Western Selection P.L.C.

Report & Accounts

30th June

2010

Contents

Directors and Advisers

D.C. MARSHALL, *Non-executive Chairman*, age 66

Mr Marshall joined the board in 1974. He is the chairman of London Finance & Investment Group P.L.C., which is a substantial shareholder of Western. He is a non-executive director of Creston plc, Finsbury Food Group P.L.C.,MWB Group Holdings Plc and Northbridge Industrial Services PLC and is the chief executive of Marshall Monteagle Holdings S.A. and chairman of Halogen Holdings P.L.C. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies.

E.J. BEALE, *Non-executive*, age 49

Mr Beale was elected a director on 2nd October 2008. He is a Chartered Accountant and is the Chief Executive of City Group P.L.C., the Company's secretaries and administrators. He is also a member of the Accounting Standards Board of the Financial Reporting Council and Chairman of the Corporate Governance Committee of the Quoted Companies Alliance. He is a non-executive director of Finsbury Food Group plc, Halogen Holdings P.L.C., Heartstone Inns Limited and our associated company, Hartim Limited.

A.J. HALL, *Non-executive*, age 68*†

Mr Hall joined the board in 1996. Mr Hall held senior investment management positions with The Royal Trust Company of Canada and Aitken Hume. In 1985 he joined Sarasin Investment Management Limited, a wholly owned subsidiary of Bank Sarasin & Cie, a major private Swiss bank, as a director with responsibility for expanding investment services, and was managing director from 1989 to 2000 and he is now a consultant with Sarasin & Partners LLP and chairman of Sarasin Asset Management Limited.

J.M. ROBOTHAM, OBE, FCA, *Non-executive*, age 77*†

Mr Robotham joined the board in 1971. He is the non-executive chairman of Marshall Monteagle Holdings S.A. and a non-executive director of London Finance & Investment Group P.L.C. He is a Chartered Accountant and a Member of the Securities Institute.

*Member of the audit committee †Member of the investment committee

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Auditors
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West Sussex RH6 0PA

Bankers
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Loeb Aron & Company Ltd.
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Registered Number 234871

Western Selection P.L.C. ("Western") is a United Kingdom Strategic Investment Company. It holds investments in four smaller United Kingdom companies, on three of which Western has board representation (Strategic Investments) and in large quoted companies in the United Kingdom and overseas.

Western's share capital and warrants are admitted to trading on PLUS-quoted markets ("PLUS").

Results in Brief

	2010 **£000**	2009 £000
Profit/(Loss) on ordinary activities	**£256,000**	£(862,000)
Interim dividend per share	0.65p	Nil
Proposed final dividend per share	0.65p	Nil
Profit/(Loss) per share	1.4p	(4.8)p
Net assets, including investments at fair values	**£10,935,000**	£8,936,000
Number of shares in issue	**17,956,919**	17,956,419
Net assets per share	**61p**	50p
Middle market price on 30th June	**33.5p**	28p

Financial Calendar

Annual General Meeting	Thursday, 30th September 2010 at 10.00 a.m.
Dividend for 2010	Payable on 15th October 2010 to holders on 17th September 2010
Half year results	Announced in February

Analysis of Shareholders

Holding	Shareholders Number	%	Total Shareholding	%
1 - 500	203	36.2	69,936	0.4
501 - 1,000	115	20.5	85,445	0.5
1,001 - 5,000	143	25.5	311,301	1.7
5,001 - 10,000	27	4.8	206,971	1.2
10,001 - 50,000	44	7.9	1,008,565	5.6
50,001 - 100,000	9	1.6	635,760	3.5
100,001 - 500,000	12	2.1	2,332,257	13.0
Over 500,000	8	1.4	13,306,684	74.1
	561	100.0	17,956,919	100.0

The current price of the Company's shares can be found on the PLUS-quoted market website (www.plusmarketsgroup.com) and through the Company's website (www.westernselection.co.uk). A share dealing service is available for shareholders through Capita IRG Trustees Limited, a subsidiary of Capita Registrars. Shareholders can buy or sell shares in the Company online at www.capitadeal.com or by telephone on 0870 458 4577 (Monday to Friday 8.00 a.m. – 4.30 p.m.). The warrants are also quoted on PLUS.

Director's Report

Business Review

Western is an investment company whose objective is to generate growth in value for shareholders over the medium to long term and pay a progressive dividend. The Company's strategy is to hold a mix of Strategic Investments and a General Portfolio of U.K. and overseas quoted multinational stocks.

As a "long only" investor with a diversified General Portfolio, the Company's performance is mainly dictated by changes in the value of its strategic investments and movements in the stock markets. Dividend income has reduced from £135,000 to £85,000, primarily due to Treatt PLC which was sold at the end of the previous year, from which dividends of £25,000 were received in the previous year and Dawson Holdings PLC which passed its dividend, from which £5,000 was received in 2008/9. Normal operating expenses have been reduced by 18% in the year.

Quoted strategic investments increased in value by 39% in the year and our principal unquoted investment, Hartim Limited, continues to trade successfully. Our share of Hartim's earnings for the year was £150,000, a return of 21% on our investment of £728,000.

Your Company is in the process of re-focussing the General Portfolio into major multinationals and extending the markets that we invest through into Europe and North America. Most of the smaller companies in the General Portfolio and a few of the larger companies have been sold generating cash proceeds of £1,350,000. On the investments sold £279,000 of the impairment provisions made last year against the carrying values of certain General Portfolio and unquoted investments have been recovered, resulting in an overall profit on disposals of £134,000. Subsequent to the year end £113,000 of the bank facility of £2,500,000, has been drawn down after having invested a further £406,250 in Northbridge (see below).

The Company made a profit of £256,000 after tax and exceptional items, compared to a loss of £862,000 last year. The loss last year was exacerbated by impairment provisions against the carrying values of certain General Portfolio and unquoted investments of £546,000.

For some time the Company's shares have been trading at a substantial discount to its net assets per share which are currently 61p. The Board intends to use the authority granted to it by its shareholders at the last AGM to buy in and cancel shares.

