

**Western Selection P.L.C.**  
(the "Company")

**Unaudited Interim Results for the six months ended 31<sup>st</sup> December 2017**

The Company today announces its unaudited interim results for the six months ended 31<sup>st</sup> December 2017 (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 remained unchanged at 95p at 31<sup>st</sup> December 2017 compared with 30<sup>th</sup> June 2017. Our quoted Core Holdings have increased slightly in value by 0.3%. The value of investments within treasury operations, taking into account the realisation of some of our investments, has decreased by 1.5% during the reporting period. At the close of business on 31<sup>st</sup> January 2018, our net asset value was 96p per share.

Dividend income during the period from Core Holdings has increased from £87,000 to £93,000. Dividend income from treasury operations increased to £58,600 and overall dividend income was £151,600 (2016: £137,000).

The Company achieved a profit before tax for the half year of £170,000 with earnings per share of 0.91p compared with profit before tax of £460,000 and earnings per share of 2.5p for the same period last year.

On 4<sup>th</sup> October 2017, the Company entered into an interest rate swap agreement with Coutts & Co, expiring on 30<sup>th</sup> September 2022, in the sum of £1,500,000 at a fixed rate of 1.06% per annum over base rate and margin, with a view to providing insurance against rising interest rates.

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

**Treasury Operations**

Treasury operations comprise bank borrowing facilities of £1,900,000 and liquid investments. At 31<sup>st</sup> December 2017 the Company had net debt of £1,131,000 (2016: £1,147,000) and liquid investments valued at £5,266,000 (2016: £5,043,000). The Company had drawn down £1,200,000 of the bank borrowing facilities available as at 31<sup>st</sup> December 2017 (2016: £1,175,000).

## **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 UK, USA, Dubai, Germany, Belgium, France, Australia, New Zealand, Singapore, 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 and oil tools. Further information about Northbridge is available on its website: [www.northbridgegroup.co.uk](http://www.northbridgegroup.co.uk)

Northbridge's latest results, for the half year to 30<sup>th</sup> June 2017, showed a loss after tax of £2,308,000 for the period (2016: loss after tax of £2,338,000). No interim dividend was declared (2016: none).

Western owns 3,223,632 Northbridge shares, representing 12.45% of Northbridge's issued share capital. The market value of this investment at 31<sup>st</sup> December 2017 was £2,966,000 (30<sup>th</sup> June 2017: £3,320,000), representing 17% (2016-24%) of Western's net 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](http://www.swallowfield.com)

Swallowfield announced its annual results for the 52 weeks ended 24<sup>th</sup> June 2017 in September 2017 showing a profit after tax of £2,572,000 compared to a profit of £2,001,000 for the comparable period last year. Swallowfield paid a final dividend of 3.5p per share in December 2017 which provided us with income of £52,500.

The market value of the Company's holding of shares in Swallowfield on 31<sup>st</sup> December 2017 was £4,950,000 (30<sup>th</sup> June 2017: £5,700,000), representing 29% of the Company's net assets.

Western owns 1,500,000 Swallowfield shares (representing 8.9% of Swallowfield's issued share capital).

Edward 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. It has a strategy of growing organically and by acquisition. Further information about Bilby is available on its website: [www.bilbyplc.com](http://www.bilbyplc.com).

Bilby announced its interim results for the six month period to 30<sup>th</sup> September 2017 on 21<sup>st</sup> November 2017 showing a profit after tax of £1,966,000 (2016: loss after tax of £833,000). Bilby will pay an interim dividend of 0.5p per share in January 2018 which will provide us with income of £13,500.

Western owns 2,699,280 Bilby shares, which represent 6.8% of Bilby's issued share capital. The market value of the Company's holding in Bilby on 31<sup>st</sup> December 2017 was £3,051,000 representing 18% of the Company's net 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 31<sup>st</sup> December 2017 is a profit after tax of £81,000 (2016 – profit after tax of £57,000).

At 31<sup>st</sup> December 2017, Western owned 49.5% of Tudor Rose International. The carrying value of the Company's equity investment in Tudor Rose International on 31<sup>st</sup> December 2017 was £1,674,000 (2016: £654,000) representing 9.8% of the Company's net assets. In addition, loans of £191,756 (equivalent to a further 1% of the Company's net assets) were outstanding at 31<sup>st</sup> December 2017 from Tudor Rose's executive directors.

