Goals Soccer Centres plc

Interim Results for the six months ended 30 June 2016

Recovery well underway

Goals Soccer Centres plc ("Goals", the "Company" or the "Group") the market leader in outdoor small-sided soccer centres with 47 sites, including one in California, USA, announces its interim results for the period ended 30th June 2016.

Financial Summary

	H1 2015	H2 2015	H1 2016
Sales	£17.1m	£15.9m	£17.0m
Group like-for-like sales[1]	-1.9%	-11.4%	-2.0%
Underlying EBITDA[2]	£6.2m	£5.6m	£5.6m
Underlying net cash from operations[3]	£4.3m	£6.3m	£4.1m
Underlying profit before tax[4]	£4.5m	£3.8m	£3.8m
Underlying diluted earnings per share[4]	6.0p	8.3p	5.0p
Statutory measures			
Profit before tax	£4.5m	(£10.6m)	£3.5m

Corporate Summary

- The rate of like-for-like sales decline slowed significantly from (11.4%) in H2 2015 to (2.0%) following execution of the near-term operational improvement plan;
- For the first 11 weeks of H2 there has been a return to like-for-like sales growth;
- Underlying net cash from operations of £4.1m (2015: £4.3m);
- No dividend is proposed for the current period;
- Balance sheet strengthened through a successful share placing of £16.75m in June 2016, investment programme started;
- Board restructured and strengthened with the appointment of Mark Jones as CEO from 1 July 2016, further supported by the appointments of Michael Bolingbroke as Senior Independent Director and Scott Lloyd and Christopher Mills as Non-Executive Directors;
- Independent Strategic Business Review of the business has been completed with a new 5 year strategic plan set;
- An Arena modernisation programme commenced with 46 pitches completed to date and a further 86 to be completed by year end;
- New "Clubhouse 2020" concept to be completed in three sites in Q1 2017. Rollout planned over next 18 months, subject to results;
- Completion of second US centre in California due for opening in December 2016.

Nick Basing, Chairman of Goals, said:

"Whilst the financial results were below potential, they were anticipated and I am encouraged that our initial performance improvement plan has resulted in positive like-for-like sales for the last 11 weeks.

We have invested more capital in rejuvenating our core estate in the last 3 months than over the last 10 years. I am confident that this strategy will underpin future organic growth.

There remains much still to do, but I am pleased to say that we are further ahead in the steps to recovery at this stage than we thought we would be. So far so good."

13 September 2016

Enquiries:

Goals Soccer Centres plc 01355 234 800
Nick Basing, Executive Chairman
Mark Jones, CEO
Bill Gow, CFO

Canaccord Genuity Limited (Nominated Adviser and Broker) 020 7523 8350
Bruce Garrow
Chris Connors
Richard Andrews

Instinctif Partners 020 7457 2020
Matthew Smallwood
Guy Scarborough

Notes:

1 Like-for-like sales are based on centres opened prior to 1 January 2015
2 Underlying EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation adjusted for the impact of the non-recurring costs of £0.3m (2015: £nil).
3 Underlying net cash generated from operations is net cash generated from operations for the impact of the non-recurring costs of £0.3m (2015: £nil).
4 Underlying Profit Before Tax is Profit Before Tax adjusted for the impact of the non-recurring costs of £0.3m (2015: £nil) and Underlying diluted earnings per share is diluted earnings per share adjusted for the net of tax impact of the exceptional costs

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chairman's Statement

In March 2016 I outlined the six key short term priorities of the Company, being the appointment of a new Chief Executive Officer and new Non-Executive Directors, the completion of an in-depth independent strategic business review, the development of the overall investment case, completion of the US business plan and the implementation of a near-term operational improvement plan. These have now all been achieved or implemented.

I am pleased to report that following the implementation of the near-term operational improvement plan we are already seeing improved trading, however, there is still more to be done.

