Goals Soccer Centres plc

Final Results for the Year Ended 31 December 2012

Goals Soccer Centres plc ("Goals" or the "Company"), the premier operator of 'next generation' 5-a-side soccer centres with 43 centres in the UK and one in Los Angeles, USA, is pleased to announce its final results for the financial year ended 31 December 2012.

Key points

- **Sales up 7% to £32.5m** (2011: £30.4m) with like-for-like sales up 1%[1]
- **Core Football like-for-like sales up by 3%**
- EBITDA increased by 3% to £14.2m (2011: £13.8m)
- Operating profit up 3% to £11.3m (2011: £10.9m)
- **Profit Before Exceptional Items and Tax up 3%** to £9.5m (2011: £9.2m)
- **Diluted Earnings Per Share up 13%** to 15.7p (2011: 13.9p)
- **Net debt reduced to £50.2m** (2011: £53.2m)
- Final ordinary dividend of 1.175p per share making 1.85p for the full year

Operational highlights

- **Resilient performance** in a challenging economic climate with disruption from London Olympics, Jubilee and Euros 2012.
- **Further progress in debt reduction** despite exceptional costs incurred as a result of takeover bid
- **Successful opening of first modular build centre** at Chester, delivered on time, on budget and performing in line with management expectations
- **New brand partnership with talkSPORT** delivering national coverage with over 3.5m UK listeners and initial 2 months delivering increased enquiries
- **Successful appeal against HMRC** ruling on VAT in regards to league block bookings
- Implementation of operational and organisational review to drive excellence in all areas
- Further progress in development of digital technology to deliver improved customer experience

Current Trading

Excluding the impact of adverse weather, trading in the first eight weeks of the year has seen total sales increased by 5% and like for like sales increased by 3%. We are confident of making further progress during 2013 and beyond.

Keith Rogers, Managing Director, said:

"2013 has started well and we are confident that this will be another year of significant development for Goals and the Goals brand. Goals Soccer Centres has established itself as the leading small sided football operator in the UK having grown capacity by over 300% since flotation in 2004 to a national network of 43 FA accredited sites. The management is now taking advantage of its scale and leveraging maximum value from its current estate through partnerships with established UK brands including talkSPORT. Combined with a new dedicated online social media strategy, Goals aims to further drive pitch utilisation and broaden the target audience."

26 February 2013

[1] Like-for-like sales excludes the impact of VAT on league block bookings in 2011. There was no VAT on league block bookings in 2012.

Goals Soccer Centres plc **Today: 020 7457 2020**
Keith Rogers, Managing Director **Thereafter: 01355 234 800**
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Matthew Smallwood
Jamie Ramsay

Chairman's Statement

The year to 31 December 2012 was another year of progress for the Group in a challenging economic and fiscal climate and further strengthens our market leading position, demonstrating again the overall resilience of the Goals 5-a-side offering. The increasing strength of the Goals brand and our affordable pricing has ensured we continue to outperform others in the industry.

I am pleased to report a resilient performance during the year, with Group sales up 7% to £32.5m, like-for-like sales up 1%[1], Profit on ordinary activities before exceptional costs and tax up by 3% to £9.5m, Earnings per Share up by 13% to 15.7p and net debt reduced to £50.2m.

This has been achieved against a background of increasing pressure on household incomes, lower levels of discretionary spend and a year that included major events such as Euro 2012, London Olympics, the Royal Jubilee and the disruption caused as a result of the approach by Goliath Bidco Limited. It was therefore particularly encouraging to note the ongoing resilience of our core football product where sales increased by 3% on a like for like basis.

Excluding the impact of adverse weather, trading in the first eight weeks of the year has seen total sales increased by 5% and like for like sales increased by 3%. We are confident of making further progress during 2013 and beyond.

During the year, Goliath Bidco Limited, a company controlled by Ontario Teachers' Pension Plan Board, announced a recommended cash offer for the entire shareholding of Goals Soccer Centres. Shareholders who voted on the offer did not approve the transaction by the requisite majority and the offer therefore lapsed. Following the bid, the Board has continued with its strategy of focusing on driving returns from existing centres and reducing the Group's overall debt.

Goals has a 42% share of the UK branded 5-a-side football market and continues to be the UK's most profitable 5-a-side operator.

Board Changes

After over 10 years of service to the Group as Non-Executive Chairman, I have decided to step down from my post on the Company's Board. I will remain on the Board for a short transitional period while the Board finalises its search for a suitably experienced new Non-Executive Chairman to guide the Group through its next phase of development. The Board have interviewed various candidates and hope to make an announcement in due course.

The Board has unanimously voted to appoint me to a non-Board position of Honorary President. My new position will be as an advisor to the Company and will enable me to continue to assist through access to my extensive contacts within UK sport.

Earlier this year, we appointed Alex Short as a non-executive director and Chairman of the Audit Committee. Alex, who is Finance Director with A.G. Barr Plc. is a highly talented executive with significant experience.

In October, Graham Wilson retired from the Board having served the Company for over 10 years. I, on behalf of the Board, would like to record our thanks for all his contributions over the years.

Thanks to Staff

Our success depends on the enthusiasm, hard work and professionalism of our staff and I would like to thank them for their enormous contribution. Their relentless drive to deliver results across all levels of the business is what will continue to make Goals top of the league.

Sir Rodney Walker
Chairman
26 February 2013

Managing Director's Review

2013 Strategy

Goals has achieved its objective of creating a successful 5-a-side brand with a national footprint by opening 33 centres, a 300% increase, since floating on AIM in December 2004. Having achieved this, the Board have implemented a strategy focusing on operational excellence to improve returns from the opportunity presented by the increased immaturity in the business.

