

Monday 3rd October 2016

Western Selection P.L.C.

(the "Company")

Unaudited Preliminary Results for the Year Ended 30 June 2016

The Company today announces its unaudited preliminary financial results for the year ended 30 June 2016.

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

Our business model is to take sizeable minority stakes in relatively small companies, usually immediately before or as their shares are admitted to trading on one of the UK's stock exchanges and have directors in common through which we can provide advice and support for these growing companies. These may or may not become associated companies. The aim is that these companies ("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 relevant stock market.

Companies that are targeted as Core Holdings will have an experienced management team, a credible business model and also good prospects for growth. Core Holdings may be in any sector where management feels it has specific competence.

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 Holdings, we need to be able to react quickly, and therefore to have readily available funds to invest. To achieve this we maintain a Treasury Operation consisting of a mix of cash, debt facilities and liquid investments.

Results for the year

The Company's profit for the year before exceptional items was £64,000 (2015 – profit before exceptional items £159,000). In the previous year Western sold its investment in Creston plc, realising an exceptional gain of £2,615,000. After this exceptional item our profit for that year was £2,774,000.

Dividend income from Core Holdings, excluding Creston, has increased by 11% to £129,000 from £116,000 last year, which includes £58,000 from the investment acquired at the start of the year in Bilby Plc. Dividend income from Treasury Operations increased by 19% from £85,000 last year to £101,000. Administrative expenses have decreased by 11% reflecting lower corporate advisory fees.

During the year Western re-invested the proceeds of last year's sale of Creston in its Core Holdings (£3,294,000) and in liquid investments (£1,038,000).

Shareholders' funds per share have increased by 5% from 75p to 79p reflecting increases in values of the Core Holdings and Treasury portfolios.

Core Holdings

Northbridge Industrial Services plc ("Northbridge")

Northbridge hires and sells specialist industrial equipment to a global customer base. It has offices or agents in the U.K., U.S.A., Dubai, Germany, Belgium, France, Australia, Singapore, India, Brazil, Korea and Azerbaijan. Customers include 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 announced its unaudited interim results for the six months ended 30th June 2016 on 29th September 2016 and recorded a loss after tax of £2,338,000 for the period.

Western acquired a further 1,323,632 Northbridge shares during the year for £964,000 bringing its holding to 3,223,632 shares. Western's holding is now 12.45% of Northbridge's issued share capital. The value of this investment at 30th June 2016 was £2,772,000 (2015 - £3,895,000) being 19% (2015 - 29%) of Western's net assets.

Mr D. C. Marshall is 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 their website: www.swallowfield.com.

Swallowfield announced its annual results to 25th June 2016 on 20th September 2016 and recorded a profit after tax of £2,001,000 compared to a profit of £746,000 for the comparable period last year. Dividends of £52,000 were received from Swallowfield during the year (2015 – nil). A final dividend of 2.3p per share has been declared and Western will receive a further £46,000.

Western acquired a further 130,851 Swallowfield shares during the year for £203,000. At the reporting date, Western owned 2,000,000 Swallowfield shares which was 11.9% of Swallowfield's issued share capital. The market value of this investment on 30th June 2016 had increased to £3,400,000 from the value at 30th June 2015 of £2,019,000. The value of this investment is 24% (2015 - 15%) of Western's net assets.

On 23rd September 2016 Western sold 200,000 Swallowfield shares for £520,000 before selling expenses.

Mr E. J. Beale is a non-executive director of Swallowfield.

Bilby Plc ("Bilby")

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.

In July 2015, the Company invested £1,500,000 in acquiring 1,875,000 shares in Bilby and in April 2016, a further investment of £545,000 for 462,088 Bilby shares. Western now holds 2,337,088 shares, which is 5.9% of Bilby's issued share capital. The market value of this investment on 30th June 2016 was £2,968,000 which is 21% of Western's net assets.

Bilby announced its results for the year ended 31st March 2016 on 14th July 2016 showing a profit after tax of £954,000 compared to a profit of £1,426,000 for the 14 month period ended 31st March 2015. Dividends of £58,000 were received from Bilby during the year. Bilby announced a final dividend of 2.00p per share which was paid in September 2016 which provided Western with further income of £46,700.

Tudor Rose International Limited (previously Hartim Limited) ("Tudor Rose International")

Tudor Rose International works closely with a number of leading UK branded fast moving consumer goods companies, offering a complete sales, marketing and logistical service. Based in Stroud, Gloucestershire, Tudor Rose International sells into 78 countries worldwide including USA, Spain, Portugal, Italy, Czech Republic, Russia, Turkey, South Africa, Saudi Arabia, UAE, Malaysia, Australia and China.

