

WYNNSTAY PROPERTIES PLC

INTERIM REPORT

**SIX MONTHS ENDED
29TH SEPTEMBER 2006**

Wynnstay Properties PLC

Interim Results for the six months ended 29th September 2006

Chairman's Statement

I am pleased to report increased profits and earnings per share, despite lower property income, compared with the interim results last year. Although we do not carry out a revaluation at the interim stage, net asset value per share reflects the property valuation conducted in March 2006 and is thus substantially above the figure at this time last year.

The results may be summarised as follows:-

		2006	2005
• Profit on Ordinary Activities before taxation:	+ 8.8%	£283,000	£260,000
• Earnings per share:	+ 8.6%	6.3p	5.8p
• Interim dividend per share:	+ 6.5%	2.45p	2.3p
• Net asset value per share:	+ 14.6%	432p	377p

As anticipated, property income was lower in the first half, mainly as a consequence of the Epsom property remaining vacant following the lease expiry in September 2005. However, this was partially offset by a full contribution from the letting of the vacant unit at Basingstoke and the letting of three recently refurbished industrial units at St. Neots as well as from satisfactory rent review settlements achieved elsewhere in the portfolio.

You will recall that we made an application for planning consent in relation to the Epsom property, involving the construction of an additional fifth floor and the conversion of the four upper floors for residential use, to comprise 15 apartments, with commercial use retained on the ground floor only. Those Shareholders who were able to attend the Annual General Meeting in July were able to see our plans for the property, which generated a considerable degree of interest. I am pleased to report that permission for the scheme was granted early in September. The Board reviewed the strategy and options for this property at its meeting shortly thereafter.

We concluded that it would be in the best interests of Shareholders, having regard to the continuing strength of the residential market and the considerable interest expressed by a number of specialist developers for this type of project, for the property to be sold with the benefit of the planning permission we had obtained. Contracts were exchanged on 21st November 2006 for the sale of this property for a cash consideration of £2,000,000. After taking account of the settlement negotiated with the previous tenant and the design, planning and selling costs involved, this disposal is expected to result in a net surplus over book value of approximately £948,000, on which no tax liability should arise. This surplus equates to 30 pence per share, which will be reflected in the Company's financial statements for the year ending 25th March 2007. This very profitable transaction was achieved as a result of the Company procuring a skilfully and sensitively designed scheme for the conversion of the property to satisfy stringent planning requirements, coupled with a professionally executed marketing campaign.

During the first half, we examined numerous potential investment opportunities and engaged in some detailed discussions with vendors, but no acquisitions took place during the period. It remains difficult to acquire attractive investment properties which provide opportunities for medium to long-term growth at prices which can be justified. The intense competition in the market has driven prices up to levels we consider will prove difficult to sustain. However, as I have said before, this has the benefit that the value of your Company's properties at the present time is being strongly sustained by these conditions which, should they continue throughout the

second half, are likely to have a positive impact on the year end property revaluation. In the meantime, and especially with the combination of low gearing, the unutilised element of our borrowing facilities and the funds which will be generated from the disposal of the Epsom property, the Company remains in a strong position to make significant investments as and when opportunities arise or market conditions change.

Prospects for the full year appear satisfactory. Although property income is likely to be somewhat lower than last year, we expect this to be countered by lower overhead and interest costs. Profits will also be enhanced by the disposal of the Epsom property.

In the light of these results, the Directors have decided to declare an interim dividend of 2.45p per share, representing an increase of 6.5% over last year. This will be paid on 14th December 2006 to those Shareholders on the register on 1st December 2006. Whilst we will, of course, decide 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.

The financial statements included in this report have been prepared in accordance with accounting standard FRS 21 which requires that dividends declared after the balance sheet date are not recognised as a liability. This means they include the final dividend for the last financial year paid in August 2006, but not the interim dividend payable in December 2006. Further, they do not reflect the release of deferred tax provisions no longer required, amounting to £159,000, which will be reflected in the accounts for the full year.

