

JOHN SWAN & SONS PLC

PRELIMINARY RESULTS FOR THE YEAR TO 30 APRIL 2008

STATEMENT BY THE CHAIRMAN *John Swan & Sons PLC*

Livestock auctioneering throughout the country was curtailed in the early part of the year by the Foot and Mouth outbreak and, consequently, John Swan Limited incurred an interim loss. It is most satisfying to report a strong recovery in the second half, resulting in the company recording a profit for the full year. This outcome was achieved in very difficult circumstances and I would like, on your behalf, to thank everyone who contributed to it. A fuller report on the auctioneering business is included in the Statement by the Chairman of John Swan Limited below.

Our results for the year are summarised as follows:

	2008	2007
	£	£
(Loss)/Profit before tax		
John Swan Limited	107,917	200,929
John Swan & Sons PLC	(188,522)	(80,340)
IAS 19 pension adjustment	8,000	(9,000)
(Loss)/Profit before tax	<u>(72,605)</u>	<u>111,589</u>

Our financial statements for the year ended 30 April 2008 are the first to be prepared under the new International Financial Reporting Standards (IFRSs). Although the layout of the financial statements and the disclosure of information have changed, there are no changes to the profits previously reported under UK Generally Accepted Accounting Principles (UK GAAP). Whilst the Group consolidated accounts have been prepared under IFRSs, the accounts of the parent Company continue to be prepared under UK GAAP.

The balance sheet shows a net cash position of £679,000, a decrease of £1,579,000 since the last year end. Of the decrease, £182,700 was paid out as dividends to shareholders and the balance of £1,396,000 relates mainly to increased working capital requirements for John Swan Limited due to higher livestock values and improved trading volume at the year end.

The position with regard to planning permission for the redevelopment of the existing mart site at St Boswells is still the subject of negotiation before formal planning permission can be confirmed, as is the proposed construction of a new mart, and the Board is continuing to progress matters in this regard. Whilst this work will continue, the economic background has undoubtedly affected land values and this may impinge on both the rate and degree of progress. Shareholders will be kept informed.

Finally, the Board is pleased to declare a final dividend for the current year of 15p per ordinary share to be paid on 28 August 2008 to shareholders on the register at 1 August 2008. The ex dividend date will be 30 July 2008. This, along with the interim dividend paid in March 2008, amounts to a dividend for the year of 30p per ordinary share (2007: 30p).

Alastair J Ritchie
Chairman

JOHN SWAN & SONS PLC

STATEMENT BY THE CHAIRMAN *John Swan Limited*

As was noted in our interim financial report, the livestock sector was again subjected to another outbreak of Foot and Mouth last year and this had a severe impact on the industry in general and on the sheep sector in particular. It is therefore with a degree of satisfaction that I report that the half year loss before tax of £109,621 has been transformed in to a profit before tax of £107,917 for the year.

The increase in livestock values has obviously had a beneficial effect on our income and the strength of sterling will be a major factor in maintaining these values. Of course, insofar as auction markets are concerned, any increase in value is commensurate with an increase in credit risk, as the markets continue to provide financial security for their selling customers. However, the reduction in both the national beef herd and sheep flock must inevitably have an effect on throughput. With a greater proportion of primary producers finishing their stock, we will continue to work at expanding our weekly prime stock sales, as these are the mainstay of any livestock market. Our area is renowned for the quality of the breeding replacements it produces and whilst a proportion of these are purchased to remain in Scotland, numbers in excess of 30% of the total are purchased by customers from south of the Border. At the time of writing, the position is unclear regarding arrangements for the autumn, with Bluetongue restrictions constantly changing. We shall, however, remain flexible to ensure that both our buying and selling customers are provided with an appropriate service.

Our valuation and estate agency division has been active throughout the year and the income sourced from this area, together with income derived from farm displenishing sales and implement sales, provides a valuable and substantial contribution to our profitability. I think it is worth recording that our implement sales at St Boswells are now established as principal sales of their type in the country. Since the year end, we have also entered the furniture and antique business by creating a new division of the company, which will trade as Swan & Turner. We have rented premises in Jedburgh, where regular sales will be conducted throughout the year. These will be in addition to our established sales of fine art, which continue to be successful.

As was reported at the half year, the outline planning application for the rural centre has been recommended for approval by the Scottish Ministers and we are in the process of negotiating formal planning permission. We shall keep shareholders and customers informed of any developments.

