 2010

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 five 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 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 Leece (Chairman), Hall and Holderness-Roddam.

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 Crebo (Chairman), Holderness-Roddam, Leece and Sir Ben Gill.

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 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 Holderness-Roddam.

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 2010	14	6	2	2
Attendance of Directors:				
J.H. Hardman	14			
T.D. Holderness-Roddam	14	6	2	2
Sir Ben Gill	14		2	2
N.P. Hall	13	6		2
N.K. Leece	14	6	2	
L.J. Collins	14			
S. Crebo	13		2	

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
26 August 2010

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 elected to prepare 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 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
26 August 2010

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 2010 which comprise the Consolidated Profit and Loss Account, the statement of Total Consolidated Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement 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 Directors' Responsibilities Statement 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 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.

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 2010 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, 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
Bristol
26 August 2010

Consolidated Profit and Loss Account

For the year ended 31 May 2010

	Note	Group 2010 £000s	Group 2009 £000s
Turnover	2	205,754	215,705
Cost of Sales		(166,279)	(177,238)
Gross Profit		39,475	38,467
Other operating income		630	384
Net operating expenses		(36,484)	(36,324)
Operating Profit	4	3,621	2,527
Interest receivable	3a	-	3
Interest payable	3a	(450)	(733)
Other finance expense	3b	(1,154)	(294)
Profit on ordinary activities before taxation		2,017	1,503
Taxation	5	(949)	772
Profit after taxation		1,068	2,275
Minority Interests in profit for the year		(29)	(23)
Profit for the year		1,039	2,252

There are no differences between the results stated above and their historical cost equivalents. These relate wholly to continuing operations.

Statement of Total Consolidated Recognised Gains and Losses

For the year ended 31 May 2010

	Note	Group 2010 £000s	Group 2009 £000s
Profit for the financial year		1,039	2,252
Actuarial (loss) recognised in the pension scheme	23	(519)	(11,070)
Movement on deferred tax asset relating to pension scheme	16	144	3,100
Total recognised gains/(losses) for the year		664	(5,718)

Consolidated Balance Sheet (Registered no. 3776711)

At 31 May 2010

	Note	Group 2010 £000s	Group 2009 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	818	263
Negative Goodwill	7	(777)	(883)
		41	(620)
Tangible assets	8	38,373	37,379
Investments	10	41	107
		38,455	36,866
Current Assets			
Stock	11	17,454	16,419
Debtors	12	22,830	25,084
Cash at bank and in hand		3,518	2,711
		43,802	44,214
Creditors - amounts falling due within one year	13	(31,102)	(30,587)
Net Current Assets		12,700	13,627
Total Assets less Current Liabilities		51,155	50,493
Creditors - amounts falling due after more than one year	14	(12,068)	(12,081)
Provisions for liabilities and charges	15	(1,222)	(1,252)
Net assets excluding Pension Liability		37,865	37,160
Net Pension Liability	23	(13,359)	(12,914)
Net assets		24,506	24,246
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	14,536	14,536
Profit and loss account	19	(6,590)	(6,831)
Equity shareholders' funds	20	24,359	24,118
Equity minority interests		147	128
Total equity shareholders' funds		24,506	24,246

The financial statements on pages 16 to 43 were approved by the Board of Directors on 26 August 2010 and were signed on its behalf by:

NP Hall
JH Hardman

} Directors

Parent Company Balance Sheet (Registered no. 3776711)

At 31 May 2010

	Note	2010 £000s	2009 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	787	202
Negative Goodwill	7	(777)	(883)
		10	(681)
Tangible assets	8	38,170	37,246
Investments	10	281	347
		38,461	36,912
Current Assets			
Stock	11	17,231	16,148
Debtors	12	23,233	25,192
Cash at bank and in hand		2,959	1,996
		43,423	43,336
Creditors - amounts falling due within one year	13	(30,835)	(30,241)
Net Current Assets		12,588	13,095
Total Assets less Current Liabilities		51,049	50,007
Creditors - amounts falling due after more than one year	14	(12,066)	(12,077)
Provisions for liabilities and charges	15	(1,222)	(1,252)
Net assets excluding Pension Liability		37,761	36,678
Net Pension Liability	23	(13,359)	(12,914)
Net assets		24,402	23,764
Capital and Reserves			
Called up share capital	17	16,413	16,413
Revaluation reserve	18	14,536	14,536
Profit and loss account	19	(6,547)	(7,185)
Equity shareholders' funds		24,402	23,764

