

We just keep growing...



Blue Diamond Limited
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2023

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Blue Diamond Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 June 2023

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

REGISTERED OFFICE

Rue du Friquet
Castel
Guernsey GY5 7SS
Channel Islands

REGISTERED NUMBER

12307 (Guernsey)

INDEPENDENT AUDITOR

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton SO14 3TL

BANKERS

The Royal Bank of Scotland
International Limited
(Trading as NatWest International)
1 Glategny Esplanade
St. Peter Port
Guernsey GY1 4BQ
Channel Islands

Barclays Bank plc
PO Box 3333
1 Snowhill
Snow Hill
Queensway
Birmingham B3 2WN

LEGAL REPRESENTATIVES

GUERNSEY

Carey Olsen
Les Banques
St. Peter Port
Guernsey
Channel Islands

UNITED KINGDOM

Bristows LLP
100 Victoria Embankment
London
United Kingdom



“Blue Diamond has recorded a strong performance in the first half of 2023. Total sales increased by 20%, with like-for-like sales up 11%. The garden centres achieved 9% like-for-like sales growth, whilst in restaurants it was 22%. Whilst some of this increase is attributable to inflation, we also saw volume growth across the business.”

INTERIM MANAGEMENT STATEMENT

In my last report to you, I expressed the hope that in 2022 we had established a new baseline for our sales, after the large ups and downs of the Covid period. The figures in this report, and the trends which underlie them, suggest that we have returned to business as usual, which makes these figures particularly pleasing. Once again, we traded significantly ahead of the GCA average.

The sales improvement was accompanied by a strengthening of margins, despite the clearance of excess stock in the period, which I detail below. Our ability to build margin performance during a period of high inflation and economic challenges reflects significant focus and effort from Alan and the management team. We did also benefit from a higher mix of restaurant sales and from the fall in container shipping costs.

Inflation has been a challenge with other costs, and we are monitoring this very closely. It did not prevent our net operating profit increasing by 28% from £12.7m to £16.2m which takes us to 10.5% of sales, a significant improvement on 2022 (9.9%). We did however see increases in interest, due to higher rates, and in tax, arising from the increase in UK Corporation Tax from 19% to 25% this year, which

meant that net earnings (from which dividends are paid) grew by just 17%.

We succeeded in reducing stock by 8% on a like-for-like basis and cleared much of our excess furniture stock. This enabled us to give back temporary warehouse space, saving associated costs. Net investment in acquisitions and refurbishment was £25m. We added two new centres, one of them freehold, and we significantly upgraded recent acquisitions, in particular Van Hage (Great Amwell) and Blackdown, both of which now look really well and have seen very significant sales uplifts as a result. Overall, debt ratios were very similar to last year, at 0.8x EBITDA and 18% gearing.

You will be aware from comments at the AGM that we are not seeking other acquisitions for the time being, and instead prioritising the improvement of operational management across the estate. Some of the good numbers in this report are the result of this focus. We expect to return to acquisition activity next year if suitable opportunities come along.

The second half has started well. We have just launched a refreshed and extended Christmas range, earlier than last year, and initial signs for this are good. The economic and

other issues facing the UK have not gone away, though inflation pressure has eased in many sectors. But our customers have proved resilient so far, and this should continue to support sales levels. The work we have done to optimize our management of stock, margins, staffing, and costs gives us confidence that the full year will reflect our performance to date.

With this in mind, we have considered the full-year dividend, which we hope we can increase by around 12.5% on 2022. Following shareholder feedback, we realised that the interim portion of the dividend has fallen as a percentage of the total, and we have reviewed this. We will henceforth aim to set the interim dividend at around 40% of the expected total for the year, and on this basis the interim dividend for 2023 will be 5.5p (2022: 3.5p). The dividend will be paid on 6 December 2023 to those shareholders on the register on 21 November 2023.