In conclusion, I wish to thank all of our staff for their efforts in producing the results we have for the year and also our loyal customers, without whose support we could not continue to operate. Auction marts are subject to significant legislation, all of which comes at a cost. However, we shall continue to provide an efficient marketing option for our customers, an option which our dedicated staff are keen to provide.

George T Neill
Chairman

JOHN SWAN & SONS PLC

DATE OF ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday 28 August 2008 in The Lodge Hotel, Carfraemill, Lauder at 12.00 p.m.

TRANSFER BOOKS

Transfer books will be closed from 30 July to 1 August 2008, 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 28 August 2008 to shareholders on the register at the close of business on 1 August 2008.

PROPOSED DIVIDEND FOR YEAR

Rate of dividend on ordinary shares	15p (2007 – 15p)
Rate of dividend on deferred shares	Nil (2007 – Nil)

An interim dividend for the year of 15p per ordinary share (2007 - 15p) was paid on 7 March 2008.

NOMINATED ADVISER

Contact : Sandy Fraser, Brewin Dolphin Limited
Telephone number : 0131 225 2566

Geoghegan & Co
Secretaries

8 July 2008

JOHN SWAN & SONS PLC

**Consolidated income statement
For the year ended 30 April 2008**

	2008 £	2007 £
Revenue	<u>1,518,130</u>	<u>1,575,162</u>
Staff costs	1,050,400	996,024
Depreciation	110,092	100,836
Other operating expenses	<u>735,237</u>	<u>702,330</u>
	<u>1,895,729</u>	<u>1,799,190</u>
Operating loss	(377,599)	(224,028)
Investment revenues	305,694	290,331
Finance costs	(888)	(744)
Share of results of joint venture after tax	188	3,221
Consideration for grant of option	-	42,809
(Loss)/Profit before tax	<u>(72,605)</u>	<u>111,589</u>
Tax	(1,122)	(16,390)
(Loss)/Profit for the year	<u>(73,727)</u>	<u>95,199</u>
Basic and diluted earnings per share	<u>(12.11)p</u>	<u>15.6p</u>

**Consolidated statement of recognised income and expense
For the year ended 30 April 2008**

	2008 £	2007 £
Actuarial gains/(losses) on defined benefit pension scheme	515,000	188,000
Tax on items taken directly to equity	(120,000)	(57,000)
Net income recognised directly in equity	<u>395,000</u>	<u>131,000</u>
(Loss)/Profit for the year	(73,727)	95,199
Total recognised income and expense	<u>321,273</u>	<u>226,199</u>

JOHN SWAN & SONS PLC

**Consolidated balance sheet
As at 30 April 2008**

	Notes	2008 £	2007 £
Non-current assets			
Property, plant and motor vehicles		1,769,621	1,836,781
Investment in joint venture		8,400	8,212
Pension scheme assets		1,715,000	1,192,000
		<u>3,493,021</u>	<u>3,036,993</u>
Current assets			
Inventories		108,059	35,648
Trade and other receivables		3,646,926	2,279,396
Cash and cash equivalents		1,036,319	2,258,814
		<u>4,791,304</u>	<u>4,573,858</u>
Total assets		<u>8,284,325</u>	<u>7,610,851</u>
Current liabilities			
Trade and other payables		223,061	159,224
Current tax liabilities		-	4,500
Obligations under finance leases		2,478	2,478
Bank overdraft		357,344	-
		<u>582,883</u>	<u>166,202</u>
Net current assets		<u>4,208,421</u>	<u>4,407,656</u>
Non-current liabilities			
Deferred tax liabilities		504,388	382,890
Obligations under finance leases		4,371	6,849
Deferred income		16,800	17,600
		<u>525,559</u>	<u>407,339</u>
Total liabilities		<u>1,108,442</u>	<u>573,541</u>
Net assets		<u>7,175,883</u>	<u>7,037,310</u>
Equity			
Share capital	3	168,000	168,000
Revenue reserve		70,000	70,000
Employee Benefit Trust reserve		(39,815)	(39,815)
Retained earnings		6,977,698	6,839,125
Total equity		<u>7,175,883</u>	<u>7,037,310</u>

JOHN SWAN & SONS PLC**Consolidated cash flow statement
For the year ended 30 April 2008**

