

**WESTMOUNT
ENERGY LIMITED**

**Interim Report
For the six months ended
31 December 2010**

WESTMOUNT ENERGY LIMITED

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
44 Esplanade
St Helier
Jersey JE4 9WG
Channel Islands

Auditors

Moore Stephens
First Island House
19 - 21 Peter Street, St Helier
Jersey JE2 4SP
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

CHAIRMAN'S REVIEW

I last wrote to you in December 2010 when we were planning to make a further capital repayment of 45p per share. You will have received this in mid February of this year and together with the two previous capital repayments make a total of 160p since the shares were originally floated in 1995 at 15p per share.

There has been little change in our portfolio since my letter on the 23rd December. We continue to hold 2.45million shares in Desire Petroleum plc (Desire), 1.5million shares in Sterling Energy Plc (Sterling) and 1.million Argos Resources Limited (Argos) and in respect of each I can advise the following.

Desire

Improved Prospects for the Falkland Basin.

Rockhopper Exploration Plc (Rockhopper) has announced this week the result of their appraisal well drilled to investigate the reservoir presence and oil column adjacent to their Sea Lion discovery announced in 2010.

The well successfully flowed oil in the well bore and the drill data is now being evaluated. Rockhopper believe the result will significantly increase the potential for a commercial discovery in the Falkland basin, and are now considering further extending their drilling campaign beyond the three additional wells already contracted for with the Ocean Guardian Rig, which was announced last week

The rig will now move from the Rockhopper well to commence drilling Desire's Ninky prospect, its last remaining well to be drilled to in their present campaign. There is thus a minimum of a further six months of activity in the area and your board will be assessing its investment as further information becomes available.

Sterling

The drilling in Kurdistan has encountered geological problems with the result the well has been sidetracked and will re-drill to 3,300 metres. Results are expected in the second quarter of 2011. Your board continues to assess our holding and will make a decision on its future once the current drill results are announced.

Argos Resources

Argos are currently conducting their seismic survey of their licence area and this should be completed in the second half of this year. Based on these results Argos will decide whether to contract for a rig to drill one or more exploration wells.

The Future

There has been no change to our agreed strategy to make disposals as and when the opportunity occurs with a view to returning further capital to our Shareholders and we will also pursue other opportunities to maximise Shareholder value.

Mervyn Bradlow
Chairman

23 March 2011

WESTMOUNT ENERGY LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2010

(Expressed in United Kingdom Sterling)

	Six months ended 31 Dec 2010 (unaudited) £	Six months ended 31 Dec 2009 (audited) £	Year ended 30 June 2010 (audited) £
Realised gain on disposal of investments	1,466,481	137,174	1,612,003
Unrealised (loss)/gain on financial assets at fair value through profit or loss	(2,880,250)	4,209,624	3,046,569
Administration expenses	(175,909)	(141,890)	(333,784)
Operating (loss)/profit	(1,589,678)	4,204,908	(4,324,788)
Interest receivable	3,275	1,299	3,703
(Loss)/profit before tax	(1,586,403)	4,206,207	4,328,491
Taxation	-	-	-
Comprehensive (loss)/profit for the period	(1,586,403)	4,206,207	4,328,491
Basic (loss)/gain per share (pence)	(22.73)	60.23	62.01
Diluted (loss)/gain per share (pence)	(21.46)	55.17	58.76

The Company had no items of other comprehensive income during the period.

WESTMOUNT ENERGY LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

(Expressed in United Kingdom Sterling)

	Six months ended 31 Dec 2010 (unaudited) £	Six months ended 31 Dec 2009 (audited) £	Year ended 30 June 2010 (audited) £
ASSETS			
Non current assets			
Financial assets at fair value through profit and loss	3,012,375	6,951,513	5,485,350
Current assets			
Trade receivables	4,754	4,882	7,015
Due from brokers	-	627,540	-
Cash and cash equivalents	3,450,124	219,101	2,515,599
	<u>3,454,878</u>	<u>851,523</u>	<u>2,522,614</u>
Total assets	<u>6,467,253</u>	<u>7,803,036</u>	<u>8,007,964</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	<u>234,692</u>	<u>149,021</u>	<u>210,507</u>
EQUITY			
Share Capital	1,396,060	1,396,060	1,396,060
Share Premium Account	261,682	261,682	261,682
Share Option Account	298,717	256,052	277,210
Profit and Loss Account	<u>4,276,102</u>	<u>5,740,221</u>	<u>5,862,505</u>
Total equity	<u>6,232,561</u>	<u>7,654,015</u>	<u>7,797,457</u>
Total liabilities and equity	<u>6,467,253</u>	<u>7,803,036</u>	<u>8,007,964</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 £	Total equity £
As at 1 July 2009	1,396,060	261,682	244,363	1,534,014	3,436,119
Total comprehensive income					
Profit for the period ended 31 December 2009	-	-	-	4,206,207	4,206,207
Transaction with owners					
Costs of share options	-	-	11,689	-	11,689
	-	-	11,689	-	11,689
At 31 December 2009	1,396,060	261,682	256,052	5,740,221	7,564,015
Total comprehensive income					
Profit for the period ended 30 June 2010	-	-	-	122,284	122,284
Transaction with owners					
Cost of share options	-	-	21,158	-	21,158
	-	-	21,158	-	21,158
At 30 June 2010	1,396,060	261,682	277,210	5,862,505	7,797,457
Total comprehensive income					
Loss for the period ended 31 December 2010	-	-	-	(1,586,403)	(1,586,403)
Transaction with owners					
Cost of share options	-	-	21,507	-	21,507
	-	-	21,507	-	21,507
At 31 December 2010	1,396,060	261,682	298,717	4,276,102	6,232,561

