goals
Goals Soccer Centres plc
Interim Report 2014

the heart and soul of football

Goals Soccer Centres plc

Trading in-line, fully funded growth strategy well advanced

Interim Results for the six months ended 30 June 2014

Goals Soccer Centres plc ("Goals", the "Company" or the "Group") is the leading player in the fast growing 5-a-side soccer market. The Group currently operates 44 centres in the UK, and one in Los Angeles.

Financial highlights

- **Sales up 3% to £17.1m** (2013: £16.6m)
- **Like-for-like sales* up 3%** (2013: 1%) – UK 3%, US 7%
- EBITDA up 5% to £7.0m (2013: £6.7m)
- **Underlying Profit Before Income Tax** up 9%** to £4.4m (2013: £4.1m)
- Profit Before Income Tax £0.6m (2013: £4.1m)
- Underlying diluted Earnings Per Share** up by 4% to 6.2p (2013: 5.9p)
- Ordinary dividend maintained at 0.675p per share
- Net debt reduced to £36.6m (2013: £48.1m).
- Net debt: ebitda reduced to 2.4x (2013: 3.3x)
- Exceptional costs of £3.8m*** primarily relating to Balance Sheet restructuring

Operational highlights

- Path to Success strategy is progressing to plan
- Good progress on development pipeline in UK and US
- New centre in Newcastle acquired and showing encouraging trading
- New centre in Manchester under construction and due to open in the current financial year on time and on budget
- Continued strong US performance (like-for-like sales* up 7%) supports further rollout
- New innovative mobile app and website completed and on-course for Q3 launch

Strategic Highlights

- Successful Placing raising £11m well supported by new and existing shareholders
- Restructured bank facilities with a new £42.5m five year non-amortising loan facility
- Interest cost reduced by in excess of £1m per annum (pro forma)

Keith Rogers, Managing Director of Goals said:

"Following the completion of the Balance Sheet restructuring the Group has now secured more efficient long term funding to finance its expansion plans for the UK and US. Our mid-year results are encouraging with sales and profit improvement across the estate and well advanced plans to deliver two new centres in 2014 and three in 2015.

I am confident Goals now has the team, processes, strategy, funding and pipeline in place to accelerate long term growth for its shareholders."

3 September 2014

Enquiries:

Goals Soccer Centres plc **01355 234 800**
Keith Rogers, Chief Executive
Bill Gow, Finance Director

Canaccord Genuity Limited (Nominated Adviser and Broker) **020 7523 8350**
Bruce Garrow
Chris Connors
Joe Weaving

Instinctif Partners **020 7457 2020**
Matthew Smallwood
Mark Reed

*Like-for-like sales are based on centres opened prior to 1 January 2013 and are on a constant currency basis

**Underlying profit before tax is profit before tax adjusted for the impact of the net exceptional cost of £3.8m (2013: £NIL). Underlying Diluted Earnings Per Share is Diluted Earnings per Share adjusted for the net of tax impact of the exceptional costs

***Exceptional costs of £3.8m, of which £1.1m is non cash, relating to expensing bank arrangement fees on pre-existing bank facilities (£0.5m), repaying the liability of the Group's interest rate swap (£2.7m) and providing against debtors due to launch of Goals app (£0.6m)

Chairman's Statement

Introduction

I am pleased to report a resilient performance for the first six months in line with management expectations.

In 2013, through our "Path to Success" initiative we set out a number of key strategies focused on improving the overall returns of each centre through operational improvement and where necessary investment in central resource. We have made significant progress in all areas and we are now starting to see the benefits across the business with like-for-like sales growth increasing to 3% in the half year, up from 1% in the comparable period.

Goals has a 42% share of the UK branded 5-a-side football market and is a well-established brand with a national footprint hosting over 100,000 players every week across 44 centres in the UK.

Football remains as popular as ever with 15% (6.6m) of adults claiming to play some form of football in England. 5-a-side football is the fastest growing and most popular form of the sport with over 4.5m players. Our confidence in the long term potential of the UK market remains high. With limited competitor activity, no new market entrants and on-going high barriers to entry, Goals is well placed to realise this opportunity. During the period we acquired a centre in Newcastle and construction has commenced on a centre in Manchester due to open in Q4. These two centres take Goals into cities where previously we had no presence.

