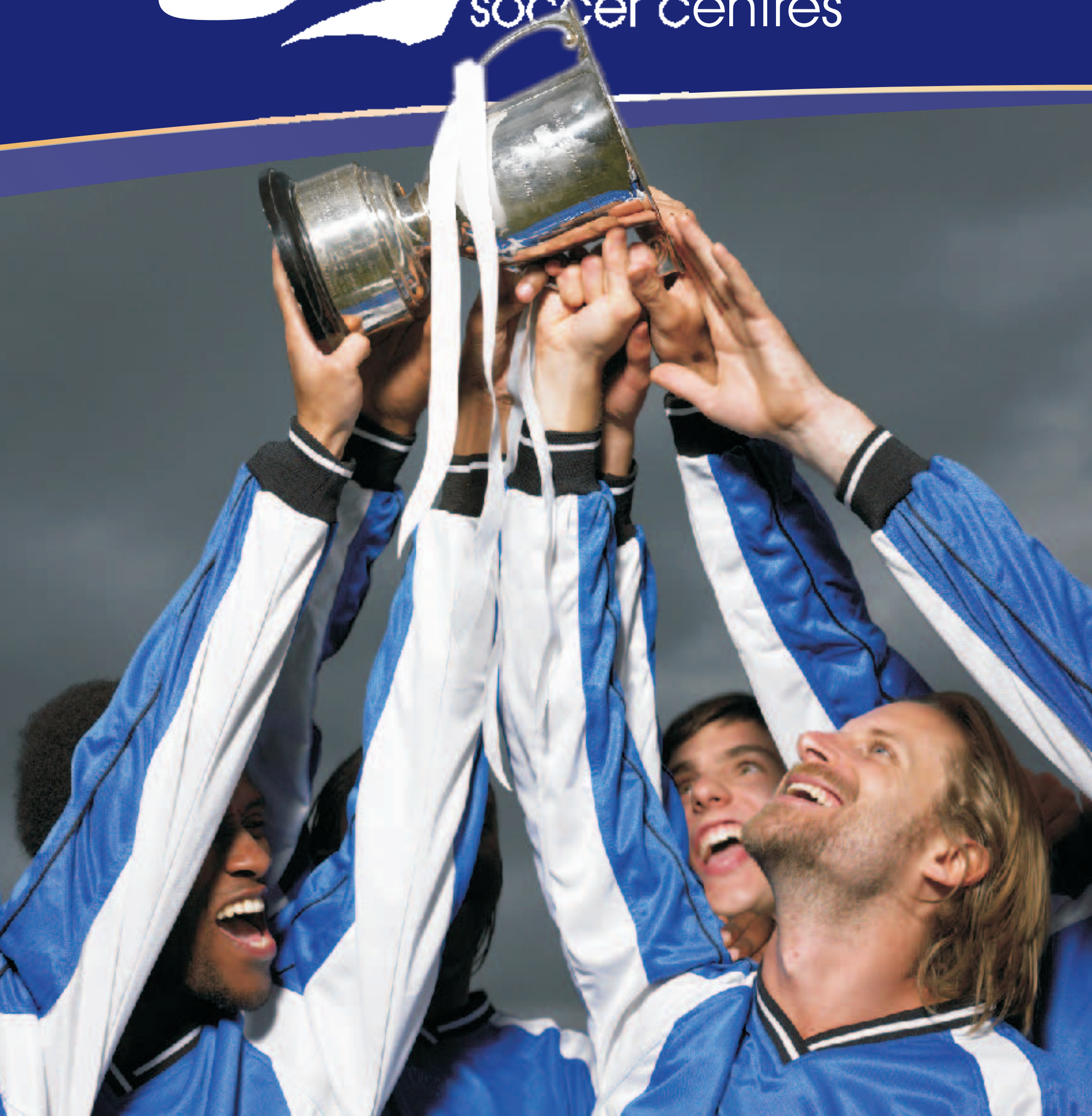
goals® soccer centres



Goals Soccer Centres plc

Interim Report 2006

taking 5-a-side into the premier league


if there wasn't such a thing as football, we'd all be frustrated footballers

Goals nets 72% 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 operates 21 centres and has an established and well progressed pipeline of sites to continue the rollout of its proven concept.

