

Date: 11<sup>th</sup> February 2009  
On behalf of: Western Selection P.L.C. (“the Company” or “Western”)  
For immediate release

## Western Selection P.L.C. Interim Results

Western Selection P.L.C. (LSE: WSE), an investment finance company with a mix of Strategic Investments and a General Portfolio of U.K. stocks, today announces its unaudited interim results for the six months ended 31<sup>st</sup> December 2008.

### Highlights include:

- Profit before tax up 66% to £63,000 (2007: £38,000)
- Dividend income up 15%
- Cash balances in excess of £316,000 and £2.5 million of unused borrowing facilities
- Proposed move to PLUS Markets

### David Marshall, Chairman of Western Selection commented:

*“This has been a difficult period for investment companies. The major turbulence in the financial markets has particularly affected smaller companies and this is reflected in the valuations of our Strategic Investments, which are now trading on very low PE multiples.*

*“However, this challenging environment also provides opportunities for the Company to invest in Strategic Investments and under-valued equities and has the cash and borrowing facilities to do so. We are confident the Company will earn a good yield from the investments and the Board believes that Western is well placed to weather the volatile markets which may continue for some time.”*

- Ends -

### Enquiries to:

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### Notes to Editors:

- The Company is an investment finance company and the investment policy is to hold strategic stakes in a few smaller UK quoted companies and maintain a diversified portfolio of U.K. listed equities, together with a few holdings on AIM, PLUS and some unlisted shares. Strategic Investments are minority positions where the Board seeks to maintain a close working relationship with the management of the investee. Western is represented on the boards of three of its four Strategic Investments. The general portfolio is managed by two non-executive directors, Andrew Hall and Michael Robotham, and the Board as a whole takes decisions in relation to both strategic and unlisted investments.

## **Chairman's Statement**

The Directors are pleased to present the unaudited interim results of the Company for the six months ended 31<sup>st</sup> December 2008.

Overall performance in the half year to 31<sup>st</sup> December 2008 has been disappointing with net assets down 22%. However this is in line with the fall in the FTSE 100 index. Dividend income has grown 15% on the same period last year. We are very pleased with the performance of our associated company, Hartim, which continues to perform well.

The Company made a profit for the half year of £63,000 (0.4p per share). This compares to £39,000 for the same period last year (0.3p per share). The main differences are the contribution of £130,000 (2007: nil) from associated companies; losses of £116,000 realised on sale of investments compared to profits of £81,000 last year and net interest received following the successful capital raising last year. Professional fees have increased as a result of the increased capital and the listing of the shares and warrants on PLUS, but administrative expenses have been kept below the 2007 level.

With cash balances in excess of £316,000 and £2,500,000 of unused borrowing facilities available, Western is well placed to take advantage of any investment opportunities that are attractive to the Board.

### **Investment policy and management**

Western's investment policy is to hold strategic stakes in a few special situations and maintain a diversified portfolio of U.K. listed equities, together with a few holdings on AIM, PLUS and some unlisted shares. Strategic investments are minority positions where we seek to maintain a close working relationship with the management of the investee. Western is represented on the boards of three of our four strategic investments and is working to achieve representation on the fourth.

An analysis of assets is shown on the face of the balance sheet. The general portfolio is managed by two non-executive directors, Andrew Hall and Michael Robotham, and the Board as a whole takes decisions in relation to both our strategic and unlisted investments.

### **General Portfolio**

The value of our general portfolio declined by 32% over the period to £2,926,000, compared to a fall in the FTSE100 index of 21% and the FTSE AIM index of 60%. The bulk of this fall occurred in our investments in smaller quoted companies. The general portfolio represents 36% of Western's assets, and a net £205,000 has been withdrawn from the general portfolio during the period.

### **Strategic Investments**

#### **Creston plc**

Creston is a marketing services group with a strategy to grow within its sector to become a substantial, diversified international marketing services group. Creston's results for the half-year to 30<sup>th</sup> September 2008 show a profit after tax of £2,951,000 (2007: £2,280,000).

Western owns 3,000,000 shares in Creston (5.4%) with a market value at 31<sup>st</sup> December 2008 of £840,000 (30<sup>th</sup> June 2008: £1,425,000), being 10% of Western's assets.

