RNS Number : 8441Z
Dukemount Capital PLC
20 December 2017

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Dukemount Capital Plc

("Dukemount" or "the Company")

Interim Results

Dukemount Capital Plc (LSE: DKE) is pleased to announce its unaudited interim results for the six months ended 31 October 2017.

Highlights

· First acquisition made in September 2017 of property in North West England

· 50-year Agreement to Lease signed with Housing Association on first property in September 2017

· Option to Buy, with a four-month term, signed on second property in North West England

Geoffrey Dart commented:

"It has been a very active six months for the Board who have been pursuing a number of deals focussing on both small and medium acquisitions. Two are progressing well as previously announced but also much larger transactions, which would be immediately attractive to institutions seeking blue chip long-term income, have been presented to us. As a result of this, excellent contacts have been forged with additional institutions who have approached Dukemount seeking long-term income and the Group views the future with considerable optimism."

The Group will continue to update shareholders once further progress has been made.

For further information, please visit www.dukemountcapitalplc.com or contact:

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Chairman's Statement

I hereby present the Interim Report for the six months ended 31 October 2017. During the period the Company made a loss of £112,976 (six months to 31 October 2016: loss of £21,118) which is mainly attributable to directors' fees and the costs of being on the Official List and trading on the London Stock Exchange. As at the date of this report the Group has approximately £230,000 of cash balances.

Following its listing on the London Stock Exchange on 29 March 2017, the Group has continued to investigate various projects and has completed its first acquisition with an option in place on a possible second acquisition.

The Government's backing of housing at the last budget is good to see and we expect some of the £44 billion in overall government support for housing filtering through to the supported living sector which continues to grow at a pace.

As we have always tried to stress, Dukemount is neither a property developer nor a Real Estate Investment Trust. Our primary business is selling long-dated, CPI linked income to institutions such as pension funds who are battling continued longevity in their pension clients. Since 1971 average life expectancy in men has risen by 10 years and over 7 years for women.

We have a very flexible business model and can reinvest all our profits into expanding our property portfolio or pay a dividend which also means that we don't need to raise capital on the Stock Market to fund acquisitions.

We have chosen the supported living sector as it's fast growing and seen as having good visibility for long term Government funding as there are long term cost savings to local authorities.

North West England Acquisitions

The two acquisitions we have so far announced are different projects with one involving demolition and re-build the other a refurbishment in a large City in the North West of England.

The first involves the demolition of a large building in a high density residential area which will serve tenants from the supported living sector looking to live within the local community very well. The area has excellent transport links and many local shops within walking distance.

We have finalised plans with our architect for a new building which will include retail space of approximately 3,200 square feet and 17 residential apartments. We have already agreed a 50-year lease with a supported living housing association and expect to generate around £234,000 of income per annum which is CPI-linked.

Our build-out timescale for this project is estimated to take 18 months after which the housing association will receive the keys. An appropriate builder has been sourced and will be bonded for time and cost.

We are currently in talks with institutions who wish to purchase the entire 50-year lease income for their long-dated income requirements.

We have also received notifications of interest in buying this project as it is, a development site with planning permission, and the uniqueness of our business model allows us to consider these proposals.

The second project consists of a large building which was previously used for high occupancy living. This project will have a shorter timeline to completion as it only involves the refurbishment of the interior and landscaping and we expect a 6-month timeline.

The announcement of these acquisitions earlier in the year has generated additional interest for this project from a number of housing associations and we are currently in discussions with these organisations to get the best deal for Dukemount both in timescale and income. As this situation has arisen we have taken a four-month option-to-buy on the property to allow us to successfully conclude a leasing agreement.

When a 50-year lease has been agreed, and all the necessary and substantial health and safety checks concluded we will offer the entire income to our expanding database of institutional clients.

Outlook

We are being presented with acquisition targets on a regular basis both small and medium and more recently of a more significant scale. Each acquisition is investigated thoroughly on its merits to attract both housing associations and institutions and concise surveys are undertaken. In tandem with this, we are considering offers of finance as well as other suggestions for the first acquisition in the North West of England and expect to have made a decision in the coming months allowing the development to commence.

With long-dated income demand still high and solutions still lean we continue to see a bright future for Dukemount. The end game is in sight for our first two acquisitions and I look forward to updating on new acquisition opportunities as they clear our strict criteria.

I would like to take the opportunity to thank our shareholders for their support and also my fellow directors for their continuing efforts in driving this business forward.

