

24 September 2021

## **Western Selection PLC**

(the “Company” or “Western”)

### **Final Results for the Year Ended 30 June 2021**

The Company today announces its audited final financial results for the year ended 30 June 2021.

#### **Business Model**

Western’s objective is to generate growth in value for shareholders over the medium to long-term. The Company also aspires to pay a progressive dividend, when in the best interest of the shareholders and the Company, including ensuring any dividend paid would not have a negative effect on the ability to maintain continued growth.

In the short term the Board is focussing on achieving value with its portfolio of current Core Holdings, supporting their management teams, including through further investments. At present we are not seeking to invest in new Core Holdings.

Our business model is to take sizeable minority stakes in relatively small companies and maintain a dialogue 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.

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 and debt facilities as well as the liquid investments.

As part of its Treasury Operations, the Company holds a General Portfolio of shares which consists of investments, primarily in blue-chip companies in the U.S., U.K. and Europe.

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.

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

#### **Results for the year**

2020/21 has continued to be a challenging time for Company. The ongoing Covid-19 pandemic and the additional lockdowns both in the UK and internationally continued the disruption to businesses and caused uncertainty in the stock market. Although markets have rebounded since the early days of the pandemic, they are still affected by the on-going uncertainty of the pandemic, particularly with regard to the emergence of the Delta variant. However, with the roll out of the vaccine programme around the world and countries slowly opening up, companies are slowly beginning to return to their pre-pandemic levels of confidence. The Company’s net assets per share have increased by 24.4% to 56p at 30 June 2021 compared with 45p per share at 30 June 2020. Our quoted Core Holdings increased in value by 17.9% during the reporting period, taking into account the purchase of a further 1,163,637 shares in

Kinovo Plc (formerly Bilby Plc) for £408,059 and the sale of our entire holding of 1,300,000 shares in Brand Architekts plc for £1,424,265.

The core holdings did not pay any interim dividends in the period although a final dividend of 0.5p per share was approved at the AGM of Kinovo Plc on 1 September 2021. Dividends to the value of £49,140 were received from companies within the Treasury Portfolio.

We are also working hard to constrain costs despite the increasing burden of regulation on us and many of our suppliers, which will inevitably feed through to higher operating costs.

Following this, the Company is reporting a loss on ordinary activities after tax for the year of £109,000 (2020 – loss after tax £180,000) and total comprehensive profit of £1,911,000 (2020 – loss of £3,299,000).

## **Dividend**

As the Company had not received sufficient dividend income from liquid assets, no interim dividend is recommended by the Board.

Although market uncertainty continues, small dividend income was received from the Company's treasury investments. However, as no dividend income was received from its core holdings during the financial year (although as noted above final dividend was approved at the Kinovo Plc AGM on 1 September 2021), the Board is unable to recommend payment of a final dividend. Dividends will recommence when the Company has sufficient distributable reserves and a sustainable income stream.

## **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 UK, USA, Dubai, Germany, Belgium, France, Australia, New Zealand, China and Singapore, 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 their website: [www.northbridgegroup.co.uk](http://www.northbridgegroup.co.uk)

Northbridge, which is admitted to trading on AIM, announced its results for the year ended 31 December 2020 on 13 April 2021 and recorded a loss after tax, before exceptional items, of £186,000 for the year (2019- loss after tax £236,000). No dividend was recommended by Northbridge during the year (2020 - £Nil).

Western holds 3,300,000 Northbridge shares which represents 11.69% of Northbridge's issued share capital. The market value of this investment at 30 June 2021 was £3,828,000 (2020 - £2,739,000) which represents approximately 38.1% (2020 – 33.7%) of Western's net assets.

### **Brand Architekts Group Plc (“BAG”)**

BAG, which is admitted to trading on AIM, is a beauty brands business specialising in the delivery a growing portfolio of innovative and exciting new products, spanning areas such as haircare, skincare and body care, to consumers and retailers. Further information about BAG is available on its website: <https://www.brandarchitekts.com/>

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

### **Kinovo Plc (“Kinovo”) (formerly Bilby Plc)**

Kinovo 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 Kinovo is available on their website: [www.kinovopl.com](http://www.kinovopl.com).