Simon Burke
Chairman
10 October 2023

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

| | Notes | Six months ended 30 June 2023 £000 | Six months ended 30 June 2022 £000 | Year ended 31 December 2022 £000 |
|---|-------|--|--|---|
| Turnover | 3 | 154,569 | 128,721 | 259,262 |
| Cost of sales | | (73,114) | (61,574) | (125,485) |
| Gross profit | | 81,455 | 67,147 | 133,777 |
| Distribution costs | | (77) | (37) | (67) |
| Administrative expenses | | (67,576) | (56,420) | (116,468) |
| | | 13,802 | 10,690 | 17,242 |
| Other operating income | | 2,469 | 2,014 | 4,598 |
| Group operating profit | 3 | 16,271 | 12,704 | 21,840 |
| Share of loss for the year in associated undertaking | | (33) | - | - |
| Profit before interest | | 16,238 | 12,704 | 21,840 |
| Interest receivable and similar income | | 1 | 1 | 1 |
| Interest payable and similar expenses | | (1,162) | (346) | (940) |
| Profit before taxation | | 15,076 | 12,359 | 20,901 |
| Taxation on profit | 2 | (3,316) | (2,348) | (4,028) |
| Profit for the financial period/year | | 11,760 | 10,011 | 16,873 |
| Earnings per share | 6 | 33.80p | 28.89p | 48.64p |
| Other comprehensive income | | | | |
| Unrealised surplus on revaluation of freehold properties | | 656 | 638 | 4,316 |
| Movement in deferred tax relating to revaluation of freehold properties | | - | - | (508) |
| Other comprehensive income for the period/year | | 656 | 638 | 3,808 |
| Total comprehensive income for the period/year | | 12,416 | 10,649 | 20,681 |
| Profit attributable to: Owners of the parent | | 12,416 | 10,649 | 20,681 |

All amounts relate to continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

Interim Consolidated Balance Sheet

As at 30 June 2023

| | Notes | 30 June 2023 £000 | 30 June 2023 £000 | 30 June 2022 £000 | 30 June 2022 £000 | 31 December 2022 £000 | 31 December 2022 £000 |
|--|-------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| Fixed assets | | | | | | | |
| Intangible assets | 7 | | 15,651 | | 4,758 | | 10,094 |
| Tangible fixed assets | 8 | | 192,001 | | 164,504 | | 175,267 |
| Investments | 9 | | 87 | | 436 | | 136 |
| | | | 207,739 | | 169,698 | | 185,497 |
| Current assets | | | | | | | |
| Stocks | | 61,019 | | 59,161 | | 51,843 | |
| Debtors | | 13,990 | | 11,433 | | 14,939 | |
| Cash at bank and in hand | | 5,220 | | 9,163 | | 6,029 | |
| | | 80,229 | | 79,757 | | 72,811 | |
| Creditors | | | | | | | |
| Amounts falling due within one year | | (59,601) | | (39,377) | | (37,918) | |
| Net current assets | | | 20,628 | | 40,380 | | 34,893 |
| Total assets less current liabilities | | | 228,367 | | 210,078 | | 220,390 |
| Creditors | | | | | | | |
| Amounts falling due after more than one year | | | (26,211) | | (29,667) | | (28,673) |
| Provisions for liabilities | | | (13,196) | | (10,447) | | (12,625) |
| Net assets | | | 188,960 | | 169,964 | | 179,092 |
| Capital and reserves | | | | | | | |
| Called up share capital | 10 | | 697 | | 694 | | 696 |
| Share premium | | | 6,891 | | 6,174 | | 6,483 |
| Revaluation reserve | | | 46,070 | | 42,244 | | 45,414 |
| Capital reserve | | | 9,439 | | 9,439 | | 9,439 |
| Retained earnings | | | 125,863 | | 111,413 | | 117,060 |
| Total equity | | | 188,960 | | 169,964 | | 179,092 |

The financial statements were approved by the Board of Directors and authorised for issue on 10 October 2023. They were signed on its behalf by:



R. J. Hemans
Director

The notes on pages 10 to 18 form part of these financial statements.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

| | Called up share capital £000 | Retained earnings £000 | Share premium £000 | Revaluation reserve £000 | Capital reserve £000 | Total equity £000 |
|---|---------------------------------------|------------------------------|--------------------------|--------------------------------|----------------------------|-------------------------|
| Balance at 1 January 2023 | 696 | 117,060 | 6,483 | 45,414 | 9,439 | 179,092 |
| Changes in equity | | | | | | |
| Profit for the year | - | 11,760 | - | - | - | 11,760 |
| Surplus on revaluation of freehold properties | - | - | - | 656 | - | 656 |
| Total comprehensive income | - | 11,760 | - | 656 | - | 12,416 |
| Dividends (note 5) | 1 | (2,957) | 408 | - | - | (2,548) |
| Balance at 30 June 2023 | 697 | 125,863 | 6,891 | 46,070 | 9,439 | 188,960 |
| 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 5) | 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 2022 | 693 | 104,347 | 5,656 | 41,606 | 9,439 | 161,741 |
| Changes in equity | | | | | | |
| Profit for the year | - | 16,873 | - | - | - | 16,873 |
| Surplus on revaluation of freehold properties | - | - | - | 4,316 | - | 4,316 |
| Movement in deferred tax relating to revaluation of freehold properties | - | - | - | (508) | - | (508) |
| Total comprehensive income | - | 16,873 | - | 3,808 | - | 20,681 |
| Dividends (note 5) | 3 | (4,160) | 827 | - | - | (3,330) |
| Balance at 31 December 2022 | 696 | 117,060 | 6,483 | 45,414 | 9,439 | 179,092 |

The notes on pages 10 to 18 form part of these financial statements.

Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2023

| | Six months ended 30 June 2023 £000 | Six months ended 30 June 2022 £000 | Year ended 31 December 2022 £000 |
|--|--|--|--|
| Cash flows from operating activities | | | |
| Profit for the financial period/year | 11,760 | 10,011 | 16,873 |
| Adjustments for: | | | |
| Amortisation of intangible assets | 336 | 149 | 331 |
| Depreciation of tangible assets | 4,359 | 3,697 | 7,669 |
| Loss/(profit) on disposal of tangible assets | 12 | (1) | - |
| Amortisation of lease incentives | (56) | (60) | (115) |
| Foreign exchange (gains)/losses | (9) | 7 | (11) |
| Share of loss before tax of associated undertaking | 49 | - | - |
| Interest receivable | (1) | (1) | (1) |
| Interest payable | 1,162 | 346 | 940 |
| Taxation charge | 3,316 | 2,348 | 4,028 |
| Increase in stocks | (6,482) | (18,622) | (7,668) |
| Decrease/(increase) in debtors | 932 | 1,424 | (312) |
| Increase/(decrease) in creditors | 9,997 | 7,040 | (2,250) |
| Decrease in provisions | - | (33) | (33) |
| Corporation tax paid | (2,646) | (3,678) | (6,210) |
| Interest received | 1 | 1 | 1 |
| Interest paid | (1,162) | (346) | (940) |
| Net cash generated from operating activities | 21,568 | 2,282 | 12,302 |
| Cash flows from investing activities | | | |
| Purchases of tangible fixed assets | (8,205) | (9,134) | (18,271) |
| Sale of tangible fixed assets | 8,150 | - | - |
| Dividends received from investments | - | - | 300 |
| Business combinations - Beckworth Limited | (13,351) | - | - |
| Cash acquired with Beckworth Limited | 4 | - | - |
| Business combinations - Fosseyway Garden Centre Limited | (13,766) | - | - |
| Cash acquired with Fosseyway Garden Centre Limited | 1,737 | - | - |
| Business combinations - Blackdown Garden Centre Limited | - | (4,379) | (4,374) |
| Cash acquired with Blackdown Garden Centre Limited | - | 1 | - |
| Business combinations - Van Hage & Company Limited | - | - | (5,856) |
| Overdraft acquired with Van Hage & Company Limited | - | - | (1,989) |
| Net cash used in investing activities | (25,431) | (13,512) | (30,190) |
| Cash flows from financing activities | | | |
| Receipts from revolving credit facility | 12,500 | - | - |
| Debt issue costs | (56) | 54 | 140 |
| Repayment of bank loans | (1,250) | (1,250) | (2,500) |
| Equity dividends paid | (2,548) | (2,426) | (3,330) |
| Net cash generated/(used) in financing activities | (8,646) | (3,622) | (5,690) |
| Net increase/(decrease) in cash and cash equivalents | 4,783 | (14,852) | (23,578) |
| Cash and cash equivalents at the beginning of the period/year | 437 | 24,015 | 24,015 |
| Cash and cash equivalents at the end of the period/year | 5,220 | 9,163 | 437 |
| Cash and cash equivalents comprise: | | | |
| Bank and cash balances | 5,220 | 9,163 | 6,029 |
| Bank overdrafts | - | - | (5,592) |
| | 5,220 | 9,163 | 437 |

The notes on pages 10 to 18 form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2023

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 2022 Annual Report.

