Goals Soccer Centres plc

Preliminary results for the 52 weeks to 31 December 2010

Highlights

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres. Goals currently operates 41 centres in the UK and one in Los Angeles, USA.

Key points

- **Sales up 6%** to £27.8m (2009: £26.2m)
- **Adverse weather reduced profit by £1.7m** (2009:£0.3m)
- Like-for-like sales down 4% (up 1% excluding the adverse weather impact)
- **Operating profit down 6%** to £10.0m (2009: £10.6m)
- Profit Before Tax down 14% to £7.6m (2009: £8.8m)
- **Adjusted Profit Before Tax* down 3%** to £8.5m (2009: £8.8m)
- **Adjusted Diluted EPS* down 8%** to 12.0p (2009: 13.0p)
- **Final ordinary dividend maintained at 1.175p** per share making 1.85p for the full year
- Net cash generated from operations down 9% to £10.4m (2009: £11.4m)

Operational highlights

- Five UK centres added during the year at Liverpool North, Portsmouth, Eltham, Gillette Corner in London and Ipswich
- Three UK centres, delayed due to adverse weather, opened since the year end at Sunderland, Liverpool South and Norwich
- Minimum of a further four centres to open during 2011 funded from strong cash generation
- One centre under construction at Hull and another due to commence construction shortly
- Centre in Los Angeles, USA, opened in June 2010
- Master franchise agreement granted to experienced leisure operator in the Republic of Ireland and Northern Ireland

Current Trading

Goals has made a good start to 2011 with total sales up 15% and like-for-like sales up 5% for the first 55 days of the year showing encouraging year on year growth, albeit against a snow-affected period last year. We are confident of making further progress in 2011 and beyond.

** Adjusted profit before tax is profit before tax adjusted for the impact of the movement in fair value of the capped floating interest rate hedging arrangement of £0.7m and start up costs in the USA of £0.2m. Adjusted Diluted earnings per share is Diluted Earnings per Share adjusted for the net of tax impact of the movement in fair value of the capped floating interest rate hedging arrangement and start up costs in the USA.*

Keith Rogers, Managing Director of Goals said:

"During the year we have taken further strides to strengthen our position as the premier five–a-side soccer operator in the UK. Over the last 14 months we have added eight new centres giving us a 42% share of the market and our pipeline remains strong. The strong cash generative nature of our business has allowed us to reach a stage in our development where we can self fund a rollout of a minimum of 4 centres a year.

In June this year we opened our first site in the USA and signed a franchise agreement in Ireland. This further underpins the global appetite for five-a-side football and the strength of the Goals brand."

28 February 2011

Enquiries:

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Matthew Smallwood
Jamie Ramsay

Chairman's statement

Introduction

The year to 31 December 2010 was another year of progress for the Group with the business performing strongly for the majority of the year. Excluding the exceptional snowfalls experienced in January, February, November and December which we estimate cost the company £1.7 million in profit, trading was in line with management's expectations and like for like sales growth of 1% was achieved. Adjusted profit on ordinary activities before tax reduced by 3% to £8.5m (2009: £8.8m).

Goals made significant progress towards its key objective of establishing a national network of 5-a-side soccer centres with five UK centres opening during the year and a further three UK centres opened since the year end. Goals now has a 42% share of the branded 5-a-side facility market, up from 39% a year ago and is the UK's fastest growing 5-a-side operator.

Goals continues to strengthen its pipeline of sites whilst the tough economic climate has led to increased opportunities in the commercial property market. The business continued to generate strong positive operating cash flow.

The Group continued to increase its international footprint with its first centre opening in Los Angeles, USA in June 2010 and a master franchise agreement granted to an experienced leisure operator in the Republic of Ireland and Northern Ireland.

2011 Current Trading

Goals has made a good start to 2011 with total sales up 15% and like-for-like sales up 5% for the first 55 days of the year showing encouraging year on year growth, albeit against a snow-affected period last year. We are confident of making further progress in 2011 and beyond.

Operating Review

Football continues to be the most popular sport in the UK and 5-a-side football continues to grow amongst all age groups and both genders. The Board believes the unique Goals concept positions the Company to capitalise on this popularity and exploit the continuing major commercial opportunity to satisfy significant potential and latent demand in the market.

Goals is a well differentiated 5-a-side brand and has grown to become the UK's premier operator.

We are passionate about football. Our mission statement "To Provide The Ultimate Football Experience" encapsulates our commitment to providing high quality and exciting 5-a-side venues.

