

Countrywide

FARMERS PLC

ANNUAL REPORT & ACCOUNTS
18 MONTH PERIOD ENDED 30TH NOVEMBER 2015



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Countrywide

MAKING COUNTRY LIFE BETTER
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Countrywide continues to grow from strength to strength. Our commitment remains with our agricultural roots, but now includes a broader customer base, from equine to pet owners, smallholders to farmers, equestrian businesses and those who simply enjoy country life.



RETAIL

From our network of 69 Country Stores, website, catalogues, sales managers and customer service team, we offer a seamless one stop shop multichannel experience for all our customers. From our comprehensive range of products, expert knowledge and advice and exemplary customer service, we know how to make country life better for all our customers.



RURAL ENERGY - LPG

Countrywide has been supplying energy products since the early 1950s and is the largest independent LPG supplier in the UK. From our qualified team of specialist engineers, installers and customer service advisors we supply our customers with an extensive range of energy related products and services. From bulk LPG, bottled gas and autogas to wood burning and multifuel stoves, wood fuel, coal and space heaters.



TURF & AMENITY

Countrywide supply the golf course and sports ground industry, along with schools, community grounds, large gardens and estates with a comprehensive specialist range of fertilisers, chemicals, seeds, top dressings & rootzones. Our sales specialists have industry leading experience and knowledge of the turf and amenity sector and are members of the BASIS professional register offering both technical and practical support.

OUR VISION

To be the first choice multichannel supplier of quality products and services which make country life better.

OUR MISSION

Our knowledgeable team always strive to deliver a better range and service both in store, online & in the field, no one tries harder for our customers.

OUR PURPOSE

Our aim is to make country life better.

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Strategic Report

Chairman's Report 2015

Following the disposal of our bulk agriculture businesses earlier this year, the clarification of our strategy to develop Countrywide Farmers Retail business together with remaining elements of the Direct business, Rural Energy and Turf & Amenity (T & A), the recent acquisition of Cornwall Farmers and investment in Project Fusion (Microsoft Dynamics AX platform and business change programme), the Company is well positioned to deliver long term shareholder value. The goal remains to enable a more appropriate market value and greater liquidity for the benefit of all shareholders, with the potential opportunity to move to the Alternative Investment Market ("AIM") in the future.

The last few years have been a period of considerable transformation and change for the business, operating against a backdrop of challenging and competitive trading conditions. We report here for an 18 month period following a change to our year end date, which includes two periods of six months in what are traditionally lower levels of seasonal trading for our business.

We successfully completed the divestment of our Livestock Feed and Forage, Arable Products and Crop Marketing activities in May 2015 enabling focus and investment in our Retail, Rural Energy and T & A businesses moving forward, with a vision 'to be the first choice multichannel supplier of quality products and services which make country life better'. We remain committed to our heritage in UK farming, and this is an important customer group to our business which we continue to focus on through our extensive product range, competitive pricing and multi-channel approach combined with expert knowledge.

In September 2015 we completed the acquisition of the trading business of Cornwall Farmers giving Countrywide an extended presence across Cornwall and Devon, welcoming over 200 colleagues and adding 12 stores. We have also opened four new stores during the last 18 months, taking our Retail store portfolio to 69 including our online channel by the end of the financial period.

Significant investment continued to deliver Project Fusion, which is now live in our T & A business and Finance function. Rollout across our Retail store portfolio, on-line channel, distribution and central functions is planned throughout 2016, with completion expected by the end of the current financial year.

Financial Results Summary (noting 18 vs 12 month comparisons)

Group turnover in the period of £320.3m (2014: £298.2m) and profit before tax £4.1m (2014: 1.1m) were below expectations and include profit on disposal of businesses of £8.9m (2014: £0.4m) primarily arising from the sale of our bulk agriculture activities. Further detail reviewing the factors influencing this performance are included in the Chief Executive and Chief Financial Officer reports.

Net debt at the end of the period increased to £12.5m (2014: £9.7m) following a period of significant investment including Project Fusion and the acquisition of Cornwall Farmers. Net current assets reduced significantly to £9.5m (2014: £16.9m) impacted by business disposals.

Shareholder funds increased to £26.9m (2014: £21.5m) which includes a £3.6m revaluation of our property portfolio. As we continue to have negative distributable reserves, the company is currently unable to consider making any dividend payment.

Board

I announced my intention to retire as Chairman in November 2015. On 4 January 2016 we welcomed Gareth Thomas to the Board as Non-Executive Director and Gareth will take over role of Chairman from me following the AGM in April 2016 and I will leave the Board at that time. Gareth brings extensive Retail experience following a long and successful career with John Lewis, retiring from the role of Retail Director in 2010. He holds a number of other non-executive roles which are detailed in his profile on page 9.

We also welcomed Andrew Webb as Chief Commercial Officer in January 2015 and Julie Wirth as Chief Financial Officer in April 2015, replacing Steve Payne who held the role in an interim capacity. Both Andrew and Julie, alongside a number of other senior leadership team appointments through the last year bring a wealth of Retail experience to the business.

Strategic Report

Chairman's Report 2015 *(Continued)*

People

I'd like to personally thank all colleagues across the business for their contribution and commitment through what has been and continues to be a significant period of change. We welcome new colleagues and notably the team at Cornwall Farmers who have remained positive and supportive as we work through the integration process. I remain confident that we now have the right team in place to deliver the vision moving forward.

Future

Whilst trading conditions remain challenging, the business is well placed with a clear strategy to drive Retail, Rural Energy and T & A growth and profitability moving forward.

I would like to thank my Board and colleagues for the support they have given me over the last eight years and wish them all the very best for the future. I also look forward to welcoming shareholders at our Annual General Meeting which is being held at our Evesham head office at 2pm on Wednesday 27th April 2016.

Nigel Hall
Chairman
14 March 2016

Strategic Report

Chief Executive Officer's Report

The potential opportunity to take Countrywide Farmers plc to AIM triggered a review of our strategic plans during the second half of 2014. The Board concluded that a focus on our higher margin Retail and Rural Energy businesses, where Countrywide holds a competitive advantage, was the right strategy and both of these businesses have the potential to deliver long-term growth in shareholder value.

Against this background and a challenging outlook for the future profitability of our bulk agriculture business, where further consolidation is inevitable, the decision to dispose of this element of our business was in the best interests of shareholders with the additional cash funds being applied to drive growth in the remaining re-focussed business. Countrywide retain a substantial interest in the agricultural sector supporting our farming customers with over 7,000 agricultural products available in store, catalogue and online and a dedicated field sales team.

Countrywide is now well positioned to execute our retail strategy and to grow the business into a leading multichannel supplier to the UK rural community. Focusing the business on areas where we have a leading position and where we can generate strong returns is a key part of our strategy and will allow us to deliver enhanced shareholder value over the medium and longer term.

In the period we updated our Strategic Vision 'To be the first choice multichannel supplier of quality products and services which make country life better' re-affirming our focus on our Retail, Rural Energy and Turf and Amenity businesses.

Financial Results Summary (noting 18 vs 12 month comparisons)

I am disappointed to report financial results for an 18 month period below expectations with group turnover in the period of £320.3m (2014: £298.2m) and a group operating loss before profit on disposal of £(3.9)m (2014: profit of £1.3m). This performance was driven by our Retail business influenced by market conditions, exceptional costs driven by the continued transformation and investment required for the future partially offset by a stronger performance in our Rural Energy business.

Net debt at the end of the period increased to £12.5m (2014: £9.7m) with proceeds from the divestments re-invested in infrastructure totalling £8.3m and the acquisition of Cornwall Farmers for £6.0m. Additional contributions to the defined benefit pension scheme amounted to £3.3m (2014:£2.1m).

Net current assets reduced significantly to £9.5m (2014: £16.9m) impacted by business disposals, and despite shareholder funds increasing to £26.9m (2014: £21.5m) we remain unable to consider dividend payments currently as a result of continued negative distributable reserves.

Project Fusion

Critical to delivery of our strategy is the implementation of Project Fusion and considerable progress has been made over the last 18 months to deliver this new IT infrastructure on Microsoft Dynamics AX, together with associated and significant business change. We successfully launched the new platform for our Finance and T & A teams in December 2015 and are currently progressing through the next phase which will see the rollout across our Retail store portfolio, online channel and support functions. Overall we are taking longer to implement than anticipated to ensure that this significant change is delivered in a robust and resilient way, with total planned investment of over £5m. We currently expect this phase of the project to be completed by the end of the new financial year (November 2016).

Operational Review - Retail

The Retail business unit supplies to businesses across agricultural and equestrian sectors supported by a strong field based sales team, supply centres and agricultural catalogue, together with end consumers supported by our retail stores and online channel. We are committed to both aspects of the business and believe in leveraging the strength from our farming heritage across our Retail Channels.

The Retail market has remained challenging and competitive with farm gate pricing in particular impacting confidence for a key segment of our customer base. Whilst our business account customer base has remained resilient, supported by our field based sales team, levels of spend reduced reflecting experience across the farming sector as a whole.

Strategic Report

Chief Executive Officer's Report *(Continued)*

Overall results for the period were below expectations with like for like sales performance in the last 12 months of the period marginally declining by (0.5)%. Strong sales growth was seen in equestrian and pet categories partly offset by weaker agricultural category performance. Pet category performance was particularly encouraging following a range review towards the end of 2014, with further reviews across a number of categories in progress to maximise future sales growth. Retail margin was below the previous year notably influenced by terminal stock clearance, discounting and price deflation in a competitive market and the early phase of our price investment strategy.

Towards the end of the period we initiated the first phase of investment in price, lowering the retail prices of over 1,500 lines and investing £1m annually to assure a competitive price position in the market. Early indications are that this has been well received by our customers.

Our online channel showed encouraging sales growth of 28% and growth continued to accelerate through the 18 month period. This channel will be significantly enhanced through our Project Fusion investment in 2016, notably improving the customer navigation experience and assuring stock availability. This development will be critical to support our multichannel retail strategy and will be fully integrated with our store and field based sales team network.

We opened four new stores in the latter part of the period in Banbury, Salisbury, Shrewsbury and The Gower, Swansea trialling new formats and retail park locations to provide learnings for future developments. Our stores now total 69 locations (including Cornwall Farmers) and represents the largest store group of its kind in the UK.