The Interim Consolidated Income 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 10 October 2023.

2. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2023 and for the six months ended 30 June 2022 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% from 1 January 2023 to March 2023 then 25% from 1 April 2023 to 30 June 2023 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 2022.

3. TURNOVER AND GROUP OPERATING PROFIT

The first half results reflect the acquisitions of Van Hage & Company Limited in November 2022, Beckworth Limited in April 2023 and Fosseway Garden Centre Limited in May 2023. Their results are disclosed in the table below under 'Acquired'. An analysis of the Group's results from continuing activities including acquisitions is given below:

| | 2023 Continuing £ | 2023 Acquired £ | 2023 Total £ | 2022 Total £ |
|-------------------------------|-------------------------|-----------------------|--------------------|--------------------|
| Turnover | 142,283 | 12,287 | 154,569 | 128,721 |
| Cost of sales | (67,052) | (6,062) | (73,114) | (61,574) |
| Gross profit | 75,231 | 6,224 | 81,455 | 67,147 |
| Distribution costs | (39) | (38) | (77) | (37) |
| Administrative expenses | (61,928) | (5,648) | (67,576) | (56,420) |
| Other operating income | 2,075 | 394 | 2,469 | 2,014 |
| Group operating profit | 15,338 | 933 | 16,271 | 12,704 |

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

4. SEGMENT ANALYSIS

| Geographic analysis | UNITED KINGDOM | | | CHANNEL ISLANDS | | | GROUP | | |
|--|----------------|--------------|------------------|-----------------|--------------|------------------|----------------|--------------|------------------|
| | 30 June 2023 | 30 June 2022 | 31 December 2022 | 30 June 2023 | 30 June 2022 | 31 December 2022 | 30 June 2023 | 30 June 2022 | 31 December 2022 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Turnover | 145,945 | 120,022 | 241,125 | 8,624 | 8,698 | 18,137 | 154,569 | 128,721 | 259,262 |
| Profit before interest and taxation | | | | | | | | | |
| Regional profit | 21,481 | 16,525 | 29,098 | 1,553 | 1,863 | 4,102 | 23,034 | 18,388 | 33,200 |
| Group costs | - | - | - | - | - | - | (6,796) | (5,684) | (11,360) |
| Group profit before interest and taxation | 21,481 | 16,525 | 29,098 | 1,553 | 1,863 | 4,102 | 16,238 | 12,704 | 21,840 |
| Total assets less current liabilities | | | | | | | | | |
| Net assets | N/A | N/A | 201,799 | N/A | N/A | 36,686 | N/A | N/A | 238,485 |
| Unallocated assets and liabilities | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | (18,095) |
| Total assets less current liabilities | N/A | N/A | 201,799 | N/A | N/A | 36,686 | N/A | N/A | 220,390 |

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 2022.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

5. DIVIDENDS

| | Six months ended 30 June 2023 £000 | Six months ended 30 June 2022 £000 | Year ended 31 December 2022 £000 |
|--|--|--|---|
| Ordinary shares | | | |
| Final 2022 dividend of 8.5p per share (2021: 8.5p per share) | 2,957 | - | - |
| Final 2021 dividend of 8.5p per share (2020: 5.5p per share) | - | 2,945 | 2,945 |
| Interim 2022 dividend of 3.5p per share (2021: 3.5p per share) | - | - | 1,215 |
| | 2,957 | 2,945 | 4,160 |

A final dividend for the year ended 31 December 2022 of 8.5p per share totalling £2,956,677 was paid on 13 June 2023. £2,547,540 was paid in cash and £409,137 in the form of a scrip dividend. The Directors have also declared an interim dividend for the year ended 31 December 2023 of 5.5p per share, which will be paid on 6 December 2023 to those shareholders on the register at 21 November 2023.

