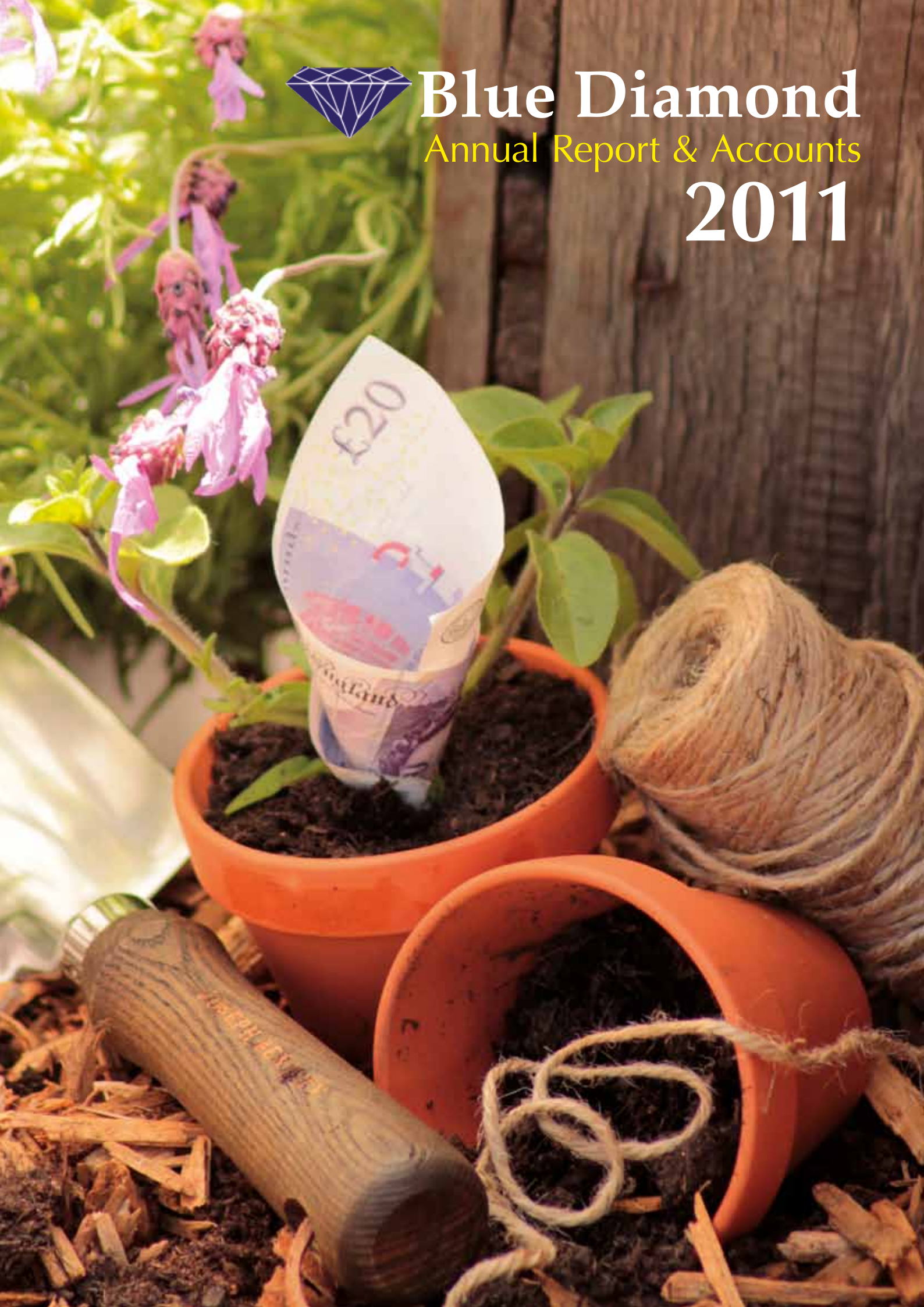




Blue Diamond

Annual Report & Accounts

2011



BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS

G. R. Dorey (Chairman)
A. Roper (Managing Director)
P. K. Wright (Finance Director)

P. J.G. Atkinson

A. M. Duquemin

SECRETARY

Mrs. T. M. Shaw

REGISTERED OFFICE

Le Friquet, Castel, Guernsey, Channel Islands

AUDITORS

BDO Limited, Place du Pré, Rue du Pré,
St Peter Port, Guernsey, Channel Islands

BANKERS

The Royal Bank of Scotland International Limited
(Trading as NatWest)

Royal Bank Place, 1 Gategny Esplanade,
St Peter Port, Guernsey, Channel Islands

GUERNSEY ADVOCATES

Collas Crill, Gategny Court, Gategny Esplanade,
St Peter Port, Guernsey, Channel Islands

UK ADVOCATES

Bristows, 100 Victoria Embankment,
London, United Kingdom

Blue Diamond Annual Report & Accounts 2011

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Inspiration
Quality
Distinction
Style
Innovation
Difference
Emotion
Aspiration

“ Blue Diamond provide an inspirational retail environment with high quality products and distinctive merchandising. We offer our customers style, innovation and importantly a ‘difference factor’ for both their home and garden. We value emotion, as we do sales, and strive to create an aspirational environment that encourages and promotes sales and loyalty right across our customer base. ”





Chairman's Report

Turnover up 8.1%
to over £52m

Earnings per
share 51.2p

Recommended
final dividend
8.5p per share

I have great pleasure in reporting on the continuing good progress of the group. Turnover in the year increased by 8.1% to £52,289,045 (2010: £48,348,894) and net profit before tax increased by no less than 31.5% to £4,079,539 (2010: £3,103,183). Earnings per share therefore increased from 38.6p to 51.2p.

As previously reported, in October the group acquired the business and freehold property of Fryer's Garden Centre and Rose Nursery in Knutsford, Cheshire for £2,700,000. However the cash flow generated was sufficient to finance this addition with an increase in the net debt of only £212,830 and furthermore the group's gearing has been reduced by 3.2% to 46.6% of shareholders funds. Please note however that we do not include in our balance sheet any valuation of our garden centre leasehold properties. We recently had our leaseholds valued and if they were included shareholders funds would increase by £4,500,000.

In March of this year (2012) the group was successful in a competitive tender to acquire the leasehold of Grosvenor Garden Centre on the Duke of Westminster's Estate near Chester. This is a high quality centre with a turnover of £6 million in an area with good demographics and limited competition. It fits ideally into the profile of businesses that we have strategically set out to acquire.

At the same date we converted our management agreement for the running of Chatsworth Garden Centre, on the Duke of Devonshire's Estate, into leasehold directly with the estate rather than through the previous owner of the business.

These acquisitions are budgeted to increase the annual turnover to well in excess of £60 million, which we believe makes the group the third largest garden centre group in the United Kingdom in terms of turnover.

Each year the group stages an awards evening for the best performances in the various sectors of its operations culminating in "The Blue Diamond Garden Centre of the Year Award". The 2011 event was staged at Trentham Garden Centre which provided a three course dinner for two hundred and fifty staff members. This was followed by a big screen presentation, to music, of the awards and the successes of the year, all very professionally produced in-house by the marketing department. The excellent morale and enthusiasm of the staff is palpable throughout the evening.

We are indebted to Alan Roper and his team who consistently out perform the industry averages and have put the group into a position where it is acknowledged as the best performing garden centre operator in Britain.

