Western Selection P.L.C.

Report & Accounts

30th June

2012

Contents

Directors and Advisers

D.C. MARSHALL, *Non-executive Chairman*, age 68

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 Plc, MWB Group Holdings Plc and Northbridge Industrial Services PLC and is the chief executive of Marshall Monteagle PLC and chairman of Halogen Holdings P.L.C. He resides in South Africa, where he has interests in listed trading, financial and property companies.

E.J. BEALE, *Non-executive*, age 51

Mr Beale joined the board in 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 Council of the Financial Reporting Council and a member, previously 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 70*

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 79*

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

*Member of the audit committee

Secretaries and Registered Office	**City Group P.L.C.** 30 City Road London EC1Y 2AG Tel: 020 7448 8950 www.city-group.com	**Website**	www.westernselection.co.uk
Registrars	**Neville Registrars Limited** Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA Tel: 0121 585 1131		
Auditors	**BDO LLP** 2 City Place Beehive Ring Road, Gatwick West Sussex RH6 0PA		
PLUS Corporate Adviser	**Loeb Aron & Company Ltd.** 5th Floor, Cheyne House 61-63 Cheapside London EC2V 6AX	**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 (Strategic Investments), on three of which Western has board representation, and stocks in large quoted companies in the United Kingdom, Europe and the U.S.A.

Western's share capital is admitted to trading on PLUS Stock Exchange ("PLUS").

Results in Brief

	2012	2011
(Loss)/Profit on ordinary activities	**£(182,000)**	£467,000
Interim dividend per share	**0.80p**	0.65p
Proposed final dividend per share	**0.90p**	0.85p
(Loss)/Profit per share	**(1.0)p**	2.6p
Net assets, including investments at fair values	**£12,895,000**	£15,022,000
Number of shares in issue	**17,949,872**	17,949,872
Net assets per share	**72p**	84p
Middle market price on 30th June	**42.5p**	46.5p

Financial Calendar

Annual General Meeting	Wednesday 28th November 2012 at 9.30 a.m.
Dividend for 2012	Payable on 26th November 2012 to holders on 2nd November 2012
Half year results	Announced in February

Analysis of Shareholders

Holding	Shareholders Number	%	Total Shareholding	%
1 - 500	203	37.9	69,617	0.4
501 - 1,000	109	20.3	81,280	0.5
1,001 - 5,000	133	24.8	293,438	1.6
5,001 - 10,000	26	4.9	197,733	1.1
10,001 - 50,000	34	6.3	793,518	4.4
50,001 - 100,000	11	2.1	857,468	4.8
100,001 - 500,000	12	2.2	2,354,031	13.1
Over 500,000	8	1.5	13,302,787	74.1
	536	100.0	17,949,872	100.0

The current price of the Company's shares can be found on the PLUS website (www.plus-sx.com) and through the Company's website (www.westernselection.co.uk).

Directors' 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 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 from Strategic Investments has increased to £320,000 from £269,000 last year. Dividend income on the General Portfolio has increased from £82,000 to £88,000. Administrative expenses have been contained at a similar level to last year.

Quoted Strategic Investments decreased in value by 14% in the year and our principal unquoted investment, Hartim Limited, had a difficult year, compounded by the cost of rescuing its Australian distributor from administration and a legal dispute over the exercise of a lease break clause.

As a result of the issues at Hartim, the Company made a loss of £182,000 after tax and exceptional items, compared to a profit of £467,000 last year.

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. Further information about Creston is available on their website: www.creston.com.

The audited results for the year to 31st March 2012, show a profit before tax of £10,300,000 (2011 – £10,400,000), equivalent to fully diluted earnings of 12.34p per share (2011 – 12.39p).

Western maintained its holding of 3,000,000 shares in Creston, which is 4.9% of their issued share capital. The value of this investment at 30th June 2012 was £1,650,000 (2011 – £3,390,000) being 13% (2011 – 23%) of Western's net assets.

