Goals Soccer Centres plc

Challenging summer trading in UK; US momentum continuing

Interim Results for the six months ended 30 June 2015

Goals Soccer Centres plc ("Goals", the "Company" or the "Group") is the leading player in the UK 5-a-side soccer market. The Group currently operates 46 centres in the UK, and one in Los Angeles.

Financial Summary

	30 June 2015	30 June 2014	Change
Sales	£17.1m	£17.1m	-
EBITDA	£6.2m	£7.0m	-11%
Underlying profit before tax[1]	£4.5m	£4.4m	+1%
Underlying diluted earnings per share[1]	6.0p	6.2p	-3%
Ordinary dividend pence per share	0.675p	0.675p	-
Underlying net cash generated from operations[2]	£5.6m	£5.7m	-1%
Statutory measures			
Profit before tax	£4.5m	£0.6m	+650%

Financial Highlights

- Overall sales flat at £17.1m
- Like-for-like sales[3] declined 1% (2014: +3%)
- Continued strong US performance, with sales up 22% and EBITDA up 33%, supports further rollout
- Underlying profit before tax increased by 1% to £4.5m
- Ordinary dividend maintained at 0.675p
- Underlying cash conversion[4] of 117% (2014: 105%)
- Profit before tax guidance for the current financial year now expected to be in a range of £9.3m-£9.8m

Operational highlights

- New centres opened in Manchester and Doncaster
- Good progress in the US with construction of our second US site planned for the second half of the year and developing pipeline
- Heads of terms agreed and legals commenced on further three US sites
- Keith Rogers, Group Chief Executive to spend an increasing amount of time in the US from 2016, with the search on for a UK Managing Director
- Use of mobile app continues to build with 34,000 downloads to date
- Successful launch of new fully responsive website in Q1 driving 23% increase in online bookings

Current trading

Sales for the first nine weeks of the period have been challenging in the UK with like-for-like sales over the summer holiday period declining by 10%. This is due to tough comparable trading in the weeks following last year's successful World Cup and a significant increase in both league and casual teams cancelling over the holiday period. The board consider this to be market-driven, as team organisers struggled to find sufficient players for their game to go ahead, as players took advantage of the strong pound during a period of poor UK weather to holiday abroad. The strong trading momentum in our Los Angeles centre has continued into the second half of the year.

In response to the weak summer period we have enhanced our annual September Uplift marketing campaign aimed at driving summer-lapsed and new teams into our centres following the traditional summer period of lower activity. It is expected that this uprated campaign, together with new retention tactics will drive an increase in sales over the seasonally important next few months. However with the lack of visibility, having just commenced our September campaign, the board is adopting a more cautious view on the full year outcome and is therefore revising its profit before tax guidance for the current financial year to a range of £9.3m-£9.8m.

Keith Rogers, Managing Director of Goals said:

"Trading in the UK has been challenging resulting from a combination of external factors and tough comparatives. However, we remain confident in the UK's long term favourable market dynamics, which Goals, with its leading and well invested national estate, recognised brand and use of technology is best placed to realise.

The US opportunity remains compelling as evidenced by the ongoing strength in trading from our centre in Los Angeles, which is now the most successful in our estate. We have accelerated progress in terms of the site pipeline and put in place the infrastructure and resource to exploit our first mover advantage."

9 September 2015

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Notes:

1Underlying profit before tax is profit before tax adjusted for the impact of the net exceptional cost of £nil (2014: £3.8m). Underlying diluted earnings per share is diluted earnings per share adjusted for the net of tax impact of the exceptional costs

2Underlying net cash generated from operations is net cash generated from operations adjusted for a VAT debtor of £1.3m which resulted from the capital expenditure incurred in the period

3 Like-for-like sales are based on centres opened prior to 1 January 2014

4 Underlying cash conversion is underlying net cash generated from operations divided by underlying operating profit

Chairman's Statement

Introduction

2015 has proven so far to be a challenging year, characterised by volatile weekly trading patterns. Adverse weather conditions relative to favourable conditions last year in the first quarter, resulted in softness in the casual football market and while trading in the second quarter saw improvement this was insufficient to fully recover the shortfall. Recent trading post the half year end has seen weakness return with tough comparable trading in the weeks following last year's successful World Cup and a significant increase in both league and casual teams cancelling over the holiday period.