Financial

- **Sales up 35% to £7.5m** (2005: £5.5m)
- EBITDA* up 56% to £3.3m (2005: £2.1m)
- EBITA* up 59% to £2.7m (2005: £1.7m)
- **Profit before tax up 72% to £2.1m** (2005: £1.2m)
- Basic Earnings per share up 70% to 3.2p (2005: 1.9p)
- Strong financial performance driven by like for like sales growth of 5% and new openings
- Maiden interim ordinary dividend of 0.3p per share

* The company has adopted FRS 20 – share based payments in the period and as a result the profit and loss accounts for the comparative periods have been restated to reflect this. The result of this is a reduction in profit for the 6 month period ended 30 June 2006 of £92,000 (June 2005: £81,000) and a reduction in profit for the year ended 31 December 2005 of £162,000.

Rollout

- Five centres added at Sutton, Southampton, Birmingham Central, Plymouth and Bradford during the current year
- Birmingham West under construction and due to open in late 2006
- On schedule to open a minimum of five centres in 2007

Keith Rogers, Managing Director of Goals said:

"***I am delighted to report another set of strong results further demonstrating the demand in the market for Goals' 'next generation' concept. Since our flotation in December 2004, we have opened 10 new centres and now have 21 centres across the UK. Our site pipeline continues to strengthen.***

The Company continues to trade strongly in the second half of the financial year."

Chairman's statement

I am pleased to report Goals Soccer Centres' results for the six months ended 30 June 2006.

This has been another strong period for Goals. Sales increased by 35% to £7.5m (2005: £5.5m).

We believe that Goals is well placed to increase revenues not only from developing its pipeline of new sites but also from its existing portfolio of centres. Our staff and systems are focused on maximising utilisation and I am pleased to report that like-for-like sales increased by approximately 5% during the period.

EBITDA increased by 56% to £3.3m (2005: £2.1m) and EBITA increased by 59% to £2.7m (2005: £1.7m). Economies of scale and tight cost control have resulted in a further increase in the EBITA margin to 36% (2005: 31%).

The company has adopted FRS 20 – share based payments in the period and as a result the profit and loss accounts for the comparative periods have been restated to reflect this. The result is a reduction in profit for the 6 month period ended 30 June 2006 of £92,000 (June 2005: £81,000) and a reduction in profit for the year ended 31 December 2005 of £162,000. International Financial Reporting Standards will be adopted from 1 January 2007.

Cash inflow from operating activities increased by 53% to £3.6m (June 2005: £2.4m). We invested £8.1m in capital expenditure during the period, £7.7m of which relates to investment in new centres. This has resulted in an increase in interest costs from £0.4m to £0.6m.

Profit on ordinary activities increased by 72% to £2.1m (2005: £1.2m) and earnings per share have increased by 70% to 3.2p (2005: 1.9p).

Net debt at 30 June 2006 was £20.8m. This level of debt represents 130% of shareholders' funds and 55% of tangible fixed assets. EBITDA interest cover for the period was 5.8 times (30 June 2005: 4.9 times).

Operational Review

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. The Board considers that this trend will be maintained in the future and that the unique Goals concept puts the Company in a strong position to continue to capitalise on the sector's popularity.

Goals is the premier operator in the UK market and has acquired an enviable reputation through its "next generation" concept - a commitment to prime locations, quality facilities and excellent customer service. It is our aim to continually exceed customer expectations and to provide the best possible customer experience.

Goals Soccer Centres record is the result of a focused and straightforward strategy:

- 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 complimentary brands,
- To continue to generate high returns on capital

We continue to make excellent progress in all these areas.

Since the start of the year we have added an additional five centres at Sutton, Southampton, Birmingham Central, Plymouth and Bradford. We have opened 10 new centres since the Company listed on AIM in December 2004 bringing the current total operating to 21. A further centre will open at Birmingham West in late 2006. Our strict site selection criteria have resulted in strong trading from our new openings.

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.

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.

The delivery of a quality service and experience to our customers is down to the professionalism and dedication of our staff. Our future staff requirements are provided through ongoing training and promotion from within. I would again like to thank all Goals staff for their major part in the ongoing success of Goals.

Dividend

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. A maiden interim ordinary dividend of 0.3p per share will be paid on 27 October 2006 to shareholders on the register on 29 September 2006. The Board intends the Company to pay dividends each year growing at least as fast as earnings.

Outlook

The Company has continued to trade strongly since the period end. We believe in our business model and product, and look forward to the remainder of 2006 and beyond with confidence and enthusiasm.

The interim report for the six months ended 30 June 2006 was approved by the directors on 15 September 2006. The interim report is unaudited but has been reviewed by the auditors, KPMG Audit Plc.

