William Sinclair Holdings plc

Firth Road • Lincoln • LN6 7AH
Telephone (01522) 537561
Facsimile (01522) 560648

www.william-sinclair.co.uk

Registered number 1392876

William Sinclair Holdings plc

INTERIM REPORT 2008

WILLIAM SINCLAIR

William Sinclair manufacture and distribute a wide range of horticultural products to both the consumer and professional markets.

Consumer Market

The consumer market comprises growing media, lawncare products, plant food and associated products to UK gardening consumers through sales to garden centres and DIY outlets.

Professional Market

The professional market comprises growing media and fertiliser sales to UK professional growers for the growing of hardy nursery stock, house and bedding plants and edible salad crops.

William Sinclair's brands

William Sinclair's well established brands include J Arthur Bower's, Silvaperl and New Horizon - the leading brand in the fast growing peat free garden compost and organic plant foods sector.

DIRECTORS

Bill Simpson, Chairman

Bernard Burns, Chief Executive Officer

Peter Williams, Finance Director and Company Secretary

Ken Piggott, Senior Independent Non-Executive Director

Philip Nuttall, Independent Non-Executive Director

INTERIM REVIEW

for the nine months ended 31 March 2008 (unaudited)

Introduction

Our unaudited results for the 9 months ended 31 March 2008 are detailed below.

To facilitate the change of year end to 30 September 2008, we have a 15 month accounting period and this means that for the first time we have produced results for a 9 month period.

Overall performance of the business was in line with expectations against a challenging market backdrop. The recently acquired Joseph Metcalf business performed in line with expectations and Freeland had another strong period.

Demand for the 2008 growing season was lower than expected as the impact of the earliest Easter since 1913, combined with unusually wet and cold weather in March, suppressed consumer activity.

Trading Review

Group turnover during the period was £27.8 million (2007: £22.2 million), an increase of 25%. This includes sales at Freeland for the first time and almost 3 months sales from Joseph Metcalf, acquired early in January. Excluding the two acquisitions, sales were slightly lower than the previous year which was mainly due to the change in Easter dates and the inclement weather, particularly during the build up to the growing season in March.

The loss after tax for the nine months was £0.3 million, which compares with the £0.1million profit in the same period of 2007. The basic loss per share was 2.1p (2007: profit of 0.9p) and the diluted loss per share was 2.0p (2007: profit of 0.8p).

Net debt, as at 31 March 2008, was £19.2 million (2007: £9.3 million). High net debt is usual for the period reflecting the higher deliveries preceding the start of the growing season. The year on year increase is mainly due to the costs of acquiring Joseph Metcalf with its associated working capital requirements.

There is no further interim dividend proposed for this period.

Business Review

Existing business

The early part of any financial year for William Sinclair is normally a combination of stock build up and deliveries to retailers and growers in anticipation of the start of the growing season and associated demand which goes with this. The inclement weather during March inhibited the usual levels of demand from our retailers although demand from professional growers remained strong.

With logistics comprising a significant part of the Company's cost of operation, the substantial increases in fuel charges as well as raw material price increases have impacted

INTERIM REVIEW

for the nine months ended 31 March 2008 (unaudited)

on the Company's performance. This has been partly offset by the implementation of some price increases. However the Company has incurred some reduction in profitability.

Freeland Horticulture

Freeland, our green waste and top soil business, continued to perform above expectations as it capitalises on increasing levels of demand for 'environmentally friendly' products which can be sourced and produced in urban areas. Freeland's facilities and raw materials are all located close to its markets.

Consequently Freeland is less exposed to the increase in haulage costs and the Company expects the division to perform well.

Joseph Metcalf

In January 2008, William Sinclair announced the acquisition of Joseph Metcalf Ltd and performance of the business has been in line with expectations. Our post-acquisition review of Metcalf confirmed many of the synergies identified during our due diligence and we are currently consulting with the workforce with a view to closing the business' operating site at Oswaldtwistle with the effect of further reducing our overhead.

