Goals Soccer Centres plc

Preliminary Results for the year ended 31 December 2006
Goals nets 78% profit increase

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres across the UK. Goals currently has 22 centres and has established a well progressed pipeline of sites to continue its proven rollout concept.

Key Points

Financial
Prime locations, quality facilities and outstanding customer service has resulted in another record result underpinning our market position for the long-term

- **Sales up 43%** to £16.0m (2005: £11.2m)
- EBITA* up 67% to £6.1m (2005: £3.6m)
- EBITA profit margin increased by 5% to 38%, benefiting from further economies of scale, increased utilisation and tight cost control
- **Profit before tax*** **up 78%** to £4.7m (2005: £2.6m)
- **Basic earnings per share*** **up 87%** to 7.3p (2005: 3.9p)
- **Like for like sales growth of 9%**
- Final ordinary dividend proposed in respect of the current year of 0.65p per share making 0.95p for the full year, an **increase of 90% on the previous year dividend**

  * The company has adopted FRS 20 – share based payments in 2006 and as a result the profit and loss account for 2005 has been restated. This has reduced the profit for the year ended 31 December 2006 by £203,000 (December 2005: £162,000).

Rollout
Small-sided football continues to grow in both stature and popularity. The Board believes that Goals "next generation" concept is well placed to capitalise on this trend.

- Five centres added during the year
- On schedule to open five centres during 2007 of which one is already open and one is under construction
- On schedule to open a minimum of five centres during 2008 and to increase the rate of openings thereafter.

Current Trading

- Trading has remained strong since the year end

Keith Rogers, Managing Director of Goals said:

"I am delighted to report another record set of results for the Company with profits up 78%. This is an outstanding performance, demonstrating the demand in the market for our 'next generation' concept. We have doubled the number of centres since flotation in December 2004 and our site pipeline is strong. The Company has continued to trade strongly since the year end."

26 February 2007

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Chairman's statement

I am pleased to report Goals Soccer Centres' results for the year ended 31st December 2006.

A great result for the 2006 season!

This has been another record year as Goals continues to deliver strong financial performance. Sales increased by 43% to £16.0m (2005: £11.2m). EBITDA increased by 59% to £7.2m (2005: £4.5m), and EBITA increased by 67% to £6.1m (2005: £3.6m). This resulted in a 75% increase in profit on ordinary activities before tax and amortisation to £4.8m (2005: £2.8m), a 78% increase in profit before tax to £4.7m (2005: £2.6m), a 79% increase in basic earnings per share (before amortisation) to 7.5p (2005: 4.2p) and an 87% increase in earnings per share to 7.3p (2005: 3.9p).

The Board intends the Company will continue to retain the majority of distributable profits and cash flows to contribute towards the funding of its planned rollout of new centres. However, the Directors have proposed a final ordinary dividend in respect of the current year of 0.65p per share making 0.95p for the full year (2005: 0.5p). This represents a 90% increase and the Board intends to continue to propose to pay dividends each year growing at least as fast as earnings.

Subject to approval at the Annual General Meeting to be held on 20 April 2007, the final dividend of 0.65p per share will be paid on 27 April 2007 to shareholders on the register on 30 March 2007.

Our staff are focused on and our systems are geared towards maximising utilisation. I am pleased to report that like-for-like sales increased by approximately 9% during the year. Our focus on prime locations, quality facilities and outstanding customer service has led to strongly increased revenues from existing centres and new openings.

The company has adopted FRS 20 – share based payments in 2006. As a result the profit and loss account for 2005 has been restated. This has reduced the profit for the year ended 31 December 2006 by £203,000 and December 2005 by £162,000.

Taking 5-a-side into the premier league

The popularity of 5-a-side football continues to grow. Football is the most popular sport in the UK and 5-a-side football, as a commercial activity, continues to grow rapidly amongst all age groups and both genders. This has been acknowledged by the Football Association in their formal recognition of the small sided game. The Board believes the unique Goals concept positions the Company well to capitalise on this popularity and exploit the continuing major commercial opportunity to satisfy significant potential and latent demand in the market.