Strategic Investments

Creston plc

Creston is a marketing services group whose strategy is to grow within its sector both by organic growth and through selective acquisition to become a substantial, diversified marketing services group. The audited results for the year to 31st March 2010, show a profit after tax of £5,133,000 (2009 – £6,597,000), equivalent to fully diluted earnings of 8.74p per share (2009 – 12.2p). On 28th June 2010 Creston announced the proposed disposal of DLKW, its advertising agency. Western maintained its holding of 3,000,000 shares in Creston (4.9%) with a value at 30th June 2010 of £2,752,000 (2009 – £1,920,000) being 25% (2009 – 21%) of Western's assets.

Mr D.C. Marshall is a non-executive director of Creston.

Northbridge Industrial Services PLC

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries. In particular it seeks to acquire specialist businesses that have the potential for expansion into complete outsourcing providers. Sales are made to the

U.K., U.S.A., Brazil, Singapore, Germany, UAE and Korea; Northbridge also has subsidiaries operating in Dubai and Azerbaijan.

Northbridge announced profits of £1,571,000 for the year ended 31st December 2009 (2008 – £1,918,000) and declared a final dividend of 2.7p per share, making 4.1p for the year (2008 – 3.9p).

On 30th June 2010, Northbridge announced the proposed raising of approximately £8 million by way of an open offer in order to acquire Tasman Oil Tools Pty Ltd, based in Perth, Western Australia, which specialises in the rental of equipment for the onshore and off-shore oil industry throughout Australia. Western has taken up 325,000 shares in that offer at a cost of £406,250, increasing its holding to 2,200,000 shares in Northbridge, which is 14.39% of the issued share capital. The value of the investment at 30th June 2010 was £2,508,000 (2009 – £2,156,000) being 23% (2009 – 24%) of Western's assets.

Mr D.C. Marshall is a non-executive director of Northbridge.

Swallowfield plc

Swallowfield is a market leader in the development, formulation, manufacture and supply of cosmetics, toiletries and related household products for global brands and retailers operating in the cosmetics, personal care and household goods market. Swallowfield announced its interim results to January 2010 showing a profit after tax of £533,000 compared to £449,000 for the comparable period last year. Dividends of £87,000 (2009 – £77,000) were received from Swallowfield during the year.

Western increased its holding in Swallowfield during the year and since the year end. As at 31st August 2010 it owns 1,582,649 shares which is 13.99% of the issued share capital. The market value of the Company's holding in Swallowfield on 30th June 2010 was £1,816,000 (2009 – £999,000), being 17% (2009 – 11%) of Western's net assets.

Your directors would like to see the Swallowfield Board strengthened and remain in discussions with the company and other major shareholders about the composition of the Swallowfield board. We have submitted a resolution for discussion at the next Swallowfield AGM requesting that the Swallowfield Board increases in size from 5 to 7 by the appointment of additional non-executive directors with relevant skills and experience. Since submission of the resolution, Swallowfield have announced the appointment of an additional non-executive director and your directors have arranged to meet him.

Investments in Associates

Hartim Limited

Hartim is the unquoted holding company of Tudor Rose International Limited ("TRI") which was founded in 1984. It works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, TRI sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Western holds 49.5% of Hartim, which has a 31st December year end and achieved profits in 2009 of £335,000 after tax on turnover of £20,422,000. Western's share of the consolidated profit after tax for the twelve months to 30th June 2010 was £150,000 (2009 – £181,000) and the book value of the investment at 30th June 2010 was £1,129,000 (2009 – £979,000), being 10% (2009 – 11%) of Western's assets.

Western has two nominees on the board of Hartim, Mr E.J. Beale and Mr L.H. Marshall.

Industrial & Commercial Holdings PLC (ICH)

ICH is a small, unquoted, PLC in which Western holds a 29.9% interest. It owns land with potential for residential planning permission at Milngavie, adjacent to Dougalston golf course, just north east of Glasgow. ICH is currently making representations for its land to be included in the local authority's next five year plan, but it may take some time for permission to be received. Mr D.C. Marshall and Mr J.M. Robotham are directors of ICH.

City Group P.L.C.

Western holds 48.6% and London Finance & Investment Group P.L.C. holds 51.4% of City Group P.L.C., which provides head office and company secretarial services to both of these and other, independent, companies.

General Portfolio

During the year the General Portfolio increased in value by 10.6%. Our investments in FTSE 100 and FTSE 250 stocks, which comprise 55% of the General Portfolio, increased in value by 17.8% whereas the FTSE 100 rose by 15.7% and the FTSE 250 rose by 26.3%. We have diversified by recently moving into holdings in European and United States stocks, representing 17% and 12% of the General portfolio respectively. Our investments in FTSE Fledgling stocks, which make up 5% of our General Portfolio, decreased in value by 1.3% compared to a rise of 16.0% in that index. We have taken a net £126,000 out of the General Portfolio in the year.

Outlook

Against an uncertain economic outlook stockmarkets worldwide remain volatile and nervous. We see good value appearing in major multinational companies and have orientated the General portfolio in that direction. While investment in smaller companies carries a higher degree of risk we look for further growth from our strategic holdings.

Summary of Investments

	2010			2009		
	Cost £000	**Carrying Value £000**	**%**	Cost £000	Carrying Value £000	%
Strategic Investments						
Creston plc	**4,444**	**2,752**	**25**	4,444	1,920	21
Northbridge Industrial Services PLC	**1,914**	**2,508**	**23**	1,914	2,156	24
Swallowfield plc	**1,537**	**1,816**	**17**	1,339	999	11
Total Strategic Investments	**7,895**	**7,076**	**65**	7,697	5,075	56
Investments in Associates						
Hartim Limited	**728**	**1,129**	**10**	728	979	11
Industrial & Commercial Holdings PLC	**107**	**58**	**1**	107	66	1
City Group P.L.C.	**83**	**92**	**1**	83	106	1
Total Investments in Associates	**918**	**1,279**	**12**	918	1,151	13
General Portfolio						
Listed investments – UK	**1,368**	**1,357**	**12**	2,173	1,747	20
– Europe	**394**	**392**	**4**	–	–	–
– USA	**304**	**270**	**2**	–	–	–
AIM and Ofex	**89**	**–**	**–**	284	165	2
Offshore Funds – FSA recognised	**236**	**237**	**2**	206	203	2
Total General Portfolio	**2,391**	**2,256**	**20**	2,663	2,115	24
Other Unquoted Investments	**104**	**–**	**–**	104	77	1
Total Fixed Asset Investments	**11,308**	**10,611**	**97**	11,382	8,418	94
Cash at bank	**328**	**328**	**3**	290	290	3
Other Net Current Assets	**(4)**	**(4)**	**–**	228	228	3
	11,632	**10,935**	**100**	11,900	8,936	100