Geoffrey Dart

Executive Chairman

19 December 2017

Responsibility Statement

We confirm that to the best of our knowledge:

· the Interim Report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as adopted by the EU; and

· gives a true and fair view of the assets, liabilities, financial position and loss of the Group; and

· the Interim Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

· The Interim Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Geoffrey Dart

Executive Chairman

19 December 2017

Statement of Comprehensive Income

For the half year ended 31 October 2017

	Notes	Group	Company	Company
		Unaudited	Unaudited	Audited
		6 months ended	6 months ended	Year ended
		31 Oct 2017	31 Oct 2016	30 April 2017
		£	£	£
Total administrative expenses and loss from operations		(153,476)	(21,918)	(167,470)
Loss on disposal of available for sale financial investment		-	-	(9,679)
Loss before taxation		(153,476)	(21,918)	(177,149)
Tax		-	-	-
Loss for the financial period		(153,476)	(21,918)	(177,149)

Other comprehensive income				
Unrealised gain on available for sale financial investment		40,500	800	800
Reclassification of cumulative loss on available for sale financial asset on disposal		-	-	17,200
Total comprehensive (loss) attributable to the equity holders of the parent		(112,976)	(21,118)	(159,149)
Earnings per share				
- Basic and diluted	3	(0.0332)	(0.0138)	(0.099)

Statements of financial position

At 31 October 2017

		Group	Company	Company
	Note	Unaudited	Unaudited	Audited
		31 Oct 2017	31 Oct 2016	30 April 2017
		£	£	£
ASSETS				
Current assets				
Investment property	4	200,743	-	-
Available for sale financial assets		65,500	27,800	25,000
Trade and other receivables	5	33,807	4,231	41,793
Cash and cash equivalents		234,198	17,072	593,406
Total Current assets		534,248	49,103	660,199
Total assets		534,248	49,103	660,199
LIABILITIES				
Current liabilities				
Trade and other payables	6	7,900	5,775	26,875
Total Current liabilities		7,900	5,775	26,875

Total liabilities	7,900	5,775	26,875
NET ASSETS	526,348	43,328	633,324
Capital and reserve attributable to the equity holders of the Parent			
Share capital	339,500	152,500	338,300
Share premium	736,337	196,500	731,537
Share based payments reserve	30,499	23,308	30,499
Retained earnings	(579,988)	(328,980)	(467,012)
TOTAL EQUITY	526,348	43,328	633,324

Statement of Changes in Equity

For the half year ended 31 October 2017

Company	Share capital	Share premium	Share based payment reserve	Retained losses	Total shareholders' equity
	£	£	£	£	£
Balance at 1 May 2016	152,500	196,500	23,308	(307,863)	64,445
Loss for the period	-	-	-	(177,149)	(177,149)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	800	800
Reclassification of cumulative loss on available for sale financial assets on disposal	-	-	-	17,200	17,200
Total comprehensive income for the year	-	-	-	(159,149)	(159,149)
Issue of ordinary shares	185,800	623,200	-	-	809,000
Issue costs	-	(88,163)	-	-	(88,163)
Share based payments	-	-	7,191	-	7,191
Total transactions with owners	185,800	535,037	7,191	-	728,028
Balance at 30 April 2017	338,300	731,537	30,499	(467,012)	633,324

Consolidated	Share capital	Share premium	Share based payment reserve	Retained losses	Total shareholders' equity
	£	£	£	£	£
Balance at 30 April 2017	338,300	731,537	30,499	(467,012)	633,324
Loss for the period				(153,476)	(153,476)
Other comprehensive income					
Change in fair value of available for sale financial assets				40,500	40,500
Total comprehensive income for the year	-	-	-	(112,976)	(112,976)
Issue of ordinary shares	1,200	4,800	-	-	6,000
Total transactions with owners	1,200	4,800	-	-	6,000
Balance at 31 October 2017	339,500	736,337	30,499	(579,988)	526,348

Statement of Cashflows

For the half year ended 31 October 2017

	Group	Company	Company
	Unaudited	Unaudited	Audited
	6 months ended 31 Oct 2017	6 months ended 31 Oct 2016	Year ended 30 April 2017
	£	£	£
Operating activities			
Loss before taxation	(153,476)	(21,918)	(177,149)
Loss on disposal of available for sale financial asset	-	-	9,679
Share based payments	-	-	7,191

Decrease / (increase) in trade and other receivables	7,986	(305)	(37,867)
(Decrease) / increase in trade and other payables	(18,975)	1,926	23,025
Cash used in operations	(164,465)	(20,297)	(175,121)
Net cash outflow used in operating activities	(164,465)	(20,297)	(175,121)
Investing activities			
Proceeds from sale of available for sale financial assets	-	-	10,321
Purchase of investment property	(200,743)	-	-
Net cash outflow from investing activities	(200,743)	-	10,321
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of issue costs	6,000	-	720,837
Net Cash generated from Financing Activities	6,000	-	720,837
Decrease in cash and cash equivalents in period/ year	(359,208)	(20,297)	556,037
Cash and cash equivalents at beginning of period / year	593,406	37,369	37,369
Cash and cash equivalents at end of period / year	234,198	17,072	593,406

Notes to the Interim Report

For the half year ending 31 October 2017

1. GENERAL INFORMATION

Dukemount Capital Plc (the "Company") is a company domiciled in England. The interim report for the six months ended 31 October 2017 comprises the results of the Company and its subsidiaries (together referred to as the "Group").

