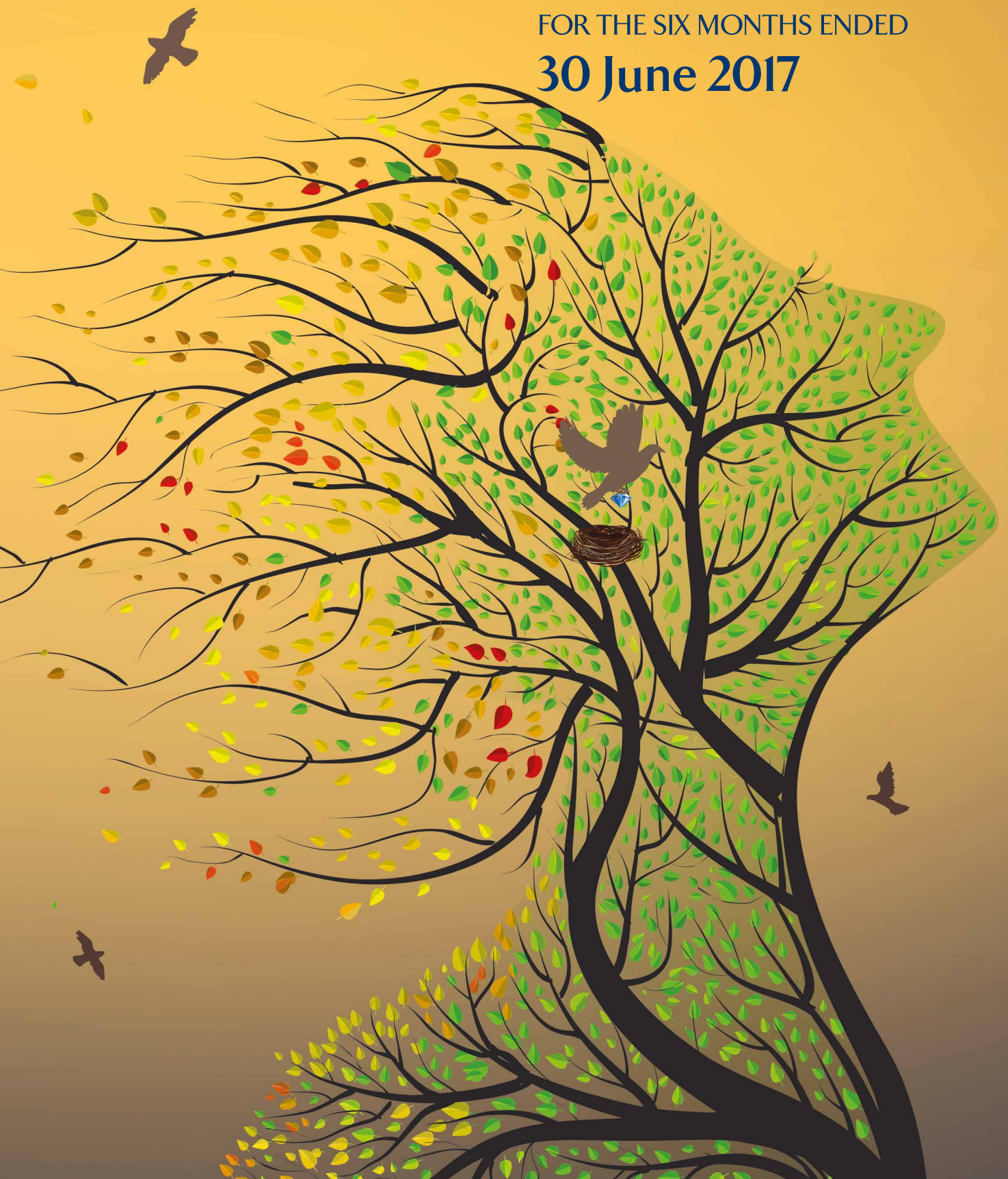


We just keep growing...



