

We just keep growing...



Blue Diamond Limited
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2022

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Blue Diamond Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 June 2022

BLUE DIAMOND LIMITED
(Incorporated in Guernsey, Channel Islands)

DIRECTORS

S. Burke (Chairman)
A. Roper (Managing Director)
R.J. Hemans (Finance Director)
T. Carey
D. Ummels
S. Crowder

COMPANY SECRETARY
R.J. Hemans

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In recent statements, trading updates and comments at the AGM, we have been signalling that some of the benefits seen during the Covid period were coming to an end. In the event, the impact was quicker and sharper than we anticipated. So, although headline turnover is 3% up on the same period last year, this includes a very large increase in the restaurants, because they were closed for 75% of the period last year. Thus, whilst restaurant sales were up 281%, like-for-like sales in the garden centres were 10% down during the period. This was still 31% ahead of 2019, however, so we are holding on to much of the sales benefit that came to us during Covid.



INTERIM MANAGEMENT STATEMENT

Gross margins were in line with last year, with some improvements being offset by sharper pricing on garden furniture and other gardening categories where we are seeking to reduce stock.

Operating profit, however, fell significantly to £12.4m, a decrease of 48% on last year. As you can gather from the above, this was not the result of lower overall trading. It has been brought about principally by a limited number of specific items, as follows:

	Year-on-year change (£m)
Increased labour costs	4.4
Ending of furlough support scheme	4.3
Ending of Covid business rates relief	2.7
Energy costs	1.8
Total	13.2

Having given a total increase of just 1.4% over the previous two years, we increased pay by an average of 6.4% early in 2022, in order to look after the team which had performed so well for Blue Diamond over the past two years, and to keep our rates competitive at a time of wage inflation and significant people shortages.

The ending of government support schemes, rent reductions, and other exceptional items related to Covid, had a very significant impact on us. These schemes did not benefit the second half of 2021, so this will have no effect on comparisons in the remainder of the year.

The subject of energy costs is familiar to everyone. What you see in these accounts is the impact of increases we sustained when a two-year fixed price contract ended in October 2021, with electricity costs tripling in the first half of 2022 due to rate increases and our restaurants being open for the whole period. We are hopeful that the energy price cap for businesses recently announced by the UK Government will help to mitigate some of the further energy cost increases we were anticipating from October 2022.

We have continued to invest selectively in the estate, acquiring the Blackdown Garden Centre in Taunton, building a substantial extension to our Newbridge centre, and carrying out refurbishments to several other centres. Our cash position remains good, with

debt at the half-year standing at 0.6 times EBITDA, a gearing of 11%.

We propose to pay an unchanged interim dividend of 3.5p. We will keep under review the appropriate level of dividend for the full year, as we see how trading develops in the second half and prospects for next year become clearer.

Since the end of 2019, the business has been affected by an extraordinary succession of externally-driven impacts: first a total closure, then a huge boom in demand for 18 months, and then a sudden puncturing of that demand, along with sharp inflation spikes and supply disruption, and now potentially a recession.

It might therefore be helpful to put these results into context by comparing with 2019, which is the most recent stable benchmark period. Our sales of £128.7m compare with £86.7m, 48% up, and our operating profit of £12.7m compares with £7.8m (excluding exceptional item), an increase of 63%. This highlights the underlying progress the business has made in the past three years.

At this point, we see no basis to assume any improvement in trading in the second half; our restaurants are now trading like-for-like and so it is likely that sales overall will be below last year. In my 2021 full-year statement, I said that we hoped that this year's profit would come in ahead of the 2020 figure, but this now looks optimistic. Looking further ahead with any accuracy is very difficult, but we cannot ignore the risk of recession and continuing inflation, and so we are working to manage operating costs tightly and keep debt well within manageable limits.

I am confident that, with a strong customer base, an estate of great stores, an excellent competitive position and a robust balance sheet, all of which will be carefully conserved in the coming months, Blue Diamond is in a solid position to weather the challenges ahead and to take advantage of market opportunities as they arise.



