

Western Selection P.L.C.

(the “Company”)

Unaudited Interim Results for the six months ended 31st December 2016

The Company today announces its unaudited interim results for the six months ended 31st December 2016 (the ‘Interim Statement’).

Chairman’s Statement

The Company’s Business Model

Western’s objectives are 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, 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. Our 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 through 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 Western’s 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 so we need 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.

Activities

Our net assets per share increased 6.3% to 84p at 31st December 2016 from 79p at 30th June 2016. Our quoted Core Holdings, taking into account the realisation of part of our investment in Swallowfield and increased investment in Bilby, increased in value by 10%. The value of investments within treasury operations increased by 1% over the half year. At the close of business on 8th February 2017, our net asset value was 91p per share.

Dividend income during the period from Core Holdings has decreased from £100,000 to £87,000 in the absence of an interim dividend from Northbridge Industrial Services. This loss of income was offset by increased dividend income from treasury operations and overall dividend income was £137,000 (2015: £132,000).

The value of our investment in Swallowfield was becoming too large relative to our other investments and so a decision was taken to reduce our holding. In September 2016, Western sold 200,000 Swallowfield shares for £520,000 (before selling expenses) and in November a further 50,000 Swallowfield shares for £135,000 (before selling expenses). In January, after the period end, a further 120,000 Swallowfield shares were sold for £318,000 (before selling expenses). Some of these proceeds were applied in making a further investment in the period of £38,130 for 62,192 Bilby shares and, in February 2017, after the period end, £58,000 for a further 100,000 Bilby shares. We have recognised profits of £380,000 on the sale of Swallowfield shares and £50,000 on the sale of Treasury investments (2015: nil) in the period.

As a result, operating profit before associates was £404,000 compared to an operating loss of £1,000 last year. Our share of the results of associates has decreased slightly to £48,000 compared to £67,000 in the comparative period.

The Company achieved a profit before tax for the half year of £460,000 with earnings per share of 2.5p compared with profit before tax of £80,000 for the same period last year and earnings per share of 0.4p.

An analysis of assets is shown in the unaudited Statement of Financial Position.

Treasury activities

During the period we invested £624,000 into investments held in Treasury funded mainly from the sale of Swallowfield shares and the sale of Treasury investments realising £111,000. The value of our Treasury investments, net of these changes, increased by £44,000 over the period to £5,043,000 and yielded 1.9% (£49,000). Treasury investments represent 34% of Western's assets.

Core Holdings

Northbridge Industrial Service 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, New Zealand, Singapore, Brazil and Korea, 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 2016, showed a loss after tax of £2,338,000 for the period (2015: loss after tax of £1,936,000). No interim dividend was declared (2015: 1p per share).

Western owns 3,223,632 Northbridge shares, representing 12.45% of Northbridge's issued share capital. The market value of this investment at 31st December 2016 was £3,546,000 (30th June 2016: £2,772,000), representing 24% 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 25th June 2016 in September 2016 showing a profit after tax of £2,001,000 compared to a profit of £746,000 for the prior year. We received a dividend from Swallowfield during the period of £52,000 (2015: £37,383).

In September 2016, we disposed of 200,000 Swallowfield shares for £520,000 (before selling expenses) and in November 2016 we disposed of a further 50,000 shares for £135,000 (before selling expenses). The market value of the Company's holding of shares in Swallowfield on 31st December 2016 was £4,550,000 (30th June 2016: £3,570,000), representing 30% of the Company's assets.

In January this year, we disposed of a further 120,000 Swallowfield shares for £318,000 (before selling expenses). Western now owns 1,630,000 Swallowfield shares (representing 9.66% of Swallowfield's issued share capital).

Mr Edward Beale is a Non-Executive Director of Swallowfield.

Bilby Plc

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 30th September 2016 on 16th December 2016 showing a loss after tax of £833,000. Bilby paid a final dividend of 2.00p per share in September 2016 which provided us with income of £47,000 and an interim dividend of 0.25p per ordinary share has been paid in February 2017 which provided us with further income of £6,000.

At 30th June 2016, Western owned 2,337,088 Bilby shares. Further investments of £32,000 for 62,912 Bilby shares, and £58,000 for 100,000 Bilby shares, were made in December 2016 and February 2017 respectively. Western now holds 2,500,000 Bilby shares which represents 6.3% of Bilby's issued share capital. The market value of the Company's holding in Bilby on 31st December 2016 was £1,344,000 representing 9% of the Company's assets.