Soccer is currently one of the most popular team sports in the US with over 13 million participants. California is the largest soccer market in the US with approximately 2 million participants. Our centre in Los Angeles, US, is trading strongly and profitably generating like-for-like sales growth of 7%, further proving the market demand. We now have a significant understanding of the Los Angeles market and our confidence in, and enthusiasm for the US opportunity has grown steadily. We are currently in discussions on a number of sites within the Los Angeles metropolitan area (population over 18 million) and plan to open one centre in 2015 and a further two in 2016, in-line with earlier guidance.

In March 2014 the Group raised £11m by way of a placing to provide sufficient funds to accelerate the controlled roll-out of new centres in the UK and US; and to rebalance the Group's capital structure. In addition to this I am pleased to announce that the Group has secured a new five year non amortising loan facility of £42.5m from Bank of Scotland on competitive margins and that, as planned, we have repaid the Group's interest rate swap liability. These restructured facilities will reduce the Group's interest expense by in excess of £1m per annum on a proforma basis and provide flexibility to accelerate the controlled roll-out of new centres. Net debt currently stands at £36.6m.

Financial Review

I am pleased to report a resilient performance with profit growth and targeted investment in our central infrastructure to support the enlarged scale of the business and to drive like-for-like sales growth.

The Goals Group

- Sales increased by 3% to £17.1m (2013: £16.6m) and like-for-like sales grew 3% (2013: 1%)
- Group EBITDA increased by 5% to £7.0m (2013:£6.7m) and the Group EBITDA margin increased by 1% to 41%
- Group Operating Profit increased by 4% to £5.4m (2013: £5.2m) and the Group Operating Profit margin increased by 1% to 32%
- Underlying Profit Before Income Tax increased by 9% to £4.4m (2013: £4.1m)
- Underlying Earnings Per Share increased by 4% to 6.2p (2013: 5.9p)
- EBITDA bank interest cover was a comfortable 7.6 times during the 12 months ended 30 June 2014

The Board continues to focus on strong cash generation and enhancing return on capital from immature centres. Net cash generated from operations increased by 4% to £5.7m (2013: £5.6m after adjusting for non-recurring expenditure of £0.7m). This strategy, combined with the recent placing, has enabled the Board to meet a key objective of further reducing net bank debt which, despite exiting our interest rate swap at a cost of £2.7m, has been reduced by 31% to £36.6m (2013: £48.1m). Our net debt/EBITDA ratio has reduced to 2.4x (2013: 3.3x).

The Group invested £2.2m in capital expenditure (2013: £1.9m) during the period of which £1.2m was incurred on our new and pipeline centres, £0.4m on information technology and call centre systems and £0.6m on upgrading our mature centres.

Exceptional Cost

The Group incurred the following exceptional costs during the period. £1.1m of this was non cash.

- £2.7m – cost of exiting the Group's interest rate swap
- £0.5m – expensing of bank arrangement fee on existing bank facility
- £0.6m – debtors provided against due to introduction of new app

The Group has replaced its existing banking arrangements with a long term non-amortising loan facility of £42.5m on much improved and competitive terms. This new facility supports the controlled roll-out of new centres in the UK and the US and provides a significant funding contingency for the Group.

Bank arrangement fees of £0.5m on the existing facilities have been expensed as an exceptional cost in the period. To facilitate this restructuring and, as indicated at the time of the placing, the Board has repaid the liability of the Group's interest rate

swap at a cost of £2.7m. The new facilities, inter alia, extend the maturity of the debt from January 2016 to July 2019 and will reduce the Group's interest expense by in excess of £1m per annum on a proforma basis.

We believe our innovative app, which is now complete, will generate significant upside for the Group by removing the three main issues experienced by Team Organisers which are late player cancellations, insufficient players and non-payment by players. There are a significant number of lapsed teams who do not play due to the Team Organiser incurring a personal debt as a result of being let down by individual players. Our new app deals effectively with these issues and will provide the confidence and security for lapsed Team Organisers to once again return to organising regular play.