Western holds 49.5% of the issued share capital of Tudor Rose International, which has a 31st December year end and which generated trading profits before tax in the year to 30th June 2016 of £71,000. Turnover in the period was £18,542,000 (2015 - £18,022,000). Western's share of a profit after tax, including a charge for disallowed tax losses, for the twelve months to 30th June 2016 was

£35,000 (2015 – loss of £5,000) and the book value of the investment at 30th June 2016 was £1,290,000 (2015 - £1,223,000) being 9% (2015 - 9%) of Western's net assets.

Western has two nominees on the Board of Tudor Rose International: Mr E. J. Beale and Mr L. H. Marshall.

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 for housing development in the local authority's next five year plan, but it may take some time for permission to be received.

Western subscribed £80,750 for 8,074,982 shares in ICH pursuant to a rights issue, which was completed in July 2016, and now holds 15,252,744 ICH shares.

Mr D. C. Marshall, Mr L H Marshall and Mr E J Beale are directors of ICH.

City Group P.L.C. (“City Group”)

Western holds 48.6% and London Finance & Investment Group P.L.C. (Western's largest shareholder) holds 51.4% of City Group which provides head office and company secretarial services to both these and other companies. City Group acts as a shared cost centre for related party clients and sells surplus time to unrelated clients. Mr E. J. Beale is Chief Executive of City Group and Mr D.C. Marshall, Mr L.H. Marshall and Mr J.M. Robotham are directors of City Group.

Treasury Operations

Treasury operations comprise bank borrowing facilities of £1,900,000 and liquid investments. At the year-end the Company had net debt of £888,000 (2015 cash – £3,889,000) and liquid investments valued at £4,488,000 (2015 - £2,450,000). The Company had drawn down £1m of the facility at 30th June 2016 (2015 -nil) and has also invested part of the proceeds of the sale last year of Creston plc shares totalling £1,038,000 in the portfolio of liquid investments.

Outlook

The recent Brexit vote is likely to exacerbate volatility in stock markets and consequently in the value of the Company's holdings. Exchange rate movements impose additional volatility on the valuation of the Company's holdings of shares in overseas companies. The Company's strong balance sheet provides it with the opportunity to capitalise on any opportunities that may arise.

30th September 2016

The annual report and accounts will shortly be finalised and sent to shareholders.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

The directors of the Company accept responsibility for the contents of this announcement.

For further information, please contact:

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Cairn Financial Advisers LLP

Statement of Comprehensive Income

For the year ended 30th June	Notes	2016	2015
		£000	£000
Income from investments in:			
Listed strategic undertakings		129	238
Other listed undertakings		101	85
		230	323
Administrative expenses		(290)	(324)
Profit on disposal of investment in Creston plc		-	2,615
Profit on disposal of other investments		49	143
Operating (loss)/profit		(11)	2,757
Share of profits/(losses) of associated companies		52	(3)
Interest receivable		45	41
Finance costs		(9)	(11)
Profit before taxation		77	2,784
Taxation		(13)	(10)
Profit after taxation attributable to equity shareholders		64	2,774
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss :-			
Fair value recycled from equity on disposal		(31)	(1,885)
Fair value adjustment on listed undertakings		1,073	(5,470)
Deferred taxation on fair values		-	137
Total Other Comprehensive profit/(loss)		1,042	(7,218)
Total comprehensive profit/(loss)		1,106	(4,444)
Basic and diluted profit per share attributable to ordinary equity holders	1	0.4p	15.5p

Statement of Changes of Equity

	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profits on investments £000	Share of undistributed profits/(losses) of associates £000	Realised profits £000	Total £000
Year ended 30th June 2015							
Balances at 1 st July 2014	7,180	2,654	3	6,731	(249)	1,989	18,308
Profit for the period	-	-	-	3,019	(3)	(242)	2,774
Items that can be reclassified to the income statements – Other Comprehensive loss – Fair values net of tax	-	-	-	(7,218)	-	-	(7,218)
Total Comprehensive loss	-	-	-	(4,199)	(3)	(242)	(4,444)
Transactions with shareholders							
Final dividend paid in respect of prior year	-	-	-	-	-	(188)	(188)
Interim dividends paid in respect of the year	-	-	-	-	-	(189)	(189)
Total transactions with shareholders	-	-	-	-	-	(377)	(377)
Balances at 30th June 2015	7,180	2,654	3	2,532	(252)	1,370	13,487
	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profits on investments £000	Share of undistributed profits/(losses) of associates £000	Realised profits £000	Total £000
Year ended 30th June 2016							
Balances at 1 st July 2015	7,180	2,654	3	2,532	(252)	1,370	13,487
Profit for the period	-	-	-	-	52	12	64
Items that can be reclassified to the income statements – Other Comprehensive income – Fair values net of tax	-	-	-	1,042	-	-	1,042
Total Comprehensive Income	-	-	-	1,042	52	12	1,106
Transactions with shareholders							
Final dividend paid in respect of prior year	-	-	-	-	-	(188)	(188)
Interim dividends paid in respect of the year	-	-	-	-	-	(188)	(188)
Total transactions with shareholders	-	-	-	-	-	(376)	(376)
Balances at 30th June 2016	7,180	2,654	3	3,574	(200)	1,006	14,217

