

JOHN SWAN & SONS PLC

INTERIM RESULTS

**for the half year ended
31 October 2006**

Registered Office :

Geoghegan & Co
6 St Colme Street
EDINBURGH EH3 6AD

Registered in Scotland : 0007893

JOHN SWAN & SONS PLC

Chairman's Statement

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

	31 October 2006	31 October 2005
John Swan Limited	138,491	100,009
John Swan & Sons PLC	<u>(63,562)</u>	<u>(138,829)</u>
Profit before taxation	<u>£ 74,929</u>	<u>£ (38,820)</u>

The balance sheet shows a cash position of £1.948m, a decrease of £690,000 since the last year end, 30 April 2006. This is due to the payment of corporation tax, the payment of a dividend, and the normal seasonal increase in trade debtors.

Further progress has been made with regard to our property and land assets. This has been achieved with the assistance of professional advisers, whose fees will be set against gains from disposals.

The company has granted an option over the lairage field at Chesser, Edinburgh, which may or may not lead to a disposal at an enhanced value.

In addition, the company has not renewed the previous option over land at Riccarton and will now take a more proactive approach to the realisation of value in due course. This will be a long term project.

Many shareholders will have read press reports commenting upon an application by John Swan & Sons PLC for outline planning permission for the mart site at St Boswells and an application by John Swan Limited for planning permission for a new mart with related facilities on an alternative site.

The board will await the outcome of these before any decision is reached. However, it is important that shareholders be aware that such a decision will require to be made on economic grounds and, at the moment, it is unlikely that a new mart facility would be viable, without a review of funding and, potentially, ownership.

Finally, as a result of non-recurring asset disposals, the board was able last year to declare an interim dividend. It is proposed that this dividend policy should continue, for the moment, and the directors are pleased to declare an interim dividend for the current financial year of 15p per ordinary share to be paid on 2 March 2007 to shareholders on the register at 2 February 2007. The ex dividend date will be 31 January 2007.

AJ Ritchie

Managing Director's Statement – John Swan Limited

The past six months have witnessed a further rationalisation of the national beef cattle herd, in particular in central and southern Scotland, where we have dispersed some 650 Beef Breeding cows this past autumn. This must have a bearing on future calf production but with a greater proportion of beef breeders now finishing their produce for the food chain, we shall continue to endeavour to expand our St Boswells prime cattle sale.

It was extremely disappointing for us to suspend our Wooler weekly prime cattle sale. This was brought about by the inability to provide a constant supply of stock for wholesalers and without their support, a prime cattle sale cannot be viable. We thank those customers who supported the sale and, if in the future sufficient producers are prepared to support a weekly prime cattle sale, we will be only too pleased to start operations again. In any event, as in the past, we shall continue to provide a deadweight service for all classes of stock as a marketing alternative for our customers. However, it is our opinion that if a greater proportion of primestock was sold on the open market, a greater proportion of wholesalers would in turn use this facility to purchase stock, increasing the competition, which would ultimately benefit the producer.

JOHN SWAN & SONS PLC

Managing Director's Statement – John Swan Limited (Continued)

The sheep sector has been under immense pressure all autumn and with the number of UK lamb processors in decline, prime lambs are meeting a very limited demand from a reduced number of outlets. This decline has been exacerbated by an adverse currency exchange rate, which has limited export opportunities.

Our non-agricultural business is progressing in the sectors of fine art sales and liquidation sales. We also continue to specialise in farm displenishing sales and our seasonal machinery sales at St Boswells are now the principal events of their type in the Lothians and Borders.

John Swan Limited has returned an operating profit for the first six months of £138,491 which, when compared with £100,009 for the same period last year, shows a rise of 38%. This increase in profit has only been achieved through the continued support of our valued customers and the endeavour of our loyal staff.

