

Western Selection P.L.C.

(Incorporated in England - No. 234871)

(the "Company" or "Western")

2nd March 2007

TO THE MEMBERS

The directors are pleased to present the unaudited interim results of the Company for the six months ended 31st December 2006.

International Financial Reporting Standards ("IFRS") value a company's stock market investments at their market price. We believe that this is a more useful presentation to shareholders as it gives a clear picture of the underlying value within the Company. We have therefore decided to adopt IFRS for reporting this year, a year earlier than is required under AIM rules. Under IFRS we may well not have sufficient earnings to fully cover future dividends, but so long as we have distributable reserves and there is growth in net assets per share we intend to continue with our progressive dividend policy.

Our net assets have increased to 99.5p per share (£12,764,000) from 89.8p per share (£10,495,000). This increase of 10.9% is a result of the good performance of both our strategic and general portfolios. We believe that our mix of Strategic Investments together with a General Portfolio of U.K. stocks is a sound investment policy for our Company.

The Company made a loss for the half year of £29,000 (0.2p per share) before exceptional costs, and a loss after the exceptional costs of setting up the Employee Benefit Trust of £232,000 (1.9p per share). This compares to a loss (restated) for the same period last year of £6,000 (0.1p per share) after tax, which included profits realised on sale of investments of £68,000 compared to £31,000 this year.

During the period the balance of the outstanding warrants were exercised and 660,509 shares were issued, raising £267,000. There are now no warrants in issue.

Investment policy and management

Our 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 two of our three strategic investments.

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 increased by 7.7% over the period to £5,729,000, compared with an increase in the FTSE100 index of 6.6%. This represents 44.9% of Western's assets. During the period we realised profits from our general portfolio of £31,000 (2005 - £68,000).

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's results for the half-year to 30th September 2006 show a profit after tax under IFRS of £1,017,000 (2005 - £765,000), equivalent to earnings of 2.1p per share (2005 - 2.1p).

Western owns 3,000,000 shares in Creston (5.4%) with a market value at 31st December 2006 of £6,030,000 (30th June 2006 - £4,845,000), being 47% 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 load banks and generators. 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 specialist load bank equipment manufacturers in the world; selling and hiring to a national and international customer base.

In March 2006, Northbridge placed 6,437,500 shares at £1 and at the same time its shares were admitted to trading on AIM. Western invested £1,500,000 for 1,500,000 shares, representing 20.3% of Northbridge's share capital. The value of the investment at 31st December 2006 was £2,055,000 representing 16% of Western's assets.

I am a non-executive director of Northbridge.

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 large contract manufacturers of such products it offers an unrivalled breadth of product capabilities. Its skill in design, developing and producing gift packs and themed product ranges compliments its production capability.

Swallowfield's latest results, for the year to 30th June 2006, showed profit, before exceptional items, of £295,000 (2005 – loss £95,000). The Company has undergone a comprehensive restructuring and rationalisation programme, incurring exceptional costs of £563,000. Net debt has been reduced by 15.5% and the Company is now looking to extend product capabilities in China and other low cost areas.

Western owns 1,000,000 shares in Swallowfield (8.9% of their issued share capital). The market value of the Company's holding in Swallowfield on 31st December 2006 was £653,000 (30th June 2006 – £455,000) representing 5% of the Company's assets.

Conclusion

The London stock market and other world markets showed further strength during 2006 despite evidence of sluggish US economic growth and volatile energy prices. The Directors continue to believe that holding special situation investments together with a general portfolio is the most effective way to enhance shareholder value.

The Board declared an increased dividend of 2.45p per share for the year to 30th June 2006. It is not the Board's policy to pay interim dividends, but it is intended, subject to unforeseen circumstances, to maintain the dividend for the current year, which the Board anticipate paying in October 2007.

