

JOHN SWAN & SONS PLC

INTERIM REPORT

For the six months ended 31 October 2008

Registered in Scotland : No.7893

JOHN SWAN & SONS PLC

CHAIRMAN'S STATEMENT

Our results for the first six months of the trading year can be summarised as follows:

	31 October 2008	31 October 2007
John Swan Limited	85,232	(109,261)
John Swan & Sons PLC	<u>(96,295)</u>	<u>(77,609)</u>
X Profit /(Loss) before taxation	<u>£ (11,063)</u>	<u>£ (186,870)</u>

Trading results show a significant improvement over the same period last year, which was affected by the foot and mouth outbreak. A report on mart operations is presented below, as is now our normal practice.

Since the end of the last financial year, 30th April 2008, our cash position has decreased by £606,000, due to the normal seasonal increase in working capital required for mart operations, payment of dividends and the payment of professional fees incurred in our property development work and capitalised against future realisations.

There is little to report on our property initiatives. We do not yet know the outcome of our appeal against the refusal of the planning application at Chesser Avenue, Edinburgh and we are some way from agreeing terms for formal planning permission for both sites at St Boswells. We will continue to seek acceptable terms, although the cost of this work has been scaled back under present economic circumstances.

We are, of necessity, awaiting the outcome of events in property markets over which we can have no control and which, in turn, impinge on our plans for the future. As always, shareholders will be kept informed of any progress.

Finally, the board is pleased to declare an interim dividend of 15p per ordinary share, in line with our policy of returning cash to shareholders. The board intends to continue with this policy for the immediate future, although shareholders will be aware that dividends are paid from past realisation of property assets and, therefore, in present circumstances, we can only speculate about dividend prospects in the medium term. The dividend will be paid on 12 March 2009 to shareholders on the register at 13 February 2009. The ex dividend date will be 11 February 2009.

AJ Ritchie

JOHN SWAN & SONS PLC

MANAGING DIRECTOR'S STATEMENT – JOHN SWAN LIMITED

Despite the ongoing reduction in both the National Beef Herd and Sheep Flock and also the disruption to trade caused by the Bluetongue restrictions, we are pleased to report an operating profit of £85,232 for the half year in comparison to a loss of £109,261 for the six months to 31 October 2007. These results are after the recommencement of the payment of pension contributions to the final salary pension scheme this year with £30,000 included in the figures for the 6 month period.

The current exchange rate for sterling has had a beneficial effect on livestock prices and also makes the importing of foreign product less attractive. It is therefore imperative that there is a halt to the decline in the cattle and sheep population to ensure food security for the United Kingdom.

Increased livestock values immediately trigger an increase in monies due to the company and whilst credit insurance cover is available on a proportion of our customers, we have no title to livestock purchased in our markets. The directors of the company closely monitor outstanding accounts in an effort to reduce the company's exposure to bad debt.

Our furniture and antique division, 'Swan & Turner', is rapidly becoming established and is performing satisfactorily. Our association with Livestock Marketing Borders is working well with our existing operation and has efficiently expanded the services available to our customers. The board is constantly examining ways of further expanding the services which we may offer to our extensive customer base.

Our appreciation is expressed to our customers for their continued support throughout 2008 and in conclusion, all of our staff has to be complimented upon the loyal and efficient manner in which they have performed their duties on behalf of the company, notwithstanding the fact that the livestock industry is becoming increasingly hampered by legislation. The challenges faced in the current financial climate are considerable and whilst 2009 will be a pivotal year regarding livestock production, it may also be a year of opportunity.

JC Clark

JOHN SWAN & SONS PLC**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 31 October 2008

	31 October 2008 £	31 October 2007 £
Revenue	<u>951,299</u>	<u>572,254</u>
Staff costs	562,124	472,432
Depreciation	57,204	55,281
Other operating expenses	<u>457,162</u>	<u>355,933</u>
	<u>1,076,490</u>	<u>883,646</u>
Operating loss	(125,191)	(311,392)
Investment revenues	114,393	124,770
Finance costs	(336)	(345)
Share of results of joint venture after tax	71	97
Loss before tax	<u>(11,063)</u>	<u>(186,870)</u>
Tax	-	-
Loss for the period	<u>(11,063)</u>	<u>(186,870)</u>
Basic and diluted earnings per share	<u>(1.8)p</u>	<u>(30.7)p</u>

**CONDENSED CONSOLIDATED STATEMENT OF
RECOGNISED INCOME AND EXPENSE**

For the six months ended 31 October 2008

	31 October 2008 £	31 October 2007 £
Actuarial gains/(losses) on defined benefit pension scheme	-	-
Tax on items taken directly to equity	-	-
Net income recognised directly in equity	<u>-</u>	<u>-</u>
Loss for the period	(11,063)	(186,870)
Total recognised income and expense	<u>(11,063)</u>	<u>(186,870)</u>