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 is expected to result in the Group not fully recovering its existing debts and the Board has made a provision of £0.6m. In light of the one off nature of this matter, as well as its financial significance on the result for the period, the provision has been disclosed separately within operating costs as an exceptional item.

Our UK Business

Sales in the UK centres increased by 3% to £16.6m (2013: £16.0m). Like-for-like sales also increased by 3%.

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

- Core Football increased by 3% (73% of total sales)
- Bar and Vending increased by 3% (16% of total sales)
- Corporate events decreased by 17% (4% of total sales)
- Birthday parties and other increased by 15% (5% of total sales)
- Other income which includes Children's Coaching and our Children's Club increased by 76% (2% of total sales)

Like-for-like sales in core football, which accounts for 73% of all sales, increased by 3% (2013: 0%) benefitting from operational changes implemented, an underlying improvement in the economic environment and benign weather conditions.

Like-for-like bar and vending sales increased by 3% (2013: decline 7%) as increased football volumes increased our midweek bar sales.

As anticipated like-for-like corporate event and sponsorship sales decreased by 17% (2013: increase 34%) due to the loss of a one-off activity in 2013 with a large corporate customer. Like-for-like birthday party sales increased by 15% (2013: 10%) and other income, that includes Children's Coaching and our Children's Club, increased by 76% owing to the success of our ongoing digital marketing and a general increase due to the World Cup.

Our overall gross profit margin declined from 90% to 89% as the sales mix moved to a higher level of football parties which generate a lower level of gross profit. Our bar gross margin increased from 59% to 60% as a small price increase was implemented in April.

A strong focus on overhead costs was maintained throughout the period. A new HR and Payroll system with an integrated Time and Attendance system was implemented and this combined with other efficiency measures resulted in a reduction in average overheads per centre of 2% to £150,000 (2013: £153,000).

The resources within our Head Office were increased throughout 2013 to support the enlarged scale of the business and to drive like-for-like sales growth. This has resulted in a planned 9% increase in Head Office costs during the period to £1.6m (2013: £1.5m).

The increase in sales and reduction in costs resulted in earnings before interest, tax, depreciation and amortisation ("EBITDA") increasing by 6% to £6.8m (2013: £6.4m) and the EBITDA margin increasing by 1% to 41%.

Our US Business

Goals US performed well during the period with like-for-like sales on a constant currency basis, increasing by 7% to £0.6m (2013: £0.5m) and EBITDA increasing by 4% to £0.3m (2013: £0.2m). Our centre in Los Angeles is now well established in the soccer market in California and its ongoing success supports the decision to roll-out further centres in the state.

Operational Review

In 2013, we launched our 'Path to Success' programme, an initiative supported by key strategies aimed at improving the overall returns of each centre through operational improvement and investment in central resource. This programme is on track and average EBITDA per centre increased by 5% to £191,000 (2013: £182,000).

We're very proud of the progress we have made in laying the foundations to deliver future growth, and further cementing our position as the most successful 5-a-side company in the UK.

Digital

Our commitment to technology has been integral to Goals success. Our new and innovative mobile app is now fully developed and will be launched early in Q3.

Team Organisers play a key role. They book the pitch, organise their players and collect money from individual players to pay for the game. The role of Team Organiser can be frustrating; they can struggle for sufficient players, they can be let down by players calling off at the last minute and be left paying the difference when players cancel, don't turn up or have insufficient money. Often these frustrations can lead to a Team Organiser pulling out and Goals losing recurring income from the

whole team. Our innovative app will provide the following functionality for Team Organisers:

- **Team Management**: the ability to invite, select and manage players within your own pool.
- **Direct Player Payment**: invite selected players to pay their share of the game fee direct to Goals and monitor who has paid. This will remove the risk of the Team Organiser paying more than his share.
- **Player Blast**: removes the frustration of last minute player cancellations through the ability to seek a replacement player from your own squad, your FaceBook friends or your local Goals centre database of players who are 'Up For A Game'.

The app will also provide additional functionality that will appeal to existing and would-be players:

- **Book a Pitch**: the ability to book your pitch anytime, anywhere.
- **League Fixtures & Results**: our popular league service now on mobile.