Our strategy for 2013 is to create substantial and sustainable value for our shareholders through:

- Improving returns on a centre by centre basis through the pursuit of operational excellence
- Building a strong brand consistently delivering a great customer experience
- A strong focus on debt reduction

Our key strategies are in place and reflect our focus on ensuring that Goals offers the best value in the small sided football market. With a strong commitment to operational excellence, product innovation and digital enhancements we are optimistic about delivering further progress in 2013.

Organisational Review

With our current focus on achieving operational excellence we have initiated two reviews to ensure we are best placed to maximise returns from our existing portfolio of centres.

The first is an Organisation Development Review aimed at identifying potential organisational improvements required to ensure the Company can meet the future strategy and objectives of the business. The review will cover the entire organisational structure and will help plan for future requirements, considering the current and desired future position. The review will identify challenges in delivering the future strategy and will form a prioritised action plan to address areas for improvement and change.

The second is an Operational Review carried out by certified Lean 6 Sigma consultants which will review and test the key processes of the business to ensure we have a solid foundation for consistent application of best practice. The review will audit the manner in which our processes are documented ensuring they are robust, evolvable and alive in the business.

Marketing

Having achieved a national footprint and critical mass, we are now benefitting from and taking advantage of a number of new opportunities including an increased level of national marketing including campaigns with The Sun and talkSPORT.

We have recently entered into a brand partnership with the UK's leading sports radio station, talkSPORT. The exclusive three year agreement will see the development of a consistent presence for Goals across the talkSPORT network, aimed at targeting 5-a-side footballers nationwide. As part of the deal, talkSPORT, which attracts over 3.5 million adult listeners every week, will be promoted in Goals centres and via online and Social Media channels as well through a number of new and exciting marketing initiatives. The partnership has already delivered a significant increase in enquiries with our "Ministry Of Football" campaign running daily throughout January and February.

We are now looking to extend brand reach and appeal through new strategic complimentary partnerships which offer the chance to co-operate on exciting and relevant brand activation opportunities.

In addition to our headline brand partners (442, Powerade, Carlsberg, TalkSport) we regularly cooperate with some of the UK's biggest brands to deliver exciting offers and events to our customers. 2012 saw us deliver two major national tournaments; The Carlsberg Cup and The Powerade Fives. We were also selected by Movember as their official partner providing the official Movember UK tournament across all our centres. We offered our customers the chance to win a professional football contract though our annual 'Samsung Find a Pro' competition. We also hosted repeat annual national events across the country for a number of companies including McDonalds and Wetherspoons. These events delivered substantial brand profile enhancement for Goals amongst key target groups.

We are currently working with a major international brand to launch a series of events across the UK aimed at delivering free coaching to 25,000 children across the UK. Already in 2013, we have delivered a national marketing campaign with Wilkinson Sword.

A successful online promotion for children's parties led to a like-for-like increase of 19% in the number of parties held. It is expected that as a result of the positive experience of those attending we will see an increase in the number of parties held in the current year.

Technology

We were the first in the industry to offer online booking, first to launch an iphone app and first to offer online team management. We are proud of what we have achieved and what we are planning for the future.

Our customer's love technology. Over 85% of our customers now use a smartphone on a daily basis and an ever increasing number of users are accessing our website from mobile platforms. In addition, over 100,000 of our players currently use Facebook on a daily basis with each having on average over 200 friends on the social media platform. This provides a potential first tier reach of several million people.

The launch of a new Goals website is at the core of our new digital strategy. The new site is being designed to drive new business, develop additional revenue streams and increase the visibility of the Goals brand, as well as provide a new platform for existing customers that is engaging, easy to use and provides significantly increased functionality. It will be fully integrated with various forms of social media to take advantage of the huge potential available and will offer players the ability to interact with Goals and other players through a variety of different channels including desktop, mobile, social media, email and text. Making life easy for team organisers is a key focus in our digital plans and so we are investigating innovative mobile payment methods to assist team organisers with collecting payments from their team members. In addition we are redesigning our team management and player-team matching service functionality to take advantage of the new opportunities offered by mobile technology.

Our ongoing commitment to technology will continue to provide Goals with a competitive advantage whilst building loyalty with our customers to ensure we remain at the forefront of the industry.

A new E-Commerce Manager will implement our digital strategy to drive the acquisition of new customers whilst retaining existing customers. He will be responsible for project managing the new website and enhancing customer engagement across multiple channels through an integrated digital brand marketing plan. He will also be responsible for building the Goals brand within the social media arena to drive further awareness and stimulate growth.

Training

Delivering operational excellence depends on the hard work and professionalism of our staff. Providing opportunity is critical in attracting and developing great people, who value the chance to progress within an exciting and vibrant company.

A focus for the year ahead is to further develop our talent and succession planning and we have therefore introduced a number of changes aimed at giving staff the tools to help them develop.

All staff begin their Goals education in-branch as soon as they join the Company. With a commitment to on-the-job learning and career progression, we aim to nurture their skill and development through our recently launched Goals Academy, set up to improve staff training across all levels through online learning and assessment. Staff follow compulsory and voluntary online training modules aimed at developing their skills and career through tiered examination and accreditation.

We continue to invest in building great management teams. We provide our staff with the ability to progress throughout the business through specialist management skills training and development. Five

Goals centres have been designated as 'Centres of Excellence' and are the focus for our well established 'Future Leaders' leadership development programme.

An HR Manager was appointed during the year and will soon be joined by a new Training & Development Manager who will be tasked with further developing our plans for building a well-motivated and professional team across all levels of our business.

This investment in training and development, both centrally and at branch level, will help us to drive operational excellence, sales, and cost efficiencies.