The financial statements on pages 16 to 43 were approved by the Board of Directors on 26 August 2010 and were signed on its behalf by:

NP Hall
JH Hardman } Directors

Consolidated Cash Flow Statement

For the year ended 31 May 2010

	Note	Group 2010 £000s	Group 2009 £000s
Net cash inflow from operating activities	(a)	6,222	6,040
Returns on investments and servicing of finance			
Interest received		-	3
Interest paid		(454)	(735)
Interest element of finance lease payments		(10)	(19)
Dividend paid to minority interests		(10)	(12)
		(474)	(763)
Taxation			
Corporation tax received/(paid)		42	(321)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4,474)	(3,888)
Sale of tangible fixed assets		102	368
		(4,372)	(3,520)
Acquisitions and disposals			
Payments to acquire trades and businesses		(1,123)	(154)
Receipt from sale of business		1,043	-
		(80)	(154)
Net cash flow before financing		1,338	1,282
Financing			
(Decrease) in Members' loans		-	(91)
(Decrease) in Members' Retirement Scheme		(30)	(21)
Repayment of loans		-	(4,550)
Cash inflow from loans		-	12,000
Capital element of finance lease payments		(52)	(113)
Purchase of own shares in ESOP trust		(449)	-
Net cash (outflow)/inflow from financing		(531)	7,225
Increase in cash for the year	(b)	807	8,507

Consolidated Cash Flow Statement Notes

For year ended 31 May 2010

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

	Group 2010 £000s	Group 2009 £000s
Operating profit	3,621	2,527
Depreciation charge	3,438	3,860
Net Goodwill amortisation	76	33
(Profit)/Loss on disposal of fixed assets	(291)	218
(Increase) in stock	(1,044)	(880)
Decrease in debtors	929	3,190
Decrease/(Increase) in creditors	471	(1,841)
Excess of pension contributions over charge	(1,055)	(1,083)
Share option charge	77	16
Net cash inflow from operating activities	6,222	6,040

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

	Group 2010 £000s	Group 2009 £000s
Increase in cash at bank	807	2,672
Decrease in net overdraft	-	5,835
(Increase) in loans	-	(7,450)
Decrease in Members' loans	-	91
Decrease in lease financing	52	113
Decrease in Members' Retirement Scheme	30	21
Movement in net debt for the year	889	1,282
Opening net debt	(10,736)	(12,018)
Closing net debt	(9,847)	(10,736)

(c) Analysis of Net Debt

Group	At 1 June 2009 £000s	Cash Flow £000s	At 31 May 2010 £000s
Cash at bank	2,711	807	3,518
Due within one year:			
Finance leases	(114)	39	(75)
Due after one year:			
Bank loans	(12,000)	-	(12,000)
Members' Retirement Scheme	(1,252)	30	(1,222)
Finance leases	(81)	13	(68)
	(10,736)	889	(9,847)

Notes to the Financial Statements

For the year ended 31 May 2010

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.

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 or deficit 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. The economic lives used are set out in note 7.

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

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.

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. 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 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 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.

Employee Share Ownership Plan (ESOP)

The group operates an ESOP trust 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 year vesting period 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 2010

2) SEGMENTAL REPORTING

	Turnover 2010 £000s	Operating Profit/(Loss) 2010 £000s	Net Operating Assets 2010 £000s
Continuing operations			
Agriculture	83,557	1,014	1,835
Retail	75,748	3,621	29,255
Energy	46,449	1,191	12,846
Corporate	-	(2,205)	1,663
Group Total	205,754	3,621	45,599

Reconciliation of Net Operating Assets to the Balance Sheet	**£000s**
Net Operating Assets	45,599
Less Bank Balance and Loans	(8,482)
Less Corporation and Deferred tax	748
Less Net Pension Liability	(13,359)
Net Assets as at 31 May 2010	24,506