The net worth of the group has increased by £2,617,615 to £5.27 per share (2010: £4.86 per share) and earnings per share have increased from 38.6p to 51.2p. The directors are therefore pleased to recommend the payment of a dividend of 8.5p (2010: 8p)

G.R.Dorey, Chairman





As mentioned in last year's report we felt that the margin would come under pressure due to the increase in VAT to 20% and our strategic decision to sharpen our value offer. While the margin did indeed come under pressure we were able to see a small lift to 48.3% (2010: 48%). Our rebate initiative with our suppliers contributed to this lift in margin by yielding additional savings of £300k compared to 2010.

sell them throughout our stores. Within the next two years it is our intention to work with the planners to redevelop the site to make it a £6m - £7m turnover site (currently £3.1m).

This year has seen our expansion continue with the addition of Grosvenor Garden Centre to our portfolio and the acquisition of Chatsworth Garden Centre Limited which was previously under a management contract.

I am delighted that 2011 was the most profitable year in our Company's history.

Our desire to find quality centres in good ABC1 catchment areas saw us acquire the freehold and business of Fryer's Nurseries Limited near Knutsford in Cheshire. The area the centre is situated in is one of the wealthiest in the UK and the existing operation was not catering for this type of customer. As an additional bonus the centre also has a rose production nursery on site growing roses under the well renowned 'Fryer's Roses' brand. We plan to continue producing these roses and

Grosvenor Garden Centre is situated on the Duke of Westminster's estate near Chester. The centre has been trading since 1974 and was one of the first garden centres in the UK. There are an above average number of ABC1 customers in the catchment area and there is no comparable competition in the nearby vicinity. The business currently has an annual turnover of £6m and has the capacity to grow to £8m.

Managing Director's Report

I am delighted that 2011 was the most profitable year in our Company's history despite the continuing tough economic climate that we are operating in. We did not have a repeat of the extreme cold weather we experienced in February and December 2010 and in addition to this, April was one of the hottest in recent memory. Despite the poor weather in May and June we were able to hold on to most of the gains made.

Our sales grew by 8% (like for like 3%) compared with an industry average of 1.29% and customer numbers were up 5.64% against the industry average decline of 0.75%. Our continued effort to ensure we have a point of difference in our stores was evident again in 2011 with the Christmas period showing why it

is worth continuing with this policy. Our new Christmas ranges sourced from the USA saw our Christmas decoration sales grow by 13.6% which was 1.5% higher than the industry average. This point of difference will be even more evident in 2012 as we source more product from the USA.





“

There are an above average number of ABC1 customers in the catchment area and there is no comparable competition in the nearby vicinity.

”

Alan Roper commenting on the Grosvenor Garden Centre acquisition

With the inclusion of the new acquisitions the group's annualised turnover will be circa £65m which we believe will make Blue Diamond the third largest garden centre operator by turnover in the UK.

The garden centre sector is the last retail sector that has yet to see any major consolidation and is still dominated by the over 2,000 independent centres operating in the UK. The recent acquisition of The Garden Centre Group by Terra Firma enforces our view that the garden centre sector will see unprecedented changes over the next five years both in terms of a dominate 'player' in the market and the resulting effect on margin.

We need to continue to grow so we can achieve the scale required to protect our margin in the future but more importantly continue to give our customers the point of difference when they come into our stores. It is this 'difference' factor, both in terms of retailing standards and product that allows us to be so successful and profitable.

We are still in a challenging environment and the very poor April and May weather we have experienced this year is making 2012 extremely tough, however we are on the right strategy to succeed. Of course this would not be possible without the hard work of the many dedicated people we have working for us and their continued loyalty and hard work will help us to continue to be successful.



Alan Roper

Alan Roper, Managing Director

Blue Diamond Welcomes

Chatsworth Garden Centre
Calton Lees, Beeley, Matlock, Derbyshire, DE4 2NX

Chatsworth Garden Centre, who achieved the joint best footfall growth in the Blue Diamond Group in 2011 of +10%, (the industry average was a decline of 0.75%), now joins the Blue Diamond Group of garden centres having previously been under a management agreement from 2008.

“We have converted our management agreement for the running of Chatsworth Garden Centre, on the Duke of Devonshire’s Estate, into leasehold directly with the estate rather than through the previous owner of the business.” - Geoff Dorey, Chairman.

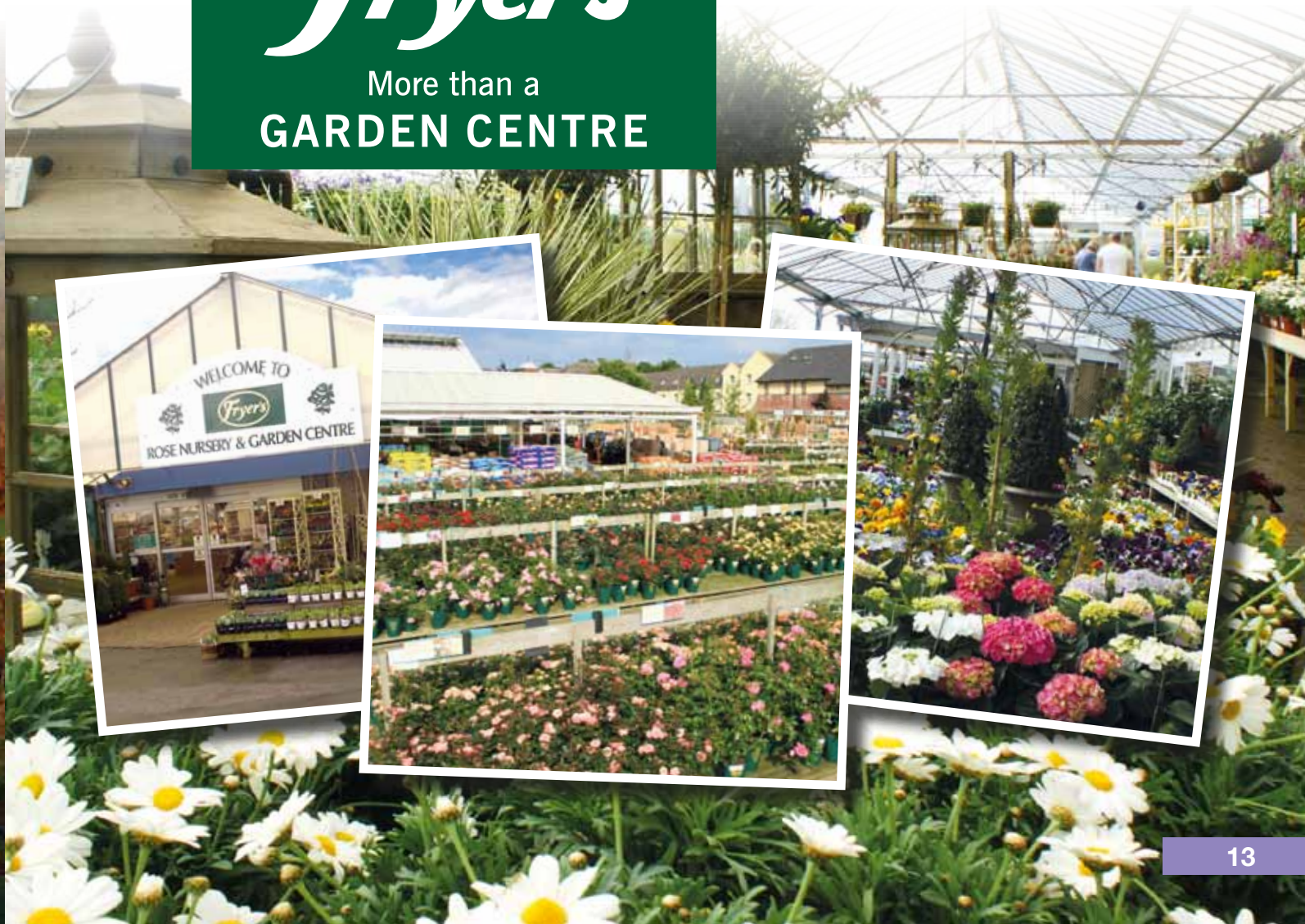


Blue Diamond Welcomes

Fryer’s Garden Centre
Manchester Road, Knutsford, Cheshire, WA16 0SX

October 2011 saw the acquisition of Blue Diamond’s 13th centre, Fryer’s Garden Centre and Rose Nursery. The 86,000 sq ft centre is located on a 19.5 acre site and was acquired for £2.7million. The world-renowned Fryer’s Roses brand is now exclusive to Blue Diamond with Rose of the Year 2012, ‘You’re Beautiful’ being launched at the Hampton Court Flower Show later in the year.

