

Western Selection PLC

("Western" or the "Company")

Unaudited Condensed Interim Financial Statements for the 6 months ended
31 December 2021

The Company today announces its unaudited interim results for the six months ended 31 December 2021 (the 'Interim Statement').

Chairman's Statement

Business Model

The Company's business model has been to seek to generate growth in value for shareholders over the medium to long term by taking sizeable minority stakes in relatively small companies, maintaining a dialogue through which the Company could provide advice and support to these growing companies until support was no longer required and the stake could be sold.

Companies that were targeted as Core Holdings had an experienced management team, a credible business model and good prospects for growth. Core Holdings were made in any sector where management felt it had specific competence. The Company also maintains a Treasury Operation consisting of a mix of cash and debt facilities as well as the liquid investments in a General Portfolio of shares which consist of investments, primarily in blue-chip companies in the USA, UK and Europe. The Company aspired to pay a progressive dividend.

Much has changed over the last few years and the concentration of the Company's investment into a small number of illiquid companies, all of which stopped paying dividends over the Covid period, and the increasing regulatory costs of maintaining the listing has taken its toll, resulting in the Company needing to pause its dividend in September 2019. The Board is actively considering strategies to reduce the share price discount to net asset value and establish shareholder value.

Activities

With continuing uncertainty over the effects of Covid-19, the Company has maintained a cautious investment strategy over the period. Our quoted Core Holdings, Northbridge Industrial Services Plc ("Northbridge") and Kinovo Plc ("Kinovo"), have continued to trade throughout the period and their share prices have increased by 44.8% and 10.8% respectively.

We sold 495,500 Northbridge shares in the period and made some changes to Treasury Investments, realising cash of £915,000 and net profits of £286,000 compared to the cost of these investments. In January 2022, we sold a further 1,427,500 Northbridge shares. Proceeds from these sales are being reinvested over time in the Treasury portfolio and, subsequent to the period end, have been used to repay all borrowings.

A dividend of £37,500 was received from Kinovo on 22 September 2021 compared with £Nil dividends received for the same period last year. Northbridge did not pay a dividend in the period (2020: £Nil).

Operating expenses were £136,000 in the half year (2020: £170,000).

The Company is reporting a profit before tax for the period of £117,000 with earnings per share of 0.64p compared with a loss before tax of £260,000 and a loss per share of 1.5p for the same period last year.

As a result, net assets per share have increased to 68p at 31 December 2021 compared with 56p per share at 30 June 2021. At the close of business on 31 January 2021, our net asset value was 66p per share. An analysis of assets is shown in the unaudited Statement of Financial Position.

Treasury Operations

Treasury operations started the period with £4,001,000 in an international selection of blue-chip investments. A net £520,000 was invested in blue-chip shares in the period and at the period end the market value of these investments had risen to £4,708,000.

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 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 30 June 2021, showed a profit after tax of £77,000 for the period (2020: loss after tax of £7,295,000). No interim dividend payment was recommended (2020: £Nil).

During the period, we sold 495,500 Northbridge shares and subsequent to the period end we sold a further 1,427,500 Northbridge shares. At 28 January 2022, Western owned 1,377,000 Northbridge shares which represented 4.74% of Northbridge’s issued share capital. At 31 December 2021, the market value of this investment was £4,712,000 (30 June 2021: £3,828,000), representing 38.8% of Western’s net assets.

Kinovo Plc (“Kinovo”)

Kinovo 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 Kinovo, which is admitted to trading on AIM, is available on its website: www.kinovopl.com.

Kinovo announced its interim results for the six-month period to 30 September 2021 on 7 December 2021 showing a profit after tax of £834,000 (2020: loss after tax - £361,000). Western received a final dividend of £37,500 on 22 September 2021. No interim dividend has been recommended during the current financial year.

Western owns 7,500,000 Kinovo shares, which represents 12.1% of Kinovo’s issued share capital. The market value of this investment at 31 December 2021 was £3,075,000 (30 June 2021: £2,775,000) representing 25.3% 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

Most countries are gradually adapting to living with Covid. The big exception is China which continues to have a zero Covid policy. Recent supply chain disruptions are gradually diminishing, although they could re-occur if Covid outbreaks in China or elsewhere lead to major new lockdowns.