Recognition and Celebration

We believe that if we create a great place to work our staff will provide our customers with first class service so that they come back time and time again. Recognition and the celebration of individual success helps us create an environment in which staff feel valued and important and are inspired to do even better.

Our staff are rewarded for a wide range of business and life achievements. This is supported by the recent launch of our 'Golden Goals' staff reward programme providing all staff the opportunity to earn additional rewards above their basic salary. This exciting non-contractual initiative provides reward points which are loaded directly onto personal Golden Goals reward cards which can be redeemed at a wide range of High Street and online stores.

Individual success is rewarded through bonuses paid on the achievement of objective set KPI's and celebrated and shared through our 'The Goals Mouth' newsletter and at our much anticipated Annual Conference.

Customer Service

At Goals we are passionate about football. As the UK's most successful 5-a-side operator, Goals is visited by over 100,000 players every week. We are focused on delivering a consistently high quality, great value player experience in well-designed and exciting FA Accredited venues. Our 'Theatre of Football' approach ensures we remain the number one choice in every community in which we operate.

We are passionate about delivering great customer service. We believe the customer should be central to everything we do. Delivering strong performance is dependent upon ongoing customer loyalty creating high levels of retention.

We do this by listening to and understanding our customers better. Central to developing insight into our customers' needs has been the introduction of our 'Listen and Learn' strategy which utilises a fully automated Enterprise Feedback Management (EFM) system providing real time customer feedback by both centre and product. Listening to our customers in this way has led to some significant operational changes designed to improve customer experience by providing outstanding value, introducing innovative new ideas and delivering great customer service.

This feedback also provides key insights which together with regular focus groups shape our business and marketing strategies. We intend to incorporate the results of these EFM surveys into our bonus structures during this year.

Supporting our community

Goals commitment to youth sports development in the communities in which we operate is evidenced by the Company's innovative 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, Goals has improved access to quality sports facilities for children.

Every week, thousands of children benefit from free use of Goals' FA Accredited facilities. The directors take the Company's corporate and social responsibilities seriously and will only enter into partnership and sponsorship arrangements which meet very strict ethical codes.

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

The directors recognise the significance of effective health and safety management and are 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 which is reviewed regularly by the Board.

Summary

There's more to football than just great facilities. Our centres are all about bringing the football experience to life. Our product development is what sets us apart from our competitors – it's our point of difference and one which we are determined to deliver every day to our customers across all 43 centres.

However, we know this is an on-going journey. We are constantly driven to exceed the expectations of our customers and give them more reasons to choose Goals.

Goals has undergone a significant expansion since floating in December 2004, adding 33 new centres to its estate, a 300% increase in capacity. The Goals Management team is focussed on driving returns from the increased capacity these centres provide and reducing debt before a potential return to opening further centres in 2014 and beyond.

Keith Rogers
Managing Director
26 February 2013

Finance Director's Review

We are pleased to report a year of progress, debt reduction and profit growth. This has been achieved against a background of increasing pressure on household incomes, lower levels of discretionary spend and a year that included major events such as Euro 2012, London Olympics and the Royal Jubilee.

Despite the tough trading environment, Group sales increased by 7% to £32.5m (2011: £30.4m), Group like-for-like sales[1] increased by 1% and average sales per centre increased by 2%. Sales in the UK centres increased by 6% to £31.7m (2011: £29.8m) and sales in the US centre increased by 33% to £0.8m to (2011: £0.6m).

Like-for-like sales[1] in our key product areas were:

- Core Football increased by 3% (75% of total sales)
- Bar and Vending decreased by 4% (17% of total sales)
- Birthday parties increased by 1% (3% of total sales)
- Corporate events decreased by 12% (3% of total sales)

Like-for-like sales in core football, which accounts for 75% of all sales, increased by 3% predominately from the maturing of sites opened since 2008.

Like-for-like bar and vending sales declined by 4%. Our midweek bar sales, in common with other operators in the leisure industry, have declined as customers have reduced their mid-week alcohol intake. Our weekend bar sales have been maintained.

The number of kids birthday parties held during the year increased by 19% on a like for like basis although like-for-like revenue increased only 1%. This lower revenue increase was the result of a national online 'special offer' campaign designed to increase the number of parties held. The significant growth witnessed has already lead to improved party bookings in 2013 as last year's guests become this year's bookers.

Like-for-like corporate event and sponsorship sales declined by 12% as our brand partnership with Umbro expired on 30 June 2012. This reduced sales by £0.15m in H2 2012 and will reduce sales by £0.3m in a full year. We are currently in discussions with a number of potential brand partners with a view to replacing Umbro and increasing the number of brand partners our national presence now affords.

Our overall gross profit margin increased from 88.4% to 89.4% as the sales mix moved to the higher margin football product (2011: 73% football; 2012: 75% football).
A strong focus on overhead costs was maintained throughout the year. However, our average annual overheads per centre increased by 4% to £286,000 principally due to an increase in the rateable values of our centres. Our annual rates payable has increased by £0.65m over a 2 year period. The revaluations remain under discussion with The Valuation Office Agency. No further increases in the rateable values of our properties are expected before the next rates revaluation in 2015, and a number of the current valuations may be appealed.

Group EBITDA increased by 3% to £14.2m (2011: £13.8m) and our EBITDA margin reduced marginally from 45% to 44%. EBITDA in the UK increased by 4% to £14.0m (2011: £13.5m). EBITDA in the US decreased by 33% to £0.2m (2011: £0.3m), however, EBITDA in 2011 included £0.4m of income arising from the settlement of a dispute and non-recurring costs of £0.2m. We have opened 19 centres since 2008, a 76% increase in capacity. Many of these centres are still immature resulting in average EBITDA per centre reducing from £500,000 in 2007 to £377,000 in 2012. This immaturity presents a significant opportunity and is a key focus for management.