During the year we opened new centres in Manchester in February and in Doncaster in April. These centres take Goals into cities where previously we had no presence and we now have a centre in all major cities of the UK.

Our US centre in Los Angeles has again delivered strong growth with sales up 22% (12% on a constant currency basis) demonstrating the significant potential of the US. We now have a deep understanding of the southern California market and our confidence in, and enthusiasm for the US market continues to grow.

We have made good progress on our US site pipeline, with legals concluded, planning consent achieved and building permits at an advanced stage on one site with construction planned to commence in the second half of the year. In addition, we have agreed heads of terms and commenced legals on a further three sites.

As a result of the progress made to date and the scale of the US opportunity, we plan for Keith Rogers, Group Chief Executive, to spend an increasing amount of time in the US from 2016 and have therefore commenced a search for a UK Managing Director with significant experience in multi-site operations.

Our new innovative mobile app and responsive website were launched in December 2014, providing an improved experience for our increasingly digital enabled customers. Downloads of the app are running ahead of our expectations with over 34,000 downloads to date and continuing at a rate of almost 500 each week.

Overall, while the year to date has been disappointing from a trading perspective, there has been considerable progress made across the business. We remain confident in the long term dynamics of the UK market and Goals ability to realise the opportunity. US progress is accelerating and given the scale of the market we believe there is a significant opportunity.

Financial Review

The Goals Group

Group sales for the first six months of the year were in-line with the prior year at £17.1m (2014: £17.1m) although like-for-like sales declined marginally by 1% (2014: +3%).

UK Sales declined by 1% to £16.4m (2014: £16.6m) with like-for-like sales declining 2% (2014: +3%). Trading improved during the second quarter, although not sufficiently tofully recover the first quarter's shortfall.

US sales again delivered strong growth with sales up 22% to £0.6m (2014: £0.5m) and up 12% on a constant currency basis.

Across the Group overheads increased by 8% to £8.9m (2014: £8.3m) reflecting investment in the business. The resources within our head office were increased throughout 2014 to support future growth. The annualised increase combined with the appointment of the US Development Director in May resulted in an 8% increase in Head Office costs during the period to £1.6m (2014: £1.5m). Group like-for-like centre overheads were tightly controlled, increasing by a planned 4% to £7.0m (2014: £6.7m) primarily due to rent reviews and increases in business rates. The new centres in Manchester and Doncaster incurred overheads of £0.2m.

The marginal decline of 1% in like-for-like sales, start-up losses of £0.1m in the new centres opened in the period and the increase in overheads resulted in an 11% decline in Group EBITDA to £6.2m (2014: £7.0m).

Our cost of financing reduced by 65% to £0.3m (2014: £1.0m) due to the balance sheet restructuring completed in 2014.

Profit before tax increased by 1% to £4.5m (2014: £4.4m) and underlying diluted earnings per share declined by 3% to 6.0p (2014: 6.2p). The share placing completed in 2014 diluted underlying diluted earnings per share by 4% during the period.

Despite the 11% decline in EBITDA underlying net cash generated from operations declined by just 1% to £5.6m (2014: £5.7m).

The Group invested £4.2m in capital expenditure (2014: £2.2m) during the period of which £2.5m was incurred on our new and pipeline centres, £0.6m on information technology and call centre systems and £1.1m on upgrading our existing centres.

Our UK Business

Sales for the first six months of the year declined by 1% to £16.4m (2014: £16.6m) and like-for-like sales declined 2% (2014: +3%).

Like-for-like sales variances in our key product areas were:

- Football declined by 2% (82% of total sales)
- Bar and Vending declined by 2% (16% of total sales)
- Other increased by 2% (2% of total sales)

During the period we experienced some softness in our casual football product, which represents 45% of total sales, with like-for-like sales declining by 5% (2014: +10%). This product performed particularly strongly in 2014 when the majority of grass 11-a-side pitches across much of England were closed due to flooding during the first quarter resulting in an influx of teams seeking artificial pitches for training and play.

