

# JOHN SWAN & SONS PLC

## PRELIMINARY RESULTS FOR YEAR TO 30 APRIL 2007

### Chairman's Statement – John Swan & Sons PLC

Our results for the year are summarised as follows:

	2007	2006
<b>Profit/(Loss) before tax</b>		
John Swan Limited	201,688	72,784
John Swan & Sons PLC	(80,340)	(169,590)
FRS 17 pension adjustments	(9,000)	(29,000)
Profit/(Loss) before tax	<u>£ 112,348</u>	<u>£ (125,806)</u>

I am pleased to report further progress in the performance of our auctioneering business, upon which the Chairman of John Swan Limited reports below.

With regard to our land and property activity, I cannot add to my previous statements, whilst we await the outcome of the various planning applications. Shareholders will be informed as soon as these are known.

However, it may well be opportune for me to repeat at this time your Board's position should permission be granted for the redevelopment of the St. Boswells site. The proceeds will be returned to shareholders in line with the policy published and agreed at the EGM held on 22 November 2002. Should permission for a new auction mart at St. Boswells be granted, that will require to be separately funded. Your Board will take all reasonable steps to facilitate and support the project, but will not participate in its funding.

Meanwhile, the Board is pleased to declare a final dividend for the current financial year of 15p per ordinary share to be paid on 18 September 2007 to shareholders on the register at 24 August 2007. The ex dividend date will be 22 August 2007. This, along with the earlier interim dividend paid in March 2007, amounts to a dividend for the year of 30p per ordinary share (2006: 30p).

**Alastair J. Ritchie**  
Chairman

## **JOHN SWAN & SONS PLC**

### **Chairman's Statement – John Swan Limited**

The ramifications of the decoupling of livestock subsidy with the introduction of the Single Farm Payment system are now starting to take effect and this has resulted in a decline in the Scottish beef herd. In turn, this has meant a reduction in our weekly prime cattle throughput with a large percentage being sourced from primary producers. Store cattle numbers, however, have been maintained and, with an increasing number of purchasers attending the regular sales, vendors have benefited from the keen competition.

In the sheep sector, an increasing number of producers are returning to selling prime sheep through the ring and at our weekly Monday sale, an annual throughput of 200,000 prime sheep was achieved for the first time. We recently changed the times of our weekly sales at Wooler and early indications are that this will be beneficial. Whilst we have the support of our buying customers, the future of the sales will very much depend upon the support of the vendors.

An interesting statistic to note is that in this past year a total of 30,696 cattle and 303,399 sheep were sold through our St Boswells market, compared with 23,218 cattle and 274,981 sheep in 1995. This increase in numbers shows that St Boswell is strategically placed to provide a marketing facility for producers of stock from the Borders and beyond.

Whilst every endeavour is made to contain the ever increasing costs of running a mart facility, the continued existence of an auction facility is dependent upon income being obtained from other sources. It is therefore important to maintain the ancillary income of over £146,000, which is included in turnover, and which is £48,000 up on last year.

At the time of writing, our outline planning application lodged with Scottish Borders Council is under consideration. If successful, our current proposal is to create a rural centre with a livestock market and other ancillary businesses, which will provide additional income. As stated in the Group Chairman's report above, the board of John Swan Limited are exploring different options for funding this development.

The valuable services which auction markets provide have been well recorded and the guarantee of payment to vendors is high on the list. John Swan Limited did incur a bad debt during the year, but 90% of that debt was covered by insurance. I am therefore pleased to report that John Swan Limited has returned a trading profit (profit before FRS17 pension adjustments and taxation) of £202,000 compared to £73,000 last year.

Finally, I wish to thank all of our staff for their efforts in achieving this result. An efficient auction system, which provides a transparent price setting system, must continue to be an important marketing choice for producers.

**George T. Neill**

**Chairman – John Swan Limited**

## **JOHN SWAN & SONS PLC**

### **DATE OF ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday 18 September 2007 in The Lodge Hotel, Carfraemill, Lauder at 3.30 p.m.