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.

Our share of Tudor Rose International's estimated results for the period ended 31st December 2016 is a profit after tax of £57,000 (2015 - profit after tax of £51,000).

At 31st December 2016, Western owned 49.5% of Tudor Rose International. The carrying value of the Company's equity investment in Tudor Rose International on 31st December 2016 was £654,000 (2015: £613,000) representing 4% of the Company's assets. In addition, loans of £442,000 (equivalent to a further 3% of the Company's assets) were outstanding at 31st December 2016 from Tudor Rose International and its executive directors. £250,000 was repaid by Tudor Rose International in December and we have agreed that the balance of the loan to Tudor Rose International (£250,000) will be rolled over into preference shares. Subsequent to the period end we have advanced an additional £250,000 to subscribe for preference shares and agreed to invest a further £500,000 in preference shares to support the evolution of their business model.

Mr. Edward Beale and I are Non-Executive Directors of Tudor Rose International.

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 (29.9% of ICH's issued share capital).

Mr Edward Beale and I are Non-Executive 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 Edward Beale is Chief Executive of City Group and Mr Michael Robotham and I are directors of City Group.

Changes to the Board

It was with great sadness that we announced on 23rd November 2016, the death of Mr Lloyd Marshall. He was a highly valued member of the management team who brought a wealth of experience, knowledge and common sense to the Company along with strong principles.

Outlook

In a period of increasing uncertainty characterised by Brexit and the inauguration of a new US President, the Company’s strong balance sheet provides it with the opportunity to capitalise on any opportunities that may arise.

The Board has declared an interim dividend of 1.1p per share (prior year: 1.05p) that will be paid on 23rd March 2017 to shareholders on the register at the close of business on 10th March 2017. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30th June 2017 and to declare a similar final dividend for the current year, which the Board anticipates paying in December 2017.

10th February 2017

D.C. MARSHALL
Chairman

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Dividend Timetable

The dividend timetable is as follows:

Shares trade ex-dividend	Thursday 9 th March 2017
Record date	Friday 10 th March 2017
Payment date	Thursday 23 rd March 2017

Unaudited Statement of Comprehensive Income

	Half year ended 31 st December		Year ended 30 th June
	2016	2015	2016
	£000	£000	£000
Income from investments in:			
Core holdings	88	100	129
Other listed investments	49	32	101
Surplus on disposal of listed undertakings	430	-	49
	<u>567</u>	<u>132</u>	<u>279</u>
Administrative expenses – normal	(163)	(133)	(290)
Operating profit/(loss)	404	(1)	(11)
Share of results of associated companies	48	67	52
Interest receivable	22	21	45
Finance expense	(14)	(7)	(9)
	<u>460</u>	<u>80</u>	<u>77</u>
Profit on ordinary activities before taxation	460	80	77
Taxation	(5)	(3)	(13)
Profit on ordinary activities after taxation	455	77	64
Other Comprehensive Income			
Fair value recycled from equity on disposal	(199)	-	(31)
Fair value adjustment on listed undertakings	733	897	1,073
Deferred taxation on fair values	-	-	-
Total Other Comprehensive profit/(loss)	<u>534</u>	<u>897</u>	<u>1,042</u>
Total comprehensive income	989	974	1,106
Earnings per share	2.5p	0.4p	0.4p
Interim dividend per share	1.10p	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 31 st December		Year ended 30 th June
	2016	2015	2016
	£000	£000	£000
Total comprehensive income	989	974	1,106
Dividends paid	(188)	(188)	(376)
	<u>801</u>	<u>786</u>	<u>730</u>
Equity shareholders' funds at start of period	<u>14,217</u>	<u>13,487</u>	<u>13,487</u>
Equity shareholders' funds at end of period	<u>15,018</u>	<u>14,273</u>	<u>14,217</u>