A few centres have lost some casual football customers as a result of local authorities actively marketing their all-weather pitches at lower prices, however, we are confident that our focus on delivering a quality football experience in facilities featuring dedicated 5-a-side 'arenas' will allow us to maintain our market leading position in the sector. We have implemented new loyalty initiatives and a major focus on customer service to ensure we continue to deliver the best football experience in the sector.

Like-for-like Bar and Vending sales declined by 2% (2014: +3%). Mid-week bar sales to our football customers increased by 2%, however, our weekend function sales declined by 3% due to a decreased yield. Our overall gross profit and bar margins were held at 89% and 60% respectively.

The decline in like-for-like sales, increase in like-for-like overheads and Head Office investment resulted in earnings before interest, tax, depreciation and amortisation ("EBITDA") decreasing by 12% to £5.9m (2014: £6.8m).

Our US Business

The popularity of soccer in the US has grown rapidly in recent years and with over 24 million people playing the game in some form, it has the second highest number of players in the world. This is particularly true in California where the Latin American population is now the largest ethnic group. In addition, the increasing competitiveness of US Soccer in international play, and the growing popularity of Major League Soccer all points to greater success for the sport overall.

Our centre in Los Angeles has continued to deliver very good growth with sales up 22% to £0.6m (up 12% on a constant currency basis). EBITDA generated by the centre increased by 23% to £343k (2014: £279k). This is a strong performance from a centre that has 11 pitches and does not benefit from bar or function sales.

We have a deep understanding of the California market and the opportunity it presents. We are making excellent progress in developing good relationships with local government at State, County and City level as well as local school districts and property developers enabling us to access well located development opportunities.

We now have a solid pipeline of quality sites. Legals have been concluded, planning consent achieved and building permits are at an advanced stage on one site with construction planned to commence in the current year. In addition, we have agreed heads of terms and commenced the legal process on a further three sites.

Operational Review

Our Path to Success initiative has put in place the infrastructure and funding structure required to enable the business to realise the growth opportunities from existing and future centres in both the UK and US.

It's all about football. We are passionate about putting the player at the heart of everything we do. We believe that great service, constant innovation on and off the field and a continued investment in our facilities is the formula for building a stronger business and continuing to consistently outperform our competition. Our 'Theatre of Football' approach ensures we remain the number one choice in every community in which we operate. In our most recent national survey, 85% of our customers said they would recommend Goals to a friend or colleague.

Digital

Our innovative mobile app, launched in December 2014, now resides on over 34,000 mobile phones with downloads continuing at a rate of almost 500 each week.

The app has a number of key features aimed at improving the 5-a-side experience for team organisers, players and those wishing to get involved in the game.

Whilst downloads have been ahead of our expectations, use of the various app functions is variable with those relying on full team interaction taking longer to be adopted than those utilised by single players. Functions such as league fixture and results are heavily accessed by players whilst team organisation and player payments are taking longer.

One encouraging area is the use of our innovative 'Player Blast' functionality where team organisers and potential players are brought together to save a game that may otherwise have been cancelled due to a lack of players. Our customers have sent over 5,000 'Player Blasts' in the current year resulting in 4,500 games going ahead which may otherwise have been cancelled. For those teams who indicated they are playing less football than a year ago, 66% cited lack of players as the main reason.

Some app functions, such as league information, online booking and team management are aimed solely at improving the customer experience and making game organisation easier, whilst other functions such as 'Player Blast' and individual player payments have direct financial benefit for the Company.

We continue to promote the app and are developing a new app-based Goals loyalty scheme which will provide benefits to organisers and players when they use specific functionality.

