



# WESTERN SELECTION P.L.C.



INTERIM STATEMENT

31ST DECEMBER

2008



# Western Selection P.L.C.

(Incorporated in England – No. 234871)  
(the “Company” or “Western”)

## Directors:

D.C. Marshall, Chairman  
A.R.C. Barclay, BA, FCA  
A.J. Hall  
J.M. Robotham, OBE, FCA, MSI

## Registered office

30 City Road,  
London, EC1Y 2AG

11th February 2009

## TO THE MEMBERS

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2008.

Overall performance in the half year to 31st December 2008 has been disappointing with net assets down 22%. However this is in line with the fall in the FTSE 100 index. Dividend income has grown 15% on the same period last year. We are very pleased with the performance of our associated company, Hartim, which continues to perform well.

The Company made a profit for the half year of £63,000 (0.4p per share). This compares to £38,000 for the same period last year (0.3p per share). The main differences are the contribution of £130,000 (2007: nil) from associated companies; losses of £116,000 realised on sale of investments compared to profits of £81,000 last year and net interest received following the successful capital raising last year. Professional fees have increased as a result of the increased capital and the listing of the shares and warrants on PLUS, but administrative expenses have been kept below the 2007 level.

With cash balances in excess of £316,000 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 balance sheet. 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 declined by 32% over the period to £2,926,000, compared to a fall in the FTSE100 index of 21% and the FTSE AIM index of 60%. The bulk of this fall occurred in our investments in smaller quoted companies. The general portfolio represents 36% of Western’s assets, and a net £205,000 has been withdrawn from the general portfolio during the period.

## 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 2008 show a profit after tax of £2,951,000 (2007: £2,280,000).

Western owns 3,000,000 shares in Creston (5.4%) with a market value at 31st December 2008 of £840,000 (30th June 2008: £1,425,000), being 10% 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's latest results, for the half year to 30th June 2008, showed profit of £748,000 (2007: £430,000).

Western owns 1,500,000 shares, representing 20.3% of Northbridge's share capital. The value of this investment at 31st December 2008 was £1,950,000 (30th June 2008: £2,558,000), representing 24% 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 2008, showed profit, before exceptional items, of £1,041,000 (30th June 2007: £601,000).

At 31st December 2008, Western owned 1,296,500 shares in Swallowfield (11.5% of their issued share capital). The market value of the Company's holding in Swallowfield on 31st December 2008 was £921,000 (30th June 2008: £971,000) representing 11% 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 2008 and is accounted for as an associated company.

Hartim's estimated results for the 9 month period ended on 31st December 2008 are a profit of £416,000 after tax.

At 31st December 2008, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31st December 2008 was £935,000 (30th June 2008: £797,000) representing 12% of the Company's assets.

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

### **Proposed cancellation of admission to trading on AIM**

Since 17th September 2007, Western's shares have been traded on both AIM and PLUS Markets. In the period up to 31st December 2008, 59% of all Western shares traded have been traded on PLUS Markets and only 41% on AIM, and in the last six months PLUS Markets accounted for 87% of all shares traded.

The Board has determined that the Company can save over £25,000 a year in adviser's fees if we cancel the admission to trading on AIM to solely trade on PLUS Markets. We do not believe that this will create problems for shareholders wishing to deal in Western's shares since all major UK brokers who deal in AIM shares also deal in PLUS quoted shares, and the majority of the ordinary shares are, like the quoted warrants, already traded on PLUS. Nor do we believe that having shares traded solely on PLUS Markets will have an appreciable effect on the Company's ability to attract new and retain existing investors.



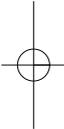
Attached to these interim results is notice of an Extraordinary General Meeting be held on 12th March 2009 at which shareholders will be asked to approve cancellation of Western's admission to trading on AIM. This resolution will require approval by at least 75% of shareholders voting to be effective. If the resolution is passed by the required majority of shareholders at the EGM, the admission to trading on AIM is expected to be cancelled on 19th March 2009 and after that date Western's shares may only be traded on PLUS Markets.

**Conclusion & Outlook**

We are earning a good yield on our investments and have cash and borrowing facilities that will allow us to invest in Strategic Investments and under-valued equities. We believe that we are well placed to weather the volatile markets which may continue for some time.

The Board declared an increased dividend of 2.6p per share for the year to 30th June 2008. It is not the Board's policy to pay interim dividends. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2009 and to maintain the dividend for the current year, which the Board anticipates paying in October 2009.

