

Company Wynnstay Properties PLC
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 Wynnstay Properties PLC
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Wynnstay Properties PLC
Interim Results for the six months ended 29th September 2009

Chairman's Statement

Against the background of troubled economic conditions and uncertainty about the timing and strength of recovery, I am pleased to report on a very satisfactory first half of the financial year for your Company.

The results for the six months to 29th September 2009 may be summarised as follows:-

		2009	2008
Operating income before movement in fair value of investment properties	21.8%	£713,000	£585,000
Profit/(loss) on ordinary activities before taxation		£551,000	(£1,712,000)
Earnings per share		13.3p	(49.2p)
Normalised earnings per share	33%	13.3p	10.0p
Interim dividend per share	5.5%	2.90p	2.75p
Net asset value per share	(14.7%)	421p	494p
Adjusted net asset value per share ⁺	(17.5%)	420p	509p

⁺ Adjusted net asset value per share is net asset value per share determined in accordance with International Financial Reporting Standards and adjusted to exclude deferred tax arising on the revaluation of the investment portfolio.

You will recall that at this time last year the Directors considered that it would be a prudent step to revalue the portfolio at the interim stage in view of market conditions. Given the signs that the commercial property market is stabilising, and may indeed be turning or about to turn for the better, we considered that it was not necessary or cost effective to undertake an interim revaluation this year but rather to await the full annual revaluation as at 25 March 2010.

I mention this because at the interim stage last year we wrote down the value of the portfolio by £2,106,000 or 8.1% and under International Financial Reporting Standards to which we are now required to prepare our financial statements, we are obliged to reflect any revaluation adjustment in full in our income statement which thus impacts on profits and earnings rather than only on net asset value per share. This revaluation adjustment led to the reported loss of £1.7 million at the interim stage last year even though our operating income from the core business of managing and securing rental income from its portfolio was a healthy £585,000.

At the end of this half-year, I am pleased to report that our operating income rose by 21.8% to £713,000 and our pre tax profit increased to £551,000 which represents an increase on a like-for-like basis, i.e. excluding the impact of any revaluation, of £ 157,000 or 39.8%.

Property rental income was significantly higher than for the same period last year reflecting receipt of a full six months rental from the Aylesford industrial estate which was acquired in June 2008 plus some modest increases in rents achieved following settlement of rent reviews, new lettings and lease renewals. Property costs were only marginally lower than last year, since despite tight cost control, both this year's and last year's figures include the costs and fees associated with plans for the possible redevelopment of our Twickenham property. Administrative costs continue to reflect the benefits of our earlier cost reduction exercise. Interest costs are substantially lower due to the lower interest rates now prevailing, the greater flexibility in choice of rates that we now enjoy under our new facility and the reduction in our total borrowings.

The portfolio was fully let at the end of the half-year and we have collected substantially all the rental income due for the period.

The last six months have been an active period for the management of the portfolio. For instance at our retail premises in Dorking, the leases of all four units came to an end in the summer. Given the conditions on the high street, we were concerned about the tenants desire to renew and the opportunities for re-letting if the present tenants decided not to renew their leases and thus leave us with the loss of rental income and the considerable costs that can be associated with vacant premises. I am pleased to say that we have agreed terms for new leases for three of the four premises and terms for the fourth are under negotiation.

Last year I reported on our planning application and the consent obtained to redevelop our industrial units at Twickenham which are in a predominantly residential area and where some of the leases expired in 2009. Those shareholders who attended the Annual General Meeting in July will have seen our initial proposals for this site. I am able to report that we now have all the units let on a relatively shorter-term basis, including to one new tenant, and on terms that will allow us to terminate on grounds of redevelopment. As the housing market appears to show signs of life after a very difficult period, we continue to keep the project under review and to investigate possibilities for further enhancing the value of the site.

Our tenant at Crawley, a subsidiary of the French Post Office, have advised that they will not be renewing their lease when it expires in the middle of 2010 as they need, and have now found, significantly larger premises. The property is well located, close to Gatwick Airport and as a consequence of the present tenant's early indication of its plans, we have been able to actively market the premises well in advance of the present lease coming to an end. I hope to have further news for you when I report on the full year's results.

So far, your Company has been relatively unscathed by difficulties in the financial markets and the recession. It is comforting that despite the economic conditions that they face, the majority of our tenants seem to be coping and are looking to the longer term, investing in the future of their businesses in the hope that confidence and economic stability will soon return.