In addition, The FA has identified a significant market of players who want to play football but are not part of a team. Our '**Up For A Game**' functionality will allow individual players to register their details and availability after which they can be selected via the Player Blast function by Team Organisers or groups of similar players brought together by Goals to form new teams.

All of the above will help reduce team drop-out and 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.

We believe that the compelling functionality of our mobile app will revolutionise the experience for team organisers and players and provide a strategic commercial advantage to Goals. Essentially, we are making 5-a-side convenient for existing players and far more accessible to potential new players.

Marketing

Our marketing strategy is aimed at getting more people playing football more often in the knowledge that one additional game per branch, per day can add £0.8m to Group EBITDA in a year.

With fitness being the biggest driver of football participation, we kicked-off the year with a major marketing push, with ourPlay5s GetFit campaign which promoted the health and fitness benefits of playing 5-a-side football. Marketed heavily on TalkSport, we supplemented the benefits of playing 5-a-side with activities in-branch including team 'weigh-ins' and fitness boot-camps.

We have continued to attract a number of headline national events including the annual Powerade Fives, Kia Cup, The Warrior Fives, Skins Cup as well as retaining our status as Official Partner of Movember. In addition we continue to hold repeat national tournaments for major corporate clients such as McDonalds, JD Wetherspoon and Odeon.

Powerade have again agreed to sponsor our very successful Student League programme promoted through University Freshers Fayres across the country.

We recently launched our post summer 'September Uplift' campaign to encourage players who had taken a break over the summer holiday period to get back into the game. Promoted heavily through social media and direct marketing, players were welcomed back to Goals with a Festival of Football and offers promoted through support by The FA.

Our E-Commerce & Marketing Manager appointed last year as part of our Path to Success strategy, has supervised the rollout of our new brand image across all collateral including our soon to be launched mobile app and website.

Football is a social network, and the importance of social media to our business is supported by the imminent appointment of a Digital Marketing Assistant who will oversee our social media channels, eCRM and digital marketing.

Summary

Success is all about delivering a great football experience for our players. As the UK's leading 5-a-side operator, our continued success is down to highly motivated and engaged team members delivering an outstanding experience to over 100,000 players every week.

We are now seeing the benefit of the changes implemented as a result of the recommendations following last year's Organisational and Operational Reviews.

An enhanced Senior Management Team and implementation of our 'One Best Way' processes are enabling us to maximize the potential of our existing business and have prepared us for the ongoing development of new centres. The support we now provide to our centres covers HR, Training, Marketing, Digital to name just a few.

Innovation is a key theme in our business philosophy and our 'Listen & Learn' strategy continues to provide valuable customer feedback. As a result, we are working on a number of exciting new initiatives which will further enhance the Goals experience and provide a number of exciting USP's in our industry.

Well located facilities, reflecting our 'theatre of football' approach, staff committed to deliver a product that reflects the 'heart & soul of football' and an innovative approach to all we do enable us to consistently deliver the best returns in the industry.

We are focused on building our talent and as a result have continued to invest in our people. Goals is an exciting place to work with plenty of opportunities and we are proud of our ability to develop people and build exciting and diverse careers.

The people who work for Goals are critical to our success. We have the strongest team in our sector and once again, I'd like to thank them all on behalf of the Board for their dedication, enthusiasm and professionalism during the year.

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. The dividend will be paid on 28 November 2014 to shareholders on the register on 24 October 2014 at a cost of £0.4m (2013: £0.4m).

Outlook

The positive trading momentum in the business has continued into the second half of the year, underpinned by the implementation of the Group's Path to Success programme. With the rebalanced capital structure generating significant interest savings, a healthy pipeline of new centres and the opportunity to further improve sales and profits in the immature sites the Board is confident in meeting its financial expectations for the current financial year and delivering long term value to its shareholders.

