

WILLIAM SINCLAIR HOLDINGS plc
INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2004

The performance of the Group for the six months ended 31st December 2004 was below that for the comparative period the previous year following the below budgeted peat harvest and lower sales to both the retail and professional markets during the autumn period.

Turnover of the Group was £13.3m (2003: £14.6m). The operating loss for the Group including the Group's share of joint ventures, for the first six months was £1.4m (2003: loss £0.8m). The loss per share was 6.1p compared to a loss per share of 3.5p for the comparative period of the previous year.

The net cash outflow in the first half reflects the seasonal nature of the business as working capital is increased in line with the demand of the next few months. The higher borrowing position at the half year reflects both the realignment of creditors referred to in the last Annual Report plus a change in the payment terms of certain suppliers which will have no impact in a full year.

The dividend for the half year is 1.0p (2003:1.5p per share).

Board Changes

As a part of the process of restructuring previously notified, the following Board appointments and changes have been made.

Bernard Burns was appointed Chief Executive on 1 February 2005. Bernard aged 48 who previously worked for Poole Pottery, Silentnight Holdings, Churchill Tableware and Coates Viyella, has considerable experience in the manufacturing, selling and distribution of branded goods to the consumer retail market. As a consequence of this appointment, my own role will, after a short hand-over, revert to that of Non-Executive Chairman.

Peter Williams was appointed Financial Director on 14 February 2005. Previously Financial Director with Winchester Growers Limited, a producer and supplier of plants, flowers and bulbs to UK supermarkets and garden centres, he replaces Steve Rowland who will remain with the Company as Executive Director until the end of April 2005.

Philip Nuttall, Group Finance Director of AutoLogic Holdings plc, joins the Board as Non-Executive Director with effect from today.

Tom Sinclair, who has been associated with the business for almost 50 years, retires from the Board at the end of March and Roger Feaviour, a previous Chief Executive, will retire as Non-Executive Director at the end of June 2005.

Trading Review

The polarisation of trade within our business towards the spring months continues to impact upon the level of sales activity and thus revenue generation in the first six months of our financial year. In addition the results for the six months ended December 2004 have been adversely affected by the poor summer weather resulting in a lower than budgeted peat harvest which limited our ability to absorb the direct costs of harvesting into stock. As stated in the Annual Report, the level of activity within the retail market during the autumn "gardening season" was disappointing which affected the level of trade during September and October.

As outlined in the Annual Statement profits of the Group for the current financial year will be below the profits reported for the year ending 30 June 2004.

The business is experiencing increases in input costs as a consequence of raw material, packaging and utility cost increases driven by the high oil price. However, the opportunities to increase our selling prices are very limited.

There has been a re-structuring of the Board, a process fundamental to the strategy of creating a Board of an appropriate shape and structure for the business and for the challenges faced in driving the business forward. This will give rise to one off costs in the year arising from recruitment and dual running costs.

The profit performance of the Group has, over recent times, been disappointing. To improve performance in a highly competitive market will not be easy. It requires fundamental change throughout the entire business and total commitment by all those working for the Group to bring about such change.

Every aspect of the business is being challenged by the new executive team, a process which will continue for a number of months, but a process which has already identified areas with potential for profit growth.

Peter Barton
1 March 2005

Consolidated Profit and Loss Account
for the six months ended 31 December 2004 (unaudited)

		Six months ended 31 Decem ber 2004	Restated Six months ended 31 December 2003	Year Ended 30 June 2004
	Note s	£'000	£'000	£'000
Turnover				
Group and share of joint ventures		13,731	15,062	45,260
Less share of joint ventures turnover		(466)	(462)	(1,088)
		13,265	14,600	44,172
Operating (loss)/profit		(1,409)	(793)	1,364
Share of operating profit of joint ventures		19	40	81
(Loss)/profit on ordinary activities before interest		(1,390)	(753)	1,445
Net Interest payable		(90)	(104)	(295)
(Loss)/profit on ordinary activities before taxation		(1,480)	(857)	1,150
Taxation on (loss)/profit on ordinary activities	1	474	272	(339)
(Loss)/profit for the period		(1,006)	(585)	811
Dividends	2	(166)	(249)	(621)
Retained (loss)/profit for the period		(1,172)	(834)	190
Basic (loss)/earnings per share	3	(6.1)p	(3.5)p	(4.9)p
Dividends per share		1.00p	1.50p	3.75p

There are no gains or losses other than the profit or loss for each period

The results for the 6 months ended 31 December 2003 have been restated from those previously published to take account of the accounting irregularity referred to in Note 5. The impact on the year to 30 June 2004 of £179,000

after tax has been pro-rated to the half-year based on turnover. This has the impact of increasing the loss for the comparative 6 month period by £59,000.