	Turnover 2009 £000s	Operating Profit/(Loss) 2009 £000s	Net Operating Assets 2009 £000s
Continuing operations			
Agriculture	94,634	593	4,599
Retail	70,051	2,692	27,964
Energy	51,020	1,891	10,358
Corporate	-	(2,649)	1,761
Group Total	215,705	2,527	44,682

Reconciliation of Net Operating Assets to the Balance Sheet	**£000s**
Net Operating Assets	44,682
Less Bank Advance and Loans	(9,289)
Less Corporation and Deferred tax	1,767
Less Net Pension Liability	(12,914)
Net Assets as at 31 May 2009	24,246

The Group operates and trades only in the United Kingdom.

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

3a) INTEREST

	Group 2010 £000s	Group 2009 £000s
Interest Receivable		
Interest receivable on bank deposit	-	3
Interest Payable		
Interest payable on bank loans and overdrafts	440	431
Interest on invoice discounting finance	-	258
Interest on other loans	-	25
Interest payable on finance leases	10	19
	450	733

3b) OTHER FINANCE EXPENSE

	Group 2010 £000s	Group 2009 £000s
Other finance expense - pension scheme (Note 23)	1,154	294

4) OPERATING PROFIT

	Group 2010 £000s	Group 2009 £000s
Operating Profit is stated after charging/(crediting):		
Staff costs (note 22)	20,287	18,935
Depreciation		
Tangible owned fixed assets	3,328	3,750
Tangible fixed assets held under finance leases	110	110
Goodwill amortisation	183	138
Negative goodwill amortisation	(106)	(105)
Operating lease charges		
Plant and machinery	1,624	1,283
Other	2,533	2,373
Profit on sale of business	(288)	-
Auditors' remuneration in respect of:		
Audit of the parent company and consolidated financial statements	60	60
Other services:		
Subsidiary company audit services	5	5
Tax advisory services	54	57
Interim review	19	19
Other	9	18

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2010 £000s	Group 2009 £000s
Current tax		
United Kingdom corporation tax at 28% (2009: 28%)	112	148
Overprovision in respect of prior year	(33)	(232)
Current tax charge	79	(84)
Deferred tax: (note 16)	870	(688)
Tax on profit on ordinary activities	949	(772)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

	Group 2010 £000s	Group 2009 £000s
Profit on ordinary activities before tax	2,017	1,503
Profit on ordinary activities at the standard rate in the UK 28% (2009: 28%)	565	421
Effects of:		
Expenses not deductible for tax purposes	374	347
Capital allowances in excess of depreciation for year	(419)	72
Other timing differences	40	(193)
Losses utilised	(430)	(492)
Tax of group company at marginal rates	(18)	(7)
Adjustments to tax charge in respect of previous year	(33)	(232)
Current tax charge/(credit) for the year	79	(84)

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 roll-over 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.

In the June 2010 Budget Statement reductions in the main rate of corporation tax were proposed which would reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of these changes would be to reduce the net deferred tax asset by approximately £700,000 over the 4 years to 31 May 2014, but primarily this is expected to reduce the total recognised gains and losses, rather than the profits for those years.

6) PROFITS OF HOLDING 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 £987,000 (2009: £2,622,000).

7) INTANGIBLE FIXED ASSETS

Goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2009	1,081	930
Additions (note 9)	737	737
Disposals	(188)	(188)
At 31 May 2010	1,630	1,479
Amortisation		
At 1 June 2009	818	728
Charge for the year	182	152
Disposals	(188)	(188)
At 31 May 2010	812	692
Net book value at 31 May 2010	818	787
Net book value at 31 May 2009	263	202

Goodwill that arose on the acquisitions of businesses is being amortised on a straight line basis over period of 5 years. This is the period over 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 2009 and 31 May 2010	(1,059)	(1,059)
Amortisation		
At 1 June 2009	176	176
Credit for the year	106	106
At 31 May 2010	282	282
Net book value at 31 May 2010	(777)	(777)
Net book value at 31 May 2009	(883)	(883)

