

We just keep growing...



Blue Diamond Limited

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED

30 June 2024



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Blue Diamond Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2024

BLUE DIAMOND LIMITED

(Incorporated in Guernsey, Channel Islands)

DIRECTORS

S. Burke (Chairman)
A. Roper (Managing Director)
N. McDonald (Finance Director)
T. Carey
D. Ummels
S. Crowder

COMPANY SECRETARY

N. McDonald

REGISTERED OFFICE

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REGISTERED NUMBER

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"..we acquired the Frosts Garden Centre at Woburn Sands near Milton Keynes. This is another top quality outlet, which has been in our sights for several years. It is a very long leasehold held at a low rent and caters to the core Blue Diamond ABC1 customer."

INTERIM MANAGEMENT STATEMENT

As we reported a few weeks ago, the 2024 gardening season was very disappointing across the UK market due to the bad weather. The bad weather affected plant and garden furniture sales: plants were 3.8% down on 2023, whilst furniture was 17.1% down. All other major categories achieved good sales increases, which indicates that the problem was specific to gardening-related products rather than any wider downturn. Fashion was a particular highlight, achieving 14.7% sales growth in the period.

Total garden centre LFL sales were flat year-on-year, whilst our restaurants performed strongly with an increase of 9.3%. This meant that overall sales were 1.5% up in the period at £162m. The comparable GCA industry sales performance was down 3.1%, so we continue to trade better than this wider group.

Alongside this we achieved a further increase in margins, so that our total gross profit in fact increased from £81m to £89m in the period. However the benefit of this was more than offset by cost increases, the majority of which was caused by the steep increase in the National Living Wage in April. In total, over the past two years, the NLW has risen by almost 21%, nearly three times inflation. When the impact on other wage brackets is factored in, the additional cost to the business

has been very significant. In periods where our normal level of sales growth are being achieved, we could absorb this; but in this period there was no such sales growth. As a consequence, operating profit fell by some 11% to £14.5m. Net profit was further impacted by previous increases in interest rates and corporation tax, which were still flowing through in the first months of this year.

Our balance sheet remains strong. We achieved a modest further reduction in stock, and our borrowing remains comfortably within the Board's target and our banking covenants, at 0.8x EBITDA and 14% gearing.

After the end of the period, we acquired the Frosts garden centre at Woburn Sands near Milton Keynes. This is another top quality outlet, which has been in our sights for several years. It is a very long leasehold held at a low rent and caters to the core Blue Diamond ABC1 customer. We plan to acquire its sister site at Willington in Bedfordshire in the autumn. In general, there has been a marked increase in the number of good-quality sites coming on to the market, but we will continue to be selective in our acquisition strategy.

The second half of the year is much less focused on gardening-related products, and so the performance of our Christmas range will be the key factor.

We are well-prepared for the winter season, but consumer confidence has been damaged by speculation over the forthcoming UK budget and I do not want to raise unrealistic expectations of any dramatic turnaround in sales. We are working to trim our cost base and thus mitigate the wage inflation driven by increases in the National Living Wage (which is likely to rise significantly again next April).

Thus, whilst 2024 is unlikely to go down as a vintage year for Blue Diamond, the underlying business is in good health, and Alan and the team are taking the necessary steps to keep it that way. We remain confident in the prospects for the business, and reflecting this, we propose to pay an interim dividend of 1.1p per share, which, taking account of the share split in June, is unchanged from last year.



Simon Burke
Chairman
14 October 2024

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Turnover	3	162,003	154,569	310,568
Cost of sales		(72,980)	(73,114)	(147,305)
Gross profit		89,023	81,455	163,263
Distribution costs		(78)	(77)	(152)
Administrative expenses		(77,036)	(67,576)	(141,573)
		11,909	13,802	21,538
Other operating income		2,542	2,469	5,262
Group operating profit	3	14,451	16,271	26,800
Share of loss for the year in associated undertaking		(-)	(33)	(33)
Profit before interest		14,451	16,238	26,767
Interest receivable and similar income		5	1	17
Interest payable and similar expenses		(1,605)	(1,162)	(2,615)
Profit before taxation		12,851	15,076	24,169
Taxation on profit	2	(3,309)	(3,316)	(6,011)
Profit for the financial period/year		9,542	11,760	18,158
Earnings per share	6	5.46p	6.76p	10.43p
Other comprehensive income				
Unrealised surplus on revaluation of freehold properties		264	656	19,117
Movement in deferred tax relating to revaluation of freehold properties		-	-	(4,536)
Other comprehensive income for the period/year		264	656	14,581
Total comprehensive income for the period/year		9,806	12,416	32,739
Profit attributable to: Owners of the parent		9,806	12,416	32,739

All amounts relate to continuing operations.

