

WESTERN SELECTION P.L.C.

TYPE OF ISSUE: Offer for Subscription

ADMISSION TO PLUS: 17/9/2007

The Directors of Western Selection P.L.C. ("the Company") are pleased to announce that its 2007 and 2010 Warrants to subscribe for Ordinary shares at 33 pence and 50 pence respectively have been admitted to trading on the PLUS Market.

APPLICATION DETAILS

SECTOR CLASSIFICATION: Speciality and Other Finance

CORPORATE ADVISER: Loeb Aron & Co. Ltd.

EXPECTED DATE OF TRADING ON PLUS: 17/09/2007

PRINCIPAL ACTIVITIES: Western Selection P.L.C. (LSE: WSE), is an investment finance company whose 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.

The Company has raised £872,000 by the issue of Warrant Units to existing shareholders in an oversubscribed offer. A total of 2,565,044 Warrant Units were offered at a price of 34p each, existing shareholders applied for a total of 2,913,831 Warrant Units. Priority was given to shareholders applying for their entitlement on the basis of one warrant unit for every five shares held; excess applications above that entitlement were satisfied in full for shareholders with less than 75,000 shares applying for 25,000 Units in aggregate or less. Applications from small shareholders above this amount and excess applications from all other shareholders were scaled back by 41.46%. In addition non-shareholders applied for a further 492,000 Warrant Units; however there will be no allocation available for non-shareholders as a consequence of the over-subscription by existing shareholders.

The Warrant Units comprised of two 2007 Warrants which are exercisable on 10 December 2007 at a price of 33p each and three 2010 Warrants which are exercisable between 2008 and 2010 at a price of 50p each. If all of the 2007 Warrants are exercised £1,693,000 will be made available to the Company on 10 December 2007, with a further amount of up to £3,848,000 available from the exercise of the 2010 Warrants. The Warrants will be traded separately on PLUS.

THE OFFER OF WARRANTS

The Board believes that it will be in the best interests of Shareholders to improve the ratio of assets invested to operating expenses. In part this can, and will, be done by controlling costs, but a more significant improvement in this ratio can be achieved by increasing funds invested. The Board believes that any increase in funds invested is best achieved by issuing new shares rather than by taking on additional debt.

The primary application of any funds raised will be to invest in new strategic investments whenever one is identified. At present Western only has unused banking facilities of approximately £465,000, which may not be sufficient to make a new strategic investment. The Board believes that Western should be in a position to make new strategic investments without the risk of having to liquidate a significant part of its general portfolio at a possibly inopportune moment.

The Board intends that the funds to be raised will be used to acquire new strategic investments, as and when suitable opportunities arise, and may also be used to increase the Company's interest in one or more of its existing strategic investments. Some of the funding may be used to take advantage of tactical investment opportunities identified in smaller UK quoted companies. Prior to the identification and investment in new strategic investments, the intention is to use funds raised to reduce bank borrowings.

The Board considered how best to proceed with the fund raising in a manner that is equitable for all Shareholders and believes the Offer to be an effective way of achieving this aim. The structure of the Offer sought to minimise the costs of the fund-raising while offering all Shareholders a priority opportunity to participate in the growth of the Company.

Effect on the issued share capital

The table below sets out authorised and issued share capital of the Company before and after the exercise of the 2007 Warrants and 2010 Warrants, on the basis that all Warrants are exercised:

	Authorised share capital	Issued share capital
Before the Offer	25,000,000 Shares	12,825,221 Shares
After the Offer and exercise of 2007 Warrants	30,000,000 Shares	17,955,309 Shares
After the exercise of the 2010 Warrants	30,000,000 Shares	25,650,442 Shares

Dividends

The Board intends to maintain its progressive dividend policy, dependent on market conditions.