WESTMOUNT ENERGY LIMITED

CONDENSED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2010

(Expressed in United Kingdom Sterling)

	Notes	Six months ended 31 Dec 2010 (unaudited) £	Six months ended 31 Dec 2009 (audited) £	Year ended 30 June 2010 (audited) £
Net cash outflows from operating activities	1	<u>(127,956)</u>	<u>(775,438)</u>	<u>(259,283)</u>
Purchase of investments		(1,024,785)	(1,468,924)	(1,874,656)
Sale of investments		2,083,991	1,588,508	3,772,179
Interest received		<u>3,275</u>	<u>1,299</u>	<u>3,703</u>
Net cash generated from investing activities		<u>1,062,481</u>	<u>120,883</u>	<u>1,901,226</u>
Net increase/(decrease) in cash and cash equivalents		<u>934,525</u>	<u>(654,555)</u>	<u>1,641,943</u>
Cash and cash equivalents at the beginning of the period		<u>2,515,599</u>	<u>873,656</u>	<u>873,656</u>
Cash and cash equivalents at the end of the period		<u>3,450,124</u>	<u>219,101</u>	<u>2,515,599</u>

WESTMOUNT ENERGY LIMITED

NOTES TO THE UNAUDITED INTERIM RESULTS FOR THE PERIOD ENDING 31 DECEMBER 2010

1 Cash flow statement

Reconciliation of net cash flow from the operating activities

	Six months ended 31 Dec 2010 (unaudited)	Six months ended 31 Dec 2009 (audited)	Year ended 30 June 2010 (audited)
Total comprehensive (loss)/profit for the period	(1,586,403)	4,206,207	4,328,491
Adjustment for interest income	(3,275)	(1,299)	(3,703)
Adjustment for net loss/(gain) on investments at fair value through profit or loss	2,880,250	(4,209,624)	(3,046,569)
Adjustment for costs attributable to share re options	21,507	11,689	32,846
Adjustments for realised gains on investments at fair value through profit or loss	(1,466,481)	(137,174)	(1,612,003)
Decrease/(increase) in prepayments and accrued income	2,261	(621,881)	3,525
Increase/(decrease) in creditors and accrued expenses	24,185	(23,356)	38,130
Net cash (outflow) from operating activities	<u>(127,956)</u>	<u>(775,438)</u>	<u>(259,283)</u>

2 Investments

	Six months ended 31 Dec 2010 (unaudited) £	Six months ended 31 Dec 2009 (audited) £	Year ended 30 June 2010 (audited) £
Desire PLC, at market value	1,217,625	4,416,000	3,306,600
Cost, 2.55 million shares (31 December 2009: 4.8million, 30 June 2010: 3.674 million shares)	1,115,171	1,149,501	1,080,826
Sterling Energy, at market value	1,263,750	2,535,513	2,178,750
Cost, 1.5 million shares (31 Dec 2009: 1.636 million, 30 June 2010: 1.5 million shares)	2,589,192	2,823,625	2,589,192
Argos Resources Limited, at market value	531,000	-	-
Cost, 1.2 million shares (30 June 2010: nil)	372,930	-	-
Total market value	<u>3,012,375</u>	<u>6,951,513</u>	<u>5,485,350</u>
Total cost	<u>4,077,293</u>	<u>3,973,126</u>	<u>3,670,018</u>
Current year movement	(1,064,918)	2,978,387	1,815,332
Reverse prior year FV adjustment	(1,815,332)	1,231,237	1,231,237
Current period income statement impact	<u>(2,880,250)</u>	<u>4,209,624</u>	<u>3,046,569</u>