

Regulatory Announcement

Go to market news section



Company Westmount Energy Limited
TIDM WTE
Headline Half Yearly Report
Released 07:00 04-Mar-09

RNS Number : 24780
Westmount Energy Limited
04 March 2009

04 March 2009

CONTACTS:

Westmount Energy Limited **Tel: 01534 814209**
Paul Anderson, Director
Ruegg & Co Limited **Tel: 020 7584 3663**
Gavin Burnell
Brett Miller

PRESS RELEASE

WESTMOUNT ENERGY LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

The Board of Westmount Energy Limited (the "Company") today announces the interim results of the Company for the six months ended 31 December 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 6 March 2009.

SUMMARY AND OBJECTIVE

The condensed information contained in this unaudited half-yearly financial report has been prepared in accordance with pronouncements on interim reporting issued by the Accounting Standards Board (ASB). The information has been prepared on the basis of the accounting policies set out in the company's most recent audited annual financial statements for the year ended 30 June 2008.

CHAIRMAN'S HALF-YEAR REVIEW

The past six months have been an important period in your Company's history during which we realised our investment in Eclipse Energy Plc following the successful offer from Vattenfall AB (publ) for the whole of the issued share capital at £18.01 per share.

This resulted in a profit on disposal of £3,659,440 and the company paid a return of capital of 65p to shareholders on the 13 February 2009. Following this distribution the price quoted for your company's shares on the AIM market was reduced by this amount so that the current quote of 32-40p reflects this distribution.

We thus have two remaining investments, namely Sterling Energy Plc and Desire Petroleum Plc.

Sterling Energy Plc (Sterling)

We hold 31.5 million ordinary shares in Sterling and this has been a very disappointing investment over the last year or so. The company's activities have been badly affected by the fall in the oil price and reduced production in Mauritania, together with the lower gas prices received in the U.S.

The Board of Sterling announced on the 4 November 2008 that it had received an approach that could possibly lead to an Offer for the company and we believe that at the present moment the company is still in talks. As we await the result of these discussions we are therefore unable to comment on what the ultimate value of our investment may be. In view of the historic carrying value we have concluded that we should make a provision of £2,125,250 to reflect a reduction which is more aligned to the current market value.

Desire Petroleum Plc (Desire)

We hold 5.2 million ordinary shares in Desire. On the 10 February 2009 they reported that they have not yet contracted for a rig to drill the Falklands licence area but that the global rig market is beginning to ease both in terms of availability and cost. The Board of Desire are of the opinion that the fundamentals of Desire's project remain unchanged notwithstanding the current oil price and that they are hopeful of resolving the rig position in the near future. They reaffirm that the project remains unchanged with any discoveries offering very exciting prospects. We await further news regarding progress on this project.

Profit for the six months ended 31 December 2008

The Company made a net profit before taxation of £1,296,319 after the provision of £2,125,250 resulting from the write down of the carrying cost of our holding in Sterling. This profit was struck after allowing for the commission of £115,615 due to the Estate of our late Chairman Derek Williams and to Ridge House Resources Ltd a connected company. In addition there were expenses of £56,850 connected with the return of capital. Net annual costs for the six month period were £101,000 compared to £168,381 for the six months ended the 31st December 2007. Your Board is extremely conscious of the need to control our expenditure and will continue to be vigilant in this regard.

Future Developments

It is the Board's intention to dispose of our investments as and when a suitable opportunity presents itself as well as to consider proposals to further develop the company. We are hopeful that the next six months will see developments in each of our holdings of Sterling and Desire.

Mervyn Bradlow
Chairman

CONDENSED PROFIT AND LOSS ACCOUNT (Expressed in United Kingdom Sterling)

	Notes	Six months ended 31 December 2008 (unaudited) £	Six months ended 31 December 2007 (unaudited) £	Year ended 30 June 2008 (audited) £
Administrative expenses		(273,980)	(168,381)	(346,267)
Profit on disposal of investments	1	3,659,440	289,072	507,325
Impairment of investment	2	(2,125,250)	-	-
Interest Receivable		<u>36,110</u>	<u>21,306</u>	<u>45,352</u>

Net profit on ordinary activities before taxation	1,296,320	141,997	206,410
Taxation	—	—	—
Profit for the period	<u>1,296,320</u>	<u>141,997</u>	<u>206,410</u>
Basic earnings per share	<u>18.71p</u>	<u>1.92p</u>	<u>2.85p</u>
Diluted earnings per share	<u>18.71p</u>	<u>1.92p</u>	<u>2.85p</u>

There are no recognised gains or losses other than as disclosed above.
There have been no discontinued activities or acquisitions in the current or preceding accounting period.

Notes to the condensed profit and loss account:

1. On 4 November 2008 the company sold all of its investment in Eclipse Energy UK Plc (formerly Eclipse Energy Company Limited) totalling 244,000 shares in consideration of £4,394,440 at a price of £18.01 per share, realising a gain of £3,659,440.

