Regulatory Announcement

Go to market news section

Company	Westmount Energy Limited
TIDM	WTE
Headline	Final Results
Released	07:00 05-Dec-06
Number	2158N

RNS Number:2158N
Westmount Energy Limited
05 December 2006

5 December 2006

CONTACTS:

Westmount Energy Limited	Tel: 01534 814209
Paul Anderson, Director	
Ruegg & Co Limited	Tel: 020 7584 3663
Gavin Burnell	
Merlin	Tel: 020 7653 6620
Tom Randell	Mob: 0777 587 5847

WESTMOUNT ENERGY LIMITED

PRELIMINARY RESULTS FOR YEAR ENDED 30 JUNE 2006

The Board of Westmount Energy Limited, the Jersey, Channel Islands based independent oil and gas investment company ("the Company") today announces the preliminary results of the Company and its subsidiary ("the Group") for the year ended 30 June 2006. Highlights are as follows:

- Turnover from discontinued operations in the North Sea £1,118 (2005: £137,925).
- Profit before tax of £4,759,631, profit after tax £4,292,357 (2005: Profit before tax of £485,867, profit after tax £461,362).
- Basic earnings per share of 57.19p (2005: 6.14p).
- Diluted earnings per share of 56.20p (2005: 6.14p).
- The results for the year ended 30 June 2006 include the surplus realised on the termination of the Group's overriding royalty interest relating to Licence P241 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.

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 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 were 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 and the purchase of 81,680 20p Ordinary Shares by the Company, there are now 7,425,000 20p Ordinary Shares in issue traded on AIM held by approximately 1,600 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.

Commenting on the Company's outlook, Mr Derek Williams, Chairman, stated:

"The Board of Westmount continues to look forward to the growth in value of its investments which already indicate a good profit margin over book value."

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

Copies of the preliminary 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 REVIEW

The results for the year ended 30 June 2006 show profits before taxation of £4,759,631 (£4,292,357 after taxation) compared with profits before taxation of £485,867 (£461,362 after taxation) for the year ended 30 June 2005. Turnover for the year ended 30 June 2006 arising from the group's discontinued operations in the North Sea amounted to £1,118 as compared with £137,925 for the year ended 30 June 2005.

For the year ended 30 June 2006 the results include the surplus realised on the termination of the group's overriding royalty interest relating to Licence P241 North Sea amounting to £1,706,201. Also included in the profits for the year is the profit realised on the disposal of 40,000,000 ordinary shares of Sterling Energy plc ("Sterling") amounting to £3,189,999.

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 your 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 repayment were forwarded return of capital on 1 May 2006, totalling £1,670,001.50.

On 19 January 2006 the company announced it had provided a £500,000 convertible loan to AIM quoted CDS Oil and Gas Group plc ("CDS") to be utilised solely towards the funding of its exploration programme in the Chaco Basin in North West Paraguay, South America. One of the features of the arrangements is that if the Loan is not repaid on 29 December 2006, Westmount will apply the amount of the Loan and accrued interest by subscribing for such number of new 1p ordinary shares of CDS, calculated by the average price (less 5% thereof) of an ordinary share of 1p each in CDS as traded on AIM for the previous 14 trading days.

The company's investment policy is to continue to invest, mainly in the energy sector, selectively in companies principally at an early stage of their development, which the directors of Westmount consider hold the possibility of considerable capital growth of the funds invested. Your directors will also continue its policy of divesting part or all of the funds so invested in a company, when appropriate, to maximise the return from the investments, for the benefit of Westmount shareholders.

Besides the recent investment in CDS, referred to above the company's other investments include, 30,000,000 shares of AIM quoted Sterling, 5,500,000 shares of AIM quoted Desire Petroleum plc ("Desire") and 244,000 shares of presently unquoted Eclipse Energy Company Limited ("Eclipse"). The carrying book value of these investments is £4,882,017. Having regard to the current middle-market prices of the company's two AIM quoted investments, the indicated market value shows up a surplus much in excess of the book carrying value of the investments.

Sterling is an oil and gas exploration and production company operating in the Gulf of Mexico and Africa and recently published its interim results for the first half of 2006. These show continued growth in its development over the corresponding period last year. Turnover was increased 263% to £24.5 million, net profit up 159% to £4.9 million and earnings per share up to 0.34p per share from 0.13p per share. Sterling's strategy is to create value by achieving a balance between production and exploration. Sterling has a growing cash position and an active and largely carried exploration portfolio with 8 wells planned over the next year.

Through its shareholding in Desire the company has a significant indirect investment in the exploration of the North Falkland Basin, South Atlantic. Following Desire's fundraising of £24.4 million last year it is ready to resume drilling operations as soon as arrangements can be made to secure a suitable rig.