Mr Marshall is a non-executive director of Creston.

Northbridge Industrial Services PLC

Northbridge hires and sells specialist industrial equipment to a non-cyclical customer base. With offices or agents in the U.K., U.S.A., Dubai, Germany, Belgium, France, Australia, Singapore, India, Brazil, Korea and Azerbaijan, Northbridge has a global customer base. This includes utility companies, the oil and gas sector, shipping, construction and the public sector. The product range includes loadbanks, transformers, generators, compressors, loadcells and oil tools. Further information about Northbridge is available on their website: www.northbridgegroup.co.uk.

Northbridge announced audited profits of £2,321,000 for the year ended 31st December 2011 (2010 – £3,036,000) and declared a final dividend of 3.25p per share, making 5.0p for the year (2010 – 4.6p).

Western maintained its holding of 2,200,000 shares in Northbridge, which is 14.3% of their issued share capital. The value of this investment at 30th June 2012 was £5,984,000 (2011 – £6,094,000) being 46% (2011 – 40%) of Western's net assets.

Mr 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. Further information about Swallowfield is available on their website: www.swallowfield.com.

Swallowfield announced its annual results to June 2012 showing a profit after tax of £1,263,000 compared to £1,082,000 for the comparable period last year. Dividends of £118,000 (2011 – £116,000) were received from Swallowfield during the year.

At the reporting date Western owned 1,869,149 shares which is 16.5% of their issued share capital. The market value of this investment on 30th June 2012 was £2,187,000 (2011 – £1,922,000), being 17% (2011 – 13%) of Western's net assets.

Investments in Associates

Hartim Limited

Hartim is the unquoted holding company for 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. Hartim has acquired out of administration its principal distributor in Australia; to maintain and improve the service that it can offer to principals. Losses are being incurred by this business while it is being turned around. Hartim has also incurred an exceptional loss in a legal dispute over the exercise of the break clause in a property lease.

Western holds 49.5% of Hartim, which has a 31st December year end and sustained losses in 2011 of £220,000 after tax on turnover of £27,799,000. Western's share of the consolidated loss after exceptional items and tax for the twelve months to 30th June 2012 was £342,000 (2011 – profit – £337,000) and the book value of the investment at 30th June 2012 was £1,124,000 (2011 – £1,465,000), being 9% (2011 – 10%) 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 Marshall and Mr 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 these and other companies.

General Portfolio

During the year the General Portfolio decreased in value by 6.0%. Our investments in FTSE 100 and FTSE 250 stocks, which comprise 43% of the General Portfolio, decreased in value by 5.5% whereas the FTSE 100 declined by 6.3% and the FTSE 250 declined by 7.8%. Our European and United States stocks, representing 21% and 26% of the General portfolio respectively increased in value by 11.6% and decreased by 9.1% respectively. We have reduced the General Portfolio by £211,000 in the year.

Outlook

We remain concerned that the high national debts of developed countries can only be reduced significantly through prolonged austerity and/or substantial inflation. We remain invested in large international non-financial companies, which we think are well placed to outperform the market. We expect that further volatility in the financial markets will provide long term investors, such as ourselves, with buying opportunities.