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 2010

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 2009	30,367	1,595	33,319	2,455	67,736
Additions	80	88	4,038	309	4,515
Disposals	-	(8)	(58)	(716)	(782)
At 31 May 2010	30,447	1,675	37,299	2,048	71,469
Depreciation					
At 1 June 2009	7,636	920	20,011	1,790	30,357
Charge for the year	565	149	2,452	272	3,438
Disposals	-	(5)	(55)	(639)	(699)
At 31 May 2010	8,201	1,064	22,408	1,423	33,096
Net book value at 31 May 2010	22,246	611	14,891	625	38,373
Net book value at 31 May 2009	22,731	675	13,308	665	37,379

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

	2010 £000s	2009 £000s
Net book value at 31 May	181	197

Analysis of Land and Buildings

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Analysis of land and buildings at cost or valuation				
At cost	7,710	8,195	7,683	8,195
At valuation	14,536	14,536	14,536	14,536
	22,246	22,731	22,219	22,731

The Group's freehold properties were revalued at 31 May 2007 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 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Freehold and long leasehold land and buildings				
At cost	15,911	15,830	15,882	15,830
Aggregate depreciation	(8,201)	(7,635)	(8,199)	(7,635)
	7,710	8,195	7,683	8,195

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2010

Company	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2009	30,367	1,595	33,174	2,426	67,562
Additions	51	89	3,966	308	4,414
Disposals	-	(8)	(35)	(716)	(759)
At 31 May 2010	30,418	1,676	37,105	2,018	71,217
Depreciation					
At 1 June 2009	7,636	919	19,984	1,777	30,316
Charge for the year	563	149	2,431	264	3,407
Disposals	-	(5)	(32)	(639)	(676)
At 31 May 2010	8,199	1,063	22,383	1,402	33,047
Net book value at 31 May 2010	22,219	613	14,722	616	38,170
Net book value at 31 May 2009	22,731	676	13,190	649	37,246

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

	2010 £000s	2009 £000s
Net book value at 31 May	173	195

9) ACQUISITIONS

During the year, Countrywide Farmers plc acquired the trade and assets of five businesses for a total cash consideration of £1,123,000. The assets acquired and the results of the business from their effective date have been consolidated into the financial statements at 31 May 2010 using the acquisition method of accounting.

The combined fair value, which equated to the book values of the assets and liabilites acquired are set out below. These fair values are provisional and will be reviewed in the first full year following the acquisition. These acquisitions generated goodwill amounting to £736,916 which is being amortised over a five year period.

	£000s
Fixed assets	41
Stock	332
Debtors	13
	386
Consideration	1,123
Goodwill	737

10) FIXED ASSET INVESTMENTS

Group	Own Shares £000s	Other investments £000s	Total £000s
Cost at 1 June 2009	51	56	107
Disposals	-	(15)	(15)
Reclassification	(51)	-	(51)
At 31 May 2010	-	41	41

Company	**Investments in subsidiary companies £000s**	**Own shares £000s**	**Other investments £000s**	**Total £000s**
Cost at 1 June 2009	240	51	56	347
Disposals	-	-	(15)	(15)
Reclassification	-	(51)	-	(51)
At 31 May 2010	240	-	41	281

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

At 1 June 2009, 247,665 ordinary shares of 50p each were held at a cost of £51,000 and, during the year, a further 1,489,000 ordinary shares of 50p were repurchased from shareholders at a total cost of £449,000.

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

11) STOCK

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Finished goods	17,454	16,419	17,231	16,148

12) DEBTORS

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Trade debtors	19,041	19,697	18,970	19,630
Amounts owed by subsidiary companies	-	-	524	200
Other debtors	1,007	1,378	983	1,342
Prepayments and accrued income	1,935	2,241	1,901	2,217
Corporation taxation	-	22	-	60
Deferred taxation	847	1,746	855	1,743
	22,830	25,084	23,233	25,192

13) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Trade creditors	25,282	23,152	25,180	22,926
Amounts owed to subsidiary companies	-	-	41	21
Finance lease obligations	75	114	71	111
Corporation tax	99	-	57	-
Other taxation and social security	868	722	859	722
Accruals and deferred income	4,778	6,599	4,627	6,461
	31,102	30,587	30,835	30,241

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

(1) Term loan of £12,000,000 repayable in full in December 2011 bearing interest at 1% above the bank's base rate.

