



WESTERN SELECTION P.L.C.

INTERIM STATEMENT

31ST DECEMBER
2012



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

28th February 2013

TO THE MEMBERS

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2012.

Our net assets per share decreased 3% to 70p at 31st December 2012 from 72p at 30th June 2012. Our Strategic Investments decreased in value by 3%. Our General Portfolio increased by 5% compared with increases of 11% in the FTSEurofirst 300 index and 6% in the S&P 500 index over the half year. At the close of business on 15th February 2013, our net asset value was 83.7p per share.

Dividend income from Strategic Investments has increased by 8% from the comparative period last year. Our share of the results of associates has improved compared with the comparative period in which Hartim incurred start-up losses on its new Australian acquisition and legal costs in connection with a lease dispute.

The Company achieved a profit for the half year of £78,000 (0.4p per share) compared to a loss of £86,000 for the same period last year (0.5p per share). Operating profit before associates was £101,000, up from £79,000 last year.

Our underutilised borrowing facilities will allow us to take advantage of any buying opportunities when they arise.

Investment policy and management



Western’s investment policy is to hold strategic stakes in a few special situations and maintain a diversified portfolio of high quality U.K. and internationally listed equities. Strategic investments are minority positions where we seek to maintain a close working relationship with the management of the investee. Western has nominees on the boards of three of our four strategic investments and is working to improve relations with the Swallowfield board.

An analysis of assets is shown on the face of the Statement of Financial Position.

General Portfolio

The value of our General Portfolio increased over the period by 5% to £2,652,000. The General Portfolio represents 21% of Western’s assets. We will seek to invest further in the General Portfolio when we perceive suitable companies that appear to be undervalued.

Strategic Investments

Creston plc (“Creston”)

Creston is a marketing services group with a strategy to grow within its sector to become a substantial, diversified international marketing services group. Further information about Creston is available on its website: www.creston.com.

Creston’s results for the half-year to 30th September 2012 show a profit after tax of £8,259,000 including a deferred consideration write-back of £3,450,000 (2011: £2,821,000). Creston declared an interim dividend of 1.0p per share, an increase of 20% on the prior year.

Western owns 3,000,000 shares in Creston (4.9%) with a market value at 31st December 2012 of £2,370,000 (30th June 2012: £1,650,000), being 19% of Western’s assets.

I am a Non-Executive Director of Creston.



Northbridge Industrial Services plc (“Northbridge”)

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 its website: www.northbridgegroup.co.uk.

Northbridge’s latest results, for the half year to 30th June 2012, showed profit after tax of £1,027,000 (2011: £1,656,000). Northbridge declared an interim dividend of 1.85p per share, an increase of 6% on the prior year.

Western owns 2,200,000 shares, representing 14.2% of Northbridge’s share capital. The value of this investment has been volatile and at 31st December 2012 was £5,170,000 (30th June 2012: £5,984,000), representing 41% of Western’s assets.

I am a Non-Executive Director of Northbridge.

Swallowfield plc (“Swallowfield”)

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 its website: www.swallowfield.com.

Swallowfield’s latest results, for the year to 30th June 2012, showed profit after tax of £1,263,000 (2011: £1,082,000). Swallowfield declared a final dividend of 4.1p, unchanged on the prior year. Swallowfield has warned that full year results for the year ending 30th June 2013 will be below last year’s results.

At 31st December 2012, Western owned 1,869,149 shares in Swallowfield (16.5% of their issued share capital). The market value of the Company’s holding in Swallowfield on 31st December 2012 was £1,925,000 (30th June 2012: £2,187,000) representing 15% of the Company’s assets.

Hartim Limited (“Hartim”)

Hartim offers a complete export sales, marketing and logistical service to a number of well known 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 half year ended 31st December 2012 showed a loss of £1,000 (2011: £220,000) after tax and exceptional items. These results include losses incurred in turning round its Australian distributor acquired out of administration last year.

At 31st December 2012, Western owned 49.5% of Hartim. The carrying value of the Company’s investment in Hartim on 31st December 2012 was £1,123,000 (30th June 2012: £1,124,000) representing 9% of the Company’s assets.

Mr. Beale is a Non-Executive Director of Hartim.

Conclusion & Outlook

The short term outlook for the developed world remains uncertain, but our strong financial position provides a degree of cautious optimism.

The Board has declared an increased interim dividend of 0.85p per share (2012: 0.8p) that will be paid on Friday 22nd March 2013 to shareholders on the register at the close of business on 8th March 2013. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2013 and to declare a similar final dividend for the current year, which the Board anticipates paying in October 2013.

D.C. MARSHALL
Chairman

Unaudited Statement of Comprehensive Income

	Half year ended 31st December		Year ended 30th June
	2012 £000	2011 £000	2012 £000
Income from investments in:			
Listed strategic undertakings	198	183	320
Other listed investments	46	40	88
Surplus on disposal of listed undertakings	–	7	72
	<u>244</u>	<u>230</u>	<u>480</u>
Administrative expenses - normal	(143)	(151)	(282)
	<u>101</u>	<u>79</u>	<u>198</u>
Operating profit	91	(14)	(177)
Share of results of associated companies	(101)	(138)	(165)
Share of exceptional loss of associated company	(11)	(12)	(34)
Finance expense	<u>80</u>	<u>(85)</u>	<u>(178)</u>
Profit/(Loss) on ordinary activities before taxation	(2)	(1)	(4)
Taxation	<u>78</u>	<u>(86)</u>	<u>(182)</u>
Profit/(Loss) on ordinary activities after taxation			
	<u>78</u>	<u>(86)</u>	<u>(182)</u>
Other Comprehensive Income			
Fair value recycled from equity on disposal	–	(23)	74
Fair value adjustment on listed undertakings	(239)	(2,647)	(1,723)
	<u>(161)</u>	<u>(2,756)</u>	<u>(1,831)</u>
Total comprehensive income			
	<u>(161)</u>	<u>(2,756)</u>	<u>(1,831)</u>
Basic earnings/(loss) per share	0.4p	(0.5)p	(1.0)p
Interim dividend per share	0.85p	0.8 p	0.8p
Final dividend per share	–	–	0.9p

