

Western Selection P.L.C.

Preliminary announcement of unaudited results for the year ended 30th June 2007

Western Selection is an investment company with a mix of Strategic Investments and a General Portfolio, primarily of U.K. stocks. The Company's objective is to generate real growth in value for shareholders over the medium to long term and pay a progressive dividend. Our total shareholder return over the last 5 years is in line with the return from the FTSE 250 index and slightly above the return on the FTSE 100 index.

The Board realises that shareholder value is not only affected by the value of the underlying investments, but also the discount at which the Company's shares trade. As part of ongoing efforts to reduce that discount, shareholders have recently been sent an invitation to subscribe for Warrants. The funds raised from this subscription and from the exercise of the Warrants will be used to increase the assets under management, improving the ratio of assets invested to operating expenses.

The offer was structured to raise £872,000 in September 2007, assuming that all Warrants are issued. If all Warrants are exercised £1,693,000 will be raised in December 2007 and a further £3,848,000 in the period 2008-2010. Additional information on the Offer is included in the section on "Share Capital and EGM" below.

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

D.C. Marshall
Chairman

10th September 2007

Income Statement

For the year ended 30th June 2007	2007	2006
		Restated
	£000	£000
Income from investments in:		
Listed strategic undertakings	104	43
Other listed undertakings	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
Operating profit	158	377
Share of results of associates	24	(3)
Finance income	-	1
Finance costs	(121)	(62)
Profit on ordinary activities after exceptional items before taxation	61	313
Taxation	-	(1)
Profit on ordinary activities after taxation attributable to equity shareholders	61	312
Basic and diluted earnings per share	0.51p	2.73p

All profits and losses are on continuing activities.

Statement of Changes in Equity

	Ordinary share capital £000	Share premium account £000	Warrants reserve £000	Fair value reserve £000	Retained earnings £000	Total £000
Year ended 30th June 2006						
Balances as reported 30 th June 2005	4,351	1,646	355	-	2,951	9,303
Adjustment for fair values	-	-	-	357	-	357
Adjustment for share of results of associate	-	-	-	-	(21)	(21)
Restated balances	4,351	1,646	355	357	2,930	9,639
Profit attributable to shareholders	-	-	-	-	312	312
Fair value adjustment on listed undertakings, net of profits realised during the year and reflected in the income statement	-	-	-	232	-	232
Total income and expense for the year	-	-	-	232	312	544
New shares issued	324	195	-	-	-	519
Warrants reserve released	-	194	(194)	-	-	-
Forfeit dividends	-	-	-	-	1	1
Disposal of fractions	-	-	-	-	20	20
Dividends paid in respect of the previous year	-	-	-	-	(252)	(252)
Total transactions with shareholders for the year	324	389	(194)	-	(231)	288
Balances at 30 th June 2006	4,675	2,035	161	589	3,011	10,471
Year ended 30th June 2007						

Balances at 1 st July 2006	4,675	2,035	161	589	3,011	10,471
Profit attributable to shareholders	-	-	-	-	61	61
Fair value adjustment on listed undertakings, net of profits realised during the year and reflected in the income statement	-	-	-	1,810	-	1,810
Total income and expense for the period	-	-	-	1,810	61	1,871
New shares issued	455	273	-	-	-	728
Warrants reserve released	-	161	(161)	-	-	-
Dividends paid in respect of the previous year	-	-	-	-	(287)	(287)
Total transactions with shareholders for the year	455	434	(161)	-	(287)	441
Balances at 30th June 2007	5,130	2,469	-	2,399	2,785	12,783

Balance Sheet

At 30th June 2007

	2007	2006
	£000	Restated £000
Non-current Assets		
Investments	14,842	11,990
Current Assets		
Trade and other receivables	16	33
Cash and cash equivalents	6	5
	22	38
Current Liabilities (amounts falling due within one year)	(2,081)	(1,557)
Net Current Liabilities	(2,059)	(1,519)
Net Assets	12,783	10,471
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
Shareholders' Funds	12,783	10,471

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 of treasury shares arising from consolidation	-	20
Equity dividend paid	(286)	(252)
	-----	-----
	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

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Copies of this notification are held at the Company's office, 30 City Road, London, EC1Y 2AG (tel. 020 7448 8950) and are available for a period of 14 days from the date of this announcement.