During the second half of 2015 the Company reported like-for-like sales of -11.4% compared with the equivalent period in the prior year. Following the Strategic Business Review, identification of the causes of the poor underlying performance and subsequent near-term remedial actions, this has improved to -2.0% in H1 of this year with a further improvement to positive like-for-like sales in the first 11 weeks of H2. We remain on track to deliver results consistent with the Board's expectations for the year as a whole.

Business Review & Strategic Plan

During the period the Group, key members of management and independent advisors undertook an in-depth review of the business and operations. A detailed strategic plan for the Group was developed that is intended to help strengthen its market leading position, improve Return on Capital Employed ("ROCE") and increase value for Shareholders over the longer term. The Company set four strategic priorities as follows:

- **Grow and innovate the UK core estate** – through refurbishment of the existing buildings to a new upgraded brand format, accelerating the Arena modernisation programme and introducing new innovative technology to enhance the customer experience;

- **Develop new capabilities and gain competitive advantage** – through developing value added propositions aimed at underdeveloped growth segments, relaunching quality offering for advanced booked customers, upgrading IT systems to achieve deeper digital connectivity and refreshing and reinvigorating the operating environment;

- **International expansion of centres and brand** – through exploiting our early mover advantage in California, with a centre to be opened in Pomona, Los Angeles in H2 2016, investigating market potential to leverage the Goals brand in Asia and explore other regions for market entry through capital efficient routes; and

- **Unlock underlying asset potential** – through the development of additional revenue generating lines of business, explore development potential across the property estate and remain open to potential accretive, complementary business opportunities.

The results of the Strategic Business Review were announced to shareholders on 3rd June 2016 and 16.75 million shares were placed at 100 pence a share on 23rd June 2016 to deleverage the balance sheet and allow us to invest in our core proposition on which we are making good progress.

Phase 1 of the 2016 Arena modernisation programme is complete with 46 pitches having been upgraded to arenas featuring ProTurf, shock absorbers and enhanced lighting improving the playing characteristics of the pitch. A further 86 pitches are planned to be upgraded during H2 resulting in some short term cost of lost revenue. This £5.1 million of capital investment in pitch refurbishment in the current year is more than has been spent in total in the past 10 years. This will reduce the average pitch age from 7.0 years to 4.3 years. The initial feedback from our current and lapsed customers has been extremely positive.

We are in the final stages of developing our new brand vision and team values in association with leading creative agency McCann, and many of our team members. We continue to develop our "Clubhouse 2020" concept and plan to review initial designs during October. A focus will be on developing Goals into a leisure destination rather than solely a football business, and significant progress has already been made with improving our food and beverage offering. Subject to planning and licencing permissions, the concept will be trialled at our Beckenham, Ruislip and Leeds centres in H1 2017 and thereafter we anticipate that it will be fully introduced and rolled out across the whole estate over the next 18 months at a cost of £7.9 million.

A full review of each of our revenue streams has been completed and plans are in place to enhance each of these through deeper digital connectivity, product innovations and improved staff training.

These actions, together with other operational changes, have been instrumental in the improvement in underlying performance, however our task has only just begun to achieve the returns from this business that we believe it is capable of.

Financial Review

Group sales for the first six months of the year were slightly down on the prior year at £17.0m (2015: £17.1m). The rate of like-for-like sales decline slowed significantly from -11.4% in H2 2015 to -2.0% (2015: -1.2%) following the implementation of our near-term operational improvement plan.

Underlying EBITDA declined by 9.8% to £5.6m (2015: £6.2m) but has stabilised and is in line with H2 2015. Underlying EBITDA margin declined to 33.0% (2015: 36.4%) due to the small reduction in like-for-like sales and an increase in labour costs.

Financial expenses increased by 6.2% to £0.4m (2015: £0.3m). Financial expense is expected to reduce in H2 due to the reduction in debt following the share placing.
Underlying profit before income tax was 15.0% lower at £3.8m (2015: £4.5m) but has been maintained at the same level as H2 2015. Underlying earnings per share were 5.0p (2014: 6.0p).

Non-recurring costs of £0.3m were incurred on restructuring following the strategic review of the Group. Further restructuring costs of approximately £0.5m are anticipated in H2.

