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Company	Westmount Energy Limited
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Westmount Energy Limited
05 October 2010

Westmount Energy Limited
("Westmount" or the "Company")
Final Results

The Company is pleased to announce its Final Results for the year ended 30 June 2010. A copy of the results is available on the Company's website, www.westmount-energy.co.uk, and will be posted to shareholders by 8th October 2010.

Notice is hereby given that the Annual General Meeting of Westmount will be held at Ogier House, 44 The Esplanade, St. Helier, Jersey, JE4 9WG Channel Islands on Wednesday 10 November 2010 at 11.45 am.

CHAIRMAN'S REVIEW

In my Interim report on 10 March of this year I outlined the changes that had taken place in our investments in Sterling Energy Plc ("Sterling") and Desire Petroleum Plc ("Desire"). The accounts for the year 30 June 2010 now reflects these changes which have resulted in a profit of £1,612,003 on the sale of part of our holdings in both companies. You will also notice the change in presentation due to our adoption of the new requirements of the International Financial Reporting Standards as adopted by the European Union. Attached to this report is a table summarising the changes in our holdings of Desire, Sterling and Argos during this financial year and to 1 October 2010.

Desire Petroleum Plc and the Falklands Exploration Programme.

With the arrival of the Ocean Guardian rig in the Falklands in February of this year, drilling has at last recommenced in the North Falkland Basin and to date the drilling results of the first three wells in the region have been announced. Desire's first well "Liz" failed to encounter oil but encountered gas and gas condensates and thus was disappointing. Further appraisal of the drilling information is now being carried out by the company. However, Rockhopper Exploration Plc's first well "Sea Lion" resulted in an exciting oil discovery with a potential field of in excess of 240 millions barrels in place. This has created great interest in the North Falkland Basin and a resulting overall rise in the share prices of all the participants in this area. Rockhopper Exploration Plc's second well "Ernest" in the Southern area of the North Falklands Basin was not successful and has been plugged and abandoned.

The success of the "Sea Lion" discovery is very encouraging and at present the rig is back on site and has carried out further testing and evaluation. Desire's next well, "Rachel" was spudded on 27 September and the drilling campaign is expected to take another 35 days. In addition, Desire has a four to six month well programme covering a number of prospective targets within their licence area. This campaign, if all six wells are drilled could extend in the second quarter of 2011.

We shall be constantly reviewing our holding in Desire through this period and we currently hold 3.200 million shares. The resulting profit on the sale Desire shares during the financial year is reflected in our increased cash balance at the year end.

Sterling Energy Plc

The drilling of the well in Sangaw West in Kurdistan, Iraq has encountered numerous geological difficulties which has slowed its progress as well as problems with the Sakson Rig. On 20 September, Sterling announced that they had reached a depth of 2,395 meters and the results were disappointing with a consequent effect on the share price resulting in the Company's investment dropping by £1,177,000 to £1,001,250 at 1 October 2010. They propose to continue to drill down to a depth of 3,660 meters during the fourth quarter of 2010. The results of this drill could have a material impact on the share price. We have, over the past six months, reduced our holding to 1.5 million shares from 1.635 million shares.

Cash Balances and Investment in Argos Resources Plc ("Argos")

As at the date of this statement Westmount has £2.3 million of cash on deposit with our bank. In this period of very low interest rates and continuing financial uncertainty your Board has decided to hold the funds on short term deposits rather than invest in bonds or other financial instruments. It is our intention to make further capital distributions as we liquidate substantial parts of our larger investments. Our lower investment income reflects the exceptionally low interest rates prevailing at present.

Subsequent to the year end we have participated in the fund raising by Argos, subscribing for 1,290,322 shares at 31p and subscribed for 444,450 Desire shares in the Placing announced on 28 September. Argos holds licences for acreage in the North Falkland Basin previously held by Lasmo Petroleum Plc when they drilled in that area in 1998. The Board views their acreage which is adjacent to Rockhopper's and Desire's as potentially very interesting.

The Future

Westmount's investee companies, Desire and Sterling are in the middle of important drilling campaigns in both the Falklands and Kurdistan and the results will have a major impact on our investments. Both the Falklands and Kurdistan have the potential to be substantial oil discoveries. The news flow over the next few months will be of great importance to the Company's future. It remains the Boards' intention, in the absence of any other proposals to distribute the proceeds of our share sales to shareholders as repayments and the forthcoming year will hopefully see the results of this policy.