The Board recognises the long-term potential of the small sided football market. Goals is the premier operator in the UK – a position maintained by our commitment to prime locations, quality facilities and excellent customer service. We believe that this will continue to underpin Goals premier market position over the long term. It is our aim to continually exceed customer expectations and to provide the best possible customer experience.

Our strategy remains focused and straightforward:

- To continue to innovate and lead the industry,
- To accelerate our rollout of "next generation" soccer centres in prime locations,
- To maximise revenue from existing centres through outstanding customer service,
- To continue to build a positive national 5-a-side brand and to develop marketing partnerships with operators of recognised complementary brands,
- To continue to generate high returns on capital.

We continue to make excellent progress in all these areas.

Goals has acquired an enviable reputation through its commitment to quality and service, indeed all pitches at all centres are 3G artificial grass, a unique market position. This has led to many innovative partnerships with schools, local authorities and the private sector. Our commitment to quality and our positive community policies have led to recognition and support from sporting organisations and government bodies. The FA has introduced a Small-Sided Football Award to aid the continued development of the sport by offering recognition and benefits to those providers that attain their quality standards. Goals welcomes this initiative and has applied for the Award for all its centres in England.

The small sided game continues to grow in both stature and popularity. The Football Association and UMBRO have partnered to launch a brand new national five-a-side competition, 'The FA UMBRO Fives'. This exciting development is the only competition of its kind and is being heralded as The FA Cup of five-a-side football – the biggest and most prestigious Small Sided Football tournament in the country. Like The FA Cup, competing teams have the chance to progress to the final stages to be held at the new Wembley Stadium.

Our brand partnership with UMBRO, the Football Association's "Official Partner for Small Sided Football" has now been implemented. This has led to many joint initiatives aimed at increasing both participation in grassroots football and awareness of the Goals brand nationally. Our website now incorporates a 'Kit-Shop' operated in association with UMBRO which has proven to be extremely popular. This partnership is in line with Goals strategy of working with brands enjoying a strong association with football. In addition to this we have recently renewed our sponsorship agreement with Powerade, 'The Official Sports Drink' of The 2008 UEFA European Championship.

5-a-side is now a whole new ball game

Goals is the premier operator in the market. Our "next generation" offering comprises the latest artificial pitch technology, high quality facilities and superior customer service. During 2006, we continued to evolve and improve the Goals concept. We continue to invest in our advanced management and communication systems to improve customer experience and increase income. Our new online 'Team Manager' facility has been implemented and has attracted significant take up among customers.

We appreciate the benefits that could accrue from online booking for our customers and are working to implement this over the next few months. We have already implemented the first stage of this with online booking for tournament teams.

Goals benefits from a high level of customer satisfaction identified through measured feedback. We aim to continually exceed customers' expectations and to provide the best possible customer experience.

New signings

Since the Company listed on AIM in December 2004 we have opened 11 additional centres representing a 100% increase.

Goals continues to develop its strong site pipeline to provide for future centre openings. We have developed a well defined and proven site selection strategy which is fundamental to the ongoing success of the business. We continue to be successful in identifying and developing high profile sites in densely populated areas.

Our reputation has enabled us to pursue sites through partnership arrangements with the private sector, schools, local authorities and colleges. This is endorsed by our recent selection by The Royal Parks to develop a facility in The Regent's Park, London, a decision based on both financial and qualitative measures.

We continue to be innovative in seeking out new and special development opportunities, as demonstrated by the opening of Goals Birmingham at Star City, Europe's largest urban entertainment complex. This exciting centre features 10 pitches developed on the top deck of a multi-storey car park adjacent to an elevated section of the M6 motorway resulting in both high visibility and accessibility. This facility has been submitted for a national design award by Birmingham City Council.

Five new centres were added during 2006 at Sutton, Southampton, Birmingham (Star City), Plymouth and Bradford.

We are confident of opening a minimum of five new centres during 2007. Goals Perry Barr has already opened, Goals Hayes is under construction and construction work is due to start shortly on a further centre.