Composition of General Portfolio

at 30th June 2010

	Carrying Value £000	%
FTSE 100		
British American Tobacco	150	6.6%
Imperial Tobacco Group	139	6.2%
Royal Dutch Shell	139	6.1%
Diageo	119	5.3%
Unilever	108	4.8%
RSA Insurance Group	96	4.2%
Cobham	85	3.8%
Balfour Beatty	85	3.8%
GlaxoSmithKline	74	3.3%
BP	48	2.1%
Pearson	31	1.4%
HSBC Holdings	28	1.2%
Reckitt Benckiser	27	1.2%
BHP Billiton	26	1.2%
	1,155	**51.2%**
FTSE 250		
Rotork	**90**	**4.0%**
FTSE Fledgling		
Bioquell and other	112	4.9%
Total UK	**1,357**	**60.1%**
Quoted Investment Funds		
Sarasin International Equity Income Fund (A Class Inc)	122	5.4%
Equisar Global Thematic Fund (A Class Inc)	115	5.1%
	237	**10.5%**
USA		
Brown Forman	29	1.3%
Procter and Gamble	28	1.2%
Colgate Palmolive	28	1.2%
Phillip Morris International	28	1.2%
Kellogg	27	1.2%
Becton Dickinson	27	1.2%
Lockheed Martin	26	1.2%
United Technologies	26	1.2%
Exxon	26	1.1%
Chevron	25	1.1%
	270	**11.9%**
Europe		
Schindler-Holdings	36	1.6%
Holcim	33	1.5%
Nestle	33	1.5%
BASF	32	1.5%
Zurich Financial Services	31	1.4%
ABB	31	1.4%
L'Oreal	30	1.3%
Novartis	29	1.3%
Pernod Ricard	28	1.3%
Danone	28	1.2%
Heineken	28	1.2%
Koninklijke	28	1.2%
Total	25	1.1%
	392	**17.5%**
Total	**2,256**	**100.0%**

Trends in Key Performance Indicators

Key Performance Indicators ("KPIs") are the yardsticks against which the Board measures the performance of the Company. Our objective is to achieve long term growth of both dividend income and share value.

	2010	2009	2008	2007	2006
Net assets value per share – pence	**60.9**	50.0	58.0	99.7	89.8
Dividends per share – pence	**1.30**	–	2.60	2.55	2.45
(Loss)/Earnings per share before share of associates and exceptional items – pence	**0.71**	(2.67)	2.41	2.94	2.76
Expense ratio	**2.5%**	3.7%	3.3%	2.3%	2.8%

Asset values recovered during the year, as discussed above, and expenses were reduced, resulting in an improvement in the expense ratio.

Definition of KPIs used above

Net assets per share – Net assets including investments at market value divided by the number of shares in issue at the year end.

Dividends per share – Dividends declared for the year.

Earnings per share – Earnings for the year, excluding associates and exceptional items (as defined in note 1(vi)), divided by the weighted average number of shares in issue over the year, as set out in note 7.

Expense ratio – Normal administration expenses (excluding exceptional items) for the year divided by the year end net assets including investments at market value.

Dividend

The Company paid an interim dividend of 0.65p per share on 24th March 2010. The Company was unable to pay a dividend for 2009 as the Companies Act requires net assets to exceed the sum of share capital, share premium and undistributable reserves before a dividend can be paid.

A final dividend of 0.65p per share is proposed, making 1.30p for the year, compared to 2.60p for 2008. The dividend will be paid on 15th October 2010 to shareholders on the register at the close of business on 17th September 2010.

Financial Instruments

The financial instruments of the Company are the investment portfolio and cash. The Company has no borrowings at the statement of financial position date. Detail of the Company's risk assessments and risk policy are set out in note 16.

Share Capital and Warrants

The 2010 Warrants are exercisable at 50p each 28 days after the despatch of the annual and interim reports in each of the years 2008 to 2010. During the year 500 warrants were exercised and at 30th June 2010 the issued share capital of the Company was 17,956,919 shares and there were 7,693,522 of the 2010 Warrants in issue and exercisable. The last exercise date for the 2010 Warrants is 28 days after the despatch of this report and a letter advising of that date and the procedure for exercising the Warrants has been sent to all warrant holders.

The 2010 Warrants are admitted to trading on PLUS where the mid-market price at 1st September 2010, the latest practical date, was 1.5p. If shareholders have any problems dealing in the shares or Warrants they should contact City Group at the address shown on page 2.

The Company considers its capital to comprise its ordinary share capital, share premium, warrant and other reserves. The Company's primary objective in managing its capital is to provide, over the long term, real growth in value for shareholders through a combination of capital growth and distributions. The Company has no borrowing and there is no gearing ratio.

Directors

A list of the present directors of the Company is shown on page 2. The beneficial interests of the directors in the shares and warrants to subscribe were as follows:

	30th June 2010		30th June 2009	
	Shares	**Warrants**	Shares	Warrants
D.C. Marshall	**–**	**–**	–	–
E.J. Beale	**–**	**–**	–	–
A.J. Hall	**121,800**	**52,200**	121,800	52,200
J.M. Robotham	**35,000**	**15,000**	35,000	15,000

There have been no changes in directors' share interests between 1st July 2010 and the date of this report.