Consolidated Balance Sheet
as at 31 December 2004 (unaudited)

	As at 31 December 2004 £'000	Restated As at 31 December 2003 £'000	As at 30 June 2004 £'000
Fixed assets			
Tangible assets	9,878	9,777	10,157
Investments	1,522	1,516	1,516
	11,400	11,293	11,673
Current assets			
Stocks	8,780	8,372	5,262
Debtors	9,329	9,870	10,885
Cash at bank and in hand	193	360	1,614
	18,302	18,602	17,761
Creditors : amounts falling due within one year			
Borrowings	(6,237)	(5,698)	(207)
Other creditors	(8,058)	(8,720)	(12,623)
	(14,295)	(14,418)	(12,830)
Net current assets	4,007	4,184	4,931
Total assets less current liabilities	15,407	15,477	16,604
Creditors : amounts falling due after more than one year	(154)		- (179)
Provisions for liabilities and charges	(767)	(843)	(767)
Net assets	14,486	14,634	15,658
Capital and reserves			
Called up equity share capital	4,139	4,139	4,139
Reserves	3,401	3,401	3,401
Profit and loss account	6,946	7,094	8,118
Equity shareholders' funds	14,486	14,634	15,658

Consolidated cash flow statement

for the six months ended 31 December 2004 (unaudited)

	Six months ended 31 December r 2004 £'000	Six months ended 31 December r 2003 £'000	Year ended 30 June 2004 £'000
Cash flow from operating activities	(6,688)	(6,221)	2,098
Returns on investment and servicing of finance	(90)	(104)	(269)
Taxation	13	(146)	(458)
Acquisitions and disposals	-	(600)	(600)
Capital expenditure and financial investment	(288)	150	(877)
Equity dividends paid	(373)	(745)	(994)
Cash (outflow) before financing	(7,426)	(7,666)	(1,100)
Net cash flow from financing	805	2,874	100
(Decrease) in cash in the period	(6,621)	(4,792)	(1,000)

Reconciliation of net cash flow to movement in net debt

(Decrease) in cash in the period	(6,621)	(4,792)	(1,000)
Cash (inflow) from change in debt	(805)	(2,874)	(100)
Movement in net debt in the period	(7,426)	(7,666)	(1,100)
Net funds at 1 July 2004	1,228	2,328	2,328
Net (debt)/funds at 31 December 2004	(6,198)	(5,338)	1,228

Consolidated cash flow statement
for the six months ended 31 December 2004 (unaudited)

	Six months ended 31 December 2004 £'000	Six months ended 31 December 2003	Year ended 30 June 2004 £'000
Cash flow from operating activities			
Operating (loss)/profit	(1,409)	(793)	1,364
Depreciation	571	600	1,241
Loss on disposal of fixed assets	-	-	5
Loss on disposal of property held for re-sale	-	7	7
(Increase) / decrease in stocks	(3,518)	(2,516)	594
Decrease in debtors	1,338	2,065	723
(Decrease) in creditors	(3,529)	(5,457)	(2,092)
Movement in provisions	-	(10)	-
(Decrease)/increase in amounts due to associated company	(141)	(117)	256
	(6,688)	(6,221)	2,098
Acquisitions and Disposals			
Purchase of joint venture	-	(600)	(600)
	-	(600)	(600)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(288)	(518)	(1,562)
Sale of tangible fixed assets	-	-	17
Sale of property held for resale	-	668	668
	(288)	150	(877)
Financing			
New bank loan	800	3,000	-
New hire purchase agreements	33	-	234
Capital element of finance leases and hire purchase agreements	(28)	(126)	(134)
	805	2,874	100

Notes to the Accounts

1. Turnover

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

The interim dividend of 1.0p per share will be paid on 6 May 2005 to shareholders on the register on 15 April 2005.

3. Earnings per share

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

4. Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 December 2004 £'000	Six months ended 31 December 2003 £'000	Year ended 30 June 2004 £'000
Opening shareholders' funds as previously reported	15,658	16,646	16,646
Prior year adjustment (Note 5)	-	(1,178)	(1,178)
	15,658	15,468	15,468
Retained profit	(1,172)	(834)	190
Closing shareholders' funds	14,486	14,634	15,658

5. Prior year adjustment

The prior year adjustment relates to inappropriate accounting entries within accruals. At 30 June 2003, the cumulative impact, net of taxation, was £1,178,000.

6. Pensions

Full implementation of Financial Reporting Standard No 17 ("FRS 17") has been deferred until accounting periods beginning on or after 1 January 2005. Although not currently recognised in the balance sheet of the Group, the FRS 17 deficit for the defined benefit element of the Group's Pension Scheme has increased from £6.5m at 30 June 2004 to £7.0m. Whilst the market value of the assets has increased by £1.2m the liabilities of the scheme have increased following changes in bond yields and an updating of the actuarial assumptions relating to mortality rates. In addition the Board have decided to

use the government's long term inflation projections in the calculation of the liabilities.

7. Basis of preparation of accounts

The accounting policies used in the preparation of the interim accounts for the six month period to 31 December 2004 are the same as those used in the statutory accounts for the year ended 30 June 2004. 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 2004 received an unqualified audit report and have been filed with the Registrar of Companies. Comparative figures for the year ended 30 June 2004 have been extracted from those accounts.

Enquiries

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