

countrywide

Farmers plc

Interim Report & Accounts

For six months ended 30 November 2006



Supplying the rural community

Everything you need in the rural community

Agriculture

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



Retail

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



Energy

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



www.countrywidefarmers.co.uk

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Registered Office and Advisers

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

Chairman's Report

It is pleasing to report to you for the first time at the half year, as we produce the first set of interim accounts since the formation of Countrywide Farmers plc. The need for half year accounts, follows on from the Board decision in 2006 to appoint Sharemark to enable Shareholders a greater opportunity to trade their shares. I would like to remind all Shareholders of this opportunity to trade their shares on a monthly basis and point out that there are buyers actively in the market. These unaudited half year accounts, report on the six months to 30 November 2006, and as a comparative we show the audited twelve month accounts to 31 May 2006. The first half of the financial year has always been the weakest half for the business.

The business continues to focus on reviewing its property portfolio and reducing net working capital. I am therefore delighted to report a £5.9m reduction in net debt since 31 May 2006. This has been achieved through the sale of surplus freehold land and buildings at Evesham in October 2006 for gross proceeds of £6.8m with an additional payment due dependent on the developer securing unconditional planning. The Board is currently evaluating a number of options for utilising these funds which currently remain on short term bank deposit. Gearing now stands at 63% of shareholder funds at 30 November 2006 having been 86% at 31 May 2006. Marketing is currently taking place of further surplus land and buildings which if successfully concluded, will further reduce group gearing.

Market conditions remain challenging in all three of our main businesses. I can report continued progress underlying our Retail and Energy businesses. The negative impact on sales of the mild autumn has partly been mitigated with tight control of margins and costs. The business is actively seeking to increase the number of Countrywide stores. In the Energy business, a gas storage depot was opened in Weston super Mare in November 2006 expanding our south western trading area. In our Agricultural business, while we have managed to maintain tonnage volumes across most of our key product areas, this has only been achieved at the cost of lower margins. The first six months of the year has historically shown an operating loss, and in this six month period we are reporting a group operating loss of £1.314m. While we anticipate operating profits in the second half of the year, we currently expect a lower level of profit for the full year than 2006. The profit on the disposal of fixed assets of £1.692m relates to the sale of land and buildings at Evesham. There is a net associated tax liability of £1.575m against this disposal and a release of revaluation reserve of £4.193m.

The Board is pleased to announce it has recently completed an internal reorganisation of the business and assets of two of its wholly owned subsidiaries, WMF Limited and Midland Shires Farmers Limited. The reorganisation was completed on 27 February 2007 and it is not expected to impact on the Company's day-to-day trading activities. This reorganisation forms part of a larger restructuring of the Company which aims to rationalise the group's front and back office functions, leading to improved efficiency and cost savings, as well as improving marketing and cross-selling opportunities. No significant exceptional costs have fallen in the first half of the year, and the Board anticipate some exceptional costs falling in the second half.

Finally I am pleased to announce that the Board appointed Les Collins as our new Finance Director on 13 November 2006. He has over twenty years experience working in senior financial roles in a number of retail businesses and had previously been Finance Director and Company Secretary at Fortnum & Mason PLC.

John Pugh
Chairman
1 March 2007

Consolidated Profit and Loss Account

For six months ended 30 November 2006

	Group Six months ended 30 November 2006 £000s	Group Year ended 31 May 2006 £000s
Turnover: including share of joint venture	75,967	159,755
Less: share of joint venture turnover	(1,452)	(4,052)
Group turnover	74,515	155,703
Cost of Sales	(58,803)	(121,514)
Gross Profit	15,712	34,189
Other operating income	156	151
Net operating expenses	(17,182)	(33,376)
Group Operating (Loss)/Profit		
Continuing operations before reorganisation	(1,314)	1,114
Reorganisation costs	-	(150)
Group Operating (Loss)/Profit	(1,314)	964
Share of operating profit of joint venture	29	287
Total Operating (Loss)/Profit including Joint Venture	(1,285)	1,251
Non-operating items:		
Profit on disposal of Tangible Fixed Assets	2	1,692
Loss on disposal of Tangible Fixed Assets	2	(98)
Profit on disposal of Investments	2	2
Profit before interest and taxation	311	1,734
Interest receivable	3	90
Interest payable	3	(734)
Other finance expense	3	0
(Loss)/Profit on ordinary activities before taxation	(333)	212
Taxation	4	(208)
(Loss)/Profit after taxation	(541)	375
Minority Interests in profit for the period	(13)	(11)
(Loss)/Profit for the period	(554)	364