D.C. MARSHALL

Chairman

Unaudited Profit and Loss Account

	Half year ended 31 st December 2006	2005 restated £000	Year ended 30 th June 2006 restated £000
Income from investments in:			
Listed strategic undertakings	95	43	43
Other listed investments	45	65	159
Surplus on disposal of listed undertakings	31	68	335
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	171	176	537
Administrative expenses	(148)	(155)	(292)
	-----	-----	-----
Operating profit	23	21	245
Interest receivable	-	-	1
Interest payable and similar charges	(52)	(27)	(62)

(Loss)/Profit on ordinary activities before exceptional items and taxation	-----	-----	-----
	(29)	(6)	184
Exceptional costs of establishing an Employee Benefit Trust	(203)	-	-
	-----	-----	-----
(Loss)/Profit on ordinary activities before taxation	(232)	(6)	184
Taxation	-	-	(1)
	-----	-----	-----
(Loss)/Profit on ordinary activities after taxation	(232)	(6)	183
	-----	-----	-----
Basic (loss)/earnings per share	(1.9)p	(0.1)p	1.6p
(Loss)/Earnings per share excluding exceptional costs	(0.2)p	(0.1)p	1.6p
Diluted earnings per share	n/a	(0.1)p	1.6p
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Dividend per share	Nil	Nil	2.45p

Statement of Recognised Gains and Losses

	Half year ended		Year ended
	31 st December		30 th June
	2006	2005	2006
	£000	£000	£000
(Loss)/Profit attributable to shareholders	(232)	(6)	183
Unrealised gains on listed undertakings	2,171	1,441	365
	-----	-----	-----
Total recognised gains	1,939	1,435	548
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Changes in Shareholders' Equity

	Half year ended		Year ended
	31 st December		30 th June
	2006	2005	2006
	£000	£000	£000
Total recognised gains	1,939	1,435	548
Proceeds of new share issues	187	519	519
Proceeds of disposal of treasury shares	-	20	20
Dividends paid in respect of the previous year	(286)	(252)	(252)
Dividends in respect of the previous years forfeit	-	-	1
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Shareholders' funds at start of period	11,382	9,660	9,660
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Shareholders' funds at end of period	13,222	11,382	10,495
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Unaudited Balance Sheet

	31 st December		30 th June
	2006	2005	2006
	£000	restated £000	restated £000
Fixed assets			
Strategic Investments			
Creston plc	6,030	5,849	4,845
Swallowfield plc	653	455	455
Northbridge Industrial Services PLC	2,055	-	1,598
General Portfolio investments			
- UK	5,729	5,276	4,869
- Overseas	-	671	-
- Unlisted	268	276	247
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	14,735	12,497	12,014
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Current assets	43	411	33
Cash at bank and in hand	5	25	5
Bank overdraft	(1,862)	(1,161)	(1,515)
Current liabilities	(157)	(390)	(42)
	-----	-----	-----
Net current liabilities	(1,971)	(1,115)	(1,519)
	-----	-----	-----
Total assets less current liabilities	12,764	11,382	10,495
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Capital and Reserves			
Called up share capital	5,130	4,675	4,675
Share premium account	2,357	2,035	2,035
Other reserves	2,761	1,663	589
Warrants reserve	-	161	161
Retained earnings	2,516	2,848	3,035
	-----	-----	-----
	12,764	11,382	10,495
	-----	-----	-----
Net Assets at market value per share - pence	99.5p	97.4p	89.8p
Number of shares in issue	12,825,221	11,688,182	11,688,182

Notes:-

- The results for the half-year are unaudited. They have been prepared on the basis of IFRS and comparative figures have been amended. The effect is noted below. 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 30th June 2006 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.
- Effects of implementing IFRS.
The only adjustment to the presentation of the financial statements is that the unrealised gains on investments are now brought into account.
 - The profit for the comparative period and for the preceding year have been reduced by £132,000 in respect of recoveries of provisions. That amount is now recorded, under IFRS, in the Statement of Recognised Gains and Losses (STRGL) as part of the unrealised gains on investments. The original charge in 2005 to profit and loss to set up the provision, has also been reversed. There is therefore no change in retained earnings.
 - The unrealised gains on investments (marking to market) are now brought into the balance sheet and recorded in the Statement of Recognised Gains and Losses. The balance sheet value of fixed assets has been increased by £1,663,000 at the end of the comparable period, £589,000 at the prior year end and £2,761,000 at the end of the current period.
- 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.

