

12 March 2007  
7.00 a.m.

**WILLIAM SINCLAIR HOLDINGS plc**  
**(“William Sinclair”, the “Company” or the “Group”)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

William Sinclair Holdings plc, one of the UK's leading producers of commercial horticulture and branded garden products, is pleased to announce its interim results for the 6 months ended 31 December 2006.

William Sinclair provides peat and fertiliser products to the retail and commercial sectors. 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.

William Sinclair's customers include national accounts such as Wyevale, Wilkinson, Tesco, Homebase and B&Q as well as an extensive range of independent garden centres.

**Highlights**

- Turnover decreased by 7% to £10.6 million (2005: £11.4 million) as the Group continues to reduce its exposure to low margin business
- Loss before tax decreased by 17% to £1.2 million (2005: £1.5 million)
- The interim dividend for the half year is unchanged at 1.0p per share
- Further progress made with cost reduction programme including rationalisation of bark processing into the main Carlisle plant
- Good progress at Freeland joint venture which has developed new technology to produce environmentally sensitive, high-quality compost from garden waste
- The Company successfully completed its move from the Full List to AIM on 20 December 2006

Bill Simpson, Chairman, commented,

*“We are pleased with the rate of progress made in the first half of the financial year with an improved overall performance. Furthermore, developments within our Freeland joint venture are looking promising.*

*The Company anticipates continued operational and financial progress in the second half of the year.”*

**Enquiries**

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## **Chairman's Statement**

### **Introduction**

I am pleased to report an improvement in our overall trading performance for the 6 months ending 31 December 2006 compared to the same period in 2005.

### **Trading Review**

Group turnover during the period was £10.6 million (2005: £11.4 million) as we continued to reduce our exposure to low-margin business. The business in the first half was also affected whilst certain contractual changes were agreed with Wyevale Garden Centres Ltd.

In line with the seasonality of our business, the Group recorded a loss before tax in the first half, though this was reduced to £1.25 million from £1.50 million in the same period of 2005. The basic loss per share was 5.2p (2005: 6.1p) and the diluted loss per share was 5.0p (2005: 5.8p).

Due to the investment we have made in new packing equipment during the latter part of 2005 we have been able to prepare more stock during the first half, ready for selling in the season ahead. This is the main reason why our net debt has increased to £5.6 million (2005: £4.4 million).

The interim dividend for the half year is unchanged at 1.0p per share.

### **Business Review**

J Arthur Bowers and New Horizon, our principle brands, featured favourably in *Gardening Which* and we are acknowledged as leading the market in quality, both for consumer products and for professional growers.

The Group's service levels have continued to improve and we are confident of maintaining our leading position. The retail trade continues to move toward just-in-time supply and, with the vagaries of the weather making forecasting difficult, our customers are increasingly dependent on suppliers for prompt delivery. Our recent improvements in stocking and transport efficiencies mean we are ideally placed to take advantage of this trend.

Further progress on reducing the cost base has been made and we have enhanced our position as the lowest cost producer in the industry. In January 2007, we announced the closure of a bark processing plant in Cumbria. Our main plant at Carlisle will benefit from the higher volume processed there. Short term re-organisation costs will be incurred and absorbed this year with significant savings coming next year.

We are continuing to evaluate other possible cost saving opportunities including, but not exclusively, any potential for further factory consolidation and site disposals.

Good progress has been made in the period at Freeland, our 50% joint venture, which has developed a new technology to improve yield from garden cuttings. Material that would previously have gone to landfill will soon be recycled as a valuable component in peat reduced composts.

Going forward, we intend to focus the Company on more environmentally friendly gardening solutions and the Group's policies and products will change over the next 12 months to reflect this focus and our market leading position in this area.

**Outlook**

The Board is pleased with the Company's results for the 6 months ended 31 December 2006 and its trading in January and February 2007. Accordingly, the Board anticipates continued operational and financial progress in the second half of the year.