Note of Historical Cost Profits and Losses

For six months ended 30 November 2006

	Group Six months ended November 2006 £000s	Group Year ended May 2006 £000s
Reported (Loss)/Profit on ordinary activities before taxation	(333)	212
Realisation of property revaluation gains of prior years	5,429	793
Historical cost profit on ordinary activities before taxation	<u>5,096</u>	<u>1,005</u>
Historical cost profit for the period after taxation and minority interest	<u>3,246</u>	<u>1,157</u>

Statement of Total Consolidated Recognised Losses

For six months ended 30 November 2006

		Group Six months ended November 2006 Note	Group Year ended May 2006 £000s
(Loss)/Profit for the financial period		(554)	364
Actuarial gain/(loss) recognised in the pension scheme	12	2,439	(1,018)
Movement on deferred tax asset relating to pension scheme		(732)	305
Recognition of impairment in revaluation reserve		-	(150)
Tax effect of realisation of property revaluation gains		(1,629)	-
Total recognised (losses) for the period		<u>(476)</u>	<u>(499)</u>

The notes on pages 6 to 13 form part of these financial statements.

Consolidated Balance Sheet

At 30 November 2006

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
Note		
Fixed Assets		
Intangible assets	354	407
Tangible assets	5 35,656	41,618
Investments	108	117
Investment in Joint Venture:		
Share of Gross Assets	5,081	5,004
Share of Gross Liabilities	(1,775)	(1,749)
	<u>39,424</u>	<u>45,397</u>
Current Assets		
Stock	6 12,215	11,970
Debtors	7 18,706	22,792
Cash at bank and in hand	6,437	-
	<u>37,358</u>	<u>34,762</u>
Creditors - amounts falling due within one year	8 (36,198)	(36,528)
Net Current Assets/(Liabilities)	<u>1,160</u>	<u>(1,766)</u>
Total Assets less Current Liabilities	<u>40,584</u>	<u>43,631</u>
Creditors - amounts falling due after more than one year	9 (5,089)	(5,614)
Provisions for liabilities and charges	(1,319)	(1,333)
Net assets excluding Pension Liability	<u>34,176</u>	<u>36,684</u>
Net Pension Liability	12 (10,080)	(12,116)
Net assets	<u>24,096</u>	<u>24,568</u>
Capital and Reserves		
Called up share capital	16,413	16,413
Merger reserve	(7,343)	(7,343)
Revaluation reserve	14,947	20,376
Profit and loss account	10 0	(4,953)
Equity shareholders' funds	11 24,017	24,493
Equity minority interests	79	75
Total equity shareholders' funds	<u>24,096</u>	<u>24,568</u>

The financial statements on pages 2 to 13 were approved by the Board of Directors on 1 March 2007.

Consolidated Cash Flow Statement

For six months ended 30 November 2006

	Group Six months ended 30 November 2006 Note	Group Year ended 31 May 2006 £000s	
Net cash inflow/(outflow) from operating activities	(a)	574	(515)
Returns on investments and servicing of finance			
Interest received		43	-
Interest paid		(815)	(1,442)
Interest element of finance lease payments		(32)	(87)
Dividend paid to minority interests		(9)	-
		<u>(813)</u>	<u>(1,529)</u>
Taxation			
Corporation tax (paid)		-	(18)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,500)	(3,160)
Sale of tangible fixed assets		7,648	1,432
		<u>6,148</u>	<u>(1,728)</u>
Acquisitions and disposals			
Purchase of investments		-	(192)
Sale of investments		11	9
		<u>11</u>	<u>(183)</u>
Net cash flow before use of liquid resources and financing		<u>5,920</u>	<u>(3,973)</u>
Financing			
(Decrease)/Increase in Members' loans		(1)	1
Decrease in Members' Retirement Scheme		(14)	(28)
Decrease in finance loans		(3)	(9)
Repayment of loans		(350)	(700)
Capital element of finance lease payments		(153)	(271)
Net cash (outflow) from financing		<u>(521)</u>	<u>(1,007)</u>
Increase/(Decrease) in net cash for the period	(b)	<u>5,399</u>	<u>(4,980)</u>