Summary of Investments

	2012			2011		
	Cost £000	**Carrying Value £000**	%	Cost £000	Carrying Value £000	%
Strategic Investments						
Creston plc*	**4,444**	**1,650**	**13**	4,444	3,390	23
Northbridge Industrial Services PLC	**2,320**	**5,984**	**46**	2,320	6,094	40
Swallowfield plc	**2,007**	**2,187**	**17**	1,981	1,922	13
Total Strategic Investments	**8,771**	**9,821**	**76**	8,745	11,406	76
Investments in Associates**						
Hartim Limited	**728**	**1,124**	**9**	728	1,465	10
Industrial & Commercial Holdings PLC	**107**	**43**	**–**	107	52	–
City Group P.L.C.	**83**	**106**	**1**	83	98	1
Total Investments in Associates	**918**	**1,273**	**10**	918	1,615	11
General Portfolio						
Listed investments – UK	**919**	**1,213**	**9**	1,012	1,313	9
– Europe	**572**	**651**	**5**	564	663	4
– USA	**518**	**542**	**4**	572	597	4
Offshore Funds – FSA recognised	**127**	**129**	**1**	127	139	1
Total General Portfolio	**2,136**	**2,535**	**19**	2,275	2,712	18
Other Unquoted Investments***	**104**	**–**	**–**	104	–	–
Total Fixed Asset Investments	**11,929**	**13,629**	**105**	12,042	15,733	105
Bank overdraft	**(707)**	**(707)**	**(5)**	(797)	(797)	(6)
Other Net Current Assets	**(27)**	**(27)**	**–**	86	86	1
Net Assets	**11,195**	**12,895**	**100**	11,331	15,022	100

* The historic cost of this investment does not reflect exceptional dividends of £894,000 received on re-organisation of Creston in 2000.

** The carrying value of these investments is cost plus our share of profits/(losses).

*** Other Unquoted Investments have been fully provided against.

Composition of General Portfolio

at 30th June 2012

	Carrying Value £000	%
FTSE 100		
British American Tobacco	191	7.5
Diageo	187	7.4
Royal Dutch Shell	158	6.2
Imperial Tobacco	133	5.2
Unilever	129	5.1
Balfour Beatty	105	4.2
RSA Insurance	86	3.4
Reckitt Benckiser	60	2.4
BHP Billiton	49	1.9
	1,098	**43.3**
FTSE Fledgling		
Bioquell	**115**	**4.5**
Quoted Investment Funds		
Sarasin International Equity Income Fund (A Class Inc)	**129**	**5.1**
USA		
Phillip Morris International	111	4.4
Brown Forman	76	3.0
Colgate Palmolive	68	2.7
Exxon	68	2.7
Chevron	67	2.7
Lockheed Martin	61	2.4
Procter and Gamble	52	2.0
Becton Dickinson	51	2.0
Kellogg	49	1.9
United Technologies	48	1.9
	651	**25.7**
Europe		
Novartis	64	2.5
Pernod Ricard	60	2.4
Schindler-Holdings	55	2.2
Nestle	53	2.1
L'Oreal	50	2.0
Heineken	48	1.9
BASF	46	1.8
Danone	46	1.8
Zurich Financial Services	45	1.8
Total	41	1.6
ABB	34	1.3
	542	**21.4**
Total	**2,535**	**100.0%**

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 dividends payable and net asset value.

	2012	2011	2010	2009	2008
Net assets value per share – pence	**71.8**	83.9	60.9	50.0	58.0
Dividends per share – pence	**1.70**	1.50	1.30	–	2.60
(Loss)/Earnings per share before share of exceptional items – pence	**(0.09)**	2.60	1.40	(1.76)	2.85
Expense ratio	**2.2%**	1.8%	2.5%	3.7%	3.3%

Asset values declined during the year, as disclosed above, and growth in expenses was constrained, resulting in an increase 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 exceptional items as disclosed in the Statement of Comprehensive income, divided by the weighted average number of shares in issue over the year, as set out in note 5.

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 0.8p per share on 23rd March 2012.

A final dividend of 0.90p per share is proposed, making 1.70p for the year, compared to 1.50p for 2011. The dividend will be paid on 26th November 2012 to shareholders on the register at the close of business on 2nd November 2012.

Financial Instruments

The financial instruments of the Company are the investment portfolio and bank borrowings. Details of the Company's risk assessments and risk policy are set out in note 15.

Risks and Uncertainties

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 traded on recognised stock exchanges, registered in the Company's name, and no one "general portfolio" investment will represent more than 10% of the value of the "general portfolio" at the time of such investment. Cash and cash equivalents are deposited with independently rated banks. The Board reviews and agrees policies, which have remained unchanged for the year under review, for managing these risks.