Blue Diamond Limited
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2017



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*Profit before tax has increased from
£3.3m (2016)
to
£3.99m (2017).*

*Earnings per share were 11.77p,
an increase of 15%
on last year.*

COMPANY INFORMATION

BLUE DIAMOND LIMITED

(Incorporated in Guernsey, Channel Islands)

DIRECTORS

S. Burke (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
S.J. Falla, MBE
Sir John Collins
P.A. Alford-Burnett

COMPANY NUMBER

I2307 (Guernsey)

REGISTERED OFFICE

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Castel
Guernsey
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INDEPENDENT AUDITOR

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Guernsey
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BANKERS

The Royal Bank of Scotland
International Limited
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INTERIM MANAGEMENT STATEMENT



Once again I am very pleased to be able to report a strong first-half performance at Blue Diamond. Our total sales grew by 10%, and 6% on a like-for-like basis. This was ahead of the garden centre industry generally. We were undoubtedly helped by good weather in the Spring and early Summer, but we achieved growth in the great majority of categories, in particular Fashion, Gardening and Garden Furniture.

Although the UK achieved stronger sales growth at 11%, we achieved a 3% like-for-like increase in our Island stores, helped by strong sales at St Peter's following its refurbishment earlier this year.

Particularly pleasing was a 1% increase in gross margins, which came despite the negative impact of the fall in sterling. Buying management continues to improve and helped us achieve this result.

Profit before tax was up by 20% at £4.7m and earnings per share by 15%, despite the share issue at the end of last year.

Benign market conditions for garden centres over the past couple of years has meant that very few are coming up for sale; so far we have not identified any suitable acquisition for 2017. Partly in response to this, we have been turning to new-build opportunities of which the first, at Bridgford in Nottingham, is signed and under construction. We have other potential sites at various stages of progress. These sites give us the chance to design a centre to our specification from the outset, but they are also slower to mature in terms of profit profile.

In addition, we have been working on opportunities to enlarge and develop some of our existing sites. A transformational rebuild of Fermoy now has planning consent and will start by the end of this year. A similar project at Harlow is in advanced planning, and we are also working on substantial extensions to Newbridge and Fryers.

Meanwhile we are refurbishing and extending Coton, which was acquired late last year and is already showing very good promise. A refurbishment of Grosvenor is also underway.

Our Balance Sheet is strong, with net debt at just one times EBITDA and a gearing ratio of 20%. We propose an increase in the interim dividend of 6% to 1.8p per new share, adjusted for the recent share split. This will be paid on 5th December 2017.

We intend that our investment programme will enable Blue Diamond to continue some growth momentum into 2018. There are indications that retail generally is weakening in the face of political and economic uncertainty, and so a note of caution regarding the likely rate of growth in the next couple of years is appropriate. Nonetheless, we remain confident about the Group's long-term prospects and have a sound, flexible strategy in place.

A handwritten signature in black ink, reading 'Simon Burke'.

Simon Burke
Chairman

Interim Consolidated Income Statement

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 £'000 £	Six months ended 30 June 2016 £'000 £	Year ended 31 December 2016 £'000 £
Turnover		48,588	44,284	91,295
Cost of sales		(24,093)	(22,379)	(45,656)
Gross profit		24,495	21,905	45,639
Administrative expenses		(19,895)	(18,031)	(37,193)
Other operating income		272	262	477
Group operating profit		4,872	4,136	8,923
Share of profit in associated undertakings		95	105	182
Profit on disposal of associated undertakings		-	-	179
Profit on ordinary activities before interest		4,967	4,241	9,284
Interest receivable		3	4	9
Interest payable		(277)	(350)	(814)
Profit on ordinary activities before taxation		4,693	3,895	8,479
Taxation on profit on ordinary activities	2	(705)	(593)	(1,072)
Profit on ordinary activities after taxation		3,988	3,302	7,407
Earnings per share	5	11.77p	10.27p	22.87p

All amounts relate to continuing operations.

The notes on pages 11 to 15 form part of these financial statements.

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 June 2017 £'000 £	Six months ended 30 June 2016 £'000 £	Year ended 31 December 2016 £'000 £
Profit for the financial period/year	3,988	3,302	7,407
Taxation in respect of items of other comprehensive income	-	-	170
Total other comprehensive income for the period/year	-	-	170
Total comprehensive income for the period/year	3,988	3,302	7,577

The notes on pages 11 to 15 form part of these financial statements.