CHAIRMAN'S REVIEW

Investment Movements during the year ended 30 June 2010 and to the date of this report:

Sterling Energy plc

30 June 2009	Shares held		31,500,000
13 August 2009	Placing @ 52p*	42,446,786	
23 October 2009	Sales to date	(24,946,786)	
15 December 2009	Open offer @ 52p*	16,432,619	
22 December 2009	Shares held	65,432,619	
23 December 2009	Consolidation 1 for 40	1,635,815	
10 June 2010	Sale	(135,815)	
30 June 2010	Shares held		**1,500,000**

*Placing and open offer price rebased for consolidation.

Desire Petroleum plc

30 June 2009	Shares held		4,500,000
19 October 2009	Placing @70p	1,000,000	
12 January 2010	Open offer @70p	579,601	
30 June 2010	Net sales to date	(2,405,601)	
30 June 2010	**Shares held**		**3,674,000**
24 September 2010	Placing @140p	444,450	
1 October 2010	Sales to date	(918,450)	
1 October 2010	Shares held		3,200,000

Argos Resources plc

26 July 2010	Placing @31p	1,290,322	
25 September 2010	Sale	(90,322)	
1 October 2010	Shares held		1,200,000

MERVYN BRADLOW
Chairman
4 October 2010

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010	*30 June 2009*

	Notes	£	£
Realised gain on disposal of investments		1,612,003	3,874,768
Unrealised gain/(loss) on financial assets at fair value though profit or loss		3,046,569	(5,270,739)
Administrative expenses		(333,784)	(374,827)
Operating profit/(loss)		4,324,788	(1,770,798)
Interest receivable		3,703	49,035
Profit/(loss) before tax		4,328,491	(1,721,763)
Taxation	3	-	-
Comprehensive income/(loss)for the year		4,328,491	(1,721,763)
Basic gain/(loss) per share (pence)	4	62.01	(24.66)
Diluted gain/(loss) per share (pence)	4	58.76	(23.62)

The Company has no items of other comprehensive income.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	*As at 30 June 2010* £	*As at 30 June 2009* £	*As at 30 June 2008* £
ASSETS				
Non Current Assets				
Financial assets at fair value through profit or loss	5	5,485,350	2,724,300	8,768,500
Current Assets				
Trade and other receivables	6	7,015	10,540	7,689
Cash and cash equivalents	7	2,515,599	873,656	1,118,597
		2,522,614	884,196	1,126,286
Total assets		8,007,964	3,608,496	9,894,786
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	8	210,507	172,377	131,730
EQUITY				
Share capital	9	1,396,060	1,396,060	1,403,060
Share premium account	10	261,682	261,682	416,317
Share option account	10	277,210	244,363	269,416
Profit and loss account		5,862,505	1,534,014	7,674,263
Total equity		7,797,457	3,436,119	9,763,056
Total liabilities and equity		8,007,964	3,608,496	9,894,786

These financial statements were approved and authorised for issue by the board of directors on 4 October 2010 and were signed on its behalf by:

P J RICHARDSON

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Share capital Account £	*Share Premium Account* £	*Share Option Account* £	*Retained Earnings* £	*Total Equity* £
As at 1 July 2008 (restated)	1,403,060	416,317	269,416	7,674,263	9,763,056
Comprehensive Income					
(Loss) for the year ended 30 June 2009	-	-	-	(1,721,763)	(1,721,763)
Transaction with owners					
Issue of B shares	-	(69,803)	-	-	(69,803)
Purchase of own shares	(7,000)	(24,668)			(31,668)
Redemption of B shares	-	-	-	(4,467,391)	(4,467,391)
Redemption costs	-	(60,164)	-	-	(60,164)
Cost of share options	-	-	23,852	-	23,852
Lapse of share options	-	-	(48,905)	48,905	-
	(7,000)	(154,635)	(25,053)	(4,418,486)	(4,605,174)
At 30 June 2009 (restated)	1,396,060	261,682	244,363	1,534,014	3,436,119
Comprehensive Income					
Profit for the year ended 30 June 2010	-	-	-	4,328,491	4,328,491
Transaction with owners					
Cost of share options	-	-	32,847	-	32,847
	-	-	32,847	-	32,847
At 30 June 2010	1,396,060	261,682	277,210	5,862,505	7,797,457