Fryer’s have won no less than twelve Gold Medals at the prestigious Chelsea Flower Show along with many international awards. These include two sought after All America Awards, a Golden Rose at the Hague, along with Gold Medals in Japan, New Zealand Australia, USA and Europe.





Breaking News

In April 2012 Blue Diamond acquired its 14th centre, Grosvenor Garden Centre in Chester. This latest addition means our annualised turnover will now be £65m which we believe will make the Group the third largest garden centre retailer in the UK in terms of turnover. It is our intention to increase Grosvenor's annual turnover from £6m to £8m.



"The negotiations have been going on for twelve months and there were three garden centre groups in the running. It is a centre with a £6m turnover and a catchment area with the higher demographic profile we like to trade with."

- Alan Roper, Managing Director.

Further details about Grosvenor Garden Centre can be found at
www.grosvenorgardencentre.co.uk

Marketing Activity: Verve



Once again Blue Diamond's annual magazine, **Verve**, was distributed to over 400,000 households throughout the UK and Guernsey during the run up to Easter 2012. We are confident that this essential marketing communication reaches out to new and existing customers with the aim of disseminating our retail brand and proud ethos of offering a unique and diverse product range, and seasonal essential products at the very best prices.

Verve Magazine can be viewed and downloaded from our website,

www.bluediamond.gg



Report of the Directors

The directors submit their report and the audited financial statements of the company and of the group for the year ended 31 December 2011. The consolidated financial statements have been prepared on the basis set out in note 1 to the financial statements. The company is incorporated in Guernsey.

Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period and are in accordance with applicable laws. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; having taken all the steps the directors ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Principal Activities

The principal activity of the company is to act as a holding company.

The principal activities of the group are the retailing of garden centre products, sports goods, furniture and giftware, and the holding of investments and property.

Results and Dividends

The results of the group for the year are set out in detail on page 18.

The company have paid a final dividend in respect to 2010 of £410,682; and report the payment of an interim dividend for the year ended 31 December 2011 of £256,677 (net). The directors are recommending the payment of a final dividend for the year of £436,350 (net).

Directors

The directors of the company who served during the year were :-

G.R. Dorey	(Chairman)
A. Roper	(Managing Director)
P.K. Wright	(Finance Director)
P.J.G. Atkinson	
A.M. Duquemin	

Auditor

A resolution to re-appoint BDO Limited as auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors

G.R. Dorey	A. Roper
Director	Director

24 April 2012

Independent Auditor's Report to the Members of Blue Diamond Limited

We have audited the financial statements of Blue Diamond Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice').

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all

the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO Limited

Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

24 April 2012

Consolidated Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	52,289,045	48,348,894
Cost of sales		(27,015,106)	(25,143,033)
Gross Profit		25,273,939	23,205,861
Administrative expenses		(21,129,747)	(20,032,085)
Group Operating Profit	2	4,144,192	3,173,776
Group share of associated companies' profits for the year		247,007	249,795
Profit on ordinary activities before interest		4,391,199	3,423,571
Interest receivable		15,444	10,620
Interest payable		(327,104)	(331,008)
Profit on ordinary activities before taxation		4,079,539	3,103,183
Taxation			
Group	3	(755,671)	(586,848)
Group share of associated companies'		(38,894)	(39,307)
		(794,565)	(626,155)
Profit on ordinary activities after taxation	14	3,284,974	2,477,028
Earnings per share	17	51.19p	38.60p

A reconciliation of movements on reserves is included in note 14 to the financial statements.

The notes on pages 23 to 41 form an integral part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	2011 £	2010 £
Profit for the financial year	3,284,974	2,477,028
Unrealised surplus on revaluation of freehold land and buildings	-	2,161,413
Unrealised deficit on revaluation of freehold land and buildings	-	(1,967,304)
Total recognised gains and losses for the financial year	3,284,974	2,671,137

A reconciliation of movements in shareholders' funds is included in note 15 to the financial statements.

The notes on pages 23 to 41 form an integral part of these financial statements.

Consolidated Balance Sheet

31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets			
- Goodwill		320,000	340,000
- Negative goodwill		(403,561)	(428,396)
	5	(83,561)	(88,396)
Tangible assets	6	41,271,179	38,300,093
Investments	7	1,106,831	1,081,968
		42,294,449	39,293,665
Current assets			
Stocks		11,536,405	10,312,771
Debtors	8	2,770,030	2,683,043
Cash and bank balances		853,135	3,466,674
		15,159,570	16,462,488
Creditors – amounts falling due within one year	9	(9,358,436)	(13,959,765)
Net current assets		5,801,134	2,502,723
Total assets less current liabilities		48,095,583	41,796,388
Creditors – amounts falling due after more than one year	10	(13,976,844)	(10,275,974)
Provisions for liabilities	12	(311,888)	(331,178)
		33,806,851	31,189,236
Capital and reserves			
Share capital	13	641,691	641,691
Share premium account		21,056	21,056
Reserves	14	33,144,104	30,526,489
Shareholders' funds	15	33,806,851	31,189,236

Approved by the Board of Directors and authorised for issue by:

G.R. Dorey A. Roper
Director Director

24 April 2012

The notes on pages 23 to 41 form an integral part of these financial statements.

Balance Sheet - Company

31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	6	308,661	345,307
Investments	7	7,401,934	7,401,934
		7,710,595	7,747,241
Current assets			
Debtors	8	21,377,977	21,511,100
Cash and bank balances		333,981	483,634
		21,711,958	21,994,734
Creditors – amounts falling due within one year	9	(3,405,546)	(7,720,884)
Net current assets		18,306,412	14,273,850
Total assets less current liabilities		26,017,007	22,021,091
Creditors – amounts falling due after more than one year	10	(18,180,151)	(11,914,975)
		7,836,856	10,106,116
Capital and reserves			
Share capital	13	641,691	641,691
Share premium account		21,056	21,056
Reserves	14	7,174,109	9,443,369
Shareholders' funds	15	7,836,856	10,106,116

Approved by the Board of Directors and authorised for issue by:

G.R. Dorey A. Roper
Director Director

24 April 2012

The notes on pages 23 to 41 form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2011

