

We just keep growing...

BLUE DIAMOND

Blue Diamond Limited

INTERIM REPORT AND ACCOUNTS
30 June 2015





PROFIT
BEFORE TAX
INCREASED
FROM
£1.8M (2014)
TO
£3.2M (2015)

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INTERIM MANAGEMENT STATEMENT

I am pleased to have some very good figures to present in this, my first report to you as Chairman.

Our sales grew by 19% overall in the first half of this year, and 5% on a like-for-like basis. Our UK sites performed better than this, reflecting good industry growth, which we slightly outperformed. Our Channel Island stores were flat, reflecting the slower local economies.

Margins and costs are under good control and this enabled us to record a 77% increase in operating profit and 73% growth in earnings per share for the half-year.

The new acquisitions at Trelawney and Newbridge have been integrated into the Group and we are particularly pleased with the contribution from Newbridge. The refurbished Redfields store also traded strongly. We are currently refurbishing the Festival garden centre to a standard consistent with Redfields and are looking forward to a strong Christmas season there.

Debt levels have risen as anticipated, following the acquisition of Newbridge in particular. Cash flow has been strong in the six months, however, and net debt is in fact below expectation. Apart from the effect of the trading result, this cash flow has been the result of improved stock turn and a lighter capital expenditure programme.

Trading since the period end has continued to be strong, and we are confident for the outcome of the year as a whole. We continue to look for opportunities to acquire new sites, consistent with our brand standards and good risk management. We are also pursuing opportunities to extend and improve existing centres.

The Board has recommended an interim dividend of 8p per share, an increase of 33%, which will be payable on 1st December 2015 to those shareholders on the share register at that date.

Overall, we are confident about the prospects for the Blue Diamond Group.



Simon Burke
Chairman



Interim Consolidated Income Statement

Six months ended 30 June 2015

	Note	Six months ended 30 June 2015 £'000 £	Six months ended 30 June 2014 £'000 £	Year ended 31 December 2014 £'000 £
Turnover				
Continuing operations	2	35,808	33,995	69,598
Acquisitions		4,561	-	673
		40,369	33,995	70,271
Cost of sales		(20,589)	(17,235)	(35,682)
		19,780	16,760	34,589
Administrative expenses		(16,451)	(14,932)	(30,041)
Other income		214	174	417
		2,819	2,002	4,837
Group operating profit				
Continuing operations	2	2,819	2,002	4,837
Acquisitions		724	-	128
		3,543	2,002	4,965
Group's share of profit from associates		-	72	119
		3,543	2,074	5,084
Profit on ordinary activities before interest				
Interest receivable		15	3	6
Interest payable		(345)	(274)	(584)
		3,213	1,803	4,506
Profit on ordinary activities before taxation				
Taxation	3	(479)	(224)	(675)
		2,734	1,579	3,831
Profit on ordinary activities after taxation				
Earnings per share				
	6	42.60p	24.61p	59.71p

The notes on pages 8 to 11 form part of these financial statements.



Interim Consolidated Balance Sheet

As at 30 June 2015

	Note	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Fixed assets				
Intangible assets				
- Goodwill		1,618	440	1,531
- Negative goodwill		(314)	(353)	(339)
		1,304	87	1,192
Tangible assets	3	55,286	48,389	48,732
Investments		1,194	1,139	1,215
		57,784	49,615	51,139
Current assets				
Stocks		15,714	15,371	12,329
Debtors		3,645	4,350	3,803
Cash and bank balances		2,977	2,772	1,418
		22,336	22,493	17,550
Creditors – amounts falling due within one year		(16,937)	(17,087)	(12,831)
Net current assets		5,399	5,406	4,719
Total assets less current liabilities		63,183	55,021	55,858
Creditors – amounts falling due after more than one year		(19,120)	(15,123)	(13,950)
Provisions for liabilities				
Deferred tax		(320)	(217)	(283)
Net assets		43,743	39,681	41,625
Capital and reserves				
Share capital		642	642	642
Share premium account		21	21	21
Reserves		43,080	39,018	40,962
Equity attributable to owners of the parent company		43,743	39,681	41,625

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 September 2015.

They were signed on its behalf by:

S. Burke
Director



A. Roper
Director



The notes on pages 8 to 11 form part of these financial statements.



Interim Consolidated Statement of Changes in Equity

For six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Capital reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
As at 1 January 2015	642	21	9,439	7,093	24,430	41,625
Comprehensive income for the period						
Profit for the six month period	-	-	-	-	2,734	2,734
Contributions by and distributions to owners						
Dividends	-	-	-	-	(616)	(616)
As at 30 June 2015	642	21	9,439	7,093	26,548	43,743
As at 1 January 2014	642	21	9,439	7,093	21,420	38,615
Comprehensive income for the year						
Profit for the six month period	-	-	-	-	1,579	1,579
Contributions by and distributions to owners						
Dividends	-	-	-	-	(513)	(513)
As at 30 June 2014	642	21	9,439	7,093	22,486	39,681
As at 31 January 2014	642	21	9,439	7,093	21,420	38,615
Comprehensive income for the year						
Profit for the financial year	-	-	-	-	3,831	3,831
Contributions by and distributions to owners						
Dividends	-	-	-	-	(821)	(821)
As at 31 December 2014	642	21	9,439	7,093	24,430	41,625

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 September 2015.

