

Western Selection PLC

("Western" or the "Company")

Unaudited Interim Results for the six months ended 31st December 2020

The Company today announces its unaudited interim results for the six months ended 31st December 2020 (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 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 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.

Share prices of small companies, such as our Core Holdings, can be extremely volatile; shareholders should expect to see relatively large short-term swings in our net asset value as a consequence.

The Company acknowledges the increased focus on Environmental, Social and Governance (ESG) issues in recent years and the benefits of socially responsible long-term investment.

Activities

With continuing uncertainty over the effects of Covid-19, Brexit, and US elections, the Company has maintained a cautious investment strategy over the period. The investment in Brand Architekts Group plc was realised on 28th September 2020 and £1,425,000 released for reinvestment. Our quoted Core Holdings, Northbridge Industrial Services plc and Bilby plc, have continued to trade throughout the period and have increased in value by 20% and 23% respectively.

Cash balances held in foreign currencies decreased in value by £137,000 due to adverse exchange rate movements in the period, offsetting the gain of £121,000 in the prior period. Operating expenses were £179,000 in the half year (2019: £182,000). As a result, net assets per share have increased slightly to 47p at 31st December 2020 compared with 45p per share at 30th June 2020. At the close of business on 29th January 2021, our net asset value was 48.7p per share.

No dividends were paid by Core Holdings in the period compared with £56,500 for the same period last year.

The Company is reporting a loss before tax for the period of £261,000 with loss per share of 1.5p compared with a loss before tax of £221,000 and a loss per share of 1.2p for the same period last year.

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

Treasury Operations

Treasury operations started the period with £2,475,000 in cash split roughly equally between Sterling, US Dollars and Swiss Francs. During the period an additional £1,425,000 was added from the sale of the investment in Brand Architekts plc. As the uncertainties at the start of the period began to be resolved the Sterling balances have been reinvested in blue chip equities the composition of which is set out below the notes to the financial statements. At 31st December 2020, £1,202,000 had been reinvested and the balance of available funds of £2,385,000 were held split c.30% in Sterling and c.35% each in US Dollars and Swiss Francs. Since the period end, these foreign currency positions have been closed out and a further £1,602,000 has been invested in blue chip equities.

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 load banks, transformers and oil tools. Further information about Northbridge, which is admitted to trading on AIM, is available on its website: www.northbridgegroup.co.uk

Northbridge’s latest results, for the half year to 30th June 2020, showed a profit before tax excluding exceptional cost of £35,000 for the period (2019: loss after tax of £122,000). No interim dividend payment was recommended (2019: none).

Northbridge released an announcement on 8th December 2020 stating the board are confident that, despite the challenges of Covid-19, the Company would end the year profitable before exceptionable cost and that they shall be starting 2021 with a record new-year order book for the sale of load banks.

Western owns 3,300,000 Northbridge shares which represent 11.8% of Northbridge’s issued share capital. The market value of this investment at 31st December 2020 was £3,300,000 (30th June 2020: £ 2,739,000), representing 38.8% of Western’s net assets.

Brand Architekts Group Plc (“Brand Architekts”)

Brand Architekts (formerly, Swallowfield plc) is a beauty brands business specialising in the delivery of innovative products to consumers and retailers. Their business model changed substantially with the sale of the contract manufacturing business in 2019 and ceased to meet the Company’s investment criteria.

Western sold its entire shareholding of 1,300,000 shares in Brand Architekts on 28th September 2020 realising £1,425,000.

Edward Beale is a non-executive director of Brand Architekts.

Bilby Plc (“Bilby”)

Bilby is an award-winning provider of gas and electrical installation, maintenance and general building services to local authority and housing associations predominantly in London and South East England. It has a strategy of growing organically and by acquisition. Further information about Bilby, which is admitted to trading on AIM, is available on its website: www.bilbyplc.com.

Bilby announced its interim results for the six-month period to 30th September 2020 on 1st December 2020 showing a loss after tax of £155,000 (2018: profit - £542,000). Bilby also announced that it would not be recommending the payment of an interim dividend.

Since the end of the period the Company has purchased an additional 350,000 shares in Bilby.

Western now owns 6,686,363 Bilby shares, which represent 11.34% of Bilby’s issued share capital. The market value of this investment at 31st December 2020 was £1,520,727 (30th June 2020: £1,235,590) representing 17.9% of Western’s net assets.

Industrial & Commercial Holdings PLC (“ICH”)

ICH is a small unquoted PLC in which Western holds a 29.9% interest. It owns land at Milngavie, adjacent to Dougalston golf course, just north east of Glasgow which, with planning permission, has potential for residential development. Through its development partner, Mactaggart & Mickel Limited, ICH continues to make representations for its land to be included for housing development in the local authority’s next five-year plan.

