

**WYNNSTAY PROPERTIES PLC**

**INTERIM REPORT**

**SIX MONTHS ENDED  
29TH SEPTEMBER 2010**

## Wynnstay Properties PLC

### Interim Results for the six months ended 29th September 2010

#### Chairman's Statement

Against the background of economic uncertainty and the effects of the government's efforts to reduce both public spending and the budget deficit while at the same time stimulating growth in the economy, I am pleased to report on the results of the first half of the financial year for your Company.

The results for the six months to 29<sup>th</sup> September 2010 may be summarised as follows:-

		2010	2009
Operating income before movement in fair value of investment properties:	(5.2)%	£676,000	£713,000
Income before Taxation	(13.1)%	£479,000	£551,000
Earnings per share	3.0%	13.6p	13.2p
Interim Dividend per share	0%	2.90p	2.90p
Net Asset value per share	9.7 %	462p	421p

Property income for the half year fell slightly to £903,000 (2009 - £976,000) primarily due to the disposal of the retail units at Dorking and the absence of rental income from the currently vacant warehouse unit at Crawley as well as from some smaller vacant units, including three of the four units at Twickenham, which may be redeveloped and to which I refer below. As a result, both our operating income of £676,000 (2009 - £713,000) and pre-tax profit of £478,000 (2009 - £551,000) were lower than for the same period last year.

However, property costs were also lower than in the same period last year, which had included fees and costs relating to plans for the possible redevelopment of our Twickenham property. Administration costs were held at the same level as last year.

Our borrowing costs continue to benefit from the prevailing lower interest rates on the variable part of our facility and lower overall borrowings. As I pointed out in my statement with the Annual Report and Financial Statements in June, the rate of interest on the part of the facility where the interest rate was fixed some years ago expires in March next year. Unless there is a dramatic upward move in interest rates in the next few months, we should be paying a significantly reduced rate of interest on that part of the facility from the end of March 2011, thus further reducing borrowing costs in the year to March 2012.

In my statement in June, I noted that we had successfully renewed the leases on each of the four shops at our retail premises in Dorking. The Board formed the view that the opportunities for future capital and income growth at Dorking were limited and, as I mentioned at the Annual General Meeting in July, the premises were sold at auction shortly prior to the meeting at a price of £925,000 which, after costs, reflected a slight loss against book value of £40,000. The sale proceeds were used to reduce borrowings, which now stand at £7.455 million within our borrowing facility of £8.5 million.

The high level of activity in property management that I mentioned in my statement in June has continued into the first half of this financial year. In particular we have negotiated lease renewals or new lettings on a further eight properties, including three units at Aylesford Industrial Estate.

Despite the economic conditions, it is encouraging to report that we did not suffer any material bad debts resulting from the failure of tenants. In addition, we have collected substantially all the rental income due for the current quarter commencing 30 September 2010.

I have reported previously on our planning application and the consent obtained to redevelop our industrial units at Twickenham. Pending continued exploration of the development opportunities, and following the expiry of the previous leases, we continued to let some of the units on a relatively short-term basis. As these short-term leases have now come to an end, we concluded that it would be best

to demolish all the units given the difficulties and costs of granting further short term lettings, and the risks of being left with empty units on which penal business rates would be payable. We are currently in the process of seeking competitive tenders to have the units demolished.

Our industrial unit at Crawley remains vacant following the surrender by the previous tenant of the lease, which expired in July 2010. Whilst there have been a number of viewings by potentially interested parties for a variety of uses, we have not yet been able to secure a tenant. Interest has undoubtedly been affected by the economic conditions and the resulting uncertainty for business. However, given the location of the premises and since this is one of the few units of this size currently on the market in the area, I am optimistic that we will make some progress in the near future.

We continue to look for additions to the portfolio. However, the market has been relatively thin for the kinds of properties in which we are interested and those that are offered can turn out, after detailed investigation, to have unanticipated potential risks or a lease or tenant profile that is unattractive, especially at the prices being quoted.

The outlook for interest rates still appears uncertain. Whilst an increase in rates seems likely, the timing remains unclear and, as noted above, we should further benefit next year from the lower rates predicted. We have over £1.0m of unused facilities together with uncharged properties that we can use to secure additional borrowings, if required.