Keith Edelman
Chairman

3 September 2014

Consolidated condensed income statement

for the six months ended 30 June 2014

	Note	***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***	*Unaudited 6 months ended 30 June 2013 £000*	*Audited Year ended 31 December 2013 £000*
Revenue		**17,099**	**–**	**17,099**	16,575	33,736
Cost of sales		**(1,811)**	**(571)**	**(2,382)**	(1,684)	(3,265)
Gross profit		**15,288**	**(571)**	**14,717**	14,891	30,471
Administrative expenses		**(9,886)**	**–**	**(9,886)**	(9,700)	(18,659)
Operating profit/(loss)		**5,402**	**(571)**	**4,831**	5,191	11,812
Financial expense		**(997)**	**(3,229)**	**(4,226)**	(1,139)	(2,192)
Profit/(loss) before income tax		**4,405**	**(3,800)**	**605**	4,052	9,620
Income tax	3	**(924)**	**600**	**(324)**	(931)	(1,240)
Profit/(loss) for the period attributable to equity holders		**3,481**	**(3,200)**	**281**	3,121	8,380
Earnings Per Share	6					
Basic		**6.2p**	**(5.7p)**	**0.5p**	6.0p	16.0p
Diluted		**6.2p**	**(5.7p)**	**0.5p**	5.9p	15.9p

Consolidated condensed balance sheet

at 30 June 2014

Assets	*Note*	***Unaudited 30 June 2014 £000***	*Unaudited 30 June 2013 £000*	*Audited 31 December 2013 £000*
Non-current assets				
Property, plant and equipment	7	**110,046**	108,861	109,788
Intangible assets	8	**6,878**	6,852	6,573
Other non-current receivables		**554**	–	554
Total non-current assets		**117,478**	115,713	116,915
Current assets				
Inventories		**1,108**	715	1,087
Trade and other receivables		**4,586**	3,715	4,922
Cash and cash equivalents	12	**2,242**	1,846	1,685
Total current assets		**7,936**	6,276	7,694
Total assets		**125,414**	121,989	124,609
Current liabilities				
Bank overdraft	12	**(2,051)**	(1,966)	(1,782)
Trade and other payables	11	**(2,680)**	(2,235)	(1,882)
Current tax payable		**(398)**	(1,085)	(1,418)
Total current liabilities		**(5,129)**	(5,286)	(5,082)
Non-current liabilities				
Other interest-bearing loans and borrowings		**(36,807)**	(48,002)	(46,277)
Deferred tax liabilities	9	**(8,156)**	(7,823)	(7,561)
Other financial liabilities	10	**–**	(3,240)	(2,616)
Total non-current liabilities		**(44,963)**	(59,065)	(56,454)
Total liabilities		**(50,092)**	(64,351)	(61,536)
Net assets		**75,322**	57,638	63,073
Equity				
Share capital		**146**	131	132
Share premium		**37,553**	26,775	26,921
Other reserve		**–**	(2,494)	(2,092)
Retained earnings		**38,014**	33,277	38,476
Translation reserve		**(391)**	(51)	(364)
Total equity		**75,322**	57,638	63,073

Consolidated condensed statement of cashflows

for the six months ended 30 June 2014

	Note	***Unaudited 6 months ended 30 June 2014 £000***	*Unaudited 6 months ended 30 June 2013 £000*	*Audited Year ended 31 December 2013 £000*
Cashflows from operating activities				
Profit for the period		**281**	3,121	8,380
Adjustments for:				
Depreciation		**1,557**	1,404	2,863
Amortisation		**49**	71	98
Financial expenses		**4,226**	1,139	2,191
Share option charge		**28**	–	–
Income tax expense		**324**	931	1,240
		6,465	6,666	14,772
Decrease/(increase) in trade and other receivables		**309**	(536)	(2,296)
Increase in inventory		**(21)**	(9)	(381)
Increase/(decrease) in trade and other payables		**298**	(511)	(891)
		7,051	5,610	11,204
Income tax paid		**(1,357)**	(811)	(963)
Net cash from operating activities		**5,694**	4,799	10,241
Cashflows from investing activities				
Acquisition of property, plant and equipment		**(1,815)**	(1,944)	(4,338)
Software development expenses		**(354)**	–	–
Net cash used in investing activities		**(2,169)**	(1,944)	(4,338)
Cashflows from financing activities				
Issue of share capital		**10,646**	925	1,072
Loans paid		**(9,450)**	(850)	(2,690)
Interest paid		**(1,017)**	(1,055)	(2,032)
Dividends paid		**(687)**	(617)	(972)
Costs in relation to cancellation of interest swap		**(2,729)**	–	–
Net cash used in financing activities		**(3,237)**	(1,597)	(4,622)
Net increase in cash and cash equivalents		**288**	1,258	1,281
Cash and cash equivalents at start of period		**(97)**	(1,378)	(1,378)
Cash and cash equivalents at period end	12	**191**	(120)	(97)