(2) An overdraft facility (unused at 31 May 2010) of £6,000,000 bearing interest at 1.5% above the bank's 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. The group has complied with each of the covenants within these facilities during the year.

In addition, the group has previously entered into two interest rate swap transactions to partially hedge the group's exposure to interest rate movements by replacing floating rates of interest with fixed commitments. The first of these swaps has a nominal value that reduces each year until its termination on 30 September 2014 and at 31 May 2010 was £3,150,000 (2009: £3,850,000). The other swap has a fixed nominal value of £3,000,000 and expires on 1 May 2012.

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

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Bank loans	12,000	12,000	12,000	12,000
Finance lease obligations	68	81	66	77
	12,068	12,081	12,066	12,077

Maturity Statement

Group	Bank 2010 £000s	Finance Leases 2010 £000s	Total 2010 £000s
In one year or less, or on demand	-	75	75
In more than one year, but not more than two years	12,000	21	12,021
In more than two years, but not more than five years	-	47	47
	12,000	143	12,143

	Bank 2009 £000s	Finance Leases 2009 £000s	Total 2009 £000s
In one year or less, or on demand	-	114	114
In more than one year, but not more than two years	-	73	73
In more than two years, but not more than five years	12,000	8	12,008
	12,000	195	12,195

Company	Bank 2010 £000s	Finance Leases 2010 £000s	Total 2010 £000s
In one year or less, or on demand	-	71	71
In more than one year, but not more than two years	12,000	19	12,019
In more than two years, but not more than five years	-	47	47
	12,000	137	12,137

	Bank 2009 £000s	Finance Leases 2009 £000s	Total 2009 £000s
In one year or less, or on demand	-	111	111
In more than one year, but not more than two years	-	73	73
In more than two years, but not more than five years	12,000	4	12,004
	12,000	188	12,188

15) PROVISIONS FOR LIABILITIES AND CHARGES

Members' Retirement Scheme

	2010 Group £000s	2009 Group £000s	2010 Company £000s	2009 Company £000s
Members' Retirement Scheme	1,222	1,252	1,222	1,252

Members' Retirement Scheme Group and Company

	£000s
At 1 June 2009	1,252
Paid in Year	(30)
At 31 May 2010	1,222

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 ASSET

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Accelerated Capital Allowances	651	99	642	99
Short term timing differences	(176)	(161)	(175)	(158)
Losses	(1,322)	(1,684)	(1,322)	(1,684)
	(847)	(1,746)	(855)	(1,743)
Deferred tax on pension liability	(5,195)	(5,022)	(5,195)	(5,022)
	(6,042)	(6,768)	(6,050)	(6,765)

Movement in Deferred Tax

	Group Total 2010 £000s
Deferred tax asset at 1 June 2009	(6,768)
Deferred tax charge to the profit and loss account	870
Deferred tax credit to the statement of total recognised gains and losses	(144)
Deferred tax asset at 31 May 2010	(6,042)

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 £905,000 (2009: £905,000) in respect of gains rolled into assets which are not going to be sold in the foreseeable future.

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2010

17) SHARE CAPITAL

	2010 £000s	2009 £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

18) REVALUATION RESERVE

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
At 1 June 2009 and 31 May 2010	14,536	14,536	14,536	14,536

19) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2009	(6,831)	(7,185)
Retained profit for the year	1,039	987
Actuarial loss on pension scheme	(519)	(519)
Movement on deferred tax relating to pension liability	144	144
Share option charge	77	77
Purchase of own shares in ESOP trust	(500)	(51)
At 31 May 2010	(6,590)	(6,547)

20) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group 2010 £000s	Group 2009 £000s
At beginning of year	24,118	29,820
Retained profit for the year	1,039	2,252
Actuarial loss on pension scheme	(519)	(11,070)
Movement on deferred tax relating to pension liability	144	3,100
Share option charge	77	16
Purchase of own shares in ESOP trust	(500)	-
At end of year	24,359	24,118

