

Company Wynnstay Properties PLC
TIDM WSP
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Wynnstay Properties PLC
10 November 2011

Wynnstay Properties PLC
Interim Results for the six months ended 29th September 2011

Chairman's Statement

At a time of economic uncertainty and difficulty that is unprecedented in recent times, I am pleased to report to you with satisfactory results of the first half of the financial year for your company.

The results for the six months to 29th September 2011 may be summarised as follows:-

		2011	2010
Operating income before movement in fair value of investment properties:	(8.4)%	£484,000	£676,000
Income before Taxation	44.0%	£690,000	£479,000
Earnings per share	39.7%	19.0p	13.6p
Interim Dividend per share	0%	2.90p	2.90p
Net Asset value per share	2.4%	473p	462p

As anticipated, property income for the half year fell to £763,000 (2010 - £903,000) primarily due to the absence of rental income from properties disposed of over the past eighteen months and from the Twickenham site, to which I refer further below, as well as the incidence of costs, mainly business rates which are now charged on vacant properties. As a result, our operating income of £484,000 (2010 - £676,000) was substantially lower than for the same period last year.

However, despite this fall in income, our pre-tax profit of £690,000 (2010 - £479,000) was substantially higher than at the same time last year. This was mainly due to the profit of £267,000 arising on the sale of our Crawley property, which completed in early June, and far lower finance costs of £64,000 (2010 - £158,000). These lower finance costs arose from a combination of lower interest rates, notably following the expiry of the fixed rate on part of our facility to which I have previously referred to, and our reduced total borrowings resulting from repayments made under our facility following the disposal of properties.

In my statement in June, I referred to the busy activity in the management of the portfolio. This has continued in the first half of the year.

At our estate in Aylesford, we have been successful in letting one of the larger units to a new tenant and also completed lease renewals on two units at both Basingstoke and Hertford and one unit at Norwich as well as granting leases to new tenants at Norwich and Uckfield. Terms have also recently been agreed for a new tenant to occupy one of the two vacant units at Uckfield.

Despite the difficult conditions that many of our tenants are facing, it is pleasing that, once again, we did not suffer any material bad debts resulting from the failure of tenants and that we have collected substantially all the rental income due for the period. In addition, rental income due for the current quarter commencing 29th September 2011 has also been substantially collected.

I have reported previously at some length on our planning application and the consent obtained to redevelop our industrial units at Twickenham. We have now demolished the old industrial units on the site in order to preserve the existing planning permission whilst we discuss various alternatives with the planners that may increase the flexibility of the future development of the site. I hope to have further news for you when I report at the end of the financial year.

We continue to look for additions to the portfolio and have examined a number of potential

opportunities. Recently we submitted an offer, which has been accepted, for two retail trade counter units within an established out of town retail location of a county town in Southern England. I look forward to updating you on progress regarding this.

As regards interest rates, the present economic conditions seem to lead most commentators to now consider that any rise in base rates is unlikely to take place in the short to medium term and, as I have previously indicated, a sustained period of low interest rates will benefit Wynnstay, though it is important that we continue to proceed cautiously on the basis that rates will rise in due course. Our disposals mean that we now have circa £2.5m of unused facilities together with uncharged properties that we can use to secure additional borrowings, if required.

The recessionary conditions and recurrent crises in the financial and banking markets inevitably affect commercial property and impact your company in terms of both rental levels and capital values. With our active management policy, we are managing at present to keep the proportion of the portfolio that is unlet at any time under close control, thus minimising, as far as possible, the costs of vacant premises, which as noted above mainly consist of business rates. Whilst our rental income will be lower in the immediate future than it has been in prior years, we have our costs firmly under control. Thus I am confident that we can continue to develop and grow the company for shareholders' benefit, albeit at a slower rate than might have been possible a few years ago.

In the light of the matters discussed above, the Directors have decided to hold the interim dividend at the same level as last year, i.e. 2.9 pence per share. This will be paid on 16th December 2011 to those shareholders on the register on 18th November 2011. As in prior years, a decision on the appropriate amount to recommend as a final dividend will be taken in the light of the results for the full year.

A number of shareholders have mentioned that they have received unsolicited approaches over the telephone in relation to their shares in Wynnstay, in which the callers suggest interest in purchasing their holdings in Wynnstay at prices that are far in excess of both the quoted price on the London Stock Exchange and the net asset value per share. These approaches are what are known as "boiler room scams", relying on the use of publicly available information about shareholders' names, addresses and holdings, and typically operating from outside the UK.