Kinovo, which is admitted to trading on AIM, announced its results for the year ended 31 March 2021 on 6 July 2021 showing a profit before tax, before exceptional items, of £2,363,000 compared to a profit

before tax, before exceptional items, of £3,691,000 for the previous year ended 31 March 2020. No interim dividends were paid during the year. A final dividend of 0.5p per share was approved at its AGM held on 1 September 2021 (2020 - £nil).

Western acquired 1,163,637 shares in the period and now holds 7,500,000 Kinovo shares which represents 12.07% of Kinovo's issued share capital. Following the additional £408,059 acquisitions during the year, the market value of this investment on 30 June 2021 has increased to £2,775,000 (2020- £1,235,590), which represents approximately 27.7% (2020 – 15.2%) of Western's net assets.

## **Associated Companies**

### **Industrial & Commercial Holdings PLC (“ICH”)**

ICH is a small unquoted PLC in which Western holds 15,252,774 shares which represents a 29.9% interest. ICH 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, ICH continues to make representations for its land to be included for housing development in the local authority's next five-year plan.

The initial Main Issues Report (“MIR”) was released by East Dunbartonshire Council in October 2019 which was followed by a consultation period to which the Company's development partner submitted additional representations on behalf of the Company. The East Dunbartonshire Council have now moved on to the Local Development Plan 2 stage. This was released on 19 October 2020 following consultation on the draft plan to which ICH made representations. The updated Plan was submitted to Scottish Ministers for examination on 15 June 2021. This examination is expected to be completed in early 2022 at which time specific feedback for the site should be received.

David Marshall and Edward Beale are 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, an unquoted public company, which provides head office and company secretarial services to both these and other companies. City Group acts as a shared service centre for related party clients and sells surplus time to unrelated clients.

Edward Beale and David Marshall are directors of City Group.

## **Treasury Operations**

All of the assets within Treasury operations at the start of the year were cash balances in a selection of currencies. These cash balances and funds from bank facilities were invested into a blue-chip portfolio during the year.

The portfolio is diverse with investments primarily made into blue-chip equities in the U.K., USA and Europe. During the year we made investment purchases of £3,972,769 and investment sales (net of selling expenses) of £257,111. At 30<sup>th</sup> June 2021, the number of holdings in the Treasury portfolio was 39 (2020 – Nil), and the market value of these investments was £4,000,968.

### **Cash and borrowings**

Treasury operations include bank borrowing facilities of £1,900,000, a Sterling bank account and in the prior year foreign currency bank accounts (Euros, US Dollars and Swiss Francs).

At the year-end the Company had cash of £26,305 (2020 – £2,475,000). The Company had outstanding bank borrowing at the year-end of £700,000 (2020 – Nil). This loan facility runs until September 2022. The Company has an Interest rate swap agreement with Coutts & Co expiring on 30 September 2022. The interest swap was valued as a liability of £17,876 at 30 June 2021 (2020 - £36,885).

### **Outlook**

The United Kingdom left the European Union on 31 January 2020 with the transition period ending at 11pm on 31 December 2020. An initial trade deal was agreed between the United Kingdom and the

European Union on the 24 December 2020. With the Covid-19 pandemic continuing to be felt throughout the country as well as worldwide, there is difficulty in assessing at this time the full effects these major changes may have long term on UK businesses.

The United Kingdom faced two additional lockdowns in November 2020 and January 2021 which caused many businesses to have to close, particularly in the hospitality and travel industries. Due to the success of the United Kingdom's roll out of the vaccine, the Government lifted the majority of the remaining legal restrictions on 19 July 2021, however with cases remaining high there is still uncertainty about whether any future lockdowns may be required. There is also uncertainty surrounding the consequences of removal of Government assistance provided to companies during the pandemic, including the furlough scheme, and the affect this may have on companies to continue as a going concern.

Stock markets have continued to rebound worldwide since the lows in March and April last year, and there continues to be encouraging signs of investor confidence returning.

The Company invests in a spread of investments in well-established blue-chip companies which should provide a steady flow of dividend income from the investment portfolio. And with the announcement that Kinovo Plc will return to the payment of dividends, the income received by the Company through dividends should continue to improve.

The Company shall continue to aim to reinvest the proceeds from the sale of its liquid investments when opportunities arise to buy shareholdings in good companies at sensible prices whilst recognising the need for caution in the current economic climate.