Eclipse has developed an innovative concept for the hybrid production of electricity from offshore gas and wind resources. The first development of Eclipse is the Ormonde project located 10 kilometres offshore Barrow-in-Furness, Cumbria in the East Irish Sea. Eclipse operates the undeveloped Ormonde North and South gas fields located in Blocks 113/28a and 113/29a held under licences P1032 and P1033. Eclipse completed a placing of new shares at a price of £7.50 each last year to raise £4,950,000 before expenses. Eclipse is currently waiting approval from the DTI for the Ormonde project.

CDS's activities are focused on exploring several potential oil and gas plays in the Chaco Basin in North West Paraguay. Under the terms of the joint-venture agreement on the Gabino Mendoza block CDS had an obligation to drill a well before the end of 2005. The well reached a planned depth of 1,635 metres and was cased and suspended for testing and deepening at a later date. The initial objective of the well was a potential oil-bearing zone between 705 metres and 1,600 metres. Analysis to date by CDS of the technical information derived from the well, confirms that hydrocarbons were found within several zones, although reservoir qualities are lower than required to flow oil unassisted. CDS believes that the results from the well have improved the level of confidence of the gas potential at depth on the Gabino Mendoza block and merits a deepening of the well. The drilling of the well fulfilled CDS's work obligation on the block although CDS has stated that at a later date it intends to drill the well to 3,250 metres to test for gas. CDS holds prospecting rights over a large area of the under-explored Chaco Basin of North West Paraguay which is due east of, and shares the same stratigraphy at shallower depth as, the oil and gas producing areas in Bolivia. The two most interesting plays have yet to be drilled by CDS - the Carboniferous oil on the Boqueron block and the deep Devonian gas on the Gabino Mendoza block. CDS plans to bring in joint venture partners to provide further funding, in addition to further placing of its shares (CDS reported on 17 October 2006 it had raised a further £1.8 million in cash), to spread the risk for its shareholders.

Outlook

The Board of Westmount continues to look forward to the growth in value of its investments which already indicate a good profit margin over book value.

DEREK G WILLIAMS
Chairman

5 December 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006
(Expressed in United Kingdom Sterling)

		2006		2005
	£	£	£	£
Turnover				
Continuing operations	-		-	
Discontinued operations	1,118		137,925	
		1,118		137,925
Operating costs		-		(5,927)
Operating profit before administrative expenses				
Continuing operations	-		-	
Discontinued operations	1,118		131,998	
		1,118		131,998
Administrative expenses		(316,022)		(280,841)
Profit on termination of oil and gas field interests	1,706,201		-	
Profit on disposal of investments	3,190,096		639,751	
Interest and similar fees receivable	178,238		27,584	
Bank loan interest and charges payable	-		(32,625)	
		5,074,535		634,710
Net profit on ordinary activities before taxation		4,759,631		485,867
Taxation		(467,274)		(24,505)
Profit for the year		4,292,357		461,362
Basic earnings per share		57.19p		6.14p
Diluted earnings per share		56.20p		6.14p

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2006
(Expressed in United Kingdom Sterling)

		2006		2005
	£	£	£	£

FIXED ASSETS				
Tangible fixed assets	-		32,563	
Investments	4,882,017		9,482,017	
		4,882,017		9,514,580
CURRENT ASSETS				
Debtors	505,549		11,779	
Cash at bank	880,222		34,791	
	1,385,771		46,570	
CREDITORS: amounts falling due within one year	(176,148)		(71,060)	
NET CURRENT ASSETS/ (LIABILITIES)		1,209,623		(24,490)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,091,640		9,490,090
SHARE CAPITAL AND RESERVES				
Share capital		1,496,686		1,501,336
Share premium account		668,220		974,248
Capital redemption reserve		150,134		-
Profit and loss account		3,776,600		7,014,506
SHAREHOLDERS' FUNDS		6,091,640		9,490,090

These financial statements were approved by the board of directors on 5 December 2006.

D G WILLIAMS
Chairman

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006
(Expressed in United Kingdom Sterling)

	2006 £	2005 £
Net cash outflow from operating activities	(325,752)	(64,519)
Returns on investments and servicing of finance	178,238	63,813
Taxation	(500,869)	(19,605)
Capital expenditure and financial investment	9,028,860	779,581
Cash outflow before financing	8,380,477	759,270

Financing	(7,535,046)	(764,174)
Increase/(decrease) in cash in the year	845,431	(4,904)

Reconciliation of cash flow to movement in net funds/(debt)

Increase/(decrease) in cash in the year	845,431	(4,904)
Cash outflow from decrease in debt	-	764,174
Loan advance	500,000	-
Cash inflow from decrease in current asset	-	(94,332)
Change in net funds resulting from cashflows	1,345,431	664,938
Non-cash movements on debt	-	(575,900)
Movement in net funds in the year	1,345,431	89,038
Net funds/(debt) brought forward	34,791	(54,247)
Net funds carried forward	1,380,222	34,791

END