



WESTERN SELECTION P.L.C.



INTERIM STATEMENT

31ST DECEMBER

2009

Western Selection P.L.C.

(Incorporated in England – No. 234871)

(the “Company” or “Western”)

Directors:

D.C. Marshall, Chairman
E.J. Beale
A.J. Hall
J.M. Robotham, OBE, FCA

Registered office:

30 City Road,
London, EC1Y 2AG

22nd February 2010

TO THE MEMBERS

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2009.

Overall performance in the half year to 31st December 2009 has been reasonable with net assets increasing by 20%, compared to an increase in the FTSE 100 index of 27%. Dividend income from the general portfolio has declined by 58% over the same period as last year. No dividend income has been received from Creston but its share price has recovered well since June. We continue to be pleased with the performance of our associated company, Hartim, which has performed satisfactorily in spite of volatile markets.

The Company made a profit for the half year of £131,000 (0.7p per share). This compares to £63,000 for the same period last year (0.4p per share). The main difference is the recovery of impairment provisions made at June 2009. Administrative expenses are 17% below the 2008 level reflecting the lower costs associated with the PLUS market listing compared to the Company’s previous listing on AIM and the Directors’ decision to reduce their fees.

With cash balances in excess of £651,000 and £2,500,000 of unused borrowing facilities available, Western is well placed to take advantage of any investment opportunities that are attractive to the Board.

Investment policy and management

Western’s investment policy is to hold strategic stakes in a few special situations and maintain a diversified portfolio of U.K. listed equities, together with a few holdings on AIM, PLUS and some unlisted shares. Strategic investments are minority positions where we seek to maintain a close working relationship with the management of the investee. Western is represented on the boards of three of our four strategic investments and is working to achieve representation on the fourth.

An analysis of assets is shown on the face of the Statement of Financial Position. The general portfolio is managed by two non-executive directors: Andrew Hall and Michael Robotham, and the Board as a whole takes decisions in relation to both our strategic and unlisted investments.

General Portfolio

The value of our general portfolio increased by 7% over the period to £2,311,000. The general portfolio represents 21% of Western’s assets, and a net £205,000 has been withdrawn from the general portfolio during the period. We are in the process of increasing the international diversification of the general portfolio, primarily through investment in major companies with broad international interests, but we will also be looking to add a limited number of overseas quoted stocks.

Strategic Investments

Creston plc

Creston is a marketing services group with a strategy to grow within its sector to become a substantial, diversified international marketing services group. Creston’s results for the half-year to 30th September 2009 show a profit after tax of £435,00 (2008: £2,951,000). The results of the six month period are after charging the costs relating to the closure of two divisions and the associated goodwill of £4.4m, against which no tax relief has been provided. Net debt has been reduced by £6.9m (17%) from a 51% increase in cash inflows.

Western owns 3,000,000 shares in Creston (4.9%) with a market value at 31st December 2009 of £2,377,000 (30th June 2009: £1,920,000), being 22% of Western’s assets.

I am the non-executive chairman of Creston.

Northbridge Industrial Services PLC

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment such as electrical load banks and generators. Northbridge's first acquisition was Crestchic Limited, one of the largest specialist load bank equipment manufacturers in the world, located in Burton-on-Trent, selling and hiring to a national and international customer base. Northbridge has recently added to its interests in Dubai by increasing its fleet of power and other electrical equipment.

Northbridge's latest results, for the half year to 30th June 2009, showed profit of £606,000 (2008: £748,000) after exchange losses of £200,000 (2008: nil).

Western owns 1,875,000 shares, representing 20.3% of Northbridge's share capital. The value of this investment at 31st December 2009 was £2,475,000 (30th June 2009: £2,156,000), representing 23% of Western's assets.

I am a non-executive director of Northbridge.

Swallowfield plc

Swallowfield is a full service provider for global and household brands operating in the cosmetics and personal care and household goods marketplace. It offers a flexible and tailored service including: contract filling market analysis, design, formulation and testing of products, packaging design and sourcing and distribution of stock.

Swallowfield's latest results, for the year to 30th June 2009, showed profit, before exceptional items and tax, of £1,313,000 (30th June 2008: £1,319,000).

At 31st December 2009, Western owned 1,421,800 shares in Swallowfield (12.6% of their issued share capital) having increased the holding by 90,300 shares at a cost of £106,000. The market value of the Company's holding in Swallowfield on 31st December 2009 was £1,766,000 (30th June 2009: £999,000) representing 16% of the Company's assets.