The notes on pages 7 to 16 form part of these financial statements.

Interim Consolidated Balance Sheet

As at 30 June 2024

	Notes	30 June 2024 £000	30 June 2024 £000	30 June 2023 £000	30 June 2023 £000	31 December 2023 £000	31 December 2023 £000
Fixed assets							
Intangible assets	7		15,495		15,651		15,573
Tangible fixed assets	8		217,540		192,001		212,333
Investments	9		17		87		17
			232,052		207,739		227,923
Current assets							
Stocks		59,223		61,019		53,457	
Debtors		21,542		13,990		17,880	
Cash at bank and in hand		8,801		5,220		7,816	
		89,566		80,229		79,153	
Creditors							
Amounts falling due within one year		(63,401)		(59,601)		(55,278)	
Net current assets			26,165		20,628		23,875
Total assets less current liabilities			259,217		228,367		251,798
Creditors							
Amounts falling due after more than one year			(25,006)		(26,211)		(24,964)
Provisions for liabilities			(19,200)		(13,196)		(19,200)
Net assets			215,011		188,960		207,634
Capital and reserves							
Called up share capital	10		700		697		698
Share premium			7,521		6,891		7,158
Revaluation reserve			60,259		46,070		59,995
Capital reserve			9,439		9,439		9,439
Retained earnings			137,092		125,863		130,344
Total equity			215,011		188,960		207,634

The financial statements were approved by the Board of Directors and authorised for issue on 18 September 2024. They were signed on its behalf by:



N. McDonald
Director

The notes on pages 7 to 16 form part of these financial statements.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Called up share capital £000	Retained earnings £000	Share premium £000	Revaluation reserve £000	Capital reserve £000	Total equity £000
Balance at 1 January 2024	698	130,344	7,158	59,995	9,439	207,634
Changes in equity						
Profit for the year	-	9,542	-	-	-	9,542
Surplus on revaluation of freehold properties	-	-	-	264	-	264
Total comprehensive income	-	9,542	-	264	-	9,806
Dividends (note 5)	2	(2,794)	363	-	-	(2,429)
Balance at 30 June 2024	700	137,092	7,521	60,259	9,439	215,011
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 2023	696	117,060	6,483	45,414	9,439	179,092
Changes in equity						
Profit for the year	-	18,158	-	-	-	18,158
Surplus on revaluation of freehold properties	-	-	-	19,117	-	19,117
Movement in deferred tax relating to revaluation of freehold properties	-	-	-	(4,536)	-	(4,536)
Total comprehensive income	-	18,158	-	14,581	-	32,739
Dividends (note 5)	2	(4,874)	675	-	-	(4,197)
Balance at 31 December 2023	698	130,344	7,158	59,995	9,439	207,634

The notes on pages 7 to 16 form part of these financial statements.