	Note	2011 £	2010 £
Reconciliation of group operating profit to net cash inflow from operating activities			
Group operating profit		4,144,192	3,173,776
Amortisation of goodwill		20,000	20,000
Amortisation of negative goodwill		(24,835)	(24,835)
Depreciation of tangible fixed assets		1,073,873	1,159,863
Increase in operating debtors		(323,012)	(572,674)
Increase in stocks		(713,634)	(556,178)
Increase in operating creditors		839,139	487,775
Net cash inflow from operating activities		5,015,723	3,687,727
Cash flow statement			
	22		
Net cash inflow from operating activities		5,015,723	3,687,727
Returns on investments and servicing of finance	(i)	(311,660)	(320,388)
Dividends from associates		183,250	170,650
Taxation paid		(682,807)	(625,373)
Capital expenditure and financial investment	(i)	(887,900)	(1,013,165)
Acquisition of investment in associate		-	(23,000)
Acquisition and disposals	(i)	(2,862,077)	-
Equity dividends paid		(667,359)	(616,023)
Cash (outflow)/inflow before financing		(212,830)	1,260,428
Financing	(i)	(723,610)	(92,690)
(Decrease)/increase in cash in the year		(936,440)	1,167,738
Reconciliation of net cash flow to movement in net debt			
Change in net debt resulting from cash flows	(ii)	(936,440)	1,167,738
Movement in bank loans	(i)	723,610	92,690
Movement in net debt		(212,830)	1,260,428
Net debt at 1 January	(ii)	(15,541,627)	(16,802,055)
Net debt at 31 December	(ii)	(15,754,457)	(15,541,627)

The notes on pages 23 to 41 form an integral part of these financial statements.

Notes to the Financial Statements

31 December 2011

1. ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries for the year ended 31 December 2011. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Associated companies are consolidated based on their results for the year ended on the dates shown in note 7. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. The principal accounting policies which the directors have adopted within that convention are set out below.

Compliance with Accounting Standards

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards.

Goodwill

Goodwill represents the amount by which the purchase consideration for the acquisition of a business exceeds the fair value to the company of the separable net assets acquired. Negative goodwill represents the amount by which the fair value of the separable net assets of a business acquired exceeds the purchase consideration.

Goodwill and negative goodwill is amortised over a period of 20 years. The directors have elected to amortise goodwill over 20 years as this represents the estimated useful economic life of the businesses acquired.

Tangible Assets and Depreciation

Freehold land and buildings are stated at their revalued amounts, being their current value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the capital reserve.

The directors consider that the group's freehold buildings used as trading properties are maintained in such a high state of repair that their residual value is at least equal to their net book value. As a result the corresponding depreciation charge would not be material and therefore is not charged in the profit and loss account. The directors perform annual impairment reviews in accordance with the requirements of Financial Reporting Standard No. 11 – Impairment of Fixed Assets and Goodwill, and of Financial Reporting Standard No. 15 – Tangible Fixed Assets, to ensure that the carrying value of the freehold buildings is not greater than their recoverable amount.

Notes to the Financial Statements

31 December 2011

1. ACCOUNTING POLICIES (continued)

Tangible Assets and Depreciation (continued)

The group considers impairment whenever events or changes in circumstances indicate that the carrying amount of any asset or group of assets may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount.

No depreciation is provided on freehold land, nor on freehold investment properties in accordance with Statement of Standard Accounting Practice No. 19.

Depreciation on other fixed assets is calculated to write down their cost on a straight line basis over the period of their estimated useful economic lives, with a part year charge according to the month of acquisition. Estimated useful economic lives have been assessed as follows:-

Leasehold improvements	Length of lease
Short leasehold building	Over the life of the primary lease term
Machinery, plant and equipment	2 - 10 years
Motor vehicles	4 years
Furniture, fixtures and fittings	3 - 10 years
Computer equipment	3 years

Turnover

Turnover comprises revenue from the retailing of garden centre products, sports goods, furniture and giftware and is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of returns, Value Added Tax, other sales taxes and discounts. Sales of goods are recognised at the point of sale to the customer when title has passed to them.

Turnover also includes rent receivable from fixed asset property investments in the year and this is recognised on an accruals basis.

Operating Leases

Except in circumstances where, in the opinion of the directors, it would not give a true and fair view of the company's results for a particular accounting period, rentals payable under operating leases are charged to the profit and loss account in equal annual amounts over the primary period of the lease in accordance with Urgent Issues Task Force Abstract 28.

Investments in Subsidiary Undertakings

Investments in subsidiaries are stated at cost less any impairment in value.

Investments in Associated Undertakings

An associated undertaking is an entity over which the group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, but does not exercise control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments.

Where a group company transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Notes to the Financial Statements

31 December 2011

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks of goods for resale are stated at the lower of cost and estimated net realisable value, after making due provision for damaged, obsolete and slow moving items.

Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method.

Deferred tax balances are recognised for all temporary differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Pension Costs

As detailed in note 21 the group participates in defined contribution schemes for both its Channel Island and United Kingdom employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Notes to the Financial Statements

31 December 2011

2. TURNOVER AND GROUP OPERATING PROFIT

Turnover and group operating profit derive wholly from continuing activities. Group operating profit is stated after charging:

	2011 £	2010 £
Depreciation (note 6)	1,073,873	1,159,863
Amortisation of goodwill (note 5)	20,000	20,000
Amortisation of negative goodwill (note 5)	(24,835)	(24,835)
Non-executive directors' remuneration	83,300	85,270
Auditor's remuneration – audit, assurance review and other services	78,436	79,320

On 8 October 2011 the group acquired 100% of the issued share capital of Fryer's Nurseries Limited. An analysis of the group's results from continuing activities including acquisitions is given below:

	Continuing £	2011 Acquired £	Total £	2010 Acquired £
Turnover	51,556,213	732,832	52,289,045	48,348,894
Cost of sales	(26,676,741)	(338,365)	(27,015,106)	(25,143,033)
Gross profit	24,879,472	394,467	25,273,939	23,205,861
Administrative expenses	(20,758,433)	(371,314)	(21,129,747)	(20,032,085)
Group operating profit	4,121,039	23,153	4,144,192	3,173,776

Notes to the Financial Statements

31 December 2011

3. GROUP TAX

The group's tax charge for the year is made up as follows:

	2011 £	2010 £
<i>Provision for Guernsey Income Tax at 0%/20%:</i>		
Based on the taxable profits for the year of the company and its Guernsey subsidiaries	103,842	64,025
Under-provision in prior year	28,113	-
<i>Provision for U.K. Corporation Tax at 26% (2010: 28%):</i>		
Based on the UK taxable profits for the year of the company's subsidiaries	613,889	473,843
Over-provision in prior years	(12,692)	-
Withholding tax on group interest	50,500	47,598
Deferred tax (credit) / charge (note 12)	(27,981)	1,382
	755,671	586,848

The group's Guernsey profits are chargeable to Guernsey income tax at the standard rate of 0%, with the exception of rental income from Guernsey properties, which is taxed at 20%. The group's Jersey trading results for the period are charged at a rate of 0%.