I am the non-executive chairman of Creston.

#### **Northbridge Industrial Services PLC**

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment such as electrical load banks and generators. Northbridge's first acquisition was Crestchic Limited, one of the largest specialist load bank equipment manufacturers in the world, located in Burton-on-Trent, selling and hiring to a national and international customer base.

Northbridge's latest results, for the half year to 30<sup>th</sup> June 2008, showed profit of £748,000 (2007: £430,000).

Western owns 1,500,000 shares, representing 20.3% of Northbridge's share capital. The value of this investment at 31st December 2008 was £1,950,000 (30<sup>th</sup> June 2008: £2,558,000), representing 24% of Western's assets.

I am a non-executive director of Northbridge.

### **Swallowfield plc**

Swallowfield is a full service provider for global and household brands operating in the cosmetics and personal care and household goods marketplace. It offers a flexible and tailored service including: contract filling market analysis, design, formulation and testing of products, packaging design and sourcing and distribution of stock.

Swallowfield's latest results, for the year to 30<sup>th</sup> June 2008, showed profit, before exceptional items, of £1,041,000 (30<sup>th</sup> June 2007: £601,000).

At 31<sup>st</sup> December 2008, Western owned 1,296,500 shares in Swallowfield (11.5% of their issued share capital). The market value of the Company's holding in Swallowfield on 31<sup>st</sup> December 2008 was £921,000 (30<sup>th</sup> June 2008: £971,000) representing 11% of the Company's assets.

We do not believe that the Board of Swallowfield has the necessary mix of skills and experience amongst its non-executive directors and we will continue to work with other shareholders to rectify this.

### **Hartim Limited**

Hartim offers a complete sales, marketing and logistical services to a number of UK branded fast moving consumer goods companies. This investment was acquired on 28<sup>th</sup> March 2008 and is accounted for as an associated company.

Hartim's estimated results for the 9 month period ended on 31<sup>st</sup> December 2008 are a profit of £416,000 after tax.

At 31<sup>st</sup> December 2008, Western owned 49.5% of Hartim. The carrying value of the Company's investment in Hartim on 31<sup>st</sup> December 2008 was £935,000 (30<sup>th</sup> June 2008: £797,000) representing 12% of the Company's assets.

Mr. Beale is a non-executive director of Hartim.

### **Proposed cancellation of admission to trading on AIM**

Since 17<sup>th</sup> September 2007, Western's shares have been traded on both AIM and PLUS Markets. In the period up to 31 December 2008, 59% of all Western shares traded have been traded on PLUS Markets and only 41% on AIM, and in the last six months PLUS Markets accounted for 87% of all shares traded.

The Board has determined that the Company can save over £25,000 a year in adviser's fees if we cancel the admission to trading on AIM to solely trade on PLUS Markets. We do not believe that this will create problems for shareholders wishing to deal in Western's shares since all major UK brokers who deal in AIM shares also deal in PLUS quoted shares, and the majority of the ordinary shares are, like the quoted warrants, already traded on PLUS. Nor do we believe that having shares traded solely on PLUS Markets will have an appreciable effect on the Company's ability to attract new and retain existing investors.

Attached to the interim results is notice of an Extraordinary General Meeting be held on 12<sup>th</sup> March 2009 at which shareholders will be asked to approve cancellation of Western's admission to trading on AIM. This resolution will require approval by at least 75% of shareholders voting to be effective. If the resolution is passed by the required majority of shareholders at the EGM, the admission to trading on AIM is expected to be cancelled on 19<sup>th</sup> March 2009 and after that date Western's shares may only be traded after that date on PLUS Markets.

### **Conclusion & Outlook**

We are earning a good yield on our investments and have cash and borrowing facilities that will allow us to invest in Strategic Investments and under-valued equities. We believe that we are well placed to weather the volatile markets which may continue for some time.

The Board declared an increased dividend of 2.6p per share for the year to 30<sup>th</sup> June 2008. It is not the Board's policy to pay interim dividends. Subject to unforeseen circumstances, we expect to show satisfactory results for the period to 30<sup>th</sup> June 2009 and to maintain the dividend for the current year, which the Board anticipates paying in October 2009.