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	*30 June 2010* £	*30 June 2009* £
Cash Flows from operating activities			
Total comprehensive income/(loss) for the year		4,328,491	(1,721,763)
Adjustment for interest income		(3,703)	(49,035)
Adjustment for net (gain)/loss on investments at fair value through profit or loss		(3,046,569)	5,270,739
Adjustment for costs attributable to share options		32,846	23,852
Adjustment for realised gains on investments at fair value through profit or loss		(1,612,003)	(3,874,768)
Decrease/(increase) in prepayments and accrued income		3,525	(2,851)
Increase in creditors and accrued expenses		38,130	40,647
Net cash outflows from operating activities		(259,283)	(313,179)
Cash Flows from investment activities			
Purchase of investments		(1,874,656)	(50,250)
Sale of investments		3,772,179	4,698,479
Interest received		3,703	49,035
Net cash generated from investing activities		1,901,226	4,697,264
Cash flows from financing activities			
Purchase of ordinary shares		-	(31,668)

Redemption of B shares		-	(4,597,358)
Net cash used in financing activities		-	(4,629,026)
Net increase/(decrease) in cash and cash equivalents		1,641,943	(244,941)
Cash and cash equivalents at beginning of year		873,656	1,118,597
Cash and cash equivalents at end of year	7	2,515,599	873,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. **GENERAL INFORMATION AND STATEMENTS OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION**

Westmount Energy Limited (the "Company") operates solely as an energy investment company. The investment strategy of the Company is to provide seed capital to small companies that are identified as having significant growth possibilities. These investments are usually sold subsequent to flotation or when a significant third party offer is available, which values such a stake as attractive both for price and market reasons.

The Company was incorporated in Jersey on 1 October 1992 under the Companies (Jersey) Law 1991, as amended, and is a public Company with registered number 53623.

The Company was incorporated and is domiciled in Jersey, Channel Islands. The Company is listed on the London Stock Exchange Alternative Investment Market (AIM).

The financial statements have been prepared under the historical cost convention with the exception of investments measured at fair value and are in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, including standards and interpretations issued by the International Accounting Standards Board (IASB). These are the Company's first financial statements prepared in accordance with IFRS (see note 14 for explanation of the transition to IFRS).

The financial statements for the year ended 30 June 2010 (including comparatives) were approved by the board of directors on 4 October 2010.

2. **ACCOUNTING POLICIES**

The significant accounting policies that have been applied in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in note 14.

Basis of Preparation

First time Adoptions of IFRS

The Company has elected to adopt IFRS 1 'First-time adoption of International Financial Reporting Standards' (Revised 2008) and has restated retrospectively the opening Statement of Financial Position at 1 July 2008 and 30 June 2009 by applying the IFRS's in force at 30 June 2010. Full details of the restatement are detailed in note 14.

IFRS 1 (Revised 2008) changes only the structure of the standard and its paragraph references. The revised version does not change any of the technical requirements of the standard, and therefore has no effect on first-time application of IFRS.

IFRS 1 was amended in July 2009 to introduce additional optional exemptions for first-time adopters, none of which are applicable to the Company.

The impact of the adoption of the amended IFRS 7 has been to expand the disclosures provided in the financial statements with regards to classification of financial instruments using the fair value hierarchy.

The impact of the adoption of IAS 1 has been presentational changes in respect of the primary statements which include the statement of comprehensive, statement of financial position, statement of changes in equity and statement of cash flows of the current year and prior period.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the management while applying the Company's accounting policies in relation to the value of options issued, as set out in note 10. These estimates are based on the management's best knowledge of the events which existed at the date of issue and the balance sheet date however, the actual results may differ from these estimates.

Presentation of Financial Statements in accordance with IAS 1 (Revised 2007)

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The Company has elected to present the 'Statement of comprehensive income' in a single statement.

In accordance with IFRS 1, the Company presents three statements of financial position in its first IFRS financial statements. In future periods, the Company presents two comparative periods for the statement of financial position only when it: (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items in the financial statements.

In the current year Improving Disclosures about Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures'), IAS 1 (revised) 'Presentation of Financial Statements' and IAS 32 (revised) 'Financial Instruments: Presentation' were issued. They are effective for annual reporting periods beginning on or after 1 January 2009.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of the authorisation of these financial statements, the following new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. The standards below are not expected to affect the financial position of the Company, however they will require additional disclosure in the future financial statements.