6. EARNINGS PER SHARE

| | 30 June 2023 Profit for the year £000 | 30 June 2023 Earnings per share p | 30 June 2022 Profit for the year £000 | 30 June 2022 Earnings per share p | 31 December 2022 Profit for the year £000 | 31 December 2022 Earnings per share p |
|--------------------------|--|--|--|--|---|---|
| Basic earnings per share | 11,760 | 33.80 | 10,011 | 28.89 | 16,873 | 48.64 |

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 34,792,511 (30 June 2022: 34,652,633; 31 December 2022: 34,692,054). The earnings per share figures to 30 June 2023 and 30 June 2022 represent six months' earnings per share and not a full year.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

7. INTANGIBLE ASSETS

| | Goodwill £000 | Negative Goodwill £000 | Totals £000 |
|--|------------------|------------------------------|----------------|
| Cost | | | |
| At 1 January 2023 | 12,014 | (544) | 11,470 |
| Arising on business combinations (note 12) | 5,893 | - | 5,893 |
| At 30 June 2023 | 17,907 | (544) | 17,363 |
| Amortisation | | | |
| At 1 January 2023 | 1,750 | (374) | 1,376 |
| Charge for the year | 349 | (13) | 336 |
| At 30 June 2023 | 2,099 | (387) | 1,712 |
| Net book value | | | |
| At 30 June 2023 | 15,808 | (157) | 15,651 |
| At 30 June 2022 | 4,940 | (182) | 4,758 |
| At 31 December 2022 | 10,264 | (170) | 10,094 |

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

8. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £000 | Leasehold improvements £000 | Motor vehicles £000 |
|---|--|-----------------------------------|---------------------------|
| Cost | | | |
| At 1 January 2023 | 123,555 | 34,328 | 1,069 |
| Additions | 1,630 | 946 | 32 |
| Acquired in business combinations (note 12) | 15,570 | 3,803 | 43 |
| Disposals | (8,150) | - | - |
| At 30 June 2023 | 132,605 | 39,077 | 1,144 |
| Depreciation | | | |
| At 1 January 2023 | - | 8,609 | 732 |
| Charge for the year | 656 | 815 | 80 |
| Disposals | - | - | - |
| Revaluation adjustments | (656) | - | - |
| At 30 June 2023 | - | 9,424 | 812 |
| Net book value | | | |
| At 30 June 2023 | 132,605 | 29,653 | 332 |
| At 30 June 2022 | 120,138 | 22,732 | 426 |
| At 31 December 2022 | 123,555 | 25,719 | 337 |

| | Furniture, fixtures and equipment £000 | Computer equipment £000 | Totals £000 |
|---|--|-------------------------------|----------------|
| Cost | | | |
| At 1 January 2023 | 48,385 | 4,795 | 212,133 |
| Additions | 5,205 | 393 | 8,205 |
| Acquired in business combinations (note 12) | 874 | 104 | 20,393 |
| Disposals | (16) | - | (8,166) |
| At 30 June 2023 | 54,448 | 5,292 | 232,565 |
| Depreciation | | | |
| At 1 January 2023 | 23,710 | 3,815 | 36,865 |
| Charge for the year | 2,541 | 268 | 4,359 |
| Disposals | (4) | - | (4) |
| Revaluation adjustments | - | - | (656) |
| At 30 June 2023 | 26,247 | 4,083 | 40,564 |
| Net book value | | | |
| At 30 June 2023 | 28,201 | 1,209 | 192,001 |
| At 30 June 2022 | 20,379 | 828 | 164,504 |
| At 31 December 2022 | 24,675 | 980 | 175,267 |

The carrying values are based on valuations previously carried out as at 31 December 2022 by an independent professionally qualified valuer. Please refer to notes 3 and 13 of the 2022 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 2022, which the Directors consider to be fair value at 30 June 2023.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

9. INVESTMENTS

| | Associated undertaking £000 |
|--|--------------------------------|
| Cost | |
| At 1 January 2023 | 136 |
| Share of loss for the period after tax | (49) |
| At 30 June 2023 | 87 |
| At 30 June 2022 | 436 |
| At 31 December 2022 | 136 |