Western has two nominees on the board of Tudor Rose International: Edward Beale and I are the directors.

#### **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.

As part of its continued planning for the development of the land at Milngavie, ICH appointed Mactaggart & Mickel Limited ("M&M"), a family-controlled firm of contractors, as its development partner. On 4<sup>th</sup> December 2017, Dougalston Limited, ICH's subsidiary, entered into a conditional sale agreement with M&M in respect of the landholding in Milngavie. The sale agreement is conditional on M&M obtaining suitable planning permission for housing development on the Milngavie site. Both parties expect the planning and development process to run over the course of the next few years.

Western holds 15,252,744 shares in ICH (which represents approximately 29.9% of ICH's issued share capital).

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.

Edward Beale and I are non-executive directors, and Michael Robotham (resigned on 5<sup>th</sup> December 2017) was a non-executive director, of City Group.

#### **Outlook**

The Brexit negotiations conducted during the course of last year continued to create uncertainty as to the eventual Brexit outcome. Stock markets and exchange rates remain volatile. Global interest rates are on a rising trend. All these factors may impact on the value of the Company's investments. Nevertheless, the Company's balance sheet remains strong and provides a solid base from which the Company can capitalise on investment opportunities in the future.

#### **Interim Dividend**

The Board has declared an interim dividend of 1.1p per share (prior year: 1.1p) that will be paid on 22<sup>nd</sup> March 2018 to shareholders on the register at the close of business on 9<sup>th</sup> March 2018.

5<sup>th</sup> February 2018

**D.C. MARSHALL**  
*Chairman*

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### **Dividend Timetable**

The dividend timetable is as follows:

Shares trade ex-dividend

Thursday 8<sup>th</sup> March 2018

Record date

Friday 9<sup>th</sup> March 2018

Payment date

Thursday 22<sup>nd</sup> March 2018

## Statement of Comprehensive Income (Unaudited)

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2017	2016	2017
	£000	£000	£000
<b>Income from investments in:</b>			
Core holdings	93	88	120
Other listed investments	59	49	136
	<u>152</u>	<u>137</u>	<u>256</u>
Administrative expenses – normal	(157)	(163)	(325)
Profit on partial disposal of investment in Swallowfield plc	-	380	845
Profit on disposal of other investments	(175)	50	50
<b>Operating profit</b>	<u>170</u>	<u>404</u>	<u>826</u>
Share of profits of associated companies	23	48	49
Interest receivable	5	22	26
Finance expense	(28)	(14)	(33)
	<u>170</u>	<u>460</u>	<u>868</u>
<b>Profit before taxation</b>	<u>170</u>	<u>460</u>	<u>868</u>
Taxation	(6)	(5)	(18)
Profit after taxation attributable to equity shareholders	<u>164</u>	<u>455</u>	<u>850</u>
<b>Other Comprehensive Income</b>			
Fair value recycled from equity on disposal	(157)	(199)	(348)
Fair value adjustment on listed undertakings	180	733	2,792
Deferred taxation on fair values	-	-	-
Total Other Comprehensive profit/(loss)	<u>23</u>	<u>534</u>	<u>2,444</u>
<b>Total comprehensive income</b>	<u>187</u>	<u>989</u>	<u>3,294</u>
<b>Basic and diluted earnings per share attributable to equity holders</b>	<u>0.9p</u>	<u>2.5p</u>	<u>4.7p</u>
<b>Interim dividend per share</b>	<u>1.1p</u>	<u>1.1p</u>	<u>1.1p</u>
<b>Final dividend per share</b>	<u>-</u>	<u>-</u>	<u>1.1p</u>
<b>Total dividends in respect of the period</b>	<u>1.1p</u>	<u>1.1p</u>	<u>2.2p</u>

## Changes in Shareholders' Equity (Unaudited)

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2017	2016	2017
	£000	£000	£000
Total comprehensive income	187	989	3,294
Dividends paid	(197)	(188)	(386)
	<u>(10)</u>	<u>801</u>	<u>2,908</u>
Equity shareholders' funds at start of period	<u>17,125</u>	<u>14,217</u>	<u>14,217</u>
Equity shareholders' funds at end of period	<u>17,115</u>	<u>15,018</u>	<u>17,125</u>