- IAS 1 (improvements to IFRSs 2010) Presentation of Financial Instruments, effective for annual periods beginning on or after 1 January 2011
- IFRS 9 (revised April 2009) Financial Instruments - Classification and Measurement, effective for annual periods beginning on or after 1 January 2013

Foreign currency

a) Functional and presentational currency

The functional currency of the Company is United Kingdom Sterling, the currency of the primary economic environment in which the Company operates. The reporting currency of the Company for accounting purposes is also United Kingdom Sterling ("Sterling").

b) Transactions and balances

Foreign currency monetary assets and liabilities balances are translated into United Kingdom Sterling at the rate of exchange ruling on the last day of the Company's financial year. Foreign currency transactions are translated at the exchange rate ruling on the date of the transaction. Gains and losses arising on the currency translation are included in administrative expenses in the statement of comprehensive income in the year in which they arise.

Financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss; and
- loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

The Company designates its financial assets as at fair value through profit or loss (FVTPL) as the financial assets are managed on and their performance is evaluated on a fair value basis. Financial assets carried at fair value through profit or loss are initially recognised at fair value and any transactions costs are recognised in the statement of comprehensive income. Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Any gains or losses on derecognition of investments is calculated after setting the proceeds against the fair value and, in respect of a part disposal, against the fair value at the date of sale. The surplus or deficit on realisation is transferred to the statement of comprehensive income.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are presented in the statement of comprehensive income in the period in which they arise.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and are stated at cost, which is equivalent to their fair value. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents'.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks. For the purpose of the Statement of Cash Flow, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their cost, which is equivalent to fair value.

Equity, reserves and dividend payments

Ordinary shares are classified as equity. Share premium includes any premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings include all current and prior period retained profits. It also includes charges related to share-based employee remuneration.

Revenue Recognition

Revenue comprises interest income from short term deposits and is recognised on an accruals basis.

Expenditure

The expenses of the Company are recognised on an accruals basis in the statement of comprehensive income.

Share options

Awards of share options are recorded under IFRS 2: 'Share-based Payment'. The cost of the share options are ascribed a fair value at grant date and accounted for as an administration expense of the Company with an equal Share Option Reserve being created in the statement of changes in equity. The cost is recognised in the statement of comprehensive income over the vesting period of the award.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand together with cash deposits with a maturity of less than three months and which are subject to an insignificant risk of changes in value.

3. TAXATION

Effective 1 January 2009, Jersey's tax regime changed. The new regime imposed a general corporate income tax rate of 0%, a 10% rate applies to certain regulated financial companies and a 20% rate applies to utilities and income from Jersey land (i.e. rents and development profits). Jersey registered companies are treated as resident for tax purposes and are subject to zero or ten percent standard income tax. The effect of the new tax regime is that the Company is subject to income tax at 0%.

The Company is registered as an International Services Entity under the Goods and Services Tax (Jersey) Law 2007 and a fee of £100 has been paid, which has been included in administrative expenses.

4. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the comprehensive income for the year of £4,328,491 (2009: loss £1,721,763). The weighted average number of shares in issue during the year was 6,980,300 (2009: 6,983,273). As explained in note 10 there are share options in issue over the Company's ordinary shares. As the exercise price of all these options at 30 June 2010 was below the average market price of the ordinary shares during the year, they are deemed to have a dilution effect on earnings per share (EPS) and diluted earnings per share are consequently disclosed separately. The weighted average number of shares for diluted EPS were 7,366,474 (2009: 7,287,933).

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010	2009	2008
	£	£	£

Desire Petroleum plc ("Desire")	3,306,600	2,025,000	4,771,000
Sterling Energy plc ("Sterling")	2,178,750	699,300	3,262,500
Eclipse Energy plc	-	-	735,000
Total investments	5,485,350	2,724,300	8,768,500

Investments at fair value through profit or loss at 30 June 2010

	Cost	Unrealised gain/(loss)	Fair value
	£	£	£
Desire Petroleum plc	1,080,826	2,225,774	3,306,600
Sterling Energy plc	2,589,191	(410,441)	2,178,750
	3,670,017	1,815,333	5,485,350

Investments at fair value through profit or loss at 30 June 2009

	Cost	Unrealised gain/(loss)	Fair value
	£	£	£
Desire Petroleum plc	570,287	1,454,713	2,025,000
Sterling Energy plc	3,385,250	(2,685,950)	699,300
	3,955,537	(1,231,237)	2,724,300

Investments at fair value through profit or loss at 30 June 2008

	Cost	Unrealised gain/(loss)	Fair value
	£	£	£
Desire Petroleum plc	658,998	4,112,002	4,771,000
Sterling Energy plc	3,335,000	(72,500)	3,262,500
Eclipse Energy plc	735,000	-	735,000
	4,728,998	4,039,502	8,768,500

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (*Continued*)

On 30 June 2010 the market value of the company's holding of 3,674,000 (2009: 4,500,000) ordinary fully paid shares in Desire, representing 1.13% (2009: 1.96%) of the issued share capital of the company, was £3,306,600 (2009: £2,025,000) (90.00p per share, (2009: 45.00p per share)). During the year, the Company disposed of 2,456,610 (2009: 700,000) ordinary shares in Desire, realising a profit of £1,869,406 (2009: £215,328) (after expenses) which is included in the statement of comprehensive income.