	Notes	2008 £	2007 £
Net cash used in operating activities	1	<u>(1,489,623)</u>	<u>(311,021)</u>
Investing activities			
Interest received		135,694	134,331
Net proceeds from grant of option to purchase land		-	42,809
Proceeds on disposal of motor vehicles		2,200	15,785
Purchases of plant and motor vehicles		<u>(42,932)</u>	<u>(76,270)</u>
Net cash from investing activities		<u>94,962</u>	<u>116,655</u>
Financing activities			
Dividends paid		(182,700)	(182,700)
Repayment of obligations under finance leases		<u>(2,478)</u>	<u>(2,891)</u>
Net cash used in financing activities		<u>(185,178)</u>	<u>(185,591)</u>
Net decrease in cash and cash equivalents		(1,579,839)	(379,957)
Cash and cash equivalents at beginning of year		2,258,814	2,638,771
Cash and cash equivalents at end of year	2	<u>678,975</u>	<u>2,258,814</u>

JOHN SWAN & SONS PLC

Notes

1 Notes to the cash flow statement

	2008 £	2007 £
(Loss)/Profit before tax	(72,605)	111,589
Adjustments for:		
Investment revenues	(305,694)	(290,331)
Finance costs	888	744
Share of results of joint venture	(188)	(3,221)
Pension scheme current service cost	162,000	165,000
Depreciation of property, plant and motor vehicles	110,092	100,836
Gain on sale of motor vehicles	(2,200)	(6,685)
Deferred income released in the year	(800)	(800)
Consideration for grant of option	-	(42,809)
Operating cash flows before movement in working capital	<u>(108,507)</u>	<u>34,323</u>
(Increase)/Decrease in inventories	(72,411)	16,933
(Increase) in receivables	(1,367,530)	(236,988)
Increase/(Decrease) in payables	63,837	(9,545)
Cash used in operations	<u>(1,484,611)</u>	<u>(195,277)</u>
Taxes paid	(4,124)	(115,000)
Interest paid	(888)	(744)
Net cash used in operating activities	<u><u>(1,489,623)</u></u>	<u><u>(311,021)</u></u>

2 Cash and cash equivalents

	2008 £	2007 £
Bank and cash balances	1,036,319	2,258,814
Bank overdraft	(357,344)	-
Cash and cash equivalents in the cash flow statement	<u><u>678,975</u></u>	<u><u>2,258,814</u></u>

3 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £	Revenue reserve £	Employee Benefit Trust reserve £	Retained earnings £
At 1 May 2006	168,000	70,000	(39,815)	6,795,626
Profit for the year	-	-	-	95,199
Other recognised gains and losses for the year	-	-	-	131,000
Dividends	-	-	-	(182,700)
At 1 May 2007	<u>168,000</u>	<u>70,000</u>	<u>(39,815)</u>	<u>6,839,125</u>
Loss for the year	-	-	-	(73,727)
Other recognised gains and losses for the year	-	-	-	395,000
Dividends	-	-	-	(182,700)
At 30 April 2008	<u><u>168,000</u></u>	<u><u>70,000</u></u>	<u><u>(39,815)</u></u>	<u><u>6,977,698</u></u>

Notes (*continued*)

4 Explanation of transition to IFRSs

This is the first year that the company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 April 2007 and the date of transition to IFRSs was therefore 1 May 2006.

Reconciliation of equity at 1 May 2006 (date of transition to IFRSs)

Note	Effect of transition to			
	UK GAAP	IFRSs	IFRSs	
	£	£	£	
	Property, plant and motor vehicles	1,858,229	-	1,858,229
	Investment in joint venture	4,991	-	4,991
<i>I</i>	Pension scheme assets	709,000	304,000	1,013,000
	Total non-current assets	2,572,220	304,000	2,876,220
	Inventories	52,581	-	52,581
	Trade and other receivables	2,042,408	-	2,042,408
	Cash and cash equivalents	2,638,771	-	2,638,771
	Total current assets	4,733,760	-	4,733,760
	Total assets	7,305,980	304,000	7,609,980
	Trade and other payables	168,769	-	168,769
	Current tax liabilities	125,000	-	125,000
<i>I</i>	Deferred tax liabilities	-	304,000	304,000
	Deferred income	18,400	-	18,400
	Total liabilities	312,169	304,000	616,169
	Total assets less total liabilities	6,993,811	-	6,993,811
	Issued capital	168,000	-	168,000
	Revenue reserve	70,000	-	70,000
	Employee Benefit Trust reserve	(39,815)	-	(39,815)
	Retained earnings	6,795,626	-	6,795,626
	Total equity	6,993,811	-	6,993,811

Notes to the reconciliation of equity at 1 May 2006

- I* The pension scheme asset was presented net of deferred tax under previous GAAP but under IFRSs the pension scheme asset must be presented gross with any deferred tax consequences recognised separately.