Our site pipeline continues to strengthen and we are confident we will open a minimum of five centres during 2008 and increase the rate of openings thereafter.

Goals in the community

Our commitment to youth sports development in the communities in which we operate is evidenced by our Community Access Policy providing free access to key user groups during off-peak hours. By working in partnership with schools, local authorities and government bodies we have improved access for children to quality sports facilities.

Every week, thousands of children benefit from free use of Goals state-of-the-art facilities. We therefore take our corporate and social responsibilities seriously and will only enter into partnership and sponsorship arrangements which meet our strict ethical codes.

It is the policy of Goals to strive for environmental excellence in all aspects of management and operation. In recent years the Company has continuously improved environmental performance through an ongoing reduction in business costs and waste. The Board plan to continue to increase awareness of environmental issues across the Company.

The Board recognises the significance of effective health and safety management and is committed to providing a safe, secure and healthy environment for both customers and employees. The Company has a detailed health and safety management plan in place and this is reviewed regularly by the Board.

A team game

The Directors continue to strengthen the management team to match the Company's continued growth. The delivery of a quality service and experience to our customers is down to the professionalism, knowledge and passion of our staff. Our future staff requirements are provided through ongoing training and promotion from within. I should like to thank all Goals staff for their major part in delivering another year of operational and financial success.

Financial review

This has been another record year as the Goals concept continues to deliver strong financial performance.

Sales increased by 43% to £16.0m (2005: £11.2m). This included a contribution of £1.6m from the new centres opened during the year.

This strong performance is further evidence of the Company's proven "next generation" concept and the focus on increasing revenues not only from developing its pipeline of new sites but also from its existing centres. Our staff continue to focus on customer retention and maximising pitch utilisation and our systems are designed to assist the staff to achieve this objective. I am pleased to report like-for-like sales growth of 9% in the year despite a minor impact from the World Cup during June. By targeting the corporate sector through the offering of World Cup themed corporate events, we minimised the impact from loss of play during major World Cup games.

EBITDA increased by 59% to £7.2m (2005: £4.5m), and EBITA increased by 67% to £6.1m (2005: £3.6m). The gross profit margin was maintained at 87%, the EBITDA profit margin increased to 45% (2005: 41%) and the EBITA profit margin increased to 38% (2005: 33%). The improvement in margins reflects the ongoing increase in utilisation across the centres, economies of scale and tight cost control.

Cash inflow from operating activities increased by 52% to £7.3m (2005: £4.8m). We invested £13.7m in capital expenditure during the year, £12.6m of which relates to investment in new centres. This has resulted in an increase in interest costs from £0.9m to £1.3m.

Profit on ordinary activities before tax and amortisation has risen by 75% to £4.8m (2005: £2.7m) and profit before tax increased by 78% to £4.7m (2005: £2.6m).

The tax charge for the year is at an effective rate of 35% (2005: 38%). Two percent of the tax charge related to disallowable charges for share based payments and goodwill amortisiation (2005: 3%).

This resulted in a 79% increase in basic earnings per share (before amortisation) to 7.5p (2005: 4.2p) and an 87% increase in basic earnings per share to 7.3p (2005: 3.9p).

The company has adopted FRS 20 – share based payments in 2006 and as a result the profit and loss account for 2005 has been restated. This has reduced the profit for the year ended 31 December 2006 by £203,000 (December 2005: £162,000).

International Financial Reporting Standards will be adopted from 1 January 2007.

Net Debt at 31 December 2006 was £23.9m (2004: £15.5m). This level of debt represents 135% of shareholders' funds and 54% of tangible fixed assets. We have put in place a new £30m five year revolving credit facility with HBoS. This will fully fund our objective of 10 further centres over the next two years and provide a significant contingency for further centre openings. EBITDA interest cover for the year was 5.6 times (2005: 5.1 times). The Company has interest rate hedging in place which fixes borrowing costs at 5.85% on £10m and the balance is at a margin of 1.1% over LIBOR.

Current trading

The Company has continued to trade strongly since the year end. We remain confident in our business model and product, and look forward to 2007 and beyond with enthusiasm in terms of trading performance and new centre openings.