**D.C. MARSHALL**  
Chairman



## Unaudited Income Statement

	Half year ended 31st December		Year ended 30th June
	2008	2007	2008
	£000	£000	£000
<b>Income from investments in:</b>			
Listed strategic undertakings	149	99	155
Other listed investments	59	80	180
(Deficit)/Surplus on disposal of listed undertakings	(116)	81	420
	<u>92</u>	<u>260</u>	<u>755</u>
Administrative expenses – normal	(167)	(170)	(342)
– exceptional	–	–	(3,019)
	<u>(75)</u>	<u>90</u>	<u>(2,606)</u>
<b>Operating (loss)/profit</b>	<b>(75)</b>	<b>90</b>	<b>(2,606)</b>
<b>Share of results of associated companies</b>	<b>130</b>	<b>–</b>	<b>69</b>
Net interest receivable/(payable)	8	(52)	(35)
	<u>63</u>	<u>38</u>	<u>(2,572)</u>
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>63</b>	<b>38</b>	<b>(2,572)</b>
Taxation	–	–	–
	<u>63</u>	<u>38</u>	<u>(2,572)</u>
<b>Profit/(Loss) on ordinary activities after taxation</b>	<b>63</b>	<b>38</b>	<b>(2,572)</b>
Basic earnings/(loss) per share	0.4p	0.3p	(16.4p)
Earnings per share excluding exceptional costs	0.4p	0.3p	2.41p
Dividend per share	Nil	Nil	2.60p

## Statement of Recognised Gains and Losses

Profit/(Loss) attributable to shareholders	63	38	(2,572)
Unrealised losses on listed undertakings	(1,892)	(3,550)	(1,850)
	<u>(1,829)</u>	<u>(3,512)</u>	<u>(4,422)</u>
Total recognised losses	<b>(1,829)</b>	<b>(3,512)</b>	<b>(4,422)</b>

## Changes in Shareholders' Equity

Total recognised losses	(1,829)	(3,512)	(4,422)
Proceeds of new share issues, net of costs	–	2,389	2,385
Dividends paid in respect of the previous year	(466)	(327)	(327)
	<u>(2,275)</u>	<u>(1,450)</u>	<u>(2,364)</u>
Shareholders' funds at start of period	10,419	12,783	12,783
	<u>8,124</u>	<u>11,333</u>	<u>10,419</u>
Shareholders' funds at end of period	<b>8,124</b>	<b>11,333</b>	<b>10,419</b>

## Unaudited Balance Sheet

	31st December		30th June
	2008	2007	2008
	£000	£000	£000
<b>Fixed assets</b>			
<b>Strategic Investments</b>			
Creston plc	840	2,288	1,425
Swallowfield plc	921	740	971
Northbridge Industrial Services PLC	1,950	2,220	2,558
Associates	1,117	191	988
General Portfolio investments – UK	2,828	5,248	3,793
– Unlisted	98	77	98
	<u>7,754</u>	<u>10,764</u>	<u>9,833</u>
Current assets	76	511	36
Cash at bank and in hand	316	151	579
Current liabilities	(22)	(93)	(29)
	<u>370</u>	<u>569</u>	<u>586</u>
<b>Net current assets</b>			
	<u>370</u>	<u>569</u>	<u>586</u>
<b>Total assets less current liabilities</b>	<u>8,124</u>	<u>11,333</u>	<u>10,419</u>
<b>Capital and Reserves</b>			
Called up share capital	7,182	7,182	7,182
Share premium account	2,654	2,290	2,654
Warrants reserve	148	–	148
Fair Value reserve	(1,343)	(638)	549
Retained earnings	(517)	2,499	(114)
	<u>8,124</u>	<u>11,333</u>	<u>10,419</u>
<b>Net Assets at market value per share – pence</b>	<b>45p</b>	<b>63p</b>	<b>58p</b>
Number of shares in issue	17,956,419	17,955,309	17,956,419

### Notes:

- The results for the half-year are unaudited. The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section 240(5) of the Companies Act 1985. The statutory accounts of Western Selection P.L.C. for the year ended 30th June 2008 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 and did not contain a statement under Section 237(2) or 272(3) of the Companies Act 1985.
- 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.
- Retained earnings include an unrealised impairment provision of £3,019,000 on the Company's investment in Creston which is ignored when calculating distributable profits.