Simon Burke
Chairman
13 September 2022

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 £000	Six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
Turnover	3	128,721	124,701	255,454
Cost of sales		(61,574)	(61,971)	(124,975)
Gross profit		67,147	62,730	130,479
Distribution costs		(37)	(111)	(207)
Administrative expenses		(56,420)	(44,429)	(98,420)
		10,690	18,190	31,852
Other operating income		2,014	6,062	8,172
Group operating profit		12,704	24,252	40,024
Share of profit for the year in joint venture and associated undertaking		-	157	103
Profit on disposal of fixed asset investment		-	-	40
Profit before interest	3	12,704	24,409	40,167
Interest receivable and similar income		1	1	1
Interest payable and similar expenses		(346)	(353)	(665)
Profit before taxation		12,359	24,057	39,503
Taxation on profit	2	(2,348)	(4,877)	(7,794)
Profit for the financial period/year		10,011	19,180	31,709
Earnings per share	5	28.89p	55.58p	91.76p
Other comprehensive income				
Unrealised surplus on revaluation of freehold properties		638	551	8,565
Movement in deferred tax relating to revaluation of freehold properties		-	-	(3,089)
Other comprehensive income for the period/year		638	551	5,476
Total comprehensive income for the period/year		10,649	19,731	37,185
Profit attributable to: Owners of the parent		10,649	19,731	37,185

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 2022

	Notes	30 June 2022 £000	30 June 2022 £000	30 June 2021 £000	30 June 2021 £000	31 December 2021 £000	31 December 2021 £000
Fixed assets							
Intangible assets	6		4,758		4,543		4,455
Tangible fixed assets	7		164,504		137,066		154,092
Investments			436		539		436
			169,698		142,148		158,983
Current assets							
Stocks		59,161		41,245		40,443	
Debtors		11,433		6,964		12,792	
Cash at bank and in hand		9,163		41,196		25,739	
		79,757		89,405		78,974	
Creditors							
Amounts falling due within one year		(39,377)		(47,297)		(35,180)	
Net current assets			40,380		42,108		43,794
Total assets less current liabilities			210,078		184,256		202,777
Creditors							
Amounts falling due after more than one year			(29,667)		(32,620)		(30,631)
Provisions for liabilities			(10,447)		(6,427)		(10,405)
Net assets			169,964		145,209		161,741
Capital and reserves							
Called up share capital	9		694		692		693
Share premium			6,174		5,368		5,656
Revaluation reserve			42,244		36,681		41,606
Capital reserve			9,439		9,439		9,439
Retained earnings			111,413		93,029		104,347
Total equity			169,964		145,209		161,741

The financial statements were approved by the Board of Directors and authorised for issue on 13 September 2022. 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 2022

	Called up share capital £000	Retained earnings £000	Share premium £000	Revaluation reserve £000	Capital reserve £000	Total equity £000
Balance at 1 January 2022	693	104,347	5,656	41,606	9,439	161,741
Changes in equity						
Profit for the year	-	10,011	-	-	-	10,011
Surplus on revaluation of freehold properties	-	-	-	638	-	638
Total comprehensive income	-	10,011	-	638	-	10,649
Dividends (note 4)	1	(2,945)	518	-	-	(2,426)
Balance at 30 June 2022	694	111,413	6,174	42,244	9,439	169,964
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 2021	690	77,368	5,015	36,130	9,439	128,642
Changes in equity						
Profit for the year	-	31,709	-	-	-	31,709
Surplus on revaluation of freehold properties	-	-	-	8,565	-	8,565
Movement in deferred tax relating to revaluation of freehold properties	-	-	-	(3,089)	-	(3,089)
Total comprehensive income	-	31,709	-	5,476	-	37,185
Dividends (note 4)	3	(4,730)	641	-	-	(4,086)
Balance at 31 December 2021	693	104,347	5,656	41,606	9,439	161,741

