



5 January 2010

WILLIAM SINCLAIR HOLDINGS PLC

("William Sinclair", the "Company" or the "Group")

Audited Preliminary Results for the 12 months ended 30 September 2009

William Sinclair Holdings PLC is one of the UK's leading producers of commercial horticulture and branded garden products. 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 The Garden Centre Group (formerly Wyevale), Wilkinson, Homebase and B&Q as well as an extensive range of independent garden centres.

Highlights

- Pre-tax profit was substantially higher at £1.24 million, well ahead of the previous 15 month period (2008: £0.52 million)
- Net debt has been significantly reduced to £7.0 million (2008: £8.7 million)
- Net assets have increased to £15.9 million (2008: £14.4 million)
- Recommending a final dividend of 2.5p per share making a total for the year of 3.5p (2008: 2.0p)
- Peat stocks are sufficient to meet expected demand in the 2010 season against a background of predicted industry wide shortages
- Continued progress at the Freeland operation provides even greater ability to reduce the peat content in our growing media, mitigating the impact of adverse weather conditions and providing a sustainable competitive advantage

Bernard Burns, Chief Executive said:

'We have made real progress in the last 12 months in delivering on our strategy to become the most efficient producer of growing media to the retail and commercial sectors in the UK. Through careful management, we have improved our performance, eliminated some business risks and made progress in bringing innovative new products to market.

'Looking to the year ahead, William Sinclair has sufficient peat from its harvest to meet expected demand for the 2010 season. However, we believe that a shortage of growing media in the retail market is likely as a result of the generally poor peat harvest in the UK and Eire, with consequential upward pressure on prices.

'At the same time traditional peat substitutes such as bark have been diverted into fuelling biomass power plants, reducing supply available to the horticulture market. We have made substantial progress in the development of a sustainable peat substitute through our Freeland subsidiary and plan to start mass production of it immediately. We expect this to have a positive impact throughout 2010 and beyond.

'If sterling remains weak as predicted, the UK professional growing market has the potential for an excellent year as imports will be more expensive. We could see increased demand from this market segment as UK growers gear up, with the potential for price increases and better margins.

phased cessation of harvesting is the most likely outcome. This has been a period of concern for our employees at Bolton Fell and we are grateful to them, and indeed to all our employees, for their patience during this uncertain time.

The Group balance sheet is much changed from last year with the expected increase in the pension deficit being more than covered by increased profits and the property revaluations carried out at the year end. We have a very strong relationship with our bank, Lloyds Banking Group. Our net debt has fallen and we continue to operate within our agreed facilities.

With our local peat sources and the industry's lowest cost base we are in a strong position to make further progress in the year ahead.

Bill Simpson

Chairman

4 January 2010

CHIEF EXECUTIVE'S STATEMENT

The year ended 30 September 2009 was a volatile one for the horticultural industry as the economic downturn hit. We are pleased that through careful management we have made real progress and delivered an acceptable performance this year with excellent prospects and a strong platform for the coming year.

A strong selling season in 2009

The excellent weather in March created strong consumer demand and pressure on manufacturers to deliver quickly. During March and April we benefited from strategic changes we had made to our logistics capability. We achieved a 50% increase in our peak despatch performance from our Cumbria facility when compared with the previous four years and our customers generally enjoyed a faster delivery performance from us than from any of our major competitors. In a market characterised by extreme seasonality this is a critical competitive advantage that will also stand us in good stead in the coming years.

The selling season was excellent and with good weather, people spent more time in their garden as foreign holidays or house moves were postponed in response to the recession. Grow your own vegetable products were particularly popular.

During 2008 the Group experienced severe inflation in raw material prices caused by a strong global demand for fertiliser, fuelled by legislative changes aimed at promoting bio fuels. This was exacerbated by a poor peat harvest in the British Isles. We therefore had to secure raw materials at premium prices and this year, for the first time in many years, we were forced to buy peat wholesale at a higher cost to meet demand. This held back overall profitability. We experienced some changes in the timing of demand as concerns surrounding the availability of bank credit led some customers to cut the level of stock held in the first few months of the year.