Share Capital

At 30th June 2012 the issued share capital of the Company was 17,949,872 shares.

The Company considers its capital to comprise its ordinary share capital, share premium and capital 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 limited borrowing and intends to maintain a low 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 were as follows:

30th June	**2012 Shares**	2011 Shares
D.C. Marshall	**–**	–
E.J. Beale	**–**	–
A.J. Hall	**121,800**	121,800
J.M. Robotham	**35,000**	35,000

There have been no changes in directors' share interests between 1st July 2012 and the date of this report.

Mr. Hall 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.

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
M.G.H Heald	1,004,442	5.59
T.W.G. Charlton	725,734	4.04
IFG Trust Company (Channel Islands) Limited	654,542	3.65

Corporation Tax Act 2010

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

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. The Company does not have a significant level of trade creditors.

Corporate Governance

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

However, the Company follows the UK Code wherever it is reasonable to do so. It operates an effective board, which includes non-executive directors. A separate audit committee is established and meets on a timely basis. The appointment of directors and the purchase and sale 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 UK Code and the need for appropriate controls and systems to safeguard the Company's assets. Appropriate controls are put in place and monitored by the Board. However full compliance with the UK Code is not possible because of the size and resource constraints within the Company and because the costs of putting in place the additional procedures cannot 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 PLUS.

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 are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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.

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.

By Order of the Board,

CITY GROUP P.L.C.

25th October 2012

Secretaries

Statement of Comprehensive Income

For the year ended 30th June	Notes	2012 £000	2011 £000
Income from investments in:			
Listed strategic undertakings		**320**	269
Other listed undertakings		**88**	82
		408	351
Administrative expenses	2	**(282)**	(275)
Profits on disposal of investments		**72**	68
Operating profit		**198**	144
Share of (losses)/profits of associated companies		**(177)**	336
Share of associated company's exceptional item		**(165)**	–
Finance costs		**(34)**	(8)
(Loss)/Profit before taxation		**(178)**	472
Taxation	4	**(4)**	(5)
(Loss)/Profit after taxation attributable to equity shareholders		**(182)**	467
Other comprehensive income			
Fair value recycled from equity on disposal		**74**	83
Fair value adjustment on listed undertakings		**(1,723)**	3,781
Total comprehensive (loss)/profit		**(1,831)**	4,331
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders	5	**(1.0)p**	2.6p

The notes on pages 17 to 26 form part of these accounts.

Statement of Changes in Equity

	Ordinary share capital £000	Share premium account £000	Warrants reserve/ Capital 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 2011							
Balances at 1st July 2011	7,182	2,654	148	(1,058)	360	1,649	10,935
Total comprehensive income	–	–	–	3,864	336	131	4,331
Transactions with shareholders							
Shares cancelled	(3)	–	3	–	–	(3)	(3)
Shares issued	1	–	–	–	–	–	1
Warrant reserve released	–	–	(148)	–	–	148	–
Final dividend paid in respect of prior year	–	–	–	–	–	(117)	(117)
Interim dividends paid in respect of the year	–	–	–	–	–	(125)	(125)
Total transactions with shareholders	(2)	–	(145)	–	–	(97)	(244)
Balances at 30th June 2011	7,180	2,654	3	2,806	696	1,683	15,022
Year ended 30th June 2012							
Balances at 1st July 2011	**7,180**	**2,654**	**3**	**2,806**	**696**	**1,683**	**15,022**
Total Comprehensive Income	–	–	–	(1,649)	(342)	160	(1,831)
Transactions with shareholders							
Final dividend paid in respect of prior year	–	–	–	–	–	(153)	(153)
Interim dividends paid in respect of the year	–	–	–	–	–	(143)	(143)
Total transactions with shareholders	–	–	–	–	–	(296)	(296)
Balances at 30th June 2012	**7,180**	**2,654**	**3**	**1,157**	**354**	**1,547**	**12,895**

The notes on pages 17 to 26 form part of these accounts.