Sir Rodney Walker
Chairman 15 September 2006

Unaudited Profit and loss account

for the six months ended 30 June 2006

	Note	**6 months ended 30 June 2006 (unaudited) £000**	*6 months ended 30 June 2005 as restated (unaudited) £000*	*Year ended 31 December 2005 as restated (audited) £000*
Turnover		**7,452**	5,503	11,166
Cost of sales		**(976)**	(741)	(1,506)
Gross profit		**6,476**	4,762	9,660
Administrative expenses				
– general		**(3,791)**	(3,078)	(6,023)
– goodwill amortisation		**(61)**	(61)	(122)
Operating profit		**2,624**	1,623	3,515
Interest payable and similar charges		**(571)**	(431)	(886)
Profit on ordinary activities before taxation		**2,053**	1,192	2,629
Tax on profit on ordinary activities		**(705)**	(400)	(1,007)
Profit for the financial period		**1,348**	792	1,622

Earnings per ordinary share (as restated)			
– Basic and diluted	3.2p	1.9p	3.9p

Unaudited Balance sheet

at 30 June 2006

	Note	***30 June 2006 (unaudited) £000***	*30 June 2005 (unaudited) £000*	*31 December 2005 (audited) £000*
Fixed assets				
Intangible assets – goodwill		**1,787**	1,908	1,848
Tangible assets		**37,986**	26,442	31,221
		39,773	28,350	33,069
Current assets				
Stocks		**157**	102	121
Debtors		**497**	240	608
Cash in hand		**438**	334	216
		1,092	676	945
Creditors: amounts falling due within one year	*4*	**(3,300)**	(2,470)	(2,703)
Net current liabilities		**(2,208)**	(1,794)	(1,758)
Total assets less current liabilities		**37,565**	26,556	31,311
Creditors: amounts falling due after more than one year		**(20,704)**	(12,476)	(15,680)
Provisions for liabilities and charges		**(891)**	(251)	(891)
Net assets		**15,970**	13,829	14,740
Capital and reserves				
Called up share capital		**104**	104	104
Share premium account		**12,679**	12,679	12,679
Profit and loss account		**3,187**	1,046	1,957
Equity shareholders' funds		**15,970**	13,829	14,740

Unaudited Cash flow statement

for the six months ended 30 June 2006

	Note	***6 months ended 30 June 2006 (unaudited)*** £000	£000	*6 months ended 30 June 2005 (unaudited)* £000	£000	*Year ended 31 December 2005 (audited)* £000	£000
Cash inflow from operating activities	5		**3,628**		2,364		4,833
Returns on investments and servicing of finance							
Interest paid		**(569)**		(405)		(832)	
Net cash outflow for returns on investments and servicing of finance			**(569)**		(405)		(832)
Taxation paid		–		–		–	
Capital expenditure							
Payments to acquire property, plant and equipment		**(8,130)**		(4,045)		(9,334)	
Net cash outflow for capital expenditure and financial investment			**(8,130)**		(4,045)		(9,334)
Cash outflow before financing			**(5,071)**		(2,086)		(5,333)
Equity dividends paid			**(210)**		–		–
Financing							
Expenses paid in connection with share issue		–		(176)		(176)	
Bank loans received		**5,030**		3,055		6,156	
Loan notes and vendor loans redeemed		–		(475)		(595)	
Net cash inflow from financing			**5,030**		2,404		5,385
(Decrease)/increase in cash in the period			**(251)**		318		52

Reconciliation of movements in shareholders' funds

for the six months ended 30 June 2006

	6 months ended 30 June 2006 (unaudited) £000	*6 months ended 30 June 2005 as restated (unaudited) £000*	*Year ended 31 December 2005 as restated (audited) £000*
Profit for the financial period	**1,348**	792	1,622
Dividends	**(210)**	–	–
Net additions to shareholders' funds	**1,138**	792	1,622
FRS 20 – share based payments	**92**	81	162
	1,230	873	1,784
Opening shareholders' funds	**14,740**	12,956	12,956
Closing shareholders' funds	**15,970**	13,829	14,740

Notes to the interim report

1 Basis of preparation

The accounting policies applied to the unaudited interim results are consistent with the accounting policies applied in the most recent set of financial statements for the year ended 31 December 2005 except that the company has adopted, for the first time, FRS 20 – share based payments in preparing these results and as a result the profit and loss accounts for the comparative periods have been restated to reflect this These interim results are unaudited and do not comprise full accounts within the meaning of section 240 of the Companies Act 1985.