## **24 September 2021**

The Company's 2021 Report and Accounts will shortly be sent to shareholders.

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.

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## Statement of Comprehensive Income

For the year ended 30 June	2021 £000	2020 £000
<b>Income from investments in:</b>		
Listed core holdings	-	56
Treasury investments	49	-
	<u>49</u>	<u>56</u>
Administrative expenses	(287)	(326)
Profit on disposal of treasury investments	76	-
Fair value adjustment on treasury investments	209	-
	<u>47</u>	<u>(270)</u>
<b>Operating loss</b>	<b>47</b>	<b>(270)</b>
Share of profit/(loss) of associated companies	22	(1)
Foreign exchange on bank balances	(169)	121
Finance income	-	-
Finance costs	(3)	(30)
<b>Loss before taxation</b>	<b>(103)</b>	<b>(180)</b>
Taxation	(6)	-
<b>Loss after taxation attributable to equity shareholders</b>	<b>(109)</b>	<b>(180)</b>
<b>Basic and diluted loss per share attributable to equity holders</b>	<b>(0.6)p</b>	<b>(1.0)p</b>
<b>Other comprehensive income</b>		
Bank revaluation	-	(38)
Loss on disposal of Core Holdings	(22)	-
Fair value adjustment on Core Holdings	2,042	(3,081)
Total other comprehensive loss	2,020	(3,119)
<b>Total comprehensive profit/(loss)</b>	<b>1,911</b>	<b>(3,299)</b>

## Statement of Changes of Equity

	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profit/(loss) on investments £000	Share of undistributed losses of associates £000	Realised profit/(loss) £000	Total £000
<b>Year ended 30 June 2021</b>							
Balances at 1 July 2020	<u>7,180</u>	<u>2,654</u>	<u>3</u>	<u>(1,451)</u>	<u>(86)</u>	<u>(173)</u>	<u>8,127</u>
(Loss)/profit for the year	-	-	-	40	22	(171)	(109)
Unrealised losses on foreign exchanges reclassified to realised equity on disposal	-	-	-	48	-	(48)	-
Other comprehensive profit/(loss)	-	-	-	2,042	-	(22)	2,020
Total comprehensive loss	-	-	-	<u>2,130</u>	<u>22</u>	<u>(241)</u>	<u>1,911</u>
Transactions with shareholders							
Final dividend paid in respect of prior year (note 6)	-	-	-	-	-	-	-
Interim dividends paid in respect of the year (note 6)	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-
<b>Balances at 30 June 2021</b>	<u>7,180</u>	<u>2,654</u>	<u>3</u>	<u>679</u>	<u>(64)</u>	<u>(414)</u>	<u>10,038</u>

	Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profit/(loss) on investments £000	Share of undistributed losses of associates £000	Realised profit/(loss) £000	Total £000
<b>Year ended 30 June 2020</b>							
Balances at 1 July 2019	<u>7,180</u>	<u>2,654</u>	<u>3</u>	<u>1,547</u>	<u>(386)</u>	<u>428</u>	<u>11,426</u>
Share of undistributed losses of associates reclassified to realised equity on disposal	-	-	-	-	301	(301)	-
Other comprehensive loss – Fair values net of tax	-	-	-	(3,119)	-	-	(3,119)
Total comprehensive loss	-	-	-	<u>(2,998)</u>	<u>300</u>	<u>(601)</u>	<u>(3,299)</u>
Transactions with shareholders							
Final dividend paid in respect of prior year (note 6)	-	-	-	-	-	-	-
Interim dividends paid in respect of the year (note 6)	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-	-	-
<b>Balances at 30 June 2020</b>	<u>7,180</u>	<u>2,654</u>	<u>3</u>	<u>(1,451)</u>	<u>(86)</u>	<u>(173)</u>	<u>8,127</u>