We continued to develop our Countryclub loyalty card programme which now totals over 165,000 members (2014: 145,000) enabling targeted marketing. This programme will be refreshed and re-launched as part of Project Fusion to develop engagement with our customers.

Within our Distribution centre at Defford in Worcestershire we have invested £0.6m to install a mezzanine floor to facilitate small item picking and laid the foundations for a new building which was completed in December 2015 to support bulk throughput and storage. Our Distribution facility is now well positioned to support multichannel growth and central distribution of product previously delivered direct to store - enabling more efficient replenishment and stockholding.

Over the last year we have reviewed all elements of our Retail business and commenced the journey to transition to an effective multichannel proposition with consistent standards of execution and delivery across all channels. Retail expertise has been enhanced across the business and development of product range, continued investment in retail price, development of our existing stores and online channel supported by IT investment will drive performance moving forward.

In September 2015 we completed the acquisition of the trading business of Cornwall Farmers for £6.0m adding 12 stores to our retail estate in Cornwall and Devon. Integration is progressing well with the re-branding of Patch and Acre stores to Cornwall Farmers, part of Countrywide; the introduction of a customer delivery service; and click and collect from the Countrywide range already in place. Over the coming year we will complete integration by aligning and enhancing product ranges and implementing our new IT platform into Cornwall Farmers stores. Following a period of integration we expect positive contribution from the Cornwall Farmers business and I would like to take this opportunity to personally thank the Cornwall Farmers team for their positivity and support over recent months.

Operational Review - Direct

At the time of the Livestock feed and forage business disposal on 1 May 2015 (11 months in the period) the overall feed volume was 3.5% behind last year. Milk and meat farm gate prices were under pressure during the key winter trading period. Reduced farm profitability and our sales tracking the industry pattern of declining compound feeding in favour of increased blend and straights continued to challenge the contribution from the feed business. Whilst it was another encouraging season for our alternative feed business the net margins being lower than compound feed meant the increased profit from that business could not cover the compound contribution shortfall.

Strategic Report

Chief Executive Officer's Report *(Continued)*

On 1 May 2015 we completed the final deal to conclude the disposal of our Livestock Feed and Forage (ForFarmers completed 1 May 15), Crop Marketing (Openfield completed 16 January 2015) and Arable Products businesses (Hutchinsons completed 30 January 2015). The Countrywide teams within these businesses totalling around 80 staff transferred to the new owners. All of the new owners are market leading in their sector, and therefore provide long term stability and wider career opportunities as well as supporting them with the best products and service for the benefit of their customers. Consideration from these disposals has been re-invested to enable future business growth.

The Rural Energy business supplies bulk LPG and bottled gas to the rural community and despite milder weather conditions depressing LPG volume, margins remained strong throughout the period and customer numbers continued to increase.

In the period we extended our geographical coverage by working with Avanti to supply from their depot in Stanlow, Cheshire. A number of strategic initiatives are planned to further drive business and profit growth, including extending our reach into Cornwall and Devon leveraging our Cornwall Farmers acquisition.

Our Turf and Amenity business continues to grow through investing in our field based sales team to increase our customer base and geographical coverage, together with sourcing innovative new and exclusive products into the marketplace.

Suppliers

Supplier relationships continue to be very important to us and we held our fourth supplier conference in October 2015 to update on progress and strategy which was attended by over 100 suppliers and was very well received. I would like to thank our suppliers for their ongoing support and look forward to building on effective working relationships as we continue to work closely together to drive growth.

People

Alongside the development of our Strategic Vision we have updated our people values as follows: **We put people first:** We care about our community, customer and people and strive to build trusted relationships built on honesty and respect. **We care about what we do:** We know what matters, we have inherent knowledge, but we are always ready to listen. We are passionate about delivering excellent service and products to our customers. **We deliver what we say:** We take responsibility to deliver on our promises and have pride in everything we do.

The knowledge of our teams is an important differentiator for our customers and we continue to invest significantly in the training of our staff in animal health, agriculture, equestrian and pet specialisms through our award winning specialist training programme. We have well over 200 qualified staff in the business and an intensive programme of training events scheduled for the forthcoming year. We also launched our retail management development programme to assure our retail management expertise for the future. I am proud to see our people continually recognised externally, being shortlisted and winning 'Over the Counter' and 'British Equestrian Trade Association' awards.

Perhaps the most dramatic impact on our team are the changes being driven from Project Fusion which has required everyone to review their ways of working to ensure we leverage the benefits, and I would like to acknowledge the significant investment of time that this has required.

Across the period we have welcomed many new colleagues, notably the Cornwall Farmers team and said goodbye to others - particularly those who transitioned as a result of business divestment. I would like to thank everyone who continues to support us through considerable change.

Strategic Report

Chief Executive Officer's Report *(Continued)*

Charity

Over the period we have continued to support our chosen charity, Dogs for Good with over £40k raised and donated in the period, sponsoring seven puppies who are in training or deployed to provide essential support to those in need.

Outlook

The combination of continuing mild weather and subdued consumer confidence lead us to be cautious about the outlook for the near term, and the new financial year performance has started below our expectations.

Whilst 2016 will be a further year of transition with continued investment, the benefits of Project Fusion and the full integration of Cornwall Farmers, will drive sales growth and reduce operating costs in the medium term. I look forward to delivering profitable growth and enhancing shareholder value - recognising that we are now well positioned to focus on our Retail, Rural Energy and Turf and Amenity businesses with the right supporting infrastructure and to drive our vision 'To be the first choice multichannel supplier of quality products and services which make country life better'.

John Hardman
Chief Executive Officer
14 March 2016

Strategic Report

Chief Financial Officer's Report

We report for an 18 month period following a change to our year end date, with results reflecting a period of significant change with up to 12 months trading for the disposed elements of our Direct Sales businesses and a short trading period from the newly acquired Cornwall Farmers. This 18 month period also reflects two periods of six months in what are traditionally lower levels of seasonal trading notably in our Rural Energy business

Profit and Loss Account (noting 18 vs 12 month comparisons)

Group turnover was £320.3m (2014: £298.2m) and group operating loss £(3.9)m (2014: profit of £1.3m). This disappointing performance was driven by our Retail business influenced by market conditions and business transition, exceptional costs driven by the continued transformation and investment required for the future, partially offset by a stronger margin performance in our Rural Energy business. On a continuing 18 month basis group turnover was £169.6m and group operating loss before exceptional costs £(3.8)m which includes £4.8m of turnover for Cornwall Farmers and £(0.3)m operating loss. The profit on business disposals net of selling costs was £8.9m, which includes £1.3m of deferred cash consideration.

Balance Sheet and Cashflow (noting 18 vs 12 month comparisons)

The group had net cash inflow from operating activities of £2.2m (2014: £2.7m) reflecting a reduction in operating profit, a significant improvement in working capital of £4.0m primarily driven by the impact of business disposals, partially offset by a £3.3m pension scheme contribution.

Net debt increased by £2.7m following fixed asset investments of £8.3m and £6.0m for the acquisition of Cornwall Farmers partially offset by cash inflow from business disposals of £9.6m.

Fixed asset investment of £8.3m includes £3.9m on Project Fusion, which is expected to have a total estimated project cost of over £5m. Within Retail, investment of £2.0m delivered four new stores and a site relocation, together with £0.6m to commence investment in our Distribution facility. In Rural Energy there was £1.6m of investment in tanks and cylinders.

The acquisition of the trading business of Cornwall Farmers for £6.0m comprised £3.7m of stock, £1.4m of fixed assets with the balance represented as goodwill.

Business disposals generated £11.8m of consideration, offset by the costs of disposal at £2.2m delivering £9.6m of cash benefit in the period. There is £1.3m of deferred consideration due over the next two years based on key performance criteria.

Net current assets reduced to £9.5m (2014: £16.9m) reflecting a significant reduction in working capital driven by business disposals. Stock increased to £22.9m (2014: £20.4m) reflecting the acquisition of Cornwall Farmers stock at £3.7m partially offset by the effective reduction of Retail terminal stock.

The Group's freehold properties were revalued as at the period end date driving a £3.6m surplus on revaluation, reflecting the strength of the Countrywide property portfolio with a net book value of £22.3m (2014: £19.3m).

Total shareholder funds increased to £26.9m (2014:£21.5m), however, we remain unable to consider dividend payments currently as a result of negative albeit improving company distributable reserves £(2.3)m (2014: £(3.4)m).

Financial Key Performance Indicators

	12 month period ending 31 May 2014	18 month period ending 30 November 2015
Turnover (£'000)	298,172	320,291
Turnover (% change)	(-2.6%)	7.4%
Operating profit (£'000)	1,267	(3,942)
Operating profit (% of turnover)	0.4%	(1.2%)
Net debt (£'000)	9,718	12,463

Strategic Report

Chief Financial Officer's Report *(Continued)*

Non-Financial Key Performance Indicators

The company uses a number of non-financial key performance indicators particularly those pertaining to customers and employees. The Directors believe that the disclosure of these KPI's would be commercially sensitive and not necessary to understand the results and operations of the business.

Pensions

We continue to operate a defined contribution scheme for our employees and remain compliant with auto-enrolment requirements. The charge to the profit and loss account for the scheme was £0.6m (2014: £0.3m).

We also support a closed defined benefit scheme and additional contributions paid into this scheme totalled £3.3m (2014: £2.1m). The full actuarial valuation as at 5 April 2015 is ongoing and the Company has agreed to maintain its annual contribution indexed annually by inflation as part of this valuation exercise.

The valuation of the scheme under FRS 17 at 30 November 2015 resulted in a reduction in the pension deficit to £19.4m (2014:£21.5m) or £15.9m (2014: £17.2m) after deferred tax. The value of scheme assets has increased driven by a small improvement in return from the equity/property markets, and this combined with the Company contribution of £3.3m has outweighed a small increase in the value of scheme liabilities. (See note 24)

Tax

The corporation tax rate was reduced to 20% from 1 April 2015, with an overall corporation tax rate in the period of 20.56% (2014: 22.67%) resulting in a tax charge of £0.9m (2014: £0.5m). The tax charge in the period is driven by the capital gain on business disposals.