On 30 June 2010 the market value of the company's holding of 1,500,000 (2009: 31,500,000) ordinary fully paid shares representing 0.68% (2009: 1.35%) of the issued share capital of Sterling was £2,178,750 (2009: £699,300) (145.25p per share, (2009 2.22p per share)). On 23 December 2009, Sterling consolidated its issued shares replacing every 40 shares held in the company with one share.

During the year, the Company disposed of 25,082,601 ordinary shares in Sterling prior to the consolidation and 135,815 after (2009: nil), realising a loss of £257,403 (2009: £nil) (after expenses) which is included in the statement of comprehensive income.

6. TRADE AND OTHER RECEIVABLES

	2010	2009	2008
	£	£	£
Prepayments	7,015	10,224	7,689
Accrued income	-	316	-
	7,015	10,540	7,689

The carrying value of trade and other receivables is considered to be a reasonable approximation of its fair value.

7. CASH AND CASH EQUIVALENTS

	2010	2009	2008

	£	£	£
Cash at bank	2,515,599	138,656	94,597
Short term bank deposit	-	735,000	1,024,000
	2,515,599	873,656	1,118,597

Cash and cash equivalents are considered to be highly liquid, so that book cost is considered equivalent to fair value.

8. **TRADE AND OTHER PAYABLES**

	2010 £	2009 £	2008 £
Amounts due to shareholders	124,437	127,292	93,892
Accrued expenses	86,070	45,085	37,838
	210,507	172,377	131,730

The carrying value of trade and other payables is considered to be a reasonable approximation of its fair value.

9. **SHARE CAPITAL**

	2010 £	2009 £	2008 £
Authorised:			
10,000,000 ordinary shares of 20p each	2,000,000	2,000,000	2,000,000
15,100,000 redeemable "B" shares of 1p each	151,000	151,000	151,000

Allotted, called up, fully-paid:	2010 No. '000'	2009 No. '000'	2008 No. '000'	2010 £	2009 £	2008 £
In issue: Ordinary shares	6,980.3	6,980.3	7,015.3	1,396,060	1,396,060	1,403,060
"B" Class shares	-	-	-	-	-	-

Movement	Ordinary shares No.	Ordinary shares £
Balance at 1 July 2008	7,015,300	1,403,060
Purchase of own shares	(35,000)	(7,000)
Balance at 1 July 2009	6,980,300	1,396,060
Balance at 30 June 2010	6,980,300	1,396,060

During the year the Company did not issue any further shares. On 30 January 2009, following the sale of the Company's shares in Eclipse Energy plc, the company issued 6,980,300 fully paid redeemable "B" shares of 1p each ranking parri passu with existing shareholdings to enable the return of capital to shareholders of the company equivalent to 65p per ordinary share (£4,597,358 in aggregate). These "B" shares were redeemed on 6 February 2009.

10. **SHARE PREMIUM AND SHARE OPTIONS**

	Share Premium Account £	Share option Account £
At 1 July 2008	416,317	269,416
Issue of B shares	(69,803)	-
Purchase of own shares	(24,668)	-
Redemption costs	(60,164)	-
Cost of share options	-	23,852
Lapse of share options	-	(48,905)
At 30 June 2009	261,682	244,363

Cost of share options	-	32,847
Lapse of share options	-	-
At 30 June 2010	261,682	277,210

As at 30 June 2010, options were outstanding over 800,000 (2009: 640,000) ordinary 20p shares, with a weighted average exercise price of 44.28p (2009: 32.87p). The options are exercisable at the election of the option holder, over various periods expiring 31 December 2016. Of the 150,000 options held by former nominated advisor Ruegg & Co Limited, 60,000 options were deemed to have lapsed as at 30 June 2009 for accounting and valuation purposes as these could only be exercised upon a change of control of the Company prior to 20 September 2009. The remaining 90,000 options were not exercised and therefore lapsed on 20 September 2009.