We believe that, once fully adopted, the functionality within the app will help reduce cancellations and make the game far more accessible to a wider audience. It will also allow Goals to develop a one-to-one relationship with each player for the first time, tracking their playing habits and allowing us to market directly to them via email, SMS and in-app with offers tailored specifically to them. All this will be managed through a new fully integrated eCRM system providing a strategic commercial advantage to Goals.

A new mobile friendly website was launched in Q1 2015 in the UK and Q2 2015 in the US. The website's adaptive design aims to take advantage of the high growth in tablet and smartphones amongst our target market. Since launching our online bookings have increased by 23% and online kids party bookings by 24%.

Marketing

During the period we pursued a diverse range of marketing activities aimed at retaining and increasing the frequency of play of our existing customers, as well as attracting new players to Goals through exciting headline activities. We moved the majority of our marketing spend into digital channels with significant success witnessed in the new functionality provided within social media. Enquiry rates from social media advertising are significantly higher than that experienced elsewhere. Our marketing is aimed at a series of touchpoints across the year and the use of social media is playing an ever increasing role.

With fitness being the biggest driver of football participation, we kicked-off the year with a major marketing push, with our 'Get Fit - Mind, Body and Goals' campaign which promoted the health and fitness benefits of playing 5-a-side football. Marketed heavily on social media, we supplemented the benefits of playing 5-a-side with activities in-branch including providing fitness tips and the chance to win 'Jawbone' wearable technology. Unfortunately this campaign coincided with the period of adverse weather referred to previously and did not generate the strong start to the year we usually experience at this time.

We continue to hold national tournaments for major corporate clients such as McDonalds, JD Wetherspoon and Odeon.

During the period we, along with the two other major providers, played host to teams across England for The FA Peoples Cup, a major 5-a-side tournament promoted by The FA and the BBC. Goals achieved the highest number of entries per centre and Goals Manchester was selected as the venue for the final which was broadcast on BBC1.

A major Kids Party promotion through digital channels has delivered a 16% increase in bookings since the start of the current year. This is on top of what was a strong year in 2014 and is a result of our product improvement, enhanced training and focused consumer targeting.

As a result of what has proven to be a slow summer period compared to the post World Cup uplift experienced last year we have enhanced our September Uplift campaign aimed at driving additional footfall following the traditional summer lull. Our 'It's all Kicking Off' campaign is focused on digital media with a range of digital channels including social media, football sites and unofficial football blog sites targeted. We are also hosting a national Festival of Football across all centres which will provide great customer engagement building upon our "Heart & Soul of Football" ethos aimed at building a club-like relationship with our teams with a week long list of daily fun events.

Customer Service

Goals is committed to providing the best possible football experience. Our 'One Best Way' operations process has ensured consistency and best practice across all centres. Delivery of a quality experience is measured through our trigger survey mechanism which seeks customer feedback at key touchpoints in their lifecycle with Goals. This is now built into our staff feedback and bonus system delivering positive change in customer service. 85% of our players would recommend Goals to a friend or colleague and 85% of our players have played with us for over a year.

Product development

"5-a-side is now a whole new ball game!" was the headline slogan when Goals launched in December 2000 reflecting our commitment to innovation. We set out to deliver a new and exciting 5-a-side brand and our focus on innovation remains a key theme in our business philosophy.

We continue to search for exciting growth opportunities in combination with new ways to improve the customer experience. We believe that great service, constant innovation and a continued investment in our product is the winning formula for building a stronger brand which can consistently deliver the best returns in the industry.

All new centres and resurfaced pitches will now feature Goals 'Stadium Turf', artificial turf striped with two shades of green reflecting the pitch perfect conditions of the newly rolled pitch before a big stadium game. Feedback from our players has been excellent.

In 2014 we trialed the Goals-Cam technology, which records game highlights from two different angles and makes the resulting 20 second highlights clips available to players for download or for sharing across social media. Our pilot installations have proven successful and we have in 2015 extended this to 5 centres.

After successful tests in two centres we rolled out our new 'Soccer Blast' product, a Kids Party experience aimed at older children and youths, in Q2.