Unaudited Statement of Financial Position

	31 st December		30 th June
	2016	2015	2016
	£000	£000	£000
Non-current assets			
Core holdings			
Bilby plc	1,344	2,775	2,968
Northbridge Industrial Services plc	3,546	2,050	2,772
Swallowfield plc	4,550	3,570	3,400
Investments in Associates	847	733	799
Treasury investments	5,043	3,430	4,488
Trade and other receivables	442	660	692
	<u>15,772</u>	<u>13,218</u>	<u>15,119</u>
Current assets - trade and other receivables	44	85	85
Cash at bank	-	1,089	112
Other current liabilities - trade and other payables	(100)	(120)	(99)
Net current (liabilities)/assets	<u>(56)</u>	<u>1,054</u>	<u>98</u>
Financial Liabilities due after more than one year	<u>(698)</u>	<u>-</u>	<u>(1,000)</u>
Net assets	<u>15,018</u>	<u>14,272</u>	<u>14,217</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	4,107	3,428	3,574
Share of undistributed (losses)/profits of associates	(152)	(186)	(200)
Realised profits	1,226	1,193	1,006
Equity shareholders' funds	<u>15,018</u>	<u>14,272</u>	<u>14,217</u>
Net assets per share	84p	80p	79p
Number of shares in issue	17,949,872	17,949,872	17,949,872

Unaudited Statement of Cash Flow

	Half year ended 31 st December		Year ended 30 th June
	2016	2015	2016
	£000	£000	£000
Profit before taxation	460	80	77
Adjustments for non-cash and non-operating expenses:			
Profits on sale of investments	(430)	-	(49)
Share of results of associates	(48)	(67)	(52)
Net interest received	(8)	(14)	(36)
Increase in debtors and accrued income	291	(61)	(93)
Increase in creditors	1	4	(17)
	<u>266</u>	<u>(58)</u>	<u>(170)</u>
Taxation paid	(5)	(3)	(13)
Net interest received	8	14	36
Cash (absorbed)/generated by operations	<u>269</u>	<u>(47)</u>	<u>(147)</u>
Investment activities			
Proceeds of disposal of treasury investments	112	-	78
Purchase of treasury investments	(624)	(643)	(1,038)
	<u>(512)</u>	<u>(643)</u>	<u>(960)</u>
Investment in associate			(81)
Disposal of part of core holdings	653	-	-
Purchase of core holdings	(32)	(1,922)	(3,213)
Net cash (outflow)/inflow from investment activities	<u>109</u>	<u>(2,565)</u>	<u>(4,254)</u>
Financing activities			
Loan draw down	175	-	1,000
Equity dividend paid	(188)	(188)	(376)
Net cash outflow from financing activities	<u>(13)</u>	<u>(188)</u>	<u>624</u>
Movement in cash and cash equivalents	365	(2,800)	(3,777)
Net cash and cash equivalents at start of year	112	3,889	3,889
Net cash and cash equivalents at end of year	<u>477</u>	<u>1,089</u>	<u>112</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 2016			
Cash and cash equivalents	112	365	477
Bank overdraft	(1,000)	(175)	(1,175)
Net cash and cash equivalents	<u>(888)</u>	<u>190</u>	<u>(698)</u>
31st December 2015			
Bank overdraft	<u>3,889</u>	<u>(2,800)</u>	<u>1,089</u>
Year ended 30th June 2016			
Cash and cash equivalents	3,889	(3,777)	112
Bank overdraft	-	(1,000)	(1,000)
Net cash and cash equivalents	<u>3,889</u>	<u>(4,777)</u>	<u>(888)</u>

Notes:-

1. Basis of preparation:

The results for the six months ended 31st December 2016 are unaudited. The information contained in this Interim Statement 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 2016 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 Interim Statement has been prepared in accordance with the accounting policies contained in the Company's 2016 Annual Report and Accounts.

2. Earnings per share:

The calculation of earnings per share is based on the weighted average number of shares in issue for the period (17,949,872) and the profit on ordinary activities after tax.

Statement of Directors' responsibility

The Directors confirm that, to the best of their knowledge:

- the unaudited interim results for the six months ended 31st December 2016, have been prepared in accordance with IAS 34 as adopted by the EU; and
- the Interim Statement includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules.

The Directors accept responsibility for the contents of this Interim Statement.

Neither this Interim Statement nor any future interim statements of the Company will be posted to shareholders. The Interim Statement is available as follows:

- on the Company's website at www.westernselection.co.uk ; and
- by writing to City Group P.L.C., the Company Secretary, at 6 Middle Street, London EC1A 7JA

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