Banking Facilities

Following a period of significant change and to support ongoing strategic requirements, the Group's banking facilities were successfully re-negotiated with HSBC. They now comprise a £20.0m revolving credit facility repayable in full on 20 September 2018 and a £5.0m overdraft facility reviewable annually in July. These facilities are subject to a number of covenant tests. (See note 15)

International Financial Reporting Standards ("IFRS")

Financial information moving forward will be reported on an IFRS basis with the opening balance sheet re-stated as required as at 1 June 2014, and comparatives restated for the 18 months to 30 November 2015.

Key Business Risks

Key business risks include the general Economic and Retail climate together with the advancement of technology. The Company mitigates these risks by developing robust and responsive strategic and operational business plans for both the Retail and Direct business segments. In addition, our implementation of Project Fusion will deliver the Microsoft Dynamics AX platform to assure our technology capability into the future. More details on financial risk management can be found on page 11.

Julie Wirth
Chief Financial Officer
14 March 2016

Directors' Profiles

NIGEL HALL (Chairman) Age 60

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 Chairman of Michelmores LLP, Non-Executive Director of C&J Clark Limited and Exeter Rugby Group Limited and Governor of Blundell's School, Tiverton. Owns a small farm in mid-Devon near Tiverton. Chairman of the Nomination Committee.

GARETH THOMAS Age 58

Began his career with John Lewis as a graduate trainee in 1979. In 2000 he was appointed to the main board of John Lewis as Director, Retail Operations, then was Director, Design and Development before retiring from the role of Retail Director in 2010. Latterly, he had responsibility for £3 billion turnover and over 30,000 Partner employees, as well as property, design and new formats. Since 2010, Gareth has held a number of non-executive positions including non-executive directorships on the Boards of Share plc Group, and Shoppers Stop, India. He was also until recently Trustee and Deputy Chairman of Save the Children, and is currently Trustee of TATE and Chairman of Tate Enterprises Ltd., and Trustee of the American Museum in Britain.

JOHN HARDMAN (Chief Executive Officer) Age 53

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 a Non-Executive Director of United Farmers, a cooperative organisation which combines the purchasing power of its members. Serves as a Trustee of both of the Company's pension schemes.

JULIE WIRTH (Chief Financial Officer) Age 50

Joined Countrywide as Chief Financial Officer in April 2015. Julie is a qualified accountant and a Fellow of the Association of Chartered Certified Accountants. She has spent the majority of her career working within the retail sector, including a number of senior roles within Home Retail Group, Finance Director for Musgrave Retail Partners GB and CFO for Conviviality plc.

ANDREW WEBB (Chief Commercial Officer) Age 47

Joined Countrywide in 2015 as Chief Commercial Officer. He holds a degree in Zoology and an MBA from Oxford. Andrew has held leadership positions with a variety of multi-channel retailers including Virgin, Carphone Warehouse, White Stuff and East. He's also led the online sales operations for Game Digital and most recently Equifax, one of the UK's credit bureaus. Andrew is a Governor of the Dragon School, Oxford.

STUART CREBO Age 61

Has held a number of senior positions in Corporate Banking, both in the UK and USA. 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. Currently a partner in Isca Ventures LLP, Managing Director of White Eagle Consulting Ltd and Non-Executive Director of Devon Waste Management Ltd. Chairman of the Remuneration Committee.

JOHN ELLIOT Age 63

Qualified as an accountant before joining the family farming business. Has experience of running a range of farming businesses and now manages a number of Estates, including livestock, arable and a commercial shoot. Currently the Chairman of United Oilseeds Limited and Non-Executive Director of NFU Mutual where he is Chairman of the Audit Committee. John Elliot is also Chairman of the Audit Committee for Countrywide Farmers plc.

PAUL FREESTON Age 55

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

Directors' Report

The Directors present their report and the audited consolidated Financial Statements for the 18 month period ended 30 November 2015.

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

Principal Activities

The principal activities of the Group during the period were the supply of animal feeds, seeds, fertilisers and agrochemicals, the marketing of fuel, liquid petroleum gas, grain trading and the sale of a range of farm sundries and retail products to the rural community. Following the business disposals outlined in note 10, the principal activities of the group are the sale of farm sundries and retail products to the rural community and the supply of liquid petroleum gas.

Results and Dividends

The Profit and Loss Account for the period is set out on page 18. The Directors recommend that no dividend be paid (2014: £Nil).

Financial Instruments

The Group previously entered into swap transactions to fix the interest rate on part of the Group's borrowings. These transactions which are described in note 15 to the financial statements expired in the period. As at 30 November 2015, the market value of these swaps was nil (2014: £6,565 loss).

Business Review and Future Developments

The review of operations of the Group is covered in the Strategic Report on pages 1 to 8.

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements are listed below:

N.P. Hall (Chairman)	
G.V. Thomas	appointed 4 January 2016
J.H. Hardman (Chief Executive Officer)	
J.A. Wirth (Chief Financial Officer)	appointed 29 April 2015
W.A. Webb (Chief Commercial Officer)	appointed 5 January 2015
S. Crebo	
J.A. Elliot	
P. R. Freeston	

Directors' Report *(Continued)*

Financial Risk Management

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

Price Risk

The Group is exposed to commodity price risk, principally for raw materials in its LPG business which enters in to forward supply contracts to manage the impacts of price movements on its gross margin. The use of these contracts is not speculative and is governed by a trading policy agreed by the Board and monitored by Executive Directors. This policy was reviewed during the period in the context of a growing LPG business. The control environment is considered to be effective given the size and nature of the risks involved, but will be subject to ongoing review as that area of the business develops.

The Directors estimate the fair value of open contracts as at 30 November 2015 to be a gain of £0.4million (31 May 2014: a loss of £0.1m).

Credit Risk

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

Liquidity Risk

The Group actively maintains a mixture of long term and short term debt finance, which is designed to ensure that the business has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion. The amount of debt finance is reviewed at least annually by the Directors. Bank facilities were restructured during the period and are detailed in note 15.

Interest Rate Risk

The Group has interest bearing debt liabilities which are detailed in note 15 to these accounts. In prior years, the group had an interest rate swap to partially hedge its interest rate exposure. The interest rate swap expired in September 2014. Given the current level of interest rates and the outlook for the next few years, the Board has assessed the short term risk of interest rate increases low and have decided not to take out further hedging arrangements.

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 Financial Officer as the Director responsible for Health and Safety and, through her, operates a system of policies, procedures, and audits to ensure that employees work in a healthy and safe environment.

Directors' Report *(Continued)*

Donations

During the period, the Group and staff donated £40,000 to Dogs for Good (formerly Dogs for the Disabled) (2014: £18,422 to the Prince's Countryside Fund), which is a registered charity. In the coming year, the Group and staff have chosen to continue to support Dogs for Good.

Corporate Social Responsibility

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

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

Independent Auditors

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

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

By order of the Board
Sarah Francis
Company Secretary
14 March 2016

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

The Board currently comprises three 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. 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 Stuart Crebo (Chairman), Paul Freeston and Nigel Hall.

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 John Elliot (Chairman), Paul Freeston and Stuart Crebo.

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 Nigel Hall (Chairman), John Elliot and Stuart Crebo.

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 18 month period ended 30 November 2015	17	8	3	4
Attendance of Directors:				
N.P. Hall	16	8	-	4
J.H. Hardman	17	-	-	-
J.A. Wirth (appointed 29 April 2015)	8	-	-	-
W.A. Webb (appointed 5 January 2015)	12	-	-	-
S. Crebo	17	8	3	4
J.A. Elliot	17	-	3	4
P. Freeston	17	8	3	-

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
Sarah Francis
Company Secretary
14 March 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

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

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

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

The maintenance and integrity of the Countrywide Farmers plc website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board
Sarah Francis
Company Secretary
14 March 2016

Independent Auditors' Report to the Members of Countrywide Farmers plc

Report on the financial statements

Our opinion

In our opinion, Countrywide Farmers plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2015 and of the group's profit and cash flows for the 18 month period (the "period") 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the consolidated and parent company balance sheets as at 30 November 2015;
- the consolidated profit and loss account and statement of total consolidated recognised gains and losses for the period then ended;
- the consolidated cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Countrywide Farmers plc *(Continued)*

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
14 March 2016

Consolidated Profit and Loss Account

For the 18 months ended 30 November 2015

	Note	18 months ended 30 November 2015			Year ended
		Continuing £000s	Discontinued £000s	£000s	31 May 2014 £000s
Group turnover		169,568	150,723	320,291	298,172
Cost of sales		(119,882)	(143,401)	(263,283)	(256,852)
Gross profit		49,686	7,322	57,008	41,320
Other operating income		564	307	871	285
Administrative expenses		(54,041)	(6,946)	(60,987)	(40,113)
Exceptional administrative expenses	4b	(834)	-	(834)	(225)
Total administrative expenses	4	(54,875)	(6,946)	(61,821)	(40,338)
Group operating (loss)/profit		(4,625)	683	(3,942)	1,267
Profit on disposal of business	10			8,899	415
Profit before interest and taxation				4,957	1,682
Interest receivable and similar income				1	-
Interest payable and similar charges	3a			(758)	(637)
Other finance (expense)/income	3b			(93)	18
Profit on ordinary activities before taxation				4,107	1,063
Tax on profit on ordinary activities	5			(942)	(497)
Profit on ordinary activities after taxation				3,165	566
Minority interests in profit for the period/year				(98)	(59)
Profit for the financial period/year	20			3,067	507

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

Included in continuing operations is turnover of £4,767,000 and operating loss of £345,000 relating to acquisitions in the period (note 2).