Consolidated Cash Flow Statement Notes

For six months ended 30 November 2006

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

	Group Six months ended 30 November 2006 £000s	Group Year ended 31 May 2006 £000s
Operating (loss)/profit	(1,314)	964
Depreciation charge	1,408	2,560
Goodwill amortisation	53	119
(Increase)/Decrease in stock	(245)	680
Decrease/(Increase) in debtors	3,228	(2,847)
(Decrease) in creditors	(2,088)	(1,057)
Excess of pension contributions over charge	(468)	(916)
Provisions reduction	-	(18)
Net cash inflow/(outflow) from operating activities	<u>574</u>	<u>(515)</u>

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

	Group Six months ended 30 November 2006 £000s	Group Year ended 31 May 2006 £000s
Increase in Bank deposit	6,437	-
(Increase) in net overdraft	(1,038)	(4,980)
Decrease in loans	350	700
Decrease/(Increase) in Members' loans	1	(1)
Decrease in lease financing	153	95
Decrease in Members' Retirement Scheme	14	28
Decrease in finance loans	3	9
Non-Cash Changes	-	18
Movement in net debt for the period	<u>5,920</u>	<u>(4,131)</u>
Opening net debt	<u>(21,054)</u>	<u>(16,923)</u>
Closing net debt	<u>(15,134)</u>	<u>(21,054)</u>

Consolidated Cash Flow Statement Notes (Continued)

For six months ended 30 November 2006

(c) Analysis of Net Debt

Group	At 1 June 2006 £000s	Cash Flow £000s	At 30 November 2006 £000s
Bank deposit	-	6,437	6,437
Due within one year:			
Cash advances and overdrafts	(9,597)	(1,038)	(10,635)
Bank loans	(4,100)	-	(4,100)
Members' loans	(95)	1	(94)
Finance leases	(315)	(19)	(334)
Due after one year:			
Bank loans	(5,250)	350	(4,900)
Members' Retirement Scheme	(1,333)	14	(1,319)
Finance loans	(4)	3	(1)
Finance leases	(360)	172	(188)
	<u>(21,054)</u>	<u>5,920</u>	<u>(15,134)</u>

Notes to the Financial Statements

For six months ended 30 November 2006

1) BASIS OF PREPARATION

The interim report and accounts are unaudited but have been formally reviewed by the auditors and their report is set out on page 13. The information shown for the six months ended 30 November 2006 does not constitute full financial statements within the meaning of section 240 of the Companies Act 1985. The results shown for the year ended 31 May 2006 are extracted from the full financial statements, which have been filed with the Registrar of Companies. The report of the auditors on these accounts was unqualified and did not contain a statement under section 237(2) or section 237 (3) of the Companies Act 1985.

The accounting policies used in these statements are consistent with those used in the Financial Statements at 31 May 2006.

2) NET PROFIT ON SALE OF TANGIBLE FIXED ASSETS

The net profit on sale of tangible fixed assets of £1,594,000 (May 2006: £481,000) arose from the disposal of properties that were surplus to the Group's operational requirements.

3) INTEREST

	Group Total Six months ended 30 November 2006 £000s	Group Total Year ended 31 May 2006 £000s
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Interest Receivable

Joint Venture interest receivable	90	86
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Interest Payable

Interest payable on bank loans and overdrafts	486	935
Interest on invoice discounting finance	202	378
Interest on other loans	11	7
Interest payable on finance leases	32	87
Interest payable other than Joint Venture	731	1,407
Joint Venture interest payable	3	2
	734	1,409

OTHER FINANCE EXPENSE

	Group Total Six months ended 30 November 2006 £000s	Group Total Year ended 31 May 2006 £000s
Other finance expense - pension scheme	0	199

Notes to the Financial Statements (Continued)

For six months ended 30 November 2006

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

	Group Total 30 November 2006 £000s	Group Total 31 May 2006 £000s
Current tax		
United Kingdom corporation tax at 30% (May 2006: 30%)	(54)	8
Overprovision in respect of previous periods:		
Group	-	(2)
Current tax charge	<u>(54)</u>	<u>6</u>
Deferred tax: Group	239	(281)
Joint Venture	23	112
Tax on loss/(profit) on ordinary activities	<u>208</u>	<u>(163)</u>

None of the current tax charge is attributable to the Joint Venture (May 2006: £nil)

The tax charge for the period has increased by £1,933,000 due to capital gains exceeding book gains on the property disposals. Of this amount, £1,629,000 has been recognised in the statement of total consolidated recognised losses being the tax effect of the realisation of revaluation gains.

5) TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £000s	Leasehold Property £000s	Plant and Machinery £000s	Vehicles £000s	Total £000s
Cost					
At 1 June 2006	34,406	27	23,097	2,744	60,274
Additions	46	-	1,382	72	1,500
Disposals	(5,955)	-	(734)	(118)	(6,807)
Reclassification	-	-	(173)	173	-
At 30 November 2006	<u>28,497</u>	<u>27</u>	<u>23,572</u>	<u>2,871</u>	<u>54,967</u>
Depreciation					
At 1 June 2006	3,701	27	12,866	2,062	18,656
Charge for the year	167	-	1,139	102	1,408
Disposals	(189)	-	(450)	(114)	(753)
Reclassification	11	-	(184)	173	-
At 30 November 2006	<u>3,690</u>	<u>27</u>	<u>13,371</u>	<u>2,223</u>	<u>19,311</u>
Net book value at 30 November 2006	<u>24,807</u>	<u>-</u>	<u>10,201</u>	<u>648</u>	<u>35,656</u>
Net book value at 31 May 2006	<u>30,705</u>	<u>-</u>	<u>10,231</u>	<u>682</u>	<u>41,618</u>

Notes to the Financial Statements (Continued)

For six months ended 30 November 2006

6) STOCK

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
Raw materials and consumables	330	590
Finished goods	11,885	11,380
	<u>12,215</u>	<u>11,970</u>

7) DEBTORS

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
Trade debtors	14,661	18,481
Other debtors	1,649	1,719
Prepayments and accrued income	1,511	1,604
Deferred taxation	885	988
	<u>18,706</u>	<u>22,792</u>

8) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
Bank loans, advances and overdrafts	8,149	7,177
Amounts due in respect of invoice discounting	6,586	6,520
Members' loans	94	95
Trade creditors	16,047	18,364
Finance lease obligations	334	315
Corporation tax	1,583	8
Other taxation and social security	1,100	1,161
Accruals and deferred income	2,305	2,888
	<u>36,198</u>	<u>36,528</u>

Notes to the Financial Statements (Continued)

For six months ended 30 November 2006

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

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
Bank loans	4,900	5,250
Finance loan	1	4
Finance lease obligations	188	360
	<u>5,089</u>	<u>5,614</u>

10) PROFIT AND LOSS ACCOUNT

	Group £000s
At 1 June 2006	(4,953)
Retained (loss) for the period	(554)
Transfer from revaluation reserve	5,429
Tax effect of realisation of revaluation gain	(1,629)
Actuarial gain on pension scheme	2,439
Movement on deferred tax relating to pension liability	(732)
At 30 November 2006	<u>0</u>

11) RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Group At 30 November 2006 £000s	Group At 31 May 2006 £000s
At beginning of period	24,493	24,992
Retained (loss)/profit for the period	(554)	364
Actuarial gain/(loss) on pension scheme	2,439	(1,018)
Movement on deferred tax relating to pension liability	(732)	305
Recognition of impairment in revaluation reserve	-	(150)
Tax effect of realisation of revaluation gain	(1,629)	-
At end of period	<u>24,017</u>	<u>24,493</u>

Notes to the Financial Statements (Continued)

For six months ended 30 November 2006

12) PENSION OBLIGATIONS

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

A full actuarial valuation of the Countrywide Farmers Retirement Benefits Scheme was carried out at 30 November 2003 and has been updated to 30 November 2006 by a qualified independent actuary. The major assumptions used by the actuary are as detailed in the Financial Statements at 31 May 2006.

	At 30 November 2006 £000s	At 31 May 2006 £000s
Analysis of the amount charged to operating profit in respect of defined benefit scheme:		
Total operating charge	106	242
Analysis of the amount charged to other finance income:		
Net expense	-	199
Analysis of amount recognised in statement of total recognised gains and losses (STRGL):		
Net gain/(loss) recognised	2,439	(1,018)
Movement in deficit during the period:		
Deficit in scheme at beginning of period	(17,308)	(17,007)
Movement in year:		
Current service costs	(106)	(242)
Contributions	574	1,158
Net finance expense	-	(199)
Actuarial gain/(loss)	2,439	(1,018)
Deficit in scheme at end of period	(14,401)	(17,308)
Related deferred tax asset	4,321	5,192
Net pension liability	<u>(10,080)</u>	<u>(12,116)</u>

Independent review report to Countrywide Farmers plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 November 2006 which comprises the consolidated interim balance sheet as at 30 November 2006 and the related consolidated profit and loss account and consolidated cash flow statement for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

