

# **WESTMOUNT ENERGY LIMITED**

**Interim Report  
for the six months ended  
31 December 2009**

## WESTMOUNT ENERGY LIMITED

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### COMPANY INFORMATION

**Directors**

Mervyn Bradlow (Non-Executive Chairman)  
Peter J. Richardson  
Marc S. D. Yates  
Paul R. Anderson

**Secretary and  
Registered Office**

Bedell Secretaries Limited  
26 New Street  
St Helier  
Jersey JE2 3RA  
Channel Islands

**Nominated Advisor  
and Broker**

Cenkos Securities Plc  
6.7.8 Tokenhouse Yard  
London EC2R 7AS

**Legal Advisers**

Ogier  
Whiteley Chambers  
Don Street, St Helier  
Jersey JE4 9WG  
Channel Islands

**Auditors**

Moore Stephens  
First Island House  
19 - 21 Peter Street, St Helier  
Jersey JE4 8SG  
Channel Islands

**Bankers**

The Royal Bank of Scotland International  
71 Bath Street, St Helier  
Jersey JE2 4SU  
Channel Islands

**Registrar**

Capita Registrars (Jersey) Limited  
12 Castle Street  
St Helier  
Jersey JE2 3RT  
Channel Islands

## WESTMOUNT ENERGY LIMITED

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### CHAIRMAN'S REVIEW

In presenting our Interim Report and Accounts for the first time as prepared under the requirements of the International Financial Reporting Standards shareholders will note that they are substantially changed from the form in which we have previously reported and I would recommend you to read the note at the end of my report setting out our decision to adopt this format. This form of reporting is now becoming standard procedure for companies listed in the United Kingdom.

The period under review has seen some major changes in the capitalisation of our two remaining listed companies as both Sterling Energy Plc and Desire Petroleum Plc raised new capital and your company participated in both Issues and subscribed to new shares on very favourable terms as reported in our Annual General Meeting statement on 28 October 2009.

The net effect of our participation in these Issues has resulted in a significant increase in the asset value of your company shown in the balance sheet as at 31 December 2009. This is due to reflecting our holdings at current market value as compared to the historical cost basis we have always used in previous reports. The net profit of £4,206,207 for the period is primarily a result of this change in accounting methods and I would refer you to note 3 of the financial statements for further explanation.

Your board has continued to pursue its policy of trimming the Company's holdings in Desire at a significant increase to our original cost price. As at 31 December 2009 our holding stood at 4.8 million shares and subsequent to the year end we have reduced our holding to 3.7 million shares as at 5 March 2010.

We are now entering the most important phase in the history of our two investments. In the Falklands Desire's rig is now onsite and the first well was spudded on 22 February 2010 and the drilling programme is likely to last 30 days. The subsequent drilling programme for Desire and its co-partners in the rig is likely to last six to eight months and we anticipate steady news flow over this period.

Sterling Energy is currently drilling an exploration well in Kurdistan which will take some 80 days to reach target depth and the results are likely to be known sometime in April. We expect to continue to hold our shares in Sterling pending developments of their portfolio of prospects in Africa and Madagascar. Sterling has a new management team with a proven track record, an ungeared balance sheet and approximately \$100m in cash as estimated by Sterling's broker in their latest research note dated 25 February 2010.

The results of the above two drilling programmes will be known during the next few months and the Board look forward to a favourable result. We have been shareholders in both companies for many years and hope our faith will be rewarded.

I hope to be able to report to you further news on the above as and when it occurs.

#### Adoption of International Financial Reporting Standards

In the period ended 31 December 2009, the Directors have decided to make the transition from using United Kingdom Accounting Standards (UK GAAP) to International Financial Reporting Standards ("IFRS"). The first complete set of IFRS compliant financial statements will be prepared for the year ending 30 June 2010. The Directors have considered the implications of adopting IFRS on the June 2009 and December 2008 comparatives and have adjusted them accordingly. The significant changes to the comparatives are summarised in a note at the back of the condensed accounts.

Mervyn Bradlow  
Chairman

11 March 2010

## WESTMOUNT ENERGY LIMITED

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in United Kingdom Sterling)

	Six months ended 31 Dec 2009 (unaudited) £	Restated Six months ended 31 Dec 2008 (unaudited) £	Restated Year ended 30 June 2009 (audited) £
<b>Income statement</b>			
Administration expenses	(141,890)	(273,980)	(374,827)
Profit on disposal of investments	137,174	3,659,440	3,874,768
Interest receivable	<u>1,299</u>	<u>36,110</u>	<u>49,035</u>
<b>(Loss)/Gain on ordinary activities before taxation</b>	(3,417)	3,421,570	3,548,976
Taxation	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating (Loss)/Gain from continuing operations</b>	<u>(3,417)</u>	<u>3,421,570</u>	<u>3,548,976</u>
<b>Other Comprehensive income</b>			
Net gain/(loss) on available for sale financial assets through profit and loss	<u>4,209,624</u>	<u>(5,835,950)</u>	<u>(5,270,739)</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>4,206,207</u>	<u>(2,414,380)</u>	<u>(1,721,763)</u>
Basic gain/(loss) per share (pence)	<u>60.23</u>	<u>(34.27)</u>	<u>(24.66)</u>
Diluted gain/(loss) per share	<u>55.17</u>	<u>(31.18)</u>	<u>(22.58)</u>