The figures for the financial year ended 31 December 2005 are not the company's statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2005, which were prepared in accordance with UK Generally Accepted Accounting Practice have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2 Taxation

The taxation charge has been included at the effective rate likely to be applied for the year ended 31 December 2006.

3 Change in accounting policy – share based payments

The company has adopted FRS 20 – share based payments in the period and as a result the profit and loss accounts for the comparative periods have been restated to reflect this. The result of this is a reduction in profit for the 6 month period ended 30 June 2006 of £92,000 (June 2005: £81,000) and a reduction in profit for the year ended 31 December 2005 of £162,000.

4 Creditors amounts falling due within one year

	30 June 2006 (unaudited) £000	*30 June 2005 (unaudited) £000*	*31 December 2005 (audited) £000*
Bank overdraft	**911**	290	438
Trade creditors	**563**	752	723
Corporation Tax	**1,072**	400	367
Other creditors including taxation and social security	**143**	95	154
Accruals and deferred income	**611**	933	1,021
	3,300	2,470	2,703

5 Net cash inflow from operating activities

	6 months ended 30 June 2006 (unaudited) £000	*6 months ended 30 June 2005 as restated (unaudited) £000*	*Year ended 31 December 2005 as restated (audited) £000*
Operating profit	**2,624**	1,623	3,515
Depreciation	**609**	432	902
Amortisation of goodwill	**61**	61	122
Share based payments	**92**	81	162
Increase in stock	**(36)**	(18)	(37)
Decrease/(increase) in debtors	**111**	(16)	(81)
Increase in creditors	**167**	201	250
Net cash inflow from operating activities	**3,628**	2,364	4,833

6 Reconciliation of net cash flow to movement in net debt

	6 months ended 30 June 2006 (unaudited) £000	*6 months ended 30 June 2005 (unaudited) £000*	*Year ended 31 December 2005 (audited) £000*
(Decrease)/Increase in cash in the period	**(251)**	318	52
Cash inflow from bank finance	**(5,030)**	(3,055)	(6,156)
Loan notes and vendor loans redeemed	–	475	595
Change in net debt resulting from cash flows	**(5,281)**	(2,262)	(5,509)
Non cash movement – amortisation of finance costs	**5**	(8)	(17)
Movement in net debt in the year	**(5,276)**	(2,270)	(5,526)
Net debt at the start of the year	**(15,530)**	(10,004)	(10,004)
Net debt at the end of the year	**(20,806)**	(12,274)	(15,530)

7 Movement in net debt

	At beginning of period £000	*Trading cashflow £000*	*Non cash movement £000*	***At end of period £000***
Cash at bank and in hand	216	222	–	**438**
Overdraft	(438)	(473)	–	**(911)**
	(222)	(251)	–	**(473)**
Revolving credit facility	(14,186)	(5,030)	–	**(19,216)**
Vendor loan	(1,205)	–	–	**(1,205)**
Unamortised finance issue costs	83	–	5	**88**
	(15,530)	(5,281)	5	**(20,806)**

8 Earnings per share

	6 months ended 30 June 2006 (unaudited) £000	*6 months ended 30 June 2005 (unaudited) as restated £000*	*Year ended 31 December 2005 (audited) as restated £000*
Profit for the financial period (£'000)	**1,348**	792	1,622
Weighted average number of shares	**41,883,788**	41,883,788	41,883,788
Dilutive share options	**1,536,407**	–	–
	43,420,195	41,883,788	41,883,788
Basic earnings per share (as restated)	**3.2p**	1.9p	3.9p
Diluted earnings per share (as restated)	**3.1p**	1.9p	3.9p

9 Interim report

A copy of the interim report will be posted to shareholders in October 2006. 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.

KPMG

KPMG Audit plc

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent review report by KPMG Audit Plc to Goals Soccer Centres plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the profit and loss account, balance sheet, cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules which require that the interim report must be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006

KPMG Audit Plc
Chartered Accountants

191 West George Street
Glasgow G2 2LJ

15 September 2006

Aberdeen
Glasgow West
Glasgow South
Teesside
Bradford
Leeds
Sheffield
Leicester
Black Country
Birmingham Central
Birmingham West
under construction
Wembley
Ruislip
Heathrow
Wimbledon
Sutton
Beckenham
Dagenham
Dartford
Bexleyheath
Plymouth
Southampton

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