4. EQUITY DIVIDENDS PAID

	2011 £	2010 £
Final 2010 dividend of 8p per share (2009: 7.5p per share)	513,353	481,269
Less: tax at 20%	(102,671)	(96,254)
Dividend paid (net)	410,682	385,015
Interim 2011 dividend of 5p per share (2010: 4.5p per share)	320,846	288,760
Less: tax at 20%	(64,169)	(57,752)
Dividend paid (net)	256,677	231,008
Total dividends paid (note 14)	667,359	616,023

Notes to the Financial Statements

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5. INTANGIBLE ASSETS - GOODWILL

	Goodwill £	Negative Goodwill £	Total £
Cost			
At 31 January 2011 and 31 December 2011	400,000	(496,691)	(96,691)
Amortisation			
At 1 January 2011	60,000	(68,295)	(8,295)
Amortisation for the year	20,000	(24,835)	(4,835)
At 31 December 2011	80,000	(93,130)	(13,130)
Net Book Value			
At 31 December 2011	320,000	(403,561)	(83,561)
At 31 December 2010	340,000	(428,396)	(88,396)

The goodwill relates to the acquisition of the business trade and net assets in 2007 of 3Shires Garden Centre, located in Gloucestershire. The negative goodwill relates to the acquisition of the business trade and net assets in 2008 of Derby Garden Centre and Matlock Garden Centre, both of which are located in Derbyshire.

6. TANGIBLE ASSETS

GROUP	Freehold Land & Buildings £	Short Leasehold Building £	Leasehold Improvements £	Machinery Plant & Equipment £	Motor Vehicles £	Furniture Fixtures & Fittings £	Computer Equipment £	Total £
Cost/Valuation								
At 1 January 2011	31,045,000	265,816	4,413,091	1,920,021	296,579	5,918,890	1,292,520	45,151,917
Additions	3,220,475	5,542	202,366	70,151	29,893	447,383	69,149	4,044,959
Disposals	-	-	(342,489)	(127,101)	(133,940)	(968,580)	(488,350)	(2,060,460)
At 31 December 2011	34,265,475	271,358	4,272,968	1,863,071	192,532	5,397,693	873,319	47,136,416
Depreciation								
At 1 January 2011	-	185,881	1,417,217	851,646	248,810	3,142,971	1,005,299	6,851,824
Charge for the year	-	44,735	120,213	16,186	23,273	732,122	137,344	1,073,873
On disposals	-	-	(342,489)	(127,101)	(133,940)	(968,580)	(488,350)	(2,060,460)
At 31 December 2011	-	230,616	1,194,941	740,731	138,143	2,906,513	654,293	5,865,237
Net Book Value								
At 31 December 2011	34,265,475	40,742	3,078,027	1,122,340	54,389	2,491,180	219,026	41,271,179
At 31 December 2010	31,045,000	79,935	2,995,874	1,068,375	47,769	2,775,919	287,221	38,300,093

Notes to the Financial Statements

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6. TANGIBLE ASSETS (continued)

The group's freehold land, buildings and investment properties are included in these financial statements at the directors' estimate of their open market value at 31 December 2011. The directors' assessment of current value is based upon professional valuations carried out by C M Lovell MRICS., of Lovell & Partners Limited, and by A Evans BSc MRICS Dip Rating ACI Arb IRRV (Hons), of Gilbert Evans, both members of the Royal Institute of Chartered Surveyors, as at 31 December 2010, with subsequent additions valued at cost to the group.

In the opinion of the directors, the estimated residual values of the group's freehold buildings used as trading properties is considered not to be significantly different from the value of £28,199,129 (2010: £24,987,654) at which they are included in the financial statements. Depreciation is not provided on freehold buildings for this reason. Included within freehold land and buildings at 31 December 2011 is property to the value of £265,000 (2010: £265,000) which would be defined as freehold investment property under Statement of Standard Accounting Practice No. 19, and freehold land valued at £5,801,346 (2010: £5,801,346).

The group has provided first legal charges in favour of The Royal Bank of Scotland International Limited (trading as NatWest) over freehold land and buildings with a carrying value of £17,130,967 (2010: £14,200,000) and a bond to the value of £6,000,000 (2010: £4,000,000) as security for the group's bank loan and overdraft facilities.

COMPANY	Leasehold Improvements £	Machinery Plant & Equipment £	Furniture Fixtures & Fittings £	Computer Equipment £	Total £
Cost					
At 1 January 2011	636,891	19,255	22,368	227,462	905,976
Additions	5,542	2,558	5,297	2,590	15,987
Disposals	-	(11,152)	-	(11,053)	(22,205)
At 31 December 2011	642,433	10,661	27,665	218,999	899,758
Depreciation					
At 1 January 2011	369,138	17,189	10,959	163,383	560,669
Charge for the year	23,902	1,223	2,471	25,037	52,633
Disposals	-	(11,152)	-	(11,053)	(22,205)
At 31 December 2011	393,040	7,260	13,430	177,367	591,097
Net Book Value					
At 31 December 2011	249,393	3,401	14,235	41,632	308,661
At 31 December 2010	267,753	2,066	11,409	64,079	345,307

Notes to the Financial Statements

31 December 2011

7. INVESTMENTS

GROUP	2011 £	2010 £
Investments in associated companies:		
Shares at cost	84,250	84,250
Group share of retained reserves	1,018,917	994,054
	1,103,167	1,078,304
Other investment - at cost:		
Held by Blue Diamond Limited (see below)	3,664	3,664
Group Total	1,106,831	1,081,968
COMPANY		
Investments in subsidiary companies - at cost/valuation:		
B.D. Properties Limited ordinary £1 shares	394,186	394,186
Blue Diamond Trading Limited ordinary £1 shares	1,497,827	1,497,827
MGCL Limited	5,422,007	5,422,007
	7,314,020	7,314,020
Investments in associated companies - at cost:		
David Dumosch Limited ordinary £1 shares	38,250	38,250
John Le Sueur & Company Limited ordinary £1 shares	23,000	23,000
Brown and Green (Farm Shops) Limited ordinary £1 shares	23,000	23,000
	84,250	84,250
Other investment - at cost:		
Kenilworth Vineries Limited - 1,333 ordinary £1 shares	3,664	3,664
Company Total	7,401,934	7,401,934

Notes to the Financial Statements

31 December 2011

7. INVESTMENTS (continued)

At 31 December 2011, the company held the following direct and indirect investments in subsidiary and associated companies. All of the companies are incorporated in Guernsey, except as noted below.

Subsidiary Companies	Principal Activity	Accounting Date
Direct:		
B.D. Properties Limited	Property & investment holding	100% 31 December
Blue Diamond Trading Limited	Investment holding	100% 31 December
MGCL Limited (England)	Investment holding	100% 31 December
Fryer's Nurseries Limited (England)	Dormant	100% 31 December
Indirect:		
BDL No.1 Limited	Dormant	100% 31 December
BDL No.2 Limited	Dormant	100% 31 December
Blue Diamond UK Limited (England)	Garden centre retailers	100% 31 December
Fruit Export Company Limited	Garden centre retailers	100% 31 December
Goodies Limited	Gift retailer	100% 31 December
Matlock Garden, Waterlife & Pet Centre Limited (England)	Property holding	100% 31 December
Olympus Sportswear (Guernsey) Limited	Sportswear & equipment retailers	100% 31 December
St. Martins Garden and Pet Centre Limited	Non trading	100% 31 December
St. Peters Furniture Centre Limited (Jersey)	Non trading	100% 31 December
St. Peters Garden Centre Limited (Jersey)	Garden centre retailers	100% 31 December
Associated Companies		
Direct:		
David Dumosch Limited (Jersey)	Agricultural & horticultural merchants & produce handlers	45% 31 October
John Le Sueur & Company Limited (Jersey)	Investment holding	50% 30 September
Brown & Green (Farm Shops) Limited (England)	Food retailer	50% 31 December
Indirect:		
Olympus Sportswear (Jersey) Limited	Sportswear & equipment retailers	50% 30 September

During the year the company acquired 100% of the issued share capital in Fryer's Nurseries Limited (note 23).