Statement of Total Consolidated Recognised Gains and Losses

For the 18 months ended 30 November 2015

	Note	Group 2015 £000s	Group 2014 £000s
Profit for the financial period/year		3,067	507
Actuarial loss recognised in the pension scheme	24	(1,138)	(1,332)
Movement on deferred tax asset relating to pension scheme	17	205	267
Impact of tax rate change recognised in reserves	17	(430)	(669)
Gain on revaluation of fixed assets	19	3,575	-
Total recognised gains/(losses) for the period/year		5,279	(1,227)

Consolidated Balance Sheet

At 30 November 2015

	Note	Group 2015 £000s	Group 2014 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	1,090	1,978
Negative goodwill	7	(194)	(353)
		<u>896</u>	<u>1,625</u>
Tangible assets	8	43,697	35,737
Investments	11	43	123
		<u>44,636</u>	<u>37,485</u>
Current Assets			
Stocks	12	22,896	20,404
Debtors	13	12,238	35,147
Cash at bank and in hand		-	5,196
		<u>35,134</u>	<u>60,747</u>
Creditors - amounts falling due within one year	14	<u>(25,596)</u>	<u>(43,856)</u>
Net Current Assets		9,538	16,891
Total Assets less Current Liabilities		<u>54,174</u>	<u>54,376</u>
Creditors - amounts falling due after more than one year	15	(10,388)	(14,228)
Provisions for liabilities	16	(665)	(1,162)
Net assets excluding pension liability		<u>43,121</u>	<u>38,986</u>
Net pension liability	24	(15,919)	(17,181)
Net assets including pension liability		<u>27,202</u>	<u>21,805</u>
Capital and Reserves			
Called up share capital	18	16,413	16,413
Revaluation reserve	19	13,276	9,701
Profit and loss account	20	(2,815)	(4,584)
Total shareholders' funds	21	<u>26,874</u>	<u>21,530</u>
Minority interests		328	275
Capital employed		<u>27,202</u>	<u>21,805</u>

The financial statements on pages 18 to 45 were approved by the Board of Directors on 14 March 2016 and were signed on its behalf by:

NP Hall
JH Hardman } Directors

Parent Company Balance Sheet (Registered no. 3776711)

At 30 November 2015

	Note	2015 £000s	2014 £000s
Fixed Assets			
Intangible assets			
Goodwill	7	1,090	1,978
Negative Goodwill	7	(194)	(353)
		<u>896</u>	<u>1,625</u>
Tangible assets	8	43,600	35,602
Investments	11	283	813
		<u>44,779</u>	<u>38,040</u>
Current Assets			
Stocks	12	22,517	20,131
Debtors	13	13,710	36,591
Cash at bank and in hand		-	4,019
		<u>36,227</u>	<u>60,741</u>
Creditors - amounts falling due within one year	14	(26,687)	(43,546)
Net Current Assets		<u>9,540</u>	<u>17,195</u>
Total Assets less Current Liabilities		<u>54,319</u>	<u>55,235</u>
Creditors - amounts falling due after more than one year	15	(10,388)	(14,228)
Provisions for liabilities	16	(663)	(1,155)
Net assets excluding Pension Liability		<u>43,268</u>	<u>39,852</u>
Net Pension Liability	24	(15,919)	(17,181)
Net assets including Pension Liability		<u>27,349</u>	<u>22,671</u>
Capital and Reserves			
Called up share capital	18	16,413	16,413
Revaluation reserve	19	13,276	9,701
Profit and loss account	20	(2,340)	(3,443)
Total shareholders' funds		<u>27,349</u>	<u>22,671</u>

The financial statements on pages 18 to 45 were approved by the Board of Directors on 14 March 2016 and were signed on its behalf by:

NP Hall }
JH Hardman } Directors

Consolidated Cash Flow Statement

For the 18 months ended 30 November 2015

	Note	Group 2015 £000s	Group 2014 £000s
Net cash inflow from operating activities	(a)	2,219	2,690
Returns on investments and servicing of finance			
Interest paid		(729)	(625)
Interest element of finance lease payments		(11)	(8)
Dividend paid to minority interests		(46)	(19)
Net cash outflow from returns on investments and servicing of finance		<u>(786)</u>	<u>(652)</u>
Taxation			
Corporation tax received/(paid)		97	(182)
Capital expenditure and financial investment			
Purchase of tangible fixed assets (note 8)		(8,258)	(2,349)
Sale of tangible fixed assets		184	257
Net cash outflow for capital expenditure and financial investment		<u>(8,074)</u>	<u>(2,092)</u>
Acquisitions			
Payments to acquire trade and businesses (note 9)		(5,781)	(390)
Net proceeds from sale of business (note 10)		9,571	1,200
Net cash inflow from business acquisitions and disposals		<u>3,790</u>	<u>810</u>
Net cash (outflow)/inflow before financing		<u>(2,754)</u>	<u>574</u>
Financing			
Decrease in Members' Retirement Scheme (note 16)		(498)	(17)
Repayment of loan		(14,000)	-
Receipt from new loan		10,387	-
Capital element of finance lease payments		(85)	(62)
Issue of own shares by EBT		9	11
Net cash outflow from financing		<u>(4,187)</u>	<u>(68)</u>
(Decrease)/Increase in cash for the period	(b)	<u>(6,941)</u>	<u>506</u>

Consolidated Cash Flow Statement Notes

For the 18 months ended 30 November 2015

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

	Group 2015 £000s	Group 2014 £000s
Operating (loss)/profit	(3,942)	1,267
Depreciation charge (note 8)	4,924	2,936
Net goodwill amortisation (note 7)	340	453
Net loss on disposal of fixed assets	122	233
Decrease/(Increase) in stock	609	(545)
Decrease in debtors	24,173	1,785
Decrease in creditors	(20,770)	(1,449)
Excess of pension contributions over charge (note 24)	(3,293)	(2,131)
Share option credit (note 20)	56	141
	<u>2,219</u>	<u>2,690</u>

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

	Group 2015 £000s	Group 2014 £000s
(Decrease)/Increase in cash at bank	(6,941)	506
Decrease in loan	3,613	-
Decrease in lease financing	85	62
Decrease in Members' Retirement Scheme (note 16)	498	17
	<u>(2,745)</u>	<u>585</u>
Movement in net debt for the period/year	(2,745)	585
Opening net debt	(9,718)	(10,303)
Closing net debt	<u>(12,463)</u>	<u>(9,718)</u>

(c) Analysis of Net Debt

Group	At 1 June 2014 £000s	Cash Flow £000s	At 30 November 2015 £000s
Cash at bank and in hand	5,196	(5,196)	-
Due within one year:			
Bank overdrafts	-	(1,745)	(1,745)
Finance leases	(62)	38	(24)
Due after one year:			
Bank loans	(14,000)	3,613	(10,387)
Members' Retirement Scheme	(804)	498	(306)
Finance leases	(48)	47	(1)
	<u>(9,718)</u>	<u>(2,745)</u>	<u>(12,463)</u>

Notes to the Financial Statements

For the 18 months ended 30 November 2015

1) ACCOUNTING POLICIES

Basis of accounting

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

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

Basis of consolidation

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

Investments

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

Income from investments

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

Turnover

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

Intangible fixed assets

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

Tangible fixed assets

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

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

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

1) ACCOUNTING POLICIES *(Continued)*

Impairment of fixed assets

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

Stocks

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

Taxation

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

Deferred taxation

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

Operating leases

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

Finance leases

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

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

1) ACCOUNTING POLICIES *(Continued)*

Pension scheme arrangements

The Group operates two pension schemes, a defined contribution and a hybrid scheme containing both deferred benefit and defined contribution sections. All schemes are funded with the assets being held by the Trustees separately from the assets of the Group.

In respect of the defined benefit section of the hybrid scheme, the fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The assets of the defined section of the hybrid scheme are measured using closing market rates.

Pension scheme liabilities are measured using the Defined Accrued Benefits method and discounted at the current rate of return on high quality corporate bonds of equivalent terms. The expected return on scheme assets and the increase during the period in the present value of the schemes liabilities, arising from the passage of time, are included as an interest expense. Actuarial gains and losses are recognised in the statement of Group total consolidated recognised gains and losses.

In respect of the defined contribution scheme and the defined contribution section of the hybrid scheme, the amount charged to the profit and loss account represents contributions payable to the independent investment managers, who operate the schemes, in funds separate from those of the Group. The Group provides no other post retirement benefits to its employees.

Employee Benefit Trust

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

Share based payments

As set out in note 23, 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 2 and 4 year vesting periods subject to certain performance conditions.

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

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

Exceptional administrative expenses

Costs are deemed to be exceptional if they are one off in nature and do not relate to the on-going trading of the group such that their inclusion of administrative expenses would distort the true understanding of business performance.

Notes to the Financial Statements (Continued)

For the 18 months ended 30 November 2015

2) SEGMENTAL REPORTING

The Group operates and trades only in the United Kingdom.

	Turnover 2015 £000s	Operating Profit/(Loss) 2015 £000s	Net Operating Assets 2015 £000s
Direct Sales	179,123	5,892	11,080
Retail	141,168	(5,187)	33,498
Corporate	-	(3,813)	11,864
	<u>320,291</u>	<u>(3,108)</u>	<u>56,442</u>
Exceptional administrative expenses (note 4b)	-	(834)	-
Group Total	<u>320,291</u>	<u>(3,942)</u>	<u>56,442</u>

Reconciliation of Net Operating Assets to the Balance Sheet

Net Operating Assets	56,442
Less Bank Overdraft and Loans	(12,132)
Add Corporation and Deferred Tax	(883)
Less Members Retirement Scheme (note 16)	(306)
Less Net Pension Liability (note 24)	(15,919)
Net Assets as at 30 November 2015	<u>27,202</u>

	Turnover 2014 £000s	Operating Profit/(Loss) 2014 £000s	Net Operating Assets 2014 £000s
Direct Sales	209,580	2,635	19,082
Retail	88,592	1,297	26,862
Corporate	-	(2,665)	3,070
Group Total	<u>298,172</u>	<u>1,267</u>	<u>49,014</u>

Reconciliation of Net Operating Assets to the Balance Sheet

Net Operating Assets	49,014
Less Bank Advance and Loans	(8,804)
Less Corporation and Deferred tax	(420)
Less Members Retirement Scheme (note 16)	(804)
Less Net Pension Liability (note 24)	(17,181)
Net Assets as at 31 May 2014	<u>21,805</u>

The Group operates and trades only in the United Kingdom.

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

The segment analysis of turnover, operating profit and net assets for Direct Sales includes turnover of £150,723,000 (2014: £184,644,000), operating profit of £683,000 (2014: £1,661,000) and net assets £6,705,000 at 31 May 2014 in respect of the sale of Livestock Feed and Forage, Arable Products and Crop Marketing that were disposed of during the period (note 10). These are shown as discontinued operations in the profit and loss account.

As a result of business disposals in the period, certain costs have now been fully allocated into the Retail Segment impacting the reported loss compared to the prior year.