Interim Consolidated Cash Flow Statement

For the six months ended 30 June 2024

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Cash flows from operating activities			
Profit for the financial period/year	9,542	11,760	18,158
Adjustments for:			
Amortisation of intangible assets	130	336	746
Depreciation of tangible assets	3,931	4,359	9,026
Loss/(profit) on disposal of tangible assets	-	12	17
Amortisation of lease incentives	-	(56)	(117)
Foreign exchange (gains)/losses	-	(9)	(9)
Share of loss before tax of joint venture and associated undertaking	-	49	49
Interest receivable	(5)	(1)	(17)
Interest payable	1,605	1,162	2,615
Taxation charge	3,309	3,316	6,011
Increase in stocks	(4,867)	(6,482)	1,833
Decrease/(increase) in debtors	(7,039)	932	(2,205)
Increase/(decrease) in creditors	16,430	9,997	(120)
Corporation tax paid	(1,914)	(2,646)	(5,816)
Interest received	5	1	17
Interest paid	(1,605)	(1,162)	(2,615)
Net cash generated from operating activities	19,522	21,568	27,573
Cash flows from investing activities			
Purchases of tangible fixed assets	(9,138)	(8,205)	(14,361)
Sale of tangible fixed assets	-	8,150	8,166
Dividends received from investments	-	-	70
Business combinations - Beckworth Limited	-	(13,351)	(13,362)
Cash acquired with Beckworth Limited	-	4	4
Business combinations - Fosseway Garden Centre Limited	-	(13,766)	(13,787)
Cash acquired with Fosseway Garden Centre Limited	-	1,737	1,737
Business combinations - Blackdown Garden Centre Limited	-	-	-
Cash acquired with Blackdown Garden Centre Limited	-	-	-
Business combinations - Van Hage & Company Limited	-	-	-
Business combinations - Glendale	-	-	(1,415)
Goodwill on Worfield Nursery	(300)	-	-
Net cash used in investing activities	(9,438)	(25,431)	(32,948)
Cash flows from financing activities			
Receipts from revolving credit facility	(4,500)	12,500	13,000
Debt issue costs	(44)	(56)	(50)
Repayment of bank loans	(625)	(1,250)	(2,500)
Equity dividends paid	(2,429)	(2,548)	(4,197)
Net cash generated/(used) in financing activities	(7,598)	8,646	6,253
Net increase/(decrease) in cash and cash equivalents	2,486	4,783	878
Cash and cash equivalents at the beginning of the period/year	6,315	437	5,437
Cash and cash equivalents at the end of the period/year	8,801	5,220	6,315

The notes on pages 7 to 16 form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2024

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 2023 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 18 September 2024.

2. GROUP TAX

The tax charge applicable to the results for the six months ended 30 June 2024 and for the six months ended 30 June 2023 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 was payable at 19% from 1 January 2023 to March 2023 then 25% from thereafter 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 2023.

3. TURNOVER AND GROUP OPERATING PROFIT

The first half results reflect the acquisitions, 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:

	2024 Continuing £	2024 Acquired £	2024 Total £	2023 Total £
Turnover	153,714	8,289	162,003	154,569
Cost of sales	(69,001)	(3,978)	(72,980)	(73,114)
Gross profit	84,713	4,311	89,023	81,455
Distribution costs	(74)	(4)	(78)	(77)
Administrative expenses	(72,888)	(4,149)	(77,036)	(67,576)
Other operating income	2,462	80	2,542	2,469
Group operating profit	14,213	238	14,451	16,271

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

4. SEGMENT ANALYSIS

Geographic analysis	UNITED KINGDOM			CHANNEL ISLANDS			GROUP		
	30 June 2024	30 June 2023	31 December 2023	30 June 2024	30 June 2023	31 December 2023	30 June 2024	30 June 2023	31 December 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	153,209	145,945	292,692	8,794	8,624	17,876	162,003	154,569	310,568
Profit before interest and taxation									
Regional profit	19,293	21,481	37,089	1,780	1,553	3,369	21,073	23,034	40,458
Group costs	-	-	-	-	-	-	(6,622)	(6,796)	(13,691)
Group profit before interest and taxation	19,293	21,481	37,089	1,780	1,553	3,369	14,451	16,238	26,767
Total assets less current liabilities									
Net assets	N/A	N/A	230,636	N/A	N/A	35,541	N/A	N/A	266,177
Unallocated assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(14,379)
Total assets less current liabilities	N/A	N/A	230,636	N/A	N/A	35,541	N/A	N/A	251,798

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 2023.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

5. DIVIDENDS

	Six months ended 30 June 2024 £000	Six months ended 30 June 2023 £000	Year ended 31 December 2023 £000
Ordinary shares			
Final 2023 dividend of 1.6p per share (2022: 1.7p per share)	2,794	2,957	2,957
Interim 2023 dividend of 1.1p per share (2022: 0.7p per share)	-	-	1,917
	2,794	2,957	4,874

A final dividend for the year ended 31 December 2023 of 1.6p per share totalling £2,793,540 was paid on 11 June 2023. £2,429,270 was paid in cash and £364,270 in the form of a scrip dividend. The Directors have also declared an interim dividend for the year ended 31 December 2024 of 1.1p per share, which given the 5 to 1 share split that was executed in June is inline with 2023. This will be paid on 5 December 2024 to those shareholders on the register at 21 November 2024.