We do not believe that the Board of Swallowfield has the necessary mix of skills and experience amongst its non-executive directors and we will continue to work with other shareholders to rectify this.

Hartim Limited

Hartim offers a complete sales, marketing and logistical services to a number of UK branded fast moving consumer goods companies. This investment was acquired on 28th March 2009 and is accounted for as an associated company.

Hartim's estimated results for the year ended 31st December 2009 is a profit of £327,000 after tax. This is down from the very high profits of £443,000 achieved last year, but still represents a very good return on our investment.

At 31st December 2009, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31st December 2009 was £1,124,000 (30th June 2009: £979,000) representing 10% of the Company's assets.

Mr. Beale is a non-executive director of Hartim.

Conclusion & Outlook

We are concerned about the short term outlook, but our strong financial position gives us a degree of cautious optimism.

The Board has declared an interim dividend of 0.65p per share that will be paid on Wednesday 24th March 2010 to shareholders on the register at the close of business on 5th March 2010. It has not been the Board's policy to pay interim dividends in the past, but we had to pass on paying a dividend for the year to 30th June 2009. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2010 and to declare a similar final dividend for the current year, which the Board anticipates paying in October 2010.

D.C. MARSHALL
Chairman

Unaudited Income Statement

	Half year ended 31st December		Year ended 30th June
	2009 £000	2008 £000	2009 £000
Income from investments in:			
Listed strategic undertakings	81	149	212
Other listed investments	34	59	135
Surplus on disposal of listed undertakings	(75)	(116)	(505)
	<u>40</u>	<u>92</u>	<u>(158)</u>
Other operating income	14	–	–
Administrative expenses – normal	(139)	(167)	(329)
– exceptional impairment provisions			
– recovered/(provided)	117	–	(546)
	<u>32</u>	<u>(75)</u>	<u>(1,033)</u>
Operating profit/(loss)	32	(75)	(1,033)
Share of results of associated companies	99	130	163
Net interest receivable	–	8	8
	<u>–</u>	<u>8</u>	<u>8</u>
Profit/(Loss) on ordinary activities before taxation	131	63	(862)
Taxation	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Profit/(Loss) on ordinary activities after taxation	131	63	(862)
	<u>131</u>	<u>63</u>	<u>(862)</u>
Basic earnings/(loss) per share	0.7p	0.4p	(4.8p)
Dividend per share	0.65p	Nil	Nil

Statement of Comprehensive Income

Profit/(Loss) attributable to shareholders	131	63	(862)
Unrealised profits/(losses) on listed undertakings	1,776	(1,891)	(154)
	<u>1,907</u>	<u>(1,828)</u>	<u>(1,016)</u>
Total comprehensive income/(expense)	1,907	(1,828)	(1,016)

Changes in Shareholders' Equity

Total comprehensive income/(expense)	1,907	(1,828)	(1,016)
Dividends paid in respect of the previous year	–	(467)	(467)
	<u>1,907</u>	<u>(2,295)</u>	<u>(1,483)</u>
Equity shareholders' funds at start of period	8,936	10,419	10,419
	<u>8,936</u>	<u>10,419</u>	<u>10,419</u>
Equity shareholders' funds at end of period	10,843	8,124	8,936

Unaudited Statement of Financial Position

	31st December		30th June
	2009	2008	2009
	£000	£000	£000
Non-current assets			
Strategic Investments			
Creston plc	2,377	840	1,920
Swallowfield plc	1,766	921	999
Northbridge Industrial Services PLC	2,475	1,950	2,156
Associates	1,250	1,117	1,151
General Portfolio investments	2,311	2,926	2,192
	<u>10,179</u>	<u>7,754</u>	<u>8,418</u>
Current assets – trade and other receivables	65	76	269
Cash at bank and in hand	651	316	290
Current liabilities – trade and other payables	(52)	(22)	(41)
Net current assets	<u>664</u>	<u>370</u>	<u>518</u>
Total assets less current liabilities	<u>10,843</u>	<u>8,124</u>	<u>8,936</u>
Capital and Reserves			
Called up share capital	7,182	7,182	7,182
Share premium account	2,654	2,654	2,654
Warrants reserve	148	148	148
Unrealised profits and losses on investments	(1,394)	(4,362)	(3,170)
Share of undistributed profits of associates	330	198	232
Realised profits and losses	1,923	2,304	1,890
Equity shareholders' funds	<u>10,843</u>	<u>8,124</u>	<u>8,936</u>
Net assets per share at market value – pence	60p	45p	50p
Number of shares in issue	17,956,419	17,956,419	17,956,419

