

We just keep growing...



Blue Diamond Limited
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2021



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Blue Diamond Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 June 2021

BLUE DIAMOND LIMITED

(Incorporated in Guernsey, Channel Islands)

DIRECTORS

S. Burke (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
Sir John Collins (retired 15 June 2021)
C.L. Williams
T. Carey
D. Ummels

COMPANY SECRETARY

R.J. Hemans

REGISTERED NUMBER

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International Limited
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LEGAL REPRESENTATIVES

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UNITED KINGDOM

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In my 2020 report, I indicated to you our growing confidence in Blue Diamond's ability to thrive in the Covid environment and the strong start we had made to the 2021 trading year. The exceptional results included in this statement are a great confirmation of both of these. Despite a lockdown in the early months of the year, and the fact that our restaurants were closed for almost five of the six months of the period, we recorded a 51% increase in total sales compared with the first half of 2020, and a profit in excess of that for the whole of that year.



INTERIM MANAGEMENT STATEMENT

During the 2020 lockdown we were, of course, fully closed, and so comparisons against the same period last year are distorted by this. Of more significance is the fact that total sales were up 44% on the first half of 2019 (25% on a like-for-like basis, excluding the stores purchased that year). Plants and gardening were the strongest categories again, but most product groups saw good increases. The ex-Wyevale stores performed particularly well as we continued our programme of upgrades and replaced more concessions with our own products.

The increase in profitability was an extraordinary 215% on 2019 and 281% on 2020. The primary driver of this was the increased volume of sales and relatively fixed cost base, but a number of other factors are important to mention. Gross margins increased from 48.8% to 50.3% in the period. This is a very strong performance given some of the significant cost pressures we faced, in particular the huge increase in Far East shipping costs. But the buoyant market and shortage of stock in some areas kept pricing firm and there was little competitive discounting in the period.

I should also point out that these figures include continuing benefit from UK government support schemes, in particular Furlough, Business Rates Relief, and the lower VAT on restaurant sales. This totalled some £9.0m in the period; but against this, the closure of our restaurants cost us £8.4m in lost profit.

The strong trading performance has been reflected in cash flow and I can report that at the half-year we had a net positive cash balance of £41.2m. We are continuing to invest in the stores, and in particular took the opportunity to upgrade or expand a number of our restaurants whilst they were closed. Capital expenditure in the period was £5.3m and we have plans for further upgrades in the autumn. Our strong cash position has enabled us to reinstate some of the major redevelopment and expansion works we originally deferred because of the Wyevale acquisitions, and we are starting this year on the extension of Newbridge, our very successful centre in Sussex.

The experience of the last 18 months has led some garden centre owners to consider selling their businesses, and so there has been a rise in acquisition opportunities. During the period we concluded our acquisition of Orchard Park in Dorset; we also signed for the greenfield site at Scotch Corner, and we are in negotiations on other potential acquisitions. Our approach is to be very selective and to focus on those sites which have strong demographic alignment with our brand, and which can deliver significant impact in terms of scale.

In the shorter-term, we are confident about prospects. Trading continues to be significantly up on 2019, and broadly in line with last year. This gives us reassurance that we will deliver significant growth in profit for 2021 as a whole, though second half profitability will be below that for 2020, not least because that period was so strong, and because government support payments will henceforth be greatly reduced.

Longer term, the position is less clear. You will have read about the significant pressures from supply chain disruption, cost inflation and labour shortages in the UK economy. We too are affected by these and it remains to be seen how much they will impact on profitability. There must also come a point, as the world re-normalises, when some of the extraordinary sales gains in garden centres may recede. Although there are ever-stronger indications that we will keep much of the benefit into the long term, it is prudent to plan for some reduction in trading levels.

In setting an interim dividend we are mindful of our stated policy and of the need to keep in mind what the sustainable level of profitability will be. With these in mind, we propose to pay an interim dividend of 3.5p per share, an increase of 75% on last year, on 8 December 2021 to all shareholders on the register on 23 November 2021. As before, a scrip alternative will be available to shareholders and there will be further communication on this at the beginning of November 2021. For the 2020 final dividend, the take-up of the scrip was 19%.