We believe that our ability to select great locations and operate successful, high quality football centres has reinforced the continuing popularity of the Goals small sided soccer experience with our customers. This popularity is reflected in our average sales per centre, which are the highest in the industry.

We strive to provide a distinctive, high quality football experience at modest prices by offering exciting football in a high-energy setting with efficient, attentive and friendly service. As a result, the Goals small sided soccer experience appeals to a diverse customer base.

We execute the Goals brand consistently in accordance with rigorous standards and are committed to operational excellence in every part of our business.

Our strategy is:

- To continue to innovate and lead the industry,
- To continue 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,
- To continue to generate high returns on capital,
- To continue to create shareholder value,

  and, most importantly,
- "To Provide The Ultimate Football Experience"

We continue to make progress in all these areas.

The World Cup presented a significant opportunity to increase interest in our key product areas. By launching World Cup themed products and a World Cup edition of our popular 'Nutmeg' magazine, we experienced a like-for-like uplift in Football Parties of 5% and Corporate Events of 8%. We continued to work proactively with our brand partners and delivered the following exciting projects during the year:

- Powerade Fives: A national 5-a-side competition promoted in the national press and through our own internal initiatives. This exciting competition has grown in size and stature each year. The winning teams enjoyed an all expenses paid trip to the World Cup in South Africa.
- 442 Magazine: continue to provide quality content for our Nutmeg magazine. This has included interviews with major football players and managers. This provides gravitas to our magazine leading to improved readership and retention.
- FA UMBRO Fives: The only 5-a-side tournament with the finals played at Wembley Stadium. Now in its 4th year, this tournament has become the gold standard of 5-a-side events.
- Samsung 'Win a Pro Contract': An exciting opportunity for an unknown footballer to be offered a one-year professional playing contract with Swindon Town FC. 'Win A Pro Contract' hopefuls took part in trials at various Goals Soccer Centres.
- Carlsberg World Cup Roadshow: Goals centres were visited by an interactive England bus providing fans an opportunity to record their own England team talks as part of a nationwide competition with winning teams meeting members of the England World Cup squad prior to the England players travelling out to South Africa.

We continue to invest and develop our IT systems. During the year we invested £0.6m to further improve the customer experience, increase income and reduce operating costs. Our central web based *SmartCentre* system continues to evolve as we seek to maximise returns from our centres.

We are currently developing an Enterprise Feedback Management system aimed at providing real-time feedback from our customers based on automated key event-driven surveys. This will assist management in ensuring the consistent high quality of the Goals experience across all centres and to further enhance our products for the future.

We are continuing to develop ways in which our customers can access the booking process and we remain the only operator in the industry to offer online booking. A new iPhone application, aimed initially at our league customers has been launched and is available free of charge from the iTunes 'app store'.

In recent years, the Company has amended its marketing mix to take account of the reduction in success of traditional media advertising by focusing on the new media opportunities available. This revised marketing strategy has proven to be successful in recent centre openings.

We have retained the services of a digital marketing consultant and are pursuing a well defined digital strategy which will both increase exposure to the Goals brand and bring added benefits to our existing customers.

Our call centre, launched during December 2009 now handles all inbound calls including all enquiries and fulfilment. The call centre now also handles outbound sales calls which is proving to be a positive development.

New Centres

We believe the location of our centres is critical to our long-term success and, accordingly, we devote significant time and resources to bringing forward each prospective site. We believe that the viability of the Goals concept has been successfully demonstrated in a variety of locations across the United Kingdom. We intend to continue developing centres in high quality, high profile locations within densely populated areas with a balanced mix of residential, business, and shopping in both existing and new areas.

Due to the uniquely complex pre-opening process for each new location, our lease negotiation and site development timeframes vary. The development and opening process generally ranges from two to five years, depending largely on the nature of the land. The timetable can be subject to delays outside our control, however our strong site pipeline provides insurance against this risk.

Goals continues to expand its strong site pipeline to provide for future centre openings. Our reputation has enabled us to pursue sites through partnership arrangements with the private sector, schools, local authorities and colleges.

We have a pipeline of around 40 sites, sufficient to satisfy seven to ten years of openings in the UK. We have a pipeline of around 10 sites in the USA.

Since January 2010 we have added centres in Liverpool North, Portsmouth, Eltham, Gillette Corner in London, Ipswich, Sunderland, Liverpool South and Norwich.