Outlook

The industry is experiencing cost price increases on chemicals, plastics, energy and transport. We have already implemented some price increases and will be continuing to explore all opportunities to maintain margins in the light of further expected raw material, energy and transport cost increases.

The Directors are confident that with the Company's industry leading quality of service levels and the focus on higher margin business, the Company has a strong competitive advantage as its production is all located on mainland UK. This point of difference will become increasingly significant as fuel costs continue to rise.

In addition William Sinclair is well positioned to take advantage of customers' increasing demand for the most environmentally friendly products, which is met by our Freeland business, and to seize opportunities from the Company's high levels of service.

With the peat harvest about to begin, the Company anticipates that it will meet market expectations.

Annual General Meeting

Our 2008 Annual General Meeting will be held on Thursday 21 August 2008. Following the change of the year end to 30 September, from 2009 we expect future Annual General Meetings to be held in February.

Bill Simpson
Chairman

CONSOLIDATED INCOME STATEMENT

for the nine months ended 31 March 2008 (unaudited)

	Notes	**Nine months ended 31 March 2008 £'000**	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Revenue		**27,770**	22,239	37,646
Operating expenses		**(28,003)**	(21,972)	(36,070)
Operating (loss)/profit		**(233)**	267	1,576
Share of post tax (loss)/profit of joint ventures accounted for using the equity method		**(3)**	85	173
Group operating (loss)/profit from continuing operations		**(236)**	352	1,749
Finance revenue		**2**	2	11
Finance costs		**(321)**	(197)	(326)
Other finance expenses – pensions		**131**	9	12
(Loss)/Profit from continuing operations before taxation		**(424)**	166	1,446
Tax expense	**1**	**118**	(24)	(319)
(Loss)/Profit for the period		**(306)**	142	1,127
(Loss)/Profit for the period is attributable to:				
Equity holders of the parent company		**(350)**	142	1,127
Minority interests		**44**	–	–
		(306)	142	1,127
Earnings per share (pence)				
Basic EPS on profit for the period	**3**	**(2.1)p**	0.9p	6.8p
Diluted EPS on profit for the period		**(2.0)p**	0.8p	6.7p
Dividends per share	**2**	**1.0p**	1.0p	3.5p

William Sinclair Holdings plc

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

for the nine months ended 31 March 2008 (unaudited)

	Nine months ended 31 March 2008 £'000	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Actuarial (loss)/gains on defined benefit pension scheme	**(1,356)**	1,847	2,463
Revaluation of property, plant and equipment	**–**	–	–
Tax on items taken directly to or transferred from equity	**380**	(554)	(641)
Net Income recognised directly in equity	**(976)**	1,293	1,822
(Loss)/profit for the period	**(306)**	142	1,127
Total recognised income and expense for the period	**(1,282)**	1,435	2,949
Attributable to:			
Equity holders of the parent company	**(1,326)**	1,435	2,949
Minority interest	**44**	–	–
	(1,282)	1,435	2,949

CONSOLIDATED BALANCE SHEET
as at 31 March 2008 (unaudited)