As at 30 June 2010 450,000 (2009: 480,000) of the options were exercisable at a price of 38.5p (2009: 38.5p), 100,000 (2008: 100,000) of the options were exercisable at a price (adjusted) of 26p (2009: adjusted 26p) and 250,000 (2009: nil) of the options were exercisable at a weighted average exercise price of 62p. The share options are ascribed a total expense for the year ended 30 June 2010 of £32,847 (2009: £23,852).

The options granted up to June 2009, were re-priced by a deduction of 65 pence from the original grant price to take into account the return of capital made to shareholders by the issue and redemption of B shares made during the financial year. The deduction of 65 pence accorded with the advice received by the Board from Ruegg & Co Limited.

Share options were granted during the year over 250,000 shares at a weighted average price of 62p (2009: nil). The fair value of options granted was £128,111 and was calculated using the Black Scholes valuation model. At the date of grant the volatility of the Company was estimated as 40.2651% and was calculated as the standard deviations of daily historical continuously compounded returns over a period commensurate with the expected life of the options, back from the date of grant, and annualised by the factor of square root 252, assuming 252 trading days per year. The risk-free rate was 2.81815% and is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. The expected life of the options is 5.14 years and is estimated as the mid-point between the date of grant and the date of expiry of the option.

11. FINANCIAL RISK

The Company's investment activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Market Risk

i) Foreign exchange risk

The Company is not exposed directly to foreign exchange risk as it invests in companies listed on the London Stock Exchange, denominated in Sterling and has cash balances denominated in Sterling.

ii) Price Risk

Price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk on the investments held by the Company and classified by the Company on the balance sheet as fair value through profit or loss. To manage its price risk Management closely monitor the activities of the underlying investments.

The Company's exposure to price risk is as follows:

	Cost	Fair Value
Fair Value Through Profit or Loss, as at 30 June 2010	3,670,017	5,485,350
Fair Value Through Profit or Loss, as at 30 June 2009	3,955,537	2,724,300

The Company's investments are all publicly traded and listed on the Alternative Investment Market ("AIM"). The Company's sensitivity to a 15% increase/(decrease) in market price would be £822,803 /(£822,803) (2009: £408,645/(£408,645)). A positive number indicates an increase in the net assets attributable to ordinary share holders and a negative number indicated a decrease. The 15% increase/(decrease) on the net assets attributable to ordinary share holders would have the same impact on the post tax profit for the year. 15% represents management's assessment of a reasonably possible change in the market prices.

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risk as it does not have any borrowings, however, the Company does have short term (<3 months) cash deposits, which exposes the company to effects of fluctuations in the prevailing levels of market interest rates on its cashflow.

An increase in the interest rates of 1% would cause the Company's net financial assets to increase by £23,912 (2009: £7,467). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount. 1% represents the Management's assessment of a reasonably possible change in interest rates.

The following table summarises the Company's exposure to interest rate risks.

Interest rate risk profile
As at 30 June 2010

	Up to 1 year	Over 1 year	Non-interest bearing	Total £
Assets				
Trade and other receivables	-	-	7,015	7,015
Cash and cash equivalents	2,515,599	-	-	2,515,599
	2,515,599	-	7,015	2,522,614
Liabilities				
Trade and other payables	124,436	-	86,071	210,507

As at 30 June 2009

	Up to 1 year	Over 1 year	Non-interest bearing	Total £
Assets				
Trade and other receivables	316	-	10,224	10,540
Cash and cash equivalents	873,656	-	-	873,656
	873,972	-	10,224	884,196
Liabilities				
Trade and other payables	127,292		45,085	172,377

b) Credit Risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Company. The carrying amounts of the financial assets best represent the maximum credit exposure at the end of the reporting period. This also relates to the financial assets carried at cost, as they have a short term to maturity.

The Directors do not believe the Company is subject to any significant credit risk exposure regarding investments and trade receivables. The credit risk for cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

At the end of the reporting period, the Company's financial assets exposed to credit risk amounted to the following:

	2010 £	2009 £
Investments at Fair Value Through Profit or Loss	5,485,350	2,724,300
Trade receivables	7,015	10,540
Cash and cash equivalents	2,515,599	873,656
	8,007,964	3,608,496

The Company considers that all the above financial assets are not impaired or past due for each of the reporting dates under review and are of good credit quality.

c) Liquidity Risk
Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's primary source of liquidity consists of cash and cash equivalents and investments held at fair value through profit or loss. The Company's investments at fair value through profit or loss are publicly traded and are deemed highly liquid. The Company also has the ability to issue additional share capital to facilitate the capital management of the Company.