Underlying net cash from operations declined by 6.3% to £4.1m (2015: £4.3m).

The Group placed 16.75 million shares at 100 pence each on 23 June 2016. This significantly strengthened the balance sheet. Net assets at 30 June 2016 were £91.5m (2015: £82.7m). Net debt at 30 June 2016 stood at £19.2m (2015: £38.0m) and current leverage of net debt to EBITDA is 1.7 times (2015: 2.7 times).

The Group has a long term non-amortising bank facility with Bank of Scotland of £42.5m which expires in July 2019. The Group has utilised part of this facility to create a 4.0m US Dollar facility to finance the construction of the next US centre in Los Angeles.

The Group invested £1.6m in capital expenditure (2015: £3.6m) during the period of which £1.2m was spent on upgrading our existing centres and £0.4m on new sites in the US.

Goals UK

Sales for the first six months of the year were flat at £16.4m (2015: £16.4m). The rate of like-for-like sales decline slowed significantly from -13.0% in H2 2015 to -2.1% (2015: -1.9%) due to the success of our near term operational improvement plan. Like-for-like football sales declined by 3.5% and like-for-like bar and vending sales increased by 3.5%.

Our overall gross profit margin decreased from 88.7% to 88.1% due to the increased proportion of lower margin bar sales.

A strong focus on overhead costs was maintained throughout the period. Despite an 11% increase in labour costs due to the implementation of the national living wage along with wage inflation in the south east of England, other efficiency measures restricted the increase in our average overheads per centre to 4.6% (2016: £163,000; 2015: £156,000).

As a result of the slight decline in like-for-like sales and the increase in overheads Centre EBITDA declined by 8.4% to £6.9m (2015: £7.6m) and Company EBITDA declined by 9.0% to £5.4m (2015: £5.9m) maintained at H2 2015 levels.

Goals US

Following strong growth in previous years Goals US slowed during the period with sales declining by 0.4% to £0.6m (2015: £0.6m) and EBITDA declining to £0.2m (2015: £0.3m). We remain confident in the US model and have identified actions to return this site to revenue growth.

Construction of our second US centre has commenced and it is expected to open on time and on budget in Q4 2016. The centre is located in an excellent location at Pomona in Los Angeles. We have a solid pipeline of land options for future openings as we look to progress our US programme when appropriate. The development of these will be subject to the performance of Pomona.

Board Changes

We have significantly strengthened the Board with the key appointments of Mark Jones as Chief Executive Officer further supported by the appointments of Scott Lloyd, Christopher Mills and Michael Bolingbroke as Non-Executive Directors.

Keith Edelman, Phil Burks and Alex Short all stood down from the Board during the period. Sincere gratitude is recorded for their contribution over the years. Alex sadly passed away in July and we pass on our sincere condolences to his family.

Dividend

No dividend is proposed for the current period (2015: 0.675p per share) and the directors intend that the Group will return to paying dividends when the turnaround plan is further advanced and when the Directors believe it is appropriate to do so.

Outlook

The plan outlined in June 2016 is still in the early stages of development and implementation, with much still to achieve. However, following short term actions and tight cost control, and despite a challenging and competitive environment, trading has improved with the like-for-like sales decline largely arrested. Since the start of the second half of the year, trading has continued to progress with like-for-like sales returning to positive territory for the first 11 weeks of H2.

Focus remains on enhancing our proposition by investing in our facilities to upgrade them to reflect our premium positioning in the market place and, amongst many other initiatives, improving our food and beverage operations. We are committed to making Goals the best place to play small sided football and broadening its appeal as a leisure destination over the longer term, whilst at the same time creating and delivering value for shareholders through the plans we outlined in June. We remain on track to deliver results consistent with the Board's expectations for the year as a whole and look forward to the future with confidence.