Simon Burke
Chairman
22 September 2021

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 £000	Six months ended 30 June 2020 £000	Year ended 31 December 2020 £000
Turnover	3	124,701	82,751	201,181
Cost of sales		(61,971)	(42,391)	(100,916)
Gross profit		62,730	40,360	100,265
Distribution costs		(111)	-	(549)
Administrative expenses		(44,429)	(35,243)	(86,544)
		18,190	5,117	13,172
Reversal of revaluation deficit on freehold properties		-	-	957
Other operating income		6,062	1,785	10,265
Group operating profit		24,252	6,902	24,394
Share of profit for the year in joint venture and associated undertaking		157	56	603
Profit before interest	3	24,409	6,958	24,997
Interest receivable and similar income		1	1	2
Interest payable and similar expenses		(353)	(645)	(1,450)
Profit before taxation		24,057	6,314	23,549
Taxation on profit	2	(4,877)	(1,207)	(5,689)
Profit for the financial period/year		19,180	5,107	17,860
Earnings per share	5	55.58p	14.80p	51.76p
Other comprehensive income				
Unrealised surplus on revaluation of freehold properties		551	-	30,457
Movement in deferred tax relating to revaluation of freehold properties		-	-	(3,499)
Other comprehensive income for the period/year		551	-	26,958
Total comprehensive income for the period/year		19,731	5,107	44,818
Profit attributable to: Owners of the parent		19,731	5,107	44,818

All amounts relate to continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

Interim Consolidated Balance Sheet

As at 30 June 2021

	Notes	30 June 2021 £000	30 June 2021 £000	30 June 2020 £000	30 June 2020 £000	31 December 2020 £000	31 December 2020 £000
Fixed assets							
Intangible assets	6		4,543		2,738		2,654
Tangible fixed assets	7		137,066		103,652		133,602
Investments	8		539		1,920		4,093
			142,148		108,310		140,349
Current assets							
Stocks		41,245		34,544		27,117	
Debtors		6,964		7,810		10,327	
Cash at bank and in hand		41,196		17,841		32,308	
		89,405		60,195		69,752	
Creditors							
Amounts falling due within one year		(47,297)		(45,609)		(72,058)	
Net current assets/(liabilities)			42,108		14,586		(2,306)
Total assets less current liabilities			184,256		122,896		138,043
Creditors							
Amounts falling due after more than one year			(32,620)		(31,111)		(2,886)
Provisions for liabilities			(6,427)		(1,263)		(6,515)
Net assets			145,209		90,522		128,642
Capital and reserves							
Called up share capital	10		692		690		690
Share premium			5,368		5,015		5,015
Revaluation reserve			36,681		9,172		36,130
Capital reserve			9,439		9,439		9,439
Retained earnings			93,029		66,206		77,368
Total equity			145,209		90,522		128,642

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2021. They were signed on its behalf by:



R. J. Hemans
Director

The notes on pages 10 to 15 form part of these financial statements.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Called up share capital £000	Retained earnings £000	Share premium £000	Revaluation reserve £000	Capital reserve £000	Total equity £000
Balance at 1 January 2021	690	77,368	5,015	36,130	9,439	128,642
Changes in equity						
Profit for the year	-	19,180	-	-	-	19,180
Surplus on revaluation of freehold properties	-	-	-	551	-	551
Total comprehensive income	-	19,180	-	551	-	19,731
Dividends (note 4)	2	(3,519)	353	-	-	(3,164)
Balance at 30 June 2021	692	93,029	5,368	36,681	9,439	145,209
Balance at 1 January 2020	690	61,099	5,015	9,172	9,439	85,415
Changes in equity						
Profit for the year	-	5,107	-	-	-	5,107
Balance at 30 June 2020	690	66,206	5,015	9,172	9,439	90,522
Balance at 1 January 2020 (as previously stated)	690	61,099	5,015	9,172	9,439	85,415
Prior year adjustment	-	(901)	-	-	-	(901)
Balance at 1 January 2020 (as restated)	690	60,198	5,015	9,172	9,439	84,514
Changes in equity						
Profit for the year	-	17,860	-	-	-	17,860
Surplus on revaluation of freehold properties	-	-	-	30,457	-	30,457
Movement in deferred tax relating to revaluation of freehold properties	-	-	-	(3,499)	-	(3,499)
Total comprehensive income	-	17,860	-	26,958	-	44,818
Dividends	-	(690)	-	-	-	(690)
Balance at 31 December 2020	690	77,368	5,015	36,130	9,439	128,642

The notes on pages 10 to 15 form part of these financial statements.

Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2021

	Six months ended 30 June 2021 £000	Six months ended 30 June 2020 £000	Year ended 31 December 2020 £000
Cash flows from operating activities			
Profit for the financial period/year	19,180	5,107	17,860
Adjustments for:			
Amortisation of intangible assets	113	2,420	172
Depreciation of tangible assets	3,149	-	5,535
Loss on disposal of tangible assets	12	-	19
Amortisation of lease incentives	(60)	(17)	(116)
Reversal of revaluation deficit on freehold properties	-	-	(957)
Foreign exchange losses/(gains)	1	(68)	139
Share of profit before tax of joint venture and associated undertaking	(157)	(56)	(603)
Interest receivable	(1)	(1)	(2)
Interest payable	353	645	1,450
Taxation charge	4,877	1,207	5,689
Increase in stocks	(13,434)	(7,845)	(418)
Decrease/(increase) in debtors	3,525	1,975	(517)
Increase in creditors	11,179	20,741	7,808
(Decrease)/Increase in provisions	(108)	25	108
Lease incentives received	-	-	2,131
Corporation tax paid	(3,287)	(842)	(2,825)
Interest received	1	-	2
Interest paid	(353)	(498)	(1,230)
Net cash generated from operating activities	24,990	22,793	34,245
Cash flows from investing activities			
Purchases of tangible fixed assets	(5,299)	(2,597)	(4,355)
Acquisition of subsidiary	(1,808)	(98)	(197)
Cash acquired on acquisition of subsidiary	94	-	-
Repayments from joint venture and associated undertaking	54	182	999
Net cash used in investing activities	(6,959)	(2,513)	(3,553)
Cash flows from financing activities			
Finance charges paid	(252)	(80)	-
Repayment of bank loans	(1,041)	(625)	(625)
Capital element of finance leases repaid	(3)	(24)	(42)
Equity dividends paid	(3,164)	-	(690)
Net cash used in financing activities	(4,460)	(729)	(1,357)
Net increase in cash and cash equivalents	13,571	19,551	29,335
Cash and cash equivalents at the beginning of the period/year	27,625	(1,710)	(1,710)
Cash and cash equivalents at the end of the period/year	41,196	17,841	27,625
Cash and cash equivalents comprise:			
Bank and cash balances	41,196	17,841	32,308
Bank overdrafts	-	-	(4,683)
	41,196	17,841	27,625

The notes on pages 10 to 15 form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

Blue Diamond Limited is a private company limited by shares and registered in Guernsey under the Companies (Guernsey) 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 on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 104, 'Interim Financial Reporting' issued by the Financial Reporting Council. They do not include all disclosures that would be required in a complete set of financial statements and should be read in conjunction with the 2020 Annual Report.

The 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 Guidance.

The Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on 22 September 2021.

2. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2021 and for the six months ended 30 June 2020 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 assumption tax will be payable at 19% in the UK, 20% in Guernsey and 20% in Jersey. 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 2020.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2021

3. TURNOVER AND GROUP OPERATING PROFIT

Geographic analysis	UNITED KINGDOM			CHANNEL ISLANDS			GROUP		
	30 June 2021	30 June 2020	31 December 2020	30 June 2021	30 June 2020	31 December 2020	30 June 2021	30 June 2020	31 December 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	115,238	74,906	182,939	9,463	7,845	18,242	124,701	82,751	201,181
Profit before interest and taxation									
Regional profit	27,238	9,873	29,460	2,463	1,610	4,290	29,701	11,483	33,750
Reversal of revaluation deficit on freehold properties	-	-	79	-	-	878	-	-	957
Group costs	-	-	-	-	-	-	(5,292)	(4,525)	(9,710)
Group profit before interest and taxation	27,238	9,873	29,539	2,463	1,610	5,168	24,409	6,958	24,997
Total assets less current liabilities									
Net assets	N/A	N/A	110,424	N/A	N/A	32,762	N/A	N/A	143,186
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(5,143)
Total assets less current liabilities	N/A	-	110,424	N/A	-	32,762	N/A	N/A	138,043