OFFER STATISTICS

Number of Warrant Units	2,565,044
Warrant Unit Offer Price	34p
Proceeds of the Offer of Warrant Units (net of expenses)	£672,000
Number of 2007 Warrants	5,130,088
Exercise price of 2007 Warrants	33p
Proceeds of exercise of 2007 Warrants	£1,692,929
Number of Shares in issue following exercise in full of 2007 Warrants	17,955,309
Number of 2010 Warrants	7,695,133
Exercise price of 2010 Warrants	50p
Proceeds of the exercise of 2010 Warrants over the years 2008 - 2010	£3,847,567
Number of Shares in issue following exercise in full of 2010 Warrants	25,650,442

Audited results of Western for the year ended 30th June 2007

The results for the year are audited and have been prepared under International Financial Reporting Standards and comparative figures, previously reported under UK GAAP, have been restated.

Differences between UK GAAP and IFRS affecting Western.

Under UK GAAP Western included its investments at cost less provision. Under IFRS the fair values of investments (based on market values) are now brought into the balance sheet and the fair value adjustment is recorded directly to reserves and reflected in the Statement of Changes in Shareholders' Equity. The balance sheet value of investments has been increased by £287,000 at the end of the comparable period, £589,000 at the prior year end and £3,085,000 at the end of the current period. Western has significant capital losses and therefore no deferred tax liabilities have arisen following recognition of these unrealised gains.

During the year the Board has maintained the Company's primary focus on the U.K. and invested a further £1,000,000 in the General Portfolio, thereby increasing borrowing to £2,034,000 (after allowing for the £428,000 which was received following the final conversion of the 2006 warrants).

Overall, the net asset value per share including investments at market value has increased over the year to 30th June 2007 from 90p to 100p. The value of the Strategic Investments improved due to the outstanding performance of Northbridge and a recovery in the value of Swallowfield.

The Company made a profit of £355,000 (2.94p per share) before associates, exceptional items and tax, compared to £316,000 (2.76p per share) last year. Including the results of associates and after one off exceptional costs of the Employee Benefit Trust, approved by shareholders at the Annual General Meeting held on 29th September 2006, the profit for the year was £61,000 (2006 - £ 312,000). We have declared a dividend of 2.55p per share compared with 2.45p per share for 2006, an increase of 4%.

Strategic Investments

Creston plc

Creston is a marketing services group whose strategy is to grow within its sector both by organic growth and through selective acquisition to become a substantial, diversified international marketing services group. Creston made three further acquisitions during its financial year, ICM in research, TMW in direct and digital marketing and PAN in healthcare advertising and communications, being some of the larger UK groups in their sectors. The results for the year to 31st March 2007, show a profit after tax of £4,931,000 (2006 - £2,927,000), equivalent to earnings of 9.43p per share (2006 - 8.04p).

Western maintained its holding of 3,000,000 shares in Creston during the year which is 5.4% of Creston's issued share capital. The market value of the Company's holding in Creston on 30th June 2007 was £4,890,000 (2006 - £ 4,845,000), being 33% (2006 - 40%) of Western's net assets.

Mr. Marshall is the non-executive chairman of Creston. At its recent AGM held on 31st July, Creston's directors expressed their confidence in current trading conditions being experienced by the enlarged group.

Swallowfield plc

Swallowfield has a long history of developing and producing aerosol, cosmetic and toiletry products stretching back to 1950. As one of Europe's premier contract manufacturers of toiletries and cosmetics it offers an unrivalled breadth of product capabilities. Its skill in design, developing and producing gift packs and themed product ranges complements its production capability.

Swallowfield's latest published results were for the 28 weeks to 13th January 2007 and showed a profit of £255,000 (2006 - loss of £695,000 after reorganisation costs of £677,000).

Western owns 1,000,000 shares in Swallowfield which is 8.9% of the issued share capital. The market value of the Company's holding in Swallowfield on 30th June 2007 was £795,000 (2006 - £455,000), being 5% (2006 - 4%) of Westerns' net assets.