**Statement of Financial Position**  
Registered Number 00234871

<b>At 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Non-current Assets:</b>		
Investment in Associated companies	174	152
Investments in Core Holdings	<u>6,603</u>	<u>5,600</u>
	<u>6,777</u>	<u>5,752</u>
<b>Current Assets</b>		
Treasury portfolio investments	4,001	-
Trade and other receivables	18	27
Cash and cash equivalents	<u>26</u>	<u>2,475</u>
	<u>4,045</u>	<u>2,502</u>
<b>Current Liabilities</b>		
Trade and other payables	<u>(84)</u>	<u>(127)</u>
	<u>(84)</u>	<u>(127)</u>
<b>Net Current Assets</b>	<b>3,961</b>	<b>2,375</b>
<b>Non-Current Liabilities</b>		
Bank loan	<u>(700)</u>	-
	<u>(700)</u>	-
<b>Net Assets</b>	<u><b>10,038</b></u>	<u><b>8,127</b></u>
<b>Equity</b>		
Share capital	7,180	7,180
Share premium account	2,654	2,654
Capital reserve account	3	3
Unrealised profit/(loss) on investments	679	(1,451)
Share of undistributed losses of associates	(64)	(86)
Realised losses	<u>(414)</u>	<u>(173)</u>
<b>Shareholders' Funds</b>	<u><b>10,038</b></u>	<u><b>8,127</b></u>

## Statement of Cash Flow

<b>For the year ended 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Loss before taxation</b>	<b>(103)</b>	<b>(180)</b>

**Adjustment for non-cash items**

Profit on sale of treasury investments	(76)	-
Fair value adjustment on treasury investments	(209)	-
Foreign exchange on bank balances	169	(121)
Share of results of associates	(22)	1
Net interest payable	3	30
<b>Changes in working capital</b>		
Decrease/(Increase) in trade and other receivables	10	(6)
(Decrease)/Increase in trade and other payables	(43)	15
<b>Cash absorbed by operations</b>	(271)	(261)
Taxation paid	(6)	-
Net interest paid	(3)	(40)
<b>Net cash absorbed by operations</b>	(280)	(301)
<b>Cash flow from investment activities</b>		
Purchase of Core Holdings	(408)	(400)
Proceeds on disposal of Core Holdings	1,424	-
Proceeds on disposal of treasury investments	257	-
Purchase of general portfolio investments	(3,973)	-
<b>Net cash absorbed by investment activities</b>	(2,980)	(400)
<b>Financing activities</b>		
Loan drawdown	700	-
<b>Net cash absorbed by financing activities</b>	700	-
<b>Movement in cash and cash equivalents</b>	(2,280)	(701)
Cash and cash equivalents at start of year	2,475	3,093
Foreign exchange	(169)	83
<b>Cash and cash equivalents at end of year</b>	26	2,475

**Analysis of net debt**

	At start of year £000	Cash Flow £000	Foreign exchange £000	At end of year £000
<b>2021</b>				
<b>Cash and cash equivalents</b>	2,475	(2,280)	(169)	26
Loan	-	(700)	-	(700)
<b>Total net cash/(debt)</b>	<b>2,475</b>	<b>(2,980)</b>	<b>(169)</b>	<b>(674)</b>
<b>2020</b>				
Cash and cash equivalents	3,093	(701)	83	2,475
Loan	-	-	-	-
<b>Total net cash/(debt)</b>	<b>3,093</b>	<b>(701)</b>	<b>83</b>	<b>2,475</b>

**Notes****1. Earnings per share**

Earnings per share are based on the loss on ordinary activities after taxation of £109,000 (2020 – loss of £180,000) and on 17,949,872 shares (2020 – 17,949,872) being the weighted average number of shares in issue during the period.

	2021	2020
Basic loss per share	<u>(0.6)p</u>	<u>(1.0)p</u>

Diluted earnings per share at 30<sup>th</sup> June 2021 and 30<sup>th</sup> June 2020 are the same as basic earnings per share.

## 2. Net assets 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.

## 3. Financial Information

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 in conformity with the requirements of the Companies Act 2006.

The financial information does not give sufficient information to comply with IFRS which will be contained in the statutory accounts to be sent to shareholders.

The information in this final results announcement has been prepared on the basis of the accounting policies which have been set out in the Company's Report & Accounts for the year ended 30<sup>th</sup> June 2021 and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The accounts for the year ended 30<sup>th</sup> June 2020, 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<sup>th</sup> June 2021 are finalised on the basis of the financial information presented by the directors in this announcement. The auditors have issued an unmodified opinion.

## 4. Copies of this Announcement

Copies of this announcement are held at the Company's registered office, 1 Ely Place, London, EC1N 6RY (tel. 020 7796 9060) and are available for a period of 14 days from the date of this announcement.

### Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