Profit on ordinary activities before exceptional costs and tax increased by 3% to £9.5m (2011: £9.2m). The tax charge for the year is at an effective rate of 17% (2011: 25%). The decrease in the effective rate relates primarily to a reduction in the tax rate applied in calculating the deferred tax liability. Overall diluted earnings per share before exceptional costs increased by 13% to 15.7p (2011: 13.9p).

On 13 September 2012, Goals announced that it had won an appeal, lodged in July 2011, against a Business Brief issued by HMRC in February 2011 that indicated that all income relating to commercially operated sports leagues should be standard rated for Value Added Tax ("VAT"). The Company has been accounting for VAT on league bookings since 9 February 2011. Sales of £0.5m relating to VAT on league bookings in 2011 have been included within exceptional income. Sales of £0.9m relating to VAT on league bookings in 2012 have been included in the current period's results.

Net cash generated from operations before exceptional costs was £11m (2011: £13.0m). The decrease in net cash generated relates primarily to an increase in Corporation Tax. The Board will continue to focus on strong cash generation and enhancing return on capital from immature centres. This strategy will enable the Board to meet the key objective of further reducing net bank debt which has been reduced to £50.2m (2011: £53.2m) from £54m at 30 June 2012. The Group's net bank loans at 31 December 2012 were £48.8m compared to £52.6m at 30 June 2012. At 31 December 2012, the Group had total bank loan facilities of £51m of which £2.2m was undrawn.

The Group invested £6.3m in capital expenditure (2011: £10.7m) during the year. £2.5m was incurred on new centres of which £1.2m related to our pipeline centres, £0.2m on information technology and call centre systems, £1.1m on final accounts for centres opened in previous years and £2.5m on upgrading and extending our mature centres. The successful appeal of VAT on league block bookings decreased the amount of recoverable input VAT on capital expenditure by £2.4m. No new centres are planned for 2013 and consequently capital expenditure will reduce significantly other than maintenance on our existing centres and on conserving our site pipeline.

During the year the capped floating interest hedge was cancelled and a new stepped interest rate swap was entered into. Under the terms of IAS 39 "Financial Instruments: Recognition and Measurement" the interest rate swap is treated as an effective hedge and hedges interest rates at the following rates (excluding bank margin) – 2012/13: 1.7%, 2013/14: 2.7%, 2014/15: 3.9% and 2015/16: 4.4%.

On 28 September 2012 the Company raised approximately £2.7 million by way of a placing to provide additional balance sheet flexibility.

Dividend

The Directors intend that the Company will continue to retain the majority of distributable profits and cash flow. Following the results achieved for the year, the Board is recommending that a final dividend of 1.175p per share be paid on 17 May 2013 to shareholders on the register on 3 May 2013 at a cost of £0.6m, making 1.85p for the full year (2011: 1.85p). The full year dividend is covered 8.3 times by profits before exceptional items and after tax (2011: 7.6 times)

Exceptional Cost

The Company incurred £6.9m of exceptional items during the period. These include:

- professional fees relating to the approach from Goliath Bidco Limited, the appeal against VAT on leagues and bank arrangement fees with respect to our previous bank facility: £1.5m

- write off of development costs on traditional build centres following the strategic decision to move to modular build: £2.1m

- reduction in net present value of Goals US £2m

- partial redundancy of IT system to enable investment in social media £1.8m

- income of £0.5m relating to VAT on league bookings in 2011

Following the successful appraisal of the new modular build project at Chester, the Board re-evaluated its strategy in respect of new sites and has decided, for the foreseeable future, to use the modular approach for all centres. There are a number of sites in the pipeline where the design was based on traditional build and the Board has taken the decision to write off these costs.

Our facility in Los Angeles has continued to trade well during the period. Due to this being the initial development in the US market the Company invested £4.7m to construct this facility. The Company now has a more detailed understanding of the specific requirements in the US and if further centres are developed they will utilise a modular concept and will therefore cost significantly less. The Board has reviewed the net present value of the Los Angeles centre based on current trading levels and this has indicated that the value is impaired by £2m.

The Board believes that the there is an opportunity to increase brand awareness, sales and profits through a greater integration of its systems with social media. Our detailed digital strategy is focused on improving our online activity and developing a significant social media presence during 2013. Delivery of this plan necessitates a change in the IT infrastructure used to run our systems which will result in some of our existing Smart Centre system becoming redundant. As a result the value of those elements of the Company's IT infrastructure and software development costs will be reduced by £1.8m.

The Company generated £0.5m of exceptional income during the period. This represents the VAT on league block booking income in 2011.

Current Trading

Excluding the impact of adverse weather, trading in the first eight weeks of the year has seen total sales increased by 5% and like for like sales increased by 3%. We are confident of making further progress during 2013 and beyond.