The geographic analysis is presented to disclose the profit before interest and taxation and total assets less current liabilities attributable to each geographic area. The Directors believe that this presentation best enables the users of the financial statements to assess the performance of each region as it reflects the profit before financing costs and capital employed in each geographic area. 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 geographic analysis of total assets less current liabilities has been provided only for the year ended 31 December 2020.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2021

4. DIVIDENDS

	Six months ended 30 June 2021 £000	Six months ended 30 June 2020 £000	Year ended 31 December 2020 £000
Ordinary shares			
Final 2019 dividend of 4.7p per share (2018: 4.1p per share)	1,621	-	-
Final 2020 dividend of 5.5p per share (2019: 4.7p per share)	1,898	-	-
Interim 2020 dividend of 2p per share (2019: 2.0p per share)	-	-	690
	3,519	-	690

The final 2020 dividend of £1,898,000 was paid in cash of £1,543,000 and shares of £355,000. All shareholders were able to elect to receive their dividends in cash and/or shares, with shares offered on the basis of the last traded price of £3.60 per share. Shareholders elected to receive 19% of their 2020 final dividend in additional shares and 98,781 authorised shares were duly issued.

5. EARNINGS PER SHARE

	30 June 2021 Profit for the year £000	30 June 2021 Earnings per share p	30 June 2020 Profit for the year £000	30 June 2020 Earnings per share p	31 December 2020 Profit for the year £000	31 December 2020 Earnings per share p
Basic earnings per share	19,180	55.58	5,107	14.80	17,860	51.76

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 34,508,732 (30 June 2020: 34,500,000; 31 December 2020: 34,500,000). The earnings per share figures to 30 June 2021 and 30 June 2020 represent six months' earnings per share and not a full year.

6. INTANGIBLE ASSETS

	Goodwill £000	Negative Goodwill £000	Totals £000
Cost			
At 1 January 2021	3,996	(544)	3,452
Arising on business combinations (note 11)	2,002	-	2,002
At 30 June 2021	5,998	(544)	5,454
Amortisation			
At 1 January 2021	1,121	(323)	798
Charge for the period	126	(13)	113
At 30 June 2021	1,247	(336)	911
Net book value			
At 30 June 2021	4,751	(208)	4,543
At 30 June 2020	2,972	(234)	2,738
At 31 December 2020	2,875	(221)	2,654

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2021

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold improvements	Motor vehicles
	£000	£000	£000
Cost			
At 1 January 2021	98,680	26,105	755
Additions	314	904	137
Acquired in business combinations	-	576	2
Disposals	-	-	(26)
At 30 June 2021	98,994	27,585	868
Depreciation			
At 1 January 2021	-	5,837	459
Charge for the year	551	641	64
Revaluation adjustments	(551)	-	-
Disposals	-	-	(20)
At 30 June 2021	-	6,478	503
Net book value			
At 30 June 2021	98,994	21,107	365
At 30 June 2020	67,978	20,379	320
At 31 December 2020	98,680	20,268	296

	Furniture, fixtures and equipment	Computer equipment	Totals
	£000	£000	£000
Cost			
At 1 January 2021	29,366	3,914	158,820
Additions	3,781	163	5,299
Acquired in business combinations	181	16	775
Disposals	(11)	-	(37)
At 30 June 2021	33,317	4,093	164,857
Depreciation			
At 1 January 2021	16,215	2,707	25,218
Charge for the year	1,585	308	3,149
Revaluation adjustments	-	-	(551)
Disposals	(5)	-	(25)
At 30 June 2021	17,795	3,015	27,791
Net book value			
At 30 June 2021	15,522	1,078	137,066
At 30 June 2020	13,639	1,336	103,652
At 31 December 2020	13,152	1,206	133,602

