

Western Selection P.L.C.

Interim Statement

31st December 2015



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:

6 Middle Street,
London, EC1A 7JA

22nd February 2016

Business Model

Western's objective is to generate growth in value for shareholders over the medium to long term and pay a progressive dividend.

The Company's business model is to take sizeable minority stakes in relatively small companies at a pre-IPO or IPO stage, and have directors in common through which we can provide advice and support for these growing companies. These may or may not be associated companies. Our aim is that these core holdings will grow to a stage at which our support is no longer required and our stake can then be sold over time into the market. Companies that are targeted as core holdings will have an experienced management team and a credible business model, and other good prospects for growth.

Our objective is not to build a diversified portfolio, but to identify a limited number of good opportunities for growth in value. This may well see risk concentrated even further than it has previously been.

To acquire these stakes in new core investment holdings, we need to be able to react quickly, and so we need to have readily available funds to invest. To achieve this we will maintain a treasury operation consisting of cash, debt facilities and liquid investments. We have ceased to have a general portfolio of investments.

Activities

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2015.

Our net assets per share increased 6% to 80p at 31st December 2015 from 75p at 30th June 2015. Our Core Holdings, taking into account the increased investment in Northbridge and the new investment in Bilby, increased in value by 8%. The value of investments within treasury operations increased by 12% over the half year. At the close of business on 19th February 2016, our net asset value was 74p per share.

The Company achieved a profit for the half year of £77,000 (0.4p per share) compared with £222,000 for the same period last year (1.2p per share).

Dividend income from Core Holdings has decreased from £163,000 to £100,000. This was due to the disposal of Creston last year and a lower dividend from Northbridge. These reductions in income were partially offset by dividends of £37,000 from Swallowfield and £43,000 from Bilby, for both of which there was no comparable income in the prior period. There were no disposals in the period. As a result, operating loss before associates was £1,000, compared to a profit of £175,000 last year. Our share of the results of associates has increased compared with the comparative period.

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

Treasury activities

During the period we invested £643,000 into investments held in Treasury from the proceeds of the Creston sale in the previous year. The value of our Treasury investments increased over the period by 12% to £3,430,000 and yielded 2.2% (£32,000). Treasury investments represent 24% of Western's assets.

Core Holdings

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 their website: www.northbridgegroup.co.uk.

Northbridge's latest results, for the half year to 30th June 2015, showed a loss after tax of £1,936,000 (2014: £2,568,000 profit). Northbridge declared an interim dividend of 1p per share (2014: 2.2p)

During the period we increased our investment in Northbridge by 600,000 shares at a cost of £422,000 and Western now owns 2,500,000 shares, representing 13.57% of the total voting rights in Northbridge's issued share capital. The market value of this investment at 31st December 2015 was £2,050,000 (30th June 2015: £3,895,000), representing 14% 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 announced its annual results to 30th June 2015 in September 2015 showing a profit after tax of £746,000 compared to a profit of £157,000 for the prior year. We received a dividend from Swallowfield during the period of £37,000 (2014 - Nil).

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 2015 was £3,570,000 (30th June 2015: £2,019,000), representing 25% of the Company's assets.

Mr Beale is a Non-Executive Director of Swallowfield

Bilby Plc ("Bilby")

In July 2015 we invested £1,500,000 in acquiring 1,875,000 shares in Bilby which is 5.5% of their issued share capital.

Bilby is an established, and award winning, provider of gas installation, maintenance and general building services to local authority and housing associations across London and South East England. They have a strategy of growing organically and by acquisition. Further information about Bilby is available on their website: www.bilbyplc.com.

Bilby announced its interim results for the six month period to 30 September 2015 on 9th December 2015 showing a profit after tax of £55,000. Bilby paid a final dividend of 2.32p per share in August

2015 which provided us with income of £43,000 and an interim dividend of 0.75p per ordinary share in January 2016 (£14,000) which will be accounted for in the second half of the year.

The market value of the Company's holding in Bilby on 31st December 2015 was £2,775,000, representing 19% 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 is accounted for as an associated company.

Our share of Hartim's estimated results for the period ended 31st December 2015 is a profit after tax of £51,000 (2014 - £23,000).

At 31st December 2014, Western owned 49.5% of Hartim. The carrying value of the Company's equity investment in Hartim on 31st December 2015 was £613,000 (2014: £591,000) representing 4% of the Company's assets. In addition, loans of £660,000 (equivalent to a further 5% of the Company's assets) have been made to Hartim and its executive directors.

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

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. The Company's share of ICH's loss for the period was £9,000. ICH is in the process of converting into a private limited company and is then planning to undertake a fundraising to raise circa £100,000 of additional funding.

Mr D. C. Marshall and Mr J. M. Robotham are directors of ICH.

City Group P.L.C.

Western holds 48.6% and London Finance & Investment Group P.L.C. (Western's largest shareholder) holds 51.4% of City Group P.L.C., which provides head office and company secretarial services to both these and other companies. The Company's share of City Group's profit for the period was £25,000.

Mr D. C. Marshall, Mr E. J. Beale and Mr J. M. Robotham are directors of City Group P.L.C.

Outlook

We expect a continuing period of low growth or decline in asset prices which will provide buying opportunities for long term investors such as ourselves.

The Board has declared an interim dividend of 1.05p per share (prior year: 1.05p) that will be paid on Thursday, 24th March 2016 to shareholders on the register at the close of business on Friday, 11th March 2016. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2016 and to declare a similar final dividend for the current year, which the Board anticipates paying in December 2016.