Discontinued operations in the prior year relate to the sale of the fuel business which attributed £7,793,000 turnover and an operating loss of £85,000.

Notes to the Financial Statements (Continued)

For the 18 months ended 30 November 2015

2) SEGMENTAL REPORTING (Continued)

The segment analysis of turnover, operating profit and net assets for the Retail segment includes £4,767,000 turnover, £3,613,000 cost of sales, £1,155,000 gross profit, £1,331,000 administrative expenses and £345,000 operating loss (after charging exceptional administrative expenses of £169,000) relating to the acquisition of the trade and assets of Cornwall Farmers on 11 September 2015 (note 9).

3a) INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2015 £000s	Group 2014 £000s
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	507	390
Interest on invoice discounting finance	240	239
Interest payable on finance leases	11	8
	<u>758</u>	<u>637</u>

3b) OTHER FINANCE (EXPENSE)/INCOME

	Group 2015 £000s	Group 2014 £000s
Other finance (expense)/income - pension scheme (Note 24)	<u>(93)</u>	<u>18</u>

4a) OPERATING (LOSS)/PROFIT

	Group 2015 £000s	Group 2014 £000s
Operating (Loss)/Profit is stated after charging/(crediting):		
Staff costs (note 23)	33,206	22,367
Depreciation		
Tangible owned fixed assets	4,840	2,859
Tangible fixed assets held under finance leases	84	77
Goodwill amortisation	499	559
Negative goodwill amortisation	(159)	(106)
Operating lease charges		
Plant and machinery	2,284	1,734
Other	4,921	2,806
Loss on sale of fixed assets	(122)	(233)
Auditors' remuneration in respect of:		
Audit of the parent company and consolidated financial statements	65	61
Other services:		
Subsidiary company audit services	-	6
Tax advisory services	50	57
Other	89	19

In the period, £73,000 of fees were payable to the auditors for project assurance work which were capitalised as part of the IT system implementation.

4b) EXCEPTIONAL ADMINISTRATIVE EXPENSES

	Group 2015 £000s	Group 2014 £000s
Corporate		
Restructuring costs	449	225
IT system implementation	216	-
Retail		
Cornwall Farmers integration costs (note 2)	169	-
	<u>834</u>	<u>225</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	Group 2015 £000s	Group 2014 £000s
Current tax		
United Kingdom corporation tax at 20.56% (2014: 22.67%)	524	62
Adjustments in respect of previous years	(158)	23
Current tax charge	<u>366</u>	<u>85</u>
Deferred tax: (note 17)		
Current year charge	612	464
Effect of decrease in tax rate	(36)	(52)
Tax on profit on ordinary activities	<u>942</u>	<u>497</u>

Factors affecting tax charge for the period

The tax for the period is lower (2014: lower) than the effective rate of Corporation tax in the UK for the period ended 30 November 2015 of 20.56% (2014: 22.67%). The differences are explained below:

	Group 2015 £000s	Group 2014 £000s
Profit on ordinary activities before taxation	4,107	1,063
Profit on ordinary activities at the standard rate in the UK of 20.56% (2014: 22.67%)	844	241
Effects of:		
Expenses not deductible for tax purposes	327	294
Depreciation allowances in excess of capital for period	(147)	(29)
Other timing differences	(550)	(443)
Differences between book gains and taxable gains	45	-
Tax of group company at marginal rates	5	(1)
Adjustments to tax charge in respect of previous period	(158)	23
Current tax charge for the period	<u>366</u>	<u>85</u>

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 period. Certain of the Group's fixed assets have base costs below their carrying value due to revaluations and rollover relief claims in prior years. Were these properties to be sold without it being possible to claim rollover relief additional tax would become payable. No provision has been made in relation to these potential gains as there were no unconditional obligations to sell such properties at the balance sheet date.

Changes to the UK Corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

6) PROFITS OF THE PARENT COMPANY

The Parent Company has not presented its own profit and loss account as permitted by Section 408, of the Companies Act 2006.

The amount of profit for the period attributable to the Company is £2,410,000 (2014: £776,000).

7) INTANGIBLE FIXED ASSETS**Goodwill**

	Group £000s	Company £000s
Cost		
At 1 June 2014	4,495	4,344
Additions (note 9)	937	937
Disposals (note 10)	(2,484)	(2,484)
Fair Value Adjustment	(106)	(106)
At 30 November 2015	<u>2,842</u>	<u>2,691</u>
Accumulated Amortisation		
At 1 June 2014	2,517	2,366
Charge for the period	499	499
Disposals (note 10)	(1,264)	(1,264)
At 30 November 2015	<u>1,752</u>	<u>1,601</u>
Net book value at 30 November 2015	<u>1,090</u>	<u>1,090</u>
Net book value at 31 May 2014	<u>1,978</u>	<u>1,978</u>

The fair value of deferred consideration relating to the acquisition of Abergavenny Farm Supplies has been reduced by £106,000 in the period following a review of the contingent conditions.

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

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

Negative goodwill

	Group £000s	Company £000s
Cost		
At 1 June 2014 and 30 November 2015	<u>(1,059)</u>	<u>(1,059)</u>
Accumulated Amortisation		
At 1 June 2014	706	706
Credit for the period	159	159
At 30 November 2015	<u>865</u>	<u>865</u>
Net book value at 30 November 2015	<u>(194)</u>	<u>(194)</u>
Net book value at 31 May 2014	<u>(353)</u>	<u>(353)</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

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 2014	28,266	1,905	43,830	1,400	75,401
Additions	10	232	7,941	75	8,258
Acquisitions	-	-	1,383	-	1,383
Disposals	(56)	(297)	(7,380)	(254)	(7,987)
Revaluation	3,575	-	-	-	3,575
At 30 November 2015	31,795	1,840	45,774	1,221	80,630
Accumulated Depreciation					
At 1 June 2014	8,953	1,475	28,382	854	39,664
Charge for the period	572	138	3,934	280	4,924
Disposals	(37)	(297)	(7,095)	(226)	(7,655)
At 30 November 2015	9,488	1,316	25,221	908	36,933
Net book value at 30 November 2015	22,307	524	20,553	313	43,697
Net book value at 31 May 2014	19,313	430	15,448	546	35,737

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

	2015 £000s	2014 £000s
Net book value at end of period/year	35	137

Analysis of Land and Buildings

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Analysis of land and buildings at cost or valuation				
At cost	18,519	18,565	18,488	18,534
At valuation	13,276	9,701	13,276	9,701
	<u>31,795</u>	<u>28,266</u>	<u>31,764</u>	<u>28,235</u>

The Group's freehold properties were revalued at 30 November 2015 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 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Freehold and long leasehold land and buildings				
At cost	18,519	18,565	18,488	18,534
Aggregate depreciation	(9,488)	(8,953)	(9,471)	(8,940)
Net book value	<u>9,031</u>	<u>9,612</u>	<u>9,017</u>	<u>9,594</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

8) TANGIBLE FIXED ASSETS *(Continued)*

Company	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost/Valuation					
At 1 June 2014	28,235	1,907	43,619	1,340	75,101
Additions	10	232	7,941	75	8,258
Acquisitions	-	-	1,383	-	1,383
Disposals	(56)	(297)	(7,380)	(223)	(7,956)
Revaluation	3,575	-	-	-	3,575
At 30 November 2015	31,764	1,842	45,563	1,192	80,361
Accumulated Depreciation					
At 1 June 2014	8,940	1,474	28,270	815	39,499
Charge for the period	568	138	3,906	274	4,886
Disposals	(37)	(297)	(7,095)	(195)	(7,624)
At 30 November 2015	9,471	1,315	25,081	894	36,761
Net book value at 30 November 2015	22,293	527	20,482	298	43,600
Net book value at 31 May 2014	19,295	433	15,349	525	35,602

Tangible assets held under finance leases, capitalised and included in Plant and Machinery above:

	2015 £000s	2014 £000s
Net book value at end of period/year	35	137

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

9) ACQUISITIONS

On 11 September 2015, Countrywide Farmers plc completed the acquisition of the trade and assets of Cornwall Farmers for consideration of £5,860,000. An initial consideration of £5,610,000 was paid on completion with the deferred consideration of £250,000 being paid post period end.

The assets acquired and the results of the business from their effective date have been consolidated into the financial statements at 30 November 2015 using the acquisition method of accounting.

Details of the asset value acquired and price paid are given below:

Provisional book and fair value of acquisition	£'000s
Tangible fixed assets (note 8)	1,383
Stock	<u>3,711</u>
Net assets acquired	5,094
Goodwill (note 7)	<u>937</u>
Consideration	<u>6,031</u>
Consideration satisfied by:	
Cash consideration paid	5,610
Acquisition fees paid	<u>171</u>
	5,781
Deferred consideration	<u>250</u>
	<u>6,031</u>

10) BUSINESS DISPOSALS

The company disposed of the following parts of the Direct Sales division in the period. The Livestock Feed and Forage business, comprising compound and alternative feeds, fertilizer and forage seeds was sold to ForFarmers on 1 May 2015. The Arable business, which sells crop protection and cereal seed products was sold to H.L. Hutchinson Ltd on 30 January 2015. The Crop Marketing business was sold to Openfield Agriculture Ltd on 16 January 2015 and the Channel Island Feed business was sold to GLW Feeds Ltd on 31 January 2015.

	£'000s
Consideration received	11,837
Less costs of disposal	<u>(2,266)</u>
	9,571
Deferred consideration	<u>1,265</u>
Net proceeds	10,836
Net assets at date of disposal	
Investments	80
Tangible fixed assets	27
Stocks	610
Goodwill (note 7)	<u>1,220</u>
	<u>(1,937)</u>
	8,899

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

11) FIXED ASSET INVESTMENTS

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

Group	Other Investments £000s
Cost at 1 June 2014	123
Disposals	(80)
Cost at 30 November 2015	<u>43</u>

Company	Investments in subsidiary companies £000s	Other investments £000s	Total £000s
Cost at 1 June 2014	690	123	813
Disposals	(450)	(80)	(530)
Cost at 30 November 2015	<u>240</u>	<u>43</u>	<u>283</u>

The Company disposed of its minority investment in Sterling Sires Limited amounting to £80,000 during the period. In addition, the investment in S M Hackett and Son Ltd was written down following the hive up and subsequent disposal of the assets relating to this business.