Nick Basing
Chairman
13 September 2016

Consolidated condensed income statement

For the six months ended 30 June 2016

	Note	**Unaudited Total 6 months Ended 30 June 2016 £000**	Unaudited Total 6 months Ended 30 June 2015 £000	Audited Year ended 31 December 2015 £000
Revenue		**16,987**	17,064	33,013
Cost of sales		**(1,993)**	(1,908)	(3,688)
Gross profit		**14,994**	15,156	29,325
Operating expenses		**(11,119)**	(10,334)	(34,757)
Operating profit/(loss)		**3,875**	4,822	(5,432)
Financial expense		**(374)**	(350)	(749)
Profit/(loss) before tax		**3,501**	4,472	(6,181)
Taxation	3	**(846)**	(939)	99
Profit/(loss) for year attributable to equity holders of the parent		**2,655**	3,533	(6,082)
Earnings per share	6			
Basic		4.5p	6.0p	(10.4p)
Diluted		4.5p	6.0p	(10.4p)

Consolidated condensed balance sheet

at 30 June 2016

	Note	**Unaudited 30 June 2016**	Unaudited 30 June 2015	Audited 31 December 2015
Assets		**£000**	£000	£000
Non-current assets				
Property, plant and equipment	7	**109,136**	115,821	108,474
Intangible assets	8	**4,916**	8,781	4,959
Other non-current receivables		**585**	114	433
Total non-current assets		**114,637**	124,716	113,866
Current assets				
Inventories		**1,610**	1,391	1,381
Trade and other receivables	10	**5,703**	6,558	4,890
Cash and cash equivalents	12	**1,799**	2,165	2,074
Total current assets		**9,112**	10,114	8,345
Total assets		**123,749**	134,830	122,211
Current liabilities				
Bank overdraft	12	**(1,938)**	(2,088)	(2,031)
Trade and other payables	11	**(2,736)**	(2,491)	(3,039)
Current tax payable		**(1,040)**	(785)	(234)
Total current liabilities		**(5,714)**	(5,364)	(5,304)
Non-current liabilities				
Other interest-bearing loans and borrowings	12	**(19,079)**	(38,034)	(36,691)
Deferred tax liabilities	9	**(7,465)**	(8,743)	(7,478)
Total non-current liabilities		**(26,544)**	(46,777)	(44,169)
Total liabilities		**(32,258)**	(52,141)	(49,473)
Net assets		**91,491**	82,689	72,738
Equity				
Share capital		**188**	146	146
Share premium		**53,229**	37,554	37,554
Retained earnings		**37,996**	45,334	35,341
Translation reserve		**78**	(345)	(303)
Total equity		**91,491**	82,689	72,738

Consolidated condensed statement of cashflows

For the six months ended 30 June 2016

	Note	**Unaudited 6 months ended 30 June 2016**	Unaudited 6 months ended 30 June 2015	Audited Year ended 31 December 2015
		£000	£000	£000
Cashflows from operating activities				
Profit for the period		**2,655**	3,533	(6,082)
Adjustments for:				
Depreciation		**1,319**	1,334	2,600
Amortisation		**114**	60	199
Financial expenses		**374**	350	757
Non-cash exceptional items		**-**	-	14,450
Income tax expense		**846**	939	(99)
Share option charge		**-**	28	-
		5,308	6,244	11,825
(Increase)/decrease in trade and other receivables		**(521)**	(1,321)	11
(Increase)/decrease in inventory		**(227)**	(243)	(233)
(Decrease)/increase in trade and other payables		**(743)**	93	217
		3,817	4,773	11,820
Income tax paid		**(62)**	(443)	(1,177)
Net cash from operating activities		**3,755**	4,330	10,643
Cashflows from investing activities				
Acquisition of property, plant and equipment		**(1,606)**	(3,610)	(7,645)
Software development expenses		(62)	(612)	(779)
Net cash used in investing activities		**(1,668)**	(4,222)	(8,424)
Cashflows from financing activities				
Issue of share capital, net of issue costs		**15,717**	-	-
Loans repaid		**(17,600)**	-	(120)
Loan related costs		**(12)**		
Loans drawn down		**-**	1,223	-
Interest paid		**(374)**	(349)	(756)
Dividends paid		**-**	(774)	(1,169)
Net cash (used in)/from financing activities		**(2,269)**	100	(2,045)
Net (decrease) / increase in cash and cash equivalents		**(182)**	208	174
Cash and cash equivalents at start of period		**43**	(131)	(131)
Cash and cash equivalents at end of period	12	**(139)**	77	43