	£
Gross sale proceeds	4,394,440
Carrying value of shares 01.07.2008	<u>(735,000)</u>
Gain on sale	<u>3,659,440</u>

2. During the period, in the opinion of the directors, the company's investment in Sterling Energy Plc suffered a permanent diminution in value to an amount less than cost. This investment has been written down to the directors' estimated recoverable value as follows:

	£
Carrying value of shares 01.07.2008	3,335,000
Purchase of shares in the period	50,250
Carrying value of shares 31.12.2008	<u>(1,260,000)</u>
Impairment of investment	<u>2,125,250</u>
Carrying value per share 01.07.2008	0.11p
Carrying value per share 31.12.2008	0.04p

CONDENSED BALANCE SHEET
(Expressed in United Kingdom Sterling)

Notes	31 December 2008 (unaudited) £	30 June 2008 (audited) £
FIXED ASSETS		
Investments	1,918,998	4,728,998
CURRENT ASSETS		
Debtors	10,863	7,689
Cash at bank	<u>5,207,279</u>	<u>1,118,597</u>
	5,218,142	1,126,286
CREDITORS amounts falling due within one year	<u>(150,242)</u>	<u>(131,730)</u>
NET CURRENT ASSETS	<u>5,067,900</u>	<u>994,556</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>6,986,898</u>	<u>5,723,554</u>

SHARE CAPITAL AND RESERVES

Share Capital	1	1,396,060	1,403,060
Share Premium Account	2	391,648	416,317
Share Option Account	3	268,109	269,416
Capital Redemption Reserve	4	258,410	251,410
Profit and Loss Account	5	4,672,671	3,383,351
SHAREHOLDERS' FUNDS		<u>6,986,898</u>	<u>5,723,554</u>

Notes to the condensed balance sheet:

	£
1. Share Capital -	
Balance 01.07.2008	1,403,060
Purchase of 35,000 own shares of 20p	<u>(7,000)</u>
Balance 31.12.2008	<u>1,396,060</u>
2. Share Premium Account -	
Balance 01.07.2008	416,317
Purchase of 35,000 own shares of 20p	<u>(24,669)</u>
Balance 31.12.2008	<u>391,648</u>
3. Share Option Account -	
Balance 01.07.2008	269,416
Costs attributable to period	19,963
Cancelled options	<u>(21,270)</u>
Balance 31.12.2008	<u>268,109</u>
4. Capital Redemption Reserve -	
Balance 01.07.2008	251,410
Purchase of 35,000 own shares of 20p	<u>7,000</u>
Balance 31.12.2008	<u>258,410</u>
5. Profit and Loss Account -	
Balance 01.07.2008	3,383,351
Profit for 6 months ended 31.12.2008	1,296,320
Purchase of 35,000 own shares of 20p	<u>(7,000)</u>
Balance 31.12.2008	<u>4,672,671</u>

CONDENSED CASH FLOW STATEMENT

	Six months to 31 December 2008 (unaudited) £	Six months to 31 December 2007 (unaudited) £	Year to 30 June 2008 (audited) £
Net cash (outflow) from operating activities (Note 1)	(259,949)	(181,188)	(315,740)
Returns on investment and servicing of finance	36,110	21,307	45,352
Taxation	-	-	-
Capital expenditure and financial investment - Investment disposal proceeds	<u>4,344,190</u>	<u>825,195</u>	<u>1,196,468</u>
Cash inflow/(outflow) before financing	4,120,351	665,314	926,080
Financing	<u>(31,669)</u>	<u>(172,782)</u>	<u>(348,092)</u>
Increase/(decrease) in cash	<u>4,088,682</u>	<u>492,532</u>	<u>(577,988)</u>

Reconciliation of cash flow to

movement in net funds/(debt)

Increase/(decrease) in cash	4,088,682	492,532	(577,988)
	_____	_____	_____
Change in net funds/(debt) resulting from cash flows	4,088,682	492,532	(577,988)
	_____	_____	_____
Movement in net funds in the year	4,088,682	492,532	(577,988)
Net funds brought forward	<u>1,118,597</u>	<u>540,609</u>	<u>540,609</u>
Net funds carried forward	<u>5,207,279</u>	<u>1,033,141</u>	<u>1,118,597</u>
	_____	_____	_____
Represented by:			
Cash at bank	<u>5,207,279</u>	<u>1,033,141</u>	<u>1,118,597</u>
Net funds carried forward	<u>5,207,279</u>	<u>1,033,141</u>	<u>1,118,597</u>

Note to the cash flow statement:

£

1. Reconciliation of net operating loss to net cash flow outflow from operating activities -

Administrative expenses	(273,980)
Cost attributable to issue of share options	(1,307)
Increase in prepayments and accrued income	(3,174)
Increase in creditors and accrued expenses	<u>18,512</u>
Net cash outflow from operating activities	<u>(259,949)</u>