Mr J.M. Robotham retires by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Purchase of own shares

At our last Annual General Meeting, shareholders gave the Company limited authority to buy its own shares in the market at a minimum price for any such purchase of 10p. A similar resolution will be proposed at this year's Annual General Meeting as the Directors believe that in certain circumstances it may be in shareholders' best interest to buy in shares if the discount between the share price and net asset value is sufficiently large. The Directors intend to use this authority to buy in shares in order to reduce the discount between the net asset value per share and the Company's share price.

Substantial Interests

At the date of this report the Company has been notified pursuant to Rule 5 of the Disclosure Rules and Transparency Rules of the following interests in 3%. or more of its shares:

Substantial Interests

At the date of this report the Company has been notified pursuant to Rule 5 of the Disclosure Rules and Transparency Rules of the following interests in 3% or more of its shares:

	Shareholding	% interest
London Finance & Investment Group P.L.C.	7,864,412	43.80
W.T. Lamb Holdings Limited	1,250,000	6.96
P.S. & J.M. Alan	1,089,292	6.06
Suffolk Life Annuities Limited	886,704	4.94
T.W.G. Charlton	725,734	4.04
IFG Trust (Jersey) Limited	654,542	3.65

Income and Corporation Taxes Act 1988

The Company is not a close company as defined in this Act.

Auditors

BDO LLP have signified their willingness to continue as auditors to the Company.

The Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

Payment of Suppliers

The Company does not follow any code or statement on payment practice, but the policy of the Company is to abide by such payment terms as are agreed with suppliers within the terms of supply. At the Statement of financial position date there were 19 days purchases outstanding (2009 – 2 days), calculated on the ratio of trade creditors to total purchases.

Corporate Governance

The Financial Services Authority requires that listed companies (but not companies traded on PLUS-quoted market) incorporated in the UK should state in their report and accounts whether they comply with the Combined Code and identify and give reasons for any areas of non-compliance. The Company's shares are traded on PLUS-quoted market and no disclosures are required. This is not a statement of compliance as required by the Combined Code and should therefore not be relied upon to give the disclosure required by the code.

However, the Company follows the Code wherever it is reasonable to do so. It operates an effective board, which includes non-executive directors. A separate investment committee and an audit committee are established and meet on a timely basis. The appointment of directors and the purchase of strategic investments are matters for the entire Board. Each director is required to retire every three years in accordance with the Articles of Association.

The Company has no Remuneration Committee because the Company has no employees and the remuneration of each Director is limited by the Articles of Association and set out in detail in the statutory accounts which are approved by shareholders in General Meeting. None of the directors has a service contract with the Company. Share options are not awarded to directors for services provided to the company.

The Board is aware of the requirements of the Code and the need for appropriate controls and systems to safeguard the Company's assets. Wherever possible, appropriate controls are put in place and monitored by the Board. However full compliance with the Code is not possible because of the size and resource constraints within the Company and because the cost of putting in place the additional procedures can not be justified.

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are also required to prepare financial statements in accordance with the rules of the PLUS markets.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union , subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the accounts.

Signed on behalf of the Board,

CITY GROUP P.L.C.
Secretaries

6th September 2010

Statement of Comprehensive Income

For the year ended 30th June 2010	Notes	2010 £000	2009 £000
Income from investments in:			
Listed strategic undertakings		**164**	212
Other listed undertakings		**85**	135
		249	347
Administrative expenses	2	**(269)**	(875)
– normal operating expenses		**(269)**	(329)
– exceptional impairment provisions	4	**–**	(546)
Profits/(Losses) on disposal of investments		**134**	(505)
Operating profit/(loss)		**114**	(1,033)
Share of profits of associated companies		**128**	163
Finance income		**14**	19
Finance costs		**–**	(11)
Profit/(Loss) before taxation		**256**	(862)
Taxation	5	**–**	–
Profit/(Loss) after taxation attributable to equity shareholders		**256**	(862)
Other comprehensive income			
Fair value recycled from equity on disposal		**68**	296
Fair value adjustment on listed undertakings		**1,792**	(450)
		2,116	(1,016)
Basic and diluted earnings/(loss) per share	6	**1.4p**	(4.8)p

All profits and losses are on continuing activities.

The notes on pages 18 to 28 form part of these accounts.

Statement of Changes in Equity

	Ordinary share capital £000	Share premium account £000	Warrants reserve £000	Unrealised profits and losses on investments £000	Share of undistributed profits of associates £000	Realised profits and losses £000	Total £000
Year ended 30th June 2009							
Balances at 1st July 2008	7,182	2,654	148	(2,470)	69	2,836	10,419
Total comprehensive income	–	–	–	(700)	163	(479)	(1,016)
Dividends paid in respect of the previous year	–	–	–	–	–	(467)	(467)
Balances at 30th June 2009	7,182	2,654	148	(3,170)	232	1,890	8,936
Year ended 30th June 2010							
Balances at 1st July 2009	**7,182**	**2,654**	**148**	**(3,170)**	**232**	**1,890**	**8,936**
Total Comprehensive Income	–	–	–	2,112	128	(124)	2,116
Interim dividends paid in respect of the year	–	–	–	–	–	(117)	(117)
Balances at 30th June 2010	**7,182**	**2,654**	**148**	**(1,058)**	**360**	**1,649**	**10,935**

The notes on pages 18 to 28 form part of these accounts.

Statement of Financial Position

At 30th June 2010	Notes	2010 £000	2009 £000
Non-current Assets			
Investment in Associates	7	**1,279**	1,151
Investments	8	**9,332**	7,267
		10,611	8,418
Current Assets			
Trade and other receivables	9	**37**	269
Cash and cash equivalents		**328**	290
		365	559
Current Liabilities	10	**(41)**	(41)
Net Current Assets		**324**	518
Net Assets		**10,935**	8,936
Equity			
Share capital	11	**7,182**	7,182
Share premium account	13	**2,654**	2,654
Warrants reserve	14	**148**	148
Unrealised profits and losses on investments		**(1,058)**	(3,170)
Share of undistributed profits of associates		**360**	232
Realised profits and losses		**1,649**	1,890
Shareholders' Funds		**10,935**	8,936

Approved and authorised for issue by the Board on 6th September 2010.