	As at 31 March 2008 £'000	As at 31 March 2007 £'000	As at 30 June 2007 £'000
Non-current assets			
Property, plant and equipment	**16,777**	12,862	12,900
Intangible assets	**1,651**	1,144	1,130
Investments accounted for using the equity method	**211**	943	777
	18,639	14,949	14,807
Current assets			
Inventories	**10,799**	7,724	5,150
Trade and other receivables	**21,807**	14,897	10,981
Cash and short term deposits	**1,136**	125	335
	33,742	22,746	16,466
Total assets	**52,381**	37,695	31,273
Current liabilities			
Trade and other payables	**(11,993)**	(8,650)	(9,824)
Financial liabilities	**(17,222)**	(8,746)	(119)
Corporation tax payable	**(475)**	(6)	(348)
	(29,690)	(17,402)	(10,291)
Non-current liabilities			
Financial liabilities	**(3,098)**	(667)	(637)
Deferred tax liabilities	**(1,016)**	(1,473)	(1,513)
Provisions	**(202)**	(188)	(189)
Defined benefit pension plan deficit	**(3,584)**	(2,979)	(2,303)
	(7,900)	(5,307)	(4,642)
Total liabilities	**(37,590)**	(22,709)	(14,933)
Net assets	**14,791**	14,986	16,340
Capital and reserves			
Equity share capital	**4,139**	4,139	4,139
Capital redemption reserve	**1,523**	1,523	1,523
Revaluation reserve	**3,566**	3,501	3,566
Other reserves	**176**	176	176
Share based payments	**67**	46	51
Retained earnings	**5,145**	5,601	6,885
Group shareholders' equity	**14,616**	14,986	16,340
Minority interests	**175**	–	–
Total equity	**14,791**	14,986	16,340

CONSOLIDATED CASH FLOW STATEMENT
for the nine months ended 31 March 2008 (unaudited)

	Nine months ended 31 March 2008 £'000	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Net cash flow from operating activities	**(11,541)**	(6,945)	2,162
Net cash flow from investing activities	**(5,961)**	(960)	(959)
Net cash flow from financing activities	**1,731**	(617)	(888)
(Decrease)/Increase in cash in the period	**(15,771)**	(8,522)	315
Cash and cash equivalents at 1 July 2007	**335**	20	20
(Decrease)/Increase in cash and cash equivalents	**(15,771)**	(8,522)	315
Cash and cash equivalents at 31 March 2008	**(15,436)**	(8,502)	335
Cash flow from operating activities			
Operating profit	**(233)**	267	1,576
Amortisation of intangible assets	**15**	15	35
Depreciation	**923**	782	1,032
(Profit) on disposal of fixed assets	**(5)**	(5)	(291)
Share based payments	**16**	18	23
Movement in provisions	**–**	–	–
Pension contributions paid less amounts recognised in the income statement	**56**	(172)	(28)
Operating profit before changes in working capital and provisions	**772**	905	2,347
(Increase)/decrease in stocks	**(3,946)**	(2,757)	(183)
(Increase)/decrease in debtors	**(8,642)**	(2,657)	1,259
(Decrease)/increase in creditors	**(26)**	(2,280)	(1,106)
Movement in reinstatement provision	**13**	18	19
Income taxes received	**288**	(174)	(174)
	(11,541)	(6,945)	2,162

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the nine months ended 31 March 2008 (unaudited)

	Nine months ended 31 March 2008 £'000	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Cash flow from investing activities			
Interest received	**2**	2	11
Sale of property, plant and equipment	**22**	5	606
Purchase of property, plant and equipment	**(940)**	(967)	(1,570)
Purchase of intangible assets	**–**	–	(6)
Purchase of shares in subsidiary	**(3,735)**	–	–
Cash on consolidation of subsidiary	**(1,310)**	–	–
	(5,961)	(960)	(959)
Cash flow from financing activities			
Interest paid	**(321)**	(197)	(320)
Dividends paid to minority interests	**(10)**	–	–
Dividends paid to equity shareholders	**(414)**	(331)	(496)
Dividend received from joint venture	**–**	–	47
New loans in the period	**3,000**	–	–
Repayment of borrowings	**(459)**	(54)	(72)
Repayment of capital element of finance leases	**(65)**	(35)	(47)
	1,731	(617)	(888)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Nine months ended 31 March 2008 £'000	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Increase/(Decrease) in cash in the period	**801**	(28)	315
Cash (inflow)/outflow from change in debt	**(19,564)**	(8,405)	119
Movement in net debt in the period	**(18,763)**	(8,433)	434
Net debt at 1 July 2007	**(421)**	(855)	(855)
Net debt at 31 March 2008	**(19,184)**	(9,288)	(421)

Printed in the EU by Rede Design Ltd. Tel: 020 8863 7676

NOTES TO THE ACCOUNTS

1. Taxation
The taxation credit on ordinary activities is calculated by applying the Directors' best estimate of the annual taxation rate to the loss for the period.