Sir Rodney Walker **26 February 2007**
Chairman

The Preliminary announcement was approved by the Board of Directors on 23 February 2007.

Profit and loss account
for the year ended 31 December 2006

	Note	**2006**	2005 (as restated see note 1)
		£000	£000
Turnover	*2*	**15,952**	11,166
Cost of sales		**(2,098)**	(1,506)
Gross profit		**13,854**	9,660
Administrative expenses			
- general		**(7,763)**	(6,023)
- goodwill amortisation		**(122)**	(122)
Operating profit	*3*	**5,969**	3,515
Other interest receivable and similar income		**-**	2
Interest payable and similar charges	*4*	**(1,282)**	(888)
Profit on ordinary activities before taxation		**4,687**	2,629
Tax on profit on ordinary activities	*5*	**(1,647)**	(1,007)
Profit on ordinary activities after taxation and for the financial year		**3,040**	1,622

Earnings per ordinary share			
- Basic	*7*	**7.3p**	3.9p
- Diluted	*7*	**7.0p**	3.9p

Balance sheet at 31 December 2006

	Note	**2006** £000	**2006** £000	2005 £000	2005 £000
Fixed assets					
Intangible assets – goodwill	*8*		**1,726**		1,848
Tangible assets	*9*		**44,317**		31,221
			46,043		33,069
Current assets					
Stocks		**240**		121	
Debtors		**650**		608	
Cash in hand		**333**		216	
		1,223		945	
Creditors: amounts falling due within one year	*10*	**(5,310)**		(2,703)	
Net current liabilities			**(4,087)**		(1,758)
Total assets less current liabilities			**41,956**		31,311
Creditors: amounts falling due after more than one year	*11*		**(22,828)**		(15,680)
Provisions for liabilities and charges			**(1,480)**		(891)
Net assets			**17,648**		14,740
Capital and reserves					
Called up share capital			**104**		104
Share premium account			**12,679**		12,679
Profit and loss account			**4,865**		1,957
Equity shareholders' funds			**17,648**		14,740

Cash flow statement
for the year ended 31 December 2006

	Note	**2006**		2005	
		£000	**£000**	£000	£000
Cash inflow from operating activities	*3*		**7,328**		4,833
Returns on investments and servicing of finance					
Interest paid		**(1,278)**		(832)	
Net cash outflow for returns on investments and servicing of finance			**(1,278)**		(832)
Taxation			**(349)**		-
Capital expenditure					
Payments to acquire property, plant and equipment		**(13,722)**		(9,334)	
Net cash outflow for capital expenditure and financial investment			**(13,722)**		(9,334)
Cash outflow before financing			**(8,021)**		(5,333)
Equity dividends paid			**(335)**		-
Financing					
Expenses paid in connection with share issue		**-**		(176)	
Bank loans received		**8,430**		6,156	
Loan notes and vendor loans redeemed		**(60)**		(595)	
Net cash inflow from financing			**8,370**		5,385
Increase in cash in the period			**14**		52

Reconciliation of net cash flow to movement in net debt

		2006	2005
		£000	£000
Increase in cash in the period		**14**	52
Cash inflow from bank finance		**(8,430)**	(6,156)
Loan notes and vendor loans redeemed		**60**	595
Change in net debt resulting from cash flows		**(8,356)**	(5,509)
Non cash movement – amortisation of finance costs		**(2)**	(17)
– finance costs capitalised		**14**	-
Movement in net debt in the year		**(8,344)**	(5,526)
Net debt at the start of the year		**(15,530)**	(10,004)
Net debt at the end of the year	*13*	**(23,874)**	(15,530)

Notes
(forming part of the financial statements)

1 Accounting policies

The accounting policies which with the exception of FRS 20 : Share based payments have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements are noted below.

In these financial statements, FRS 20: Share based payments has been adopted for the first time The company has restated the prior year profit and loss account to ensure consistency with accounting policies applied in 2006. The effect of adopting FRS 20 in the current year is in a decrease in profit for the year of £203,000 (2005: £162,000).