Interim Consolidated Balance Sheet

For the six months ended 30 June 2017

	Note	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Fixed assets				
Intangible assets		2,353	2,006	2,361
Tangible assets	3	67,158	64,964	66,150
Investments		856	1,086	760
		70,367	68,056	69,271
Current assets				
Stocks		17,106	15,743	12,342
Debtors		4,285	3,998	5,031
Cash and bank balances		9,805	2,890	6,581
		31,196	22,631	23,954
Creditors - amounts falling due within one year		(21,767)	(22,905)	(16,511)
Net current assets/(liabilities)		9,429	(274)	7,443
Total assets less current liabilities		79,796	67,782	76,714
Creditors - amounts falling due after more than one year		(16,166)	(14,030)	(17,469)
Provisions for liabilities		(1,490)	(1,817)	(1,510)
Net assets		62,140	51,935	57,735
Capital and reserves				
Share capital	6	683	644	665
Share premium		3,868	189	2,240
Capital reserve		9,439	9,439	9,439
Revaluation reserve		11,214	11,044	11,214
Profit and loss account		36,936	30,619	34,177
Shareholders' funds		62,140	51,935	57,735

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 7 September 2017. They were signed on its behalf by:

S. Burke
Director



A. Roper
Director



The notes on pages 11 to 15 form part of these financial statements.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revaluation reserve £'000	Profit and loss £'000	Total Equity £'000
At 1 January 2017	665	2,240	9,439	11,214	34,177	57,735
Comprehensive income	-	-	-	-	3,988	3,988
Profit for the period						
Contributions by and distributions to owners						
Shares issued during the period	18	1,628	-	-	-	1,646
Dividends	-	-	-	-	(1,229)	(1,229)
Total contributions by and distributions to owners	18	1,628	-	-	(1,229)	(417)
At 30 June 2017	683	3,868	9,439	11,214	36,936	62,140
At 1 January 2016	642	21	9,439	11,044	28,291	49,437
Comprehensive income	-	-	-	-	3,302	3,302
Profit for the period						
Contributions by and distributions to owners						
Shares issued during the period	2	168	-	-	-	170
Dividends	-	-	-	-	(974)	(974)
Total contributions by and distributions to owners	2	168	-	-	(974)	(805)
At 30 June 2016	644	189	9,439	11,044	30,619	51,935
At 1 January 2016	642	21	9,439	11,044	28,291	49,437
Comprehensive income	-	-	-	-	7,407	7,407
Profit for the year						
Other comprehensive income	-	-	-	170	-	170
Deferred tax in respect of property revaluations						
Total comprehensive income	-	-	-	170	7,407	7,577
Contributions by and distributions to owners						
Dividends	-	-	-	-	(1,521)	(1,521)
Shares issued during the period	23	2,219	-	-	-	2,242
Total contributions by and distributions to owners	23	2,219	-	-	(1,521)	721
At 31 December 2016	665	2,240	9,439	11,214	34,177	57,735

The notes on pages 11 to 15 form part of these financial statements.

Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2017

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Cash flows from operating activities			
Profit for the financial period/year	3,988	3,302	7,407
<i>Adjustments for:</i>			
Amortisation and depreciation	1,094	903	1,905
Share of profit before tax of associated companies	(95)	(105)	(182)
Profit on disposals of tangible fixed assets	-	-	(3)
Profit on disposal of associated undertaking	-	-	(179)
Net interest payable	274	345	805
Taxation expense	705	589	1,072
Decrease/(increase) in trade and other debtors	404	307	(452)
(Increase)/decrease in stocks	(4,764)	(3,083)	636
Increase in trade and other creditors	3,839	4,476	1,770
Decrease in provisions	(20)	(20)	(40)
Cash from operations	5,425	6,714	12,739
Interest paid (net)	(274)	(345)	(725)
Taxation paid	(695)	(24)	(683)
Net cash generated from operating activities	4,456	6,345	11,331
Cash flows used in investing activities			
Proceeds from sale of tangible fixed assets	140	-	34
Purchases of tangible fixed assets	(2,155)	(1,774)	(3,424)
Dividends received from associate	-	-	125
Acquisition costs of business combinations	(80)	(4,750)	(5,950)
Cash acquired with business combinations	-	2	3
Proceeds from sale of share in associates	342	-	180
Net cash used in investing activities	(1,753)	(6,522)	(9,032)
Cash flows from financing activities			
Capital element of finance leases repaid	(56)	(121)	(259)
Equity dividends paid	(1,217)	(974)	(1,521)
New bank loans net of issue costs	-	-	-
Repayment of bank loans	(622)	(1,203)	(2,187)
Receipts from issue of share capital	1,646	170	2,242
Net cash (used in)/from financing activities	(249)	(2,128)	(1,725)
Net increase/(increase) in cash and cash equivalents	2,454	(2,305)	574
Cash and cash equivalents at beginning of period/year	2,651	2,077	2,077
Cash and cash equivalents at end of period/year	5,105	(228)	2,651
Cash and cash equivalents comprise:			
Cash at bank and in hand	9,805	2,890	6,581
Bank overdrafts	(4,700)	(3,118)	(3,930)
	5,105	(228)	2,651