Statement of Financial Position

At 30th June	Notes	2016	2015
		£000	£000
Non-current Assets:			
Investment in Associated companies		799	666
Investments classified as available for sale		13,628	8,364
Trade and other receivables		692	660
		<u>15,119</u>	<u>9,690</u>
Current Assets			
Trade and other receivables		85	24
Cash and cash equivalents		112	3,889
		<u>197</u>	<u>3,913</u>
Current Liabilities			
Trade and other payables		(99)	(116)
Net Current Assets		<u>98</u>	<u>3,797</u>
Financial Liabilities falling due in more than one year		<u>(1,000)</u>	<u>-</u>
Net Assets		<u>14,217</u>	<u>13,487</u>
Equity			
Share capital		7,180	7,180
Share premium account		2,654	2,654
Capital reserve account		3	3
Unrealised profits on investments		3,574	2,532
Share of undistributed losses of associates		(200)	(252)
Realised profits		1,006	1,370
Shareholders' Funds		<u>14,217</u>	<u>13,487</u>

Statement of Cash Flow

For the year ended 30th June

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Profit before taxation			77		2,784
Profit on sale of Creston Plc			-		(2,615)
Profit on sale of investments			(49)		(143)
Share of results of associates			(52)		3
Net interest receivable			(36)		(30)
Changes in working capital					
Increase in trade and other receivables			(93)		-
Increase/(decrease) in trade and other payables			(17)		22
Cash (absorbed)/generated by operations			(170)		21
Taxation paid			(13)		(10)
Net interest received			36		30
Net cash (absorbed)/generated by operations			(147)		41
Cash flow from investment activities					
Proceeds on disposal of financial instruments		78		931	
Purchase of financial instruments		(1,038)		(104)	
		(960)		827	
Investments in associate		(81)			
Purchase of Core Holdings		(3,213)		(52)	
Disposal of Core Holdings		-		4,040	
		(4,254)		4,815	
Net cash (absorbed)/generated by investment activities			(4,254)		4,815
Financing activities					
Loan Drawdown		1,000		-	
Equity dividend paid		(376)		(377)	
Net cash inflow/(outflow) from financing activities			624		(377)
Movement in cash and cash equivalents			(3,777)		4,479
Cash and cash equivalents/(overdrafts) at start of year			3,889		(590)
Cash and cash equivalents at end of year			<u>112</u>		<u>3,889</u>

Analysis of net (debt)/funds

	At start of year £000	Cash Flow £000	At end of year £000
2016			
Cash and cash equivalents	3,889	(3,777)	112
Bank borrowings	-	(1,000)	(1,000)
Total net (debt)/funds	<u>3,889</u>	<u>(4,777)</u>	<u>(888)</u>
2015			
Cash and cash equivalents	-	3,889	3,889

Bank borrowings	(590)	590	-
Total net (debt)/funds	<u>(590)</u>	<u>4,479</u>	<u>3,889</u>

Notes

1. Earnings per share

Earnings per share are based on the profit on ordinary activities after taxation of £64,000 (2015 - £2,774,000) and on 17,949,872 (2015 – 17,949,872) being the weighted average number of shares in issue during the period.

Basic earnings per share	2016	2015
	<u>0.4p</u>	<u>15.5p</u>

Diluted earnings per share at 30th June 2016 and 30th June 2015 are the same as basic earnings per share.

- The net assets per share are calculated taking investments at market value. The Company has estimated Corporation Tax losses which cover the potential liability on the unrealised gains on investments.
- The financial information contained in this preliminary announcement of results has been prepared under the recognition and measurement principles of International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the European Union ('IFRSs'). The financial information does not give sufficient information to comply with IFRSs which will be contained in the statutory accounts sent to shareholders.
- The information in this preliminary results announcement has been prepared on the basis of the accounting policies which have been set out in the accounts for the year ended 30 June 2015 and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The accounts for the year ended 30 June 2015, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 30 June 2016 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement. The auditors anticipate issuing an unmodified opinion.

Copies of this notification are held at the Company's office, 6 Middle Street, London, EC1A 7JA (tel. 020 7796 9060) and are available for a period of 14 days from the date of this announcement.