They were signed on its behalf by:

S. Burke
Director



A. Roper
Director



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Interim Consolidated Cash Flow Statement

For six months ended 30 June 2015

	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Cash flows from operating activities	3,543	2,002	4,965
Operating profit			
Adjustments for:			
Depreciation and amortisation of fixed assets	843	806	1,605
Loss from sale of tangible fixed assets	-	-	14
Decrease/(increase) in trade and other debtors	119	(718)	(239)
(Increase)/decrease in stocks	(2,953)	(3,320)	273
Increase/(decrease) in trade creditors and other payables	3,219	654	(2,363)
Cash generated from/(used in) operations	4,771	(576)	4,255
Interest paid	(345)	(274)	(584)
Taxation paid	(205)	(309)	(424)
Net cash generated from/(used in) operating activities	4,221	(1,159)	3,247
Cash flows from investing activities			
Dividends received from associates	-	-	154
Purchases of tangible fixed assets	(943)	(1,327)	(2,032)
Proceeds from disposal of tangible fixed assets	-	-	11
Repayment/(advance) of associated company loan	-	118	(21)
Interest received	15	3	6
Acquisitions	(6,460)	-	(1,596)
Net cash used in investing activities	(7,388)	(1,206)	(3,478)
Cash flows from financing activities			
Equity dividends paid	(616)	(513)	(821)
Capital element of finance lease repaid	(120)	(58)	(224)
Advance/(repayment) of bank loans	5,740	(3,461)	(4,805)
Net cash from/(used in) financing activities	5,004	(4,032)	(5,850)
Net increase/(decrease) in cash and cash equivalents	1,837	(6,397)	(6,081)
Cash and cash equivalents at the beginning of period/year	(1,086)	4,995	4,995
Cash and cash equivalents at end of the period/year	751	(1,402)	(1,086)
Cash and cash equivalents comprise:			
Cash at bank and in hand	2,977	2,772	1,418
Bank overdrafts	(2,226)	(4,174)	(2,504)
	751	(1,402)	(1,086)

The notes on pages 8 to 11 form part of these financial statements.



Notes to the Interim Consolidated Financial Statements

For six months ended 30 June 2015

1. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with applicable United Kingdom accounting standard, following the adoption of accounting policies set out in FRS102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'. These interim financial statements 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 2014 Annual Report.

FRS102 is mandatory for accounting periods beginning on or after 1 January 2015. Full disclosure of the impact of the first time adoption of FRS102 will be included in the Annual Report for the year ended 31 December 2015. The financial information has been prepared on a going concern basis, and on a historical cost basis as modified by the revaluation of land and buildings.

The consolidated profit and loss account, consolidated statement of recognised gains and losses, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement are unaudited and not reviewed pursuant to the guidance issued by the Financial Reporting Council.

The interim financial report and accounts were approved by the Board of Directors on 23 September 2015.

2. TURNOVER AND GROUP OPERATING PROFIT

Acquisition of subsidiary undertaking

On 29 January 2015 the Company acquired 100% of the shares in Newbridge Nurseries Limited, a company registered in England and Wales, whose principal activity is that of the operation of a retail garden centre. The Company also acquired on the same date the business and assets of Stooks LLP, a limited liability partnership with the principal activity of a garden centre restaurant. Stooks is the restaurant located at Newbridge Nurseries.

In calculating the goodwill arising on acquisition, the fair values of the net assets of Newbridge Nurseries Limited and Stooks LLP have been assessed and adjustments made to net book value where necessary. The operating assets and liabilities acquired on 29 January 2015 were:

	Net Book Value £'000	Revaluation £'000	Fair Value £'000
Newbridge Nurseries Limited			
Tangible fixed assets	2,047	4,375	6,422
Stocks	422	-	422
Debtors	26	-	26
Cash and bank balances	1,499	-	1,499
Creditors due within one year	(523)	-	(523)
Provisions for liabilities	(36)	-	(36)
Stooks LLP			
Stock	10	-	10
Debtors	1	-	1
Cash and bank balances	1	-	1
Creditors due within one year	(6)	-	(6)
Net assets acquired	3,441	4,375	7,816
Cash consideration (including expenses)			7,931
Goodwill arising on acquisition			115



Notes to the Financial Statements

For six months ended 30 June 2015

2. TURNOVER AND GROUP OPERATING PROFIT

The Group also took over management of Trelawney Garden Centre from 10 November 2014 and the results are therefore included in acquisitions for the six month period to 30 June 2015. An analysis of the Group's results from continuing activities including acquisitions is given below:

	Continuing £'000	30 June 2015 Acquired £'000	Total £'000	30 June 2014 £'000
Turnover	35,808	4,561	40,369	33,995
Cost of sales	(18,153)	(2,436)	(20,589)	(17,235)
Gross profit	17,655	2,125	19,780	16,760
Administrative expenses	(15,037)	(1,414)	(16,451)	(14,932)
Other operating income	201	13	214	174
Group operating profit	2,819	724	3,543	2,002

3. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2015 and for the six months ended 30 June 2014 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 2014. 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 2014.