E.J. BEALE Director

The notes on pages 18 to 28 form part of these accounts.

Statement of Cash Flow

For the year ended 30th June 2010	Notes	2010 £000	2010 £000	2009 £000	2009 £000
Profit/(Loss) before taxation			**256**		(862)
Profit/(Loss) on sale of investments			**(134)**		505
Share of results of associates			**(128)**		(163)
Interest and other income received			**(14)**		(19)
Interest paid			**–**		11
Exceptional items			**–**		546
Changes in working capital					
Decrease/(Increase) in debtors and accrued income			**232**		(233)
Increase in creditors			**–**		12
Cash generated/(absorbed) by operations			**212**		(203)
Interest paid			**–**		(11)
Interest and other income received			**14**		19
Net cash generated/(absorbed) by operations			**226**		(195)
Cash flow from investing activities					
Proceeds on disposal of general portfolio investments		**1,350**		1,092	
Purchase of general portfolio investments		**(1,224)**		(154)	
		126		938	
Purchase of strategic investments		**(197)**		(565)	
Net cash (absorbed)/generated by investing activities			**(71)**		373
Cash flow from financing activities					
Proceeds received from issue of new shares		**–**		–	
Equity dividend paid		**(117)**		(467)	
			(117)		(467)
Movement in cash and cash equivalents			**38**		(289)
Net cash and cash equivalents at start of year			**290**		579
Net cash and cash equivalents at end of year	(a)		**328**		290

Notes

(a) Analysis of cash and cash equivalents

	At start of period £000	Cash Flow £000	At end of year £000
2009/2010			
Cash at bank	**290**	**38**	**328**
Total cash and cash equivalents	**290**	**38**	**328**
2008/2009			
Cash at bank	579	(289)	290
Total cash and cash equivalents	579	(289)	290

The notes on pages 18 to 28 form part of these accounts.

Notes to the Accounts

For the year ended 30th June 2010

1. Accounting Policies

(i) These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations), issued by the International Accounting Standards Board (IASB) and adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates are explained below:

In accordance with IAS 39 the Company is required to measure certain financial assets at their fair values. The exception to this is investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured, and these are therefore measured at cost.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 30th June 2010, listed in note 18. The Company has not opted for early adoption for those which have been endorsed. The Directors do not expect that the adoption of these, where applicable, would have an impact on the Company's financial statements for the current or subsequent year.

(ii) Dividends receivable are recognised in the income statement, in respect of listed shares, when the shares are quoted ex-dividend and, in respect of unlisted shares, when the dividend is declared.

(iii) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The Company's accounting policy is as follows:

a) The Company's strategic and general portfolio investments are classified as available-for-sale non-derivative financial assets. They are carried at market value with changes in market value recognised directly in equity and recycled through the income statement on disposal. Where a decline in the market value of an available-for-sale financial asset constitutes a prolonged and significant evidence of impairment, the amount of the loss in value is removed from equity and recognised in the income statement.

b) Unquoted investments. These are stated at fair value net of impairment provisions. Reviews for indications of permanent impairment are carried out at least annually.

c) Investments in associated companies. An investment is equity accounted when it meets the definition of an associate under IAS 28, i.e. that the investor has a significant influence.

Notes to the Accounts (continued)

For the year ended 30th June 2010

1. Accounting Policies (continued)

d) Trade and other receivables. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.

(iv) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income (primarily franked dividend income) and expense that are never taxable or deductible and items which are taxable or deductible in other years.

Deferred taxation is provided on the liability method based on temporary differences between the taxation base of an asset or liability and its carrying amount. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future

(v) The Company comprises one business segment only. This is consistent with internal reporting. All revenues are derived from operations within the United Kingdom. Consequently no separate business or geographical segment information is provided.

(vi) The nature and amount of material items of income or expense are disclosed separately as exceptional items.

2. Administrative expenses

	2010	2009
	£000	£000
Auditors' remuneration – for audit services	**18**	15
Directors' emoluments as set out in Note 3	**34**	46
Other administrative expenses	**217**	268
	269	329
Exceptional items – note 4	**–**	546
	269	875

3. Directors' emoluments and related party disclosures

The emoluments of key management personnel, who are the directors and who were the only employees of the Company were:

D.C. Marshall	**Nil**	Nil
A.J. Hall	**8**	10
E.J. Beale	**Nil**	Nil
J.M. Robotham	**8**	10
A.R.C. Barclay (retired 2nd October 2008)	**Nil**	3
	16	23
Amounts paid to third parties	**18**	23
	34	46

The services of Mr D.C. Marshall were supplied by an overseas company, in which none of the directors are beneficially interested, for £10,000 (2009 – £15,000). The services of Mr Beale were supplied by his primary employer for £7,500.

Notes to the Accounts (continued)

For the year ended 30th June 2010

3. Directors' emoluments and related party disclosures (continued)

The section on Related Party Disclosures below gives details of the interests of the directors in any material transactions. Other than as disclosed there and above no director was interested in any contract between the directors, the Company and any other related parties which subsisted during or at the end of the financial year.

Related party disclosures

London Finance & Investment Group P.L.C. ("Lonfin") has a 43.80% interest in the Company. Mr Marshall and Mr Robotham are directors of Lonfin and Mr Marshall has an interest in Lonfin through family trusts, which hold 12,890,693 shares, representing 41.30% of Lonfin's issued share capital. Of this figure he has a beneficial interest in 2,301,000 shares (7.38%) and a non beneficial interest in the balance and Mr Robotham has a non-beneficial interest in 10,077,693 shares as trustees of the family trusts. There were no amounts due to or from Lonfin at 30th June 2010 or 2009.

The Company owns 48.57% of City Group P.L.C. ("CGL") and the remaining 51.43% is owned by Lonfin. Mr Marshall and Mr Robotham are directors of Lonfin and also CGL and Mr Beale is the chief executive of CGL. CGL provides office, accounting and secretarial services to the Company, Lonfin and other companies. During the year under review the Company paid rent of £46,000 (2009 – £46,000) to CGL and secretarial management fees of £97,000 (2009 – £97,000). At 30th June 2010 fees and expenses of £9,300 was due to CGL (2009 – advance fees paid – £20,000).