We are well advanced towards opening at least a further four centres in the UK during 2011. The first centre is already under construction in Hull and will open in Q2-2011. A further two centres are planned to open in Q3-2011 and one in Q4-2011.

Our joint venture in the USA opened in June 2010 and is trading in line with our expectations.

Financial Review

Overall sales increased by 6% to £27.8m (2009: £26.2m) and like-for-like sales declined by approximately 4%. Excluding the impact of exceptional weather, like-for-like sales would have grown by at least 1%. Outwith exceptional snowfalls experienced in January, February, November and December which we estimate cost the company £1.7 million in profit, trading was in line with management's expectations.

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

- Core Football, (approximately 72% of total sales) decreased by 4% (increased by 1*% excluding year on year weather impact)*
- Bar and Vending, (approximately 18% of total sales) decreased by 2%
- Birthday Parties, (approximately 4% of total sales) increased by 5%
- Corporate Events & Sponsorship, (approximately 4% of total sales) increased by 8%

EBITDA was maintained at £12.5m (excluding start up costs of £0.2m in the USA), however, our EBITDA margin reduced by 3% to 45% reflecting the operational leverage caused by the fall in like-for-like sales. We remain focused on managing the business tightly and our call centre has now been fully implemented which, along with other initiatives, has reduced our annual cost base by approximately £0.5m.

Operating profit reduced by 6% to £10.0m (2009: £10.6m). Our operating profit margin was 36% (2009: 40%), due to the leverage effect of the like for like sales decrease and appointment of additional Head Office staff in preparation for the accelerated rollout in 2010.

Adjusted Profit on ordinary activities before tax reduced by 3% to £8.5m (2009: £8.8m). The tax charge for the year is at an effective rate of 31% (2009: 31%). Overall adjusted diluted earnings per share reduced by 8% to 12.0p (2009: 13.0p).

As indicated in my Chairman's statement for the year ended 31 December 2009 under the terms of IAS 39 "Financial Instruments: Recognition and Measurement" our capped floating interest rate hedging arrangement requires to be marked to market for all accounting periods ending after 1 January 2010 and the movement in the fair value incorporated into the income statement. The negative movement in the fair value is shown as a non-cash charge in the income statement of £0.7m in the year ended 31 December 2010. There was no charge in 2009.

Our Adjusted Operating Profit and Adjusted Profit before Tax detailed in the financial highlights excludes the set up costs at Goals USA of £0.2m and the £0.7m impact of IAS 39 described above. Net cash generated from operations was £10.4m (2009: £11.4m), demonstrating the highly cash generative nature of the Company.

At 31 December 2010, the Group's net debt was £51.4m of which £50m was bank debt funded by a £55m committed bank facility with HBOS and £1.4m was an investment in Goals USA by our Joint Venture partner. The bank facility is due for renewal in February 2013 and the loan notes are repayable by Goals USA by 31 December 2013.

During the year we invested £21.6m in capital expenditure (2009: £15.6m), £4.7m of which was incurred by Goals USA. We invested £16.9m in our existing centres and the rollout of new centres in the UK; £15.3m was incurred on new centres of which £7.5m related to centres under development at 31 December 2010, £0.6m on information technology and call centre systems, £0.2m on final accounts for centres opened in previous years and £0.8m on upgrading and extending our mature centres.

The Board intends that the Company will continue to retain the majority of distributable profits and cash flow to contribute towards the funding of its planned rollout of new centres. A final dividend of 1.175p per share will be paid on 27 April 2011 to shareholders on the register on 1 April 2011 at a cost of £0.6m,

making 1.85p for the full year (2009: 1.85p). As a minimum, the Board intends to declare dividends each year growing at least at the same rate as earnings.

Going forward, it is the Board's intention that the underlying cash generation of the existing portfolio of centres finances the roll out of new sites. As such, the Board currently is looking to roll out a four further centres in 2011.The Company entered into a joint venture in California, USA in 2008 to test the potential of the USA market. Its first centre opened in Los Angeles in June 2010. In the 7 months from opening to 31 December 2010 the centre generated sales of £0.4m and achieved a break even position. Prior to the opening of this centre Goals USA incurred set up costs of £0.2m which are included in the profit before income tax for the Group. Capital expenditure totalling £4.7m was invested by Goals USA of which £3.4m was funded by Goals UK and the balance of £1.3m by our Joint Venture partner as loan notes repayable by Goals USA by 31 December 2013.