## Statement of Financial Position (Unaudited)

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2017	2016	2017
	£000	£000	£000
<b>Non-current assets</b>			
<b>Core holdings</b>			
Bilby plc	3,051	1,344	1,917
Northbridge Industrial Services plc	2,966	3,546	3,320
Swallowfield plc	4,950	4,550	5,700
<b>Investments in Associates</b>	1,870	847	1,846
<b>Treasury investments</b>	5,266	5,043	5,348
<b>Trade and other receivables</b>	192	442	192
	<u>18,295</u>	<u>15,772</u>	<u>18,323</u>
Current assets - trade and other receivables	54	44	40
Cash at bank	69	-	78
Other current liabilities - trade and other payables	(103)	(100)	(91)
<b>Net current assets/(liabilities)</b>	<u>20</u>	<u>(56)</u>	<u>27</u>
<b>Financial Liabilities due after more than one year</b>	<u>(1,200)</u>	<u>(698)</u>	<u>(1,225)</u>
<b>Net assets</b>	<u>17,115</u>	<u>15,018</u>	<u>17,125</u>
<b>Equity</b>			
Share capital	7,180	7,180	7,180
Share premium account	2,654	2,654	2,654
Capital reserve	3	3	3
Unrealised profits on investments	6,040	4,107	6,018
Share of undistributed (losses) of associates	(128)	(152)	(151)
Realised profits	1,366	1,226	1,421
<b>Shareholders' funds</b>	<u>17,115</u>	<u>15,018</u>	<u>17,125</u>
<b>Net assets per share</b>	95p	84p	95p
<b>Number of shares in issue</b>	17,949,872	17,949,872	17,949,872

## Statement of Cash Flows (Unaudited)

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2017	2016	2017
	£000	£000	£000
<b>Profit before taxation</b>	<b>170</b>	460	868
Adjustments for non-cash and non-operating expenses:			
Profits on sale of investments	(175)	(430)	(895)
Share of results of associates	(23)	(48)	(49)
Net interest paid/(received)	23	(8)	7
Increase in debtors and accrued income	(14)	291	45
Increase in creditors	11	1	(8)
	<u>(8)</u>	<u>266</u>	<u>(32)</u>
<b>Taxation paid</b>	<b>(6)</b>	(5)	(18)
Net interest (paid)/received	(23)	8	(7)
<b>Cash (absorbed)/generated by operations</b>	<b><u>(37)</u></b>	<u>269</u>	<u>(57)</u>
<b>Cash flow from Investment activities</b>			
Proceeds of disposal of treasury investments	250	112	112
Purchase of treasury investments	-	(624)	(623)
	<u>250</u>	<u>(512)</u>	<u>(511)</u>
Investment in associate	-	-	(500)
Disposal of part of core holdings	-	653	1,385
Purchase of core holdings	-	(32)	(190)
<b>Net cash inflow/(outflow) from investment activities</b>	<b><u>250</u></b>	<u>109</u>	<u>184</u>
<b>Financing activities</b>			
Loan drawdown	(25)	175	225
Equity dividend paid	(197)	(188)	(386)
<b>Net cash outflow from financing activities</b>	<b><u>(222)</u></b>	<u>(13)</u>	<u>(161)</u>
<b>Movement in cash and cash equivalents</b>	<b>(9)</b>	365	(34)
Cash and cash equivalents at start of year	<u>78</u>	<u>112</u>	<u>112</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>69</u></b>	<u>477</u>	<u>78</u>

## Reconciliation to movements in cash and cash equivalents

	At start of Period	Cash Flow	At end of Period
	£000	£000	£000
<b>Half year ended 31<sup>st</sup> December 2017</b>			
Cash and cash equivalents	78	(9)	69
Bank overdraft	<u>(1,225)</u>	<u>25</u>	<u>(1,200)</u>
Net debt	<u>(1,147)</u>	<u>16</u>	<u>(1,131)</u>
<b>31<sup>st</sup> December 2016</b>			
Bank overdraft	<u>3,889</u>	<u>(2,800)</u>	<u>1,089</u>
<b>Year ended 30<sup>th</sup> June 2017</b>			
Cash and cash equivalents	112	(34)	78
Bank overdraft	<u>(1,000)</u>	<u>(225)</u>	<u>(1,225)</u>
Net debt	<u>(888)</u>	<u>(259)</u>	<u>(1,147)</u>

**Notes: -**

**1. Basis of preparation:**

The results for the six months ended 31<sup>st</sup> December 2017 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 30<sup>th</sup> June 2017 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 2017 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.

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](http://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.

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