Consolidated condensed statement of Comprehensive Income and Expense

for the six months ended 30 June 2016

	Unaudited 6 months ended 30 June 2016 £000	Unaudited 6 months ended 30 June 2015 £000	Audited Year ended 31 December 2015 £000
Profit/(loss) for the period	**2,655**	3,533	(6,082)
Exchange differences on translation of foreign operation	**381**	(30)	12
Deferred tax on share based payments	**-**	-	(11)
Other comprehensive income for the period	**381**	(30)	1
Total comprehensive income/(expense) for the period attributable to equity holders	**3,036**	3,503	(6,081)

Consolidated condensed statement of changes in equity

for the six months ended 30 June 2016

	Unaudited 6 months ended 30 June 2016 £000	Unaudited 6 months ended 30 June 2015 £000	Audited Year ended 31 December 2015 £000
Opening total equity	**72,738**	79,932	79,932
Total comprehensive income and expense for the period	**3,036**	3,503	(6,070)
Deferred tax on share based payments	**-**	-	(11)
Share based payments credit	**-**	28	56
Issue of share capital	**42**	-	-
Share premium on placing, less associated costs	**15,675**		
Dividends	**-**	(774)	(1,169)
Closing total equity	**91,491**	82,689	72,738

Notes to the Unaudited Interim Report

Goals Soccer Centres plc (the "Company") is a company domiciled in the United Kingdom.

1. Significant accounting policies

Basis of preparation

The condensed interim financial statement is prepared applying the recognition and measurement requirements of IFRSs as adopted by the EU. The company has elected not to prepare the interim statement in accordance with IAS 34 as adopted by the EU.

The interim statement does not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the company as at and for the year ended 31 December 2015 which were prepared in accordance with IFRS as adopted by the EU.

The preparation of the interim statement requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The accounting policies applied by the company in this condensed interim financial statement are the same as those applied in its financial statements as at and for the year ended 31 December 2015. The comparative figures for the financial year ended 31 December 2015 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The accounting policies set out below have been applied consistently to all periods presented in this interim statement, except for the impact of the adoption of the standards described below.

There are various amendments to standards and interpretations which are mandatory for the first time for financial periods commencing on 1 January 2016 and have been adopted by the Group. These have no material impact on the net assets or results of the Group.

The Interim Statement was approved by the Board on 13 September 2016.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group or the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date that control ceases. All business combinations are accounted for by applying the purchase method of accounting.

Revenue

Revenue represents the value of goods and services supplied to customers (net of Value Added Tax). The Group's revenue comprises revenues from customers utilising the Group's next generation football facilities and secondary revenue associated with this utilisation. Revenue from utilisation of the football facilities includes: revenue from leagues operated by the Group; revenue from customers who use the facilities to play on a non-league basis; Corporate Events; Children's Birthday Parties; and Children's Coaching.

Revenue is recognised for use of the football facilities when each game is complete. Secondary revenue includes: soft drink vending; confectionery vending; bar revenue and revenue from sales of football equipment. Revenue is recognised for secondary sales at the time the goods change hands. The Group recognises revenue in respect of goods and services received under sponsorship and partnership arrangements by reference to the fair value of goods and services received under the contract.

1. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the current taxes payable and deferred tax. The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised or increased. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset to the extent that there is a legal right of offset.

Income tax in the interim period is calculated using the tax rate that would be applicable to expected total annual pre-tax results.

Intangible assets – goodwill

Goodwill on acquisitions represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Impairment is first allocated to goodwill and then to other assets in the cash generating units on a pro-rata basis.

The value of Goodwill is reviewed at each balance sheet date to determine whether there is an indication of impairment. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of a cash generating unit is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit.

Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Intangible assets - other

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. Impairment testing is performed where an indication of impairment arises.