Our "New Horizon" grow bag was again awarded Which magazine's "Best Buy" and New Horizon product featured favourably in the BBC Gardener's World hour long special "For peat's sake" screened on 27 April on BBC2.

Our specialist soil business, Freeland, secured contracts to supply the Olympic stadium with topsoil and is well placed to win further contracts connected to the Olympic project. This success mitigated the general downturn in civil construction projects seen in the UK which fed through to Freeland in the last quarter of the year. Our Silvaperl business is partially exposed to the construction industry as it produces a range of insulation materials included in fireplaces and it has experienced a marked reduction in demand for that range of products.

The harvest in 2009

The harvest season started well with extraction beginning in April for the first time in many years and we remained ahead of the harvest forecast until the end of June. However, in July and August, because of heavy and frequent rainfall, we harvested virtually nothing in a period in which we normally achieve over 50% of our annual volume.

This resulted in the volume of the harvest overall being less than we had hoped for, although the quality was excellent. This was a clear improvement on the 2007-08 harvest, where volumes were substantively lower and quality lower by comparison.

It is pleasing to report that we now have sufficient peat to meet our needs in 2009-10 without the need to purchase from third parties. We believe that all our competitors suffered a poor harvest, many significantly worse than ours, and this, coupled with the weakness of Sterling against the Euro, is likely to lead to growing media prices increasing for consumers in 2010.

More than 50% of the horticultural peat sold in the UK market each year is imported from Eire and the Baltic states. A weak pound is positive for our business. Unlike William Sinclair, all major competitors have a substantial proportion of their overhead or raw material supply base within the Euro zone. In addition, our customers in the professional area will suffer less competition from Dutch growers.

Bolton Fell

We have conducted negotiations throughout the year with Natural England regarding the potential compulsory purchase of our peat bog and factory at Bolton Fell in Cumbria. A voluntary agreement could be reached in the spring of 2010 as the Group seeks no more than its legal entitlement to compensation. We have been assured that funds are available to facilitate this. This will probably involve a five year exit from the facility with reducing annual harvests allowing an efficient transfer of production to an alternative site. Several suitable alternatives have been identified and are being evaluated.

Environmental performance

Our environmental aspirations have progressed well this year. We dilute our peat more than any of our major competitors, but without compromising quality, and on a bag for bag basis our carbon footprint is the smallest.

We have made substantial progress in the development of a sustainable peat substitute through our Freeland subsidiary which we expect to begin to have a positive impact through 2010 and beyond. In addition we have reduced the weight of packaging per bag sold and continue to reduce the miles per bag driven to get our product to the consumer.

On the periphery of the business, planning permission on the development of a wind farm on one Scottish site has been delayed pending the results from a bird impact study. This should be resolved this year. We are in discussions with developers concerning wind farms on two other sites.

Bank facility and balance sheet issues

Throughout the banking crisis our relationship with Lloyds Banking Group has remained excellent. We have adequate headroom on our facility and Lloyds have been very supportive when we have discussed investment opportunities with them.

We have in recent years insured all our major debtors. However, insurance cover has been reduced or withdrawn on a number of major accounts over the last twelve months and we manage the debt of these customers very closely. Our maximum exposure to uninsured debt has been with our largest customer and has not been above £500,000 in the year. We have had no significant bad debts.

There has been a substantial revaluation of the property in our balance sheet this year. The larger part of this revaluation stems from the decreasing availability of peat. As planning permissions to harvest peat are increasingly difficult to obtain, and a greater proportion of the peat supply is being imported at substantial cost from abroad, peat reserves and permissions held within the UK become increasingly valuable.

The increase in our pension deficit reflects the substantial drop in bond rates and as a consequence the discount rate used to calculate the present value of the scheme's future liabilities. The return achieved in the year on the scheme assets was significantly ahead of the expected return, reflecting the strong performance of the stock market in the middle of 2009.

Capital structure and net debt

The Group's capital structure is as follows:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Net debt	7,036	8,690
Group shareholders' equity	15,659	14,214
	<hr/>	<hr/>
Capital employed	22,695	22,904
	<hr/> <hr/>	<hr/> <hr/>

The Group's ratio of debt to capital employed has fallen from 37.9% to 31.0% as a function of the successful year's trade and good working capital management. This leaves the Group back within its target of borrowing not more than 35% of capital employed.