2. Dividend
An interim dividend of 1.0p per share was paid on 6 May 2008 to shareholders on the register on 11 April 2008. No further interim dividend is being paid.

3. Earnings per share
Earnings per share have been calculated by reference to 16,554,046 shares in issue.

4. Reconciliation of movements in equity attributable to members of the parent company

	Nine months ended 31 March 2008 £'000	Nine months ended 31 March 2007 £'000	Year ended 30 June 2007 £'000
Opening equity attributable to members of parent company	**16,340**	13,864	13,864
Total recognised income and expenses for the period	**(1,326)**	1,435	2,949
Dividends paid	**(414)**	(331)	(496)
Share based payments taken directly to equity	**16**	18	23
Closing equity attributable to members of the parent company	**14,616**	14,986	16,340

5. Acquisition of shareholding in Freeland Horticulture Ltd
In July 2007 the Group acquired an additional 37.5% of Freeland Horticulture Ltd ("Freeland") taking its stake to 87.5%. As a consequence Freeland is no longer accounted for as a joint venture but is consolidated in full in the accounts of the Group with effect from July 2007. The interests of the minority shareholder in the results of the business for the period to 31 March 2008 are shown in the Consolidated Income Statement and the interests in the net assets of the business at 31 March 2008 are shown in the Consolidated Balance Sheet. The cost of the acquisition was £757,000 and the directors believe the fair value of the assets acquired was £422,000.

6. Acquisition of Joseph Metcalf Ltd
In January 2008 the Group acquired the whole of the share capital of Joseph Metcalf Ltd ("Metcalf"). The results of Metcalf for the period from acquisition to 31 March 2008 have been consolidated in the accounts of the Group and the balance sheet of Metcalf is consolidated in the Group balance sheet as at 31 March 2008. The cost of the acquisition was £2,978,000. The directors believe the fair value of the assets acquired was equal to the cost of acquisition but the figures included are provisional due to the timing of the transaction and should be finalised by the end of this financial year.

7. Basis of preparation of accounts
The company has adopted International Financial Reporting Standards for the preparation of these interim accounts. The standards have been applied consistently for the nine months to 31 March 2008 and for all comparatives shown.

The interim report has been approved by the Board of Directors and is neither audited nor reviewed. The information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory accounts for the year ended 30 June 2007 received an unqualified audit report and have been filed with the Registrar of Companies.

A copy of this interim report is available to view on the Company's website at www.william-sinclair.co.uk

Enquiries:
Bill Simpson, Chairman Tel: 01522 537561 **Alastair Moreton,** Arbuthnot Securities Limited Tel: 0207 012 2000

William Sinclair Holdings plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held at the Bentley Hotel, Newark Road, South Hykeham, Lincoln, LN6 9NH on Thursday 21 August 2008 at 11.00am for the following purposes:

Resolutions

Ordinary business

To consider and if thought fit pass the following resolutions which will be proposed as ordinary resolutions:

1 To re-elect Mr P Nuttall a Director of the Company.

2 To re-elect Mr K Piggott a Director of the Company

3 To re-appoint Ernst & Young LLP as auditors to the Company and to authorise the Directors to fix the remuneration of the Auditors.

Special business

To consider and if thought fit pass the following Resolutions which will be proposed as to Resolution 4 as an Ordinary Resolution and as to Resolutions 5 and 6 as Special Resolutions:

4 That the Directors be and they are hereby authorised in accordance with Section 80 of the Companies Act 1985 ("the Act) to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) of the Company up to a maximum aggregate nominal amount of £1,000,000 such authority to expire at the end of the next Annual General Meeting of the Company after passing of this Resolution or 30 April 2009 (whichever is the sooner).