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

## Unaudited Income Statement

	Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	2008	2007	2008
	£000	£000	£000
<b>Income from investments in:</b>			
Listed strategic undertakings	148	99	155
Other listed investments	59	80	180
Surplus on disposal of listed undertakings	(116)	81	420
	<b>92</b>	<b>260</b>	<b>755</b>
Administrative expenses - normal	(167)	(169)	(342)
- exceptional	-	-	(3,019)
<b>Operating (loss)/profit</b>	<b>(75)</b>	<b>91</b>	<b>(2,606)</b>
<b>Share of results of associated companies</b>	<b>130</b>	<b>-</b>	<b>69</b>
Net interest receivable/(payable)	8	(52)	(35)
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>63</b>	<b>38</b>	<b>(2,572)</b>
Taxation	-	-	-
<b>Profit/(Loss) on ordinary activities after taxation</b>	<b>63</b>	<b>38</b>	<b>(2,572)</b>
Basic earnings/(loss) per share	0.4p	0.3p	(16.4)p
Earnings per share excluding exceptional costs	0.4p	0.3p	2.41p
Dividend per share	Nil	Nil	2.60p

## Statement of Recognised Gains and Losses

Profit/(Loss) attributable to shareholders	63	38	(2,572)
Unrealised losses on listed undertakings	(1,892)	(3,550)	(1,850)
Total recognised losses	<b>(1,829)</b>	<b>(3,512)</b>	<b>(4,422)</b>

## Changes in Shareholders' Equity

Total recognised losses	(1,829)	(3,512)	(4,422)
Proceeds of new share issues, net of costs	-	2,389	2,385
Dividends paid in respect of the previous year	(466)	(327)	(327)
	<b>(2,275)</b>	<b>(1,450)</b>	<b>(2,364)</b>
Shareholders' funds at start of period	10,419	12,783	12,783
Shareholders' funds at end of period	<b>8,124</b>	<b>11,333</b>	<b>10,419</b>

## Unaudited Balance Sheet

	31 <sup>st</sup> December		30 <sup>th</sup> June
	2008	2007	2008
	£000	£000	£000
<b>Fixed assets</b>			
<b>Strategic Investments</b>			
Creston plc	840	2,288	1,425
Swallowfield plc	921	740	971
Northbridge Industrial Services PLC	1,950	2,220	2,558
Associates	1,117	221	988
<b>General Portfolio investments - UK</b>	<b>2,828</b>	<b>5,248</b>	<b>3,793</b>
- Unlisted	98	77	98
	<b>7,754</b>	<b>10,764</b>	<b>9,833</b>
<b>Current assets</b>	<b>76</b>	<b>511</b>	<b>36</b>
Cash at bank and in hand	316	151	579
Current liabilities	(22)	(93)	(29)
<b>Net current assets</b>	<b>370</b>	<b>569</b>	<b>586</b>
<b>Total assets less current liabilities</b>	<b>8,124</b>	<b>11,333</b>	<b>10,419</b>
<b>Capital and Reserves</b>			
Called up share capital	7,182	7,182	7,182
Share premium account	2,654	2,290	2,654
Warrants reserve	148	-	148
Fair Value reserve	(1,343)	(638)	549
Retained earnings	(517)	2,498	(114)
	<b>8,124</b>	<b>11,333</b>	<b>10,419</b>
<b>Net Assets at market value per share - pence</b>	<b>45p</b>	<b>63p</b>	<b>58p</b>
Number of shares in issue	17,956,419	17,955,309	17,956,419

### Notes:-

1. The results for the half-year are unaudited. The financial information in this interim announcement does not constitute statutory accounts within the meaning of Section 240(5) of the Companies Act 1985. The statutory accounts of Western Selection P.L.C. for the year ended 30<sup>th</sup> June 2008 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 and did not contain a statement under Section 237(2) or 272(3) of the Companies Act 1985.
2. The calculation of earnings per share is based on the weighted average number of shares in issue for the period and the profit on ordinary activities after tax.
3. Retained earnings include an unrealised impairment provision of £3,019,000 on the Company's investment in Creston which is ignored when calculating distributable profits.

