

**Regulatory Announcement**

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**Company** Westmount Energy Limited  
**TIDM** WTE  
**Headline** Interim Results  
**Released** 07:00 02-Mar-06  
**Number** 1475Z

RNS Number:1475Z  
Westmount Energy Limited  
02 March 2006

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2 March 2006

## WESTMOUNT ENERGY LIMITED

INTERIM RESULTS FOR THE SIX MONTHS  
ENDED 31 DECEMBER 2005

The Board of Westmount Energy Limited ("the Company") today announces the interim results of the Company and its subsidiary ("the Group") for the six months ended 31 December 2005. Highlights are as follows:

- Turnover from discontinued operations in the North Sea £1,118 (2004: £60,090).
- Profit before tax of £4,810,877, profit after tax £4,343,603 (2004: Loss before tax of £80,786, loss after tax £91,690).
- Earnings per share of 28.93p (2004: Loss per share of 0.61p).
- The results for the six months ended 31 December 2005 include the surplus realised on the termination of the Group's overriding royalty interest relating to Licence P.241 North Sea amounting to £1,706,201 and the profit realised on the disposal of 40 million of the Company's shareholding of 70 million Ordinary Shares of Sterling Energy plc amounting to £3,189,999. No investments were sold in the corresponding period last year.

Following the approval of Shareholders at the Extraordinary General Meeting of the Company held on 22 December 2005 Capital of the equivalent of 50p per 10p Ordinary Share totalling approximately £7,500,000 was authorised to be returned

to shareholders. Shareholders have also received one Consolidated Share of 20p for every two Ordinary Shares of 10p each held. On 31 January 2006 a total of £5,836,679 was returned to shareholders and those shareholders not receiving full earlier payment will be forwarded return of capital on 1 May 2006, totalling £1,670,001.50.

The 10p Ordinary Shares of the Company commenced trading on AIM on 2 October 1995 at 15p. Following the Share Capital Re-organisation there are now 7,506,680 20p Ordinary Shares in issue traded on AIM held by approximately 1,500 shareholders. There are also Share Options outstanding over 750,000 20p Ordinary Shares exercisable at a subscription price of 103.5p per share, over various periods, expiring 31 December 2012.

Attached: Full text of the Chairman's Interim Review from the forthcoming Interim Report, including the Consolidated Profit and Loss Account, Consolidated Balance Sheet and Consolidated Cash Flow Statement.

Copies of the interim results will be available from the offices of Ruegg & Co Limited, 39 Cheval Place, London SW7 1EW for a period of one month from today's date.

#### CHAIRMAN'S INTERIM REVIEW

The results for the six months ended 31 December 2005 show profits before taxation of £4,810,877 (£4,343,603 after taxation) compared with a loss before taxation of £80,786 (£91,690 after taxation) for the six months ended 31 December 2004. Turnover for the six months ended 31 December 2005 arising from the Group's discontinued operations in the North Sea amounted to £1,118 as compared with £60,090 for the six months ended 31 December 2004.

For the six months ended 31 December 2005 the results include the surplus realised on the termination of the Group's overriding royalty interest relating to Licence P.241, North Sea amounting to £1,706,201. Also included in the profits for the period was the profit realised on the disposal of 40,000,000 Ordinary Shares of Sterling Energy plc ("Sterling") amounting to £3,189,999. No investments were sold in the corresponding period last year.

As set out in the Circular to Shareholders dated 25 November 2005, following the sale of the two Investments referred to above, the Company had cash funds available of approximately £9 million and the Directors were in a position to recommend return of capital to Shareholders, whilst retaining sufficient funds for the future growth of the Company. Following the Extraordinary General Meeting of the Company held on 22 December 2005 it was announced that all enabling resolutions as set out in the Circular were duly passed and accordingly Capital of the equivalent of 50p per Ordinary Share totalling approximately £7,500,000 would be returned to Shareholders. Shareholders would also receive one Consolidated Ordinary Share of 20p for every two Ordinary Shares of 10p each held. On 31 January 2006 a total of £5,836,679 was returned to shareholders and those shareholders not receiving full earlier payment will be forwarded return of capital on 1 May 2006, totalling £1,670,001.50.

On 19 January 2006 Westmount announced it had provided a £500,000 Convertible Loan to AIM quoted CDS Oil & Gas Group plc ("CDS") to be utilised solely towards the funding of its exploration programme in the Chaco Basin in North West Paraguay. Westmount has the option at any time prior to 29 December 2006 to elect to apply the Loan by subscribing for and paying up 5 million new ordinary shares of 1p in CDS at 10p per share and CDS will procure the issue to Westmount of warrants to subscribe for a further 5 million new ordinary shares of 1p each in CDS at 10p per share for a period of one year thereafter. In the event Westmount does not exercise its option or the Loan is not repaid on 29 December 2006, Westmount will apply the Loan by paying up and subscribing for on 29 December 2006, such number of new ordinary shares of 1p each in CDS as shall be found by dividing the aggregate amount of the Loan and accrued interest by the average price of an ordinary share of 1p each in CDS as traded on AIM for the previous 14 trading days, less 5% thereof.