Dividend

The Directors intend that the Group will continue to retain the majority of distributable profits and cash flow to invest in value creating opportunities. The Board has therefore decided to hold the interim ordinary dividend at 0.675p per share in line with last year. The dividend will be paid on 4 December 2015 to shareholders on the register on 30 October 2015 at a cost of £0.4m (2014: £0.4m).

Keith Edelman
Chairman
9 September 2015

Consolidated condensed income statement
For the six months ended 30 June 2015

	Note	**Unaudited Total 6 months Ended 30 June 2015**	Unaudited Before exceptional items 30 June 2014 £000	Unaudited Exceptional items (note 5) 30 June 2014 £000	Unaudited Total 6 months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
Revenue		**17,064**	17,099	-	17,099	34,659
Cost of sales		**(1,908)**	(1,811)	(571)	(2,382)	(3,561)
Gross profit		**15,156**	15,288	(571)	14,717	31,098
Administrative expenses		**(10,334)**	(9,886)	-	(9,886)	(19,791)
Operating profit		**4,822**	5,402	(571)	4,831	11,307
Financial expense		**(350)**	(997)	(3,229)	(4,226)	(4,551)
Profit/(loss) before income tax		**4,472**	4,405	(3,800)	605	6,756
Income tax	3	**(939)**	(924)	600	(324)	(1,647)
Profit/(loss) for the period attributable to equity holders		**3,533**	3,481	(3,200)	281	5,109
Earnings Per Share	6					
Basic		**6.0p**	6.2p	(5.7p)	0.5p	8.9p
Diluted		**6.0p**	6.2p	(5.7p)	0.5p	8.9p

Consolidated condensed balance sheet
at 30 June 2015

	Note	**Unaudited 30 June 2015**	Unaudited 30 June 2014	Audited 31 December 2014
Assets		**£000**	£000	£000
Non-current assets				
Property, plant and equipment	7	**115,821**	110,046	113,596
Intangible assets	8	**8,781**	6,878	8,229
Other non-current receivables		**114**	554	749
Total non-current assets		**124,716**	117,478	122,574
Current assets				
Inventories		**1,391**	1,108	1,148
Trade and other receivables	10	**6,558**	4,586	4,582
Cash and cash equivalents	12	**2,165**	2,242	2,001
Total current assets		**10,114**	7,936	7,731
Total assets		**134,830**	125,414	130,305
Current liabilities				
Bank overdraft	12	**(2,088)**	(2,051)	(2,132)
Trade and other payables	11	**(2,491)**	(2,680)	(2,398)
Current tax payable		**(785)**	(398)	(276)
Total current liabilities		**(5,364)**	(5,129)	(4,806)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(38,034)**	(36,807)	(36,811)
Deferred tax liabilities	9	**(8,743)**	(8,156)	(8,756)
Total non-current liabilities		**(46,777)**	(44,963)	(45,567)
Total liabilities		**(52,141)**	(50,092)	(50,373)
Net assets		**82,689**	75,322	79,932
Equity				
Share capital		**146**	146	146
Share premium		**37,554**	37,553	37,554
Retained earnings		**45,334**	38,014	42,547
Translation reserve		**(345)**	(391)	(315)
Total equity		**82,689**	75,322	79,932

Consolidated condensed statement of cashflows
For the six months ended 30 June 2015