## Cash Flow Statement

		Half year ended 31 <sup>st</sup> December		Year ended 30 <sup>th</sup> June
	Notes	2008 £000	2007 £000	2008 £000
<b>Net cash outflow from operating activities</b>	(a)	(5)	(438)	(45)
<b>Returns on investments and servicing of finance</b>				
Net interest received/(paid)		9	(52)	(35)
<b>Taxation paid</b>		-	-	-
		4	(490)	(490)
<b>Financial investment</b>				
Proceeds of disposal of fixed asset investments		331	822	2,142
Purchase of fixed asset investments		(131)	(212)	(1,513)
<b>Net cash inflow from financial investment activities</b>		200	610	629
<b>Financing activities</b>				
Equity dividend paid		(467)	(327)	(327)
Proceeds of new share issues		-	2,386	2,385
<b>Net cash (outflow)/inflow from financing activities</b>		(467)	2,059	2,058
<b>Movement in cash and cash equivalents</b>		(263)	2,179	2,607
Net cash and cash equivalents at start of year		579	(2,028)	(2,028)
<b>Net cash and cash equivalents at end of year</b>	(b)	316	151	579

### Notes:

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

<b>Profit/(Loss) before taxation</b>	63	38	(2,572)
(Loss)/Profit on sale of investments	116	(81)	(420)
Share of results of associates	(130)	-	(69)
Net interest received/(paid)	(8)	52	35
Exceptional costs	-	-	(3,019)
(Increase)/Decrease in debtors and accrued income	(39)	(493)	(20)
(Decrease)/Increase in creditors	(7)	46	(18)
<b>Net cash outflow from operating activities</b>	(5)	(438)	(45)

#### (b) Reconciliation to movements in net debt

	At start Period £000	Cash flow £000	At end Period £000
<b>Half year ended 31<sup>st</sup> December 2008</b>			
Cash at bank	579	421	1,000
Bank overdraft	-	(684)	(684)
	579	(263)	316
<b>31<sup>st</sup> December 2007</b>			
Cash at bank	6	145	151
Bank overdraft	(2,034)	2,034	-
	(2,028)	2,179	151
<b>Year ended 30<sup>th</sup> June 2008</b>			
Cash at bank	6	573	579
Bank overdraft	(2,034)	2,034	-
	(2,028)	2,607	579

**Composition of General Portfolio  
at 31<sup>st</sup> December 2008**

	Current value £000	Value of General Portfolio %
<b>FTSE 100</b>		
Royal Dutch Shell	233	8.2
BP	158	5.6
Diageo	144	5.1
British American Tobacco	126	4.5
Unilever	111	3.9
Royal & Sun Alliance Insurance	110	3.9
Associated British Foods	110	3.9
GlaxoSmithKline	109	3.9
Prudential Corporation	97	3.4
Imperial Tobacco Group	85	3.0
Cobham	72	2.5
Lloyds TSB Group	25	0.9
Land Securities	25	0.9
	<hr/> 1,405 <hr/>	<hr/> 49.7 <hr/>
<b>FTSE 250</b>		
Rotork	55	2.0
Balfour Beatty	53	1.9
Spirax-Sarco Engineering	50	1.8
Renishaw	49	1.7
Forth Ports	46	1.6
William Hill	32	1.1
Marstons	31	1.1
Homeserve	29	1.0
	<hr/> 345 <hr/>	<hr/> 12.2 <hr/>
<b>FTSE SmallCap</b>		
Severfield-Rowen	33	1.2
Castings	27	0.9
Marshalls Group	22	0.8
	<hr/> 82 <hr/>	<hr/> 2.9 <hr/>
<b>FTSE Fledgling</b>		
Treatt	417	14.7
Bioquell	96	3.4
Dawson Holdings	81	2.9
	<hr/> 594 <hr/>	<hr/> 21.0 <hr/>
<b>FTSE AIM</b>		
Wynnstay Group	118	4.2
Best Of The Best	39	1.3
	<hr/> 157 <hr/>	<hr/> 5.5 <hr/>
<b>Quoted Investment Fund</b>		
Equisar IIID Fund (A Class) Accumulation Shares	212	7.5
	<hr/> 212 <hr/>	<hr/> 7.5 <hr/>
Other (less than £20,000)	33	1.2
	<hr/> 33 <hr/>	<hr/> 1.2 <hr/>
	<hr/> 2,828 <hr/>	<hr/> 100.0 <hr/>