William Gow
Finance Director
26 February 2013

Consolidated income statement
for the year ended 31 December 2012

	Note	Before exceptional items 2012 £000	Exceptional items 2012 £000	Total 2012 £000	Total 2011 £000
Revenue	2	**32,516**	**500**	**33,016**	30,443
Cost of sales		**(3,456)**	**-**	**(3,456)**	(3,306)
Gross profit		**29,060**	**500**	**29,560**	27,137
Administrative expenses		**(17,768)**	**(7,373)**	**(25,141)**	(16,206)
Operating profit/(loss)	3	**11,292**	**(6,873)**	**4,419**	10,931
Financial income	5	**-**	**-**	**-**	472
Financial expense	5	**(1,814)**	**-**	**(1,814)**	(2,215)
Profit/(loss) before income tax		**9,478**	**(6,873)**	**2,605**	9,188
Income tax	6	**(1,616)**	**355**	**(1,261)**	(2,319)
Profit/(loss) for year attributable to equity holders of the parent		**7,862**	**(6,518)**	**1,344**	6,869
Earnings per share					
Basic	8	**16.0p**	**(13.3)p**	**2.7p**	14.1p
Diluted	8	**15.7p**	**(13.0)p**	**2.7p**	13.9p

Statement of comprehensive income
for the year ended 31 December 2012

	2012	2011
	£000	£000
Profit for the year	**1,344**	6,869
Exchange differences on translation of foreign operations	**(133)**	(18)
Net expense recognised directly in equity	**(133)**	(18)
Total comprehensive income attributable to equity holders of the parent	**1,211**	6,851

Balance sheets
at 31 December 2012

	Note	Group		Company	
		2012	2011	**2012**	2011
Assets		**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	**9**	**108,431**	110,059	**105,796**	104,968
Intangible assets	**10**	**6,671**	7,607	**6,671**	7,607
Investments in subsidiaries		**-**	-	**2,691**	3,155
Total non-current assets		**115,102**	117,666	**115,158**	115,730
Current assets					
Inventories		**706**	764	**705**	760
Trade and other receivables		**3,180**	2,295	**4,553**	3,123
Cash and cash equivalents		**932**	424	**858**	399
Total current assets		**4,818**	3,483	**6,116**	4,282
Total assets		**119,920**	121,149	**121,274**	120,012
Current liabilities					
Bank overdraft		**(2,310)**	(1,330)	**(2,310)**	(1,330)
Trade and other payables		**(2,690)**	(3,380)	**(2,373)**	(2,406)
Current tax payable		**(965)**	(1,638)	**(965)**	(1,638)
Total current liabilities		**(5,965)**	(6,348)	**(5,648)**	(5,374)
Non-current liabilities					
Other interest-bearing loans and borrowings		**(48,808)**	(52,281)	**(48,808)**	(52,281)
Trade and other payables		**-**	(97)	**-**	-
Deferred tax liabilities	**11**	**(7,519)**	(7,734)	**(7,519)**	(7,734)
Other financial liabilities	**12**	**(3,751)**	(2,719)	**(3,751)**	(2,719)
Total non-current liabilities		**(60,078)**	(62,831)	**(60,078)**	(62,734)
Total liabilities		**(66,043)**	(69,179)	**(65,726)**	(68,108)
Net assets		**53,877**	51,970	**55,548**	51,904
Equity					
Share capital	**13**	**128**	122	**128**	122
Share premium		**25,853**	23,275	**25,853**	23,275
Other reserve		**(2,888)**	(1,801)	**(2,888)**	(1,801)
Retained earnings		**30,973**	30,430	**32,455**	30,308
Translation reserve		**(189)**	(56)	**-**	-
Total equity		**53,877**	51,970	**55,548**	51,904

These financial statements were approved by the board of directors on 26 February 2013 and were signed on its behalf by:

Keith T Rogers
Managing Director

William BG Gow
Finance Director

Company registered number: SC202545

Statements of cash flow
for the year ended 31 December 2012

	Note	Group		Company	
		2012	2011	**2012**	2011
		£000	£000	**£000**	£000
Cash flows from operating activities					
Profit for the year		**1,344**	6,869	**2,948**	6,616
Adjustments for:					
Depreciation		**2,904**	2,918	**2,827**	2,819
Amortisation		**36**	-	**36**	-
Non cash exceptional items		**5,678**	-	**3,967**	-
Gain on settlement of dispute		**-**	(404)	**-**	-
Financial income		**-**	(472)	**-**	-
Financial expense		**1,814**	2,215	**1,814**	1,743
Cash flow hedge recycling		**(238)**	-	**(238)**	-
Income tax expense		**1,261**	2,319	**1,261**	2,319
		12,799	13,445	**12,615**	13,497
Increase in trade and other receivables		**(885)**	(197)	**(1,430)**	(900)
Decrease/(increase) in inventory		**58**	(214)	**55**	(222)
(Decrease)/increase in trade and other payables		**(281)**	447	**398**	663
		11,691	13,481	**11,638**	13,038
Income tax paid		**(1,851)**	(516)	**(1,851)**	(516)
Net cash from operating activities		**9,840**	12,965	**9,787**	12,522
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(6,355)**	(13,085)	**(6,351)**	(12,627)
Net cash used in investing activities		**(6,355)**	(13,085)	**(6,351)**	(12,627)
Cash flows from financing activities					
Issue of share capital		**2,584**	38	**2,584**	38
Loans (paid)/received		**(3,855)**	3,000	**(3,855)**	3,000
Interest paid		**(1,770)**	(2,180)	**(1,770)**	(2,180)
Dividends paid		**(916)**	(899)	**(916)**	(899)
Net cash used in financing activities		**(3,957)**	(41)	**(3,957)**	(41)
Net decrease in cash and cash equivalents	14	**(472)**	(161)	**(521)**	(146)
Cash and cash equivalents at start of year		**(906)**	(745)	**(931)**	(785)
Cash and cash equivalents at year end		**(1,378)**	(906)	**(1,452)**	(931)