1. Significant accounting policies (continued)

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful life of the software development assets is ten years for the Smart Centre system and five years for the App and website.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of construction. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold and leasehold buildings	- 75 years or lease period if shorter
Fixtures and fittings:	
- pitches	- 10 years
- 11-a-side pitches	- 10 years
- office furnishings	- 10 years
- fixtures and fittings	- 10 years
- computer equipment	- 4 years
- plant and machinery	- 4 years

The value of each centre is reviewed at each balance sheet date to determine whether there is an indication of impairment. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of a cash generating unit is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit.

Assets under construction are transferred to the relevant asset category when they become operational and are depreciated from that date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is the amount that can be realised from the sale of inventory in the normal course of business after allowing for the costs of realisation.

Trade and other receivables

Trade and other receivables are initially recognised at their fair value and then stated at amortised cost.

1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cashflows.

Net debt

Net debt includes cash and cash equivalents and bank borrowings.

Trade and other payables

Trade and other payables are initially recognised at fair value and then stated at amortised cost.

Finance costs

Interest is recognised in income or expense using the effective interest method except that borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of construction. The construction of new centres are treated as qualifying assets as they necessarily take a substantial period of time to prepare for intended use. The amount of finance costs capitalised is determined by applying the interest rate applicable to appropriate borrowings to the accumulated expenditure on those assets for that period.

Pensions

Contributions to stakeholders or other personal pension plans are expensed as incurred.

Leasing

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Derivative financial instruments

Derivative financial instruments are measured at fair value and comprise interest rate swaps. These derivative financial instruments are designated as cashflow hedges in line with the Group's treasury policy.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, as defined by IAS 39 "Financial Instruments: Recognition and Measurement", is recognised in equity, with any ineffective portion recognised in the income statement. When hedged cashflows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cashflow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cashflows affect the income statement.

Any gains or losses arising from changes in fair value of derivative financial instruments not designated as hedges are recognised in the income statement.

Exceptional items

An item is treated as exceptional if in management's opinion it is considered unusual by its nature and scale and is of such significance that separate disclosure is required for the financial statements to be properly understood.

Intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. Impairment testing is performed where an indication of impairment arises.

Notes to the Unaudited Interim Report

1. Significant accounting policies (continued)

Foreign currencies

The consolidated financial statements are presented in pounds sterling, which is the functional currency of the company and the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured accordingly.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds sterling at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results are transferred to the translation reserve and are reported in the statement of comprehensive income.

Share-based payments

The share option schemes allow employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Earnings per share

The company presents basic and diluted earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees.

2. Segmental reporting

All turnover and operating profit is derived from the operation of outdoor soccer centres. The company operates soccer centres in both the UK and US; turnover and operating profit generated in the US is not significant to the company's results.

Notes to the Unaudited Interim Report

3. Tax

Corporation tax for the interim period is charged at 20.0% (June 2015: 21.0%), representing the estimated effective tax rate for the full financial year.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 30th June 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 30th June 2016 by £416k.

4. Dividends

	6 months ended 30 June 2016 £000	6 months ended 30 June 2015 £000	Audited year ended 31 December 2015 £000
Dividends paid			
– 2014 final (0.0132p per ordinary share)	-	774	774
– 2015 interim (0.675p per ordinary share)	-	-	395
	-	774	1,169

No interim dividend is proposed for the period ended 30th June 2016 (2015: 0.675p).

5. Exceptional items

	6 months ended 30 June 2016 £000	6 months ended 30 June 2015 £000	Audited year ended 31 December 2015 £000
Exceptional items comprise:			
- Impairment of software provision	**-**	-	750
- Impairment of Pro 5 goodwill	**-**	-	3,100
- Impairment of underperforming centres	**-**	-	8,124
- Development costs written off	**-**	-	2,476
	-	-	14,450

Notes to the Unaudited Interim Report

6. Earnings per share

Basic and diluted earnings per share

	Unaudited Total 6 months ended 30 June 2016	Unaudited 6 months ended 30 June 2015	Audited year ended 31 December 2015
Profit/(loss) for the financial period (£'000)	**2,655**	3,533	(6,082)
Weighted average number of shares	59,465,060	58,465,060	58,465,060
Dilutive share options	-	180,127	144,617
	59,465,060	58,645,187	58,609,677
Basic earnings per share	**4.5p**	6.0p	(10.4p)
Diluted earnings per share	**4.5p**	6.0p	(10.4p)

Diluted earnings per share is calculated using the profit for the financial period divided by the weighted average number of shares in issue for the period ended 30 June 2016 plus all outstanding relevant share options at that date.