Net debt comprises the balance of a fixed term loan taken out in January 2008 to fund the acquisition of Joseph Metcalf Limited and a fixed term loan taken out in October 2004 for the purchase of additional freehold storage land in Lincoln together with cash balances, overdrafts and finance leases as follows:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Cash and cash equivalent	955	883
Overdrafts	(5,455)	(6,204)
Loans	(2,536)	(3,215)
Finance leases	-	(154)
	<hr/>	<hr/>
Net debt	(7,036)	(8,690)
	<hr/> <hr/>	<hr/> <hr/>

Outlook

We believe that there will be a shortage of growing media in the retail market in 2010 as a result of this year's poor peat harvest in the UK and Eire. In addition, the building of biomass power plants has reduced the availability of peat alternatives; it is becoming financially more attractive to burn bark than to bag it. This will lead to price increases and consequently higher margins.

If sterling remains weak, as predicted, the UK professional growing market has the potential for an excellent year as imports will be more expensive. We could see increased demand from this area of the market as UK growers gear up with the potential for price increases and better margins. All of this is good for William Sinclair's prospects.

Defra and Natural England appear set on their objective to dramatically reduce the quantity of peat used in the horticultural market, as a step towards the UK carbon emission reduction targets agreed at Kyoto. From January 2010 we plan mass production of our peat substitute material through Freeland and this will reduce the consequences of this directive and also the effects on the business of adverse weather. We are ahead of our competition in developing and adopting such innovative new technology and mass production of our new material is an important

step in our strategy to de-risk the business and insulate us from the vagaries of the British weather and the resulting peat harvest.

I believe that William Sinclair is best placed within the industry to prosper in this new market and consolidate our position as the lowest cost producer and market leader of peat substitute growing media.

Taking all of these factors together, we look forward very positively to the coming year.

Bernard Burns
Chief Executive
4 January 2010

WILLIAM SINCLAIR HOLDINGS PLC

Group Income Statement

for the year ended 30 September 2009

	<i>Notes</i>	<i>12 months</i>	<i>15 months</i>		
		<i>30 September 2009</i>	<i>30 September 2008</i>		
			<i>Before</i>	<i>Exceptional</i>	
			<i>Exceptional</i>	<i>Items</i>	<i>Total</i>
		<i>£000</i>	<i>£000</i>	<i>(Note 7)</i>	<i>£000</i>
			<i>Items</i>	<i>£000</i>	<i>£000</i>
Revenue		46,275	54,771	-	54,771
Operating expenses		(44,407)	(53,367)	(361)	(53,728)
Group operating profit		1,868	1,404	(361)	1,043
Finance revenue		71	89	-	89
Finance costs		(442)	(829)	-	(829)
Other finance (cost)/income – pensions	3	(266)	217	-	217
Share of post tax profits of joint venture accounted for using the equity method		9	1	-	1
Profit before taxation		1,240	882	(361)	521
Tax (expense) / credit		(77)	(344)	105	(239)
Profit for the period		1,163	538	(256)	282
All results relate to continuing operations.					
Profit for the period is attributable to:					
Equity holders of the parent company		1,128	466	(256)	210
Minority interests		35	72	-	72
		1,163	538	(256)	282
Earnings per share (pence)					
Basic EPS on profit for the period	5	6.8p			1.3p
Diluted EPS on profit for the period	5	6.8p			1.3p

WILLIAM SINCLAIR HOLDINGS PLC

Group Statement of Recognised Income and Expense

for the year ended 30 September 2009

		<i>12 months</i>	<i>15 months</i>
	<i>Notes</i>	<i>2009</i>	<i>2008</i>
		<i>£000</i>	<i>£000</i>
<i>Income and expense recognised directly in equity</i>			
Revaluation of property	6	6,165	-
Actuarial losses on defined benefit pension plans		(5,237)	(2,467)
		<hr/>	<hr/>
		928	(2,467)
Tax on items taken directly to or transferred from equity		(260)	691
		<hr/>	<hr/>
<i>Net income recognised directly in equity</i>		668	(1,776)
Profit for the period		1,163	282
		<hr/>	<hr/>
<i>Total recognised income and expense for the period</i>		1,831	(1,494)
		<hr/> <hr/>	<hr/> <hr/>
<i>Attributable to:</i>			
Equity holders of the parent company	4	1,796	(1,566)
Minority interests		35	72
		<hr/>	<hr/>
		1,831	(1,494)
		<hr/> <hr/>	<hr/> <hr/>