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 2022

	Six months ended 30 June 2022 £000	Six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
Cash flows from operating activities			
Profit for the financial period/year	10,011	19,180	31,709
Adjustments for:			
Amortisation of intangible assets	149	113	247
Depreciation of tangible assets	3,697	3,149	6,538
(Profit)/loss on disposal of tangible assets	(1)	12	14
Profit on disposal of fixed asset investments	-	-	(40)
Amortisation of lease incentives	(60)	(60)	(126)
Foreign exchange losses/(gains)	7	1	(57)
Share of profit before tax of joint venture and associated undertaking	-	(157)	(103)
Interest receivable	(1)	(1)	(1)
Interest payable	346	353	665
Taxation charge	2,348	4,877	7,794
Increase in stocks	(18,622)	(13,434)	(12,322)
Decrease/(increase) in debtors	1,424	3,525	(2,295)
Increase/(decrease) in creditors	7,040	11,179	(1,283)
Decrease in provisions	(33)	(108)	(121)
Corporation tax paid	(3,678)	(3,287)	(6,593)
Interest received	1	1	1
Interest paid	(346)	(353)	(665)
Net cash generated from operating activities	2,282	24,990	23,362
Cash flows from investing activities			
Purchases of tangible fixed assets	(9,134)	(5,299)	(11,899)
Dividends received from investments	-	-	100
Business combinations - Milton Park	-	-	(1,958)
Business combinations - Mere Park	-	-	(6,108)
Acquisition of subsidiary - Blackdown Garden Centre Limited	(4,379)	(1,808)	-
Cash acquired on acquisition of subsidiary	1	94	-
Proceeds on disposal of fixed asset investment	-	-	36
Repayments from joint venture and associated undertaking	-	54	54
Net cash used in investing activities	(13,512)	(6,959)	(19,775)
Cash flows from financing activities			
Debt issue costs	54	(252)	(192)
Repayment of bank loans	(1,250)	(1,041)	(2,916)
Capital element of finance leases repaid	-	(3)	(3)
Equity dividends paid	(2,426)	(3,164)	(4,086)
Net cash used in financing activities	(3,622)	(4,460)	(7,197)
Net (decrease)/increase in cash and cash equivalents	(14,852)	13,571	(3,610)
Cash and cash equivalents at the beginning of the period/year	24,015	27,625	27,625
Cash and cash equivalents at the end of the period/year	9,163	41,196	24,015
Cash and cash equivalents comprise:			
Bank and cash balances	9,163	41,196	25,739
Bank overdrafts	-	-	(1,724)
	9,163	41,196	24,015

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 2022

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 2021 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 13 September 2022.

2. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2022 and for the six months ended 30 June 2021 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 2021.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2022

3. TURNOVER AND GROUP OPERATING PROFIT

Geographic analysis	UNITED KINGDOM			CHANNEL ISLANDS			GROUP		
	30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021	30 June 2022	30 June 2021	31 December 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	120,022	115,238	235,874	8,698	9,463	19,580	128,721	124,701	255,454
Profit before interest and taxation									
Regional profit	16,525	27,238	46,330	1,863	2,463	5,101	18,388	29,701	51,431
Group costs	-	-	-	-	-	-	(5,684)	(5,292)	(11,264)
Group profit before interest and taxation	16,525	27,238	46,330	1,863	2,463	5,101	12,704	24,409	40,167
Total assets less current liabilities									
Net assets	N/A	N/A	158,558	N/A	N/A	35,514	N/A	N/A	194,072
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,705
Total assets less current liabilities	N/A	N/A	158,558	N/A	N/A	35,514	N/A	N/A	202,777

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 2021.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2022

4. DIVIDENDS

	Six months ended 30 June 2022 £000	Six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
Ordinary shares			
Final 2019 dividend of 4.7p per share (2018: 4.1p per share)	-	1,621	1,621
Final 2020 dividend of 5.5p per share (2019: 4.7p per share)	-	1,898	1,898
Interim 2021 dividend of 3.5p per share (2020: 2p per share)	-	-	1,211
Final 2021 dividend of 8.5p per share (2020: 5.5p per share)	2,945	-	-
	2,945	3,519	4,730

A final dividend for the year ended 31 December 2021 of 8.5p per share totalling £2,944,859 was paid on 14 June 2022. £2,425,096 was paid in cash and £519,763 in the form of a scrip dividend. The Directors have also declared an interim dividend for the year ended 31 December 2022 of 3.5p per share, which will be paid on 7 December 2022 to those shareholders on the register at 22 November 2022.