The following table details the contractual, undiscounted cash flows of the Company's financial liabilities.

As at 30 June 2010

	Up to 3 months	Up to 1 year	Over 1 year	Total £

Financial liabilities				
Accrued expenses	6,386	79,684	-	86,070
Payable to shareholders	-	124,437	-	124,437
	6,386	204,121	-	210,507

As at 30 June 2009

	Up to 3 months	Up to 1 year	Over 1 year	Total £
Financial liabilities				
Accrued expenses	17,337	27,750	-	45,087
Payable to shareholders	-	127,292	-	127,292
	17,337	155,042	-	172,379

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide optimum returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders or sell assets. The Company does not have any debt nor is the Company subject to any external capital requirements.

Fair Value Estimation

The Company has classified its financial assets as fair value through profit or loss. The Company adopted Improving Disclosures about Financial Instruments (Amendments to Financial Instruments: Disclosures) (IFRS 7) effective from 1 July 2009. This establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows:

Level I - An unadjusted quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available. As required by IFRS 7, the Company will not adjust the quoted price for these investments, (even in situations where it holds a large position and a sale could reasonably impact the quoted price).

Level II - Inputs are other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The investments held by the Company fall within Level 1 as they are valued by unadjusted quoted prices.

12. DIRECTORS REMUNERATION

	2010 Directors fees £	2010 Share Options £	2010 Total £
P J Richardson	25,000	6,569	31,569
M S D Yates	25,000	-	25,000
P R Anderson	25,000	6,569	31,569
M Bradlow (Non-Executive Chairman)	50,000	19,708	69,708
	125,000	32,846	157,846

	2009 Directors fees £	2009 Share Options £	2009 Total £
P J Richardson	20,000	-	20,000
M S D Yates	20,000	-	20,000
P R Anderson	15,000	-	15,000
M Bradlow (Non-Executive Chairman)	50,000	9,352	59,352
	105,000	9,352	114,352

The Company does not employ any staff except for its Board of Directors. The Company does not contribute to the pensions or any other long-term incentive schemes on behalf of its Directors.

During the year, 250,000 share options were granted to Directors and these have been discussed further in note

10 (2009: £nil). The Directors' remuneration is included within administration expenses in the statement of comprehensive income.

At the year end the Company owed £1,250 (2009: £1,250) to the directors in respect of commissions on the sale of shares in Sterling Energy Limited.

13. RELATED PARTIES

During the year, legal and professional fees totalling £3,800 (2009: £15,158) were paid to Ogier, a firm in which M S D Yates, one of the Company's directors is a partner, in respect of services charged on an arms length basis as the Company's legal advisors.

Company secretary fees of £42,242 (2009: £42,785) were paid to Bedell Secretaries Limited, a firm in which Mr Anderson, one of the Company's directors is a senior manager.

At year end the Company did not have any fees outstanding with Ogier in respect of legal and professional fees (2009: £2,171).

The preparation of financial statements of the Company is undertaken by Dominion Corporate Services Limited of which P J Richardson one of the Company's directors is a key employee. During the year fees totalling £4,000 (2009: £nil) were paid to Dominion Corporate Services Limited and £8,000 (2009: £nil) was accrued at the year end.

Fees paid to the directors are disclosed in note 12.

14. FIRST-TIME ADOPTION OF IFRS

During the year the Company has changed its accounting framework from United Kingdom Accounting Standards (UK GAAP) and prepared these financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The date of transition to IFRS is 1 July 2008. The Company's IFRS accounting policies presented in note 2 have been applied in preparing the financial statements for the year ended 30 June 2010 and retrospectively for the comparative information and the opening statement of financial position at the date of transition.

The Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards (as revised in 2008) in preparing these first IFRS financial statements. The effects of the transition to IFRS on equity, statement of financial position, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes to the financial statements that accompany the tables.

First time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Company has applied the mandatory exceptions and certain optional exemptions. The exemptions adopted by the Company are as follows:

Mandatory exceptions adopted by the Company:

a) The Company has used estimates under IFRS that are consistent with those applied under UK GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error

Optional exemptions applied by the Company:
The Company has not opted to apply any of the exemptions available under IFRS 1.