D.C. MARSHALL
Chairman

Unaudited Statement of Comprehensive Income

	Half year ended 31st December		Year ended 30th June
	2015 £000	2014 £000	2015 £000
Income from investments in:			
Core holdings	100	163	238
Other listed investments	32	39	85
Profit on disposal of investment in Creston plc	-	-	2,615
Surplus on disposal of listed undertakings	-	139	143
	<u>132</u>	<u>341</u>	<u>3,081</u>
Administrative expenses – normal	(133)	(166)	(324)
Operating (loss)/profit	(1)	175	2,757
Share of results of associated companies	67	38	(3)
Interest receivable	21	20	41
Finance expense	(7)	(8)	(11)
	<u>80</u>	<u>225</u>	<u>2,784</u>
Taxation	(3)	(3)	(10)
	<u>77</u>	<u>222</u>	<u>2,774</u>
Profit on ordinary activities after taxation			
Other Comprehensive Income			
Fair value recycled from equity on disposal	-	(159)	(1,885)
Fair value adjustment on listed undertakings	897	(1,673)	(5,470)
Deferred taxation on fair values	-	137	137
Total Other Comprehensive profit/(loss)	<u>897</u>	<u>(1,695)</u>	<u>(7,218)</u>
Total comprehensive income	<u>974</u>	<u>(1,473)</u>	<u>(4,444)</u>
Earnings per share	0.4p	1.2p	15.5p
Interim dividend per share	1.05p	1.05p	1.05p
Final dividend per share			1.05p
Total dividends in respect of the year			<u>2.10p</u>

Unaudited Changes in Shareholders' Equity

	Half year ended 31st December		Year ended 30th June
	2015 £000	2014 £000	2015 £000
Total comprehensive income	974	(1,473)	(4,444)
Dividends paid	(188)	(188)	(377)
	<u>786</u>	<u>(1,661)</u>	<u>(4,821)</u>
Equity shareholders' funds at start of period	13,487	18,308	18,308
Equity shareholders' funds at end of period	<u>14,273</u>	<u>16,647</u>	<u>13,487</u>

Unaudited Statement of Financial Position

	31st December		30th June
	2015	2014	2015
	£000	£000	£000
Non-current assets			
Core holdings			
Bilby plc	2,775	-	-
Northbridge Industrial Services plc	2,050	7,406	3,895
Swallowfield plc	3,570	1,589	2,019
Creston plc	-	3,840	-
Investments in Associates	733	708	666
Treasury investments	3,430	2,424	2,450
Trade and other receivables	660	660	660
	<u>13,218</u>	<u>16,627</u>	<u>9,690</u>
Current assets - trade and other receivables	85	64	24
Cash at bank	1,089	68	3,889
Other current liabilities - trade and other payables	(120)	(112)	(116)
Net current assets/(liabilities)	<u>1,054</u>	<u>20</u>	<u>3,797</u>
Total assets less current liabilities	<u>14,272</u>	<u>16,647</u>	<u>13,487</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	3,428	5,035	2,532
Share of undistributed (losses)/profits of associates	(186)	(211)	(252)
Realised profits	1,193	1,986	1,370
Equity shareholders' funds	<u>14,272</u>	<u>16,647</u>	<u>13,487</u>
Net assets per share	80p	93p	75p
Number of shares in issue	17,949,872	17,949,872	17,949,872

Unaudited Statement of Cash Flow

	Half year ended 31st December		Year ended 30th June
	2015 £000	2014 £000	2015 £000
Profit before taxation	80	225	2,784
Adjustments for non-cash and non-operating expenses:			
Profits on sale of Creston	-	-	(2,615)
Profits on sale of investments	-	(139)	(143)
Share of results of associates	(67)	(38)	3
Net interest received	(14)	(12)	(30)
Increase in debtors and accrued income	(61)	(40)	-
Increase in creditors	4	18	22
	<u>(58)</u>	<u>14</u>	<u>21</u>
Taxation paid	(3)	(3)	(10)
Net interest received	14	12	30
Cash (absorbed)/generated by operations	(47)	<u>23</u>	<u>41</u>
Investment activities			
Proceeds of disposal of treasury investments	-	926	931
Purchase of treasury investments	(643)	(103)	(104)
	<u>(643)</u>	<u>823</u>	<u>827</u>
Disposal of part of core holdings	-	-	4,040
Purchase of core holdings	(1,922)	-	(52)
Net cash (outflow)/inflow from investment activities	(2,565)	<u>823</u>	<u>4,815</u>
Financing activities			
Equity dividend paid	(188)	(188)	(377)
Net cash outflow from financing activities	(188)	<u>(188)</u>	<u>(377)</u>
Movement in cash and cash equivalents	(2,800)	658	4,479
Net cash and cash equivalents at start of year	<u>3,889</u>	<u>(590)</u>	<u>(590)</u>
Net cash and cash equivalents at end of year	1,089	<u>68</u>	<u>3,889</u>
Reconciliation to movements in cash and cash equivalents			
	At start of Period £000	Cash Flow £000	At end of Period £000
Half year ended 31st December 2015			
Cash and cash equivalents	<u>3,889</u>	<u>(2,800)</u>	<u>1,089</u>
31st December 2014			
Bank overdraft	<u>(590)</u>	<u>658</u>	<u>68</u>
Year ended 30th June 2015			
Cash and cash equivalents	-	3,889	3,889
Bank overdraft	(590)	590	-
Net cash and cash equivalents	<u>(590)</u>	<u>4,479</u>	<u>3,889</u>

Notes:-

1. Basis of preparation:

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 2015 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.

This report has been prepared in accordance with the accounting policies contained in the Company's Annual Report and Accounts 2015.

2. Earnings per share:

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.