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	2010 £000s	2009 £000s
Wages and salaries	18,276	16,951
Social security costs	1,697	1,593
Other pension costs	314	391
	20,287	18,935

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

	Full Time Equivalent 2010 Number	Full Time Equivalent 2009 Number	Headcount 2010 Number	Headcount 2009 Number
Agriculture	152	128	147	129
Retail	572	533	750	689
Energy	91	97	91	98
	815	758	988	916

Remuneration of Directors	2010 £000s	2009 £000s
Salary, fees and benefits in kind	506	493
Performance related bonuses	88	128
Contribution to defined contribution pension scheme	28	40
	622	661

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2009: one). Retirement benefits are accruing to one director under the Countrywide Farmers Money Purchase Scheme (2009: one).

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

	2010 £000s	2009 £000s
Emoluments (including performance related bonus)	223	242
Defined benefit pension scheme:		
Accrued pension as at 31 May	40	40

Long Term Incentive Plan

Over the last three 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 Executive Directors and certain members of senior management. The introductory date of each scheme is shown below with the weighted average share price of the company over the 3 months preceding the introductory date:

Introductory Date	27 May 2010	28 May 2009	29 May 2008
	No. of shares	No. of shares	No. of shares
John Hardman	155,769	149,309	150,800
Les Collins	106,615	102,194	102,500
Senior Management	157,404	122,838	119,041
Total	419,788	374,341	372,341
Weighted average share price	26 pence	27 pence	26 pence

The shares involved in the LTIP awards 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 required to satisy the Awards will be either existing shares held or acquired by the Company for the purpose of employee benefits or new shares allotted and issued for the purpose.

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 2010 was £181,853 (2009: £201,269).

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 £162,000 (2009: £189,000)

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

Additional contributions paid by the company during the year totalled £1,133,000 (2009: £1,083,000)

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 3.75% per annum and that after retirement, investment earnings would exceed pension increases by 2.25% per annum. The market value of the assets at 5 April 2009 was £46.0million, which represented 61% 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 2009 and has been updated to 31 May 2010 by a qualified independent actuary. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2010

	At 31 May 2010	At 31 May 2009	At 31 May 2008
Rate of increase of pensions in payment	3.25%	3.00%	3.45%
Rate of increase in deferred pensions	3.25%	3.00%	3.45%
Discount rate	5.75%	6.60%	6.50%
Inflation assumption	3.25%	3.20%	3.70%

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

Life expectancy aged 65	31 May 2010	31 May 2009	31 May 2008
Male currently aged 45	23.1	23.1	23.1
Female currently aged 45	25.9	25.9	25.9
Male currently aged 65	21.2	22.0	22.0
Female currently aged 65	24.0	24.9	24.8

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

	Expected rate of return	Value at 31 May 2010 £000s	Expected rate of return	Value at 31 May 2009 £000s	Expected rate of return	Value at 31 May 2008 £000s
Equities/property	7.00%	44,972	7.00%	37,714	7.00%	51,980
Government bonds/cash	3.60%	5,536	3.90%	5,289	5.00%	5,417
Corporate bonds	5.75%	6,383	6.60%	5,532	6.50%	4,110
Total market value of assets		56,891		48,535		61,507
Actuarial value of liability		(75,445)		(66,471)		(69,162)
Deficit in the scheme		(18,554)		(17,936)		(7,655)
Related deferred tax asset		5,195		5,022		2,144
Net pension liability		(13,359)		(12,914)		(5,511)

Analysis of the amount charged to other finance expense:

	At 31 May 2010 £000s	At 31 May 2009 £000s
Expected return on pension scheme assets	(3,123)	(4,093)
Interest on pension liabilities	4,277	4,387
Net expense	1,154	294

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

	At 31 May 2010 £000s	At 31 May 2009 £000s
Actual return less expected return on assets	7,523	(14,806)
Changes in assumptions	(8,042)	3,736
Net loss recognised	(519)	(11,070)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2010

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

	At 31 May 2010 £000s	At 31 May 2009 £000s
Defined benefit obligation at beginning of year	66,471	69,162
Interest cost	4,277	4,387
Benefits paid	(3,345)	(3,342)
Actuarial loss/(gain)	8,042	(3,736)
Defined benefit obligation at end of year	75,445	66,471