4. Exceptional items

	2010 £000	2009 £000
Provisions against carrying value of investments	–	(546)
	–	(546)

5. Taxation

There is no tax charge for the year. The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2010	2009
Profit/(Loss) before taxation	**256**	(862)
Taxation at 28% (2009 – 28%)	**(72)**	241
Effects of:		
Tax losses carried forward	**(71)**	(90)
Capital gains losses (carried forward)/utilised	**37**	(141)
Associates – share of results net of tax	**36**	45
Non-taxable franked and other income	**70**	98
Exceptional provision	**–**	(153)
	–	–

Dividends received from U.K. companies (franked income) are recognised in the income statement net of their associated tax credit. The excess of available losses is not reflected in the statement of financial position (see note 15) and the change in the rate of tax therefore has no impact on assets nor liabilities.

6. Earnings/(Loss) per share

Earnings/(Loss) per share are based on the profit/(loss) on ordinary activities after taxation of £256,000 (2009 – losses £862,000) and excluding associates and exceptional items of £128,000 (2009 – losses £479,000) and on 17,956,548 (2009 – 17,956,419) being the weighted average number of shares in issue during the period.

	2010	2009
	£000	£000
Basic earnings/(loss) per share	**1.42p**	(4.80)p
Earnings/(Loss) per share excluding associates and exceptional items	**0.71p**	(2.67)p

Diluted earnings/(loss) per share at 30th June 2010 and 30th June 2009 are the same as basic earnings/(loss) per share. The Warrants in issue on 30th June 2010 were not dilutive, the exercise price being above the average price of Western's shares for the year.

7. Non-current assets – Associated Companies

	2010	2009
Year ended 30th June 2010	**£000**	£000
Shares and warrants at cost:		
Cost	**918**	918
Cumulative share of profits and losses	**361**	233
Balance at 30th June 2010	**1,279**	1,151

a) **Hartim Limited** ("Hartim") is incorporated and operating in England and Wales and its prime activity is that of a holding Company, owning 100% of an operating subsidiary, Tudor Rose International Limited (TRI). Hartim and TRI's year ends are 31st December. Hartim has 441,089 A ordinary and 450,000 B ordinary 1p shares in issue. Western owns all of the A shares, equivalent to 49.50% of the company. The following amounts for the year ended 30th June 2010 have been extracted from the consolidated audited accounts at 31st December 2009 and the unaudited management accounts of Hartim at 30th June 2010

Non-current assets – property, plant and equipment	**125**	158
Goodwill	**3,391**	3,391
Net current liabilities	**1,095**	1,106
Turnover	**19,943**	13,551
Profit before taxation	**416**	684
Taxation	**111**	179
Aggregate capital and reserves	**1,961**	1,735
Share of net assets	**971**	859
Share of profit after tax for the year to 30th June	**150**	181
Share of post acquisition profit	**400**	250

Notes to the Accounts (continued)

For the year ended 30th June 2010

7. Non-current assets – Associated Companies (continued)

b) **City Group P.L.C.** ("CGL") is incorporated and operating in England and Wales and its prime activity is the provision of Corporate Services. CGL's year end is 30th June. It has 70,000 ordinary shares in issue of which the Company owns 34,000 (48.57%). The following amounts have been extracted from the accounts of CGL.

	2010	2009
	£000	£000
Non-current assets – property, plant and equipment	**–**	4
Net current assets	**167**	180
Turnover	**527**	533
(Loss) before and after taxation	**(17)**	(25)
Aggregate capital and reserves	**167**	184
Share of net assets	**81**	89
Share of loss after tax for the year	**(13)**	(12)
Share of post acquisition profit	**10**	23

c) **Industrial and Commercial Holdings P.L.C.** ("ICH") is incorporated and operating in England and Wales and its prime activity is that of a holding company. ICH's year end is 30th June. It has 23,997,985 ordinary 1p shares in issue of which the Company owns 7,177,762 shares (29.90%). The following amounts have been extracted from the accounts of ICH.

Non-current assets – property, plant and equipment	**42**	42
Net current assets	**111**	140
Loss before and after taxation	**(28)**	(23)
Aggregate capital and reserves	**154**	182
Share of net assets	**46**	54
Share of loss after tax for the year	**(8)**	(7)
Share of post acquisition loss	**(49)**	(41)

8. Non-current assets – Investments classified as available for sale (see note 1(iii) a)

	Strategic Listed Investments £000	Other Listed Investments £000	AIM, PLUS & Unlisted Companies £000	Total £000
Year ended 30th June 2010				
Cost	**7,697**	**2,194**	**573**	**10,464**
Fair value adjustment	**397**	**(67)**	**65**	**395**
Balance at 1st July 2009	**8,094**	**2,127**	**638**	**10,859**
Additions	**197**	**987**	**237**	**1,421**
Disposals at cost	**–**	**(1,092)**	**(403)**	**(1,495)**
Brought forward fair value adjustments eliminated on disposals	**–**	**34**	**34**	**68**
Change in fair value adjustment carried forward	**1,804**	**64**	**(76)**	**1,792**
Balance at 30th June 2010	**10,095**	**2,120**	**430**	**12,645**
Provisions for impairment in value:				
Balance at 1st July 2009	**(3,019)**	**(380)**	**(193)**	**(3,592)**
Released in year	**–**	**279**	**–**	**279**
Balance at 30th June 2010	**(3,019)**	**(101)**	**(193)**	**(3,313)**
Net balance at 30th June 2010	**7,076**	**2,019**	**237**	**9,332**
Year ended 30th June 2009				
Cost	7,132	3,422	788	11,342
Fair value adjustment	841	(182)	(110)	549
Balance at 1st July 2008	7,973	3,240	678	11,891
Additions	565	48	106	719
Disposals at cost	–	(1,297)	(300)	(1,597)
Reclassified	–	21	(21)	–
Brought forward fair value adjustments eliminated on disposals	–	181	115	296
Change in fair value adjustment carried forward	(444)	(66)	60	(450)
Balance at 30th June 2009	8,094	2,127	638	10,859
Provisions for impairment in value:				
Balance at 1st July 2008	(3,019)	–	(27)	(3,046)
Released in year	–	(380)	(166)	(546)
Balance at 30th June 2009	(3,019)	(380)	(193)	(3,592)
Net balance at 30th June 2009	5,075	1,747	445	7,267

Included in AIM, Plus and unlisted companies are nil (2009 – £77,000) of unlisted investments.

