

WYNNSTAY PROPERTIES PLC

INTERIM REPORT

**SIX MONTHS ENDED
29TH SEPTEMBER 2012**

WYNNSTAY PROPERTIES PLC

Interim Results for the six months ended 29th September 2012 Chairman's Statement

Despite the continuing difficult conditions affecting the UK economy, Wynnstay has continued to perform well and I am pleased to report to you with good results of the first half of the financial year to 29th September 2012 which may be summarised as follows:

		2012	2011
Operating income before movement in fair value of investment properties:	24.1%	£601,000	£484,000
Income before Taxation	(8.1)%	£641,000	£690,000
Earnings per share	(5.3)%	18.0p	19.0p
Interim Dividend per share	10%	3.2p	2.90p
Net Asset value per share	(1.5)%	466p	473p

Property income for the half-year increased to £838,000 (2011 - £763,000) as rental income from our latest additions to the portfolio, at Lewes and at Surbiton, to which I referred in my statement in last year's accounts came on stream, albeit offset to some degree by the disposals of our office building at Colchester at the end of the last financial year and of our industrial property at Alton which was completed in this half-year. As a result, our operating income of £601,000 (2011 - £484,000) was somewhat higher than for the same period last year.

Our pre-tax profit of £641,000 (2011 - £690,000) is slightly lower than at the same time last year, mainly as a result of the profit on the sale of investment properties being different in the two years: £100,000 in the current year to date, compared to £267,000 in the comparable period last year. Finance costs have been about the same in the two comparable periods, reflecting the continuing low interest rates.

Management activity of the portfolio has been busy but rather less intense than in the recent past, reflecting a degree of stability amongst our tenant base. During the period, we renewed three leases on the industrial estate at Aylesford, renegotiated the leases of two trade units at Heathfield, notably to remove the tenant's ability to break the leases, and welcomed new tenants for industrial units at Norwich, St Neots and Uckfield. I consider this is an excellent position given the current weakness of the commercial property letting market as it ensures continuity of income while minimising as far as possible the costs associated with vacant properties.

There is no doubt that the economic conditions are causing difficulties for some of our tenants, particularly small local traders. Although we did not suffer any material bad debts resulting from the failure of tenants, it seems almost inevitable that some business failures will occur and, if they do, it will affect Wynnstay's income and we will incur costs while properties are vacant and in reletting them. On a more positive note, we have a good mix of tenant profiles, ranging from the Government through national businesses to small and medium-sized enterprises and the voluntary and charitable sectors. At the time of writing, we have collected over 95% of the rental income due for the current quarter commencing 29 September 2012 and our vacancy rate remains at under 1% on a rental basis.

With the changes that we have made to the portfolio over the past eighteen months and in particular the disposal of Twickenham and the acquisitions of Lewes and Surbiton, the immediate outlook is perhaps more favourable than it was when I wrote to you at this time last year. Nevertheless it is important to remain cautious whilst on the lookout for opportunities that will enhance shareholder value in the medium-to-longer term as I consider we have done with our recent purchases.

As has been the case for a considerable period interest rates remain at a historically low level due to the economic conditions and it is clear from our results that these low interest rates benefit Wynnstay. It is important to recognise that market rates will inevitably rise in due course to more normal levels and that the terms we presently enjoy under our borrowing facility which expires in December 2013 may not be available when we seek to renegotiate the facility next year although the current portfolio places us in a good position to agree acceptable terms.

In the light of the matters discussed above, the Directors have decided to increase the interim dividend by 10% to 3.2p per share compared to the 2.9p per share paid in 2011. We have now held the dividend for several years, and a modest increase in the interim seems justified. This should not be taken as any indication that the final dividend will also be increased, and a decision on this will be taken in the light of the results for the year in June 2013. However, our desire is to achieve a slightly better balance between the interim and the final dividends. The interim dividend will be paid on 14th December 2012 to those Shareholders on the register on 16th November 2012.

I would repeat the reminder that I gave you last year and in my Chairman's statement in June 2012 concerning unsolicited approaches to shareholders over the telephone in relation to their shares in Wynnstay and I would refer you to the letter distributed with the Annual Report and Financial Statements in June.

Our Annual General Meeting next year will again be held at the Royal Automobile Club, 89 Pall Mall, London SW1 on **Thursday 18th July 2013** at 12 noon and I hope that as many shareholders as possible will make arrangements to attend and meet the Board and fellow shareholders.

Finally, on behalf of the Board, I would like to convey to all shareholders our best wishes for a Happy Christmas 2012 and for good health and happiness in 2013. Wynnstay, despite its compact size, benefits from considerable loyalty amongst its shareholders, many of whom have held their shares for a considerable time. The interest in Wynnstay's continued development that is shown by shareholders notably in the run up to and at our annual general meetings is greatly appreciated by the Board.

8th November 2012

Philip G.H. Collins
Chairman

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 2012 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 29th September 2012 and 29th September 2011 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 2012 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.

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 2012 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 a defined contribution scheme.

2. DIVIDENDS

<u>PERIOD</u>	PAYMENT DATE	PER SHARE (PENCE)	AMOUNT ABSORBED £'000
6 months to 29th September 2012	14th Dec 2012	3.20	87
6 months to 29th September 2011	17th Dec 2011	2.90	79
Year ended 25th March 2012	22nd July 2012	7.6	206

3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income after taxation attributable to Ordinary Shareholders of £487,000 (2011: £516,000) by the weighted average number of 2,711,617 ordinary shares in issue during the period (2011: 2,711,617). There are no instruments in issue that would have the effect of diluting earnings per share.

WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2012

	Six months ended		Year ended
	<u>29th September 2012</u> £'000	<u>29th September 2011</u> £'000	<u>25th March 2012</u> £'000
Property Income	838	763	1,503
Property Costs	(46)	(74)	(182)
Administrative Costs	(191)	(204)	(389)
	<u>601</u>	<u>484</u>	<u>932</u>
Movement in fair value of: Investment Properties	-	-	(866)
Profit/(Loss) on Sale of Investment Property	100	267	346
Operating Income	<u>701</u>	<u>751</u>	<u>412</u>
Investment Income	1	3	3
Finance Costs	(61)	(64)	(123)
Income before Taxation	<u>641</u>	<u>690</u>	<u>292</u>
Taxation	(154)	(174)	(175)
Income after Taxation	<u><u>487</u></u>	<u><u>516</u></u>	<u><u>117</u></u>

The company has no other items of comprehensive income

WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF FINANCIAL POSITION AT 29TH SEPTEMBER 2012

	<u>29th September 2012</u>	<u>29th September 2011</u>	<u>25th March 2012</u>
	£'000	£'000	£'000
Non Current Assets			
Investment Properties	18,630	18,825	16,965
Investments	<u>3</u>	<u>3</u>	<u>3</u>
	18,634	18,828	16,968
Current Assets			
Accounts Receivable	274	158	319
Cash and Cash Equivalents	<u>705</u>	<u>484</u>	<u>966</u>
	979	642	1,285
Non Current Assets held for Sale	-	365	2,324
Current Liabilities			
Accounts Payable	(820)	(387)	(808)
Income Taxes Payable	<u>(373)</u>	<u>(403)</u>	<u>(217)</u>
	(1,193)	(790)	(1,025)
Net Current (Liabilities)/Assets	<u>(212)</u>	217	2,584
Total Assets Less Current Liabilities	18,421	19,045	19,552
Non-Current Liabilities			
Bank Loans Payable	(5,775)	(6,150)	(7,187)
Deferred Taxation	<u>(6)</u>	<u>(56)</u>	<u>(6)</u>
Net Assets	<u>12,640</u>	<u>12,838</u>	<u>12,359</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>12,081</u>	<u>12,279</u>	<u>11,800</u>
	<u>12,640</u>	<u>12,838</u>	<u>12,359</u>

WYNNSTAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2012

SIX MONTHS ENDED 29 SEPTEMBER 2012

	<u>Share Capital</u> £'000	<u>Capital Redemption Reserve</u> £'000	<u>Share Premium Account</u> £'000	<u>Treasury Shares</u> £'000	<u>Retained Earnings</u> £'000	<u>Total</u> £'000
Balance at 26 March 2012	789	205	1,135	(1,570)	11,800	12,359
Total comprehensive income for the period	-	-	-	-	487	487
Dividends	-	-	-	-	(206)	(206)
Balance at 29 September 2012	789	205	1,135	(1,570)	12,081	12,640

SIX MONTHS ENDED 29 SEPTEMBER 2011

	<u>Share Capital</u> £'000	<u>Capital Redemption Reserve</u> £'000	<u>Share Premium Account</u> £'000	<u>Treasury Shares</u> £'000	<u>Retained Earnings</u> £'000	<u>Total</u> £'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	789	205	1,135	(1,570)	12,279	12,838

YEAR ENDED 25 MARCH 2012

	<u>Share Capital</u> £'000	<u>Capital Redemption Reserve</u> £'000	<u>Share Premium Account</u> £'000	<u>Treasury Shares</u> £'000	<u>Retained Earnings</u> £'000	<u>Total</u> £'000
Balance at 26 March 2011	789	205	1,135	(1,570)	11,969	12,528
Total comprehensive income for the period	-	-	-	-	117	117
Dividends	-	-	-	-	(206)	(206)
Balance at 25 March 2012	789	205	1,135	(1,570)	11,800	12,359

WYNNSTAY PROPERTIES PLC

UNAUDITED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 29TH SEPTEMBER 2012

	Six months ended		Year ended
	<u>29 September</u>	<u>29 September</u>	<u>25 March</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>
	£'000	£'000	£'000
Cashflow from operating activities			
Income before taxation	641	690	292
Adjusted for:			
Depreciation	-	6	6
Decrease in fair value of investment properties	-	-	866
Interest income	-	(3)	(3)
Interest expense	61	64	123
(Profit)/Loss on disposal of investment properties	(100)	(267)	(346)
Changes in:			
Trade and other receivables	45	131	(293)
Trade and other payables	(3)	(260)	51
Income taxes paid	-	(11)	(248)
Interest paid	61	64	(123)
Net cash from operating activities	704	<u>25</u>	<u>325</u>
Cashflow from investing activities			
Interest and other income received	-	3	3
Purchase of investment properties	(1,679)	-	(1,330)
Sale of investment properties	2,333	1,087	1,641
Net cash from investing activities	654	<u>1,090</u>	<u>314</u>
Cashflow from financing activities			
Dividends paid	(206)	(206)	(286)
Repayments on bank loans	(1,412)	(1,305)	(1,605)
Net cash used in financing activities	(1,619)	<u>(1,511)</u>	<u>(554)</u>
Net (decrease)/increase in cash and cash equivalents	(261)	(397)	85
Cash and cash equivalents at beginning of period	966	881	881
Cash and cash equivalents at end of period	705	<u>484</u>	<u>966</u>