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards, and under the historical cost accounting rules. The Company has a number of subsidiary undertakings, none of which trades, and accordingly consolidated financial statements have not been prepared.

The financial information set out herein relating to the Company for the year ended 31 December 2006 and the year ended 31 December 2005 does not constitute statutory accounts within the meaning section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2005 have been delivered to the Registrar of Companies in Scotland. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Segmental reporting

All turnover and operating profit is derived from the operation of outdoor soccer centres within the United Kingdom.

3 Operating profit

(a) Operating profit is stated after charging:

	2006	2005
	£000	£000
Auditors' remuneration:		
- audit of these financial statements	**30**	23
- other services relating to taxation	**8**	3
- services relating to corporate finance transactions entered into or proposed to be entered into	**30**	-
Depreciation written off tangible fixed assets	**1,103**	903
Amortisation of goodwill	**122**	122
Rental under operating leases		
- plant and machinery	**33**	19
- others	**742**	403

(b) Reconciliation of operating profit to cash flow from operating activities:

	2006 £000	2005 £000
Operating profit	**5,969**	3,515
Depreciation	**1,103**	902
Share based payments	**203**	162
Amortisation of goodwill	**122**	122
Increase in stock	**(119)**	(37)
Decrease / (Increase) in debtors	**(345)**	(81)
Increase/(decrease) in creditors	**395**	250
Net cash inflow from operating activities	**7,328**	4,833

4 Interest payable and similar charges

	2006 £000	2005 £000
On bank loans and overdrafts	**1,223**	748
On all other loans	**57**	123
Amortisation of finance costs	**2**	17
	1,282	888

5 Taxation

	2006 £000	2005 £000
Current tax		
UK corporation tax on profits for the year		
– current year	**1,090**	367
– prior year	**(32)**	-
	1,058	367
Originating timing differences	**589**	522
Increase due to change of rates 19% to 30%	**-**	118
Total deferred tax	**589**	640
Tax on profit on ordinary activities	**1,647**	1,007

Factors affecting the tax charge for the current year
The current tax charge for the year is £1,090,000 (2005: £367,000). This is below the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below:

	2006	2005
	£000	£000
Current tax reconciliation		(as restated)
Profit on ordinary activities before tax	**4,687**	2,629
Current tax at 30% (2005: *30%*)	**1,406**	788
Effects of:		
Expenses not deductible for tax purposes	**37**	29
FRS 20 charge	**60**	49
Depreciation on assets not qualifying for capital allowances	**176**	30
Capital allowances in excess of depreciation	**(589)**	(522)
Marginal relief	**-**	(7)
Total current tax charge	**1,090**	367

6 Dividends

	2006	2005
	£000	£000
Dividends paid	**209**	-
– 2005 final		
– 2006 interim	**126**	-
	335	

The directors have proposed a final ordinary dividend in respect of 2006 of £272,245 (2005:£209,419). As required by FRS 21: Events after the Balance Sheet Event Date, this has not been included in creditors as it was not approved before the year end.

7 Earnings per share

Earnings per 0.25p ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	2006 Profit for the financial year	**Weighted average number of shares**	**2006 earnings per share**	2005 Profit for the financial year (as restated)	Weighted Average number of shares	2005 earnings per share (as restated)
	£000	**Number**	**p**	£000	Number	p
Basic earnings per share	**3,040**	**41,883,788**	**7.3**	1,622	41,883,788	3.9
Diluted earnings per share	**3,040**	**43,503,685**	**7.0**	1,622	41,883,788	3.9

Diluted earnings per share calculated using the earnings divided by the weighted average number of shares in issue for the year ended 31 December 2006 plus all outstanding relevant share options at that date.

The share options disclosed in the remuneration report are contingent upon the growth of future earnings. Under FRS 22: Earnings per Share, these share options are treated as contingently issuable shares for the purposes of determining diluted earnings per share.