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

Own shares

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

At 1 June 2014, 5,277,803 ordinary shares of 50p each were held at a cost of £1,583,000. During the period, shares were issued to a number of employees on exercise of their options under the SAYE scheme. At 30 November 2015, 5,249,074 shares were held at a cost of £1,574,000.

These investments in the shares of Countrywide Farmers plc have been shown as a deduction from shareholders' funds (note 21).

Audit Exemption

In accordance with the Companies Act 2006, the group has taken advantage of the exemption afforded to certain subsidiary companies to be audited. Countrywide Farmers plc has given a guarantee to its subsidiary MSF (Welland Valley Feeds) Ltd under section 479A.

12) STOCKS

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Finished goods	<u>22,896</u>	<u>20,404</u>	<u>22,517</u>	<u>20,131</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

13) DEBTORS

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Trade debtors	8,456	30,304	8,384	30,235
Amounts owed by group undertakings	-	-	1,594	1,557
Amounts due on sale of businesses (note 10)	1,265	150	1,265	150
Other debtors	200	525	175	501
Prepayments and accrued income	2,317	4,168	2,292	4,148
	<u>12,238</u>	<u>35,147</u>	<u>13,710</u>	<u>36,591</u>

14) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Bank overdrafts	1,745	-	3,282	-
Trade creditors	15,783	34,124	15,525	33,959
Finance lease obligations	24	62	24	62
Corporation tax	524	62	392	-
Other taxation and social security	726	766	702	740
Deferred consideration for acquisitions (note 9)	250	-	250	-
Accruals and deferred income	6,544	8,842	6,512	8,785
	<u>25,596</u>	<u>43,856</u>	<u>26,687</u>	<u>43,546</u>

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

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Bank loans	10,387	14,000	10,387	14,000
Finance lease obligations	1	48	1	48
Accruals and deferred income	-	180	-	180
	<u>10,388</u>	<u>14,228</u>	<u>10,388</u>	<u>14,228</u>

Banking facilities

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

1. Revolving Credit Facility of £20,000,000 repayable in full on 30 September 2018 bearing interest at 1.6% above LIBOR.
2. An overdraft facility of £5,000,000 reviewable annually on 31 July bearing interest of 1.6% above HSBC Bank Base rate.

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

The interest rate swap transaction which the group had entered into to partially hedge its exposure to interest rate movements by replacing floating rates of interest with fixed commitments terminated on 30 September 2014 and was not renewed. At 31 May 2014, it had a nominal value of £350,000 and a market value of £6,565 loss.

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

15) CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR*(Continued)***Maturity Statement (Bank and other borrowings)**

Group	Bank 2015 £000s	Finance Leases 2015 £000s	Total 2015 £000s
In one year or less, or on demand	1,745	24	1,769
In more than one year, but not more than two years	-	1	1
In more than two years, but not more than five years	10,387	-	10,387
	<u>12,132</u>	<u>25</u>	<u>12,157</u>
	Bank 2014 £000s	Finance Leases 2014 £000s	Total 2014 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	14,000	39	14,039
In more than two years, but not more than five years	-	9	9
	<u>14,000</u>	<u>110</u>	<u>14,110</u>
Company	Bank 2015 £000s	Finance Leases 2015 £000s	Total 2015 £000s
In one year or less, or on demand	3,282	24	3,306
In more than one year, but not more than two years	-	1	1
In more than two years, but not more than five years	10,387	-	10,387
	<u>13,669</u>	<u>25</u>	<u>13,694</u>
	Bank 2014 £000s	Finance Leases 2014 £000s	Total 2014 £000s
In one year or less, or on demand	-	62	62
In more than one year, but not more than two years	14,000	39	14,039
In more than two years, but not more than five years	-	9	9
	<u>14,000</u>	<u>110</u>	<u>14,110</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

16) PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Members' Retirement Scheme	306	804	306	804
Deferred Tax (note 17)	359	358	357	351
	<u>665</u>	<u>1,162</u>	<u>663</u>	<u>1,155</u>

Members' Retirement Scheme

£000s

At 1 June 2014

804

Utilised in period

(498)

At 30 November 2015

306

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.

During the period, the company has undertaken to contact members of the scheme to repay amounts due to them from the scheme.

17) DEFERRED TAX

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Accelerated Capital Allowances	795	760	793	753
Short term timing differences	(126)	(200)	(126)	(200)
Losses	<u>(310)</u>	<u>(202)</u>	<u>(310)</u>	<u>(202)</u>
	359	358	357	351
Deferred tax on pension liability (note 24)	(3,494)	(4,294)	(3,494)	(4,294)
Total deferred tax asset	<u>(3,135)</u>	<u>(3,936)</u>	<u>(3,137)</u>	<u>(3,943)</u>

Movement in Deferred Tax

**Group
Total
2015
£000s**

Deferred tax asset at 1 June 2014

804

Deferred tax charge to the profit and loss account

576

Deferred tax charge to the statement of total consolidated recognised gains and losses

225

Deferred tax asset at 30 November 2015

(3,135)

In accordance with the provisions of FRS 19 'Deferred Tax', deferred tax assets have been recognised to the extent that it is more likely than not that they are recoverable on the basis of current forecast and uncertainties. There is an unprovided deferred tax liability of £1,329,000 (2014: £1,166,000) in respect of gains rolled into assets which are not expected to be sold in the foreseeable future.

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

18) CALLED UP SHARE CAPITAL

	2015 £000s	2014 £000s
Authorised		
100,000,000 (2014: 100,000,000) Ordinary shares of 50p each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
32,825,267 (2014: 32,825,267) Ordinary shares of 50p each	<u>16,413</u>	<u>16,413</u>

19) REVALUATION RESERVE

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
At beginning of period/year	9,701	9,701	9,701	9,701
Revaluation in period (note 8)	3,575	-	3,575	-
At end of period/year	<u>13,276</u>	<u>9,701</u>	<u>13,276</u>	<u>9,701</u>

20) PROFIT AND LOSS ACCOUNT

	Group £000s	Company £000s
At 1 June 2014	(4,584)	(3,443)
Retained profit for the period	3,067	2,410
Actuarial loss on pension scheme	(1,138)	(1,138)
Movement on deferred tax relating to pension liability	(225)	(225)
Share option charge	56	56
Issue of shares by EBT	9	-
At 30 November 2015	<u>(2,815)</u>	<u>(2,340)</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

21) RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	Group 2015 £000s	Group 2014 £000s
At 1 June	21,530	22,605
Retained profit for the period	3,067	507
Actuarial loss on pension scheme	(1,138)	(1,332)
Movement on deferred tax relating to pension liability	(225)	(402)
Share option charge	56	141
Issue of shares from EBT	9	11
Movement on property revaluation	3,575	-
At end of period/year	<u>26,874</u>	<u>21,530</u>

22) MINORITY INTEREST

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

23) EMPLOYEES' AND DIRECTORS' REMUNERATION

	18 months ended 30 November 2015 £000s	12 months ended 31 May 2014 £000s
Staff costs		
Wages and salaries	29,868	20,072
Social security costs	2,724	1,900
Other pension costs	614	395
	<u>33,206</u>	<u>22,367</u>

The monthly average number of people employed by the Group during the period/year was:

	Full Time Equivalent 2015 Number	Full Time Equivalent 2014 Number	Headcount 2015 Number	Headcount 2014 Number
Direct	103	241	108	239
Retail	<u>816</u>	<u>590</u>	<u>1,018</u>	<u>741</u>
	<u>919</u>	<u>831</u>	<u>1,126</u>	<u>980</u>

	18 months ended 30 November 2015 £000s	12 months ended 31 May 2014 £000s
Remuneration of Directors		
Salary, fees and benefits in kind	831	572
Compensation for loss of office	-	181
Performance related bonuses	60	-
Contribution to defined contribution pension scheme	14	13
	<u>905</u>	<u>766</u>

Retirement benefits are accruing to one Director under the hybrid Countrywide Farmers Retirement Benefit Scheme (2014: one). Retirement benefits are accruing to one director under the Countrywide Farmers Money Purchase Scheme (2014: one).

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

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

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

	18 months ended 30 November 2015 £000s	12 months ended 31 May 2014 £000s
Emoluments (including performance related bonus)	400	151
Compensation for loss of office	-	181
Defined benefit pension scheme:		
Accrued pension as at end of period	45	-
Employer's pension contribution	14	12
	<u>459</u>	<u>344</u>

Long Term Incentive Plan

Over the last seven years, Long Term Incentive Plans have been introduced for key executives. In accordance with the scheme rules, the following conditional nil cost share awards were made to the Directors and certain members of senior management.

	Options at 1 June 2014	Options Granted on 29 April 2015	Options lapsed in the period	Options Granted at 30 November 2015
	No of shares	No of shares	No of shares	No of shares
Nigel Hall	120,000	-	-	120,000
Stuart Crebo	70,000	-	-	70,000
John Elliot	70,000	-	-	70,000
Paul Freeston	70,000	-	-	70,000
John Hardman	1,600,000	-	-	1,600,000
Julie Wirth	-	500,000	-	500,000
Andrew Webb	-	500,000	-	500,000
Senior Management	1,400,000	-	(900,000)	500,000
Total	<u>3,330,000</u>	<u>1,000,000</u>	<u>(900,000)</u>	<u>3,430,000</u>

The share options held at 1 June 2014 relate to LTIP awards granted on 31 May 2013. These share options will be released within four years of the date of grant, subject to the occurrence of a company flotation or trade sale. The percentage of the award released will be dependant on the share price at flotation or sale. The options granted on 29 April 2015 will be released to coincide with those granted on 31 May 2013 and are subject to the same conditions.

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

The options which have lapsed during the period represent a combination of the options awarded prior to 31 May 2013 because the performance conditions cannot be met and the release of options awarded to employees who have subsequently left the company.

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

24) PENSION SCHEMES

During the period, the Group has operated two pension schemes, the Countrywide Farmers Money Purchase Pension Scheme and the Countrywide Farmers Retirement Benefits Scheme.

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 18 months ended 30 November 2015 was £449,000 (2014: £273,000).