JC Clark

JOHN SWAN & SONS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the half year ended 31 October 2006**

	2006	2005 (restated)
TURNOVER: GROUP AND SHARE OF JOINT VENTURE	814,918	744,076
Less : share of joint venture turnover	<u>-</u>	<u>-</u>
GROUP TURNOVER	<u>814,918</u>	<u>744,076</u>
Staff costs	467,196	426,802
Depreciation	47,100	53,145
Other operating charges	<u>343,618</u>	<u>446,774</u>
	<u>857,914</u>	<u>926,721</u>
OPERATING LOSS	(42,996)	(182,645)
Share of operating loss in joint venture	<u>(5)</u>	<u>(301)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	(43,001)	(182,946)
Other finance income	50,000	50,000
Interest receivable		
Group	68,057	93,969
Joint venture	<u>511</u>	<u>552</u>
	<u>68,568</u>	<u>94,521</u>
Interest payable		
Group	(429)	(17)
Joint venture	<u>(209)</u>	<u>(378)</u>
	<u>(638)</u>	<u>(395)</u>
	<u>67,930</u>	<u>94,126</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES FOR THE PERIOD	74,929	(38,820)
Tax on profit/(loss) on ordinary activities	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR GROUP AND ITS SHARE OF JOINT VENTURE FOR THE FINANCIAL PERIOD	<u>£ 74,929</u>	<u>£ (38,820)</u>
EARNINGS PER SHARE		
Ordinary shares of 25p	12.3p	(5.8)p
Deferred shares of 12½p	-	(2.9)p

The group and its joint venture have no recognised gains and losses other than those included in the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

JOHN SWAN & SONS PLC

**CONSOLIDATED BALANCE SHEET
as at 31 October 2006**

	Notes	2006	2005 (restated)
FIXED ASSETS			
Tangible assets			
Freehold land and buildings		1,556,414	1,599,079
Plant and machinery		192,858	201,344
Motor vehicles		<u>83,660</u>	<u>80,376</u>
		1,832,932	1,880,799
Investment			
Investment in joint venture		<u>5,288</u>	<u>4,873</u>
		<u>1,838,220</u>	<u>1,885,672</u>
CURRENT ASSETS			
Stocks		62,615	26,952
Debtors – amounts falling due within one year		2,653,401	2,582,727
Cash at bank and in hand		<u>1,948,272</u>	<u>3,328,127</u>
		4,664,288	5,937,806
CREDITORS – amounts falling due within one year	3	<u>208,030</u>	<u>1,245,997</u>
		4,456,258	4,691,809
NET CURRENT ASSETS			
		6,294,478	6,577,481
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS – amounts falling due after more than one year	4	8,088	-
ACCRUALS AND DEFERRED INCOME			
		<u>18,000</u>	<u>18,800</u>
NET ASSETS EXCLUDING PENSION SCHEME ASSETS			
		6,268,390	6,558,681
PENSION SCHEME ASSETS			
		<u>709,000</u>	<u>496,000</u>
NET ASSETS INCLUDING PENSION SCHEME ASSETS			
		<u>£6,977,390</u>	<u>£7,054,681</u>
CAPITAL AND RESERVES			
Called up share capital		168,000	168,000
Revenue reserve		70,000	70,000
Employee benefit trust reserve		(39,815)	(39,815)
Profit and loss account :			
At 1 May 2006	6,795,626		
Equity dividend paid	(91,350)		
Profit for period	<u>74,929</u>		
		6,779,205	6,856,496
EQUITY SHAREHOLDERS' FUNDS			
		<u>£6,977,390</u>	<u>£7,054,681</u>

JOHN SWAN & SONS PLC

**CASHFLOW STATEMENT
for the half year ended 31 October 2006**

	Notes	2006	2005 (restated)
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(42,996)	(182,645)
Pension scheme current service cost		50,000	50,000
Depreciation		47,100	53,145
Deferred income released to loss for period		(400)	(400)
Profit on sale of tangible fixed assets		(1,870)	(778)
(Increase)/decrease in stock		(10,034)	35,627
(Increase) in debtors		(610,993)	(553,038)
Increase in creditors		26,783	111,436
		<u>£ (542,410)</u>	<u>£ (486,653)</u>
Cash flows			
Net cash flows from operating activities		(542,410)	(486,653)
Returns on investments and servicing of finance	5	67,628	93,952
Taxation		(115,000)	-
Net capital payments	5	(7,715)	(18,335)
Contribution to Employee Benefit Trust		-	(39,815)
		<u>(597,497)</u>	<u>(450,851)</u>
Equity dividend paid		(91,350)	(200,700)
Capital element of finance lease rental payments		<u>(1,652)</u>	<u>-</u>
		<u>£ (690,499)</u>	<u>£ (651,551)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period	6	(690,499)	(651,551)
Net funds at 30 April 2006		<u>2,638,771</u>	<u>3,979,678</u>
Net funds at 31 October 2006		<u>£ 1,948,272</u>	<u>£ 3,328,127</u>