**Bill Simpson**  
**Chairman**

**Consolidated Income Statement**

for the six months ended 31 December 2006 (unaudited)

		<b>Six months ended 31 December 2006 £'000</b>	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Revenue		<b>10,631</b>	11,411	39,129
Operating expenses		<b>(11,858)</b>	(12,867)	(38,350)
<b>Operating (loss)/profit</b>		<b>(1,227)</b>	(1,456)	779
Share of post tax profit of joint ventures accounted for using the equity method		<b>49</b>	72	374
<b>Group operating (loss)/profit from continuing operations</b>		<b>(1,178)</b>	(1,384)	1,153
Finance revenue		<b>2</b>	5	29
Finance costs		<b>(79)</b>		(310)
Other finance expenses – pensions		<b>6</b>		(32)
<b>(Loss)/Profit from continuing operations before taxation</b>		<b>(1,249)</b>	(1,496)	840
Tax credit/(expense)	1	<b>390</b>	491	(181)
<b>(Loss)/Profit attributable to members of the parent company</b>		<b>(859)</b>	(1,005)	659
<b>Earnings per share (pence)</b>				
Basic EPS on profit for the period	3	<b>(5.2)p</b>	(6.1)p	4.0p
Diluted EPS on profit for the period	3	<b>(5.0)p</b>	(5.8)p	3.9p
<b>Dividends per share</b>	2	<b>1.0p</b>	1.0p	3.0p

**Consolidated Statement of Recognised Income and Expenses**

		<b>Six months ended 31 December 2006 £'000</b>	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Actuarial gains/ (losses) on defined benefit pension scheme		<b>56</b>	1,037	2,135
Revaluation of property, plant and equipment		<b>-</b>	-	964
Tax on items taken directly to or transferred from equity		<b>(17)</b>		(929)
<b>Net Income/(expense) recognised directly in equity (Loss)/profit for the period</b>		<b>39</b>	731	2,170
		<b>(859)</b>	(1,005)	659
<b>Total recognised income and expense for the period</b>	4	<b>(820)</b>	(274)	2,829

## Consolidated Balance Sheet

as at 31 December 2006 (unaudited)

	As at 31 December 2006 £'000	As at 31 December 2005 £'000	As at 30 June 2006 £'000
<b>Non-current assets</b>			
Property, plant and equipment	12,688	11,780	12,677
Intangible assets	1,149	1,162	1,159
Investments accounted for using the equity method	907	591	858
	<b>14,744</b>	<b>13,533</b>	<b>14,694</b>
<b>Current assets</b>			
Inventories	8,880	8,262	4,967
Trade and other receivables	6,026	5,749	12,149
Cash and short term deposits	155	125	153
	<b>15,061</b>	<b>14,136</b>	<b>17,269</b>
<b>Total assets</b>	<b>29,805</b>	<b>27,669</b>	<b>31,963</b>
<b>Current liabilities</b>			
Trade and other payables	(5,216)	(5,618)	(10,930)
Financial liabilities	(5,073)	(3,755)	(251)
Corporation tax payable	(131)	-	(131)
	<b>(10,420)</b>	<b>(9,373)</b>	<b>(11,312)</b>
<b>Non-current liabilities</b>			
Financial liabilities	(697)	(785)	(757)
Deferred tax liabilities	(931)	(225)	(853)
Provisions	(182)	(158)	(170)
Defined benefit pension plan deficit	(4,850)	(6,212)	(5,007)
	<b>(6,660)</b>	<b>(7,380)</b>	<b>(6,787)</b>
<b>Total liabilities</b>	<b>(17,080)</b>	<b>(16,753)</b>	<b>(18,099)</b>
<b>Net Assets</b>	<b>12,725</b>	<b>10,916</b>	<b>13,864</b>
<b>Capital and reserves</b>			
Equity share capital	4,139	4,139	4,139
Capital redemption reserve	1,523	1,523	1,523
Revaluation reserve	3,501	2,855	3,501
Other reserves	176	176	176
Share based payments	40	18	28
Retained earnings	3,346	2,205	4,497
<b>Group shareholders' equity</b>	<b>12,725</b>	<b>10,916</b>	<b>13,864</b>