4. TANGIBLE ASSETS

The valuation of the Group's freehold land, buildings and investment properties have been brought forward at 30 June 2015 and 30 June 2014 without amendment from the preceding Annual Reports. The Directors intend for the Group's freehold land, buildings and investment properties to undergo professional valuations by external property experts to establish their market values at 31 December 2015. Where appropriate, revaluations are to be reflected in the Annual Report for the year ended 31 December 2015.

5. EQUITY DIVIDENDS PAID

	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Final 2014 dividend of 12p per share (2013: 10p share)	770	642	642
Less: tax at 20p	(154)	(129)	(129)
Final dividend paid	616	513	513
Interim 2014 dividend of 6p per share	-	-	385
Less: tax at 20%	-	-	(77)
Interim dividend paid	-	-	308
Total dividends paid	616	513	821



Notes to the Financial Statements

For six months ended 30 June 2015

6. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial year attributable to the members of Blue Diamond Limited by the number of ordinary shares in issue. The earnings per share figures to 30 June 2015 and 30 June 2014 represent six months' earnings per share and not a full year.

7. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2015 £'000	Cash flows £'000	Non-cash Movements £'000	30 June 2015 £'000
Cash and bank balances	1,418	1,559	-	2,977
Bank overdrafts	(2,504)	278	-	(2,226)
Cash and cash equivalents	(1,086)	1,837	-	751
Net obligations under hire purchase contracts	(453)	120	-	(333)
Bank loan due within one year	(1,905)	(500)	-	(2,405)
Bank loan due after more than one year	(13,706)	(5,240)	-	(18,946)
Net debt	(17,150)	(3,783)	-	(20,933)

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

One term loan is repayable in thirty-six monthly instalments which commenced on 30 January 2015. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 31 December 2018.

The second term loan is repayable in sixty monthly instalments which commenced on 29 September 2011. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 7 October 2016.

The third term loan is repayable in sixty monthly instalments which commenced on 1 April 2012. Each monthly instalment is calculated using a ten year capital and interest repayment programme with a final lump sum payment due on 30 March 2017.

The Group's working capital revolving facility of £4,500,000 is committed until 31 December 2016 and the overdraft facilities of £3,000,000 are reviewed annually, with the next review scheduled for 31 October 2015.

The loans are secured by way of a first legal charge over certain of the Group's properties as disclosed in note 6 of the Annual Report for the year end 31 December 2014. The Group has also provided a cross guarantee as detailed in note 20 of the Annual Report.



Notes to the Financial Statements

For six months ended 30 June 2015

8. SEGMENTAL ANALYSIS

(i) By class of business	Garden Centre Retailing			Other Retailing			Group		
	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000
Turnover	39,967	33,569	69,348	402	425	923	40,369	33,994	70,271
Profit before interest and taxation									
Segment profit	5,578	3,968	8,983	(3)	73	182	5,575	4,041	9,165
Group costs	-	-	-	-	-	-	(2,032)	(1,967)	(4,081)
Group profit before interest and taxation							3,543	2,074	5,084
Segment total assets less current liabilities									
Segment net assets	N/A	N/A	56,195	N/A	N/A	1,163	N/A	N/A	57,358
Unallocated assets and liabilities	N/A	N/A	-	N/A	N/A	-	N/A	N/A	(1,500)
Total assets less current liabilities									55,858

The 'Other Retailing' segment consists of the Group's two sports and gift shops in Guernsey.

(i) By geographical area	United Kingdom			Channel Islands			Group		
	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000	Six months ended 30 June 2015 £'000	Six months ended 30 June 2014 £'000	Year ended 31 Dec 2014 £'000
Turnover	33,417	27,038	55,818	6,952	6,956	14,453	40,369	33,994	70,271
Profit before interest and taxation									
Segment profit	4,219	2,680	6,218	1,356	1,361	2,947	5,575	4,041	9,165
Group costs	-	-	-	-	-	-	(2,032)	(1,967)	(4,081)
Group profit before interest and tax							3,543	2,074	5,084
Segment total assets less current liabilities									
Segment net assets	N/A	N/A	36,600	N/A	N/A	20,758	N/A	N/A	57,358
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(1,500)
Total assets less current liabilities									55,858

The segmental analysis is presented to show the profit before interest and taxation and total assets less current liabilities attributable to each business and 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 2014.





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