The carrying values of freehold land and buildings are based on valuations previously carried out as at 31 December 2020 by an independent, professionally qualified valuer. Please refer to notes 4 and 15 of the 2020 Annual Report for further information. Depreciation has charged on freehold buildings during the period and then the freehold buildings have been revalued back to their valuation at 31 December 2020, which the Directors consider to be fair value at 30 June 2021.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2021

8. FIXED ASSET INVESTMENTS

	Joint venture £000	Associated undertaking £000	Unlisted investments £000	Totals
Cost				
At 1 January 2021	3,552	537	4	4,093
Other adjustments	61	-	-	61
Share of profit for the period after tax	104	(2)	-	102
Acquisition of full shareholding in joint venture (Note 11)	(3,717)	-	-	(3,717)
At 30 June 2021	-	535	4	539
Net book value				
At 30 June 2021	-	535	4	539
At 30 June 2020	1,356	560	4	1,920
At 31 December 2020	3,552	537	4	4,093

The Group owns 50% of the issued share capital of John Le Sueur and Company Limited, a company registered in Jersey, with the principal activity of investment holding and a financial year end of 30 September each year.

On 1 April 2021 the Company exercised the call option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Limited. On the same date the trade and net assets of Milton Park (Dorset) Limited were transferred to Blue Diamond UK Limited, a subsidiary indirectly held by Blue Diamond Limited, leaving Milton Park (Dorset) Limited dormant.

9. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2021 £000	Cash flows £000	Non-cash movements £000	30 June 2021 £000
Cash and bank equivalents	27,625	13,571	-	41,196
Obligations under finance leases	(3)	3	-	-
Bank loans due within one year	(32,895)	1,293	29,102	(2,500)
Bank loans due after more than one year	-	-	(29,500)	(29,500)
	(5,273)	14,867	(398)	9,196

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) and Barclays Bank plc. The overall position is as follows:

The Group has a term loan of £32m and a revolving credit facility of £28m. The term loan is repayable quarterly over fifteen years. The facilities are available for three years with the option of two 1-year extensions. The Company has also negotiated a £10m accordion facility, which provides additional flexibility to develop and invest in the business.

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. The Group has also provided a cross guarantee as detailed in note 29 to the Annual Report for the year ended 31 December 2020.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2021

10. CALLED UP SHARE CAPITAL

	30 June 2021 £000	30 June 2020 £000	31 December 2020 £000
Authorised 38,000,000 ordinary shares of £0.02 each (30 June 2020: 38,000,000; 31 December 2020: 38,000,000)	760	760	760
Allotted, called up and partly paid 34,598,781 ordinary shares of £0.02 each (30 June 2020: 34,500,000; 31 December 2020: 34,500,000)	692	690	690

In June 2021, shareholders were offered the opportunity to take the 2020 final dividend in the form of shares rather than cash. This will apply to all future dividends until further notice.

The movement in the issued shares for the period is as follows:

	2021 Shares in issue No.	2021 Share Capital £
At 1 January 2021	34,500,000	690,000
Scrip dividend relating to 2020 final dividend	98,781	2,000
At 30 June 2021	34,598,781	692,000

11. BUSINESS COMBINATIONS

On 1 April 2021 the Company exercised the call option to purchase the remaining 75% of the share capital of Milton Park (Dorset) Limited. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and no adjustments have been considered necessary.

	Book value £000	Fair value adjustments £000	Fair Value £000
Fixed assets			
Tangible fixed assets	775	-	775
Current assets			
Stocks	694	-	694
Debtors	1,034	-	1,034
Cash and bank balances	94	-	94
Creditors: amounts falling due within one year	(882)	-	(882)
Net assets	1,715	-	1,715
Goodwill			2,002
Total purchase consideration			3,717
Payments in previous accounting periods			(1,909)
Payments made in period to 30 June 2021			1,808

The useful economic life of the goodwill has been estimated to be 20 years.



Blue Diamond Limited
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