

16 March 2006
7.00 a.m.

WILLIAM SINCLAIR HOLDINGS plc
INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2005

This is our first set of results prepared using International Financial Reporting Standards ("IFRS"). The figures for the previous half year and for the year to 30 June 2005 have been re-stated for comparison purposes. A statement explaining the impact of IFRS and reconciling the Group's figures to those previously published under UK GAAP was published on 6 March 2006 and is available on our web site, (www.william-sinclair.co.uk)

The performance for the Group for the six months ended 31 December 2005 was a little disappointing with the results slightly worse than the corresponding period in 2004.

Turnover of the Group for the six months ended 31 December 2005 was £11.4 million (2004 £12.9 million). The loss before tax was £1.5 million (2004 £1.4 million). The basic loss per share was 6.2p (2004 5.6p) and the diluted loss per share was 6.0p (2004 5.6p).

Our net debt position as at 31 December 2005 shows net borrowings of £4.4 million and is a reflection of the seasonality of our business. This was in line with expectations.

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

Trading Review

Overall, sales turnover decreased by £1.5 million (11.4%) as we exited some unprofitable domestic and export business. Additionally, retail sales activity has been disappointing with independent garden centres generally unwilling to carry high levels of stock following two consecutive poor selling seasons.

Reorganisation at several of our major customers has brought some uncertainty and some delay in establishing their requirements. This has had a knock-on effect on our professional grower customers. As a consequence, forward order levels are low and the trend to just in time service has accelerated.

However, this mildly disappointing sales performance has been balanced by significant progress in our margin improvement programme, which aims to reduce the cost of goods and services into our business and, with further improvements anticipated in the next 18 months, we believe we are well placed to take advantage of any improvement in sales levels as the season progresses.

We are continuing to focus on improving margins, a task made more difficult by increasing energy and packaging costs. Additionally, some modest one-off costs have been incurred to secure future margin improvement. This, together with the recent investment in the new packaging line at Lincoln, makes us, we believe, the lowest cost producer of growing media in the UK.

Our joint venture with Freeland continues to perform well and in line with expectations.

IFRS

As stated above, these results and the comparatives have been prepared using IFRS.

The net impact of the changes on the Income Statement is minor with the extra costs of pension contributions being offset by the release of provisions for holiday pay and foreign currency forward contracts. However, the figure disclosed for turnover is now net of sales volume and payment discounts of £1.2 million in the six months to 31 December 2005. These would previously have been included in operating expenses.

The changes to the balance sheet are more significant with the main item being the inclusion of the deficit in the Group's defined benefit pension scheme. This deficit, which was £7.2 million as at 30 June 2005, has fallen to £6.2 million as at 31 December 2005. If the recent improvement in equity values is sustained, we would expect a further reduction in the deficit when reporting our full year results.

The other major change to the balance sheet is to deferred tax. We now recognise a deferred tax liability in respect of the upward revaluation of our properties but also an asset in respect of deferred tax on the pension deficit.

The estimated cost of conversion to IFRS in the full year is expected to be approximately £60,000.

The Future

Recruitment of an additional non-executive director is underway and should be completed in the near future.

As we reported at the end of last year, the new management team has identified a number of opportunities to improve profitability. Some of these initiatives have already been implemented and, given a normal trading pattern, will begin to show benefit in the second half of the year, such that the trading performance in the year to 30 June 2006 will be in line with market expectations.

Bill Simpson
Chairman

Consolidated Income Statement
for the six months ended 31 December 2005 (unaudited)

		Six months ended 31 December 2005 £'000	Six months ended 31 December 2004 £'000	Year ended 30 June 2005 £'000
	Notes			
Turnover		11,411	12,884	41,453
Operating expenses		(12,867)	(14,118)	(40,481)
Operating (loss)/profit		(1,456)	(1,234)	972
Share of post tax profit of joint ventures		72	13	75
(Loss)/profit on ordinary activities before interest		(1,384)	(1,221)	1,047
Finance costs		(88)	(119)	(388)
Other finance expenses – pensions		(24)	(58)	(116)
(Loss)/profit before taxation		(1,496)	(1,398)	543
Taxation	1	491	463	(124)
(Loss)/profit for the period attributable to members of the parent company		(1,005)	(935)	419
Basic (loss)/earnings per share	3	(6.2)p	(5.6)p	2.5p
Diluted (loss)/earnings per share		(6.0)p	(5.6)p	2.5p
Dividends per share	2	1.00p	1.00p	3.00p

**Consolidated Statement of Recognised
Income and Expenses**

		Six months ended 31 December 2005 £'000	Six months ended 31 December 2004 £'000	Year ended 30 June 2005 £'000
Actuarial gain (loss) on deferred pension scheme		1,037	(465)	(823)
Revaluation of land and buildings		-	-	2,376
Tax on items taken directly to equity		(306)	145	(455)
Net Income/(expense) recognised directly in equity		731	(320)	1,098
(Loss)/profit for the period		(1,005)	(935)	419
Total recognised income and expense for the period		(274)	(1,255)	1,517

Consolidated Balance Sheet

as at 31 December 2005 (unaudited)