We are encouraged by the potential of this opportunity but feel that the business could be managed more effectively using Goals staff. As such, we have recently increased our equity stake to approximately 98% and taken full control of the operations of the business.

Goals currently generates approximately 20% of sales from hiring pitches to league customers. The company currently treats league team management fees and pitch bookings as standard rated for VAT purposes. However, block bookings by teams including those by league teams to fulfil their league fixtures are treated as exempt from VAT by the Company as these fulfil all the conditions set out in Note 16, Group 1, Sch. 9, VATA 1994. On 9 February 2011 HMRC issued a briefing note indicating that commercially operated sports leagues should be standard rated. We have taken professional advice which has confirmed our view that our block bookings satisfy the conditions for VAT exemption. Our advisors have written to HMRC asking them to consider the specific circumstances which apply to the Company. Should HMRC's alternative view prevail, sales and profits will be reduced by approximately £0.5m per annum in the future and there is a risk that the ruling may be applied retrospectively. The impact on cash flow of an adverse ruling either retrospectively or in the future is not expected to be material because any requirement to account for VAT on block booking income would be largely offset by the high level of recovery of VAT that was previously irrecoverable and a repayment of Corporation Tax. Based on the information currently available the Directors do not believe that a provision is required, in this regard, at 31 December 2010.

Goals in the community

Our commitment to youth sports development in the communities in which we operate is evidenced by our 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 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 very 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.

Our staff

Our goal is to consistently exceed the expectations of every customer in all aspects of their experience at Goals. Our staff recruitment, selection, training and incentive programs are the most comprehensive in the industry and allow us to attract and retain staff members who are motivated to consistently provide excellence. Our staff are passionate about Goals with a sense of personal commitment to our core values.

I am delighted to welcome Philip Burks to the Board of Directors. His knowledge of the property industry and over 20 years public company experience will add significant value to the Board.

I should like to thank all Goals staff for their ongoing commitment to the Company and their hard work during the year.

Sir Rodney Walker, *Chairman* **25 February 2011**

Consolidated income statement
for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Revenue	2	**27,804**	26,236
Cost of sales		**(3,127)**	(3,022)
Gross profit		**24,677**	23,214
Administrative expenses		**(14,678)**	(12,658)
Operating profit	3	**9,999**	10,556
Financial expense	4	**(2,362)**	(1,800)
Profit before income tax		**7,637**	8,756
Income tax	5	**(2,332)**	(2,688)
Profit for the year		**5,305**	6,068
Attributable to:			
Equity holders of the parent		**5,340**	6,068
Non controlling interest		**(35)**	-
		5,305	6,068
Earnings Per Share			
Basic	7	**11.0p**	13.4p
Diluted	7	**10.7p**	13.0p

Statement of comprehensive income
for the year ended 31 December 2010

	2010 £000	2009 £000
Profit for the year	**5,305**	6,068
Effective portion of changes in fair value of cash flow hedges	**-**	133
Tax effect of change in fair value of cash flow hedges	**-**	(37)
Exchange differences on translation of foreign operations	**(38)**	-
Net (expense)/income recognised directly in equity	**(38)**	96
	5,267	6,164
Total comprehensive income for the year is attributable to:		
Equity holders of the parent	**5,302**	6,164
Non controlling interest	**(35)**	**-**
	5,267	6,164

Balance sheet
at 31 December 2010

	Note	2010	2009
Assets		£000	£000
Non-current assets			
Property, plant and equipment	8	104,129	83,150
Intangible assets	9	5,719	5,719
Total non-current assets		109,848	88,869
Current assets			
Inventories		550	538
Trade and other receivables		2,198	1,258
Cash and cash equivalents		458	336
Total current assets		3,206	2,132
Total assets		113,054	91,001
Current liabilities			
Bank overdraft		(1,203)	(264)
Trade and other payables		(4,312)	(2,260)
Current tax payable		(787)	(965)
Total current liabilities		(6,302)	(3,489)
Non-current liabilities			
Other interest-bearing loans and borrowings		(50,699)	(37,769)
Tax payable		(100)	(154)
Deferred tax liabilities	10	(6,644)	(5,044)
Other financial liabilities	11	(3,191)	(2,498)
Total non-current liabilities		(60,634)	(45,465)
Total liabilities		(66,936)	(48,954)
Net assets		46,118	42,047
Equity			
Share capital	12	121	121
Share premium		23,238	23,238
Other reserve		(1,801)	(1,801)
Retained earnings		24,581	20,489
Translation reserve		(38)	-
Total equity attributable to equity holders of the parent		46,101	42,047
Non controlling interest		17	-
Total equity		46,118	42,047