WILLIAM SINCLAIR HOLDINGS PLC

Group Balance Sheet

at 30 September 2009

		<i>2009</i>	<i>2008</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Non-current assets			
Property, plant and equipment	6	20,348	16,733
Intangible assets		1,644	1,712
Investments accounted for using the equity method		-	215
		<hr/> 21,992	<hr/> 18,660
Current assets			
Inventories		8,638	12,021
Trade and other receivables		7,950	8,119
Assets held for sale		2,151	-
Cash and short-term deposits		955	883
		<hr/> 19,694	<hr/> 21,023
Total assets		<hr/> 41,686	<hr/> 39,683
Current liabilities			
Trade and other payables		7,061	10,176
Financial liabilities - borrowings		6,166	6,997
Corporation tax payable		437	3
		<hr/> 13,664	<hr/> 17,176
Non-current liabilities			
Financial liabilities - borrowings		1,825	2,576
Deferred tax liabilities		626	830
Provisions		231	209
Defined benefit pension plan deficit		9,461	4,475
		<hr/> 12,143	<hr/> 8,090
Total liabilities		<hr/> 25,807	<hr/> 25,266
Net assets		<hr/> 15,879	<hr/> 14,417

Capital and reserves			
Equity share capital	4	4,139	4,139
Capital redemption reserve	4	1,523	1,523
Revaluation reserve	4	7,906	3,498
Other reserves	4	176	176
Retained earnings	4	1,915	4,878
		<hr/>	<hr/>
Group shareholders' equity		15,659	14,214
Minority interests		220	203
		<hr/>	<hr/>
Total equity		15,879	14,417
		<hr/> <hr/>	<hr/> <hr/>

WILLIAM SINCLAIR HOLDINGS PLC

Group Cash Flow Statement

for the year ended 30 September 2009

	<i>12 months</i>	<i>15 months</i>
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
<i>Operating activities</i>		
Group operating profit	1,868	1,043
<i>Adjustments to reconcile Group operating profit to net cash inflows from operating activities</i>		
Depreciation of property, plant and equipment	1,335	1,602
Amortisation of intangible assets	48	35
Profit on disposal of fixed assets	(14)	(19)
Negative goodwill taken to the income statement	(60)	-
Share-based payments	-	19
Difference between pension contributions paid and amounts recognised in the income statement	(517)	(78)
Decrease/(increase) in inventories	3,383	(5,198)
Decrease/(increase) in trade and other receivables	45	4,896
(Decrease)/increase in trade and other payables	(3,039)	(2,193)
Increase in provisions	22	20
	<hr/>	<hr/>
Cash generated from operations	3,071	127
Income taxes (paid)/received	(3)	(77)
	<hr/>	<hr/>
<i>Net cash flow from operating activities</i>	3,068	50
	<hr/>	<hr/>
<i>Investing activities</i>		
Interest received	71	89
Sale of property, plant and equipment	287	148
Purchases of property, plant and equipment	(1,209)	(1,618)
Payments to acquire intangible fixed assets	(56)	(129)
Purchase of shares in subsidiary undertakings	60	(3,875)
Cash on consolidation of subsidiary undertakings	-	(1,310)
Sale of share of joint interest	224	-
	<hr/>	<hr/>
<i>Net cash flow from investing activities</i>	(623)	(6,695)
	<hr/>	<hr/>

Financing activities

Interest paid	(442)	(829)
Dividends paid to equity shareholders of the parent	(331)	(579)
Dividends paid to minority interests	(18)	(10)
New loans in the period	-	3,000
Repayment of borrowings	(679)	(455)
Repayment of capital element of finance leases and hire purchase contracts	(154)	(138)

Net cash flow from financing activities

(1,624) 989

Increase/(decrease) in cash and cash equivalents

821 (5,656)

Cash and cash equivalents at the beginning of the period

(5,321) 335

Cash and cash equivalents at the period end

(4,500) (5,321)

WILLIAM SINCLAIR HOLDINGS PLC

Notes

1 Statutory accounts

The consolidated financial statements of William Sinclair Holdings PLC are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, that are adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS.

