

WYNNSTAY PROPERTIES PLC

INTERIM REPORT

**SIX MONTHS ENDED
29TH SEPTEMBER 2008**

Wynnstay Properties PLC

Interim Results for the six months ended 29th September 2008

Chairman's Statement

During a period of unprecedented financial and economic turmoil, I am pleased to report that your Company continues to perform well and remains in sound health.

The Aylesford acquisition detailed in my last statement and at the Annual General Meeting is now fully integrated into the property portfolio, and the expanded portfolio is fully let. We have increased our rental income over the same period last year and have collected all rental income due for the first half of the year, at the same time keeping overheads substantially below the same period last year.

In prior years, we have not revalued the portfolio at the interim stage, but in view of market conditions your Board decided that this would be a prudent step this year. Under United Kingdom Generally Accepted Accounting Principles (UKGAAP) any revaluation adjustment, upwards or downwards, would be reflected in the balance sheet, rather than in the profit and loss account or income statement. However, since we are now required to prepare our financial statements under International Financial Reporting Standards (IFRS), rather than under UKGAAP, we are obliged under IFRS 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.

Our Independent Valuers, Sanderson Weatherall, have undertaken an interim revaluation of the entire portfolio as at 29 September 2008 which has resulted in a valuation of £24.1m, a fall of 8.1% on the valuation as at 25 March 2008. Whilst the impact of this interim revaluation on profits, earnings and net asset value per share as reported for IFRS purposes is significant, it should be stressed that it reflects changes in market conditions and does not reflect the underlying performance of the Company's core business of managing and securing rental income from its portfolio.

The results for the six months to 29th September 2008 may be summarised as follows:-

		2008	2007
Operating income before movement in fair value of investment properties	+34%	£585,000	£438,000
Net(Expense)/Income on Ordinary Activities before Taxation		(£ 1,712, 000)	£334,000
Earnings per share		(49p)	12.3p
Interim Dividend per share	+6 %	2.75p	2.6p
Net Asset value per share	- 7 %	494p	534p
Adjusted net asset value per share ⁺	-10 %	509p	567p

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

Property income was significantly higher than for the same period last year reflecting rent reviews and new leases completed, coupled with the inclusion for the first time of the industrial estate at Aylesford which we purchased in June 2008. Property costs were higher than last year, reflecting the fact that we have incurred fees in undertaking investigations and refining plans for a redevelopment of our Twickenham property which are referred to below. Administrative costs are significantly lower as a result of the cost reduction exercise undertaken in 2007. Interest costs reflect increased borrowings following the purchase of the Aylesford estate.

The most significant development in the portfolio, apart from the Aylesford acquisition about which I wrote in my statement accompanying the financial statements in June, is that we applied for planning permission to redevelop our industrial units at Twickenham. These units are located in an area that is predominantly residential and are currently let to four tenants on leases, of which some expire in 2009. After detailed consultation with the local planning authority, we submitted an application for a mixed residential and commercial development comprising five houses, three one bedroom apartments at the front of the site and a two storey commercial office building to the rear with new access, landscaping and parking. I am pleased to report that planning permission was granted by the Planning Committee of the London Borough of Richmond Upon Thames on 30th October. We will continue to investigate

possibilities that may exist for further enhancing the value of this site from a planning and development point of view.

In the current climate of financial and economic uncertainty, it is difficult if not impossible to predict how events may affect your Company particularly as the UK may be entering what may be a prolonged recession which may affect adversely the businesses of our tenants. We will continue to monitor the situation and liaise with all our tenants closely. As already noted, the entire portfolio at present is fully let and income producing. We also have some significant ongoing rent review negotiations. In addition to the major planning application at Twickenham, we have also applied for a change of use of the upper parts of office premises in Colchester so that we can consider a possible residential conversion if that should be beneficial. We will continue to seek out opportunities to expand the portfolio if suitable opportunities present themselves.

In the light of the results described above, the Directors have decided to declare an interim dividend of 2.75p per share, representing an increase of 6% over last year. This will be paid on 12th December 2008 to those Shareholders on the register on 14th November 2008. Whilst we will, as always, have to take a decision on the appropriate amount to recommend as a final dividend having regard to the results for the full year, the Board is hopeful that this will reflect a similar percentage increase.