Notes to the Financial Statements

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8. DEBTORS

	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Due within one year				
Trade debtors	191,408	235,999	-	-
Prepayments and sundry debtors	2,098,356	1,711,917	289,557	547,959
Inter-company loans - subsidiary companies	-	-	141,690	116,150
Associated company loan	248,454	448,454	248,454	448,454
Other loan account	231,812	286,673	231,812	286,673
	2,770,030	2,683,043	911,513	1,399,236
Due after more than one year				
Inter-company loans - subsidiary companies	-	-	20,466,464	20,111,864
Total debtors	2,770,030	2,683,043	21,377,977	21,511,100

The inter-company loans are all unsecured, bear interest at 1.5% above sterling LIBOR and have no fixed terms for repayment. The associated company loan, due from John Le Sueur & Company Limited, is unsecured, repayable on demand and subject to interest at a fixed rate of 1.5% above one month sterling LIBOR. The other loan account, which relates to the group's management of Chatsworth Garden Centre, is unsecured, repayable on demand and subject to interest at a fixed rate of 1.5% above one month sterling LIBOR.

9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Bank overdrafts	278,892	1,955,991	-	-
Bank loans (note 11)	2,351,856	6,776,336	2,351,856	6,776,336
Inter-company loans - subsidiary companies	-	-	534,915	449,373
Trade creditors	3,288,706	2,838,411	3,358	3,842
Accruals and sundry creditors	2,893,899	1,898,758	515,417	491,333
Taxation payable - Guernsey	162,323	30,368	-	-
Taxation payable - UK	382,760	459,901	-	-
	9,358,436	13,959,765	3,405,546	7,720,884

The bank overdrafts are secured by a composite cross guarantee between the group companies as set out in note 20 and by a first legal charge over certain of the group's garden centre properties as set out in note 6. The inter-company loans are unsecured, bear interest at 1.5% above sterling LIBOR and have no fixed terms for repayment.

Notes to the Financial Statements

31 December 2011

10. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Bank loans (note 11)	13,976,844	10,275,974	13,976,844	10,275,974
Inter-company loans - subsidiary companies	-	-	4,203,307	1,639,001
	13,976,844	10,275,974	18,180,151	11,914,975

The inter-company loans are unsecured, bear interest at 1.5% above sterling LIBOR and have no fixed terms for repayment.

11. BANK LOANS

	2011 £	2010 £
Not wholly repayable within five years:		
Repayable by instalments:		
- due within five years	15,328,700	9,609,232
- due after five years	-	2,498,078
Not repayable by instalments	1,000,000	4,945,000
	16,328,700	17,052,310
Aggregate amounts repayable:		
Due within one year	2,351,856	6,776,336
Due after more than one year:		
- between one and two years	8,191,927	1,944,474
- between two and five years	5,784,917	5,833,422
- in five years or more	-	2,498,078
	13,976,844	10,275,974
	16,328,700	17,052,310

The bank loans bear interest at commercial rates linked to LIBOR and the Bank of England Base Rate as agreed with The Royal Bank of Scotland International Limited (trading as NatWest).

One term loan is repayable in forty-five monthly instalments which commenced on 15 March 2010. Each monthly instalment is calculated using a seven year capital and interest repayment programme with a final lump sum payment due on 15 December 2013.

The second term loan is repayable in sixty monthly instalments which commenced on 29 September 2011. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 29 September 2016.

Notes to the Financial Statements

31 December 2011

11. BANK LOANS (continued)

The group's working capital revolving facility of £1,000,000 is committed until 30 November 2013 and the overdraft facilities are reviewed annually.

The loans are secured by way of a first legal charge over certain of the group's properties as disclosed in note 6. The group has also provided a cross guarantee as detailed in note 20 to the financial statements.

12. DEFERRED TAXATION

GROUP	2011 £	2010 £
Provision for deferred tax		
Accelerated capital allowances	311,888	331,178
Movement in the year:		
At 1 January 2011	331,178	
Credited to consolidated profit loss account (note 3)	(27,981)	
Acquired during the year	8,691	
At 31 December 2011	311,888	

13. SHARE CAPITAL

	2011 £	2010 £
Authorised		
6,800,000 Ordinary shares of 10p each	680,000	680,000
100,000 Unclassified shares of 10p each	10,000	10,000
	690,000	690,000
Allotted and fully paid		
6,416,910 Ordinary shares of 10p each	641,691	641,691

The issued share capital of the company is owned by numerous parties and therefore, in the opinion of the directors, there is no ultimate controlling party of the company as defined by Financial Reporting Standard No. 8 - Related Party Disclosures. The register of shareholders and their holdings (including the directors' beneficial interests) in the ordinary shares of Blue Diamond Limited is available for inspection at the registered office of the company.

Notes to the Financial Statements

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14. RESERVES

GROUP	Capital £	Revaluation £	Revenue £	Total £
At 1 January 2011	9,439,229	6,211,785	14,875,475	30,526,489
Profit for the financial year	-	-	3,284,974	3,284,974
Dividends paid (net) (note 4)	-	-	(667,359)	(667,359)
At 31 December 2011	9,439,229	6,211,785	17,493,090	33,144,104

COMPANY

	Capital £	Revenue £	Total £
At 1 January 2011	6,625,579	2,817,790	9,443,369
Loss for the financial year	-	(1,601,901)	(1,601,901)
Dividends paid (net) (note 4)	-	(667,359)	(667,359)
At 31 December 2011	6,625,579	548,530	7,174,109

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2011 £	2010 £	2011 £	2010 £
Profit/(loss) for the financial year	3,284,974	2,477,028	(1,601,901)	(435,296)
Other recognised gains and losses	-	194,109	-	-
Dividends paid (net)	(667,359)	(616,023)	(667,359)	(616,023)
Net addition to/(reduction in) shareholders' funds	2,617,615	2,055,114	(2,269,260)	(1,051,319)
Opening shareholders' funds	31,189,236	29,134,122	10,106,116	11,157,435
Shareholders' funds at 31 December 2011	33,806,851	31,189,236	7,836,856	10,106,116

Notes to the Financial Statements

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16. PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF BLUE DIAMOND LIMITED

Of the group profit for the financial year attributable to the members of Blue Diamond Limited, a loss of £1,601,901 (2010: £435,296) is dealt with in that company's own financial statements.

17. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the financial year attributable to the members of Blue Diamond Limited of £3,284,974 (2010: £2,477,028) by the number of ordinary shares in issue.

18. FINANCIAL COMMITMENTS

The group leases property on short leaseholds. The rentals payable under these leases in the next year are as follows:-

Date of termination of lease:	2011 £	2010 £
In two to five years	169,156	173,156
After five years	2,164,346	2,148,205
	2,333,502	2,321,361

19. RELATED PARTY TRANSACTIONS

In the preparation of these financial statements the directors have taken advantage of the exemption under Financial Reporting Standard No. 8 - Related Party Disclosures and have not disclosed the details of related party transactions with entities that are part of the Blue Diamond Limited group or investees of the group.

The directors and close family members of the directors received dividends in aggregate, on the same terms as other shareholders, of £195,781 (2010: £186,634).

At the year end the company was owed an amount of £231,812 (2010: £286,673) by Chatsworth Garden Centre Limited, a company which is managed on a day to day basis by Blue Diamond Limited. The loan is unsecured and is subject to interest at a fixed rate of 1.5% above one month sterling LIBOR.