Notes (continued)

4 Explanation of transition to IFRSs (continued)

Reconciliation of equity at 30 April 2007 (date of last UK GAAP financial statements)

Note	UK GAAP £	Effect of transition to	
		IFRSs £	IFRSs £
	1,836,781	-	1,836,781
	8,212	-	8,212
<i>I</i> Pension scheme assets	834,000	358,000	1,192,000
Total non-current assets	2,678,993	358,000	3,036,993
	35,648	-	35,648
	2,279,396	-	2,279,396
	2,258,814	-	2,258,814
Total current assets	4,573,858	-	4,573,858
Total assets	7,252,851	358,000	7,610,851
	159,224	-	159,224
	4,500	-	4,500
<i>I</i> Deferred tax liabilities	24,890	358,000	382,890
Obligations under finance leases	9,327	-	9,327
Deferred income	17,600	-	17,600
Total liabilities	215,541	358,000	573,541
Total assets less total liabilities	7,037,310	-	7,037,310
	168,000	-	168,000
	70,000	-	70,000
	(39,815)	-	(39,815)
	6,839,125	-	6,839,125
Total equity	7,037,310	-	7,037,310

Notes to the reconciliation of equity at 30 April 2007

- I* The pension scheme asset was presented net of deferred tax under previous GAAP but under IFRSs the pension scheme asset must be presented gross with any deferred tax consequences recognised separately.

Notes (continued)

4 Explanation of transition to IFRSs (continued)

Reconciliation of profit for year ended 30 April 2007

Note	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Revenue	<u>1,575,162</u>		<u>1,575,162</u>
Staff costs	996,024		996,024
Depreciation	100,836		100,836
Other operating expenses	<u>702,330</u>		<u>702,330</u>
	<u>1,799,190</u>		<u>1,799,190</u>
Operating loss	(224,028)		(224,028)
<i>1</i> Investment revenues		156,000	290,331
<i>1</i>		134,331	
<i>1</i> Finance costs		(744)	(744)
<i>2</i> Share of results of joint venture	3,622	(401)	3,221
Consideration for grant of option	42,809		42,809
	<u>(177,597)</u>		<u>111,589</u>
<i>1</i> Other finance income	156,000	(156,000)	-
<i>1</i> Interest receivable	134,899	(134,331)	-
<i>2</i>		(568)	
<i>1</i> Interest payable and similar charges	(954)	744	-
<i>2</i>		210	
Profit before tax	<u>112,348</u>		<u>111,589</u>
<i>2</i> Tax	(17,149)	759	(16,390)
Profit for year	<u>95,199</u>	<u>-</u>	<u>95,199</u>

Notes to the reconciliation of profit for year ended 30 April 2007

- 1* The Group's other finance income, which relates to the pension scheme, was shown as a separate item under previous GAAP but under IFRSs it has been included in investment revenues, together with interest receivable. Interest payable and similar charges are shown as finance costs under IFRSs.
- 2* The components of the Group's share of profit of the joint venture were shown separately under previous GAAP but under IFRSs the Group's share of profit of the joint venture has been shown as a single line item.

Notes (continued)

4 Explanation of transition to IFRSs (continued)

Explanation of material adjustments to the cash flow statements for the year ended 30 April 2007 :

Taxes of £115,000 paid during the year ended 30 April 2007 are classified as operating cash flows under IFRSs, but were included in a separate category of taxation cash flows under previous GAAP.

Interest of £744 paid during the year ended 30 April 2007 is also classified as operating cash flows under IFRSs, but was included in returns on investments and servicing of finance under previous GAAP.

There are no other material differences between the cash flow statement presented under IFRSs and the cash flow statement presented under previous GAAP.

5 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 8 July 2008 which received an unqualified audit report by the independent auditors, which will be delivered to the Registrar of Companies.

The financial statements for the year ended 30 April 2007 have been filed with the Registrar of Companies.