JOHN SWAN & SONS PLC

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 October 2008

	31 October 2008 £	30 April 2008 £	31 October 2007 £
Non-current assets			
Property, plant and motor vehicles	1,778,217	1,769,621	1,788,095
Investment in joint venture	8,471	8,400	8,309
Pension scheme assets	1,715,000	1,715,000	1,192,000
	<u>3,501,688</u>	<u>3,493,021</u>	<u>2,988,404</u>
Current assets			
Inventories	79,543	108,059	24,778
Trade and other receivables	4,206,264	3,646,926	2,613,590
Cash and cash equivalents	738,288	1,036,319	1,742,659
	<u>5,024,095</u>	<u>4,791,304</u>	<u>4,381,027</u>
Total assets	<u>8,525,783</u>	<u>8,284,325</u>	<u>7,369,431</u>
Current liabilities			
Trade and other payables	260,602	223,061	197,664
Current tax liabilities	-	-	4,500
Obligations under finance leases	5,609	2,478	2,478
Bank overdraft	665,314	357,344	-
	<u>931,525</u>	<u>582,883</u>	<u>204,642</u>
Net current assets	<u>4,092,570</u>	<u>4,208,421</u>	<u>4,176,385</u>
Non-current liabilities			
Deferred tax liabilities	504,388	504,388	382,890
Obligations under finance leases	-	4,371	5,609
Deferred income	16,400	16,800	17,200
	<u>520,788</u>	<u>525,559</u>	<u>405,699</u>
Total liabilities	<u>1,452,313</u>	<u>1,108,442</u>	<u>610,341</u>
Net assets	<u>7,073,470</u>	<u>7,175,883</u>	<u>6,759,090</u>
Equity			
Share capital	168,000	168,000	168,000
Revenue reserve	70,000	70,000	70,000
Employee Benefit Trust reserve	(39,815)	(39,815)	(39,815)
Retained earnings	6,875,285	6,977,698	6,560,905
Total equity	<u>7,073,470</u>	<u>7,175,883</u>	<u>6,759,090</u>

JOHN SWAN & SONS PLC**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 31 October 2008

	Notes	31 October 2008 £	31 October 2007 £
Net cash used in operating activities	3	<u>(487,208)</u>	<u>(491,740)</u>
Investing activities			
Interest received		33,393	74,770
Proceeds on disposal of motor vehicles		16,745	-
Purchases of plant and motor vehicles		<u>(76,341)</u>	<u>(6,595)</u>
Net cash from investing activities		<u>(26,203)</u>	<u>68,175</u>
Financing activities			
Dividends paid	4	(91,350)	(91,350)
Repayment of obligations under finance leases		<u>(1,240)</u>	<u>(1,240)</u>
Net cash used in financing activities		<u>(92,590)</u>	<u>(92,590)</u>
Net decrease in cash and cash equivalents		(606,001)	(516,155)
Cash and cash equivalents at beginning of period		678,975	2,258,814
Cash and cash equivalents at end of period	5	<u>72,974</u>	<u>1,742,659</u>

JOHN SWAN & SONS PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2008

1 Basis of preparation

The condensed financial information for the six months ended 31 October 2008 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has not been audited. A copy of the statutory accounts for the year ended 30 April 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34 'Interim Financial Reporting'.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the latest audited financial statements. A copy of these financial statements is available from the company's registered office at 6 St Colme Street, Edinburgh EH3 6AD.

3 Notes to the cash flow statement

	31 October 2008 £	31 October 2007 £
Loss before tax	(11,063)	(186,870)
Adjustments for:		
Investment revenues	(114,393)	(124,770)
Finance costs	336	345
Share of results of joint venture	(71)	(97)
Pension scheme current service cost	81,000	50,000
Depreciation of property, plant and motor vehicles	57,204	55,281
Gain on sale of motor vehicles	(6,204)	-
Deferred income released in the period	(400)	(400)
Operating cash flows before movement in working capital	6,409	(206,511)
Decrease in inventories	28,516	10,870
(Increase) in receivables	(559,338)	(334,194)
Increase in payables	37,541	38,440
Cash used in operations	(486,872)	(491,395)
Interest paid	(336)	(345)
Net cash used in operating activities	(487,208)	(491,740)

JOHN SWAN & SONS PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2008 - continued

4 Dividends

	31 October 2008 £	31 October 2007 £
Dividend on ordinary shares paid on 28 August 2008 : Final 2008	<u>91,350</u>	<u>91,350</u>

5 Cash and cash equivalents

	31 October 2008 £	31 October 2007 £
Bank and cash balances	738,288	1,742,659
Bank overdraft	(665,314)	-
	<u>72,974</u>	<u>1,742,659</u>

6 Interim results

The interim results were approved by the Board of Directors on 30 January 2009 and were posted out to all shareholders on that date. The interim results are available to the public for a period of one month from the date of this announcement from the Secretaries at the Company's registered office.

Registered Office :

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Company registered in Scotland : No. 7893

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