Countrywide Farmers Retirement Benefits Scheme

The fund was closed to new members on 31 December 1999 and to the accrual of future defined benefits on 31 December 2004. From 1 January 2005 benefits in this scheme have accrued on a defined contribution basis. The company's contributions to the defined contribution section of the scheme are recognised within operating profit and amount to £121,000 (2014: £106,000)

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

Additional contributions paid by the company during the year totalled £3,293,000 (2014: £2,131,000)

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

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

A full actuarial valuation of the Countrywide Farmers Retirement Benefits Scheme was carried out at 5 April 2012 and has been updated to 30 November 2015 by a qualified independent actuary with reference to the initial results from the 5 April 2015 valuation. The major assumptions used by the actuary in the valuation of the scheme under FRS17 are:

	At 30 November 2015	At 31 May 2014	At 31 May 2013
Rate of increase in pensionable salaries	2.90%	3.00%	3.00%
Rate of increase in deferred pensions	2.10%	3.00%	3.00%
Discount rate	3.80%	4.40%	4.50%
Inflation assumption - RPI	3.10%	3.20%	3.20%
Inflation assumption - CPI	2.10%	2.40%	2.40%

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

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

Life expectancy aged 65 for current pensioners	At 30 November 2015	At 31 May 2014	At 31 May 2013
Male currently aged 45	23.6	23.7	23.6
Female currently aged 45	25.9	26.3	26.2
Male currently aged 65	22.3	22.3	22.3
Female currently aged 65	24.4	24.7	24.6

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

24) PENSION SCHEMES *(Continued)*

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

	Expected rate of return	Value at 30 November 2015 £000s	Expected rate of return	Value at 31 May 2014 £000s	Expected rate of return	Value at 31 May 2013 £000s
Equities/property	6.17%	38,907	6.06%	38,528	6.75%	37,354
Government bonds/cash	2.50%	4,372	3.13%	3,351	3.07%	3,221
Corporate bonds	3.50%	12,013	4.10%	11,264	4.10%	11,097
Diversified Growth Fund	5.50%	18,493	5.70%	17,970	6.00%	16,955
Total market value of assets		<u>73,785</u>		<u>71,113</u>		<u>68,627</u>
Present value of scheme liabilities		<u>(93,198)</u>		<u>(92,588)</u>		<u>(90,918)</u>
Deficit in the scheme		(19,413)		(21,475)		(22,291)
Related deferred tax asset		<u>3,494</u>		<u>4,294</u>		<u>5,126</u>
Net pension liability		<u>(15,919)</u>		<u>(17,181)</u>		<u>(17,165)</u>

Analysis of the amount charged to other finance expense:

	At 30 November 2015 £000s	At 31 May 2014 £000s
Expected return on pension scheme assets	(5,884)	(4,012)
Interest on pension liabilities	5,977	3,994
Net expense/(income)	<u>93</u>	<u>(18)</u>

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

	At 30 November 2015 £000s	At 31 May 2014 £000s
Actual return less expected return on assets	(375)	238
Changes in actuarial assumptions	(763)	(1,570)
Net loss recognised	<u>(1,138)</u>	<u>(1,332)</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

24) PENSION SCHEMES *(Continued)*

Reconciliation of present value of scheme liabilities:

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

	2015 £000s	2014 £000s
Defined benefit obligation at beginning of period	92,588	90,918
Interest cost	5,977	3,994
Benefits paid	(6,130)	(3,895)
Actuarial loss on liabilities	763	1,571
Defined benefit obligation at end of period	<u>93,198</u>	<u>92,588</u>

Reconciliation of fair value of scheme assets:

	2015 £000s	2014 £000s
Fair value of assets at beginning of period	71,113	68,627
Expected return on assets	5,884	4,012
Employer contributions	3,293	2,131
Benefits paid	(6,130)	(3,895)
Actuarial (loss)/gain	(375)	238
Fair value of assets at end of period	<u>73,785</u>	<u>71,113</u>

History of experience gains and losses:

	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s
Experience adjustments on scheme assets:					
Amount (£'000s)	(375)	238	5,944	(5,840)	4,536
Percentage of scheme assets	(0.51%)	0.33%	8.66%	(9.70%)	7.14%
Total amount recognised in STRGL:					
Amount (£'000s)	(1,138)	(1,332)	(1,397)	(7,407)	290
Percentage of scheme liabilities	(1.22%)	(1.44%)	(1.54%)	(8.95%)	0.36%
	2015 £000s	2014 £000s	2013 £000s	2012 £000s	2011 £000s
Defined benefit obligation	(93,198)	(92,588)	(90,918)	(82,785)	(80,613)
Scheme assets	73,785	71,113	68,627	60,185	63,530
Scheme deficit	<u>(19,413)</u>	<u>(21,475)</u>	<u>(22,291)</u>	<u>(22,600)</u>	<u>(17,083)</u>

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

25) LEASE COMMITMENTS

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

	Land and Buildings 2015 £000s	Other 2015 £000s	Group 2015 £000s
Within one year	65	464	529
Between one and two years	462	421	883
Within two to five years inclusive	493	628	1,121
Over five years	2,537	32	2,569
	<hr/> 3,557	<hr/> 1,545	<hr/> 5,102

	Land and Buildings 2014 £000s	Other 2014 £000s	Group 2014 £000s
Within one year	190	309	499
Between one and two years	65	295	360
Within two to five years inclusive	682	907	1,589
Over five years	1,858	-	1,858
	<hr/> 2,795	<hr/> 1,511	<hr/> 4,306

26) CAPITAL COMMITMENTS

	Group 2015 £000s	Group 2014 £000s	Company 2015 £000s	Company 2014 £000s
Capital expenditure contracted but not provided for	<hr/> 491	<hr/> 305	<hr/> 491	<hr/> 305

Notes to the Financial Statements *(Continued)*

For the 18 months ended 30 November 2015

27) SUBSIDIARIES

	Nature of business	Type of shares	% Share holding	Reporting date
Subsidiary undertakings				
MSF (Welland Valley Feeds) Limited	Inputs to farming trade	£1 ordinary	80%	30 November

Countrywide Farmers plc also holds the share capital (100% unless otherwise stated) of the following dormant subsidiary companies:

Chepstow Farmers Limited
 Countrywide Farmers Retail Limited
 Countrywide Farmers Stores Limited (50% holding)
 Countrywide LP Gas Limited
 Lidstone Midwinter Holdings Limited
 MSF (Property) Limited
 Neway Datacare Limited
 Passey Nott & Company Limited
 Porthouse Farms Limited
 Countrykeeper Ltd
 MB 2000 Limited
 West Midland Farmers Limited
 Wiltshire Farmers Limited
 H E Pringle Ltd
 S.M. Hackett & Son Limited
 Heart of England Grain Company Limited

All of the above subsidiary companies are registered in England and Wales

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 period the Group undertook the following material transactions with related parties:-

Related party	Relationship to Group	Transactions 18 months ended 30 November 2015 £000s	Transactions 12 months ended 31 May 2014 £000s	Debt at 30 November 2015 £000s	Debt at 31 May 2014 £000s
J. Elliot	Non Executive Director	704	1,079	-	73

The Group has taken advantage available to it under FRS 8 'Related Party Disclosures' to not disclose transactions or balances with its wholly owned subsidiaries. During the period MSF (Welland Valley Feeds) Limited made purchases of £496,000 (2014: £319,000) from Countrywide Farmers plc and as at 30 November 2015 were owed £9,000 (2014: £41,000)

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 30 November 2015 to £12,132,000 (2014: £8,804,000).

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 General Meeting

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Notice is hereby given that a General Meeting of the Company will be held at 2.00 pm. on 27 April 2016 at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN.

You will be asked to consider and vote on the resolution below, which will be proposed as a special resolution.

SPECIAL RESOLUTIONS

THAT the articles of association of the Company (Articles) be amended by:

1. the deletion of the definition of "Farmers" in Article 2.1;
2. the deletion of the definition of "Nomination Committee" in Article 2.1;
3. the deletion of "provided that at least two of the Directors present must be Farmers" in Article 114;
4. the deletion of "provided that the position of Chairman or Deputy Chairman shall be held at all times by a Farmer" in Article 115.

By order of the Board

S J Francis

Company Secretary

Countrywide House

Asparagus Way

Vale Park

Evesham

Worcestershire

WR11 1GN

14 March 2016

Notice of General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

- 1.1. 6.00 pm on 25 April 2016; or,
- 1.2. if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Attending in person

2. If you wish to attend the meeting in person, please confirm your attendance to the Company Secretary before the date that is five business days before the date of the meeting by:

- 2.1. sending an e-mail to shareholders@countrywidefarmers.co.uk; or
- 2.2. telephoning the Company Secretary on 01386 429500.

Appointment of proxies

3. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. 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 the Company Secretary on 01386 429500.

5. Shareholders can appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see notes 8 to 12).

6. 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 and vote in person, your proxy appointment will automatically be terminated.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, 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.

Appointment of proxy by post

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

9. To appoint a proxy using the proxy form, the form must be:

- 9.1. completed and signed;
- 9.2. sent or delivered to the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN; and
- 9.3. received by the Company Secretary no later than 48 hours before the time for holding the meeting.

10. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

11. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

12. If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN or on 01386 429500.

Notice of General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Appointment of proxy by joint members

13. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, 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).

Changing proxy instructions

14. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
15. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN.
16. 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.

Termination of proxy appointments

17. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by either:
 - 17.1. Sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN. In the case of a shareholder 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.
 - 17.2. Sending an e-mail to shareholders@countrywidefarmers.co.uk.

In either case, the revocation notice must be received by the Company Secretary no later than 48 hours before the time for holding the meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

18. A corporation which is a shareholder can appoint a corporate representative (or, if such corporation is a Depository voting in its capacity as such, one or more corporate representatives) who may exercise, on its behalf, all its powers as a member (provided that no more than one corporate representative exercises powers over the same share).

Issued shares and total voting rights

19. As at the date of this notice, the Company's issued share capital comprised 32,825,267 ordinary shares of 50p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice is 32,825,267.

Notice of General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Communication

20. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
 - 20.1. calling the Company Secretary on 01386 429500; or
 - 20.2. sending an email to shareholders@countrywidefarmers.co.uk.
21. You may not use any electronic address provided either:
 - 21.1. in this notice of general meeting; or
 - 21.2. any related documents (including the proxy form),
 - 21.3. to communicate with the Company for any purposes other than those expressly stated.