The comparatives for the full year ended 30 April 2017 are results of the Company only as the subsidiary was formed after 30 April 2017. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified.

2. BASIS OF PREPARATION AND FINANCIAL INFORMATION

The Interim Report, which includes the consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The Interim Report should be read in conjunction with the annual financial statements for the year ended 30 April 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The results of the six months to 31 October 2017 is consolidated and the comparative is company only figures as the subsidiaries formed after year end.

Cyclicality

The interim results for the six months ended 31 October 2017 are not necessarily indicative of the results to be expected for the full year ending 30 April 2018. Due to the nature of the entity, the operations are not affected by seasonal variations at this stage.

The Interim Report for the period 1 May 2017 to 31 October 2017 is unaudited. This report has not been reviewed by the company's auditors in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. In the opinion of the Directors the interim financial statements, included in the Interim Report, for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The interim financial statements incorporate unaudited comparative figures for the interim period 1 May 2016 to 31 October 2016 and extracts from the audited financial statements for the year ended 30 April 2017.

The Interim Report, which includes the interim financial statements, set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial statements are consistent with those that have been adopted in the Company's 2017 audited financial statements. Statutory financial statements for the year ended 30 April 2017 were approved by the Board of Directors on 10 August 2017 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company and Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 31 October 2017.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2017 audited financial statements, a copy of which is available on the Company's website: http://www.dukemountcapitalplc.com. Following the Company's acquisition of investment property in this six month reporting period, the group needs to ensure that its investment properties have long term leases in place with Housing Associations and that they are of sufficient interest to Institutions to whom the Company will seek to sell long-term income from the property assets. In addition the Company is aware of the need to enhance its reserves of cash and cash equivalents.

Accounting Policies

Critical accounting estimates and judgements

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Due to the nature of the Company, the Directors do not believe there to be any material critical accounting estimates and judgements that were used in preparing these financial statements.

Changes in accounting policy and disclosures

The following new accounting policies have been implemented in the period:

Consolidation - subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired companies on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

The following entities have been consolidated in to the Group interim financial statements:

DKE (North West) Limited, incorporated 6th November 2014 in England, of which 100% of the £100 share capital was acquired on 7th September 2017 for £1. This company simultaneously acquired a property in North West England.

DKE (Wavertree) Limited, incorporated 24th April 2016 in England, of which 100% of the £1 share capital was acquired on 6th October 2017. This company subsequently signed an option to acquire a property in North West England on a four month term.

Investment property

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs

IAS 7 and 12 have been taken out but have no impact on the accounts.

New standards, amendments and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Group intend to adopt these standards, if applicable, when they become effective.

Standard		Effective date
IAS 40 (Amendments)	Transfer of investment property	1 January 2018
IFRIC Interpretation 22	Foreign currency transactions and advanced consideration	1 January 2018
IFRS 4 (Amendments)	Applying IFRS 9 with IFRS 4 Insurance contracts	1 January 2018*[1]
IFRS 9	Financial instruments	1 January 2018*[1]
IAS 16	Leases	1 January 2019*[1]
IFRS 15	Revenue from contracts with customers	1 January 2018*[1]
IAS 7 (Amendments)	Disclosure initiative	1 January 2017*[1]
IFRS 2 (Amendments)	Share based payments - classification and measurement	1 January 2018
IAS 12 (Amendments)	Recognition of Deferred Tax	1 January 2017*[1]
Annual Improvements	2014-2016 Cycle	1 January 2017

1. Not yet endorsed by the EU.

The Group is evaluating the impact of the new and amended standards above.

3. EARNINGS PER SHARE

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

	Group Unaudited	Company Unaudited	Company Audited

	31 Oct 2017	31 Oct 2016	30 April 2017
Loss for the period (£'000)	(112,976)	(21,118)	(159,149)
Weighted average number of shares - expressed in thousands	339,500	152,500	179,687
Basic earnings per share - expressed in pence	(0.0332)	(0.0138)	(0.099)

4. INVESTMENT PROPERTY

Group	Investment property
Cost	
Opening cost at 1 May 2017	-
Additions	200,743
Closing cost at 31 October 2017	200,743

The investment property is currently under construction and is valued under the cost model.

5. TRADE AND OTHER RECEIVABLES

	Group Unaudited	Company Unaudited	Company Audited
	31 Oct 2017	31 Oct 2016	30 April 2017

Trade and other receivables	33,807	4,231	41,793
	33,807	4,231	41,793

6. TRADE AND OTHER PAYABLES

	Group Unaudited	Company Unaudited	Company Audited
	31 Oct 2017	31 Oct 2016	30 April 2017
Trade and other payables	7,900	5,775	26,875
	7,900	5,775	26,875

7. POST REPORTING DATE EVENTS

There have been no events after the reporting date of a material nature.

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8. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Condensed interim financial statements were approved by the Board of Directors on 19 December 2017.