The notes on pages 11 to 15 form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

Blue Diamond Limited is a company registered in Guernsey under the Guernsey (Companies) Law, 2008. The address of the registered office is given on the Company Information page and the Group's principal activity is the operation of garden centres.

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, following the adoption of accounting policies set out in FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and have also been prepared in accordance with the guidance issued in FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 Annual Report.

The Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Balance Sheet, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Cash Flow Statement and Notes to the Interim Consolidated Financial Statements are unaudited and not reviewed pursuant to the guidance issued by the Financial Reporting Council.

The Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on 7 September 2017.

2. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2017 and for the six months ended 30 June 2016 is calculated by multiplying profit before tax by a rate of tax estimated by the Directors. The estimated rate of tax is based on the effective rate for the year ended 31 December 2016. The movement in the deferred tax liability at the balance sheet dates, included in provisions for liabilities, is estimated using similar assumptions based on the results for the year ended 31 December 2016.

3. TANGIBLE ASSETS

The valuation of the Group's freehold land, buildings and investment properties have been brought forward at 30 June 2017 without amendment from the preceding Annual Report. The Group's land and buildings will be subject to an interim valuation as at 31 December 2017, which are to be carried out by an independent professional valuer, and any movements in their fair values will be reflected in the next Annual Report.

4. DIVIDENDS

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Final 2016 dividend of 18p (2015: 16p) per share (net tax)	1,229	974	974
Interim 2016 dividend paid of 8.5p per share	-	-	547
	1,229	974	1,521

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2017

5. EARNINGS PER SHARE

	30 June 2017	30 June 2017	30 June 2017	30 June 2016	30 June 2016	30 June 2016	31 December 2016	31 December 2016	31 December 2016
	Profit for the year £000	Earnings per share p (pre- split)	Earnings per share p (post- split)	Profit for the year £000	Earnings per share p (pre- split)	Earnings per share p (post- split)	Profit for the year £000	Earnings per share p (pre- split)	Earnings per share p (post- split)
Basic earnings per share	3,988	58.85	11.77	3,302	51.35	10.27	7,407	114.35	22.87
Adjusted basic earnings per share	3,988	58.85	11.77	3,302	51.35	10.27	7,228	111.59	22.32

Earnings per share is calculated by dividing the profit for the financial period/year attributable to the members of Blue Diamond Limited by the weighted average number of ordinary shares in issue, which was 33,881,750 (30 June 2016: 32,152,378; 31 December 2016: 32,386,634). The earnings per share figures to 30 June 2017 and 30 June 2016 represent six months' earnings per share and not a full year.

Adjusted basic earnings per share is calculated by deducting the profit on disposal of David Dumosch Ltd to the earnings attributable to ordinary shareholders and dividing by the weighted average number of ordinary shares in issue during the year.

On 15 June 2017 at the Annual General Meeting, Shareholders approved the proposal to split each share of 10 pence in both the authorised and issued share capital of the Company into 5 new shares of 2 pence each.

The earnings per share figures for 30 June 2016 and 31 December 2016 shown in the Interim Consolidated Income Statement have been restated using the weighted average number of ordinary shares in issue on those dates, adjusted for the June 2017 share split.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2017

6. SHARE CAPITAL

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
<i>Authorised</i>			
34,500,000 ordinary shares of 2p each	690	690	690
<i>Allotted, called up and fully paid</i>			
34,139,480 (30 June 2016: 6,436,519; 31 December 2016: 6,654,668) ordinary shares of 2p each (30 June 2016: 10p each, 31 December 2016: 10p each)	683	644	665

In February 2017, there was an open offer at £9.50 per share to new investors and existing shareholders were given the chance to participate. 173,228 (866,140 post-split) shares were accepted and gross proceeds were £1,645,666.