## WESTMOUNT ENERGY LIMITED

### CONDENSED STATEMENT OF FINANCIAL POSITION

(Expressed in United Kingdom Sterling)

	Six months ended 31 Dec 2009 (unaudited) £	Restated Six months ended 31 Dec 2008 (unaudited) £	Restated Year ended 30 June 2009 (audited) £
<b>ASSETS</b>			
<b>Non current assets</b>			
Financial assets at fair value through profit and loss	6,951,513	2,247,800	2,724,300
<b>Current assets</b>			
Trade receivables	4,881	10,863	10,540
Due from brokers	627,540	-	-
Cash and cash equivalents	219,101	5,207,279	873,656
	<u>851,522</u>	<u>5,218,142</u>	<u>884,196</u>
<b>Total assets</b>	<u><u>7,803,036</u></u>	<u><u>7,465,942</u></u>	<u><u>3,608,496</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	<u>149,021</u>	<u>150,242</u>	<u>172,377</u>
<b>EQUITY</b>			
Share Capital	1,396,060	1,396,060	1,396,060
Share Premium Account	261,682	391,648	261,682
Share Option Account	256,052	268,109	244,363
Capital Redemption Reserve	-	258,410	-
Profit and Loss Account	<u>5,740,221</u>	<u>5,001,473</u>	<u>1,534,014</u>
<b>Total equity</b>	<u><u>7,654,015</u></u>	<u><u>7,315,700</u></u>	<u><u>3,436,119</u></u>
<b>Total liabilities and equity</b>	<u><u>7,803,036</u></u>	<u><u>7,465,942</u></u>	<u><u>3,608,496</u></u>

## WESTMOUNT ENERGY LIMITED

### CONDENSED STATEMENT OF CHANGES IN EQUITY

(Expressed in United Kingdom Sterling)

	Share capital Account £	Share premium Account £	Share option Account £	Retained Earnings £	Restated Total equity £
<b>As at 1 July 2008 (Restated)</b>	1,403,060	416,317	269,416	7,674,263	9,763,056
<b>Total comprehensive income</b> (Loss) for the period ended 31 December 2008				(2,414,380)	(2,414,380)
<b>Transaction with owners</b>					
Purchase of own shares	(7,000)				(7,000)
Costs of share options			19,963		19,963
Lapse of share options			(21,270)		(21,270)
Purchase of own shares		(24,668)			(24,668)
	(7,000)	(24,668)	(1,307)	-	(32,975)
<b>At 31 December 2008 (Restated)</b>	1,396,060	391,649	268,109	5,259,883	7,315,701
<b>Total comprehensive income</b>					
Profit for the period ended 30 June 2009				692,617	692,617
<b>Transaction with owners</b>					
Issue of B shares		(69,803)			(69,803)
Redemption of shares				(4,467,391)	(4,467,391)
Redemption costs		(60,164)			(60,164)
Cost of share options			3,889		3,889
Lapse of share options			(27,635)	48,905	21,270
	-	(129,967)	(23,746)	(4,418,486)	(4,572,199)
<b>At 30 June 2009 (Restated)</b>	1,396,060	261,682	244,363	1,534,014	3,436,119
<b>Total comprehensive income</b>					
Profit for the period ended 31 December 2009				4,206,207	4,206,207
<b>Transaction with owners</b>					
Issue of B shares					-
Cost of share options			11,689		11,689
	-	-	11,689	-	11,689
<b>At 31 December 2009</b>	1,396,060	261,682	256,052	5,740,221	7,654,015

## WESTMOUNT ENERGY LIMITED

### CONDENSED STATEMENT OF CASH FLOWS

(Expressed in United Kingdom Sterling)