Statement of Financial Position

At 30th June	Notes	2012 £000	2011 £000
Non-current Assets			
Investment in Associates	6	**1,273**	1,615
Investments	7	**12,356**	14,118
		13,629	15,733
Current Assets			
Trade and other receivables	8	**71**	132
Cash and cash equivalents		**–**	–
		71	132
Current Liabilities			
Trade and other payables	9	**(805)**	(843)
Net Current (Liabilities)		**(734)**	(711)
Net Assets		**12,895**	15,022
Equity			
Share capital	11	**7,180**	7,180
Share premium account	12	**2,654**	2,654
Capital reserve account	13	**3**	3
Unrealised profits and losses on investments		**1,157**	2,806
Share of undistributed profits of associates		**354**	696
Realised profits and losses		**1,547**	1,683
Shareholders' Funds		**12,895**	15,022

Approved and authorised for issue by the Board on 25th October 2012.

E.J. BEALE Director

The notes on pages 17 to 26 form part of these accounts.

Statement of Cash Flow

For the year ended 30th June	Notes	2012 £000	2012 £000	2011 £000	2011 £000
(Loss)/Profit before taxation			**(178)**		472
Profit on sale of investments			**(72)**		(68)
Share of results of associates			**342**		(336)
Interest payable			**34**		8
Changes in working capital					
Decrease/(Increase) in trade and other receivables			**61**		(95)
Increase in trade and other payables			**52**		5
Cash generated/(utilised) by operations			**239**		(14)
Taxation paid			**(4)**		(5)
Interest paid			**(34)**		(8)
Net cash generated/(utilised) by operations			**201**		(27)
Cash flow from investing activities					
Proceeds on disposal of general portfolio investments		**211**		524	
Purchase of general portfolio investments		**–**		(528)	
		211		(4)	
Purchase of strategic investments		**(26)**		(850)	
Net cash generated/(absorbed) by investing activities			**185**		(854)
Cash flow from financing activities					
Proceeds received from issue of new shares		**–**		1	
Costs of shares purchased and cancelled		**–**		(3)	
Equity dividend paid		**(296)**		(242)	
			(296)		(244)
Movement in cash and cash equivalents			**90**		(1,125)
Net (debt)/cash and cash equivalents at start of year			**(797)**		328
Net debt at end of year	(a)		**(707)**		(797)

Notes

(a) Analysis of cash and cash equivalents

	At start of year £000	Cash Flow £000	At end of year £000
2011/2012			
Bank overdraft	**(797)**	**90**	**(707)**
Total debt	**(797)**	**90**	**(707)**
2010/2011			
Cash at bank/(bank overdraft)	328	(1,125)	(797)
Total cash and cash equivalents/(debt)	328	(1,125)	(797)

The notes on pages 17 to 26 form part of these accounts.

Notes to the Accounts

For the year ended 30th June 2012

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 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 IAS39 the Company is required to measure certain financial assets at their fair values.

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 2012. 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. None of the new standards, interpretations and amendments, effective for the first time from 1st July 2011, have had a material effect on the financial statements.

(ii) Dividends receivable are recognised in the income statement, in respect of quoted shares, when the shares are quoted ex-dividend and, in respect of unquoted 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 other comprehensive income 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 or significant evidence of impairment, the amount of the loss in value is removed from other comprehensive income 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) 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.

Notes to the Accounts (continued)

For the year ended 30th June 2012

1. Accounting Policies (continued)

(iv) 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. The investment is initially recognised at cost and then adjusted for the share of comprehensive income.

(v) 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.

(vi) Cash and cash equivalents comprise cash balances and deposits.

