

Regulatory Announcement

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PRESS RELEASE

WESTMOUNT ENERGY LIMITED

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2008

The Board of Westmount Energy Limited (the "Company") today announces the final results of the Company for the year ended 30 June 2008.

These results will shortly be available to download from the Company's website www.westmount-energy.co.uk and will be posted to shareholders no later than Friday 7 November 2008.

CHAIRMAN'S REVIEW

It is my pleasure to present my first Annual Report on the Company since I was appointed Chairman in March 2008, and to report that considerable progress has been made in realising the value of your Company's investments.

Your Board has maintained its policy of closely monitoring its four investments and this has initially resulted in the sale of our holding in CDS Oil and Gas Plc for £825,194 which resulted in a net profit of £289,072. The timing of this sale was particularly fortuitous in view of market conditions subsequent to the sale.

We raised further cash by disposing of a small percentage of our holding in Desire Petroleum Plc, namely 300,000 shares, at 77.79p and of one million of our holding in Sterling Energy Plc at 13.96p. I will refer later in my review as to our strategy in relation to these two investments.

Your Board continued with its programme to buy back the Company's shares as and when the opportunity arose and when the price represented a significant discount to our net asset value. During the year we purchased a total of 424,700 shares at a total cost of £348,092.

The most significant event has occurred subsequent to the year end when we accepted an offer from a Swedish utility company, Vattenfall AB (publ), to acquire our holding of 244,000 shares in Eclipse Energy Plc at a price of £18.01p per share. The formal offer has been tabled and under the terms of the offer the closing date was 31

October 2008. Subject to the offer becoming unconditional we would anticipate receiving proceeds in the region of £4,394,000. This would represent a profit of £3,659,000 on this investment.

For this we are deeply indebted to the foresight of our late Chairman, Derek Williams who had the courage and foresight to recognise the potential for wind and gas generation in the Irish Sea. At a time when Eclipse was encountering difficulty in raising additional finance, Derek personally guaranteed the company's loan of £500,000 to Eclipse which was subsequently converted into shares at £7.50. In my view this loan was critical to Eclipse's survival at that time.

It is indeed sad that Derek could not have survived to witness the success of this investment.

Following the disposal of these two investments, the company has two remaining investments, namely:

1. **Desire Petroleum Plc (Desire)**

Desire announced on the 14 August that it had signed an agreement with Arcadia Petroleum Ltd whereby Arcadia will drill two wells in the North Falkland Basin at no cost to Desire. In addition the Falkland Island Government has granted Desire and Arcadia new acreage adjacent to Desire's existing acreage in Tranche 1.

In addition Desire has sufficient resources of its own to drill two additional wells in their licence area.

Following this announcement Desire and Arcadia are actively seeking a rig and there are signs that the rig market is softening and they are hopeful that subject to engaging a rig, drilling could commence in the first quarter 2009. Desire have confirmed that the drilling opportunity is economically compelling even in the current oil price environment.

2. **Sterling Energy Plc (Sterling)**

Sterling's performance has been very disappointing and the share price has collapsed from 14p to around 3p as worries persisted about the company's financial position. It has recently raised £13 million by way of a placing at 2p and in addition has entered into a contractual agreement to sell its North American assets. The sale of these, if completed, and the recent Farm In to their Kurdistan acreage should ensure that the company's outlook in 2009 will improve. We participated in the recent placing by buying 2,500,000 shares at 2p at a cost of £50,000.

Your Board has been successful in reducing the corporate costs and will continue to maintain a firm control on expenditure. As a result of the sale of our investment in CDS we are able to report a net profit after tax of £206,410 (2007 loss £363,923) for the year.

Future Policy

It is the Board's intention to realise value from its investments and to return surplus cash to shareholders. We would hope to receive the proceeds from the sale of our Eclipse shares towards the end of the calendar year and we will then review what action we propose with regard to returning surplus funds to our shareholders.

Finally at the time of writing this review the net asset value of our shares (taking into account the proceeds of Eclipse sale) is 110p per share.