	Note	**Unaudited 6 months ended 30 June 2015**	Unaudited 6 months ended 30 June 2014	Audited Year ended 31 December 2014
		£000	£000	£000
Cashflows from operating activities				
Profit for the period		**3,533**	281	5,109
Adjustments for:				
Depreciation		**1,334**	1,557	2,790
Amortisation		**60**	49	98
Financial expenses		**350**	4,226	1,322
Income tax expense		**939**	324	1,647
Share option charge		**28**	28	55
		6,244	6,465	11,731
(Increase)/decrease in trade and other receivables		**(1,321)**	309	(189)
Increase in inventory		**(243)**	(21)	(61)
Increase in trade and other payables		**93**	298	479
		4,773	7,051	11,960
Income tax paid		**(443)**	(1,357)	(2,102)
Net cash from operating activities		**4,330**	5,694	9,858
Cashflows from investing activities				
Acquisition of property, plant and equipment		**(3,610)**	(1,815)	(6,432)
Software development expenses		**(612)**	(354)	(1,754)
Net cash used in investing activities		**(4,222)**	(2,169)	(8,186)
Cashflows from financing activities				
Issue of share capital		**-**	10,646	10,647
Loans paid		**-**	(9,450)	(9,959)
Loans drawn down		**1,223**	-	-
Interest paid		**(349)**	(1,017)	(1,312)
Dividends paid		**(774)**	(687)	(1,082)
Costs in relation to cancellation of interest swap		**-**	(2,729)	-
Net cash used in financing activities		**100**	(3,237)	(1,706)
Net increase/(decrease) in cash and cash equivalents		**208**	288	(34)
Cash and cash equivalents at start of period		**(131)**	(97)	(97)
Cash and cash equivalents at end of period	12	**77**	191	(131)

Consolidated condensed statement of Comprehensive Income and Expense

for the six months ended 30 June 2015

	Unaudited 6 months ended 30 June 2015 £000	Unaudited 6 months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
Profit for the period	**3,533**	281	5,109
Exchange differences on translation of foreign operation	**(30)**	(27)	49
Settlement of cash flow hedges	**-**	2,616	2,616
Deferred tax on items taken directly to equity	**-**	(524)	(524)
	(30)	2,065	2,141
Total comprehensive income and expense for the period attributable to equity holders	**3,503**	2,346	7,250

Consolidated condensed statement of changes in equity

for the six months ended 30 June 2015

	Unaudited 6 months ended 30 June 2015 £000	Unaudited 6 months ended 30 June 2014 £000	Audited Year ended 31 December 2014 £000
Opening total equity	**79,932**	63,073	63,073
Total comprehensive income and expense for the period	**3,503**	2,346	7,250
Tax on share based payments	**-**	-	55
Deferred tax on share based payments	**-**	(84)	(11)
Share based payments credit	**28**	28	-
Issue of share capital	**-**	10,646	10,647
Dividends	**(774)**	(687)	(1,082)
Closing total equity	**82,689**	75,322	79,932

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 2014 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 2014. The comparative figures for the financial year ended 31 December 2014 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 2015 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 9 September 2015.

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.

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	- 50 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	- 4 years
- computer equipment	- 5 to10 years
- computer software	- 5 to10 years
- plant and machinery	- 4 years

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.

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.

1. Significant accounting policies (continued)

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.

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 before exceptional items for the interim period is charged at 21.0% (June 2014: 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. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

4. Dividends

	6 months ended 30 June 2015 £000	6 months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Dividends paid			
– 2013 final (1.175p per ordinary share)	**-**	687	687
– 2014 interim (0.075p per ordinary share)	**-**	-	395
– 2014 final (0.0132p per ordinary share)	**774**	-	-
	774	687	1,082

The proposed interim dividend of 0.675p (2014: 0.675p) per share will be paid on 4 December 2015 to shareholders on the register on 30 October 2015. The 2015 interim dividend was approved by the Board on 9 September 2015 and has not been included as a liability as at 30 June 2015.

5. Exceptional items

	6 months ended 30 June 2015 £000	6 months ended 30 June 2014 £000	Year ended 31 December 2014 £000
Exceptional items comprise:			
– Costs related to cancellation of interest swap	**-**	(2,729)	(2,729)
– Write off of bank arrangement fees	**-**	(500)	(500)
– Bad debt provision	**-**	(571)	(571)
	-	(3,800)	(3,800)

In 2014 the Group replaced its banking arrangements with a long term non-amortising loan facility of £42.5m on improved terms. Bank arrangement fees of £0.5m on the historic facilities were expensed as an exceptional cost in the prior year. To facilitate this restructuring the Board repaid the liability of the Group’s interest rate swap at a cost of £2.7m. The restructured facilities extend the maturity of the debt from January 2016 to July 2019.