Consolidated condensed statement of Comprehensive Income and Expense

for the six months ended 30 June 2014

	Unaudited 6 months ended 30 June 2014 £000	*Unaudited 6 months ended 30 June 2013 £000*	*Audited Year ended 31 December 2013 £000*
Profit for the period	**281**	3,121	8,380
Exchange differences on translation of foreign operation	**(27)**	138	(175)
Effective portion of changes in fair value of cash flow hedges	**2,616**	394	1,135
Deferred tax on items taken directly to equity	**(524)**	–	(339)
	2,065	532	621
Total comprehensive income and expense for the period attributable to equity holders	**2,346**	3,653	9,001

Consolidated condensed statement of changes in equity

for the six months ended 30 June 2014

	Unaudited 6 months ended 30 June 2014 £000	*Unaudited 6 months ended 30 June 2013 £000*	*Audited Year ended 31 December 2013 £000*
Opening total equity	**63,073**	53,877	53,877
Total comprehensive income and expense for the period	**2,346**	3,653	9,001
Tax on share based payments	**–**	–	323
Deferred tax on share based payments	**(84)**	(200)	(228)
Share based payments credit	**28**	–	–
Issue of share capital	**10,646**	925	1,072
Dividends	**(687)**	(617)	(972)
Closing total equity	**75,322**	57,638	63,073

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 2013 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 2013. The comparative figures for the financial year ended 31 December 2013 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 2014 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 3 September 2014.

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.

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.

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 allocated to cash generating units and 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 cashflows 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.

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	–	7 years
– 11-a-side pitches	–	10 years
– office furnishings	–	10 years
– fixtures and fittings	–	10 years
– computer equipment	–	4 years
– computer software	–	10 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.

Net debt

Net debt includes cash and cash equivalents, bank borrowings and loan notes.

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.

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.

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.

3. Tax

Corporation tax before exceptional items for the interim period is charged at 21.0% (June 2013: 23.0%), representing the estimated effective tax rate for the full financial year.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group and company's future current tax charge accordingly. The deferred tax asset at 30 June 2014 has been calculated on the rates of 20% substantively enacted at the balance sheet date.

4. Dividends

	6 months ended 30 June 2014 £000	*6 months ended 30 June 2013 £000*	*Year ended 31 December 2012 £000*
Dividends paid			
– 2012 final (0.675p per ordinary share)	**–**	617	617
– 2013 interim (0.675p per ordinary share)	**–**	–	355
– 2013 final (1.175p per ordinary share)	**687**	–	–
	687	617	972

The proposed interim dividend of 0.675p (2013: 0.675p) per share will be paid on 28 November 2014 to shareholders on the register at close of business on 24 October 2014. The 2014 interim dividend was approved by the Board on 3 September 2014 and has not been included as a liability as at 30 June 2014.

5. Exceptional items

	6 months ended 30 June 2014 £000	*6 months ended 30 June 2013 £000*	*Year ended 31 December 2013 £000*
Exceptional items comprise:			
– Costs related to cancellation of interest swap	**(2,729)**	–	–
– Write off of bank arrangement fees	**(500)**	–	–
– Bad debt provision	**(571)**	–	–
	(3,800)	–	–

The Group has replaced its existing banking arrangements with a long term non-amortising loan facility of £42.5m on much improved and competitive terms. Bank arrangement fees of £0.5m on the existing facilities have been expensed as an exceptional cost in the period. To facilitate this restructuring and, as indicated at the time of the placing, the Board has 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 and will reduce the Group's interest expense by in excess of £1m per annum on a proforma basis.

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 is expected to result in the Group not fully recovering its existing debts and the Board has made a provision of £0.6m.

