

DJ Western Selection Half-yearly Report

TIDMWSE

Date: 26th February 2014

On behalf of: Western Selection P.L.C. ("the Company" or "Western")

For immediate release

Western Selection P.L.C.

Interim Results

Western Selection P.L.C. (ISDX: WESP), a strategic investment company with a mix of Strategic Investments and a General Portfolio of mainly listed stocks, today announces its unaudited interim results for the six months ended 31st December 2013.

Chairman's Statement

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2013.

Our net assets per share increased 13% to 93p at 31st December 2013 from 82p at 30th June 2013. Our Strategic Investments increased in value by 15%. Our General Portfolio increased by 2% compared with increases of 14% in the FTSEurofirst 300 index and 15% in the S&P 500 index over the half year. At the close of business on 25th February 2014, our net asset value was 93.4p per share.

Dividend income from Strategic Investments has decreased from GBP198,000 to GBP120,000 from the comparative period last year as Swallowfield did not pay a final dividend in respect of its year ended June 2013 (2012 - GBP77,000, 4.1p per share). Our share of the results of associates has improved compared with the comparative period and we have been able to release some of the surplus provisions relating to the closure of Hartim's Australian subsidiary.

The Company achieved a profit for the half year of GBP336,000 (1.9p per share) compared with GBP78,000 for the same period last year (0.4p per share). Operating profit before associates was GBP28,000, compared to GBP90,000 last year.

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 2% to GBP2,966,000. The General Portfolio represents 18% of Western's assets.

Strategic Investments

Creston plc ("Creston")

Creston is a digitally focussed insight and communications group with a strategy to grow within its sector to become a substantial, diversified international group. Further information about Creston is available on its website: www.creston.com.

Creston's results for the half-year to 30th September 2013 show a profit after tax of GBP1,148,000 (2012: GBP8,259,000 - including one off items of GBP3,450,000 primarily deferred consideration write-back). Creston declared an interim dividend of 1.20p per share, an increase of 20% on the prior year.

Western owns 3,000,000 shares in Creston (5.0%) with a market value at 31st December 2013 of GBP2,790,000 (30th June 2013: GBP3,240,000), being 17% 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 2013, showed profit after tax of GBP1,949,000 (2012: GBP1,027,000). Northbridge declared an interim dividend of 2.00p per share, an increase of 8% on the prior year.

Western owns 2,000,000 shares, representing 11.6% of Northbridge's share capital. The market value of this investment has increased substantially and at 31st December 2013 was GBP9,200,000 (30th June 2013: GBP7,040,000), representing 55% 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 2013, showed a loss after tax (and after restructuring costs of GBP491,000), of GBP815,000 (2012: profit of GBP1,263,000). Swallowfield did not declare a final dividend (2012: 4.1p).

Western owns 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 2013 was GBP1,570,000 (30th June 2013: GBP1,495,000) representing 9% 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.

Our share of Hartim's estimated results for the period ended 31st December 2013 is a profit of GBP161,000 (2012 - GBP1,000) after tax, plus an exceptional profit of GBP167,000 due to the release of surplus provisions relating to the closure of its Australian subsidiary.

On 18th December 2013 we announced that we were making a loan of GBP500,000 to Hartim to provide funds to support its continuing growth. The loan is convertible into equity if not repaid by 31st December 2016, carries interest at 6% over base rate and is secured over Hartim's principal asset, its operating subsidiary, Tudor Rose Ltd.

We also announced loans of GBP160,000 to Hartim's executive management team to assist them with the purchase of shares in Hartim formerly owned by the retiring managing director. These loans bear interest at 4.5% over base rate, are repayable by 31st December 2018, and are secured over shares in Hartim. The Western board has decided that it is in the best interests of Western's shareholders that the current executive directors of Hartim should have a material stake in the success of Hartim, and these loans are a pragmatic way of achieving this objective.

These loans substantially increase Western's exposure to Hartim, but the business is

performing well, the loans generate a positive return to Western, and the structure encourages the payment of a dividend on Western's original investment.

At 31st December 2013, Western owned 49.5% of Hartim. The carrying value of the Company's equity investment in Hartim on 31st December 2013 was GBP514,000 (30th June 2013: GBP185,000) representing 3% of the Company's assets. In addition, loans of GBP660,000 (equivalent to a further 4% of the Company's assets) have been made to Hartim and its executive directors.

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

Conclusion & Outlook

We remain convinced that equity investments are the best opportunity for real growth in shareholder value in these uncertain times.

The Board has declared an increased interim dividend of 0.95p per share (2013: 0.85p) that will be paid on Friday 21st March 2014 to shareholders on the register at the close of business on 7th March 2014. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2014 and to declare a similar final dividend for the current year, which the Board anticipates paying in October 2014.

D.C. MARSHALL

Chairman

Unaudited Statement of Comprehensive Income

	Half year		Year ended 30th June 2013 GBP000
	ended 31st December 2013 GBP000	ended 2012 GBP000	
Income from investments in:			
Listed strategic undertakings	120	198	340
Other listed investments	39	46	103
Surplus on disposal of listed undertakings	6	-	529
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	165	244	972
Administrative expenses - normal	(134)	(143)	(260)
Operating profit	31	101	712
Share of results of associated companies	143	91	426
Share of exceptional profit/(loss) of associated company	167	(101)	(1,390)
Finance expense	(3)	(11)	(31)
Profit/(Loss) on ordinary activities before taxation	338	80	(283)
Taxation	(2)	(2)	(8)
Profit/(Loss) on ordinary activities after taxation	336	78	(291)
Other Comprehensive Income			

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Fair value recycled from equity on disposal	2	-	(340)
Fair value adjustment on listed undertakings	1,820	(239)	2,849