There are a significant number of lapsed teams within the industry who do not play due to the Team Organiser incurring a personal debt as a result of being let down by individual players. With the app now providing a comprehensive solution the Board has decided to maximise the uptake of the app, thereby improving the Group’s long term revenue opportunities, by re-engaging with lapsed Team Organisers. This resulted in the Group not fully recovering its existing debts and the Board made a provision of £0.6m in the prior year.

6. Earnings per share

Basic and diluted earnings per share

	Unaudited 6 months ended 30 June 2015	Unaudited Before exceptional items 30 June 2014	Unaudited Exceptional items 30 June 2014	Unaudited Total 6 months ended 30 June 2014	Year ended 31 December 2014
Profit/(loss) for the financial period (£'000)	**3,533**	3,481	(3,200)	281	5,109
Weighted average number of shares	**58,465,060**	56,246,419	56,246,419	56,246,419	57,289,241
Dilutive share options	**180,127**	170,919	170,919	170,919	173,940
	58,645,187	56,417,338	56,417,338	56,417,338	57,463,181
Basic earnings per share	**6.0p**	6.2p	(5.7p)	0.5p	8.9p
Diluted earnings per share	**6.0p**	6.2p	(5.7p)	0.5p	8.9p

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 2015 plus all outstanding relevant share options at that date.

The Company operates an executive share plan scheme pursuant to which executive directors and senior executives may be granted options to acquire ordinary shares in the Company at a fixed option price. These are subject to satisfaction of performance criteria.

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	120,836	12,824	6,010	139,670
Additions	932	8	2,670	3,610
Transfers	4,415	181	(4,596)	-
Effect of movements in foreign exchange	(59)	(5)	(4)	(68)
At end of period	126,124	13,008	4,080	143,212
Depreciation				
At beginning of period	15,461	8,663	1,950	26,074
Charge for period	832	502	-	1,334
Effect of movements in foreign exchange	(11)	(5)	(1)	(17)
At end of period	16,282	9,160	1,949	27,391
Net book value				
At 30 June 2015	**109,842**	**3,848**	**2,131**	**115,821**
At 31 December 2014	105,373	4,161	4,060	113,596

8. Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Cost			
At beginning of period	5,719	3,642	9,361
Additions	-	612	612
At end of period	5,719	4,254	9,973
Amortisation			
At beginning of period	-	1,132	1,132
Charge for period	-	60	60
At end of period	-	1,192	1,192
Net book value			
At 30 June 2015	**5,719**	**3,062**	**8,781**
At 31 December 2014	5,719	2,510	8,229

9. Deferred tax liability

Deferred tax assets and liabilities are attributable to the following:

	30 June 2015	30 June 2014	31 December 2014
	£000	£000	£000
Property, plant and equipment	**(8,754)**	(8,156)	(8,881)
Share based payments	**11**	-	11
Other	**-**	-	114
Net deferred tax liabilities	**(8,743)**	(8,156)	(8,756)

10. Trade and other receivables

	30 June 2015	30 June 2014	31 December 2014
	£000	£000	£000
Trade receivables	**561**	540	680
Prepayments and accrued income	**2,582**	1,981	2,263
Other receivables	**3,415**	2,065	1,639
	6,558	4,586	4,582

The increase in other receivables relates to VAT on capital expenditure incurred by the Company.

11. Trade and other payables

	30 June 2015 **£000**	30 June 2014 £000	31 December 2014 £000
Trade payables	**1,635**	1,311	1,436
Taxation and social security	**12**	71	2
Other payables	**177**	141	1
Accruals and deferred income	**667**	1,157	959
	2,491	2,680	2,398

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	2,001	164	-	**2,165**
Overdraft	(2,132)	44	-	**(2,088)**
Cash and cash equivalents	(131)	208	-	**77**
Borrowings	(36,811)	(1,223)	-	**(38,034)**
	(36,942)	(1,015)	-	**(37,957)**

KPMG LLP

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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 2015 which comprises the Consolidated Condensed Income Statement, Consolidated Condensed Balance Sheet, Consolidated 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 2015 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
9 September 2015