Changes in Shareholders' Equity

	Half year ended 31st December		Year ended 30th June
	2012	2011	2012
Total comprehensive income	(161)	(2,756)	(1,831)
Dividends paid	(162)	(153)	(296)
	<u>(323)</u>	<u>(2,909)</u>	<u>(2,127)</u>
Equity shareholders' funds at start of period	12,895	15,022	15,022
Equity shareholders' funds at end of period	<u>12,572</u>	<u>12,113</u>	<u>12,895</u>

Unaudited Statement of Financial Position

	31st December		30th June
	2012	2011	2012
	£000	£000	£000
Non-current assets			
Strategic Investments			
Creston plc	2,370	2,070	1,650
Northbridge Industrial Services plc	5,170	4,576	5,984
Swallowfield plc	1,925	2,187	2,187
Associates	1,263	1,463	1,273
General Portfolio investments	2,652	2,579	2,535
	<u>13,380</u>	<u>12,875</u>	<u>13,629</u>
Current assets - trade and other receivables	20	24	71
Bank (overdraft)/cash at bank and in hand	(725)	(714)	(707)
Other current liabilities - trade and other payables	(103)	(72)	(98)
	<u>(808)</u>	<u>(762)</u>	<u>(734)</u>
Net current liabilities	(808)	(762)	(734)
	<u>12,572</u>	<u>12,113</u>	<u>12,895</u>
Total assets less current liabilities	12,572	12,113	12,895
	<u>12,572</u>	<u>12,113</u>	<u>12,895</u>
Capital and Reserves			
Called up share capital	7,180	7,180	7,180
Share premium account	2,654	2,654	2,654
Capital reserve	3	3	3
Unrealised profits and losses on investments	917	136	1,157
Share of undistributed profits of associates	344	544	354
Realised profits and losses	1,474	1,596	1,547
	<u>12,572</u>	<u>12,113</u>	<u>12,895</u>
Equity shareholders' funds	<u>12,572</u>	<u>12,113</u>	<u>12,895</u>
Net assets per share at market value – pence	70p	67p	72p
Number of shares in issue	17,949,872	17,949,872	17,949,872

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 2012 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 2012.
3. 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

	Half year ended 31st December		Year ended 30th June
	2012 £000	2011 £000	2012 £000
Profit/(Loss) before taxation	80	(85)	(178)
Profits on sale of investments	–	(7)	(72)
Share of results of associates	(91)	14	177
Share of exceptional results of associates	101	138	165
Net interest paid	11	12	34
Decrease in debtors and accrued income	51	108	61
Increase in creditors	5	26	52
	157	206	239
Taxation paid	(2)	(1)	(4)
Net interest paid	(11)	(12)	(34)
Cash generated by operations	144	193	201
Investing activities			
Proceeds of disposal of fixed asset investments	–	69	211
Purchase of strategic investments	–	(26)	(26)
Net cash inflow from investing activities	–	43	185
Financing activities			
Equity dividend paid	(162)	(153)	(296)
Net cash outflow from financing activities	(162)	(153)	(296)
Movement in cash and cash equivalents	(18)	83	90
Net cash and cash equivalents at start of year	(707)	(797)	(797)
Net cash and cash equivalents at end of year	(725)	(714)	(707)
Reconciliation to movements in cash and cash equivalents			
	At start Period £000	Cash Flow £000	At end Period £000
Half year ended 31st December 2012			
Bank overdraft	(707)	(18)	(725)
31st December 2011			
Bank overdraft	(797)	83	(714)
Year ended 30th June 2012			
Bank overdraft	(797)	90	(707)

Composition of General Portfolio

at 31st December 2012

	Market value £000	%
Diageo	207	7.8
British American Tobacco	183	6.9
Royal Dutch Shell	156	5.9
Unilever	143	5.4
Bioquell	139	5.2
Sarasin International Equity Income Fund	133	5.0
Imperial Tobacco	128	4.8
Phillip Morris International	102	3.9
RSA Insurance	101	3.8
Balfour Beatty	98	3.7
Novartis	70	2.6
Reckitt Benckiser	70	2.6
Schindler	68	2.6
Chevron	66	2.5
Colgate Palmolive	66	2.5
Exxon	65	2.5
Lockheed Martin	62	2.3
Pernod Ricard	62	2.3
BASF	61	2.3
Heineken	59	2.2
BHP Billiton	58	2.2
L'Oreal	58	2.2
Nestlé	57	2.1
Procter and Gamble	55	2.1
Kellogg	54	2.0
Zurich Financial Services	51	1.9
Becton Dickinson	51	1.9
United Technologies	50	1.9
Brown Forman	47	1.8
Danone	46	1.8
Total	45	1.7
ABB	41	1.6
Total	2,652	100.0