Notes to the Accounts (continued)
For the year ended 30th June 2010

9. Trade and other receivables

	2010 £000	2009 £000
Proceeds receivable from sale of investments	**–**	234
Prepayments and accrued income	**37**	35
	37	269

10. Current liabilities: amounts falling due within one year

	2010 £000	2009 £000
Other accounts payable and accruals	**41**	41
	41	41

The Company has available a revolving £2.5 million bank facility which is secured by a charge over the Company's investments. None of the facility has been drawn down at 30th June 2010. Interest is chargeable at 1% over the Bank of Scotland PLC's base rate fluctuating from time to time.

11. Equity

The following describes the nature and purpose of each component within equity:

	Description and purpose
Share capital	Nominal value of issued share capital
Share premium	Amount subscribed for share capital in excess of nominal value.
Warrants reserve	Premium received on issue of unexercised warrants
Unrealised profits and losses on investments	Difference between historical cost and fair value of investments held in Statement of Financial Position
Share of undistributed profits of associates	The Company's share of cumulative post-acquisition gains and losses of associates recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

Capital disclosures in respect of IAS1 are set out in Note 16 on page 26.

12. Share capital

	2010	2009
	£000	£000
Authorised equity share capital		
30,000,000 shares of 40p each (2009 – 30,000,000 shares of 40p each)	**12,000**	12,000
Allotted, called up and fully paid equity share capital:		
At 1st July 2009 – 17,956,419 shares of 40p each	**7,182**	7,182
500 warrants exercised during the year (2009 – No warrants exercised)	**–**	–
Balance carried forward at 30th June 2010 – 17,956,919 shares of 40p each	**7,182**	7,182

13. Share Premium Account

	2010	2009
	£000	£000
Balance brought forward at 1st July 2009	**2,654**	2,654
Transfer from warrants reserve	**–**	–
Balance carried forward at 30th June 2010	**2,654**	2,654

14. Warrants reserve

	2010	2009
	£000	£000
Balance brought forward at 1st July 2009	**148**	148
Transfer to share premium account	**–**	–
Balance carried forward at 30th June 2010	**148**	148

The 2010 warrants issued by the Company on 9th August 2007 are exercisable 28 days after the annual and interim reports in 2009 – 2010 at 50p.

15. Deferred taxation

The Company has no potential deferred tax liabilities and no deferred tax asset is recognised, as it is unclear when taxable profits might arise which would enable utilisation of available losses. The Company has estimated Corporation Tax losses to carry forward of £3,523,000 (2009 – £3,268,000) and Capital Tax losses of £2,435,000 (2009 – £2,569,000) subject to agreement of tax computations with Her Majesty's Revenue & Customs.

Notes to the Accounts (continued)

For the year ended 30th June 2010

16. Financial Instruments

The Directors' set out below an explanation of the role that financial instruments have had during the period in creating or changing the risks the Company faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving the objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis and through bi-monthly reports of the investment portfolio and cash position.

The categories of financial instruments used by the Company are:

	2010	2009
	£000	£000
Financial assets		
Available for sale		
Investments	**9,332**	7,267
Loans and receivables		
Trade and other receivables	**37**	269
Cash at bank	**328**	290
Financial liabilities		
Other		
Trade and other payables	**(41)**	(41)

The main risks arising from the Company's financial instruments are interest rate risk, market price risk and liquidity risk. There is limited credit risk as most of the investments are listed on recognised stock exchanges, registered in the Company's name, and cash and cash equivalents are with independently rated banks. The Board reviews and agrees policies, which have remained unchanged for the year under review, for managing both of these risks. The policies are summarised below.

Interest Rate Risk Profile

The Company finances its operations through a mixture of share capital, share premium, reserves and retained profits. The Company also has available a bank overdraft facility, in pounds sterling, at a floating rate of interest. The Company's policy is to keep any of its borrowings at floating rates of interest. Surplus funds are held in interest bearing accounts at competitive commercial rates.

The Company's principal financial asset is its investment portfolio. There are no investments in fixed interest stock and the majority of the Company's investment portfolio consists of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables nor incurred on trade and other payables.

The Company has a five-year revolving credit facility of £2,500,000, expiring in June 2011. The facility is secured on the portfolio of investments. Interest on the amounts drawn under the facility accrues at 1% over the Bank of Scotland PLC's base rate, which fluctuates from time to time. At 30th June 2010, the Company had no drawings outstanding under the facility (2009 – £nil) and an interest rate profile is not relevant.

Credit risk

No concentration of credit risk exists in the Company's principal financial assets, other than surplus funds which are deposited with the Company's, independently rated, bank. Credit risk is minimised as the counter-parties are institutions with high credit ratings.

There has been no impairment of trade and other debtors during the year, there are no provisions against these assets and none are past their due date.

16. Financial Instruments (continued)

Currency Exposures

At the year end, the Company had investments in stocks listed in the U.S.A. with a market value of £270,000, and in Europe, with a market value of £392,000.

Liquidity Risk

The directors do not think that there is a material exposure to liquidity risk based on the cash and credit facilities available in relation to the £41,000 of creditors.

The Company's policy is that its borrowings should be flexible and available over the medium term. The bank facility is available by way of a £2.5 million revolving credit facility. The Company holds investments, most of which are listed on recognised stock exchanges. In normal markets these are, by their nature, liquid. However there are periods when the market may not be prepared to deal at realistic prices in unusually large blocks of certain shares and this particularly applies to our Strategic Investment holdings. The Company maintains a General Portfolio of investment holdings most of which are within normal market size. The policy is for these to have an aggregate market value of at least 150% of borrowings at any point in time.