These results for the year to 30 September 2009 together with the corresponding amounts for the 15 month period to 30 September 2008 are extracts from the 2009 annual report and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The statutory accounts for the year ended 30 September 2009, which have been audited by PricewaterhouseCoopers LLP, incorporate an unqualified audit report and do not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

This preliminary announcement of the results for the year ended 30 September 2009 was approved by the Board of directors on 4 January 2010.

The accounting policies used for the 2009 figures are unchanged on those used for the 2008 comparatives.

The statutory accounts for the period ended 30 September 2008 have been delivered to the Registrar of Companies and the statutory accounts for the year ended 30 September 2009 will be delivered to the Registrar of Companies following the Annual General Meeting of William Sinclair Holdings PLC.

2 Analysis of Net Debt

	<i>1 Oct</i>	<i>Cash</i>	<i>30 Sept</i>
	<i>2008</i>	<i>flow</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	883	72	955
Overdrafts	(6,204)	749	(5,455)
Loans	(3,215)	679	(2,536)
Finance leases	(154)	154	-
	<hr/>	<hr/>	<hr/>
	(8,690)	1,654	(7,036)
	<hr/>	<hr/>	<hr/>

3 Other finance costs - pensions

The pension finance cost is the difference between the expected return on the pension scheme's assets and the cost of unwinding the discounted value of future benefits by one year. Whereas this produced a credit to the income statement of £217,000 in the period ended 30 September 2008 it produced a charge of £266,000 in the year under review. This is a change, from one year to the next, of £483,000.

WILLIAM SINCLAIR HOLDINGS PLC

Notes (continued)

5 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period adjusted for the dilutive effect of share options outstanding at the period end.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Diluted net profit attributable to equity holders of the parent	1,128	210
	2009	<i>2008</i>
	<i>No.</i>	<i>No.</i>
Basic weighted average number of shares ('000s)	16,554	16,554
Dilutive potential ordinary shares:		
Employee share options ('000s)	41	164
Diluted weighted average number of shares ('000s)	16,595	16,718

6 Property revaluation

At 30 September 2009 the Group's freehold and leasehold fixed assets were revalued by BNP Paribas Real Estate. The net uplift in property values was £6,165,000 reflecting, primarily, the increase in the value of peat bogs around the country as they become a scarce resource and the wholesale price of peat rises.

WILLIAM SINCLAIR HOLDINGS PLC

Notes (continued)

7 Exceptional items

	<i>12 months</i>	<i>15 months</i>
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Recognised in arriving at operating profit:		
Redundancy costs on restructuring of Joseph Metcalf business	-	361
	=====	=====

The decision was taken in July 2008 to restructure the Joseph Metcalf business. This followed the failure of negotiations with the local authority to extend planning permission at the Oswaldtwistle site which would have allowed an intensification in the use of the site.

8 Dividends paid and proposed

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
<i>Declared and paid during the period:</i>		
Equity dividends on ordinary shares:		
Final dividend for September 2008: 1.00p (June 2007– 2.50p)	166	414
Interim for September 2009: 1.00p (September 2008 – 1.00p)	165	165
	-----	-----
Dividends paid	331	579
	=====	=====
<i>Proposed for approval by shareholders at the AGM:</i>		
Final dividend for September 2009: 2.50p (2008 – 1.00p)	414	166
	=====	=====

Subject to shareholders' approval the final dividend of 2.5p per share will be paid on 18 March 2010 to shareholders on the register on 19 February 2010.

9 Annual General Meeting

The Company intends to post the Report and Accounts to shareholders on 25 January 2010. The Annual General Meeting of the Company will be held at The Bentley Hotel, Newark Road, South Hykeham, Lincoln LN6 9NH on 25 February 2010 at 11.00 a.m. Copies of this announcement are available from the Company's registered office, Firth Road, Lincoln, LN6 7AH during normal office hours and on the Company's website www.william-sinclair.co.uk.