10. CALLED UP SHARE CAPITAL

| | 30 June 2023 £000 | 30 June 2022 £000 | 31 December 2022 £000 |
|--|-------------------------|-------------------------|-----------------------------|
| Authorised 38,000,00 ordinary shares of £0.02 each (30 June 2022: 38,000,000; 31 December 2022: 38,000,000) | 760 | 760 | 760 |
| Allotted, called up and partly paid 34,865,616 ordinary shares of £0.02 each (30 June 2022: 34,722,403; 31 December 2022: 34,784,438) | 697 | 694 | 696 |

In June 2023, shareholders were offered the opportunity to take the 2022 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:

| | 2023 shares in issue No. | 2023 share capital £000 |
|--|-----------------------------------|----------------------------------|
| At 1 January 2023 | 34,784,438 | 695,689 |
| Scrap dividend relating to 2022 final dividend | 81,178 | 1,624 |
| At 30 June 2023 | 34,865,616 | 697,312 |

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

11. ANALYSIS OF CHANGES IN NET DEBT

| | 31 December 2022 £000 | Cash flows £000 | Acquired with subsidiaries £000 | Non-cash movements £000 | 30 June 2023 £000 |
|---|-----------------------------|--------------------|---------------------------------------|-------------------------------|-------------------------|
| Cash and bank equivalents | 437 | 3,042 | 1,741 | - | 5,220 |
| Bank loans due within one year | (2,500) | (11,230) | - | (1,250) | (15,000) |
| Bank loans due after more than one year | (24,928) | - | - | 1,306 | (23,622) |
| | (26,991) | (8,208) | 1,741 | 56 | (33,402) |

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.

On 24 March 2023, the Group established the £10m accordion facility to finance its acquisition programme and for general working capital purposes. The revolving credit facility is therefore now £38m. The Group has also exercised the first one-year extension, which means that the facilities are now available until 31 March 2025. The bank loans and overdrafts are secured by way of first legal charges, bonds and promissory notes over certain of the Group's properties.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

12. BUSINESS COMBINATIONS

On 20 April 2023 the Group completed the acquisition of Beckworth 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 adjusted as necessary.

| | Book value £000 | Fair value adjustments £000 | Fair value £000 |
|--|--------------------|-----------------------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 6,954 | 1,846 | 8,800 |
| Current assets | | | |
| Stocks | 1,506 | - | 1,506 |
| Debtors | 177 | - | 177 |
| Cash and bank balances | 4 | - | 4 |
| Creditors: amounts falling due within one year | (1,423) | (462) | (1,885) |
| Provisions for liabilities | (214) | - | (214) |
| Net assets | 7,004 | 1,384 | 8,388 |
| Goodwill | | | 4,963 |
| Total purchase consideration (including expenses of £306,757) | | | 13,351 |

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

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2023

12. BUSINESS COMBINATIONS (continued)

On 5 May 2023 the Group completed the acquisition of Fosseway Garden Centre Limited, whose principal activity is that of the operation of retail garden centres. In calculating the goodwill arising on acquisition, the fair value of net assets acquired have been assessed and adjusted as necessary.

| | Book value £000 | Fair value adjustments £000 | Fair value £000 |
|--|--------------------|-----------------------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 11,174 | 420 | 11,594 |
| Current assets | | | |
| Stocks | 1,188 | - | 1,188 |
| Debtors | 103 | - | 103 |
| Cash and bank balances | 1,737 | - | 1,737 |
| Creditors: amounts falling due within one year | (1,429) | - | (1,429) |
| Provisions for liabilities | (252) | (105) | (357) |
| Net assets | 12,521 | 315 | 12,836 |
| Goodwill | | | 930 |
| Total purchase consideration (including expenses of £167,177) | | | 13,766 |

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

13. POST BALANCE SHEET EVENTS

On 31 July 2023 the Group acquired the trade and net assets of Glendale Horticulture Ltd, which operated five nurseries in the South West of England. The consideration was £1.35m for goodwill, fixed assets and stock.



Blue Diamond Limited
PO Box 350, St Peter Port,
Guernsey GY1 3XA