I am extremely sorry to report that our Finance Director, Peter Kirkland, has decided to retire at the age of 60. Peter has steered Wynnstay skilfully through a period of great change over the last 12 years. We are indebted to him for his commitment and loyalty and we will miss his breadth of experience and wise counsel. I will include a fuller tribute to him in my annual statement. We are in the course of recruiting his successor and an announcement will be made in due course.

A record number of Shareholders were able to attend the Annual General Meeting in July. The meeting provides a valuable opportunity for the Directors to talk with Shareholders both formally and informally and to gauge interest in the Company and its future. It also provides an occasion at which Shareholders can discuss the Company's progress with each other. Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on Thursday 26th July 2007 and I hope that we will once again have an excellent attendance.

Finally, on behalf of the Board, I convey to all Shareholders and their families our best wishes for a Happy Christmas and for the New Year.

22nd November 2006

Philip G.H. Collins
Chairman

Wynnstay Properties PLC
Unaudited Consolidated Profit & Loss Account
Six Months ended 29th September 2006

	Six Months ended 29th September 2006 2005 (Unaudited) £'000 £'000		Year ended 25th March 2006 (Audited) £'000
Turnover			
Gross Rental Income	770	812	1,560
Fees and Commissions	<u>8</u>	<u>8</u>	<u>17</u>
	778	820	1,577
 Property Outgoings	 <u>(30)</u>	 <u>(24)</u>	 <u>(62)</u>
	748	796	1,515
 Administration and Other Costs	 <u>(278)</u>	 <u>(341)</u>	 <u>(589)</u>
Operating Profit	470	455	926
 Finance Costs (Net)	 <u>(187)</u>	 <u>(195)</u>	 <u>(373)</u>
Profit on Ordinary Activities before Taxation	283	260	553
 Taxation	 <u>(85)</u>	 <u>(78)</u>	 <u>(168)</u>
Profit on Ordinary Activities after Taxation	198	182	385
 Dividends paid (see note 3)	 <u>(189)</u>	 <u>(180)</u>	 <u>(253)</u>
Profit Retained	<u>9</u>	<u>2</u>	<u>132</u>
 Basic Earnings per share (see note 1)	 6.3p	 5.8p	 12.2p

Wynnstay Properties PLC
Unaudited Consolidated Balance Sheet
at 29th September 2006

	29th September 2006 (Unaudited) £'000	29th September 2005 (Unaudited) £'000	25th March 2006 (Audited) £'000
Fixed Assets			
Tangible Assets	20,360	18,750	20,357
Investments	<u>1</u>	<u>1</u>	<u>1</u>
	20,361	18,751	20,358
Current Assets			
Debtors	98	85	35
Cash at Bank and in Hand	<u>180</u>	<u>369</u>	<u>316</u>
	278	454	351
Creditors: Amounts falling due Within one year	<u>(679)</u>	<u>(799)</u>	<u>(758)</u>
Net Current Liabilities	<u>(401)</u>	<u>(345)</u>	<u>(407)</u>
Total Assets Less Current Liabilities	19,960	18,406	19,951
Creditors: Amounts falling due after more than one year	<u>(6,000)</u>	<u>(6,200)</u>	<u>(6,000)</u>
	13,960	12,206	13,951
Provision for Liabilities and Charges	<u>(314)</u>	<u>(304)</u>	<u>(314)</u>
Net Assets	<u>13,646</u>	<u>11,902</u>	<u>13,637</u>
Capital and Reserves			
Share Capital	789	789	789
Capital Redemption Reserve	205	205	205
Share Premium Account	1,135	1,135	1,135
Capital Reserve	151	151	151
Revaluation Reserve	6,277	4,672	6,277
Distributable Reserves	<u>5,089</u>	<u>4,950</u>	<u>5,080</u>
Equity Shareholders' Funds	<u>13,646</u>	<u>11,902</u>	<u>13,637</u>