The Company remains cautious over future investments during these uncertain times. While considering options for providing greater value to shareholders, the Company will continue to reinvest the proceeds from the sale of its 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 investments to cover operating costs, and only has distributable reserves as a result of unrealised fair value uplifts on investments, the Board does not recommend the payment of an interim dividend.

18 February 2022

D.C. MARSHALL
Chairman

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

- the unaudited interim results for the six months ended 31 December 2021, 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 contained in this announcement was previously classified as inside information for the purposes of the UK Market Abuse Regulation. 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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Condensed Statement of Comprehensive Income

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Income from investments in:			
Listed Core Holdings	37	-	-
Other listed investments	47	4	49
	<u>84</u>	<u>4</u>	<u>49</u>
Administrative expenses – normal	(136)	(170)	(287)
(Loss)/Profit on disposal of treasury investments	(30)	-	76
Fair value adjustment on treasury investments	180	38	209
Operating (loss)/profit	<u>98</u>	<u>(128)</u>	<u>47</u>
Share of profits of associated companies	23	12	22
Impairment provisions	-	-	(169)
Foreign exchange on bank balances	-	(137)	-
Finance costs	(4)	(7)	(3)
	<u>117</u>	<u>(260)</u>	<u>(103)</u>
Profit/(Loss) before taxation	<u>117</u>	<u>(260)</u>	<u>(103)</u>
Taxation	(3)	(1)	(6)
Profit/(Loss) after taxation attributable to equity shareholders	<u>114</u>	<u>(261)</u>	<u>(109)</u>
Other comprehensive income			
Profit/(Loss) on disposal of Core Holdings	324	-	(22)
Fair value adjustment on Core Holdings	1,647	646	2,042
Total other comprehensive profit/(loss)	<u>1,971</u>	<u>646</u>	<u>2,020</u>
Total comprehensive income/(loss)	<u>2,085</u>	<u>385</u>	<u>1,911</u>
Basic and diluted earnings/(loss) per share attributable to equity holders	<u>0.64p</u>	<u>(1.5)p</u>	<u>(1.0)p</u>

Condensed Changes in Shareholders' Equity

	Ordinary Share capital £000	Share premium account £000	Capital reserve account £000	Unrealised profits/ (losses) on investments £000	Share of undistributed profits/ (losses) of associates £000	Realised profits/ losses £000	Total £000
Period ended 31 Dec 2021							
Balances at 1 July 2021	7,180	2,654	3	679	(64)	(414)	10,038
Profit/(Loss) for the period	-	-	-	187	23	(96)	114
Other comprehensive profit	-	-	-	1,648	-	323	1,971
Balances at 31 Dec 2021	7,180	2,654	3	2,514	(41)	(187)	12,123
Period ended 31 Dec 2020							
Balances at 1 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/(loss)	-	-	-	668	-	(22)	646
Balances at 31 Dec 2020	7,180	2,654	3	(882)	(74)	(369)	8,512

Condensed Statement of Financial Position

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Non-current Assets			
Investment in Associated companies	197	164	174
Investments in Core Holdings	<u>7,787</u>	<u>4,821</u>	<u>6,603</u>
	<u>7,984</u>	<u>4,985</u>	<u>6,777</u>
Current Assets			
Treasury portfolio investments	4,708	1,240	4,001
Trade and other receivables	8	8	18
Cash and cash equivalents	<u>198</u>	<u>2,385</u>	<u>26</u>
	<u>4,914</u>	<u>3,633</u>	<u>4,045</u>
Current Liabilities			
Trade and other payables	<u>(75)</u>	<u>(106)</u>	<u>(84)</u>
Net Current Assets	<u>4,839</u>	<u>2,287</u>	<u>3,961</u>
Financial Liabilities due after more than one year	<u>(700)</u>	<u>-</u>	<u>(700)</u>
Net assets	<u>12,123</u>	<u>8,512</u>	<u>10,038</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	2,514	(882)	679
Share of undistributed losses of associates	(41)	(74)	(64)
Realised profits and losses	<u>(187)</u>	<u>(369)</u>	<u>(414)</u>
Shareholders' funds	<u>12,123</u>	<u>8,512</u>	<u>10,038</u>
Net assets per share	68p	47p	56p
Number of shares in issue	17,949,872	17,949,872	17,949,872