Notes to the Financial Statements

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20. CONTINGENT LIABILITIES

In consideration for making available to the Blue Diamond Limited group loan and overdraft facilities of up to £20,328,700 (net of group cash balances), The Royal Bank of Scotland International Limited (trading as NatWest) has requested that a composite cross guarantee structure be established. Accordingly, the following Blue Diamond Limited group companies have entered into such cross guarantee.

Blue Diamond Limited	Blue Diamond Trading Limited
Blue Diamond UK Limited	BDL No 1 Limited
Olympus Sportswear (Guernsey) Limited	BDL No 2 Limited
St Martins Garden & Pet Centre Limited	Goodies Limited
B.D. Properties Limited	St. Peters Furniture Centre Limited
Fruit Export Company Limited	St. Peters Garden Centre Limited
Matlock Garden, Waterlife & Pet Centre Limited	MGCL Limited

Additionally, B.D. Properties Limited has guaranteed the bank borrowings of John Le Sueur & Company Limited, in the sum of £250,000. In the opinion of the directors, no liability to the company or to the group is expected to arise as a result of these guarantees.

21. PENSION COSTS

United Kingdom employees

Group employees in the United Kingdom may be eligible to join a Group Personal Pension Plan operated by Aviva. This is a defined contribution pension scheme whereby funding is based on a fixed percentage of salary and the assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charged in these accounts includes contributions payable by group companies to the fund in the year ended 31 December 2011 amounting to £20,402 (2010: £19,424).

Channel Islands employees

The group's Channel Islands employees may be eligible to join a defined contribution scheme operated by Zurich Assurance plc. The funding is based upon a fixed percentage of salary and the assets of the scheme are held separately from those of the group in an independently administered fund.

The total amount of pension contributions payable by group companies to the Channel Islands scheme in the year ended 31 December 2011 was £95,131 (2010: £92,229). In addition, during the year the group paid contributions of £17,541 (2010: £5,342) into the personal pension scheme of one (2010: one) director of the company.

22. CONSOLIDATED CASH FLOW

(i) Analysis of cash flows for headings netted in the cash flow statement

Returns on investments and servicing of finance:

	2011 £	2010 £
Interest received	15,444	10,620
Interest paid	(327,104)	(331,008)
Net cash outflow from returns on investments and servicing of finance	(311,660)	(320,388)

Notes to the Financial Statements

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22. CONSOLIDATED CASH FLOW (continued)

(i) Analysis of cash flows for headings netted in the cash flow statement (continued)	2011 £	2010 £
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(1,142,761)	(1,178,995)
Proceeds on disposal of tangible fixed assets	-	2,517
Associated company loan repaid	200,000	100,000
Other loan repaid	54,861	63,313
Net cash outflow from capital expenditure and financial investment	(887,900)	(1,013,165)
Acquisitions and disposals:		
Acquisition of Fryer's Nurseries Limited (note 23)	(2,878,428)	-
Cash acquired (note 23)	16,351	-
Net cash outflow from acquisitions and disposals	(2,862,077)	-
Financing:		
Increase in bank loans	2,000,000	1,501,711
Repayment of bank loans	(2,723,610)	(1,594,401)
Net cash outflow from financing	(723,610)	(92,690)

(ii) Analysis of changes in net debt

	1 January £	Cash Flows £	Other £	31 December £
Cash and bank balances	3,466,674	(2,613,539)	-	853,135
Bank overdrafts	(1,955,991)	1,677,099	-	(278,892)
	1,510,683	(936,440)	-	574,243
Bank loan due within one year	(6,776,336)	2,723,610	1,700,870	(2,351,856)
Bank loan due after more than one year	(10,275,974)	(2,000,000)	(1,700,870)	(13,976,844)
	(15,541,627)	(212,830)	-	(15,754,457)

Notes to the Financial Statements

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23. ACQUISITION OF FRYER'S NURSERIES LIMITED

On 8 October 2011 the group acquired 100% of the shares in Fryer's Nurseries Limited, a company registered in England with the principal activities of the production of roses, fruit trees and ornamental shrubs and operation of a retail garden centre. The business of the company was transferred to Blue Diamond UK Limited on acquisition and the freehold land and buildings were transferred to Matlock Garden, Waterlife & Pet Centre Limited.

The total adjustment required to the book values of the assets and liabilities of the company acquired, in order to present net assets of the company at fair value in accordance with the group accounting principles, was £1,914,412.

For the period since acquisition, sales of £732,832 and operating profit of £23,153 relating to the Fryer's Nurseries business are included within the consolidated profit and loss account as "continuing operations – acquisitions" (see note 2). In its last financial year to 31 December 2010, Fryer's Nurseries Limited made a profit after tax of £47,824. For the period since that date to the date of acquisition, the Fryer's Nurseries unaudited financial statements show the following:

	£
Turnover	2,500,819
Operating loss	(219,869)
Loss before tax	(255,426)
Tax on loss on ordinary activities	47,341
Loss for the financial period	(208,085)

The operating assets and liabilities acquired on 8 October 2011 were as follows:	Net Book Value £	Other £	Revaluation £	Fair Value £
Tangible fixed assets	855,138	132,648	1,914,412	2,902,198
Debtors	18,836	-	-	18,836
Stock	510,000	-	-	510,000
Cash and bank balances	16,351	-	-	16,351
UK Corporation tax recoverable	46,031	-	-	46,031
Creditors due within one year	(606,297)	-	-	(606,297)
Deferred tax liability	(8,691)	-	-	(8,691)
Net assets acquired	831,368	132,648	1,914,412	2,878,428
Legal fees and other acquisition costs				(178,428)
Consideration paid (entirely in cash)				2,700,000

Notes to the Financial Statements

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23. ACQUISITION OF FRYER’S NURSERIES LIMITED (continued)

The revaluation adjustment in respect of tangible fixed assets comprises the valuation of freehold land and buildings acquired. The fair value is based upon a valuation obtained by the group’s banker in September 2011 in order to secure finance for the acquisition. No deferred tax has been recognised on fair adjustments on non-monetary fixed assets as there is no intention to sell the assets concerned.

The above figures reflect a preliminary allocation of the purchase consideration to the net assets and liabilities of Fryer’s Nurseries Limited acquired during the year. The directors do not believe that any material net adjustments to these allocations will become apparent within the next accounting period.

24. POST BALANCE SHEET EVENTS

The directors recommend the payment of a final dividend in relation to the year ended 31 December 2011 of £436,350 (net), representing a gross dividend of 8.5p per ordinary share.

On 10 April 2012 the group acquired 100% of the shares in Chatsworth Garden Centre Limited, a company registered in England with the principal activity of garden centre retailing. The group previously managed the company on behalf of the previous owners. At the same time the group entered into a 25 year lease with the Chatsworth Estate in respect of the Chatsworth Garden Centre property.

On 10 April 2012 the group also entered into an agreement to acquire 100% of the share capital of Grosvenor Garden Centre Limited, a company registered in England with the principal activity of garden centre retailing. When the deal completes the group will enter into a 30 year lease agreement with the Grosvenor Estate in respect of the Grosvenor Garden Centre property.

Grosvenor Garden Centre is one of the leading centres in the UK with turnover of over £6m. It is located on the Eaton Estate (home of the Duke of Westminster) which is a few miles from Chester.

Grosvenor is the group’s fourteenth centre which, we believe, makes the group the third largest garden centre group in the United Kingdom in terms of turnover.

The total committed funds for both acquisitions is £3,000,000.