On 22 December 2005, Westmount was pleased to announce the appointment of Paul Anderson as a director of the Company. Paul is an associate member of the Institute of Chartered Secretaries and Administrators, a trust manager of Bedell Group, Jersey, and has been involved with Westmount's business for over 9 years. On 17 January 2006, the Board announced that Ruegg & Co Limited, which specialises in the AIM and OFEX markets, had been appointed as Nominated Adviser and Broker to the Company.

The moves outlined above have been designed to assist in the further development of Westmount and the growth in value per share for the benefit of Shareholders.

Westmount's investments continue to perform well. Besides the recent investment in CDS these include, 30,000,000 shares of AIM quoted Sterling, 5,500,000 shares of AIM quoted Desire Petroleum plc and 244,000 shares of presently unquoted, Eclipse Energy Company Limited.

The 10p Ordinary Shares of Westmount Energy Limited commenced trading on AIM on 2 October 1995 at 15p. Following the Share Capital Re-organisation there are now 7,506,680 20p Ordinary Shares in issue traded on AIM held by approximately 1,500 shareholders. There are also Share Options outstanding over 750,000 20p Ordinary Shares, exercisable at a subscription price of 103.5p per share, over various periods, expiring 31 December 2012.

Derek G. Williams  
Chairman

2 March 2006

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Six months to 31 December 2005 (unaudited) £	Six months to 31 December 2004 (unaudited) £	Year to 30 June 2005 (audited) £
Turnover - discontinued operations	1,118	60,090	137,925
Operating Costs	-	(4,411)	(5,927)
Surplus on termination of North Sea overriding royalty interest (before taxation)	1,706,201	-	-
Profit on disposal of investments	3,189,999	-	639,751
Interest Receivable	73,277	24,670	27,584
Interest Payable	-	(28,983)	(32,625)
Administration Expenses	(159,718)	(132,152)	(280,841)
Profit (Loss) on ordinary activities before taxation	4,810,877	(80,786)	485,867
Taxation	(467,274)	(10,904)	(24,505)

Profit (Loss) on ordinary activities after taxation	4,343,603	(91,690)	461,362
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Earnings (Loss) per ordinary share	28.93p	(0.61p)	3.07p

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2005 (unaudited) £	30 June 2005 (audited) £
<b>FIXED ASSETS</b>			
Tangible fixed assets		-	32,563
Investments		4,882,017	9,482,017
		<u>                    </u>	<u>                    </u>
		4,882,017	9,514,580
<b>CURRENT ASSETS</b>			
Debtors		2,425	11,779
Cash at bank		9,432,825	34,791
		<u>                    </u>	<u>                    </u>
		9,435,250	46,570
<b>CREDITORS</b>			
Amounts falling due within one year		(639,471)	(71,060)
		<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS LESS CREDITORS</b>		13,677,796	9,490,090
		<u>                    </u>	<u>                    </u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital	1	1,651,470	1,501,336
Share Premium Account	2	8,024,765	974,248
Profit and Loss Account	3	4,001,561	7,014,506
		<u>                    </u>	<u>                    </u>
<b>SHAREHOLDERS' FUNDS</b>		13,677,796	9,490,090
		<u>                    </u>	<u>                    </u>

## Notes:

	£
1. Share Capital -	
Balance 01.07.2005	1,501,336
Transfer from Share Premium Account:	
15,015,361 'B' Shares of 1p	150,134
Balance 31.12.2005	<u>1,651,470</u>
2. Share Premium Account -	
Balance 01.07.2005	974,248

Transfer to Share Capital: 15,013,261 'B' Shares of 1p	(150,134)
Transfer from Profit and Loss Account	
49p Premium on 'B' Shares	7,356,548
Expenses of Share Capital Reorganisation	(155,897)
Balance 31.12.2005	<u>8,024,765</u>
3. Profit and Loss Account - Balance 01.07.2005	7,014,506
Profit for 6 months ended 31.12.2005	4,343,603
Transfer to Share Premium Account	(7,356,548)
Balance 31.12.2005	<u>4,001,561</u>

## CONSOLIDATED CASH FLOW STATEMENT

	Six months to 31 December 2005 (unaudited) £	Six months to 31 December 2004 (unaudited) £	Year to 30 June 2005 (audited) £
Net cash outflow from operating activities	(161,479)	(94,126)	(64,519)
Returns on investment and servicing of finance	73,277	95,424	63,813
Taxation paid	-	-	(19,605)
Capital expenditure and financial investment	9,528,763	-	779,581
Cash inflow before financing	<u>9,440,561</u>	<u>1,298</u>	<u>759,270</u>
Financing	(42,527)	41,875	(764,174)
Increase (decrease) in cash	<u>9,398,034</u>	<u>43,173</u>	<u>(4,904)</u>
Reconciliation of cash flow to movement in net funds/(debt)			
Increase (decrease) in cash	9,398,034	43,173	(4,904)
Cash outflow from decrease in debt	-	-	764,174
Cash inflow from decrease in current asset	-	-	(94,332)
Change in net funds/(debt) resulting from cash flows	<u>9,398,034</u>	<u>43,173</u>	<u>664,938</u>
Non-cash movements on debt	-	(602,015)	(575,900)

Movement in net funds/(debt)	9,398,034	(558,842)	89,038
Net funds/(debt) brought forward	34,791	(54,247)	(54,247)
Net funds/(debt) carried forward	9,432,825	(613,089)	34,791

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