Cash Flow Statement

		Half year ended 31 st December 2006	Year ended 30 th June 2006
	Notes	£000	£000
Net cash inflow/(outflow) from operating activities	(a)	96	(97)
Returns on investments and servicing of finance			
Interest paid		(52)	(63)

Interest received	-	1
	(52)	(62)
Taxation paid	-	(1)
Financial investment		
Proceeds of disposal of fixed asset investments	500	3,374
Purchase of fixed asset investments	(1,018)	(3,399)
	-----	-----
Net cash outflow from financial investment activities	(518)	(25)
Equity dividend paid	(286)	(252)
Financing activities		
Proceeds of new share issues	429	519
Proceeds from sale of treasury shares	-	20
Professional fees re EBT	(16)	-
	-----	-----
Net cash inflow from financing activities	413	539
	-----	-----
(Increase)/Decrease in debt	(347)	102
Net debt at start of year	(1,510)	(1,612)
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Net debt at end of year	(b) (1,857)	(1,510)
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Notes:

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

Operating profit	22	378
Profit on sale of investments	(31)	(335)
Net release of provisions against investments	-	(132)
Interest received	-	(1)
Decrease in debtors and accrued income	10	34
Increase/(Decrease) in creditors	94	(41)
	-----	-----
Net cash inflow/(outflow) from operating activities	95	(97)
	-----	-----

(b) Reconciliation to movements in net debt

	At start Period £000	Cash flow £000	At end Period £000
2005			
Cash at bank	5	-	5
Bank overdraft	(1,515)	(347)	(1,862)
	-----	-----	-----
	(1,510)	(347)	(1,857)
2005/2006			
Cash at bank	25	(20)	5
Bank overdraft	(1,637)	122	(1,515)
	-----	-----	-----
	(1,612)	102	(1,510)
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Market value of General Portfolio

£000

%

Treatt	875	15.3
Royal Dutch Shell	231	4.0
UCM Group	226	3.9
Equisar IID Fund	200	3.5
BP	170	3.0
Bioquell	170	3.0
Prudential Corporation	163	2.7
Diageo	150	2.6
Best Of The Best	147	2.6
Vodafone Group	142	2.5
Johnson Matthey	141	2.5
BHP Billiton	131	2.3
Associated British Foods	124	2.2
Homeserve	121	2.1
Wolverhampton & Dudley Breweries	119	2.1
Standard Chartered	119	2.1
Travis Perkins	119	2.1
Wynnstay Group	116	2.0
Lloyds TSB Group	114	2.0
GlaxoSmithKline	114	2.0
Cadbury Schweppes	109	1.9
Forth Ports	108	1.9
Scottish & Newcastle	101	1.8
Ladbrokes	100	1.8
Royal & Sun Alliance Insurance	98	1.7
William Hill	95	1.7
RHM	95	1.7
HSBC Bank PLC	93	1.6
Top Ten Holdings	89	1.5
Cable & Wireless	87	1.5
Gallaher Group	86	1.5
British American Tobacco	86	1.5
Imperial Tobacco Group	80	1.4
United Utilities	78	1.4
Balfour Beatty	71	1.2
Severfield-Rowen	69	1.2
Cobham	68	1.2
Rotork	58	1.0
Marshalls Group	57	1.0
Spirax-Sarco Engineering	55	1.0
Renishaw	52	1.0
PZ Cussons	50	0.9
Castings	48	0.8
Barr (A.G.)	48	0.8
Gibbs & Dandy	44	0.7
Thorntons	42	0.7
National Grid	37	0.6
Zenith Hygiene Group	25	0.4
Futura Medical	8	0.1
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	5,729	100.0
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