The aftermath of the banking crisis and the unfavourable economic climate make the future prospects more unpredictable for commercial property and for your Company. Whilst we have a number of vacant premises at present, we have been very active in negotiating lease renewals and new lettings. Unless we are able to acquire suitable additions to the portfolio our rental income is likely to be lower in the immediate future than in prior years, reflecting the loss of rental income mentioned earlier. Nevertheless, I am confident that our diversified portfolio and focussed management will stand us in good stead.

In the light of the results and uncertainties described above, the Directors have decided to hold the interim dividend at the same level as last year, i.e. 2.9p per share. This will be paid on 17th December 2010 to those Shareholders on the register on 19th November 2010. A decision on the appropriate amount to recommend as a final dividend will be taken having regard to the results for the full year.

A number of Shareholders have mentioned that the Company's share price no longer appears in The Daily Telegraph. The Directors took the view that the cost of this service could no longer be justified when the share price is available on the internet from various sources, including Wynnstay's own website ([www.wynnstayproperties.co.uk](http://www.wynnstayproperties.co.uk)). In addition to the share price, the website also contains details of the portfolio as well as providing access to the Company's recent published documents and announcements.

Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on **Thursday 14<sup>th</sup> July 2011** 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 good health and happiness in 2011. Your engagement with, and support for, the Company is appreciated by the Board.

Philip G.H. Collins  
*Chairman*

10th November 2010

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**WYNNSTAY PROPERTIES PLC**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 29TH**  
**SEPTEMBER 2010**

	<b>Six months ended</b>		<b>Year ended</b>
	<b><u>29th September</u></b>	<b><u>29th September</u></b>	<b><u>25th March</u></b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Property Income</b>	<b>903</b>	976	1,934
<b>Property Costs</b>	<b>(22)</b>	(61)	(121)
<b>Administrative Costs</b>	<b>(205)</b>	(202)	(448)
	<b>-----</b>	<b>-----</b>	<b>-----</b>
	<b>676</b>	713	1,365
<b>Movement in fair value of:</b>			
<b>Investment Properties</b>			545
<b>Loss on Sale of Investment Property</b>	<b>(40)</b>	-	-
	<b>-----</b>	<b>-----</b>	<b>-----</b>
<b>Operating Income</b>	<b>636</b>	713	1,910
<b>Investment Income</b>	<b>1</b>	2	7
<b>Finance Costs</b>	<b>(158)</b>	(164)	(382)
	<b>-----</b>	<b>-----</b>	<b>-----</b>
<b>Income before Taxation</b>	<b>479</b>	551	1,535
<b>Taxation</b>	<b>(111)</b>	(133)	(367)
	<b>-----</b>	<b>-----</b>	<b>-----</b>
<b>Income after Taxation</b>	<b>368</b>	418	1,168
<b>The company has no other items of comprehensive income.</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
<b>Basic and Diluted Earnings per Share</b>	<b>13.6p</b>	13.2p	37.0p
<b>Net Asset value per share - IFRS</b>	<b>462p</b>	421p	455p

**WYNNSTAY PROPERTIES PLC**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AT 29TH SEPTEMBER 2010**

	29th September 2010 £'000	29th September 2009 £'000	25th March 2010 £'000
<b>Non Current Assets</b>			
Investment Properties	20,345	20,745	21,290
Other Property, Plant and Equipment	5	7	8
Investments	3	3	3
Deferred Taxation	-	20	-
	-----	-----	-----
	<b>20,353</b>	20,775	21,301
<b>Current Assets</b>			
Accounts Receivable	170	51	103
Cash and Cash Equivalents	501	1,057	753
	-----	-----	-----
	<b>671</b>	1,108	856
<b>Current Liabilities</b>			
Bank Loans Payable			(200)
Accounts Payable	(519)	(544)	(877)
Derivative Financial Instruments	(65)	-	(65)
Income Tax Payable	(380)	(362)	(269)
	-----	-----	-----
	<b>(964)</b>	(906)	(1,411)
<b>Net Current (Liabilities)/Assets</b>	-----	-----	-----
	<b>(293)</b>	202	(555)
<b>Total Assets Less Current Liabilities</b>	<b>20,059</b>	20,977	20,746
<b>Non-Current Liabilities</b>			
Bank Loans Payable	(7,452)	(7,700)	(8,300)
Deferred Taxation	(81)	-	(81)
	-----	-----	-----
<b>Net Assets</b>	<b>12,526</b>	13,277	12,365
	=====	=====	=====
<b>Capital and Reserves</b>			
Share Capital	789	789	789
Share Premium Account	1,135	1,135	1,135
Capital Redemption Reserve	205	205	205
Retained Earnings	10,397	11,148	10,236
	-----	-----	-----
	<b>12,526</b>	13,277	12,365
	=====	=====	=====