6. EARNINGS PER SHARE

	30 June 2024 Profit for the year £000	30 June 2024 Earnings per share p	30 June 2023 Profit for the year £000	30 June 2023 Earnings per share p	31 December 2023 Profit for the year £000	31 December 2023 Earnings per share p
Basic earnings per share	9,542	5.46	11,760	6.76*	18,158	10.43*

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 174,967,985. (30 June 2023: 173,962,555*; 31 December 2023: 174,165,925*). *Restated for June 2024 Share Split.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

7. INTANGIBLE ASSETS

	Goodwill £000	Negative Goodwill £000	Totals £000
Cost			
At 1 January 2024	18,239	(544)	17,695
Arising on business combinations (note 12)	320	615	935
At 30 June 2024	18,559	71	18,630
Amortisation			
At 1 January 2024	2,524	(402)	2,122
Charge for the year	399	614	1,013
At 30 June 2024	2,923	212	3,135
Net book value			
At 30 June 2024	15,636	(141)	15,495
At 30 June 2023	15,808	(157)	15,651
At 31 December 2023	15,715	(142)	15,573

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles £000
Cost			
At 1 January 2024	154,589	36,786	1,215
Additions	-	766	121
Acquired in business combinations	-	-	-
Disposals	-	-	-
At 30 June 2024	154,589	37,552	1,336
Depreciation			
At 1 January 2024	20	10,287	890
Charge for the year	(3)	876	74
Disposals	-	-	-
Revaluation adjustments	-	-	-
At 30 June 2024	17	11,163	964
Net book value			
At 30 June 2024	154,572	26,389	372
At 30 June 2023	132,605	29,653	332
At 31 December 2023	154,569	26,499	325

	Furniture, fixtures and equipment £000	Computer equipment £000	Totals £000
Cost			
At 1 January 2024	58,507	5,775	256,872
Additions	8,151	100	9,138
Acquired in business combinations	-	-	-
Disposals	-	-	-
At 30 June 2024	66,658	5,875	266,010
Depreciation			
At 1 January 2024	28,988	4,354	44,539
Charge for the year	2,772	212	3,931
Disposals	-	-	-
Revaluation adjustments	-	-	-
At 30 June 2024	31,760	4,566	48,470
Net book value			
At 30 June 2024	34,898	1,309	217,540
At 30 June 2023	28,201	1,209	192,001
At 31 December 2023	29,519	1,421	212,333

The carrying values are based on valuations previously carried out as at 31 December 2023 by an independent professionally qualified valuer. Please refer to notes 3 and 13 of the 2023 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 2023, which the Directors consider to be fair value at 30 June 2024.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

9. INVESTMENTS

	Associated undertaking £000
Cost	
At 1 January 2024	17
Share of loss for the period after tax	-
At 30 June 2024	17
At 30 June 2023	87
At 31 December 2023	17

10. CALLED UP SHARE CAPITAL

	30 June 2024 £000	30 June 2023 £000	31 December 2023 £000
Authorised 190,000,000 ordinary shares of £0.004 each (30 June 2023: 190,000,000*; 31 December 2023: 190,000,000*)	760	760	760
Allotted, called up and partly paid 174,967,985 ordinary shares of £0.004 each (30 June 2023: 173,962,555*; 31 December 2023: 174,165,925*)	700	697	698

*Restated for June 2024 share split

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

	2024 shares in issue No.	2024 share capital £
At 1 January 2024	174,596,280	698,385
Scrip dividend relating to 2024 final dividend	371,705	1,457
At 30 June 2024	174,967,985	699,842

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 30 June 2024

11. ANALYSIS OF CHANGES IN NET DEBT

	31 December 2023 £000	Cash flows £000	Acquired with subsidiaries £000	Non-cash movements £000	Other movements £000	30 June 2024 £000
Cash at bank and in hand	6,315	2,486	-	-	-	8,801
Revolving credit facility	(18,000)	4,500	-	-	-	(13,500)
Bank loans due within one year	(2,500)	625	-	(625)	-	(2,500)
Bank loans due in more than one year	(22,436)	(44)	-	625	-	(21,855)
	(36,621)	7,567	-	-	-	(29,054)

The bank loans and overdrafts bear interest at commercial rates linked to SONIA and the Bank of England Base Rate as agreed with The Royal Bank of Scotland 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 £38m. Both facilities were extended in 2024 and run until the 31st March 2026.

The bank loans and overdrafts are secured by way of first legal charges, bonds and promissory notes over certain of the groups properties.

12. POST BALANCE SHEET EVENTS

On 1st August 2024 the Group acquired the share capital of FGC Holdings, which operates Frosts Garden Centre at Woburn Sands.