This interim report has been prepared in accordance with the basis set out in Note 1.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 November 2006.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
1 March 2007

Board of Directors

John Pugh (Chairman)

Tim Holderness-Roddam (Deputy Chairman)

John Hardman (Managing Director)

Les Collins (Finance Director)

Richard Beldam

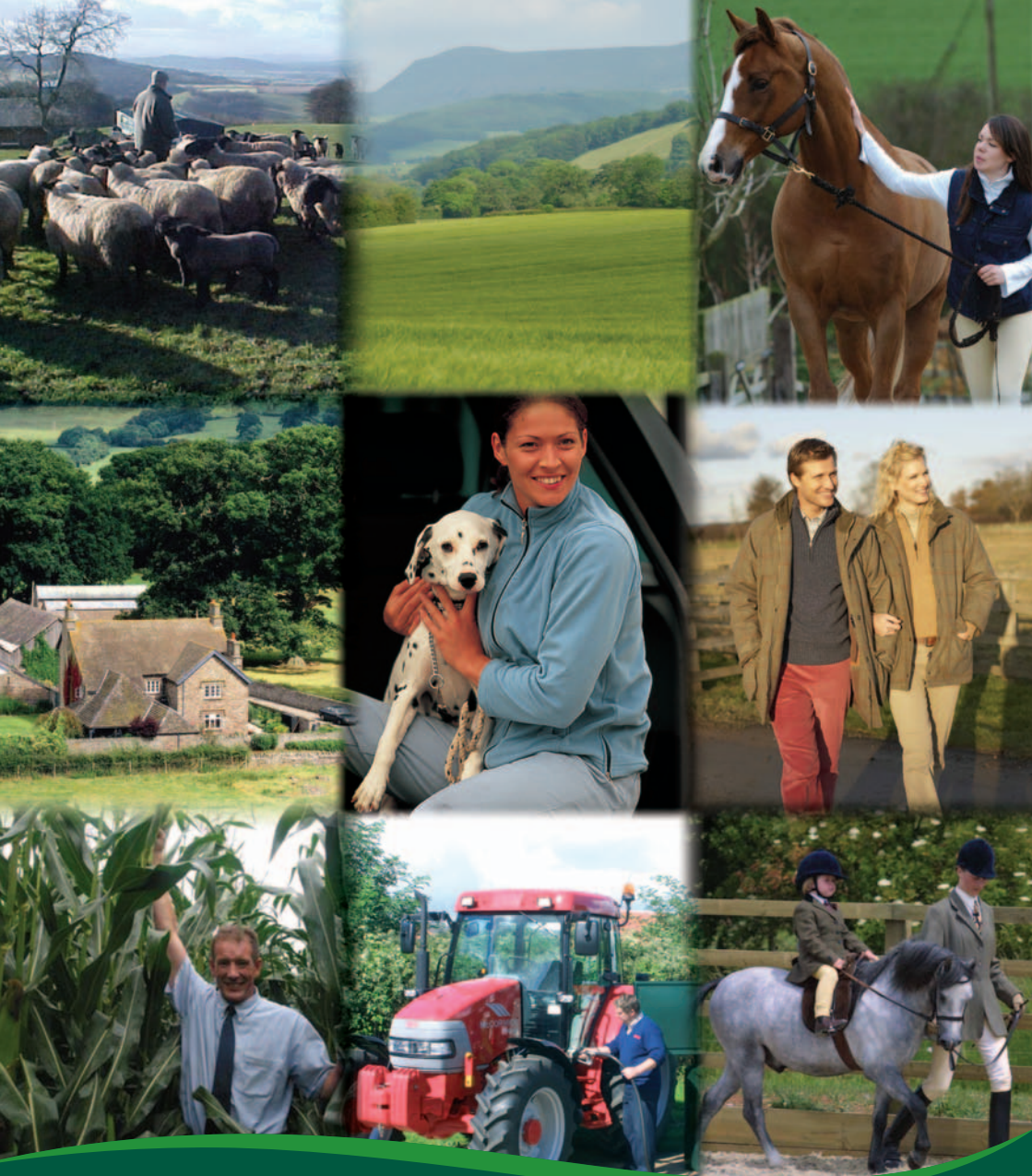
Sir Ben Gill

Nigel Hall

Norman Leece

Countrywide Farmers Sites





countrywide

Farmers plc

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