Condensed Statement of Cash Flows

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Profit/(Loss) before taxation	117	(261)	(103)
Adjustments for non-cash and non-operating expenses:			
Loss on disposal of treasury investments	37	-	-
Fair value adjustment on treasury investments	(187)	(38)	(209)
Foreign exchange loss	-	137	169
Share of results of associates	(23)	(12)	(22)
Net interest paid	4	7	3
Decrease in trade and other receivables	9	19	10
Decrease in trade and other payables	(8)	(20)	(43)
Cash absorbed by operations	(51)	(168)	(271)
Taxation paid	(3)	(1)	(6)
Net interest paid	(4)	(7)	(3)
Cash outflow from operating activities	(58)	(176)	(280)
Cash flow from Investment activities			
Purchase of Core Holdings	-	-	(408)
Proceeds of disposal of Core Holdings	787	1,425	1,424
Purchase of treasury portfolio investments	(685)	(1,202)	(3,973)
Proceeds on disposal of treasury investments	128		257
Cash inflow/(outflow) from investment activities	230	223	(2,980)
Financing activities			
Loan drawdown	-	-	700
Cash inflow/(outflow) from financing activities	-	-	700
Movement in cash and cash equivalents	172	47	(2,280)
Cash and cash equivalents at start of year	26	2,475	2,475
Effect on foreign exchange rate	-	(137)	(169)
Cash and cash equivalents at end of year	198	2,385	26

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 31 December 2021				
Cash and cash equivalents	26	172	-	198
Bank borrowings	(700)	-	-	(700)
Net debt	(674)	172	-	(502)
31 December 2020				
Cash and cash equivalents	2,475	47	(137)	2,385
Bank borrowings	-	-	-	-
Net cash	2,475	47	(137)	2,385
Year ended 30 June 2021				
Cash and cash equivalents	2,475	(2,280)	(169)	26
Bank borrowings	-	(700)	-	(700)
Net cash/(debt)	2,475	(2,980)	(169)	(674)

Notes to the condensed financial statements

1. Basis of preparation

The Company's results for the six months ended 31 December 2021 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 30 June 2021 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 2021 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 profit on ordinary activities after tax of £114,000.

3. Treasury Investments

	Half year ended 31 December		Year ended 30 June
	2021	2020	2021
	£000	£000	£000
Cost	3,756	-	-
Fair value adjustment	209	-	-
Balance brought forward	4,001	-	-
Additions	685	1,202	3,973
Disposals - cost	(165)	-	(181)
Fair value adjustment	180	38	209
Fair value adjustment released on disposal	7	-	-
Balance carried forward	4,708	1,240	4,001

Composition of Treasury Investments as at 31 December 2021

Stock	Current Value GBP'000	%
BASF	187	4
Qualcomm	147	4
ResMed	138	3
Essilor Luxotica	129	3
Diageo	126	3
Procter & Gamble	125	3
Trane Technologies	124	3
Otis	122	3
Nestle	122	3
Novozymes	121	3
J P Morgan	116	3
Raytheon	114	2
GlaxoSmithKline	114	2
Pernod Ricard	114	2
Barclays	113	2
Lloyds Banking Group	111	2
Astra Zeneca	111	2
Amazon	106	2
Air Products and Chemicals	104	2
Chemours	102	2
Legal and General	102	2
Sociedad Quimica y Minera	102	2
Ecolab	102	2
Credit Agricole	101	2
Caterpillar	101	2
Schindler	100	2
Reckitt Benckiser	100	2
Holcim	100	2
BHP Group	99	2
BAE Systems	99	2
Fisher & Paykel Healthcare Corporation	98	2
Johnson & Johnson	98	2
Heineken	98	2
Brown Forman	97	2
Mastercard	97	2
FedEx	96	2
Bank of America	96	2
Visa Inc	95	2
Unilever	92	2
Iberdrola	90	2
Vestas Wind Systems	85	2
Rio Tinto	80	2
Henkel	75	2
Bloom Energy Corporation	59	1
Total	4,708	100