Statements of changes in equity
for the year ended 31 December 2012

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total parent equity
	£000	£000	£000	£000	£000	£000
Group						
At 1 January 2012	122	23,275	(1,801)	30,430	(56)	51,970
Profit for the year	-	-	-	1,344	-	1,344
Exchange difference on translation of foreign operation	-	-	-	-	(133)	(133)
Total comprehensive income for the year	-	-	-	1,344	(133)	1,211
Cash flow hedge transactions	-	-	(1,270)	-	-	(1,270)
Deferred tax on cash flow hedge	-	-	183	-	-	183
Shares issued	6	2,578	-	-	-	2,584
Deferred tax on share based payments	-	-	-	115	-	115
Dividends paid	-	-	-	(916)	-	(916)
At 31 December 2012	128	25,853	(2,888)	30,973	(189)	53,877

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Company					
At 1 January 2012	122	23,275	(1,801)	30,308	51,904
Profit for the year	-	-	-	2,948	2,948
Total comprehensive income for the year	-	-	-	2,948	2,948
Shares issued	6	2,578	-	-	2,584
Cash flow hedge transactions	-	-	(1,270)	-	(1,270)
Deferred tax on cash flow hedge	-	-	183	-	183
Deferred tax on share based payments	-	-	-	115	115
Dividends paid	-	-	-	(916)	(916)
At 31 December 2012	128	25,853	(2,888)	32,455	55,548

Statements of changes in equity *(continued)*
for the year ended 31 December 2012

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total parent equity	Non controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
Group								
At 1 January 2011	121	23,238	(1,801)	24,581	(38)	46,101	17	46,118
Profit for the year	-	-	-	6,869	-	6,869	-	6,869
Exchange difference on translation of foreign operation	-	-	-	-	(18)	(18)	-	(18)
Total comprehensive income for the year	-	-	-	6,869	(18)	6,851	-	6,851
Acquisition of non controlling interest	-	-	-	17	-	17	(17)	-
Shares issued	1	37	-	-	-	38	-	38
Deferred tax on share based payments	-	-	-	(138)	-	(138)	-	(138)
Dividends paid	-	-	-	(899)	-	(899)	-	(899)
At 31 December 2011	122	23,275	(1,801)	30,430	(56)	51,970	-	51,970

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Company					
At 1 January 2011	121	23,238	(1,801)	24,729	46,287
Profit for the year	-	-	-	6,616	6,616
Total comprehensive income for the year	-	-	-	6,616	6,616
Shares issued	1	37	-	-	38
Deferred tax on share based payments	-	-	-	(138)	(138)
Dividends paid	-	-	-	(899)	(899)
At 31 December 2011	122	23,275	(1,801)	30,308	51,904

Notes

1 Accounting policies

Goals Soccer Centres plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements for the year ended 31 December 2012 comprise those of the company and its subsidiaries (together referred to as the Group). The parent company's financial statements present information about the company as a separate entity and not about the Group. Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own income statement and related notes. The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2012 or 2011 but is derived from those accounts. Statutory accounts for 2011 have been delivered to the registrar of companies, and those for 2012 will be delivered in due course. The auditor has reported on those accounts; their reports were (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.

Statement of compliance

Both the parent company financial statements and Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs") that are effective (or available for early adoption) at 31 December 2012. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below.

The financial statements for the year ended 31 December 2012 were approved by the board of directors on 26 February 2013.

Basis of preparation

The financial statements are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value. The preparation of the financial statements 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements of the Group and company are presented in pounds sterling. All financial information has been rounded to the nearest thousand.

The accounting policies have been applied consistently to all periods presented, except for the adoption of the standards described below which have had no impact on the reported numbers but may affect the accounting for future transactions and events.

Amendment to IAS 12: Deferred Tax : Recovery of Underlying Assets (effective year ended 31 December 2012) introduces an exception to the current measurement principles of deferred tax assets and liabilities arising from investment property measured using the fair value model in accordance with IAS 40 *Investment Property*.

Amendment to IFRS 7: Disclosures – Transfers of Financial Assets (effective year ended 31 December 2012) requires additional disclosures about transfers of financial assets and should enable the users to understand the possible effects of any risks that might remain with the transferor.

2 Segmental reporting

IFRS 8 'Operating Segments' requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes to the Chief Operating Decision Maker, which is the Board. For internal reporting purposes information is reported by soccer centre. As each soccer centre has similar economic characteristics, provides the same services to similar customers and operates in a similar manner they are aggregated into one segment. The directors, therefore, consider that there is one reporting segment relating to the operation of outdoor soccer centres.

Notes ***(continued)***

2 Segmental reporting *(continued)*

Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2012 £000	2011 £000
Revenues		
United Kingdom	**32,253**	29,847
United States	**763**	596
	33,016	30,443
Non-current assets		
United Kingdom	**112,467**	112,575
United States	**2,635**	5,091
	115,102	117,666

The non-current assets represent property, plant and equipment and intangible assets.

3 Operating profit/(loss)

	2012 £000	2011 £000
Operating profit/(loss) is stated after charging/(crediting):		
Auditors' remuneration:		
- audit of these financial statements	**35**	33
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation compliance	**7**	6
- other services relating to taxation advisory – VAT	**174**	90
- other services relating to taxation advisory – other	**30**	-
Depreciation	**2,904**	2,918
Amortisation	**36**	-
Rental under operating leases		
- plant and machinery	**191**	194
- others	**2,500**	1,847
Non-recurring items:		
Gain on settlement of dispute with the non-controlling interest in the United States	**-**	(404)
Exceptional items	**6,873**	-

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is calculated as follows:

	2012 £000	2011 £000
Operating profit	**4,419**	10,931
Depreciation	**2,904**	2,918
Amortisation	**36**	-
EBITDA	**7,359**	13,849
Impairment of fixed assets and intangible assets	**5,828**	-
Other exceptional items	**1,045**	-
	14,232	13,849

Notes *(continued)*

4 Exceptional items

	2012 £000	2011 £000
Exceptional items comprise:		
- Income in relation to the VAT case	**500**	-
- Impairment of assets under construction	**(2,087)**	-
- Impairment of Goals Soccer Centres Inc site	**(1,927)**	-
- Impairment of company's IT systems and software development costs	**(1,814)**	-
- Legal fees associated with aborted takeover and VAT case	**(1,545)**	-
	(6,873)	-

£1.045m of these items resulted in a cash outflow.