MERVYN BRADLOW

Chairman

3 November 2008

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS OF WESTMOUNT ENERGY LIMITED

1. The directors have pleasure in presenting the audited financial statements of the company for the year ended 30 June 2008.
2. The result for the year is set out on page 10 in the profit and loss account. The directors do not recommend the payment of a dividend in respect of these financial statements.

3. Development of the company's activities and its prospects are reviewed in the chairman's review on pages 4 and 5.
4. The directors during the year and subsequently were as follows:

A Levison (Chairman) (resigned 11 March 2008)
P J Richardson
M S D Yates
P R Anderson
M Bradlow (Non-Executive director, appointed Non-Executive Chairman 11 March 2008)

Biographical Information

Peter J Richardson, age 52, a Jersey resident, is an associate of the Chartered Institute of Bankers and a diploma qualified Fellow of the Securities Institute. A director of the company since 25 June 1998, he is a director of fund management and special purpose vehicle administration companies. He was formerly for six years Corporate Trust Manager of The Royal Bank of Scotland Trust Company (Jersey) Limited and for the previous twenty years held senior positions with four major international banking groups.

He also holds a number of public company directorships.

Marc S D Yates, age 48, a Jersey resident, and a director of the company since 1 October 1998, is a partner in the offshore legal and fiduciary services Ogier Group Partnership. He practices in the area of corporate and finance law and has been an advocate of the Royal Court of Jersey since 1985, as well as being an English barrister of twenty four years standing.

He also holds a number of public company directorships.

Paul R Anderson, age 34, a Jersey resident, and a director of the company since 22 December 2005, is a Fellow of the Institute of Chartered Secretaries and Administrators and a senior trust manager of Bedell Group, Jersey and has been involved with the company's business for over 10 years.

Mervyn Bradlow, Non Executive Chairman, age 77, has been known to the company for many years and had a close association with the previous chairman, was a member of the London Stock Exchange and is currently an investment advisor with Hargreave Hale Limited, stockbrokers, and has been involved in the oil and gas sector for over 20 years.

5. The secretary of the company throughout the year was Bedell Secretaries Limited.
6. The principal activity of the company is, and continues to be, investment holding.
7. The company purchased, for cancellation, 424,700 ordinary shares of 20p during the year for a total consideration of £348,092. The shares represent 5.7% of the opening called up share capital as at 1 July 2007.
8. At 3 November 2008 notification had been received of the following holdings of more than 3% of the issued capital of the company:

	<u>Number</u>	<u>%</u>
Personal representatives of the late D G Williams and related parties	1,005,939	14.41
Amodeo Investments Limited	864,000	12.38
Hargreave Hale Limited	1,262,000	18.08

The company held no beneficial interest in shares of the company through related parties.

9. There are no service contracts with directors. However, Ridge House Resources Limited, a company in which D G Williams was interested, is entitled to a commission of 3% of profits arising from the company's current interest held through Desire Petroleum plc and any future interests in the Falkland Islands.

In order to secure loan finance in July 2002 from The Royal Bank of Scotland plc, D G Williams provided a personal guarantee to the bank amounting to £500,000. In consideration of D G Williams providing that guarantee the company has agreed to pay him a fee of 3% of profits realised by the company on the investment in Eclipse Energy UK plc. This fee is payable to his estate.

The directors, from time to time, are entitled to an aggregate bonus calculated at 5% of the gross profit realised from any potential sale of shares in Sterling Energy plc, received following the disposal of the company's investments in Fusion Oil & Gas plc and Fusion Oil & Gas NL.

10. The company is not resident in the United Kingdom and is, therefore, not a close company within the meaning of the United Kingdom Income and Corporation Taxes Act 1988.
11. The movements in investments are shown in note 7 to the financial statements on page 16.
12. The company does not follow any specified code or standard on payment practice. However, it is company policy to settle all debts owing on a timely basis, taking account of the credit period given by each supplier. The company has few trade creditors and the majority of year end credit was due to professional advisers. For this reason, the directors consider that the publication of the number of creditor days would not provide meaningful information.
13. The directors are responsible for preparing their Annual Report and the financial statements in accordance with applicable law and regulations.