5 That subject to the passing of Resolution 4 above, the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred by Resolution 4 above as if sub-section 1 of Section 89 of the Act did not apply to any such allotment up to a maximum aggregate nominal amount of £200,000 such authority to expire at the end of the next Annual General Meeting of the Company after the passing of this Resolution or on 30 April 2009 (whichever is the sooner) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement.

6 That the Company be and it is hereby authorised to make market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange up to an aggregate of 1,650,000 Ordinary Shares of 25 pence each in its capital at not more than £1.25 per share and not less than 25 pence per share (in each case exclusive of expenses) provided that the price paid is not more than 5% above the middle market quotation as derived from the London Stock Exchange Daily Official List and that the authority conferred by this Resolution shall expire on the date (the Expiry Date) which is twelve months after the date of the passing of this Resolution (except in relation to any purchase of shares pursuant to a contract concluded before the Expiry Date and which might be executed wholly or partly after the Expiry Date).

26 June 2008
Firth Road
Lincoln

By Order of the Board
P D Williams
Secretary

Notes

A form of proxy is enclosed for use by shareholders. Appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person. A member entitled to attend and vote at the AGM may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarially) must be returned by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the Annual General Meeting ("AGM").

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the AGM or any adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the register of members of the Company by 6.00 pm on 19 August 2008 (or 6.00 pm on the date two days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Biographical details of the Directors are shown on page 3 of the Annual Report and Accounts 2007.

Copies or particulars of the Directors' service agreements will be available for inspection at the registered office of the Company during normal business hours until the date of the annual general meeting and on that day at the place of the meeting from 10.30am until its conclusion.

APPENDIX 1 TO THE NOTICE OF ANNUAL GENERAL MEETING

Special business to be transacted at the Annual General Meeting

Proposed general authority to allot shares and disapply pre-emption provisions

Before the Company can allot any unissued shares it is required to obtain authority from the shareholders in general meeting and the authority given at the Annual General Meeting held on 29 November 2007 will expire at the Annual General Meeting referred to herein. It is proposed that the authority continue to be given on a yearly basis.

Your attention is drawn to Resolution 4 which is being proposed as an Ordinary Resolution and which would give the Directors the authority to allot up to a nominal amount of £1,000,000 such authority to last, as in previous years, until the end of the next Annual General Meeting or until 30 April 2009 whichever is the sooner. This general authority to allot shares throughout the next year is deemed necessary to the Company's policy of making appropriate acquisitions and to provide versatility for the Company's business.

Resolution 5, which must be passed as a Special Resolution, will give the Directors the authority to allot shares (payment for which is made in cash) otherwise than in accordance with the pre-emption provisions in the Companies Act 1985. This authority is limited to a nominal amount of £200,000 (which is approximately 5% of the Company's issued share capital) and is required to enable the Directors to make small issues of shares for cash consideration should the same prove necessary.

Purchase of own shares

As in previous years, the Directors are seeking renewal of the required authority to make market purchases of the Company's shares. The Directors consider that it is in the shareholders' best interest for the Board to be given the flexibility to be able to apply available resources in a reduction of the number of ordinary shares in issue in order to increase earnings per share.

It is therefore proposed that the Directors be authorised to make market purchases of the Company's shares up to 1,650,000 ordinary shares of 25 pence each (being approximately 10% of the existing issued share capital) at a maximum price of £1.25 per share and a minimum price of 25 pence per share provided that the price paid is not more than 5% above the middle market quotation as derived from the London Stock Exchange Daily Official List. No purchase of shares will be made which could prejudice the listing of the Company's shares without prior shareholder approval. However, any shares actually purchased by the Company will have their listing cancelled.

In order to obtain the appropriate authority it is necessary that a resolution be passed by shareholders in general meeting. Resolution 6 will be proposed as a Special Resolution and the authority will last 12 months from that date. The Directors intend to exercise the authority conferred by this resolution when appropriate opportunities arise.