Reconciliation of Equity

Equity at the date of transition and at 30 June 2009 can be reconciled to the amounts reported under UK GAAP (the previous GAAP) as follows:

	Note	1 July 2008 UK GAAP £	1 July 2008 Effect of transition to IFRS £	1 July 2008 IFRS £	30 June 2009 UK GAAP £	30 June 2009 Effect of transition to IFRS £	30 June 2009 IFRS £
ASSETS							
Non current assets							
Financial assets at fair value through profit or loss	a	4,728,998	4,039,502	8,768,500	1,830,287	894,013	2,724,300
Current Assets							
Trade and other receivables		7,689	-	7,689	10,540	-	10,540
Cash and cash equivalents		1,118,597	-	1,118,597	873,656	-	873,656
		1,126,286	-	1,126,286	884,196	-	884,196
Total assets		5,855,284	4,039,502	9,894,786	2,714,483	894,013	3,608,496

LIABILITIES AND EQUITY							
Current Liabilities							
Trade and other payables		131,730	-	131,730	172,377	-	172,377
EQUITY							
Share Capital Account		1,403,060	-	1,403,060	1,396,060	-	1,396,060
Share Premium Account		416,317	-	416,317	261,682	-	261,682
Share Option Account		251,410	-	251,410	244,363	-	244,363
Capital Redemption Account		269,416	-	269,416	-	-	-
Profit or Loss Account	a	3,383,351	4,039,502	7,422,853	640,001	894,013	1,534,014
Total equity		5,723,554	4,039,502	9,763,056	2,542,106	894,013	3,436,119
Total liabilities and Equity		5,855,284	4,039,502	9,894,786	2,714,483	894,013	3,608,496

Reconciliation of total comprehensive income

Total comprehensive income for the reporting period ended 30 June 2009 can be reconciled to the amounts reported under UK GAAP as shown on the following page.

	Note	£	£	£
Realised gain on disposal of investments		3,874,768	-	3,874,768
Impairment of investments	b	(2,125,250)	2,125,250	-
Unrealised Loss on investments at fair value through profit or loss	b	-	(5,270,739)	(5,270,739)
Administrative expenses		(374,827)	-	(374,827)
Operating profit or (loss)		1,374,691	(3,145,489)	(1,770,798)
Interest receivable		49,035	-	49,035
Profit/(loss) before tax		1,423,726	(3,145,489)	(1,721,763)
Taxation		-	-	-
Comprehensive income/(loss) for the year		1,423,726	(3,145,489)	(1,721,763)
Basic gain/(loss)per share (pence)		20.34		(24.66)
Diluted gain/(loss) per share (pence)		19.91		(23.62)

Under UK GAAP the Company did not report total comprehensive income. Total basic and diluted earnings/ (loss) per share changes as a result of the changes indicated above. See note 4 for further information on earnings per share.

Notes to the reconciliations

a) Investments

The Company has elected to designate investments as 'fair value through profit or loss' under IFRS at the date of transition (see note 5). The investments are now measured at fair value. Under UK GAAP the investments were carried at cost less impairment charges. The effect of the designation is to increase investments' to 'fair value through profit or loss' by £4,039,502 at the date of transition and by £894,013 at 30June 2009. The increase in fair value on transition have been included in the profit and loss reserve within equity.

b) Gains/(Losses) on investments at fair value through profit or loss

An impairment loss recorded under the previous GAAP in the period ended 30 June 2009 was reversed as a result of transition to IFRS. As at 30 June 2009, the loss on investments at fair value through profit or loss was £5,270,739 which consisted of actual fair value loss for the year £1,231,237 together with the reversal of the prior year fair value adjustment £4,039,502.

c) Statement of cash flows

Other than the change in cash flow headings, there are no material adjustments in the cash flow statement. The components of cash and cash equivalents under UK GAAP are similar to those presented under IFRS.

15. CONTROLLING PARTY

In the opinion of the Directors the Company does not have a controlling party.

16. EVENTS AFTER THE REPORTING PERIOD

On 26 July 2010, the Company acquired 1,290,322 ordinary shares in Argos Resources Limited for £401,000 and subsequently sold 90,322 ordinary shares for £56,744. At 1 October 2010 the current market value of the investment was £639,000 at 53.25p per share.

Following the year end, the Company sold 918,450 shares in Desire for total proceeds of £1,169,010 and purchased 444,450 shares for £623,786. At 1 October 2010 the current market value of the investment was

£4,944,000, at 154.50p per share.

At 1 October 2010 the market value of the investment in Sterling had dropped by £1,177,000 to £1,001,250 at 66.75p per share. The reduction in value resulted from an announcement by Sterling in September 2010 regarding the disappointing findings by the Sangaw North #1 Exploration Well at 2,395 meters.

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