(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

	2012	2011
	£000	£000
Auditors' remuneration – for audit services	**18**	18
Directors' emoluments as set out in Note 3	**45**	34
Other administrative expenses	**219**	223
	282	275

3. Directors' emoluments and related party disclosures

The temporary reduction in directors' fees for the years ended 30th June 2010 and 2011 has now ceased. 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	**10**	8
E.J. Beale	**Nil**	Nil
J.M. Robotham	**10**	8
	20	16
Amounts paid to third parties	**25**	18
	45	34

The services of Mr Marshall are supplied for £15,000 by an overseas company, in which none of the directors are beneficially interested (2011 – £10,000). The services of Mr Beale were supplied by his primary employer for £10,000 (2011 – £7,500).

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

No bonuses have been paid in cash or equity in the year (2011: Nil).

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 43.8% interest in the Company. Mr Marshall and Mr Robotham are directors of Lonfin. Mr Marshall has an interest in Lonfin through family trusts, which hold 12,890,693 shares, representing 41.3% of Lonfin's issued share capital. Of this figure he has a beneficial interest in 2,301,000 shares (7.4%) and a non beneficial interest in the balance. Mr Robotham has a non-beneficial interest in Lonfin of 11,187,474 shares as a trustee of some of the Marshall family trusts. There were no amounts due to or from Lonfin at 30th June 2012 or 2011.

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 £107,000 (2011 – £133,000) to CGL. These fees covered the provision of office accommodation to directors, investment advice, portfolio management, secretarial, administrative and accounting services. At 30th June 2012 fees and expenses of £47,000 were due to CGL (2011 – £4,600).

4. Taxation

The tax charge for the year arises on unrelieved tax on foreign dividend income. The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2012	2011
	£000	£000
(Loss)/Profit before taxation	**(178)**	472
Taxation at 25.5% (2011 – 28%)	**45**	(132)
Effects of:		
Tax losses carried forward	**(72)**	(43)
Capital gains losses utilised/(carried forward)	**18**	(14)
Associates – share of results net of tax	**(87)**	94
Non-taxable franked and other income	**92**	90
	(4)	(5)

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 2(iv)) and the change in the rate of tax therefore has no impact on assets or liabilities.

Notes to the Accounts (continued)

For the year ended 30th June 2012

5. Earnings per share

Earnings per share are based on the loss on ordinary activities after taxation of £182,000 (2011 – profit - £467,000) and on 17,949,872 (2011 – 17,948,948) being the weighted average number of shares in issue during the period.

	2012	2011
Basic (loss)/earnings per share	**(1.0)p**	2.6p

Diluted earnings per share at 30th June 2012 and 30th June 2011 are the same as basic earnings per share.

6. Non-current assets – Associated Companies

	2012 **£000**	2011 £000
Shares at cost:		
Cost	**918**	918
Cumulative share of profits and losses	**355**	697
Balance at 30th June 2012	**1,273**	1,615

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 2012 have been extracted from the consolidated audited accounts at 31st December 2011 and the unaudited management accounts of Hartim at 30th June 2012.

	2012 **£000**	2011 £000
At 30th June		
Non current assets – property, plant and equipment	**606**	139
Goodwill	**3,652**	3,391
Net current liabilities	**(1,915)**	(889)
Aggregate capital and reserves	**2,342**	2,640
Share of net assets	**1,089**	1,307
Share of post acquisition profit	**395**	737
Year ended 30th June		
Turnover	**29,967**	25,913
(Loss)/Profit after tax	**(690)**	680
Share of (loss)/profit after tax for the year to 30th June	**(342)**	337

6. 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 (48.6%). The following amounts have been extracted from the audited accounts of CGL.

	2012	2011
	£000	£000
Net current assets	**198**	190
Turnover	**455**	632
Profit before and after taxation	**11**	17
Aggregate capital and reserves	**201**	190
Share of net assets	**97**	92
Share of profit after tax for the year	**5**	8
Share of post acquisition profit	**23**	18

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 (29.9%). The following amounts have been extracted from the audited accounts of ICH.