**WYNNSTAY PROPERTIES PLC**  
**UNAUDITED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 29TH SEPTEMBER**  
**2010**

	<b>Six months ended 29</b>		<b>Year ended</b>
	<b>September</b>		<b>25 March</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cashflow from operating activities</b>			
Income before taxation	636	713	1,535
Adjusted for:			
Depreciation	1	3	2
(Increase) in fair value of investment properties			(545)
Interest income	1		(7)
Interest expense			317
Loss on financial liabilities at fair value			65
Changes in:			
Trade and other receivables	(67)	(50)	(2)
Trade and other payables	(358)	(238)	93
Income tax paid	(5)	101	(226)
	-----	-----	-----
Net cash from operating activities	<b>209</b>	529	1,232
	=====	=====	=====
<b>Cashflow from investing activities</b>			
Interest and Other income received	1	2	7
Sale of investment properties	925		
	-----	-----	-----
Net cash from investing activities	<b>926</b>	2	7
	=====	=====	=====
<b>Cashflow from financing activities</b>			
Dividends paid	(206)	(229)	(320)
Interest paid	(132)	(164)	(315)
Proceeds from bank loans			800
Repayments on bank loans	(1,048)	(200)	(200)
Purchase of treasury shares			(1,570)
	-----	-----	-----
Net cash used in financing activities	<b>(1,386)</b>	(593)	(1,605)
	=====	=====	=====
<b>Net (decrease) in cash and cash equivalents</b>	<b>(252)</b>	(62)	(366)
Cash and cash equivalents at beginning of period	753	1,119	1,119
	-----	-----	-----
Cash and cash equivalents at end of period	<b>501</b>	1,057	753
	=====	=====	=====

**WYNNSTAY PROPERTIES PLC**  
**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2010**

**SIX MONTHS ENDED 29 SEPTEMBER 2010**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2010	789	205	1,135	10,236	12,365
Total comprehensive income for the period				368	368
Dividends				(206)	(206)
	-----	-----	-----	-----	-----
Balance at 29 September 2010	789	205	1,135	10,398	12,527
	=====	=====	=====	=====	=====

**SIX MONTHS ENDED 29 SEPTEMBER 2009**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2009	789	205	1,135	10,958	13,087
Total comprehensive income for the period				418	418
Dividends				(228)	(228)
	-----	-----	-----	-----	-----
Balance at 29 September 2009	789	205	1,135	11,148	13,277
	=====	=====	=====	=====	=====

**YEAR ENDED 25 MARCH 2010**

	Share Capital £ 000	Capital Redemption Reserve £ 000	Share Premium Account £ 000	Retained Earnings £ 000	Total £ 000
Balance at 26 March 2009	789	205	1,135	10,958	13,087
Total comprehensive income for the year				1,168	1,168
Dividends				(320)	(320)
Purchase of treasury shares				(1,570)	(1,570)
	-----	-----	-----	-----	-----
Balance at 25 March 2010	789	205	1,135	10,236	12,365
	=====	=====	=====	=====	=====

## 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 25<sup>th</sup> March 2010 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 25<sup>th</sup> September 2010 and 25<sup>th</sup> September 2009 has not been audited and the auditors have not reported on or reviewed these interim financial statements. The information for the year ended 25<sup>th</sup> March 2010 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 25<sup>th</sup> March. The aggregate of any resulting surpluses or deficits are recognised through the statement of comprehensive income.

#### **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 25 March 2010 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 are recognised in profit or loss.

## **2. DIVIDENDS**

<b><u>Period</u></b>	<b>Payment Date</b>	<b>Per share (pence)</b>	<b>Amount absorbed £'000</b>
6 months to 29th September 2010	17th Dec 2010	2.90	79
6 months to 29th September 2009	10th Dec 2009	2.90	92
Year ended 25th March 2010	22nd July 2010	7.6	206

### **3. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £368,000 (2009: £418,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2009: 3,155,267). There are no instruments in issue that would have the effect of diluting earnings per share.