



18 March 2008

WILLIAM SINCLAIR HOLDINGS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

William Sinclair Holdings Plc is one of the UK's leading producers of commercial horticulture and branded garden products. The Company provides peat based and non peat growing media 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.

The Company has strong asset backing, is profitable and is quoted on the Alternative Investment Market ("AIM").

FINANCIAL HIGHLIGHTS

- Group turnover increased 11.3% to £11.8 million (2006: £10.6 million)
- Strong performance of Freeland following increased demand for specialist top soils
- Increased focus on environmental products and further withdrawal from non-profitable operations
- Good levels of both finished goods and raw materials stock ahead of traditional busy selling period
- Loss before tax of £1.33 million (2006: £1.25 million) reflecting expected seasonality of the business
- Interim dividend for the half year is unchanged at 1.0p per share
- Acquisition and integration of Joseph Metcalf in January 2008 progressing well

Bernard Burns, Chief Executive, William Sinclair Holdings Plc, said:

"Having successfully reduced our cost base and improved the productivity of the business our focus on environmentally friendly non-peat based products and a clear acquisition strategy is generating exciting opportunities for the Company.

“Freeland has performed particularly strongly. With pressure on Councils to recycle increasing amounts of green waste from urban areas, our supply of this material for our top soils and other non-peat based products is assured.

“As the lowest cost producer in the industry with the shortest haulage distances, any increase in transport costs will affect the Company less than its competitors allowing us to limit price increases.

“William Sinclair’s growth is well into its second phase and we remain confident about the prospects for the Company.”

For further information:

William Sinclair Holdings Plc
Bernard Burns, Chief Executive
Peter Williams, Finance Director

Tel: 01522 537561

Arbuthnot Securities
Alastair Moreton
Alasdair Younie

Tel: 020 7012 2000

Madano Partnership
Mark Way
Matthew Moth

Tel: 020 7593 4000

Chairman's statement

Introduction

I am pleased to report our unaudited results for the 6 months ended 31 December 2007.

The underlying performance of the Group continues to show improvement and we have made further good progress with our strategic plans despite the very poor weather conditions in July and August of last year.

Trading Review

Group turnover during the period was £11.8 million (2006: £10.6 million), an increase of 11.3%. This includes, for the first time, sales at Freeland which was previously treated as a joint venture. Without these sales, turnover was slightly lower reflecting our continuing emphasis on more profitable business.

The first half of our year is, traditionally, affected by seasonal factors and we recorded a loss before tax of £1.33 million, slightly higher than the £1.25 million in the same period of 2006. The basic loss per share was 5.8p (2006: 5.2p) and the diluted loss per share was 5.6p (2006: 5.0p). Net debt, as at 31 December 2007, was £6.5 million (2006: £5.6 million).

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

Business Review

The exceptionally good weather in the early part of 2007 encouraged sales and the peat harvest started well. Unfortunately, unprecedented rainfall in July and August meant our peat extraction in these two months was well below previous levels and slightly less than 50% of our budget. Consequently, we were unable to recover all of our fixed costs and our margins decreased.

However, the peat is not lost to us and our stocks are sufficient for the coming season. We did, however, prudently order small volumes of more expensive substitute materials. These are particularly useful for our award winning, peat reduced composts. In addition, we are pleased with the retail listings secured for the forthcoming season, especially within multiple accounts.

We acquired a further 37.5% in Freeland, a green waste recycling business in July 2007 increasing our stake to 87.5%. As a consequence, Freeland's sales and profits are now fully consolidated in the group results. Freeland had a very good half year and we look forward to further growth from this important part of the Group.

In September last year we won the prestigious GIMA Supplier of the Year award for our service and quality which was a further reflection of the progress we have made in these key areas.

In January 2008, we announced the acquisition of Joseph Metcalf Ltd., a company trading as GEM, located in North West England and with a very similar product range to William Sinclair. The total consideration was £2.95 million, paid in cash. Our post-acquisition review of Metcalf has confirmed the many synergies we had identified in purchasing, administration, production and harvesting. Integration of the new business is going well and our turnover and profits will benefit from this acquisition in the remaining 9 months of our 15 month financial period to 30 September 2008.