Following a strategic review of the group's operations, the directors have re-evaluated the investment criteria for all of the undeveloped sites and have identified a number where completion is unlikely. The costs incurred on these sites, totalling £2.1 million, have therefore been expensed. During the period the group has incurred legal and professional fees in respect of the aborted takeover by Goliath Bidco Limited (£1.02 million) and the VAT case with HMRC (£0.3 million). In addition, £0.5 million has been recognised in relation to income representing VAT on league block booking income in 2011. The Company also has a more detailed understanding of the specific requirements in the US and after a review of the net present value of the Los Angeles centre, based on current trading levels, this has indicated that the value is impaired by £2.0 million. In addition, as a result of detailed plans to improve online activity and develop significant social media presence, the value of those redundant elements of the Company's IT systems and software development costs have been reduced by £1.5 million.

5 Financial income and expense

	2012 £000	2011 £000
Recognised in income statement		
Financial income		
Ineffective portion of changes in cash flow hedge	**-**	472
Financial expense		
Interest on bank loans and overdrafts	**1,770**	2,180
Amortisation of finance costs	**44**	35
	1,814	2,215

Borrowing costs of £241,000 *(2011: £272,000)* have been capitalised in the year applying a rate of interest based on the Group's borrowing cost. In 2012 this rate was 6.6% (*2011: 5.4%).*

Notes ***(continued)***

6 Income tax

	2012	2011
	£000	£000
Recognised in the income statement		
Current year	**1,389**	1,489
Adjustments for prior year	**(211)**	(122)
Current tax expense	**1,178**	1,367
Deferred tax expense (note 10)		
Origination and reversal of timing differences	**697**	1,425
Adjustments for prior year	**81**	48
Reduction in tax rate	**(695)**	(521)
Deferred tax expense	**83**	952
Tax expense in income statement	**1,261**	2,319

Reconciliation of effective tax rate

	2012	2011
	£000	£000
Profit for the year	**1,344**	6,869
Total income tax expense	**1,261**	2,319
Profit excluding taxation	**2,605**	9,188

	2012	**2012**	2011	2011
	%	**£000**	%	£000
Income tax using company's standard tax rate	**24.5**	**638**	26.5	2,435
Effects of:				
Non-deductible expenses	**57.4**	**1,494**	6.1	563
Other differences – adjustments to prior year balances	**(5.1)**	**(130)**	(0.8)	(74)
Other differences – difference in tax rates	**(28.4)**	**(741)**	(6.6)	(605)
Total tax expense	**48.4**	**1,261**	25.2	2,319

Income tax recognised directly in equity

	2012	2011
	£000	£000
Taxation on share based payments	**298**	(138)

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes *(continued)*

7 Dividends

	2012 £000	2011 £000
Dividends paid – 2010 final (1.175 p per ordinary share)	**-**	571
– 2011 interim (0.675p per ordinary share)	**-**	328
– 2011 final (1.175p per ordinary share)	**571**	-
– 2012 interim (0.675p per ordinary share)	**345**	-
	916	899

A final dividend of £600,000 (1.175p per ordinary share) has been declared and will be paid on 17 May 2013 to shareholders on the register on 3 May 2013 *(2011: Final dividend £571,000 (1.175p per ordinary share)).* This has not been included as a liability as it was not approved or declared before the year end.

8 Earnings per share

Basic earnings per ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year which was 49,204,607 *(2011: 48,590,904)*.

	2012 Profit for the year £000	**2012 Earnings per share p**	2011 Profit for the year £000	2011 Earnings per share p
Basic earnings per share	**1,344**	**2.7**	6,869	14.1
Adjusted basic earnings per share	**7,862**	**16.0**	6,869	14.1
Diluted earnings per share	**1,344**	**2.7**	6,869	13.9
Adjusted diluted earnings per share	**7,862**	**15.7**	6,869	13.9

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year plus the dilutive element of all outstanding relevant share options outstanding during the year. For the year ended 31 December 2012 this was 50,201,988 *(2011: 49,551,489).*

Adjusted basic and diluted earnings per share is calculated by dividing earnings attributable to ordinary shareholders of £1,344,000 adjusted for the net of tax impact of the exceptional items as discussed in note 4.

The diluted weighted average number of shares is calculated as follows:

	Number 2012	2011
Weighted average number of shares in issue during the year	**49,204,607**	48,590,904
Effect of dilutive share options	**997,381**	960,585
Diluted weighted average number of shares	**50,201,988**	49,551,489

Notes *(continued)*

9 Property, plant and equipment

Group	Leasehold property	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At 1 January 2011	92,720	12,041	9,392	114,153
Additions	7,860	1,275	1,601	10,736
Transfers	7,538	-	(7,538)	-
Transfer to intangible assets	-	(1,888)	-	(1,888)
Disposals	-	(288)	-	(288)
At 31 December 2011	108,118	11,140	3,455	122,713
Cost				
At 1 January 2012	108,118	11,140	3,455	122,713
Additions	4,743	502	1,017	6,262
Transfers	560	-	(560)	-
Foreign exchange	(189)	(15)	(9)	(213)
At 31 December 2012	113,232	11,627	3,903	128,762
Depreciation				
At 1 January 2011	6,400	3,624	-	10,024
Charge for year	1,871	1,047	-	2,918
Impairment	-	(288)	-	(288)
At 31 December 2011	8,271	4,383	-	12,654
Depreciation				
At 1 January 2012	8,271	4,383	-	12,654
Charge for year	1,733	1,171	-	2,904
Impairment	1,644	1,192	1,942	4,778
Foreign exchange	-	(4)	(1)	(5)
At 31 December 2012	11,648	6,742	1,941	20,331
Carrying amounts				
At 31 December 2012	**101,584**	**4,855**	**1,962**	**108,431**
At 31 December 2011	99,847	6,757	3,455	110,059