### **TRANSFER BOOKS**

Transfer books will be closed from 20 to 22 August 2007, both dates inclusive, for the preparation of dividend warrants. Warrants for the proposed dividend, if approved at the Annual General Meeting, will be posted on 18 September 2007 to shareholders on the register at the close of business on 22 August 2007.

### **PROPOSED DIVIDEND FOR YEAR**

Rate of dividend on ordinary shares	15p (2006 – 15p)
Rate of dividend on deferred shares	Nil (2006 – Nil)

An interim dividend for the year of 15p per ordinary share (2006 - 15p) was paid on 2 March 2007.

### **NOMINATED ADVISER**

Contact : Elizabeth Kennedy, Brewin Dolphin Securities Limited  
Telephone number : 0845 213 1120

**Geoghegan & Co**  
**Secretaries**

20 July 2007

# JOHN SWAN & SONS PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 April 2007

	2007	2006
<b>Turnover : Group and share of joint venture</b>	1,575,162	1,443,718
<i>Less : share of joint venture turnover</i>	<u>-</u>	<u>-</u>
<b>Turnover</b>	<u>£ 1,575,162</u>	<u>£ 1,443,718</u>
Staff costs	996,024	931,831
Depreciation	100,836	106,711
Other operating charges	<u>702,330</u>	<u>804,824</u>
	1,799,190	1,843,366
<b>Operating loss</b>	(224,028)	(399,648)
Share of operating profit/(loss) in joint venture	<u>3,622</u>	<u>(366)</u>
	(220,406)	(400,014)
Exceptional items	<u>42,809</u>	<u>-</u>
<b>Loss on ordinary activities before interest and taxation</b>	(177,597)	(400,014)
Other finance income	156,000	105,000
Interest receivable		
Group	134,331	168,881
Joint venture	<u>568</u>	<u>1,162</u>
	134,899	170,043
Interest payable and similar charges		
Group	(744)	(30)
Joint venture	<u>(210)</u>	<u>(805)</u>
	(954)	(835)
	133,945	169,208
<b>Profit/(loss) on ordinary activities before taxation</b>	112,348	(125,806)
Tax on profit/(loss) on ordinary activities	<u>(17,149)</u>	<u>(115,534)</u>
<b>Profit/(loss) for group and its share of joint venture for the financial year</b>	<u>£ 95,199</u>	<u>£ (241,340)</u>
<b>Earnings per share</b>		
Ordinary shares of 25p	15.6p	(37.8)p
Deferred shares of 12½p	-	(18.9)p

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations.

**JOHN SWAN & SONS PLC****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 30 April 2007**

	2007	2006
Profit/(loss) for the financial year	95,199	(241,340)
Difference between actual and expected return on pension scheme assets	9,000	831,000
Experience (losses)/gains arising on pension scheme liabilities	(28,000)	(153,000)
Effects of changes in assumptions underlying the present value of pension scheme liabilities	207,000	(345,000)
Deferred tax liability associated with movement on pension scheme surplus	<u>(57,000)</u>	<u>(100,000)</u>
<b>Total recognised gains and (losses) relating to the year</b>	<b><u>£ 226,199</u></b>	<b><u>£ (8,340)</u></b>

**JOHN SWAN & SONS PLC****CONSOLIDATED BALANCE SHEET  
as at 30 April 2007**

	2007	2006
<b>Fixed assets</b>		
Tangible assets	1,836,781	1,858,229
Investment		
Investment in joint venture	8,212	4,991
	<u>1,844,993</u>	<u>1,863,220</u>
<b>Current assets</b>		
Stocks	35,648	52,581
Debtors – amounts falling due within one year	2,279,396	2,042,408
Cash at bank and in hand	2,258,814	2,638,771
	<u>4,573,858</u>	<u>4,733,760</u>
<b>Creditors - amounts falling due within one year</b>	<u>166,202</u>	<u>293,769</u>
<b>Net current assets</b>	<u>4,407,656</u>	<u>4,439,991</u>
<b>Total assets less current liabilities</b>	6,252,649	6,303,211
<b>Creditors – amounts falling due after more than one year</b>	6,849	-
<b>Provisions for liabilities</b>	24,890	-
<b>Accruals and deferred income</b>	<u>17,600</u>	<u>18,400</u>
<b>Net assets excluding pension scheme assets</b>	6,203,310	6,284,811
<b>Pension scheme assets</b>	<u>834,000</u>	<u>709,000</u>
<b>Net assets including pension scheme assets</b>	<u>£ 7,037,310</u>	<u>£ 6,993,811</u>
<b>Capital and reserves</b>		
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	<u>6,839,125</u>	<u>6,795,626</u>
<b>Equity shareholders' funds</b>	<u>£ 7,037,310</u>	<u>£ 6,993,811</u>