Change of year end

We have previously reported that we are changing the year end to 30 September and, accordingly, we will issue a second interim report in June 2008 for the 9 months to 30 March 2008.

Outlook

We have experienced significant cost price increases on chemicals, plastics and fuel but we believe our continued focus on cost reduction and productivity will allow us to mitigate these increases. Furthermore we are implementing certain price increases to enable us to maintain our margins.

We are very pleased with the performance of Freeland in the 6 months ended 31 December 2007 and anticipate further progress during the rest of the financial period. The integration of the Metcalf acquisition made in January 2008 is progressing well and, with additional retail listings, the Board remains confident of meeting expectations for the 15 months ended 30 September 2008.

Bill Simpson
Chairman

Consolidated Income Statement for the six months ended 31 December 2007 (unaudited)	Six months ended 31 December 2007 £'000	Six months ended 31 December 2006 £'000	Year ended 30 June 2007 £'000
	Notes		
Revenue	11,816	10,631	37,646
Operating expenses	(13,110)	(11,858)	(36,070)
Operating (loss)/profit	(1,294)	(1,227)	1,576
Share of post tax profit of joint ventures accounted for using the equity method	(5)	49	173
Group operating profit from continuing operations	(1,299)	(1,178)	1,749
Finance revenue	19	2	11
Finance costs	(139)	(79)	(326)
Other finance expenses – pensions	87	6	12
Profit from continuing operations before taxation	(1,332)	(1,249)	1,446
Tax expense	1 371	390	(319)
Profit for the period	(961)	(859)	1,127
Profit for the period is attributable to:			
Equity holders of the parent company	(995)	(859)	1,127
Minority interests	34	-	-
	(961)	(859)	1,127
Earnings per share (pence)			
Basic EPS on profit for the period	3 (5.8)p	(5.2)p	6.8p
Diluted EPS on profit for the period	(5.6)p	(5.0)p	6.7p
Dividends per share	2 1.0p	1.0p	3.5p

Consolidated Statement of Recognised Income and Expenses

	Six months ended 31 December 2007 £'000	Six months ended 31 December 2006 £'000	Year ended 30 June 2007 £'000
Actuarial gains on defined benefit pension scheme	482	56	2,463
Revaluation of property, plant and equipment	-	-	-
Tax on items taken directly to or transferred from equity	(135)	(17)	(641)
Net Income recognised directly in equity	347	39	1,822
(Loss)/profit for the period	(995)	(859)	1,127
Total recognised income and expense for the period	(648)	(820)	2,949

Consolidated Balance Sheet

as at 31 December 2007 (unaudited)

	As at 31 December 2007 £'000	As at 31 December 2006 £'000	As at 30 June 2007 £'000
Non-current assets			
Property, plant and equipment	13,325	12,688	12,900
Intangible assets	1,456	1,149	1,130
Investments accounted for using the equity method	208	907	777
	<u>14,989</u>	<u>14,744</u>	<u>14,807</u>
Current assets			
Inventories	9,959	8,880	5,150
Trade and other receivables	7,305	6,026	10,981
Cash and short term deposits	1,112	155	335
	<u>18,376</u>	<u>15,061</u>	<u>16,466</u>
Total assets	<u>33,365</u>	<u>29,805</u>	<u>31,273</u>
Current liabilities			
Trade and other payables	(6,223)	(5,216)	(9,824)
Financial liabilities	(6,992)	(5,073)	(119)
Corporation tax payable	(442)	(131)	(348)
	<u>(13,657)</u>	<u>(10,420)</u>	<u>(10,291)</u>
Non-current liabilities			
Financial liabilities	(577)	(697)	(637)
Deferred tax liabilities	(1,720)	(931)	(1,513)
Provisions	(198)	(182)	(189)
Defined benefit pension plan deficit	(1,758)	(4,850)	(2,303)
	<u>(4,253)</u>	<u>(6,660)</u>	<u>(4,642)</u>
Total liabilities	<u>(17,910)</u>	<u>(17,080)</u>	<u>(14,933)</u>
Minority interests	<u>(165)</u>	-	-
Net assets after minority interests	<u>15,290</u>	<u>12,725</u>	<u>16,340</u>
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	63	40	51
Retained earnings	5,823	3,346	6,885
Group shareholders' equity	<u>15,290</u>	<u>12,725</u>	<u>16,340</u>