Enclosed with this report you will find a letter that largely repeats the information and warning that I gave shareholders in mid-2009. We have already reported some instances of these scams to the Financial Services Authority. I would urge extreme caution in dealing with unsolicited calls about your investments and would urge any shareholders who receive such calls to contact the Financial Services Authority or Toby Parker, our Finance Director and Company Secretary.

Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on **Thursday 19th July 2012** at 12 noon and I hope that as many shareholders as possible will take the opportunity of a day in London to attend the event.

Finally, on behalf of the Board, I wish all shareholders a Happy Christmas and our best wishes for 2012. Your continued interest in Wynnstay, its current activities and its prospects for the future are always greatly appreciated.

Philip G.H. Collins

10th November 2011 *Chairman*

For further information please contact:

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**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2011**

	Six months ended		Year ended
	29th September	29th September	25th March
	2011	2010	2011
	£'000	£'000	£'000
Property Income	763	903	1,691

Property Costs	(74)	(22)	(136)
Administrative Costs	(205)	(205)	(389)
	484	676	1,166
Movement in fair value of:			
Investment Properties	-	-	(225)
Profit/(Loss) on Sale of Investment Property	267	(40)	(39)
Operating Income	751	636	902
Investment Income	3	1	6
Finance Costs	(64)	(158)	(247)
Income before Taxation	690	479	661
Taxation	(174)	(111)	(212)
Income after Taxation	516	368	449

The company has no other items of comprehensive income

Basic and Diluted Earnings per Share	19.0	13.6	16.6p
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**UNAUDITED STATEMENT OF FINANCIAL POSITION
AT 29TH SEPTEMBER 2011**

	29th September 2011 £'000	29th September 2010 £'000	25th March 2011 £'000
Non Current Assets			
Investment Properties	18,825	20,345	18,825
Other Property, Plant and Equipment	-	5	6
Investments	3	3	3
	18,828	20,353	18,834
Current Assets			
Accounts Receivable	157	170	26
Cash and Cash Equivalents	484	501	881
	641	671	907
Non Current Assets held for Sale	365	-	1,295
Current Liabilities			
Bank Loans Payable	-	-	-
Accounts Payable	(387)	(519)	(757)
Derivative Financial Instruments	-	(65)	-

Income Taxes Payable	<u>(403)</u>	<u>(380)</u>	<u>(240)</u>
	<u>(790)</u>	<u>(964)</u>	<u>(997)</u>
Net Current Assets	216	(293)	1,205
Total Assets Less Current Liabilities	19,044	20,060	20,039
Non-Current Liabilities			
Bank Loans Payable	(6,150)	(7,452)	(7,455)
Deferred Taxation	<u>(56)</u>	<u>(81)</u>	<u>(56)</u>
Net Assets	<u>12,838</u>	<u>12,527</u>	<u>12,528</u>
Capital and Reserves			
Share Capital	789	789	789
Treasury shares	(1,570)	(1,570)	(1,570)
Share Premium Account	1,135	1,135	1,135
Capital Redemption Reserve	205	205	205
Retained Earnings	<u>12,279</u>	<u>11,968</u>	<u>11,969</u>
	<u>12,838</u>	<u>12,527</u>	<u>12,528</u>

**UNAUDITED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2011**

	Six months ended 29 September		Year ended
	2011	2010	2011
	£'000	£'000	£'000
Cashflow from operating activities			
Income before taxation	690	479	661
Adjusted for:			
Depreciation	6	3	2
Decrease in fair value of investment properties	-	-	225
Interest income	(3)	(1)	(6)
Interest expense	64	158	312
(Profit) on financial liabilities at fair value	-	-	(65)
(Profit)/Loss on disposal of investment properties	(267)	39	39
Changes in:			
Trade and other receivables	(131)	(67)	77
Trade and other payables	(260)	(377)	(120)
Income taxes paid	(11)	-	(266)
Interest paid	(64)	(158)	(312)
Net cash from operating activities	<u>25</u>	<u>76</u>	<u>547</u>
Cashflow from investing activities			
Interest and other income received	3	1	6
Sale of investment properties	1,087	925	906
Net cash from investing activities	<u>1,090</u>	<u>926</u>	<u>912</u>