Northbridge Industrial Services PLC

Northbridge announced profits of £731,000 for the year ended 31st December 2006 and declared a maiden dividend of 2p per share. Western maintained its holding of 1,500,000 shares in Northbridge. The value of the investment at 30th June 2007 was £2,768,000 (2006 - £1,598,000) being 19% (2006 - 13%) of Western's assets.

Northbridge was formed for the purpose of acquiring companies that hire and sell specialist industrial equipment such as generators, load banks, pumps, air compressors, heaters and chillers. Northbridge is seeking to acquire specialist niche businesses to give it the potential for expansion into outsourcing providers, capable of supplying a non-cyclical customer base. Northbridge's first acquisition was Crestchic Limited, one of the largest electrical load bank equipment manufacturers in the world; selling and hiring to leading national and international customers.

Industrial & Commercial Holdings PLC

ICH is a small unlisted PLC in which Western holds 29.9%. It owns land with potential to receive planning permission for housing at Milngavie, adjacent to Dougalston golf course, just north east of Glasgow. ICH is currently making representations for inclusion in the local authority's next five year plan, but it may take some time for the permission to be received. Western is in discussion with the board of ICH to consider an acquisition of an active business. Mr. Marshall and Mr. Robotham are directors of ICH.

City Group PLC

Western holds 48.57% and London Finance & Investment Group PLC holds 51.43% of City Group, which provides office and secretarial services to both of these and other companies.

General Portfolio

The General Portfolio performed well, with an overall increase of 14.23% compared with an increase in the FTSE100 of 13.26%. The investments in FTSE100 and FTSE250 stocks, which comprise 66% of the General Portfolio, increased in value by 15%. The investments in FTSE Small Cap and FTSE Fledgling stocks, which make up 22% of the General Portfolio, increased by 21%.

Share Capital and EGM

Shareholders received an offer to subscribe for Warrant Units on the basis of one Warrant Unit for every five shares held. The offer of warrants was approved overwhelmingly by shareholders at an Extraordinary General Meeting held on 9th August 2007 and was closed on 17th August 2007 as applications had been received from shareholders for all of the Warrant Units.

Each Warrant Unit comprises two 2007 Warrants, exercisable at 33p each on 10th December 2007, and three 2010 Warrants. The 2010 Warrants are exercisable at 50p each 28 days after the despatch of the annual and interim reports of the Company in each of the years 2008 to 2010. The Warrants will be admitted to trading on PLUS from 17th September 2007. PLUS has been chosen over AIM because of the lower cost. Most brokers who deal in AIM quoted shares and warrants also deal in PLUS quoted shares and warrants.

At the EGM, shareholders approved a potential increase in the size of the shareholding of our largest shareholder, London Finance & Investment Group P.L.C. ('Lonfin'), from 41% to 48%. This increase permitted Lonfin to make an excess application for Warrant Units not subscribed for by other shareholders. As Lonfin undertook to subscribe for additional Warrant Units, this reduced the number of Warrant Units that needed to be underwritten and the cost of underwriting.

Dividend

The Board is pleased to recommend an increased dividend of 2.55p per share for the year, compared to 2.45p per share for 2006, an increase of 4% per cent. The dividend will be paid on 12th October 2007 to shareholders on the register at the close of business on 21st September 2007.

Employee Benefit Trust

The Board is assisted in its responsibilities by City Group P.L.C., in particular by its two executive directors, to which we outsource our administration. Following shareholder approval at the last AGM, we have contributed to an equity based incentive scheme set up by City Group P.L.C. to reward their performance and to delegate more responsibility to them for the management of the Strategic Portfolio.

International Financial Reporting Standards

AIM rules require reporting under International Financial Reporting Standards (IFRS) for the year ended 30th June 2008 at the latest. Western has opted for early adoption of IFRS for the year ending 30th June 2007. The only significant difference resulting from the change to IFRS is that investments are valued in the balance sheet at fair value rather than cost less provisions. The change in values of £2,399,000 (2006 - £589,000) goes directly to reserves.