	Notes	Six months ended 31 Dec 2009 (unaudited) £	Restated Six months ended 31 Dec 2008 (unaudited) £	Restated Year ended 30 June 2009 (audited) £
<b>Net cash (outflows) from operating activities</b>	2	<u>(775,438)</u>	<u>(259,949)</u>	<u>(313,179)</u>
Returns on investment and servicing of finance		1,299	36,110	49,035
Taxation		-	-	-
Capital expenditure and financial investment		<u>119,584</u>	<u>4,344,190</u>	<u>4,648,229</u>
<b>Cash (outflows)/inflows before financing</b>		<u>(654,555)</u>	<u>4,120,351</u>	<u>4,384,085</u>
Financing		<u>-</u>	<u>(31,669)</u>	<u>(4,629,026)</u>
<b>(Decrease)/Increase in cash</b>		<u>(654,555)</u>	<u>4,088,682</u>	<u>(244,941)</u>
<b>Reconciliation of cash flow to movement in net (debt)/funds</b>				
(Decrease)/Increase in cash		<u>(654,555)</u>	<u>4,088,682</u>	<u>(244,941)</u>
Change in net (debt)/funds resulting from Cash flows		<u>(654,555)</u>	<u>4,088,682</u>	<u>(244,941)</u>
Movement in net (debt)/funds in the year		<u>(654,555)</u>	<u>4,088,682</u>	<u>(244,941)</u>
Net funds bought forward		<u>873,656</u>	<u>1,118,597</u>	<u>1,118,597</u>
<b>Net funds carried forward</b>		<u>219,101</u>	<u>5,207,279</u>	<u>873,656</u>
<b>Represented by:</b>				
Cash at bank		<u>219,101</u>	<u>5,207,279</u>	<u>873,656</u>
Net funds carried forward		<u>219,101</u>	<u>5,207,279</u>	<u>873,656</u>

## WESTMOUNT ENERGY LIMITED

### NOTES TO THE UNAUDITED INTERIM RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2009

#### 1 Impact of the adoption of the International Financial Reporting Standards

The financial information shown in these interim results, has been presented for the first time in accordance with the recognition and measurement principles of the International Financial Reporting Standards ("IFRS"). The comparative information for the six months ended 31 December 2008 and the year ended 30 June 2008 has been restated under these standards.

The primary difference for the Company as a result of adopting IFRS is the valuation of investments, which have been categorised as financial assets at fair value through profit or loss and measured at fair value. Any surplus or deficit on the revaluation of the investment is transferred to the Statement of Comprehensive Income. Previously the investments were recorded at cost less any impairments. Fair value is regarded as the market value at year end.

The Directors have restated the comparative figures of these investments in the Statement of Financial Position as follows:

	Investments As previously stated at cost	Investments restated to Fair value	Difference
As at 31 December 2008	1,918,998	2,247,800	328,802
As at 30 June 2009	1,830,287	2,724,300	894,013

The restatement of the investments to Fair value has resulted in the following changes in the Statement of Comprehensive income:

	Profit As previously stated	Comprehensive Income Restated	Difference
Six months ended 31 December 2008	1,296,320	(2,414,380)	(3,710,700)
Year ended 30 June 2009	1,423,726	(1,721,763)	(3,145,489)

The retained earnings as at 1 July 2008 increased by £4,039,509 as a result of the change in the value of the investments and was affected as follows in the subsequent reporting periods.

	Retained earnings As previously stated	Retained earnings Restated	Difference
Six months ended 31 December 2008	4,672,671	5,001,473	328,802
Year ended 30 June 2009	640,001	1,534,014	894,013

#### 2 Cash flow statement

Reconciliation of net cash flow from the operating activities

	Six months ended 31 Dec 2009 (unaudited)	Six months ended 31 Dec 2008 (unaudited)	Year ended 30 June 2009 (audited)
Administration expenses	(141,890)	(273,980)	(374,827)
Costs attributable to issue of share options	11,689	(1,307)	23,852
Decrease/(Increase) in trade debtors	5,659	(3,174)	(2,851)
Increase in Due from Broker	(627,540)	-	-
(Decrease)/Increase in creditors and accrued expenses	(23,356)	18,512	40,647
Net cash inflow/(out flow) from operating activities	<u>(775,438)</u>	<u>(259,949)</u>	<u>(313,179)</u>



## WESTMOUNT ENERGY LIMITED

### 3 Investments

	Six months ended 31 Dec 2009 (unaudited) £	Restated Six months ended 31 Dec 2008 (unaudited) £	Restated Year ended 30 June 2009 (audited) £
Desire PLC, at market value	4,416,000	1,391,000	2,025,000
Cost, 4.8 million share (31 Dec 2008: 5,200,000, 30 June 2009: 4,500,000 shares)	1,149,501	658,998	570,287
Sterling Energy, at market value	2,535,513	856,800	699,300
Cost, 1,635,815 shares (31 Dec 2008: 31,500,000, 30 June 2009: 31,500,000 shares)	2,823,625	3,385,250	3,385,250
Total market value	<u>6,951,513</u>	<u>2,247,800</u>	<u>2,724,300</u>
Total cost	<u>3,973,126</u>	<u>4,044,248</u>	<u>3,955,537</u>
Current year movement	2,978,387	(1,796,448)	(1,231,237)
Reverse prior year FV adjustment	<u>1,231,237</u>	<u>(4,039,502)</u>	<u>(4,039,502)</u>
Current period income statement impact	<u>4,209,624</u>	<u>(5,835,950)</u>	<u>(5,270,739)</u>