

Regulatory Announcement

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Company Westmount Energy Limited
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Headline Proposed return of capital
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Westmount Energy Limited
19 December 2008

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

Proposed return of capital of approximately £4.5 million to shareholders by way of issue and redemption of redeemable B Shares

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Highlights

- Proposed Return of Capital of approximately £4.5 million to Shareholders
- Return equivalent to 65 pence per Ordinary Share
- Return to be effected by the issue of redeemable B shares
- For every Ordinary Share held at 5.00 p.m. on 28 January 2009, Shareholders will receive 1 B share
- Shareholders will have their B Shares redeemed for 65 pence each in cash on 6 February 2009
- Return is conditional on Shareholders' approval, which will be sought at an EGM on 30 January 2009
- A circular detailing these Proposals is today being posted to Shareholders

"The Company intends to return 65 pence per Ordinary Share

(approximately £4.5 million in aggregate) to Shareholders. The overall effect of this is to allow the Company to return value to Shareholders. The Board continues to monitor its remaining investments to ensure they continue to be attractive to Shareholders." commented Mervyn Bradlow, non-executive Chairman of Westmount.

Background to the Proposals

As referred to in the Chairman's Review to Shareholders accompanying the Annual Report and Financial Statements for the year ended 30 June 2008 dated 3 November 2008, it is the Board's intention to realise value from its investments and to return surplus cash to Shareholders. Since the Company was introduced to AIM in 1995 at a price of 15p per share, the Directors have concentrated their efforts in securing capital growth for shareholders. As a consequence the Directors have not been in a position to recommend the payment of dividends.

It has always been the Directors' intention, however, to recommend a return of capital to Shareholders when major assets are realised upon sale for cash.

On 4 November 2008, Westmount announced the unconditional sale of 244,000 shares in Eclipse Energy plc ("Eclipse"), one of its principal investments, at a price of £18.01 per Eclipse share, realizing total gross proceeds of £4,394,440.

Following the disposal of its shareholding in Eclipse and previous disposals, the Company has cash funds available of approximately £5 million with no indebtedness.

The Directors, therefore, are now in a position to recommend the Return of Capital.

Advantages of the Return of Capital

The Board is proposing to effect the Return of Capital to Shareholders by means of an issue of redeemable shares called B Shares. The Board believes that this method provides a number of benefits for Shareholders, including:

- all Shareholders are treated equally, pro rata to the size of their existing shareholdings in Westmount;

- the relative proportions of equity held by Shareholders will not change as a result of the issue of the B Shares;
- the Return of Capital can be implemented in an orderly and timely manner; and
- Shareholders will be able to redeem the B Shares without incurring commission or dealing charges.

Summary of the Proposals

The Return of Capital is conditional upon the approval of Shareholders which will be sought at the Extraordinary General Meeting of the Company to be held on 30 January 2009.

The return of approximately £4.5 million will be affected through the issue and subsequent redemption of B Shares. The B Shares will be issued to holders of Ordinary Shares on the basis of one B Share for each Ordinary Share held as at the Return Record Time, which is expected to be at 5.00 p.m. on 30 January 2009.

The issue of the B Shares is conditional on the passing of the special resolutions relating to the Proposals at the EGM.

The B Shares will be issued at a premium and will be credited as fully paid up by capitalising approximately £70,000 of the Company's share premium account and transferring approximately £4,500,000 of the Company's profit and loss account, being an amount equal to the premium at which the B Shares are to be issued, to the Company's share premium account. The exact number of B Shares to be issued will depend on the total number of Ordinary Shares in issue at the Return Record Time. As at 17 December 2008, the latest practicable date prior to the publication of this document, there were 6,980,300 Ordinary Shares in issue.

The Company will redeem all of the B Shares on 6 February 2009 at 65 pence per B share. All B Shares redeemed will be cancelled.

Shareholders are not being given an option of when to have their B Shares redeemed due to the anticipated costs of arranging multiple payments.

The B Shares will not be admitted to trading on AIM.

Although transferable, as there will be no formal market for the B Shares, Shareholders' ability to sell the B Shares, prior to redemption on 6 February 2009, is likely to be limited.

Share certificates for B Shares will not be issued and B Shares may not be held in uncertificated form through the CREST system.

Extraordinary General Meeting

The Extraordinary General Meeting of the Company to be held at 11.00 a.m. on 30 January 2009 at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG, Channel Islands. Special resolutions will be proposed at the EGM to approve the Proposals.

Expected timetable of principal events

Last time for receipt of Forms of Proxy for the EGM	11.00 a.m. on 28 January 2009
Voting Record Time for the EGM	5.00 p.m. on 28 January 2009
Return Record Time	11.00 a.m. on 30 January 2009
Issue of B Shares	5.00 p.m. on 30 January 2009
Redemption Date	2 February 2009
CREST accounts credited and despatch of cheques in respect of B Shares redeemed	On 6 February 2009
	On 13 February 2009

All references to time in this document are to UK time unless otherwise stated. The dates and times given in this document are based on the Company's current expectation and may be subject to change. If the dates and times given in this document do change, Shareholders will be notified by an announcement on the Regulatory News Service of the London Stock Exchange.

A circular containing details of this proposed return of capital is being posted to Shareholders today. Capitalised terms in this announcement have the same meaning as those set out in the circular.

Contacts:

Paul R. Anderson,
Westmount Energy Limited Tel: 01534 814209

Gavin J. Burnell,
Brett L. Miller,
Ruegg & Co. Limited Tel: 020 7584 3663

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