Western is required under IFRS28 to equity account for its interest in associated companies, City Group P.L.C. and Industrial & Commercial Holdings PLC. The earnings for the current year have been increased by £25,000 and the accumulated results to the start of the year were decreased by £24,000. The carrying value of these investments at 30th June 2007 has therefore been increased by £1,000. Under UK GAAP equity accounting was not required for non-consolidated accounts.

In current circumstances it is difficult to predict the outcome for the forthcoming year, however it is the Board's intention to maintain our progressive dividend policy

Income Statement

For the year ended 30 th June	2007 £000	2006 £000
Income from investments in:		
Listed strategic undertakings	104	43
Other listed investments	148	159
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	252	202
Administrative expenses	(611)	(292)
- normal	(293)	(292)
- exceptional	(318)	-
Surplus on disposal of investments	517	335
Release of provisions against investments	-	132
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Operating profit	158	377
Share of results of associated company	24	(3)
Finance income	-	1
Finance costs	(121)	(62)
	-----	-----
Profit on ordinary activities after exceptional items before taxation	61	313
Taxation	-	(1)
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Profit on ordinary activities after taxation attributable to equity shareholders	61	312
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Basic and diluted earnings per share	0.51p	2.75p

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.

Balance Sheet

At 30th June 2007	2007	2006
	£000	£000
Non-current Assets		
Investments in Associates	191	167
Other investments	14,651	11,823
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	14,842	11,990
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Current Assets		
Trade and other receivables	16	33
Cash and cash equivalents	6	5
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	22	38
Current Liabilities (amounts falling due within one year)	(2,081)	(1,557)
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Net Current Liabilities	(2,059)	(1,519)
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Net Assets	12,783	10,471
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Equity		
Share capital	5,130	4,675
Share premium account	2,469	2,035
Warrants reserve	-	161
Fair value reserve	2,399	589
Profit and loss account	2,785	3,011
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Shareholders' Funds	12,783	10,471
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Cash Flow Statement

For the year ended 30th June 2007	2007	2007	2006	2006
	£000	£000	£000	£000
Cash outflow from operating activities				
Cash absorbed by operations		(39)		(97)
Interest paid		(121)		(63)
Interest received		-		1
Taxation paid		-		(1)
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Net cash generated by operations		(160)		(160)
Cash flow from investing activities				
Proceeds on disposal of investments	2,289		3,374	
Purchase of investments	(2,790)		(3,399)	
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Cash absorbed by investing activities		(501)		(25)
Cashflow from financing activities				
Proceeds from issue of new shares	429		519	
Proceeds on disposal of treasury shares arising from consolidation	-		20	
Equity dividend paid	(286)		(252)	
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		143		287
		-----		-----
Movement in cash and cash equivalents		(518)		102
Net cash and cash equivalents at start of year		(1,510)		(1,612)
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Net cash and cash equivalents at end of year		(2,028)		(1,510)
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Notes:-

1. The dividend for the year of 2.55p per share (2006 - 2.45p) will be paid on 12th October 2007 to shareholders on the register at the close of business on 21st September 2007.
2. Earnings per share are based on the profit on ordinary activities after taxation and on 12,078,903 (2006 - 11,444,996) being the weighted average number of shares in issue during the period.
3. 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.
4. The financial information contained in this preliminary announcement of results has been prepared under the recognition and measurement principles of International Financial Reporting Standards. Comparatives have been restated to a consistent basis. The financial information does not give sufficient information to comply with IFRSs which will be contained in the statutory accounts sent to shareholders.
5. The financial information set out above does not constitute the company's statutory accounts for the years ended 30th June 2007 or 2006. Statutory accounts for 2006 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3). The audit of the statutory accounts for the year ended 30 June 2007 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting

For further information and a copy of the PLUS Markets Admission Document please contact:

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The directors of the issuer accept responsibility for this announcement.

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