Cashflow from financing activities

Dividends paid	(206)	(206)	(286)
Repayments on bank loans	(1,305)	(1,048)	(1,045)
Net cash used in financing activities	<u>(1,511)</u>	<u>(1,254)</u>	<u>(1,331)</u>
Net (decrease)/increase in cash and cash equivalents	(397)	(252)	128
Cash and cash equivalents at beginning of period	881	753	753
Cash and cash equivalents at end of period	<u>484</u>	<u>501</u>	<u>881</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2011****SIX MONTHS ENDED 29 SEPTEMBER 2011**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2011	789	205	1,135	(1,570)	11,969	12,528
Total comprehensive income for the period	-	-	-	-	516	516
Dividends	-	-	-	-	(206)	(206)
Balance at 29 September 2011	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>12,279</u>	<u>12,838</u>

SIX MONTHS ENDED 29 SEPTEMBER 2010

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2010	789	205	1,135	(1,570)	11,806	12,365
Total comprehensive income for the period	-	-	-	-	368	368
Dividends	-	-	-	-	(206)	(206)
Balance at 29 September 2010	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>(1,570)</u>	<u>11,968</u>	<u>12,527</u>

YEAR ENDED 25 MARCH 2011

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Treasury Shares £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2010	789	205	1,135	(1,570)	11,806	12,365
Total comprehensive income for the year	-	-	-	-	449	449
Dividends	-	-	-	-	(286)	(286)

Balance at 25 March 2011	789	205	1,135	(1,570)	11,969	12,528
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NOTES

1. ACCOUNTING POLICIES

Wynnstay Properties PLC is a public limited company incorporated and domiciled in England and Wales. The principal activity of the company is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

Basis of Preparation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The unaudited condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the year ended 25th March 2011 which were prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and have been reported on by the Company's auditors. The financial information for the interim periods ended 25th September 2011 and 25th September 2010 has not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25th March 2011 has been extracted from the latest published audited financial statements.

Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are those relating to the fair value of investment properties.

Investment Properties

All the Company's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are recognised through the statement of comprehensive income.

Non-Current assets held for sale

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

Depreciation

In accordance with IAS 40, freehold and leasehold investment properties are included at the reporting date at fair value, and are not depreciated. Leasehold improvements are amortised over the period of the underlying lease.

Depreciation of other plant and equipment is on a straight line basis calculated at annual rates estimated to write off each asset over its useful life of 5 years.

Disposal of Investments

The gains and losses on the disposal of investment properties and other investments are included in the statement of comprehensive income in the year of disposal.

Property Income

Property income represents the value of accrued charges under operating leases for rental of the Company's properties. Revenue is measured at the fair value of the consideration received. All income is derived in the United Kingdom.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from income before tax as reported in the income statement because it excludes items of income or expense that are deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the financial position

liability method. Deferred tax liabilities are recognised for all taxable temporary differences (including unrealised gains on revaluation of investment properties) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, including deferred tax on the revaluation of the asset.

Investments

Quoted investments are recognised as held at fair value, and are measured at subsequent reporting dates at fair value, which is either at the bid price, or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Changes in fair value are recognised in profit or loss.

Trade and other accounts receivable

Trade and other receivables are initially measured at fair value as reduced by appropriate allowances for estimated irrecoverable amounts. All receivables do not carry any interest and are short term in nature.

Cash and cash equivalents

Cash comprises cash at bank and on demand deposits. Cash equivalents are short term (less than three months from inception), repayable on demand and which are subject to an insignificant risk of change in value.

Trade and other accounts payable

Trade and other payables are initially measured at fair value. All trade and other accounts payable are not interest bearing.

Comparative information

The information for the year ended 25th March 2011 has been extracted from the latest published audited financial statements.

Pensions

Pension contribution towards employees' pension plans are charged to the statement of comprehensive income as incurred. The pension scheme is defined as a pension contribution scheme.

Financial Instruments

Derivative financial instruments are initially measured at fair value at the contract date entered into, and subsequently measured to their fair value at each reporting date. Embedded derivatives are recognised separately on the statement of financial position, when not closely related to the host contract. Changes in the fair value of derivative financial instruments that do not qualify for ledger accounting are recognised in profit or loss.

2. DIVIDENDS

<u>Period</u>	Payment Date	Per share (pence)	Amount absorbed £'000
6 months to 29th September 2011	16 th Dec 2011	2.9	79
6 months to 29th September 2010	17 th Dec 2010	2.9	79
Year ended 25th March 2011	22 nd July 2011	7.6	206

3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £516,000 (2010: £368,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2010: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

This information is provided by RNS

The company news service from the London Stock Exchange

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