	2012	2011
	£000	£000
Non current assets – property, plant and equipment	**42**	42
Net current assets	**74**	93
Profit/(Loss) before and after taxation	**19**	(30)
Aggregate capital and reserves	**117**	136
Share of net assets	**35**	41
Share of loss after tax for the year	**(6)**	(9)
Share of post acquisition loss	**(64)**	(58)

Notes to the Accounts (continued)

For the year ended 30th June 2012

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

	Strategic Quoted Investments £000	Other Quoted Investments £000	AIM, PLUS & Unquoted Companies £000	Total £000
Year ended 30th June 2012				
Cost	**8,744**	**2,162**	**407**	**11,313**
Fair value adjustment	**5,681**	**282**	**54**	**6,017**
Balance at 1st July 2011	**14,425**	**2,444**	**461**	**17,330**
Additions	**26**	**–**	**–**	**26**
Disposals	**–**	**(139)**	**–**	**(139)**
Brought forward fair values recycled from equity to the income statement on disposals	**–**	**(74)**	**–**	**(74)**
Change in fair value adjustment carried forward	**(1,611)**	**175**	**(139)**	**(1,575)**
Balance at 30th June 2012	**12,840**	**2,406**	**322**	**15,568**
Provisions for impairment in value:				
Balance at 1st July and 30th June	**(3,019)**	**–**	**(193)**	**(3,212)**
Net balance at 30th June 2012	**9,821**	**2,406**	**129**	**12,356**
Year ended 30th June 2011				
Cost	7,894	2,089	407	10,390
Fair value adjustment	2,201	31	23	2,255
Balance at 1st July 2010	10,095	2,120	430	12,645
Additions	850	528	–	1,378
Disposals	–	(455)	–	(455)
Brought forward fair values recycled from equity to the income statement on disposals	–	(17)	–	(17)
Change in fair value adjustment carried forward	3,480	268	31	3,779
Balance at 30th June 2011	14,425	2,444	461	17,330
Provisions for impairment in value:				
Balance at 1st July 2010	(3,019)	(101)	(193)	(3,313)
Released in year	–	101	–	101
Balance at 30th June 2011	(3,019)	–	(193)	(3,212)
Net balance at 30th June 2011	11,406	2,444	268	14,118

8. Trade and other receivables

	2012	2011
	£000	£000
Trade receivable – on sale of investments	**–**	125
Prepayments and accrued income	**71**	7
	71	132

9. Trade and other payables

	2012	2011
	£000	£000
Bank overdrafts	**707**	797
Other accounts payable and accruals	**98**	46
	805	843

The Company has available a £1.5 million revolving credit facility terminating on 31st May 2016 which is secured by a charge over the Company's investments. Interest is chargeable at 3.0% over Coutts & Co.'s base rate fluctuating from time to time.

10. 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.
Capital Reserve	Amount transferred from realised profit equal to the value of any shares cancelled to maintain capital.
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.

Share capital disclosures in respect of IAS1 are set out in the Directors' Report on page 9.

Notes to the Accounts (continued)

For the year ended 30th June 2012

11. Share capital

	2012 £000	2011 £000
Authorised equity share capital		
30,000,000 shares of 40p each (2011 – 30,000,000 shares of 40p each)	**12,000**	12,000
Allotted, called up and fully paid equity share capital:		
At 1st July – 17,949,872 (2011 – 17,956,919) shares of 40p each	**7,180**	7,182
Shares purchased and cancelled – nil (2011 – 8,897)	**–**	(3)
Warrants exercised during the year – nil (2011 – 1,850)	**–**	1
Balance carried forward at 30th June – 17,949,872 shares of 40p each	**7,180**	7,180

12. Share Premium Account

	2012 £000	2011 £000
Balance brought forward at 1st July and carried forward at 30th June	**2,654**	2,654

13. Capital Reserve

	2012 £000	2011 £000
Balance brought forward at 1st July	**3**	–
Transfer to reserve on purchase and cancellation of own shares	**–**	3
Balance carried forward at 30th June	**3**	3

14. 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 £3,733,000 (2011 – £3,446,000) and Capital Tax losses of £2,295,000 (2011 – £2,382,000) subject to agreement of tax computations with Her Majesty's Revenue & Customs.