Diluted earnings per share are calculated as follows:

	2006	2005
Profit for the financial year	**£3,040,000**	£1,622,000
Weighted average number of shares	**41,883,758**	41,883,788
Effect of dilutive share options	**1,619,897**	-
Diluted weighted average number of shares	**43,503,685**	41,883,788
Diluted earnings per share	**7.0p**	3.9p

8 Intangible fixed assets

	Goodwill
	£000
Cost	
At beginning and end of year	2,458
Amortisation	
At beginning of year	610
Charged in year	122
At end of year	732
Net book value	
At 31 December 2006	**1,726**
At 31 December 2005	1,848

9 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At beginning of year	27,647	4,829	1,440	33,916
Additions	10,368	1,666	2,165	14,199
Disposals	-	(31)	-	(31)
Transfers	816	203	(1,019)	-
At end of year	38,831	6,667	2,586	48,084
Depreciation				
At beginning of year	1,455	1,240	-	2,695
Charge for year	588	515	-	1,103
Disposals	-	(31)	-	(31)
At end of year	2,043	1,724	-	3,767
Net book value				
At 31 December 2006	**36,788**	**4,943**	**2,586**	**44,317**
At 31 December 2005	26,192	3,589	1,440	31,221

The net book value of land and buildings comprises:

	2006	2005
	£000	£000
Freehold	1,011	956
Long leasehold	35,777	25,236
	36,788	26,192

10 Creditors: amounts falling due within one year

	2006	2005
	£000	£000
Bank overdraft	541	438
Vendor loan notes	1,145	-
Trade creditors	768	723
Other taxes and social security	218	134
Other creditors	40	20
Accruals and deferred income	1,521	1,021
Corporation tax	1,077	367
	5,310	2,703

11 Creditors: amounts falling due after more than one year

	2006	2005
	£000	£000
Bank loan	22,616	14,186
Vendor loan notes - Class B	-	1,205
Other taxes and social security	307	372
Less: unamortised finance costs	(95)	(83)
	22,828	15,680

Analysis of debt:

	2006	2005
	£000	£000
Debt can be analysed as falling due:		
In one year or less, or on demand	1,686	438
Between one and two years	-	-
Between two and five years		-
In five years or more	22,616	15,391
	24,302	15,829

Amounts repayable in more than five years:

	2006	2005
	£000	£000
Vendor loan notes	**-**	1,205
Revolving credit facility	**22,616**	14,186
	22,616	15,391

The Company's debt is financed by a revolving credit facility, and an amount of £22,616,000 *(2005: £14,186,000)* was outstanding at year end. At 31 December 2006, the Company had undrawn committed bank facilities of £948,000 *(2005: £6,671,000)*. The commitment attracts a non-utilisation fee of 0.35% per annum of the average undrawn amount. The facility becomes due for repayment in February 2012. Under the terms of the loan agreement funds remain available for the Company to draw down until this date. The facility is secured by a fixed charge over the heritable, freehold and leasehold property, a floating charge and a composite guarantee by each Group Company.

The vendor loan notes redemption date is 30 November 2011; however note holders can serve written notice on the Company requiring redemption at par at any time on or after six months following the issue of the loan note. The loan notes are guaranteed by the Bank of Scotland and bear interest at LIBOR.

Subsequent to the year end the revolving credit facility was increased to £30,000,000 with a repayment date of 30 January 2012.

12 Analysis of net debt

	At beginning of year	Trading cashflow	Non cash movement	**At end of year**
	£000	£000	£000	**£000**
Cash at bank and in hand	216	117	-	**333**
Overdraft	(438)	(103)	-	**(541)**
	(222)	14	-	**(208)**
Revolving credit facility	(14,186)	(8,430)	-	**(22,616)**
Vendor loan	(1,205)	60	-	**(1,145)**
Unamortised finance issue costs	83	14	(2)	**95**
	(15,308)	(8,356)	(2)	**(23,666)**
	(15,530)	(8,342)	(2)	**(23,874)**

13 Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2006 will be posted to shareholders in March 2007. Additional copies will be available via the Company's website, www.goalsplc.co.uk, or from the Company Secretary at the Company's registered office Orbital House, Peel Park, East Kilbride, G74 5PR.