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 PLC (“City Group”)

Western holds 48.6% and London Finance & Investment Group PLC (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 of City Group.

Outlook

Covid-19 continues to affect countries across the world with a second wave having led to many countries entering into further lockdowns including the UK on 6 January 2021. With the approval of 2 different vaccines and the national rollout of the vaccination programme it is hoped that all UK citizens should have received their first vaccine by Autumn 2021. Whilst this should allow businesses to return to normal trading and the UK Government continues to provide support for business during this lockdown, the long-term consequences of this lockdown are yet to be seen.

The UK’s transition period with the EU ended on 31st December 2020 with a trade deal having been approved on 24th December 2020. At this stage it is too early to assess how this may have affected core holdings and their trading and therefore uncertainty remains about the full impact of Brexit on the Company.

Although the Company remains cautious at this time over future investments during these uncertain times, the Company’s continuing aim is to reinvest the proceeds from the sale of its liquid investments when opportunities arise to buy shareholdings in good companies at sensible prices.

Interim Dividend

As the Company is not receiving sufficient dividend income from liquid investments, and has no distributable profits, the Board does not recommend the payment of an interim dividend.

19th February 2021

D.C. MARSHALL
Chairman

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

- the unaudited interim results for the six months ended 31st December 2020, have been prepared in accordance with IAS 34 Interim financial reporting, 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.

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.westernselectionplc.co.uk; and
- by writing to City Group PLC, the Company Secretary, at 1 Ely Place, London EC1N 6RY

The information communicated within this announcement was previously deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this information is considered to be in the public domain.

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

For further information, please contact:

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Statement of Comprehensive Income (Unaudited)

	Half year ended 31 st December		Year ended 30 th June
	2020	2019	2020
	£000	£000	£000
Income from investments in:			
Listed Core Holdings	-	57	56
Other listed investments	4	-	-
	<u>4</u>	<u>57</u>	<u>56</u>
		-	
Administrative expenses – normal	(170)	(182)	(326)
Operating loss	(166)	(125)	(270)
		-	
Share of profits/(losses) of associated companies	12	15	(218)
Impairment provisions	-	-	(2,424)
Foreign exchange on bank balances	(137)	-	121
Fair value adjustment on other listed investments	38	(100)	-
Finance costs	(7)	(11)	(30)
	<u>(260)</u>	<u>(221)</u>	<u>(180)</u>
Loss before taxation	(260)	(221)	(180)
Taxation	(1)	-	-
Loss after taxation attributable to equity shareholders	<u>(261)</u>	<u>(221)</u>	<u>(180)</u>
Other comprehensive income			
Bank revaluation	-	-	(38)
Fair value adjustment on Core Holdings	646	(539)	(3,081)
Total other comprehensive profit/(loss)	<u>646</u>	<u>(539)</u>	<u>(3,119)</u>
Total comprehensive income/(loss)	<u>385</u>	<u>(760)</u>	<u>(3,299)</u>
Basic and diluted losses per share attributable to equity holders	<u>(1.5)p</u>	<u>(1.2)p</u>	<u>(1.0)p</u>

Changes in Shareholders' Equity (Unaudited)

	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
Period ended 31st Dec 2020							
Balances at 1 st July 2020	7,180	2,654	3	(1,451)	(86)	(173)	8,127
(Loss)/Profit for the period	-	-	-	(99)	12	(174)	(261)
Other comprehensive profit	-	-	-	646	-	-	646
Transfer of loss on disposal of equity investments at FVOCI to realised profits	-	-	-	22	-	(22)	-
Balances at 31st Dec 2020	7,180	2,654	3	(882)	(74)	(369)	8,512
Period ended 31st Dec 2019							
Balances at 1 st July 2019	7,180	2,654	3	1,547	(386)	428	11,426
(Loss)/Profit for the period	-	-	-	(100)	15	(136)	(221)
Other comprehensive loss	-	-	-	(539)	-	-	(539)
Dividends paid	7,180	2,654	3	908	(371)	292	10,666
Balances at 31st Dec 2019	7,180	2,654	3	1,547	(386)	428	11,426

Statement of Financial Position (Unaudited)

