

Regulatory Story

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Company Westmount Energy Limited
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Headline Proposed Return of Capital
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Westmount Energy Limited
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Westmount Energy Limited
(‘Westmount’ or the ‘Company’)

Proposed return of capital of up to approximately £3.4 million to shareholders by way of issue and redemption of redeemable B Shares

Highlights

- Proposed Return of Capital of up to approximately £3.4 million to Shareholders
- Return equivalent to 45 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 31 January 2011, Shareholders will receive 1 B share
- Shareholders will have their B Shares redeemed for 45 pence each in cash on 2 February 2011
- Return is conditional on Shareholders' approval, which will be sought at an EGM on 28 January 2011
- A circular detailing the Proposals is today being posted on the Company's website and will be sent to Shareholders in due course

'In accordance with stated strategy, the Company intends to return 45 pence per Ordinary Share (up to approximately £3.4 million in aggregate) 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 and reasons for the Proposed Return of Capital

As referred to in the Company's Annual Report and Financial Statements for the year ended 30 June 2010, dated 4 October 2010, it remains 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 and have so far returned to shareholders a

total of 115 pence per share, which amount will increase to 160 pence per share following the EGM assuming that all of the resolutions are passed at the meeting.

As announced previously, it has always been the Directors' intention to return capital to Shareholders when major assets are realised upon sale for cash.

Following the disposal of some of its shareholdings in Sterling and Desire, the Company has cash funds available of over £3.3 million with no indebtedness which, together with the expected proceeds of £199,250 from the exercise of the relevant Share Options, which will be more particularly described in Part 4 of the circular, will provide sufficient cash for the Company to distribute pursuant to the Return of Capital.

The Directors, therefore, are now in a position to recommend the Return of Capital. A circular outlining the Proposed Return of Capital and containing notice of EGM will be posted to Shareholders by the end of the year and will be made available on the Company's website today. Capitalised terms used in this announcement have the same meanings as those that will be set out in the circular.

Advantages of the Return of Capital

The Board is proposing to effect the Return of Capital 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
- the B Shares will be redeemed and capital returned 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 EGM to be held on 28 January 2011, notice of which will be given in Part 5 of the circular. The terms and conditions of the Return of Capital will be set out in Part 2 of the circular.

Under the terms of the Proposals, Shareholders will receive one B Share for each Ordinary Share held at the Return Record Time. The B Shares, of 1 penny each, will be issued at a premium and will be credited as fully paid up by capitalising up to £75,303 of the Company's share premium account and transferring up to approximately £3.3 million of the Company's profit and loss account to the Company's share premium account, being an amount equal to the premium at which the B Shares are to be issued. The aggregate par value of the B Shares issued will be up to £75,303. The precise total nominal value of the B Shares issued will depend on the number of Ordinary Shares in issue at the Return Record Time which, subject to alteration, will be 5.00 p.m. on 31 January 2011.

As more particularly described in the circular to be posted to Shareholders, the Directors will have exercised all of their Share Options with an exercise price below 45 pence each conditional on the passing of all of the resolutions proposed to be passed at the EGM. If all of the relevant Share Option Shares are issued prior to the Return Record Time, it is expected that there will be 7,530,300 Ordinary Shares in issue at that time. The Company will apply for

admission of the resulting Share Option Shares and, if issued, these are expected to be admitted to trading on AIM at 9.00 a.m. on 31 January 2011. The Directors remain committed to continuing the strategy of realizing value from the Company's investments and therefore have no present or foreseeable intention to dispose of their relevant Share Option Shares.

On redemption of the B Shares, the figure of up to approximately £3.4 million capitalised will be utilised towards payment of the redemption moneys.

Shareholders will not be 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 2 February 2011, is likely to be limited.

Details of the rights and restrictions attaching to the B Shares will be set out in Part 5 of the circular.

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

Taxation

Shareholders may suffer tax liabilities in respect of the sale or the redemption of their B Shares depending on their individual circumstances. Reference to the UK tax implications of the Proposals will be set out in Part 3 of the circular. All Shareholders are recommended to consult their independent advisers if they are in any doubt whatsoever as to their tax position.

Current investments and prospects

Westmount continues to hold 1.5 million shares in Sterling and 2.55 million shares in Desire. The Company also holds 1.2 million shares in Argos Resources Plc.

The Board continues to monitor the Company's investments to ensure they remain attractive to Shareholders but clearly, like all investment companies, is mindful of the need to make a profitable exit where possible at the appropriate opportunity.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Last time for receipt of Forms of Proxy for the EGM a.m. on 26 January 2011	11.00
Voting Record Time for the Extraordinary General Meeting 5.00 p.m. on 26 January 2011	
Extraordinary General Meeting	11.00 a.m. on 28 January 2011
Return Record Time p.m. on 31 January 2011	5.00
Issue of B Shares	1

February 2011

Redemption

Date

On 2

February 2011

CREST accounts credited and despatch of cheques in respect of
B Shares redeemed

On 14 February 2011

The EGM at which the Proposals will be considered will be held at 11.00 a.m. on 28 January 2011 at Ogier House, The Esplanade, St Helier, Jersey JE4 9WG, Channel Islands. Notice of the EGM will be set out in Part 5 of the circular. The Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the EGM.

Enquiries

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