Consolidated cash flow statement

for the six months ended 31 December 2007 (unaudited)

	Six months ended 31 December 2007 £'000	Six months ended 31 December 2006 £'000	Year ended 30 June 2007 £'000
Net cash flow from operating activities	(4,872)	(3,834)	2,162
Net cash flow from investing activities	(611)	(516)	(959)
Net cash flow from financing activities	(613)	(470)	(888)
(Decrease)/ Increase in cash in the period	(6,096)	(4,820)	315
Cash and cash equivalents at 1 July 2007	335	20	20
(Decrease)/Increase in cash and cash equivalents	(6,096)	(4,820)	315
Cash and cash equivalents at 31 December 2007	(5,761)	(4,800)	335
Cash flow from operating activities			
Operating profit	(1,294)	(1,227)	1,576
Amortisation of intangible assets	10	10	35
Depreciation	566	512	1,032
(Profit) on disposal of fixed assets	4	(5)	(291)
Share based payments	12	12	23
Movement in provisions	(107)	(116)	-
Pension contributions paid less amounts recognised in the income statement.	24	(95)	(28)
Operating profit before changes in working capital and provisions	(785)	(909)	2,347
(Increase)/decrease in stocks	(4,711)	(3,913)	(183)
(Increase)/decrease in debtors	4,929	6,574	1,259
(Decrease)/increase in creditors	(4,314)	(5,598)	(1,106)
Movement in reinstatement provision	9	12	19
Income taxes received	-	-	(174)
	(4,872)	(3,834)	2,162

Cash flow from investing activities

Interest received	19	2	11
Sale of property, plant and equipment	12	5	606
Purchase of property, plant and equipment	(641)	(523)	(1,570)
Purchase of intangible assets	-	-	(6)
Purchase of shares in subsidiary	(757)	-	-
Cash on consolidation of subsidiary	756	-	-
	(611)	(516)	(959)

Cash flow from financing activities

Interest paid	(139)	(79)	(320)
Dividends paid to equity shareholders	(414)	(331)	(496)
Dividend received from joint venture	-	-	47
Repayment of borrowings	(36)	(36)	(72)
Repayment of capital element of finance leases	(24)	(24)	(47)
	(613)	(470)	(888)

Reconciliation of net cash flow to movement in net debt

	Six months ended 31 December 2007 £'000	Six months ended 31 December 2006 £'000	Year ended 30 June 2007 £'000
(Decrease)/Increase in cash in the period	(6,096)	(4,820)	315
Cash outflow/(inflow) from change in debt	60	60	119
Movement in net debt in the period	(6,036)	(4,760)	434
Net debt at 1 July 2007	(421)	(855)	(855)
Net debt at 31 December 2007	(6,457)	(5,615)	(421)

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

The interim dividend of 1.0p per share will be paid on 6 May 2008 to shareholders on the register on 11 April 2008.

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

	Six months ended 31 December 2007 £'000	Six months ended 31 December 2006 £'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	(648)	(820)	2,949
Dividends paid	(414)	(331)	(496)
Share based payments taken directly to equity	12	12	23
Closing equity attributable to members of the parent company	15,290	12,725	16,340

5. Acquisition of shareholding in Freeland Horticulture Ltd

In July 2007 the group acquired an additional 37.5% of Freeland Horticulture Ltd 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 December 2007 are shown in the Consolidated Income Statement and the interests in the net assets of the business at 31 December 2007 are shown in the Consolidated Balance Sheet. The cost of the acquisition was £757,000 and the fair value of the assets acquired was £422,000.

6. 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 six months to 31 December 2007 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.

End