The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and applicable law. The financial statements are required to give a true and fair view of the state of the affairs of the company as at the end of the financial period and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and that enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991;
- safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm that they have complied with these requirements and, at the time of approving these financial statements, have a reasonable expectation that the company has adequate resources to continue in operational existence as a going concern for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

14. In the case of each of the persons who are directors at the time when the report is approved, the following applies:
 - so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
 - each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.
15. A resolution to re-appoint the auditors, Moore Stephens, and authorising the directors to fix their remuneration will be submitted to the forthcoming annual general meeting.

16. Special Business at Annual General Meeting

The annual renewal of the general authority of the company to purchase up to ten per cent of its issued shares on a stock exchange is included as special business at the Annual General Meeting.

By Order of the Board

For and on behalf of
Bedell Secretaries Limited

P R ANDERSON

Secretary

26 New Street
St Helier
Jersey
JE2 3RA
Channel Islands

3 November 2008

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WESTMOUNT ENERGY LIMITED**

We have audited the financial statements of Westmount Energy Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members as a body, in accordance with Article 110(2) of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you whether, in our opinion, the Directors' Report is not consistent with the financial statements, whether the company has not kept proper accounting records, or whether we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Profile, Company Information, Chairman's Review and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the

accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state the company's affairs as at 30 June 2008 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991;

Chartered Accountants
 First Island House
 Peter Street
 St Helier
 Jersey, JE2 8SG

Dated: 3 November 2008

**PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 30 JUNE 2008**

(Expressed in United Kingdom Sterling)

	Note	£	2008 £	£	2007 £
Administrative expenses			<u>(346,267)</u>		<u>(436,410)</u>
Operating (loss)			(346,267)		(436,410)
Profit on disposal of investments	7	507,325		-	
Interest receivable		<u>45,352</u>		<u>72,487</u>	
			552,677		72,487
Profit/(loss) on ordinary activities before taxation	3		206,410		(363,923)
Taxation	5		-		-
Profit/(loss) for the financial year			<u>206,410</u>		<u>(363,923)</u>
Earnings per share	6		<u>2.85p</u>		<u>(4.89)p</u>

There were no acquisitions or discontinued operations during the current or preceding year.

The company had no recognised gains or losses other than those disclosed in the profit and loss account.

**BALANCE SHEET
AT 30 JUNE 2008**

(Expressed in United Kingdom Sterling)

	Note	2008		2007	
		£	£	£	£
FIXED ASSETS					
Investments	7		4,728,998		5,418,141
CURRENT ASSETS					
Prepayments and accrued income			7,689		5,824
Cash at bank			1,118,597		540,609
			<u>1,126,286</u>		<u>546,433</u>
CREDITORS: amounts falling due within one year					
	8		<u>(131,730)</u>		<u>(143,341)</u>
NET CURRENT ASSETS			<u>994,556</u>		<u>403,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,723,554</u>		<u>5,821,233</u>
 SHARE CAPITAL AND RESERVES					
Share capital	9		1,403,060		1,488,000
Share premium account	10		416,317		679,469
Capital redemption reserve	10		251,410		166,470
Share option account	10		269,416		225,413
Profit and loss account	10		<u>3,383,351</u>		<u>3,261,881</u>
SHAREHOLDERS' FUNDS	11		<u>5,723,554</u>		<u>5,821,233</u>

These financial statements were approved and authorised for issue by the board of directors on 3 November 2008 and were signed on its behalf by:

P J RICHARDSON

Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

(Expressed in United Kingdom Sterling)

	Note	2008 £	2007 £
Net cash (outflow) from operating activities	A	(315,740)	(326,654)
Returns on investments and servicing of finance	B	45,352	36,234
Capital expenditure and financial investment	C	1,196,468	-
Cash inflow/(outflow) before financing		926,080	(290,420)
Financing	D	(348,092)	(49,193)
Increase/(decrease) in cash		577,988	(339,613)
Reconciliation of cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash		577,988	(339,613)
Change in net funds/(debt) resulting from cash flows		577,988	(339,613)
Conversion of loan to equity investment		-	(500,000)
Movement in net funds in the year		577,988	(839,613)
Net funds brought forward		540,609	1,380,222
Net funds carried forward	E	1,118,597	540,609
Represented by:			
Cash at bank		1,118,597	540,609
Net funds carried forward		1,118,597	540,609