Despite much talk there has been little activity at least until recently in the investment market where we continue to look for additions to the portfolio. The properties that have been available and which we have actively investigated have not turned out to be of the type, with the tenant mix or income profile that we seek. Nevertheless, we have explored a number of prospective purchases and continue to seek out opportunities.

The outlook for interest rates in the short-to medium terms appears at the moment to be benign as the authorities seek to stabilise the economy and the financial markets and to stimulate investment and demand, even if the longer-term outlook is far less certain.

Wynnstay has considerable headroom within its current borrowing facility as a result of having repaid some of its borrowings from cashflow during the past year and we have a number of uncharged properties that we can use to secure additional borrowings, if necessary. We are thus well placed to invest for the future growth of the business as and when suitable opportunities arise.

In the light of the results described above, the Directors have decided to declare an interim dividend of 2.9p per share, representing an increase of 5.45% over last year. This will be paid on 10th December 2009 to those Shareholders on the register on 13th November 2009. A decision on the appropriate amount to recommend as a final dividend must have to be taken in the light of the results for the full year, but as things stand at present, the Board is hopeful that this can reflect a similar proportionate increase.

I would remind you that our website, www.wynnstayproperties.co.uk, contains details of the portfolio as well as the current share price and access to the company 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 **Wednesday 16th July 2010** 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 would like to thank all Shareholders for their continued interest in, and support for, Wynnstay. We hope that all Shareholders enjoy a peaceful and restful Christmas and convey our best wishes for 2010.

Philip G.H. Collins
Chairman

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WYNNSTAY PROPERTIES PLC AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2009

	Six months ended		Year ended
	29th September 2009	29th September 2008	25th March 2009
	£'000	£'000	£'000
Property Income	976	870	1,874
Property Costs	(61)	(64)	(97)
Administrative Costs	(202)	(221)	(430)
Operating Income before movement in fair value of investment properties:	713	585	1,347
Movement in fair value of:			
Investment Properties	-	(2,106)	(5,421)
Other investments	-	(1)	-
Operating Income/(Expense)	713	(1,522)	(4,074)
Investment Income	2	34	41
Other income	-	-	-
Finance Costs	(164)	(224)	(424)
Net Income/(Expense) before Taxation	551	(1,712)	(4,457)
Taxation	(133)	160	484
Net Income/(Expense) after Taxation	418	(1,552)	(3,973)
Dividends paid	(229)	(216)	(303)
Retained Earnings for the period	190	(1,768)	(4,276)
Basic Earnings per share	13.3	(49.2)	(125.9)
Normalised Earnings per Share	13.3	10.0	45.9
Net Asset value per share - IFRS	421	494	550
Net Asset value per share - UK GAAP	420	509	572

WYNNSTAY PROPERTIES PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 29TH SEPTEMBER 2009

	29th September 2009 £'000	29th September 2008 £'000	25th March 2009 £'000
Non Current Assets			
Investment Properties	20,745	24,060	20,745
Other property, plant and equipment	7	9	10
Investments	3	2	3
	<u>20,755</u>	<u>24,071</u>	<u>20,758</u>
Current Assets			
Accounts Receivable	51	50	101
Deferred tax	20	-	20
Cash and Cash equivalents	1,057	1,354	1,119
	<u>1,128</u>	<u>1,404</u>	<u>1,240</u>
Current Liabilities			
Accounts Payable	(544)	(626)	(782)
Income Tax payable	(362)	(300)	(229)
	<u>(906)</u>	<u>(926)</u>	<u>(1,011)</u>
	<u>222</u>	<u>478</u>	<u>229</u>
Net Current Assets			
Total Assets Less Current Liabilities	20,977	24,549	20,987
Non-Current Liabilities			
Loans Payable	(7,700)	(8,500)	(7,900)
Deferred Tax	-	(454)	-
	<u>13,277</u>	<u>15,595</u>	<u>13,087</u>
Net Assets			
Capital and Reserves			
Share Capital	789	789	789
Share Premium Account	1,135	1,135	1,135
Capital Redemption Reserve	205	205	205
Retained Earnings	11,148	13,466	10,958
Equity attributable to equity holders of the parent	13,277	15,595	13,087