## Consolidated cash flow statement

for the six months ended 31 December 2005 (unaudited)

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
<b>Net cash flow from operating activities</b>	<b>(3,834)</b>	(2,152)	2,200
<b>Net cash flow from investing activities</b>	<b>(516)</b>	67	(361)
<b>Net cash flow from financing activities</b>	<b>(470)</b>	(517)	(918)
<b>(Decrease)/ Increase in cash in the period</b>	<b>(4,820)</b>	(2,602)	921
Cash and cash equivalents at 1 July 2006	20	(901)	(901)
(Decrease)/Increase in cash and cash equivalents	<b>(4,820)</b>	(2,602)	921
<b>Cash and cash equivalents at 31 December 2006</b>	<b>(4,800)</b>	(3,503)	20
<b>Cash flow from operating activities</b>			
Operating profit	(1,227)	(1,456)	779
Amortisation of intangible assets	10	-	38
Depreciation	512	484	967
(Profit) on disposal of fixed assets	(5)	(8)	(7)
Share based payments	12	12	22
Movement in provisions	(116)	(108)	-
Pension contributions paid less amounts recognised in the income statement.	(95)	47	(139)
<b>Operating profit before changes in working capital and provisions</b>	<b>(909)</b>	(1,029)	1,660
(Increase)/decrease in stocks	(3,913)	(2,712)	583
(Increase)/decrease in debtors	6,574	6,747	(173)
(Decrease)/increase in creditors	(5,598)	(5,607)	(278)
Movement in reinstatement provision	12	-	24
Income taxes received	-	449	384
	<b>(3,834)</b>	(2,152)	2,200
<b>Cash flow from investing activities</b>			
Interest received	2	5	29
Sale of property, plant and equipment	5	1,004	1,012
Purchase of property, plant and equipment	(523)	(942)	(1,377)
Payments to acquire intangible fixed assets	-	-	(25)
	<b>(516)</b>	67	(361)
<b>Cash flow from financing activities</b>			
Interest paid	(79)	(93)	(327)
Dividends paid to equity shareholders	(331)	(331)	(496)
Dividend received from joint venture	-	-	35
Repayment of borrowings	(36)	(45)	(58)
Repayment of capital element of finance leases	(24)	(48)	(72)
	<b>(470)</b>	(517)	(918)

## Reconciliation of net cash flow to movement in net debt

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
(Decrease)/ increase in cash in the period	(4,820)	(2,602)	921
Cash outflow from change in debt	60	93	130
Movement in net debt in the period	(4,760)	(2,509)	1,051
Net debt at 1 July 2006	(855)	(1,906)	(1,906)
<b>Net debt at 31 December 2006</b>	<b>(5,615)</b>	<b>(4,415)</b>	<b>(855)</b>

## Notes to the Accounts

### 1. Taxation

The tax 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

The interim dividend of 1.0p per share will be paid on 8 May 2007 to shareholders on the register on 10 April 2007.

### 3. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the Company by the 16,554,046 ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the same net profit or loss for the period but before deducting the cost of share based payments, by the 16,554,046 ordinary shares in issue during the year plus the weighted average number of ordinary shares that would be issued under the Company's share option schemes.

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

	Six months ended 31 December 2006 £'000	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Opening equity attributable to members of parent company	13,864	11,509	11,509
Total recognised income and expenses for the period	(820)	(274)	2,829
Dividends paid	(331)	(331)	(496)
Share based payments taken directly to equity	12	12	22
Closing equity attributable to members of the parent company	<b>12,725</b>	<b>10,916</b>	<b>13,864</b>

**5. Basis of preparation of accounts**

The Company has adopted International Financial Reporting Standards for the preparation of these interim accounts. The new standards have been applied consistently for the six months to 31 December 2006 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 2006 received an unqualified audit report and have been filed with the Registrar of Companies.