	Half year ended 31 st December		Year ended 30 th June
	2020	2019	2020
	£000	£000	£000
Non-current Assets			
Investment in Associated companies	164	168	152
Investments in Core Holdings	4,821	8,142	5,600
Other listed investments	1,240	-	-
	<u>6,225</u>	<u>8,310</u>	<u>5,752</u>
Current Assets			
Trade and other receivables	8	11	27
Cash and cash equivalents	2,385	2,448	2,475
	<u>2,393</u>	<u>2,459</u>	<u>2,502</u>
Current Liabilities			
Trade and other payables	(106)	(103)	(127)
Net Current Assets	<u>2,287</u>	<u>2,356</u>	<u>2,375</u>
Financial Liabilities due after more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	<u>8,512</u>	<u>10,666</u>	<u>8,127</u>
Equity			
Share capital	7,180	7,180	7,180
Share premium account	2,654	2,654	2,654
Capital reserve account	3	3	3
Unrealised profits on investments	(882)	908	(1,451)
Share of undistributed losses of associates	(74)	(371)	(86)
Realised profits and losses	(369)	292	(173)
Shareholders' funds	<u>8,512</u>	<u>10,666</u>	<u>8,127</u>
Net assets per share	47p	59p	45p
Number of shares in issue	17,949,872	17,949,872	17,949,872

Statement of Cash Flows (Unaudited)

	Half year ended 31 st December		Year ended 30 th June
	2020	2019	2020
	£000	£000	£000
Loss before taxation	(261)	(221)	(180)
Adjustments for non-cash and non-operating expenses:			
Fair value adjustment on other listed investments	(38)	-	-
Foreign exchange loss	137	100	(121)
Share of results of associates	(12)	(15)	1
Net interest paid	7	11	30
Increase/(Decrease) in trade and other receivables	19	4	(6)
(Decrease)/Increase in trade and other payables	(20)	(10)	15
Cash absorbed by operations	(168)	(131)	(261)
Taxation paid	(1)	-	-
Net interest paid	(7)	(14)	(40)
Cash outflow from operating activities	(176)	(145)	(301)
Cash flow from Investment activities			
Purchase of Core Holdings	-	(400)	(400)
Proceeds of disposal of Core Holdings	1,425	-	-
Purchase of other listed investments	(1,202)	-	-
Cash inflow/(outflow) from investment activities	223	(400)	(400)
Financing activities			
Loan drawdown	-	-	-
Loan repayment	-	-	-
Equity dividend paid	-	-	-
Cash inflow/(outflow) from financing activities	-	-	-
Movement in cash and cash equivalents	47	(545)	(701)
Cash and cash equivalents at start of year	2,475	3,093	3,093
Effect on foreign exchange rate	(137)	(100)	83
Cash and cash equivalents at end of year	2,385	2,448	2,475

Reconciliation to movements in cash and cash equivalents

	At start of Period £000	Cash Flow £000	Exchange movement £000	At end of Period £000
Half year ended 31st December 2020				
Cash and cash equivalents	2,475	47	(137)	2,385
Bank borrowings	-	-	-	-
Net cash	2,475	47	(137)	2,385
31st December 2019				
Cash and cash equivalents	3,093	(545)	(100)	2,448
Bank borrowings	-	-	-	-
Net debt	3,093	(545)	(100)	2,448
Year ended 30th June 2020				
Cash and cash equivalents	3,093	(701)	83	2,475
Bank borrowings	-	-	-	-
Net debt	3,093	(701)	83	2,475

Notes: -

1. Basis of preparation:

The Company's results for the six months ended 31st December 2020 are unaudited. The information contained in this Interim Statement does not constitute statutory accounts within the meaning of the Companies Act 2006. The Company's statutory accounts for the year ended 30th June 2020 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 2020 Annual Report and Accounts.

2. Earnings/(loss) per share:

The calculation of earnings/(loss) per share is based on the weighted average number of shares in issue for the period (17,949,872) and the loss on ordinary activities after tax of £270,000.

Composition of General Portfolio as at 31 December 2020

Stock	Current Value GBP'000	%
BASF	50	4.03
Vestas Wind Systems	48	3.87
Henkel	47	3.79
J P Morgan	46	3.71
Qualcomm	46	3.71
Novozymes	45	3.63
Essilor Luxotica	45	3.63
Raytheon	44	3.55
Heineken	44	3.55
Diageo	42	3.38
Brown Forman	42	3.38
Ecolab	42	3.38
Mastercard	42	3.38
Visa Inc	42	3.38
Pernod Ricard	41	3.30
Johnson & Johnson	40	3.22
Iberdrola	40	3.22
Schindler	40	3.22
Otis	40	3.22
Legal and General	40	3.22
ResMed	40	3.22
Nestle	39	3.14
Procter & Gamble	39	3.14
Fisher & Paykel Healthcare Corporation Limited	38	3.06
Amazon	38	3.06
Unilever	38	3.06
BAE Systems	37	2.98
Lloyds Banking Group	36	2.90
Reckitt Benckiser	36	2.90
Astra Zeneca	34	2.74
Total	1,241	100