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William Sinclair Holdings PLC

('William Sinclair' or 'the Company')

William Sinclair makes strategic move into composting

William Sinclair, one of the UK's leading suppliers of growing media, announces the acquisition of the assets and business of Yorkshire Horticultural Supplies ("YHS"), a compost manufacturer located near Doncaster. YHS holds contracts to process green waste on behalf of Barnsley, Doncaster and Rotherham local authorities.

The acquisition is being made by William Sinclair's specialist soils subsidiary, Freeland Horticulture Limited ("Freeland"), and represents an important strategic vertical integration by the Company into composting. The acquisition marks the beginning of a commitment by William Sinclair to increase production of its peat free products. William Sinclair's brands include "New Horizon", already the UK's leading peat free growing material.

The YHS site currently processes 40,000 tonnes of park and garden waste per annum, most of which is turned into green compost. In addition to this valuable material, 10-15% of the waste remains as a by-product called "oversize". This is currently a liability for YHS but will provide raw material for Freeland's SuperFyba production.

Freeland has developed a unique technology that can process oversize. Over a million tonnes of this by-product is produced within the UK each year and the majority of it is currently disposed of by being spread on arable land or sent to land fill sites. Going forward Freeland will use the oversize to produce SuperFyba, one of the best peat alternatives in the UK for plant growing media.

Approximately three million cubic metres of peat are consumed by the UK horticulture industry each year. This peat usage could eventually be completely replaced by SuperFyba. Current generation of oversize in the UK is sufficient to provide all the source material.

William Sinclair is looking to invest in the acquired business and to expand the tonnage processed at the site. Freeland will tender for other local authority contracts in the region as they come up for renewal.

The terms of the acquisition were not disclosed.

Commenting on the acquisition, Bernard Burns, Chief Executive of William Sinclair Holdings plc said:

"The government is determined that peat use in horticulture will reduce and eventually end. This move into composting is a natural progression for our Freeland business. We plan to expand Freeland's composting capacity as demand for peat free products increases.

"The quality of green composts currently available is generally poor. The primary interest of most processors is to keep costs down and the marketability of the end product does not concern them. Our primary interest, in contrast, is the end product and we have concluded that the best way to ensure an excellent quality product is to take full responsibility for the composting process itself. The UK Government goal of eliminating peat from horticulture will only be met when the quality of peat alternatives is comparable with the current peat based product. Our New Horizon product is already the best on the market and we see this acquisition as a further important step in leading the market to the peat free goal.

"William Sinclair's growth strategy continues by leveraging its leading industry position and specialist soils expertise to maximise market opportunities."

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About William Sinclair

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, Morrisons, Sainsbury's, Wilkinson, Homebase and B&Q as well as an extensive range of independent garden centres.