	As at 31 December 2005 £'000	As at 31 December 2004 £'000	As at 30 June 2005 £'000
Non-current assets			
Property, plant and equipment	11,780	9,770	12,308
Computer software	90	108	100
Investments	1,663	1,551	1,591
Deferred tax asset	-	739	83
	13,533	12,168	14,082
Current assets			
Inventories	8,262	8,780	5,550
Trade and other receivables	5,749	9,329	12,403
Cash at bank and in hand	125	193	96
	14,136	18,302	18,049
Total assets	27,669	30,470	32,131
Current liabilities			
Trade and other payables	(5,618)	(7,892)	(11,225)
Interest bearing liabilities	(3,755)	(6,237)	(1,124)
	(9,373)	(14,129)	(12,349)
Non-current liabilities			
Provisions	(383)	(282)	(146)
Retirement benefit provisions	(6,212)	(7,009)	(7,249)
Interest bearing liabilities	(785)	(154)	(878)
	(7,380)	(7,445)	(8,273)
Total liabilities	(16,753)	(21,574)	(20,622)
Net Assets	10,916	8,896	11,509
Equity			
Called up equity share capital	4,139	4,139	4,139
Capital redemption reserve	1,523	1,523	1,523
Revaluation reserve	2,855	1,191	2,855
Other reserves	176	176	176
Share based payments	18	-	6
Profit and loss account	2,205	1,867	2,810
Equity attributable to the members of parent company	10,916	8,896	11,509

Consolidated cash flow statement

for the six months ended 31 December 2005 (unaudited)

	Six months ended 31 December 2005 £'000	Six months ended 31 December 2004 £'000	Year ended 30 June 2005 £'000
Cash flow from operating activities	(2,152)	(6,675)	(1,393)
Cash flow from investing activities	67	(282)	(884)
Cash flow from financing activities	(517)	336	(78)
(Decrease) in cash in the period	(2,602)	(6,621)	(2,355)
Cash and cash equivalents at 1 July 2005	(901)	1,454	1,454
(Decrease) in cash in the period	(2,602)	(6,621)	(2,355)
Cash and cash equivalents at 31 December 2005	(3,503)	(5,167)	(901)
Cash flow from operating activities			
Operating (loss)/profit	(1,456)	(1,234)	972
Amortisation of goodwill	-	-	-
Depreciation	484	542	1,053
(Profit)/Loss on disposal of fixed assets	(8)	-	(38)
Share based payment expense	12	-	6
Movement in provisions	(108)	(108)	-
Pension contributions paid less amounts recognised in the income statement.	47	(38)	(128)
Operating profit before changes in working capital and provisions	(1,029)	(838)	1,865
(Increase)/decrease in stocks	(2,712)	(3,518)	(288)
(Increase)/decrease in debtors	6,747	1,338	(1,712)
(Decrease)/increase in creditors	(5,607)	(3,670)	(1,179)
Movement in reinstatement provision	-	-	(136)
Income taxes received	449	13	57
	(2,152)	(6,675)	(1,393)
Cash flow from investing activities			
Interest received	5	6	6
Purchase of tangible fixed assets	(942)	(288)	(934)
Sale of tangible fixed assets	1,004	-	44
	67	(282)	(884)
Cash flow from financing activities			
Interest paid	(86)	(89)	(327)
Interest element of finance lease payments	(7)	(7)	(14)
Dividend received from joint venture	-	-	21
Dividends paid to members of the parent company	(331)	(373)	(537)
New borrowings	-	800	800
Repayment of borrowings	(45)	-	-
Repayment of capital element of finance leases	(48)	5	(21)
	(517)	336	(78)

Reconciliation of net cash flow to movement in net debt

	Six months ended 31 December 2005 £'000	Six months ended 31 December 2004 £'000	Year ended 30 June 2005 £'000
(Decrease) in cash in the period	(2,602)	(6,621)	(2,355)
Cash (inflow) from change in debt	93	(805)	(779)
Movement in net debt in the period	(2,509)	(7,426)	(3,134)
Net funds at 1 July 2005	(1,906)	1,228	1,228
Net (debt)/funds at 31 December 2005	(4,415)	(6,198)	(1,906)

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 8 May 2006 to shareholders on the register on 18 April 2006.

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 2005 £'000	Six months ended 31 December 2004 £'000	Year ended 30 June 2005 £'000
Opening equity attributable to members of parent company	11,509	10,523	10,523
Total recognised income and expenses for the period	(274)	(1,255)	1,517
Dividends paid	(331)	(372)	(537)
Share based payments taken directly to equity	12	-	6
Closing equity attributable to members of the parent company	10,916	8,896	11,509

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 2005 and for all comparatives shown.

A "Conversion Statement" explaining the impact of the new standards and reconciling the accounts prepared under UK GAAP to the new standards was released to the Stock Exchange on 6 March 2006. The conversion statement includes reconciliations as at 1 July 2004, 31 December 2004 and 30 June 2005. The

statement is available through the Company's web site at www.william-sinclair.co.uk as well as through the Stock Exchange web site.

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 2005 received an unqualified audit report and have been filed with the Registrar of Companies.

Enquiries

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