A. RECONCILIATION OF NET OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(346,267)	(436,410)
Cost attributable to issue of share options	44,003	142,709
(Increase) in prepayments and accrued income	(1,865)	(146)
(Decrease) in creditors and accrued expenses	(11,611)	(32,807)
Net cash outflow from operating activities	(315,740)	(326,654)

B. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2008	2007
	£	£
Interest received	<u>45,352</u>	<u>36,234</u>
Net cash inflow from returns on investments and servicing of finance	<u>45,352</u>	<u>36,234</u>
C. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2008	2007
	£	£
Sale of fixed asset investments	<u>1,196,468</u>	<u>-</u>
Net cash inflow from capital expenditure and financial investment	<u>1,196,468</u>	<u>-</u>
D. FINANCING	2008	2007
	£	£
Purchase of own shares	<u>(348,092)</u>	<u>(63,442)</u>
<i>Issue of shares</i>	<u>-</u>	<u>14,249</u>
Net cash outflow from financing	<u>(348,092)</u>	<u>(49,193)</u>
E. ANALYSIS OF NET FUNDS	30 June	1 July
	2008	2007
	£	£
Net funds		
Cash at bank	<u>1,118,597</u>	<u>540,609</u>
	<u>577,988</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

b) Foreign currency

Transactions denominated in foreign currencies are translated to United Kingdom Sterling at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into United Kingdom Sterling at the rate prevailing at the balance sheet date.

Exchange gains and losses are taken to administrative expenses in the profit and loss account.

c) Investments

Fixed and current asset investments are stated at cost and are subject to review for impairment. Any impairment is recognised in the profit and loss account in the year in which it occurs. Profits or losses realised on the disposal of individual fixed asset investments are calculated on an average cost basis.

d) Financial instruments

Financial assets and liabilities are initially recognised on the historical cost basis, which approximate to fair value. The company recognises a financial asset or financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument.

Income and expenses associated with financial instruments are taken to the profit and loss account on an accruals basis.

Impairment of financial assets is recognised in the profit and loss account in the year in which it occurs.

e) Share options

Awards of share options are recorded under Financial Reporting Standard 20: Share-based Payment. The cost of the share options are ascribed a fair value at grant date and accounted for as an administration cost of the company with an equal Share Option Reserve being created in Shareholders' Funds. The cost is recognised in the profit and loss account over the vesting period of the award.

f) Capital redemption

Nominal amount of the company's share that have been purchased for cancellation is transferred from Profit and Loss Account Reserves to the Capital Redemption Reserves as required by Jersey Company Law.

2. **TOTAL ASSETS LESS CURRENT LIABILITIES:
SEGMENTAL INFORMATION
By geographical area**

	2008	2007
	£	£
Total assets less current liabilities		
South America	-	536,124
South Atlantic	658,998	697,017
North American and African regions	3,335,000	3,450,000
European regions	735,000	735,000
Segment net assets	4,728,998	5,418,141
Unallocated net assets	994,556	403,092
	5,723,554	5,821,233

Segmental information is reported under Statement of Accounting Practice 25: Segmental reporting. Since there is only one class of business, reporting is provided by geographical area only.

3. **NET PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2008	2007
	£	£
Net profit/(loss) on ordinary activities before taxation is stated after charging:		
Directors' emoluments	148,883	221,515
Compensation for loss of office	24,486	-
Auditors' remuneration	16,000	14,000
Other auditors' costs - consultancy	-	2,588

4. **REMUNERATION OF DIRECTORS**

	2008	2007
	Salary/ fees	Salary/ Fees
	£	£
Highest paid director	82,821	49,227
Other executive directors	55,000	169,494
Non-executive director	35,548	2,794
	173,369	221,515

Directors' remuneration includes the cost of 250,000 (2007: 450,000) share options granted to two directors (2007: three) at a weighted average fair value of 16.47p (2007: 43.25p), on 6 September 2007 (150,000) and 19 December 2007 (100,000).