We recorded an excellent attendance, including from new shareholders, at the Annual General Meeting in July and received constructive positive feedback on the new format adopted. The event gave those Shareholders who attended a first sight of the Company's new acquisition at Aylesford in which considerable interest was expressed. I would remind you that our website, www.wynnstayproperties.co.uk, contains details of the portfolio as well as providing information on the share price.

Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on **Wednesday 15th July 2009** at 12 noon and I look forward to meeting as many shareholders as possible at that time.

Finally, on behalf of the Board, I would like to thank all Shareholders for their continued interest in, and support for, Wynnstay, and to convey our best wishes for Christmas and for 2009.

Philip G.H. Collins
Chairman
5th November 2008

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**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
29TH SEPTEMBER 2008**

	Six months ended <u>29th</u> <u>September</u> 2008 £'000	Six months ended <u>29th</u> <u>September</u> 2007 £'000	Year ended <u>25th</u> <u>March</u> 2008 £'000
Property Income	870	786	1,565
Property Costs	(64)	(16)	(92)
Administrative Costs	<u>(221)</u>	<u>(332)</u>	<u>(554)</u>
Operating Income before movement in fair value of investment properties:	585	438	919
Movement in fair value of:			
Investment Properties	(2,106)		(135)
Other investments	(1)	(2)	(1)
Operating (Expense)/Income	<u>(1,522)</u>	<u>436</u>	<u>783</u>
Investment Income	34	13	38
Other income			135
Finance Costs	<u>(224)</u>	<u>(115)</u>	<u>(229)</u>
Net (Expense)/Income before Taxation	(1,712)	334	727
Taxation	<u>160</u>	<u>55</u>	<u>251</u>
Net (Expense)/ Income after Taxation	(1,552)	389	978
Dividends paid	<u>(216)</u>	<u>(204)</u>	<u>(286)</u>
Retained Earnings for the period	<u>(1,768)</u>	<u>185</u>	<u>692</u>
Basic Earnings per share	(49.2)	12.3	31.0
Normalised Earnings per Share	10.0	12.3	35.3
Net Asset value per share - IFRS	494	534	550
Net Asset value per share - UK GAAP	509	567	572

UNAUDITED CONSOLIDATED BALANCE SHEET AT 29TH SEPTEMBER 2008

	29th September 2008 £'000	29th September 2007 £'000	25th March 2008 £'000
Non Current Assets			
Investment Properties	24,060	21,515	21,380
Other property, plant and equipment	9	15	11
Investments	2	2	3
	<hr/> 24,071	<hr/> 21,532	<hr/> 21,394
Current Assets			
Accounts Receivable	50	61	152
Cash and Cash equivalents	1,354	478	888
	<hr/> 1,404	<hr/> 539	<hr/> 1,040
Current Liabilities			
Accounts Payable	(626)	(594)	(557)
Income Tax payable	(300)	-	(221)
	<hr/> (926)	<hr/> (594)	<hr/> (778)
Net Current Assets	<hr/> 478	<hr/> (55)	<hr/> 262
Total Assets Less Current Liabilities	24,549	21,477	21,656
Non-Current Liabilities			
Loans Payable	(8,500)	(3,600)	(3,600)
Deferred Tax	(454)	(1,021)	(693)
	<hr/> (8,954)	<hr/> (4,621)	<hr/> (4,293)
Net Assets	<hr/> <hr/> 15,595	<hr/> <hr/> 16,856	<hr/> <hr/> 17,363
Capital and Reserves			
Share Capital	789	789	789
Capital Redemption Reserve	205	205	205
Share Premium Account	1,135	1,135	1,135
Retained Earnings	13,466	14,727	15,234
	<hr/> 15,595	<hr/> 16,856	<hr/> 17,363
Shareholders Funds	<hr/> <hr/> 15,595	<hr/> <hr/> 16,856	<hr/> <hr/> 17,363