## Cash Flow Statement

	Notes	Half year ended 31st December		Year ended
		2008 £000	2007 £000	30th June 2008 £000
<b>Net cash outflow from operating activities</b>	<b>(a)</b>	<b>(5)</b>	<b>(438)</b>	<b>(45)</b>
<b>Returns on investments and servicing of finance</b>				
Net interest received/(paid)		9	(52)	(35)
<b>Taxation paid</b>		<b>-</b>	<b>-</b>	<b>-</b>
		<u>4</u>	<u>(490)</u>	<u>(80)</u>
<b>Financial investment</b>				
Proceeds of disposal of fixed asset investments		331	822	2,142
Purchase of fixed asset investments		(131)	(212)	(1,513)
<b>Net cash inflow from financial investment activities</b>		<b>200</b>	<b>610</b>	<b>629</b>
<b>Financing activities</b>				
Equity dividend paid		(467)	(327)	(327)
Proceeds of new share issues		-	2,386	2,385
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(467)</b>	<b>2,059</b>	<b>2,058</b>
<b>Movement in cash and cash equivalents</b>		<b>(263)</b>	<b>2,179</b>	<b>2,607</b>
Net cash and cash equivalents at start of year		579	(2,028)	(2,028)
<b>Net cash and cash equivalents at end of year</b>	<b>(b)</b>	<b>316</b>	<b>151</b>	<b>579</b>
<b>Notes:</b>				
<b>(a) Reconciliation of operating profit to net cash inflow from operating activities</b>				
<b>Profit/(Loss) before taxation</b>		<b>63</b>	<b>38</b>	<b>(2,572)</b>
(Loss)/Profit on sale of investments		116	(81)	(420)
Share of results of associates		(130)	-	(69)
Net interest received/(paid)		(8)	52	35
Exceptional costs		-	-	3,019
(Increase)/Decrease in debtors and accrued income		(39)	(493)	(20)
(Decrease)/Increase in creditors		(7)	46	(18)
<b>Net cash outflow from operating activities</b>		<b>(5)</b>	<b>(438)</b>	<b>(45)</b>
<b>(b) Reconciliation to movements in net debt</b>				
		<b>At start of period</b>	<b>Cash flow</b>	<b>At end of period</b>
<b>Half year ended 31st December 2008</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank		579	421	1,000
Bank overdraft		-	(684)	(684)
		<u>579</u>	<u>(263)</u>	<u>316</u>
<b>31st December 2007</b>				
Cash at bank		6	145	151
Bank overdraft		(2,034)	2,034	-
		<u>(2,028)</u>	<u>2,179</u>	<u>151</u>
<b>Year ended 30th June 2008</b>				
Cash at bank		6	573	579
Bank overdraft		(2,034)	2,034	-
		<u>(2,028)</u>	<u>2,607</u>	<u>579</u>

## Composition of General Portfolio

	At 31st December 2008	
	Current value £000	Value of General Portfolio %
<b>FTSE 100</b>		
Royal Dutch Shell	233	8.2
BP	158	5.6
Diageo	144	5.1
British American Tobacco	126	4.5
Unilever	111	3.9
Royal & Sun Alliance Insurance	110	3.9
Associated British Foods	110	3.9
GlaxoSmithKline	109	3.9
Prudential Corporation	97	3.4
Imperial Tobacco Group	85	3.0
Cobham	72	2.5
Lloyds TSB Group	25	0.9
Land Securities	25	0.9
	<hr/>	<hr/>
	1,405	49.7
	<hr/>	<hr/>
<b>FTSE 250</b>		
Rotork	55	2.0
Balfour Beatty	53	1.9
Spirax-Sarco Engineering	50	1.8
Renishaw	49	1.7
Forth Ports	46	1.6
William Hill	32	1.1
Marstons	31	1.1
Homeserve	29	1.0
	<hr/>	<hr/>
	345	12.2
	<hr/>	<hr/>
<b>FTSE SmallCap</b>		
Severfield-Rowen	33	1.2
Castings	27	0.9
Marshall's Group	22	0.8
	<hr/>	<hr/>
	82	2.9
	<hr/>	<hr/>
<b>FTSE Fledgling</b>		
Treant	417	14.7
Bioquell	96	3.4
Dawson Holdings	81	2.9
	<hr/>	<hr/>
	594	21.0
	<hr/>	<hr/>
<b>FTSE AIM</b>		
Wynnstay Group	118	4.2
Best Of The Best	39	1.3
	<hr/>	<hr/>
	157	5.5
	<hr/>	<hr/>
<b>Quoted Investment Fund</b>		
Equisar IIID Fund (A Class) Accumulation Shares	212	7.5
	<hr/>	<hr/>
	212	7.5
	<hr/>	<hr/>
Other (less than £20,000)	33	1.2
	<hr/>	<hr/>
	33	1.2
	<hr/>	<hr/>
	2,828	100.0
	<hr/>	<hr/>



# Western Selection P.L.C.

(Incorporated in England and Wales with registered number 234871)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary 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, 12th March 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as Ordinary Resolution:

### ORDINARY RESOLUTION

1. That the admission to trading of the Company's Shares of 40p each on AIM be cancelled.

By order of the Board

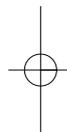
**City Group P.L.C.**

*Company Secretary*

*Registered office:*

30 City Road  
London, EC1Y 2AG

Dated: 11th February 2009



### Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for your use, if desired. The instrument appointing a proxy must reach City Group P.L.C., 30 City Road, London, EC1Y 2AG not less than 48 hours before the time of holding of the meeting.
3. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders of the Company on the register at 6.00 p.m. on 10th February 2009 shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.