Market Price Risk

The Company is exposed to market risk through the equity investments in other companies. The Company maintains a spread of investments over various sectors and monitors performance continuously. The majority of the financial assets (investments) are in companies with good market liquidity. The future values of these investments will fluctuate because of changes in interest rates and other market factors.

The directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

The sensitivity to each 1% decrease in the value of investments would result in the fair values of investments decreasing by £93,300 (2009 – £72,600) and a corresponding increase in unrealised losses. A 1% increase, would, on the same basis, increase fair values and decrease the unrealised losses.

Reviews for indications of impairment are carried out at least annually.

17. Capital Commitments

On 28th June the company agreed to commit £406,250 to subscribe for new 325,000 shares, at an issue price of £1.25 per share, to be issued under a Placing offer by Northbridge Industrial Services PLC. The funds were paid out on 22nd July 2010.

Notes to the Accounts (continued)

For the year ended 30th June 2010

18. International Financial Reporting Standards

As indicated in note 1, at the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st July 2010. The Directors do not expect, with the exception of IFRS 9, that the adoption of these, where applicable, would have an impact, other than on presentation, on the Company's financial statements in the period of initial application. In respect of IFRS 9 all changes in fair value may be recognised in other comprehensive income and not recycled through the Income Statement. The relevant standards are as follows:

	Mandatory for periods beginning	**Description**	**Endorsed by EU**
Improvements to IFRS's	1 January 2010	Clarification of requirements and eliminating inconsistencies	Yes
Amendments to IFRS 2	1 January 2010	Group cash-settled share based payments	Yes
Additional exemptions for First Time Adopters	1 January 2010	Further transitional reliefs	Yes
Amendments to IAS 32	1 February 2010	Accounting for rights etc issued in foreign currencies	Yes
IFRIC 19 – Extinguishing liabilities with equity	1 April 2010	Equity instruments issued measured at fair value	Yes
Amendments to IFRS 1	1 July 2010	Option for first-time adopters not to present comparative information for IFRS 7	Yes
Revised IAS 24	1 January 2011	Simplification of definition of related parties	Yes
Amendments to IFRIC 14 and IAS 19	1 January 2011	Treatment of early payments of contributions to cover funding requirements	Yes
Improvements to IFRSs	1 January 2011	Clarification of requirements and eliminating inconsistencies	Yes
IFRS 9	1 January 2013	Classification and measurement of financial assets – replacing part of IAS 39	No

Independent auditor's report

TO THE SHAREHOLDERS OF WESTERN SELECTION P.L.C.

We have audited the financial statements of Western Selection P.L.C for the year ended 30th June 2010 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2010 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicholas Taylor (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

United Kingdom

6th September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Notice of Meeting

NOTICE is hereby given that the ANNUAL GENERAL MEETING of Western Selection P.L.C. will be held at the offices of City Group P.L.C., 30 City Road, London EC1Y 2AG on Thursday, 30th September 2010 at 10.00 a.m. for the following purposes:

1. To receive the directors' report and accounts for the year ended 30th June 2010.
2. To declare a dividend.
3. To re-elect Mr J.M. Robotham a director.
4. To re-appoint BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

5. To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:

   "THAT the Board be and is hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £2,462,000 provided that this authority will expire on 29th September 2015, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted after such expiry and the Board may allot shares in the Company in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

6. To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

   "THAT

   (a) in accordance with Section 570 of the Companies Act 2006 the Directors be and are hereby given power to allot shares pursuant to the authority conferred by the Ordinary Resolution numbered 5 passed at the Annual General Meeting held on 30th September 2010, as and when the same becomes effective as if Section 563 of the Companies Act 2006 did not apply to any such allotment, provided that:

   (i) the power hereby conferred shall be limited;

   (aa) to the allotment of shares in the Company in connection with or pursuant to an offer by way of rights, bonus issues or other similar issues to the holders of Shares of 40p each in the capital of the Company and other persons entitled to participate therein in proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the numbers of such shares which such other persons are for those purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with (i) fractional entitlements or legal or practical problems under the laws or the requirements of any recognised regulatory body in any territory (ii) underwriting of such an issue and (iii) excess applications by shareholders for equity instruments offered to other shareholders as part of such an issue, but not taken up by other shareholders; and

   (bb) to the allotment (otherwise than pursuant to sub-paragraph (i)(aa) of this proviso) of shares in the Company up to an aggregate nominal amount of £359,138 representing 5% of the issued share capital;

   (ii) the power hereby granted shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution;

Notice of Meeting (continued)

(b) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require shares in the Company to be allotted after such expiry and the Directors may allot shares in the Company in pursuance of such offer or agreement as if the said power had not expired;

(c) words and expressions defined in or for the purposes of Part 17 of the Companies Act 2006 shall bear the same meaning herein."

7. To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

THAT, subject to the Company's Articles of Association and section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases of its own ordinary shares on such terms, provided that:

(a) the maximum aggregate number of ordinary shares hereby authorised to be acquired is 1,795,000 (9.99%) of the present issued share capital of the Company;

(b) the maximum price which may be paid for each ordinary share is no more than 5% above the average of the price of the ordinary shares of the Company (derived from the PLUS markets website) for the five business days prior to the date of purchase and the minimum price per ordinary share is 10p in each case exclusive of any expenses payable by the Company; and

(c) the authority hereby given shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make a purchase of ordinary shares after expiry of such authority in execution of a contract of purchase that was made under and before the expiry of such authority.

By Order of the Board,

CITY GROUP P.L.C.
Secretaries

30 City Road
London EC1Y 2AG

6th September 2010

Notes

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

A form of proxy is enclosed. To be valid it should be completed and returned so as to reach the registered office of the Company not less than 48 hours before the time fixed for the meeting. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.

The register of directors' interests will be available, for inspection by members, at the registered office of the Company during usual business hours on any weekday (Saturday and public holidays excepted), from the date of this notice until the date of the Annual General Meeting and at the place of the meeting, from 9.30 a.m. until the conclusion thereof. No director has a service contract with the Company.

Change of address: Members are requested to advise the Registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0GA of any change of address.

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