JOHN SWAN & SONS PLC

NOTES TO THE ACCOUNTS as at 31 October 2006

1 BASIS OF PREPARATION OF ACCOUNTS

The figures for the six months are unaudited. They comply with the relevant accounting standards and have been prepared on a consistent basis using accounting policies set out in the 2006 Annual Report.

The consolidated accounts incorporate the results of John Swan & Sons PLC and its subsidiary undertakings, John Swan Limited and John Swan Trustee Limited.

2 PRIOR YEAR ADJUSTMENT

The adoption of FRS 17 "Retirement Benefits" has required full disclosure of the fair value of assets and liabilities arising from retirement benefit obligations and any related funding. Current and past service costs and other finance income are recognised in the profit and loss account for the accounting period in which they arise. In addition, any gains, losses, assets and liabilities are disclosed in the statement of recognised gains and losses or on the balance sheet as appropriate.

As a result of this change in the group's accounting policies, the comparatives have been restated as follows:

a) Consolidated balance sheet	Pension Scheme Assets	Share- Holders' Funds
As previously reported	-	6,558,681
Adoption of FRS 17 – Pension scheme assets	496,000	496,000
As restated	<u>£ 496,000</u>	<u>£7,054,681</u>

The increase in the shareholders' funds of £496,000 reflects the impact of changing to FRS 17 from SSAP 24.

b) **Consolidated profit and loss account**

Operating loss

As previously reported	(132,645)
Adoption of FRS 17 – Current and past service costs	<u>(50,000)</u>
As restated	<u>£ (182,645)</u>

Other finance income

As previously reported	-
Adoption of FRS 17 – Other finance income	<u>50,000</u>
As restated	<u>£ 50,000</u>

The impact of the adoption of FRS 17 on the results (profit/(loss) after tax) for the period ended 31 October 2006 amounted to a charge of £nil (2005: £nil).

3 CREDITORS: amounts falling due within one year	2006	2005
Obligations under finance leases	2,478	-
Trade creditors	58,870	65,817
Current corporation tax	10,000	878,000
Other taxes and social security costs	68,580	60,394
Other creditors	18,515	215,324
Accruals	49,587	26,462
	<u>£ 208,030</u>	<u>£1,245,997</u>

JOHN SWAN & SONS PLC

NOTES TO THE ACCOUNTS as at 31 October 2006

4	CREDITORS: amounts falling due after more than one year	2006	2005
	Obligations under finance leases	<u>£ 8,088</u>	<u>£ -</u>

5 GROSS CASH FLOWS

Returns on investments and servicing of finance

Interest received	68,057	93,969
Interest paid	<u>(429)</u>	<u>(17)</u>

<u>£ 67,628</u>	<u>£ 93,952</u>
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Net capital payments

Payments to acquire tangible fixed assets	(12,500)	(19,875)
Receipts from sales of tangible fixed assets	<u>4,785</u>	<u>1,540</u>

<u>£ (7,715)</u>	<u>£ (18,335)</u>
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6 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 May 2006	Cashflow	At 31 October 2006
Cash at bank and in hand	<u>£ 2,638,771</u>	<u>£ (690,499)</u>	<u>£ 1,948,272</u>

7 The information set out in the attached schedules does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

8 The interim results were approved by the Board of Directors on 23 January 2007.

9 The interim results are being posted out to all shareholders today and are available to the public for a period of one month from the date of this announcement from the Secretaries, Geoghegan & Co, 6 St Colme Street, Edinburgh EH3 6AD.