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED
29TH SEPTEMBER 2008**

	Six months ended 29 September		Year ended
	2008	2007	25 March
	£'000	£'000	2008 £'000
Cashflow from operating activities			
Operating (expense)/income	(1,522)	438	783
Depreciation	1	2	9
Decrease in fair value of investment properties	2,106	-	135
(Decrease) in fair value of investment	(1)	(2)	(1)
Decrease in accounts receivables	102	361	269
Increase(Decrease)/ in accounts payables	69	(354)	(359)
Income tax paid	-	(40)	(40)
Net cash from operating activities	<u>755</u>	<u>405</u>	<u>796</u>
Cashflow from investing activities			
Investment income and Other income received	34	13	172
Interest payable	(218)	(171)	(226)
Purchase of property, plant and equipment	(4,786)	(2)	(5)
Net cash from investing activities	<u>(4,970)</u>	<u>(160)</u>	<u>(59)</u>
Cashflow from financing activities			
Dividends paid	(216)	(204)	(286)
Bank loan received	4,900	-	-
Repayments on bank loans	-	(200)	(200)
Net cash from financing activities	<u>4,684</u>	<u>(404)</u>	<u>(486)</u>
Net increase/(decrease) in cash and cash equivalents	469	(159)	251
Cash and cash equivalents at beginning of period	888	637	637
Cash and cash equivalents at end of period	<u>1,354</u>	<u>478</u>	<u>888</u>

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2008

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 period	-	-	-	(1,552)	(1,552)
Dividends	-	-	-	(216)	(216)
Balance at 29 September 2008	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>13,466</u>	<u>15,595</u>

SIX MONTHS ENDED 29 SEPTEMBER 2007

	Share Capital	Capital Redemption Reserve	Share Premium Account	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2007	789	205	1,135	14,542	16,671
Net income for the period	-	-	-	389	389
Dividends	-	-	-	(204)	(204)
Balance at 29 September 2007	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>14,727</u>	<u>16,856</u>

YEAR ENDED 25 MARCH 2008

	Share Capital	Capital Redemption Reserve	Share Premium Account	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 26 March 2007	789	205	1,135	14,542	16,671
Net income for the year	-	-	-	978	978
Dividends	-	-	-	(286)	(286)
Balance at 25 March 2008	<u>789</u>	<u>205</u>	<u>1,135</u>	<u>15,234</u>	<u>17,363</u>

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.

The interim financial information has been prepared using the recognition and measurement principles of International Financial Reporting Standards (IFRS).

The comparative figures represent the Group's results and cash flows for the six months ended 29th September 2007 and for the year ended 25th March 2008 under the recognition and measurement principles of IFRS.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

This financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The comparative financial information for the year ended 25th March 2008 was derived from information extracted from the annual report and accounts for that period, which has been filed with the UK Registrar of Companies. The auditors have reported on those accounts, their report was unqualified and did not contain statements under sections 237(2) or (3) of the Companies Act 1985.

Basis of Preparation and Consolidation

The Group Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements incorporate the financial statements of the Company and its dormant subsidiary undertaking Wynnstay Developments Limited made up to the period end. All inter group balances, transactions, income and expenses are eliminated on consolidation.

Investment Properties

All the Group's investment properties have been revalued and stated at fair value as at 29th September 2008. The aggregate of any revaluation gain or loss is taken through 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.

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.

Property Income

Property Income represents the accrued charges under operating leases for rental of the Group's properties and is stated net of Value Added Tax. All income is derived in the United Kingdom.

Repairs and Renewals

Repairs and renewals are charged to the income statement as incurred.

Deferred 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 entered or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years. Taxable profit differs from profit 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 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 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, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

Pensions

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

2. Dividends Paid

<u>period</u>	<u>payment date</u>	<u>Per Share (pence)</u>	<u>Amount absorbed £'000</u>
6 months to 29th September 2008	12th December 2008	2.75	87
6 months to 29th September 2007	18th December 2007	2.6	82
Year ended 25th March 2008	1st August 2008	6.85	216

3. Earnings per share

The calculation of basic earnings per share is based on earnings of (£1,552,000) (September 2007; £389,000; March 2008: £ 978,000) and 3,155,267 ordinary shares.

The calculation of normalised earnings per share is based on earnings of £315,000 (September 2007: £334,000; March 2008: £785,000) and 3,155,267 ordinary shares.

4. Investment Properties

	29th Sept 2008	29th Sept 2007	25th March 2008
Cost	£'000	£'000	£'000
Balance at 25th March 2008	21,380	21,515	21,515
Purchase	4,786	-	-
Revaluation (deficit)	(2,106)	-	(135)
Balance at 29th September 2008	<u>24,060</u>	<u>21,515</u>	<u>21,380</u>