Wynnstay Properties PLC
Unaudited Consolidated Cash Flow Statement
Six Months ended 29th September 2006

	Six Months ended 29th September 2006 (Unaudited) £'000	2005 £'000	Year ended 25th March 2006 (Audited) £'000
Cash Flow from Operating Activities (Note A)	<u>398</u>	<u>521</u>	<u>1,004</u>
Returns on Investment and Servicing of Finance			
Interest Received	4	6	10
Interest Paid	<u>(258)</u>	<u>(195)</u>	<u>(388)</u>
Net Cash (Outflow) from Returns on Investment and Servicing of Finance	<u>(254)</u>	<u>(189)</u>	<u>(378)</u>
Taxation Paid	<u>(86)</u>	<u>(55)</u>	<u>(127)</u>
Capital Expenditure and Financial Investment			
Purchase of Tangible Fixed Assets	(5)	(1)	(3)
Disposal of Tangible Fixed Assets	<u>-</u>	<u>1</u>	<u>1</u>
Net Cash (Outflow) from Investing Activities	<u>(5)</u>	<u>-</u>	<u>(2)</u>
Equity Dividends Paid	<u>(189)</u>	<u>(180)</u>	<u>(253)</u>
Net Cash (Outflow)/Inflow before Financing	<u>(136)</u>	97	244
Financing			
Repayment of Bank Loan	<u>-</u>	<u>-</u>	<u>(200)</u>
(Decrease)/Increase in Cash in the Period	<u>(136)</u>	<u>97</u>	<u>44</u>
Reconciliation of Net Cash Flow to Movement in Net Debt			
(Decrease)/Increase in Cash in the Period	(136)	97	44
Cash Inflow from Debt Financing	<u>-</u>	<u>-</u>	<u>200</u>
Movement in Net Debt in the Period	(136)	97	244
Net Debt at 25th March 2006	<u>(5,684)</u>	<u>(5,928)</u>	<u>(5,928)</u>
Net Debt at 29th September 2006 (Note B)	<u>(5,820)</u>	<u>(5,831)</u>	<u>(5,684)</u>

Notes To Cash Flow Statement

A. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Six Months ended		Year ended
	29th September		25th March
	2006	2005	2006
	£'000	£'000	£'000
Operating Profit	470	455	926
Depreciation and Amortisation	2	1	2
(Increase)/Decrease in Debtors	(63)	(1)	49
(Decrease)/Increase in Creditors	<u>(11)</u>	<u>66</u>	<u>27</u>
Net Cash Inflow from Operating Activities	<u>398</u>	<u>521</u>	<u>1,004</u>

B. Analysis of Net Debt

	29th September	Cash	25th March
	2006	Movement	2006
	£'000	£'000	£'000
Cash at Bank and in Hand	180	(136)	316
Debt due after more than one year	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>
Net Debt	<u>(5,820)</u>	<u>(136)</u>	<u>(5,684)</u>

Notes

1. Basic earnings per share have been calculated on profits after taxation attributable to Ordinary Shareholders of £198,000 (2005: £182,000) and on 3,155,267 ordinary shares, being the weighted average number in issue during both periods.
2. The figures in these statements do not constitute statutory accounts; those for the year ended 25th March 2006 are extracted from the Group Accounts which have been filed with the Registrar of Companies and which received an unqualified report from the Auditors and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985 as amended.
3. An interim dividend of 2.45p per share, amounting to £77,000, will be paid on 14th December 2006 to those Shareholders on the register at 1st December 2006. A final dividend of 6.0p per share in respect of the year ended 25th March 2006, was paid to Shareholders on 3rd August 2006 and the cost amounting to £189,000 has been included in the Profit and Loss Account for the half year ended 29th September 2006.
4. This interim report is being posted to all Shareholders and will be available free of charge until 31st December 2006 on application to the Company's registered office at Cleary Court, 21 St. Swithin's Lane, London EC4N 8AD.