# JOHN SWAN & SONS PLC

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 April 2007

	2007	2006
<b>Reconciliation of operating loss to net cash outflow from operating activities</b>		
Group operating loss	(224,028)	(399,648)
Pension scheme current service cost – FRS 17	165,000	134,000
Depreciation	100,836	106,711
Deferred income released to loss for the year	(800)	(800)
Gain on sale of tangible fixed assets	(6,685)	(1,078)
Decrease in stocks	16,933	9,998
Increase in debtors	(236,988)	(12,719)
Decrease in creditors	(9,545)	(87,792)
<b>Net cash outflow from operating activities</b>	<b>£ (195,277)</b>	<b>£ (251,328)</b>
<b>Cash flows</b>		
Net cash outflow from operating activities	(195,277)	(251,328)
Returns on investments and servicing of finance	1 133,587	168,851
Taxation	(115,000)	(877,534)
Net capital payments	1 (17,676)	(49,031)
Contribution to Employee Benefit Trust	-	(39,815)
Equity dividends paid	(182,700)	(292,050)
	(377,066)	(1,340,907)
Financing :		
Capital element of finance lease rental payments	(2,891)	-
<b>Decrease in cash in year</b>	<b>£ (379,957)</b>	<b>£ (1,340,907)</b>
<b>Reconciliation of net cash flow to movement in net funds</b> 2		
Decrease in cash in the year	(379,957)	(1,340,907)
Cash outflow from decrease in lease financing	2,891	-
Change in net funds resulting from cash flows	(377,066)	(1,340,907)
New finance lease	(12,218)	-
<b>Movement in net funds in the year</b>	<b>(389,284)</b>	<b>(1,340,907)</b>
<b>Net funds at 30 April 2006</b>	<b>2,638,771</b>	<b>3,979,678</b>
<b>Net funds at 30 April 2007</b>	<b>£ 2,249,487</b>	<b>£ 2,638,771</b>

# JOHN SWAN & SONS PLC

## NOTES

1	<b>Gross cash flows</b>	2007	2006
	<b>Returns on investments and servicing of finance</b>		
	Interest received	134,331	168,881
	Interest paid	(9)	(30)
	Interest element of finance lease rental payments	(735)	-
		<u>£ 133,587</u>	<u>£ 168,851</u>
	<b>Net capital payments</b>		
	Payments to acquire tangible fixed assets	(76,270)	(50,871)
	Receipts from sales of tangible fixed assets	15,785	1,840
	Net receipt from grant of option to purchase land	42,809	-
		<u>£ (17,676)</u>	<u>£ (49,031)</u>

2	<b>Analysis of net funds</b>				
		At 1 May 2006	Cash flow	Other non- cash changes	At 30 April 2007
	Cash at bank and in hand	2,638,771	(379,957)	-	2,258,814
	Finance leases	-	2,891	(12,218)	(9,327)
		<u>£ 2,638,771</u>	<u>£ (377,066)</u>	<u>£ (12,218)</u>	<u>£ 2,249,487</u>

### 3 Note to the preliminary announcement

The abridged financial information set out above has been extracted without material adjustment from financial statements approved by the Directors of John Swan & Sons PLC on 20 July 2007 which received an unqualified audit report by the independent auditors, which will be delivered to the Registrar of Companies.

The financial information has been prepared on the basis of the accounting policies set out in the most recently published set of financial statements.

The financial statements for the year ended 30 April 2006 have been filed with the Registrar of Companies.