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2009

	Six months ended 29 September		Year ended 25 March
	2009 £'000	2008 £'000	2009 £'000
Cashflow from operating activities			
Profit/(Loss) before taxation	713	(1,522)	(4,457)
Adjusted for:			
Depreciation	1	1	1
Decrease in fair value of investment properties	-	2,106	5,421
Decrease in fair value of investment	-	(1)	-
Interest income	2	-	(41)
Interest expense	-	-	424
Changes in:			
Trade and other receivables	(50)	102	51
Trade and other payables	(238)	66	234

Income tax paid	101	-	(221)
Net cash from operating activities	530	752	1,412
Cashflow used in investing activities			
Interest and Other income received	2	34	41
Purchase of property, plant and equipment	-	(4,786)	(4,786)
Net cash used in investing activities	2	(4,752)	(4,745)
Cashflow from financing activities			
Dividends paid	(229)	(216)	(303)
Interest payable	(164)	(218)	(433)
Loans drawn down	-	4,900	8,500
Repayments on bank loans	(200)	-	(4,200)
Net cash from financing activities	(593)	4,466	3,564
Net increase in cash and cash equivalents	(60)	466	231
Cash and cash equivalents at beginning of period	1,119	888	888
Cash and cash equivalents at end of period	1,057	1,354	1,119

WYNNSTAY PROPERTIES PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2009

SIX MONTHS ENDED 29 SEPTEMBER 2009

	Share Capital	Capital Redemption Reserve	Share Premium Account	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2009	789	205	1,135	10,958	13,087
Net income for the period	-	-	-	418	418
Dividends	-	-	-	(229)	(229)
Balance at 29 September 2009	789	205	1,135	11,148	13,277

SIX MONTHS ENDED 29 SEPTEMBER 2008

	Share Capital	Capital Redemption Reserve	Share Premium Account	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2008	789	205	1,135	15,234	17,363
Net income for the year	-	-	-	(1,552)	(1,552)
Dividends	-	-	-	(216)	(216)
Balance at 29 September 2008	789	205	1,135	13,466	15,595

YEAR ENDED 25 MARCH 2009

	Share Capital	Capital Redemption Reserve	Share Premium Account	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2008	789	205	1,135	15,234	17,363
Net income for the year	-	-	-	(3,973)	(3,973)
Dividends	-	-	-	(303)	(303)
Balance at 25 March 2009	789	205	1,135	10,958	13,087

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 and group is property investment, development and management. The Company's ordinary shares are traded on the Alternative Investment Market.

Basis of Preparation and Consolidation

The Group Accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The financial statements have been presented in pounds sterling being the functional currency of the company. The financial statements have been prepared under the historical cost basis modified for the revaluation of investment properties measured at fair value.

The comparative figures represent the Group's results and cash flows for the six months ended 29th September 2008 and for the year ended 25th March 2009 under the recognition and measurement principles of IFRS.

The consolidated financial statements comprise the results of the Company drawn up to 25th March each year.

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 Group's investment properties are revalued annually and stated at fair value at 25th March. The aggregate of any resulting surpluses or deficits are taken to the income statement.

Depreciation

In accordance with IAS 40, freehold and leasehold investment properties are included in the balance sheet 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 income statement in the year of disposal.

Property Income

Property Income represents the value of accrued charges under operating leases for rental of the Group'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 balance sheet 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 balance sheet 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 income statement, including deferred tax on the revaluation of investment property.

Investments

Investments in subsidiaries are stated at cost less provision for impairment. 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 the income statement.

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, 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 2008 has been extracted from the latest published audited financial statements.

Pensions

Pension contribution towards employees' pension plans are charged to the income statement as incurred.

2. DIVIDENDS

Period	Payment Date	Per share (pence)	Amount absorbed £'000
6 months to 29th September 2009	10th Dec 2009	2.90	93
6 months to 29th September 2008	12th Dec 2008	2.75	87
Year ended 25th March 2009	22nd July 2009	7.25	229

3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Net Income after Taxation attributable to Ordinary Shareholders of £418,000 (2008: Loss (£1,552,000)) by the weighted average number of 3,155,267 ordinary shares in issue during the period (2007: 3,155,267). There are no instruments in issue that would have the effect of diluting earnings per share.

4. INTERIM REPORT

A copy of the interim report will be distributed to shareholders shortly and will be made available on the company's website.

This information is provided by RNS
The company news service from the London Stock Exchange

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