5. EARNINGS PER SHARE

	30 June 2022 Profit for the year £000	30 June 2022 Earnings per share p	30 June 2021 Profit for the year £000	30 June 2021 Earnings per share p	31 December 2021 Profit for the year £000	31 December 2021 Earnings per share p
Basic earnings per share	10,011	28.89	19,180	55.58	31,709	91.76

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 34,652,633 (30 June 2021: 34,508,732; 31 December 2021: 34,557,194). The earnings per share figures to 30 June 2022 and 30 June 2021 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 2022	6,044	(544)	5,500
Arising on business combinations (note 10)	451	-	451
At 30 June 2022	6,495	(544)	5,951
Amortisation			
At 1 January 2022	1,393	(348)	1,045
Charge for the year	162	(14)	148
At 30 June 2022	1,555	(362)	1,193
Net book value			
At 30 June 2022	4,940	(182)	4,758
At 30 June 2021	4,751	(208)	4,543
At 31 December 2021	4,650	(195)	4,455

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2022

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold improvements	Motor vehicles
	£000	£000	£000
Cost			
At 1 January 2022	113,744	28,700	955
Additions	2,145	1,814	126
Acquired in business combinations	4,250	64	1
Disposals	-	-	(12)
At 30 June 2022	120,138	30,578	1,071
Depreciation			
At 1 January 2022	-	7,138	567
Charge for the year	638	708	89
Revaluation adjustments	(638)	-	-
Disposals	-	-	(12)
At 30 June 2022	-	7,846	644
Net book value			
At 30 June 2022	120,138	22,732	426
At 30 June 2021	98,994	21,107	365
At 31 December 2021	113,744	21,562	388

	Furniture, fixtures and equipment	Computer equipment	Totals
	£000	£000	£000
Cost			
At 1 January 2022	37,010	4,192	184,600
Additions	4,851	198	9,134
Acquired in business combinations	20	-	4,335
Disposals	(11)	(4)	(27)
At 30 June 2022	41,870	4,386	198,043
Depreciation			
At 1 January 2022	19,520	3,284	30,509
Charge for the year	1,983	278	3,697
Revaluation adjustments	-	-	(638)
Disposals	(13)	(3)	(28)
At 30 June 2022	21,491	3,559	33,539
Net book value			
At 30 June 2022	20,379	828	164,504
At 30 June 2021	15,522	1,078	137,066
At 31 December 2021	17,490	908	154,092

The carrying values are based on valuations previously carried out as at 31 December 2021 by an independent professionally qualified valuer. Please refer to notes 3 and 13 of the 2021 Annual Report for further information. Depreciation has been charged on freehold buildings during the period and then the freehold buildings have been revalued back to their valuation at 31 December 2021, which the Directors consider to be fair value at 30 June 2022.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2022

8. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2022	Cash flows	Non-cash movements	30 June 2022
	£000	£000	£000	£000
Cash and bank equivalents	24,015	(14,853)	1	9,163
Obligations under finance leases	-	-	-	-
Bank loans due within one year	(2,500)	1,250	(1,250)	(2,500)
Bank loans due after more than one year	(27,288)	-	1,196	(26,092)
	(5,733)	(13,603)	(53)	(19,429)

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

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 27 to the Annual Report for the year ended 31 December 2021.

9. CALLED UP SHARE CAPITAL

	30 June 2022	30 June 2021	31 December 2021
	£000	£000	£000
Authorised			
38,000,000 ordinary shares of £0.02 each (30 June 2021: 38,000,000; 31 December 2021: 38,000,000)	760	760	760
Allotted, called up and partly paid			
34,722,403 ordinary shares of £0.02 each (30 June 2021: 34,598,781; 31 December 2021: 34,645,401)	694	692	693

In June 2022, shareholders were offered the opportunity to take the 2021 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:

	2022 Shares in issue No.	2022 Share Capital £
At 1 January 2022	34,645,401	692,908
Scrip dividend relating to 2021 final dividend	77,002	1,540
At 30 June 2022	34,722,403	694,448

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2022

10. BUSINESS COMBINATIONS

On 7 January 2022 the Group completed the acquisition of Blackdown Garden Centre Limited, whose principal activity is that of the operation of a retail garden centre. 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	2,667	1,668	4,335
Current assets			
Stocks	96	-	96
Debtors	65	-	95
Cash and bank balances	1	-	1
Creditors: amounts falling due within one year	(194)	(300)	(494)
Provisions for liabilities	(76)	-	(76)
Net assets	2,559	1,368	3,927
Goodwill			451
Total purchase consideration (including expenses of £103,193)			4,378

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



Blue Diamond Limited
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