7. Property, plant and equipment

	Land and buildings	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At beginning of period	121,349	13,348	762	135,459
Additions	401	497	708	1,606
Disposals	(1,757)	(325)	(261)	(2,343)
Effect of movements in foreign exchange	595	(113)	(60)	422
At end of period	120,588	13,407	1,149	135,144
Depreciation				
At beginning of period	17,427	9,297	261	26,985
Charge for period	784	535	-	1,319
Disposals	(1,757)	(325)	(261)	(2,343)
Effect of movements in foreign exchange	41	6	-	47
At end of period	16,495	9,513	-	26,008
Net book value				
At 30 June 2016	**104,093**	**3,894**	**1,149**	**109,136**
At 31 December 2015	103,922	4,051	501	108,474

8. Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Cost			
At beginning of period	5,719	4,421	10,140
Additions	-	62	62
Effect of movements in foreign exchange		10	10
At end of period	5,719	4,492	10,212
Amortisation			
At beginning of period	3,100	2,081	5,181
Charge for period	-	111	111
Effect of movements in foreign exchange		4	4
At end of period	3,100	2,196	5,296
Net book value			
At 30 June 2016	**2,619**	**2,296**	**4,916**
At 31 December 2015	2,619	2,340	4,959

9. Deferred tax liability

Deferred tax assets and liabilities are attributable to the following:

	30 June 2016 £000	30 June 2015 £000	31 December 2015 £000
Property, plant and equipment	**(7,497)**	(8,754)	(7,510)
Share based payments	**11**	11	11
Other	**21**	-	21
Net deferred tax liabilities	**(7,465)**	(8,743)	(7,478)

10. Trade and other receivables

	30 June 2016 £000	30 June 2015 £000	31 December 2015 £000
Trade receivables	**693**	561	641
Prepayments and accrued income	**2,683**	2,582	2,526
Other receivables	**2,315**	3,415	1,723
Taxation and social security	**12**	-	-
	5,703	6,558	4,890

11. Trade and other payables

	30 June 2016 £000	30 June 2015 £000	31 December 2015 £000
Trade payables	**1,874**	1,635	2,010
Taxation and social security	**-**	12	5
Other payables	**267**	177	-
Accruals and deferred income	**595**	667	1,024
	2,736	2,491	3,039

Notes to the Unaudited Interim Report

12. Movement in net debt

Net debt is defined as cash and cash equivalents less interest bearing loans and borrowings.

	At beginning of period £000	Cashflow £000	Non cash movement £000	**At end of period £000**
Cash at bank and in hand	2,074	(275)	-	**1,799**
Overdraft	(2,031)	93	-	**(1,938)**
Cash and cash equivalents	43	(182)	-	**(139)**
Borrowings	(36,691)	17,612	-	**(19,079)**
	(36,648)	17,430	-	**(19,218)**

13. Related Party Transactions

During the period, the company acquired services from Harwood Capital Management Group for the amount of £23,853. Harwood Capital Management are a shareholder of the company and therefore this has been disclosed as a related party transaction. As at 30 June 2016 there were no outstanding amounts due to Harwood Capital Management for these services.

KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

INDEPENDENT REVIEW REPORT TO GOALS SOCCER CENTRES PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2016 which comprises Consolidated Condensed Income Statement, Consolidation Condensed Balance Sheet, Consolidation Condensed Statement of Cashflows, Consolidated Condensed Statement of Comprehensive Income and Expense, Consolidated Condensed Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

Bruce Marks
for and on behalf of KPMG LLP
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
13 September 2016