Notes:

1. The results for the half-year are unaudited. The information contained in this report does not constitute statutory accounts within the meaning of the Companies Act 2006. The statutory accounts of Western Selection P.L.C. for the year ended 30th June 2009 have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was unqualified.
2. This report has been prepared in accordance with the accounting policies contained in the Company's Annual Report and Accounts 2009 and comply with IAS34.
3. The amendment to presentation, under IAS 1, which is mandatory for periods beginning 1 April 2009, has been adopted. This amendment requires the presentation of comprehensive income, which the company has opted to present in two statements – an Income Statement and a Statement of Comprehensive Income.
4. The calculation of earnings per share is based on the weighted average number of shares in issue for the period and the profit on ordinary activities after tax.

Cash Flow Statement

	Notes	Half year ended 31st December		Year ended 30th June
		2009 £000	2008 £000	2009 £000
Net cash outflow from operating activities	(a)	205	(5)	(203)
Returns on investments and servicing of finance				
Net interest received		–	9	8
Taxation paid		–	–	–
		<u>205</u>	<u>4</u>	<u>(195)</u>
Financial investment				
Proceeds of disposal of fixed asset investments		432	331	1,092
Purchase of fixed asset investments		(170)	(3)	(154)
		<u>262</u>	<u>328</u>	<u>938</u>
Purchase of strategic investments		(106)	(128)	(565)
Net cash inflow from financial investment activities		<u>156</u>	<u>200</u>	<u>373</u>
Financing activities				
Equity dividend paid		–	(467)	(467)
Net cash outflow from financing activities		<u>–</u>	<u>(467)</u>	<u>(467)</u>
Movement in cash and cash equivalents		<u>361</u>	<u>(263)</u>	<u>(289)</u>
Net cash and cash equivalents at start of year		290	579	579
Net cash and cash equivalents at end of year	(b)	<u>651</u>	<u>316</u>	<u>290</u>

Notes:

(a) Reconciliation of operating profit to net cash inflow from operating activities

Profit/(Loss) before taxation	172	63	(862)
Loss on sale of investments	75	116	505
Share of results of associates	(140)	(130)	(163)
Net interest received	–	(8)	(8)
Exceptional (recovery)/costs	(117)	–	546
Decrease/(Increase) in debtors and accrued income	204	(39)	(233)
Increase/(Decrease) in creditors	11	(7)	12
Net cash outflow from operating activities	<u>205</u>	<u>(5)</u>	<u>(203)</u>

(b) Reconciliation to movements in net debt

	At start Period	Cash Flow	At end Period
	£000	£000	£000
Half year ended 31st December 2009			
Cash at bank	290	361	651
Half year ended 31st December 2008			
Cash at bank	579	421	1,000
Bank overdraft	–	(684)	(684)
	<u>579</u>	<u>(263)</u>	<u>316</u>
Year ended 30th June 2009			
Cash at bank	579	(289)	290

Composition of General Portfolio

at 31st December 2009

	Current value £000	% £000
FTSE 100		
Royal Dutch Shell	234	10
BP	180	8
Diageo	163	7
Imperial Tobacco Group	145	6
British American Tobacco	141	6
Unilever	140	6
Cobham	138	6
Associated British Foods	123	6
GlaxoSmithKline	112	5
Balfour Beatty	111	5
Royal & Sun Alliance Insurance	96	4
	<hr/>	<hr/>
	1,583	69
	<hr/>	<hr/>
FTSE 250		
Rotork	83	4
William Hill	56	2
	<hr/>	<hr/>
	139	6
	<hr/>	<hr/>
FTSE Fledgling		
Bioquell	149	6
	<hr/>	<hr/>
FTSE AIM		
Wynnstay Group	167	7
Judges Scientific	23	1
	<hr/>	<hr/>
	190	8
	<hr/>	<hr/>
Quoted Investment Fund		
Sarasin International Equity Income Fund (Acc A)	130	6
Equisar IIID Fund (A Class) Accumulation Shares	111	5
	<hr/>	<hr/>
	241	11
	<hr/>	<hr/>
Other (less than £20,000)	9	–
	<hr/>	<hr/>
	2,311	100
	<hr/>	<hr/>