There remain 360,520 (72,104 pre-split) authorised but unissued shares that the Board may consider selling at the market price in the future. The proceeds will be used to take advantage of opportunities to acquire new garden centres and to invest in the redevelopment and refurbishment of the Group's existing centres.

On 15 June 2017 at the Annual General Meeting, Shareholders approved the proposal to split each share of 10 pence in both the authorised and issued share capital of the Company into 5 new shares of 2 pence each.

The movement in the number of shares in issue and share capital for the six months ended 30 June 2017 is summarised below:

	Shares issued Number	Share capital £'000
As at 1 January 2017	6,654,668	665
New shares issued during the period	173,228	18
Share split	27,311,584	-
As at 30 June 2017	34,139,480	683

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2017

7. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2017 £'000	Cash flows £'000	Non-Cash £'000	30 June 2017 £'000
Cash and bank balances	6,581	3,224	-	9,805
Bank overdrafts	(3,930)	(770)	-	(4,700)
Cash and cash equivalents	2,651	2,454	-	5,105
Obligations under finance leases due within one year	(87)	56	(23)	(54)
Obligations under finance leases due after more than one year	(183)	-	(23)	(160)
Bank loan due within one year	(1,299)	622	(655)	(1,332)
Bank loan due after more than one year	(16,661)	-	655	(16,006)
Net debt	(15,579)	3,132	-	(12,447)

The bank loans and overdrafts 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 sixty monthly instalments, which commenced on 31 January 2017. Each monthly instalment is calculated using a fifteen-year capital and interest repayment programme with a final lump sum payment due on 31 December 2021. A second term loan is repayable in thirty-nine monthly instalments which commenced on 31 October 2016. Each monthly instalment is calculated using a fifteen-year capital and interest repayment programme with a final lump sum payment due on 31 December 2019.

The Group's working capital revolving facility of £4,500,000 is committed until 31 December 2019 and the overdraft facilities are reviewed annually. A further £3,000,000 working capital facility is committed until 31 October 2017.

On 30 December 2016 the Group entered into a five-year fixed interest rate swap of £7m with NatWest, which expires on 31 December 2021. The swap is non-amortising and fixes the one month LIBOR element of the interest payable on the term loans at 0.88%. Interest payable on the loans is made up of the floating one-month LIBOR rate and a fixed bank margin. At the end of each month NatWest credits the actual one month LIBOR rate to the Group and then debits the fixed rate of 0.88%. The Board decided to take out this swap to take advantage of low interest rates and to reduce the Group's interest rate risk.

The bank loans and overdrafts are secured by way of first legal charges, bonds and promissory notes over certain of the Group's properties as disclosed in note 11 to the Annual Report. The Group has also provided a cross guarantee as detailed in note 27 to the Annual Report.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2017

8. SEGMENTAL ANALYSIS

	United Kingdom			Channel Islands			Group		
	Six months 30 June 2017 £'000	Six months 30 June 2016 £'000	Year ended 31 Dec 2016 £'000	Six months 30 June 2017 £'000	Six months 30 June 2016 £'000	Year ended 31 Dec 2016 £'000	Six months 30 June 2017 £'000	Six months 30 June 2016 £'000	Year ended 31 Dec 2016 £'000
Turnover	41,142	37,048	76,041	7,446	7,236	15,254	48,588	44,284	91,295
Profit before interest and tax									
Segment profit	6,463	5,136	10,536	1,600	1,497	3,406	8,063	6,633	13,942
Profit on disposal of associate	-	-	-	-	-	179	-	-	179
Group costs	-	-	-	-	-	-	(3,096)	(2,392)	(4,837)
Profit before interest and tax	6,463	5,136	10,536	1,600	1,497	3,685	4,967	4,241	9,284
Segment total assets less current liabilities									
Segment net assets	N/A	N/A	52,094	N/A	N/A	22,165	N/A	N/A	72,259
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,455
Total assets less current liabilities							N/A	N/A	76,714

The segmental analysis is presented to disclose the profit before interest and taxation and total assets less current liabilities attributable to each geographic segment. The Directors believe that this presentation best enables the users of the financial statements to assess the performance of each segment as it reflects the profit before financing costs and capital employed in each segment. Unallocated assets and liabilities consist of assets and liabilities at the Group's head office in Guernsey and certain assets that cannot be allocated to a segment.

A segmental analysis of total assets less current liabilities has been provided only for the year ended 31 December 2016.



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