Notes to the Financial Statements

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25. SEGMENTAL ANALYSIS

	Garden Centre Retailing		Other		Group	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
(i) By class of business						
Turnover	51,050,617	45,895,879	1,238,428	2,453,015	52,289,045	48,348,894
Profit before tax	2,819,460	2,055,567	1,260,079	1,047,616	4,079,539	3,103,183
Net assets	13,823,336	11,355,800	19,983,515	19,833,436	33,806,851	31,189,236

	United Kingdom		Channel Islands		Group	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
(ii) By geographical area						
Turnover	36,918,789	32,817,734	15,370,256	15,531,160	52,289,045	48,348,894
Profit before tax	1,112,439	639,391	2,967,100	2,463,792	4,079,539	3,103,183
Net assets	18,507,052	14,815,570	15,299,799	16,373,666	33,806,851	31,189,236

Garden Centres

- 3Shires Garden Centre**
Ledbury Road,
Newent,
Gloucestershire,
GL18 1DL
Tel: 01531 820941

Brambridge Park Garden Centre
Kiln Lane,
Brambridge, Eastleigh,
Hampshire,
SO50 6HT
Tel: 01962 713707

Chatsworth Garden Centre
Calton Lees,
Beeley, Matlock,
Derbyshire,
DE4 2NX
Tel: 01629 734004

Derby Garden Centre
Alfreton Road,
Little Eaton,
Derby,
DE21 5DB
Tel: 01332 831666
- Evesham Garden Centre**
Evesham Country Park,
Evesham,
Worcestershire,
WR11 4TP
Tel: 01386 761888

Festival Garden Centre
Springfields Outlet Village,
Camel Gate,
Spalding, Lincolnshire,
PE12 6ET
Tel: 01775 760949

Fryer's Garden Centre
Manchester Road,
Knutsford,
Cheshire,
WA16 0SX
Tel: 01565 755455

Grosvenor Garden Centre
Wrexham Road,
Belgrave, Chester,
Cheshire,
CH4 9EB
Tel: 01244 625200
- Le Friquet Home of Garden and Living**
Rue du Friquet,
Castel,
Guernsey,
GY5 7SS
Tel: 01481 259220

Matlock Garden Centre
Nottingham Road,
Tansley, Matlock,
Derbyshire,
DE4 5FR
Tel: 01629 580500

Redfields Garden Centre
Ewshot Lane, Church
Crookham, Fleet,
Hampshire,
GU52 8UB
Tel: 01252 624444

St. Peters Garden Centre
Avenue de la Reine,
Elizabeth II, St Peter,
Jersey,
JE3 7BP
Tel: 01534 745903
- Trentham Garden Centre**
Stone Road, Trentham,
Stoke-on-Trent,
Staffordshire,
ST4 8JG
Tel: 01782 646644

Wilton House Garden Centre
Salisbury Road,
Wilton, Salisbury,
Wiltshire,
SP2 0BJ
Tel: 01722 746746

Other Retail

- Goodies Gift Shop**
Manor Stores
St Martin
Guernsey
GY4 6DA
Tel: 01481 232888

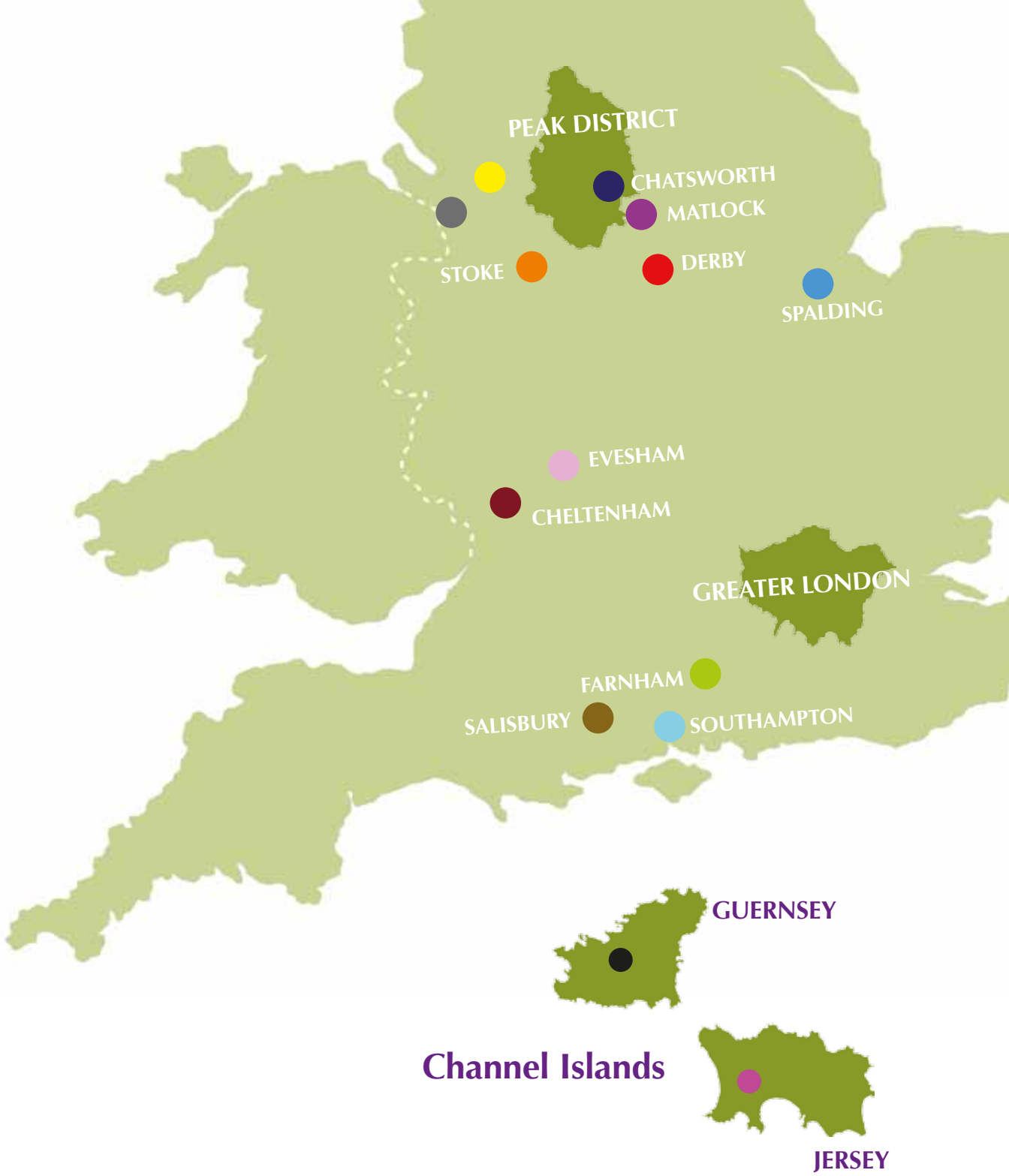
Intersport
Unit 2
Lowlands Industrial Estate
Vale, Guernsey
GY3 5XQ
Tel: 01481 200091
- Brown and Green Locations**

Located at
Trentham Shopping Village
Stone Road, Trentham,
Stoke-on-Trent,
Staffordshire,
ST4 8AX
Tel: 01782 641976

Located at
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Alfreton Road,
Little Eaton, Derby,
DE21 5DB
Tel: 01332 835244

Located at
3Shires Garden Centre
Ledbury Road,
Newent, Gloucestershire,
GL18 1DL
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