15. 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:

	2012 £000	2011 £000
Financial assets		
Available for sale investments	12,356	14,118
Trade and other receivables	71	132
Financial liabilities		
Bank borrowings	(707)	(797)
Trade and other payables	(98)	(46)

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 traded on recognised stock exchanges and cash and cash equivalents are deposited with independently rated banks. The Board reviews and agrees policies, which have remained unchanged for the year under review, for managing 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 borrowing 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 £1,500,000, expiring on 31st May 2016. The facility is secured on the portfolio of investments. Interest on the amounts drawn under the facility accrues at 3.0% over Coutts & Co.'s base rate, which fluctuates from time to time. At 30th June 2012, the Company had borrowings outstanding under the facility of £707,000 (2011 – £797,000). Every 1% change in interest rates would change the interest expense on this amount by £7,000 p.a.

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.

Notes to the Accounts (continued)
For the year ended 30th June 2012

15. Financial Instruments (continued)

Currency Exposures

There were currency exposures on the investments in European and United States stocks. The value of these at 30th June 2012 was £1,193,000 (2011 – £1,260,000). The sensitivity to each 1% decrease/increase in the relative exchange rates applicable to these investments would result in a decrease/increase in value of £12,000 and a corresponding reduction in reserves.

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 magnitude of creditors.

The Company's policy is that its borrowings should be flexible and available over the medium term. The bank facility is a £1.5 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 167% 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 General Portfolio 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 £123,000 (2011 – £141,000) and a corresponding decrease in unrealised profits. A 1% increase, would, on the same basis, increase fair values and increase the unrealised profits.

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

16. 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 1 January 2012.

None of the new standards, interpretations and amendments, effective for the first time from 1st January 2012, have had a material effect on the financial statements. None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1st January 2012 and which have not been adopted early, are expected to have a material effect on the company's future financial statements.

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 2012 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of its loss 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

James Fearon (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

United Kingdom

26th October 2012

BBDO 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 Wednesday, 28th November 2012 at 9.30 a.m. for the following purposes:

1. To receive the directors' report and accounts for the year ended 30th June 2012.
2. To ratify the final dividend that was paid on 26th November 2012.
3. To re-elect Mr. A.J. Hall as 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 £4,820,000 provided that this authority will expire on 27th November 2017, 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 28th November 2012, 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 £358,997 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 1,790,000 (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 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

25th October 2012

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, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA of any change of address.

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Western Selection P.L.C.

FORM OF PROXY

I/We ....

of ....

....
being (a) member(s) of the above-named Company hereby appoint the chairman of the meeting, failing whom

....
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th November 2012 and at any adjournment thereof.

I/We hereby authorise and instruct my/our proxy to vote as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS	**For**	**Against**	**Abstain**
1. To adopt the reports and accounts.			
2. To ratify the dividend paid on 26th November 2012.			
3. To re-elect Mr. A.J. Hall as a Director.			
4. To re-appoint the auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS			
Ordinary Resolution 5. To authorise the Directors to allot securities.			
Special Resolution 6. To authorise the directors to allot securities (subject to limitation) as if pre-emption rights did not apply.			
Special Resolution 7. To authorise the Directors to make market purchases of the Company's shares.			

Dated ....2012 Signature..

Notes

1. This proxy must be lodged at the Company's registered office, Western Selection P.L.C., 30 City Road, London, EC1Y 2AG not later than 48 hours before the time of the meeting together, if appropriate, with the power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority.
2. In the case of a corporation this proxy should be given under its Common Seal or, if none, should be signed by the attorney or officer duly authorised.
3. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the register of Shareholders in respect of the joint holding.
4. If it is desired to appoint a proxy any person other than the chairman of the meeting, the name and address of such person should be inserted in the relevant place, reference to the chairman deleted, and the alteration initialled.
5. A proxy need not be a shareholder.