	At 31 May 2010 £000s	At 31 May 2009 £000s
Fair value of assets at beginning of year	48,535	61,507
Expected return on assets	3,123	4,093
Employer contributions	1,055	1,083
Benefits paid	(3,345)	(3,342)
Actuarial gain/(loss) on assets	7,523	(14,806)
Fair value of assets at end of year	56,891	48,535

History of experience gains and losses:

	At 31 May 2010 £000s	At 31 May 2009 £000s	At 31 May 2008 £000s	At 31 May 2007 £000s	At 31 May 2006 £000s
Experience adjustments on scheme assets:					
Amount (£'000s)	7,523	(14,806)	6,868	6,540	4,899
Percentage of scheme assets	13.22%	30.51%	11.17%	9.70%	8.30%
Total amount recognised in STRGL:					
Amount (£'000s)	(519)	(11,070)	(2,576)	9,958	(1,018)
Percentage of scheme liabilities	0.69%	16.65%	3.72%	13.50%	1.33%

	At 31 May 2010 £000s	At 31 May 2009 £000s	At 31 May 2008 £000s	At 31 May 2007 £000s	At 31 May 2006 £000s
Defined benefit obligation	(75,445)	(66,471)	(69,162)	(73,915)	(76,339)
Scheme assets	56,891	48,535	61,507	67,522	59,031
Scheme deficit	(18,554)	(17,936)	(7,655)	(6,393)	(17,308)

Notes to the Financial Statements *(Continued)*

For the year ended 31 May 2010

24) LEASE COMMITMENTS

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

	Land and Buildings 2010 £000s	Other Plant and Machinery 2010 £000s	Group 2010 £000s	Company 2010 £000s
Within one year	113	113	226	213
Within two to five years inclusive	358	1,167	1,525	1,385
Over five years	1,853	-	1,853	1,853
	2,324	1,280	3,604	3,451

	Land and Buildings 2009 £000s	Other Plant and Machinery 2009 £000s	Group 2009 £000s	Company 2009 £000s
Within one year	87	147	234	232
Within two to five years inclusive	260	870	1,130	1,118
Over five years	1,889	18	1,907	1,783
	2,236	1,035	3,271	3,133

25) CAPITAL COMMITMENTS

	Group 2010 £000s	Group 2009 £000s	Company 2010 £000s	Company 2009 £000s
Capital expenditure contracted but not provided for	1,085	710	1,085	710

26) POST BALANCE SHEET EVENTS

On 23 July 2010, the Company exchanged contracts to purchase freehold land and buildings which will be used to accommodate the Company's Head Office function. The total consideration will amount to £2.1million.

27) 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

28) 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 2010 £000s	Transactions 2009 £000s	Debt at 31 May 2010 £000s	Debt at 31 May 2009 £000s
T. Holderness-Roddam	Non Executive Director	121	156	8	27

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

29) 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 2010 to £8,482,000 (2009: 9,289,000). In addition, this guarantee covers bank guarantees of £270,000 (2009: £270,000)

At the year end the Group was committed to minimum payments of £262,776 in relation to contracts for the supply of gas and electricity for resale (2009: £764,272).

30) 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 23 September 2010 at Countrywide Country Store, Ducklington Lane, Witney, Oxfordshire, OX28 4TT 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 2010.

2. To re-elect Mr Timothy David Holderness-Roddam 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.

3. To re-elect Mr Leslie John Collins who retires pursuant to Article 92.1 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 92.1 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
26 August 2010

Registered Office
Defford
Earls Croome
Worcester
WR8 9DF

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, Defford, Earls Croome, Worcester, WR8 9DF 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 757300.

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, Defford, Earls Croome, Worcester, WR8 9DF. 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, Defford, Earls Croome, Worcester WR8 9DF. 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 accounts and the directors' & auditors' reports for the year ended 31 May 2010.

2. Resolutions 2 – 4 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 5 relates to the re-appointment of the Company's current auditors.

4. Resolution 6 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 26 August 2010;

    - 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 26 August 2010.

Notes

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Website: www.countrywidefarmers.co.uk

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