6. Earnings per share

Basic and diluted earnings per share

	Unaudited Before Exceptional items 30 June 2014	*Unaudited Exceptional items 30 June 2014*	*Unaudited Total 6 months ended 30 June 2014*	*6 months ended 30 June 2013*	*Year ended 31 December 2013*
Profit for the financial period (£'000)	**3,481**	**(3,200)**	**281**	3,121	8,380
Weighted average number of shares	**56,246,419**	**56,246,419**	**56,246,419**	51,796,063	52,252,873
Dilutive share options	**170,919**	**170,919**	**170,919**	730,287	502,972
	56,417,338	**56,417,338**	**56,417,338**	52,526,350	52,755,845
Basic earnings per share	**6.2p**	**(5.7p)**	**0.5p**	6.0p	16.0p
Diluted earnings per share	**6.2p**	**(5.7p)**	**0.5p**	5.9p	15.9p

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 2014 plus all outstanding relevant share options at that date.

7. Property, plant and equipment

	Land and buildings £000	*Fixtures and fittings £000*	*Assets in course of construction £000*	*Total £000*
Cost				
At beginning of period	116,220	12,404	4,316	132,940
Additions	1,237	150	428	1,815
Transfers	215	(215)	–	–
Effect of movements in foreign exchange	(4)	–	4	–
At end of period	117,668	12,339	4,748	134,755
Depreciation				
At beginning of period	13,405	7,812	1,935	23,152
Charge for period	776	781	–	1,557
Effect of movements in foreign exchange	2	–	(2)	–
At end of period	14,183	8,593	1,933	24,709
Net book value				
At 30 June 2014	**103,485**	**3,746**	**2,815**	**110,046**
At 31 December 2013	102,815	4,592	2,381	109,788

8. Intangible assets

	Goodwill £000	Software development £000	Total £000
Cost			
At beginning of period	5,719	1,888	7,607
Additions	–	354	354
At end of period	5,719	2,242	7,961
Amortisation			
At beginning of period	–	1,034	1,034
Charge for period	–	49	49
At end of period	–	1,083	1,083
Net book value			
At 30 June 2014	**5,719**	**1,159**	**6,878**
At 31 December 2013	5,719	854	6,573

9. Deferred tax liability

Deferred tax assets and liabilities are attributable to the following:

	30 June 2014 £000	*30 June 2013 £000*	*31 December 2013 £000*
Property, plant and equipment	**(8,156)**	(8,681)	(8,169)
Share based payments	**–**	112	84
Cashflow hedge	**–**	746	524
Net deferred tax liabilities	**(8,156)**	(7,823)	(7,561)

10. Other financial liabilities

	30 June 2014 £000	*30 June 2013 £000*	*31 December 2013 £000*
Interest rate derivatives – liability	**–**	3,240	2,616

11. Trade and other payables

	30 June 2014 £000	*30 June 2013 £000*	*31 December 2013 £000*
Trade payables	**1,311**	1,262	1,013
Taxation and social security	**71**	143	51
Other payables	**141**	117	–
Accruals and deferred income	**1,157**	713	818
	2,680	2,235	1,882

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	1,685	557	–	**2,242**
Overdraft	(1,782)	(269)	–	**(2,051)**
Cash and cash equivalents	(97)	288	–	**191**
Revolving credit facility	(46,277)	9,450	20	**(36,807)**
	(46,374)	9,738	20	**(36,616)**

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 2014 which comprises the Consolidated Condensed Income Statement, Consolidated Condensed Balance Sheet, Consolidated Condensed Statement of Cashflows, Consolidated Condensed Statement of Comprehensive Income and Expense, Consolidate 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, they 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 2014 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
3 September 2014

Aberdeen
Glasgow
Newcastle
Sunderland
Teesside
Bradford
Leeds
Hull
Liverpool North
Liverpool South
Sheffield
Chester
Stoke-on-Trent
Leicester
Black Country
Dudley
Birmingham
Coventry
Norwich
Bristol
Northampton
Ipswich
Reading
Gillette
Corner
Eltham
Dagenham
Plymouth
Southampton
Portsmouth
London
Dartford

Goals Soccer Centres plc

Orbital House
Peel Park
East Kilbride G74 5PR

tel 01355 234 800
web www.goalsplc.com
email info@goalsfootball.co.uk