Notes *(continued)*

10 Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Group and Company			
Deemed cost			
At 1 January 2011	5,719	-	5,719
Transfer from property, plant and equipment	-	1,888	1,888
At 31 December 2011	5,719	1,888	7,607
At 1 January 2012 and 31 December 2012	5,719	1,888	7,607
Amortisation			
At 1 January 2011 and 31 December 2011	-	-	-
At 1 January 2012	-	-	-
Amortisation for year	-	36	36
Impairment	-	900	900
At 31 December 2012	-	936	936
Carrying amount			
At 31 December 2012	5,719	952	6,671
At 31 December 2011	5,719	1,888	7,607

Impairment testing

Goodwill is allocated to the five operating units which the company acquired in 2001 (£1.8 million) and the three operating units acquired in 2008 through the acquisition of Pro 5 Soccer (£3.9 million) which represents the lowest level within the company at which goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating units was based on their value in use. The value in use was determined to be higher than its carrying amount so no impairment loss was recognised.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units and was based on the following key assumptions:

- Cash flows were projected based on actual operating results for the year projected forward for a 30 year period using a constant growth rate of 2%, which does not exceed the long-term average growth rate for the industry. Management believes that this forecast period was justified due to the long-term nature of the business.
- A pre tax discount rate of 9% was applied in determining the recoverable amount of each CGU. The discount rate was based on a comparable industry average weighted average cost of capital adjusted for relevant risk factors. The Directors consider it appropriate to use the same cost of capital for each CGU as the risks are the same.
- The values assigned to the key assumptions represent management's estimate of future trading conditions and are based on both external and internal sources.
- The review demonstrated headroom such that the estimated carrying value is not significantly sensitive to changes in assumptions.

11 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**312**	197	**-**	-	**312**	197
Property, plant and equipment	**-**	-	**(8,694)**	(8,642)	**(8,694)**	(8,642)
Cash flow hedge	**863**	680	**-**	-	**863**	680
Other timing differences	**-**	31	**-**	-	**-**	31
Net tax assets/(liabilities)	**1,175**	908	**(8,694)**	(8,642)	**(7,519)**	(7,734)

Movement in deferred tax during the year

	At 1 January 2012	**Recognised in income**	**Recognised in equity**	**At 31 December 2012**
	£000	**£000**	**£000**	**£000**
Share based payments	197	-	115	312
Property, plant and equipment	(8,642)	(52)	-	(8,694)
Cash flow hedge	680	-	183	863
Other timing differences	31	(31)	-	-
	(7,734)	(83)	298	(7,519)

Movement in deferred tax during the prior year

	At 1 January 2011	**Recognised in income**	**Recognised in equity**	**At 31 December 2011**
	£000	**£000**	**£000**	**£000**
Share based payments	335	-	(138)	197
Property, plant and equipment	(7,902)	(740)	-	(8,642)
Cash flow hedge	862	(182)	-	680
Other timing differences	61	(30)	-	31
	(6,644)	(952)	(138)	(7,734)

12 Other financial liabilities

	2012	2011
Group and Company	**£000**	£000
Interest rate derivative used for hedging	**3,751**	2,719

During the year the capped floating interest hedge was cancelled and a new stepped interest rate swap was entered into. Under the terms of IAS 39 "Financial Instruments: Recognition and Measurement" the interest rate swap is treated as an effective hedge and hedges interest rates at the following rates (excluding bank margin) – 2012/13: 1.7%, 2013/14: 2.7%, 2014/15: 3.9% and 2015/16: 4.4%.

13 Share capital

	2012 Number	**£000**	2011 Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2011: 0.25p)* each	**51,049,448**	**128**	48,618,520	122

The holders of the ordinary shares are entitled to dividends from time to time and entitled to one vote per share at meetings of the company. The company has also issued share options.

On 28 September 2012, 2,430,928 ordinary shares of 0.25p were issued for total consideration of £2,584,000, resulting in additional share premium of £2,578,000.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board considers its borrowings and share capital to be the capital base of the Company.

The Company is subject to externally imposed capital requirements.

14 Notes to the statements of cash flows

(a) Net debt

Group

	At beginning of year £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	424	508	-	**932**
Overdraft	(1,330)	(980)	-	**(2,310)**
	(906)	(472)	-	**(1,378)**
Revolving credit facility	(52,281)	3,855	(382)	**(48,808)**
Net Debt	(53,187)	3,383	(382)	**(50,186)**

Notes *(continued)*

Notes to the statement of cash flows *(continued)*

(b) Net debt reconciliation of net cash flow to movement in net debt

Group

	2012	2011
	£000	£000
Decrease in cash in the year	**(472)**	(161)
Cash outflow/(inflow) from bank and other finance net of finance costs paid	**3,855**	(3,000)
Change in net debt resulting from cash flows	**3,383**	(3,161)
Non cash movement	**(382)**	1,418
Movement in net debt in the year	**3,001**	(1,743)
Net debt at the start of the year	**(53,187)**	(51,444)
Net debt at the end of the year	**(50,186)**	(53,187)