Explanation of resolution

An explanation of the resolution is set out below.

1. Resolution

- 1.1. The Company is proposing to amend its Articles to remove the requirements for:
 - 1.1.1. a Farmer to hold the position of Chairman or Deputy Chairman (each term as defined in the Articles); and
 - 1.1.2. the quorum for board meetings to include Directors who are Farmers.
- 1.2. A copy of the Company's existing Articles and proposed new Articles marked to show the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office (Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN) from the date of this notice of meeting until the close of the meeting. The proposed new Articles will also be available for inspection at the general meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

Notice of Annual General Meeting

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Notice is hereby given that an Annual General Meeting of the Company will be held at 2.10 pm. on 27 April 2016 at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire, WR11 1GN (or as soon as possible thereafter as the General Meeting convened for 2.00 pm on the same day and at the same place shall have concluded or been adjourned) or any adjournment thereof.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the Company's annual accounts and the reports of the directors and auditors for the period ended 30 November 2015.
2. To re-elect Mr William Andrew Webb who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
3. To re-elect Mrs Julie Ann Wirth who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers herself for re-election as a director.
4. To re-elect Mr Gareth Vaughan Thomas who retires pursuant to Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
5. To accept the resignation of Mr Nigel Patrick Hall as a director who retires pursuant to Article 92 of the Company's Articles of Association and does not offer himself for re-election.
6. To re-elect Mr John Harry Hardman who retires by rotation pursuant to Article 92 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
7. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
8. To authorise the directors of the Company (Directors) to determine the remuneration of the auditors.

SPECIAL RESOLUTIONS

9. THAT:
 - 9.1. the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act) to:
 - 9.1.1. allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
 - (a) up to an aggregate nominal amount of £5,470,877; and
 - (b) comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £10,941,754 (including within such limit any shares issued or rights granted under paragraph (a) above), in connection with an offer by way of a rights issue:
 - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next general meeting of the Company after the date on which this resolution is passed (or if earlier, the date that is 15 months from the date on which this resolution is passed), and

- 9.1.2. make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

9.2. subject to paragraph 9.3 below, all existing authorities given to the Directors pursuant to section 551 of the Act be revoked by this; and

9.3. paragraph 9.2 above shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

10. THAT, subject to the passing of resolution 9, the Directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash pursuant to the authority conferred by resolution 9 as if section 561(1) of the Act did not apply to any such allotment.

This power:

10.1. expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed or, if earlier, the date that is 15 months from the date on which this resolution is passed, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuant of that offer or agreement as if this power had not expired;

10.2. shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 9.1.1(b) by way of a rights issue only):

10.2.1. to the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

10.2.2. to people who hold other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or other matter; and

10.3. in the case of the authority granted under resolution 9.1.1(a) shall be limited to the allotment of equity securities for cash otherwise than pursuant to paragraph 10.2 up to an aggregate nominal amount of £820,631.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 9" were omitted.

By order of the Board
S J Francis
Company Secretary

Countrywide House
Asparagus Way
Vale Park
Evesham
Worcestershire
WR11 1GN

14 March 2016

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:
 - 1.1. 6.00 pm on 25 April 2016; or,
 - 1.2. if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Attending in person

2. If you wish to attend the meeting in person, please confirm your attendance to the Company Secretary before the date that is five business days before the date of the meeting by:
 - 2.1. sending an e-mail to shareholders@countrywidefarmers.co.uk; or
 - 2.2. telephoning the Company Secretary on 01386 429500.

Appointment of proxies

3. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. 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 the Company Secretary on 01386 429500.
5. Shareholders can appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see notes 8 to 12).
6. 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 and vote in person, your proxy appointment will automatically be terminated.
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8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
9. To appoint a proxy using the proxy form, the form must be:
 - 9.1. completed and signed;
 - 9.2. sent or delivered to the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN; and
 - 9.3. received by the Company Secretary no later than 48 hours before the time for holding the meeting.
10. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
11. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
12. If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN or on 01386 429500.

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Appointment of proxy by joint members

13. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, 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).

Changing proxy instructions

14. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
15. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary at Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN.
16. 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.

Termination of proxy appointments

17. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by either:
 - 17.1. Sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company Secretary at the Company's registered office: Countrywide House, Asparagus Way, Vale Park, Evesham, Worcestershire WR11 1GN. In the case of a shareholder 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.
 - 17.2. Sending an e-mail to shareholders@countrywidefarmers.co.uk.
In either case, the revocation notice must be received by the Company Secretary no later than 48 hours before the time for holding the meeting.
If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

18. A corporation which is a shareholder can appoint a corporate representative (or, if such corporation is a Depository voting in its capacity as such, one or more corporate representatives) who may exercise, on its behalf, all its powers as a member (provided that no more than one corporate representative exercises powers over the same share).

Issued shares and total voting rights

19. As at the date of this notice, the Company's issued share capital comprised 32,825,267 ordinary shares of 50p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice is 32,825,267.

Communication

20. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
 - 20.1. calling the Company Secretary on 01386 429500; or
 - 20.2. sending an email to shareholders@countrywidefarmers.co.uk.
21. You may not use any electronic address provided either:
 - 21.1. in this notice of annual general meeting; or
 - 21.2. any related documents (including the proxy form),
 - 21.3. to communicate with the Company for any purposes other than those expressly stated.

Notice of Annual General Meeting *(Continued)*

Countrywide Farmers plc

(the "Company")

(registered in England No. 3776711)

Explanation of resolutions

An explanation of each of the resolutions is set out below.

1. Resolution 1

- 1.1. Resolution 1 deals with the adoption of the Company's annual accounts and the directors' and auditors' reports for the 18 month period ended 30 November 2015.

2. Resolutions 2 to 6 (inclusive)

- 2.1. Resolutions 2 to 6 deal with the re-election of the directors named in the resolutions. Each of the individuals is retiring either by rotation or because he or she was appointed by the Board since the last general meeting, in accordance with the Company's articles of association and, with the exception of Nigel Hall, offers himself or herself for re-election.

3. Resolutions 7 and 8

- 3.1. Resolutions 7 and 8 propose the re-appointment of the Company's current auditors, and to authorise the Directors to agree the auditors' remuneration.

4. Resolution 9

- 4.1. The Company's Directors may only allot shares or grant rights to subscribe for, or convert any security into shares, if authorised to do so by shareholders. This resolution seeks to grant a new authority under section 551 of the Act to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next annual general meeting of the Company (or 15 months from the date of the resolution, if earlier).
- 4.2. Paragraph 9.1.1(a) of resolution 9 will, if passed, authorise the Directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £5,470,877. This amount represents no more than 33.33% of the Company's issued share capital (excluding treasury shares) on 14 March 2016 (being the latest practicable date prior to the publication of this notice).
- 4.3. Paragraph 9.1.1(b) of resolution 9 authorises the Directors to allot, in addition to the shares referred to in paragraph 9.1.1(a), further of the Company's shares up to an aggregate nominal amount of 33.33% of the Company's issued share capital (excluding treasury shares) in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares). This is in accordance with the latest institutional guidelines published by The Investment Association.
- 4.4. This authority will expire on the conclusion of the annual general meeting of the Company (or 15 months from the date of the resolution, if earlier). The Board has no present intention to exercise this authority. However it is considered prudent to maintain the flexibility that this authority provides. The Board intends to renew this authority annually.
- 4.5. As at close of business on 14 March 2016, the Company did not hold any treasury shares.

5. Resolution 10

- 5.1. Under section 561(1) of the Act, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to issue shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.
- 5.2. Resolution 10 asks the shareholders to waive their pre-emption rights and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £820,631 (which includes, for this purpose, the sale on a non-pre-emptive basis of any shares held in treasury), which represents no more than 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 14 March 2016 (being the latest practicable date prior to the publication of this notice). The Board confirms its intention that no more than 7.5% of the issued share capital (excluding treasury shares) will be issued for cash on a non-pre-emptive basis during any rolling three year period and the sale on a non-pre-emptive basis of any shares held in treasury will be considered an issue for cash for this purpose.
- 5.3. This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems. If given, the authority will expire at the conclusion of the next annual general meeting of the Company (or 15 months from the date of the resolution, if earlier).
- 5.4. The Directors have no present intention of exercising this authority. The Directors intend to renew this authority annually.

Notes

Share information

Countrywide Farmers' shares are traded on an auction based market called Asset Match. In order to trade shares on this market, you will need to use a stockbroker. You can trade shares via your existing stockbroker, however, many people who trade shares on Asset Match do so through The Share Centre. They will be able to help you buy, sell and monitor the value of your shares and keep up to date on Company announcements.

Investors interested in trading Countrywide Farmers plc shares can register at www.assetmatch.com where details of the service together with information about Countrywide Farmers historic trades can be viewed. The Asset Match website shows bids to buy shares and offers to sell, with the share price set at each monthly auction by calculating the single price at which sell side supply and buy side demand meet. The dates of the share auctions are on the website, however these usually take place on the last Friday of every month.

Share Contact Details

Asset Match:

Website: www.assetmatch.com

Email: countrywidefarmers@assetmatch.com

Telephone: 0207 248 2788

The Share Centre:

Website: www.sharemark.com

Email: dealing@share.co.uk

Dealing Telephone: 01296 41 42 43

Asset Match Auction Dates 2016

January	.....29th
March	.....4th
April	.....1st
April	.....29th
May	.....27th
June	.....24th
July	.....29th
September	.....2nd
September	.....30th
October	.....28th
November	.....25th
December	.....16th

Registered Office and Advisers

Registered Number: 3776711

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

Independent Auditors: PricewaterhouseCoopers LLP
1 Kingsway
Cardiff
CF10 3PW

Bankers: HSBC Bank Plc
62 George White Street
Cabot Circus
Bristol
BS1 3BA

Solicitors: Bond Dickinson LLP
3 Temple Quay
Temple Back East
Bristol
BS1 6DZ

Company Registrar: Neville Registrars Ltd
Neville House
18 Laurel Lane
Halesowen
B63 3DA

Countrywide

FARMERS PLC



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- ◇ Defford Distribution Centre
- Countrywide Store
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