These financial statements were approved by the board of directors on 25 February 2011 and were signed on its behalf by:

Keith Rogers
Managing Director

William BG Gow
Finance Director

Statement of cash flows
for the year ended 31 December 2010

	Note	**2010**	2009
		£000	£000
Cash flows from operating activities			
Profit for the year		**5,305**	6,068
Adjustments for:			
Depreciation		**2,364**	1,987
Financial expense		**2,362**	1,800
Equity settled share-based payment credit		**(20)**	(70)
Income tax expense		**2,332**	2,688
		12,343	12,473
Increase in trade and other receivables		**(940)**	(183)
Increase in inventory		**(12)**	(112)
Increase in trade and other payables		**250**	419
		11,641	12,597
Income tax paid		**(1,239)**	(1,241)
Net cash from operating activities		**10,402**	11,356
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(21,600)**	(15,588)
Net cash used in investing activities		**(21,600)**	(15,588)
Cash flows from financing activities			
Issue of share capital		**-**	10,571
Loans received		**12,983**	-
Repayment of borrowings		**-**	(4,014)
Interest paid		**(1,703)**	(1,696)
Dividends paid		**(899)**	(820)
Net cash from financing activities		**10,381**	4,041
Net decrease in cash and cash equivalents	13	**(817)**	(191)
Cash and cash equivalents at start of year		**72**	263
Cash and cash equivalents at year end		**(745)**	72

Statement of changes in equity
for the year ended 31 December 2010

	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
At 1 January 2010	121	23,238	(1,801)	20,489	-	42,047	-	42,047
Profit for the year	-	-	-	5,340	-	5,340	(35)	5,305
Exchange difference on translation of foreign operation	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income for the year	-	-	-	5,340	(38)	5,302	(35)	5,267
Non controlling investment in subsidiary	-	-	-	-	-	-	52	52
Recognition of share based payment credit	-	-	-	(20)	-	(20)	-	(20)
Deferred tax on share based payments	-	-	-	(329)	-	(329)	-	(329)
Dividends paid	-	-	-	(899)	-	(899)	-	(899)
At 31 December 2010	121	23,238	(1,801)	24,581	(38)	46,101	17	46,118

Statement of changes in equity *(continued)*
for the year ended 31 December 2010

	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
At 1 January 2009	104	12,684	(1,897)	15,211	-	26,102	-	26,102
Profit for the year	-	-	-	6,068	-	6,068	-	6,068
Cash flow hedge – recognition of fair value	-	-	133	-	-	133	-	133
Deferred tax on items taken directly to equity	-	-	(37)	-	-	(37)	-	(37)
Total comprehensive income for the year	-	-	96	6,068	-	6,164	-	6,164
Shares issued	17	10,554	-	-	-	10,571	-	10,571
Recognition of share based payment credit	-	-	-	(70)	-	(70)	-	(70)
Deferred tax on share based payments	-	-	-	100	-	100	-	100
Dividends paid	-	-	-	(820)	-	(820)	-	(820)
At 31 December 2009	121	23,238	(1,801)	20,489	-	42,047	-	42,047

Notes
(forming part of the financial statements)

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 2010 comprise those of the company and its subsidiaries (together referred to as the Group).

The financial information set out above does not constitute the company's accounts for the years ended 31 December 2010 or 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the registrar of companies, and those for 2010 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 2010. 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 2010 were approved by the board of directors on 25 February 2011.

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 set out below 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.

IFRS 3 (Revised) Business combinations (effective year ended 31 December 2010) requires acquisition costs incurred in a business combination to be expensed as incurred rather than included in the cost of acquisition and determination of goodwill. It also brings about changes to the current accounting in relation to contingent consideration and various other aspects of accounting for business combinations. This will affect any future acquisitions by the company.

Amendment to IFRS 2 Group cash-settled and share-based payment transactions (effective year ended 31 December 2010) requires an entity receiving goods or services in either an equity-settled or cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements, even if it is another group entity or shareholder who has the obligation to settle the transaction.

IAS 27 (Revised) Consolidated and separate financial statements (effective year ended 31 December 2010) makes a number of amendments to the Standard, dealing primarily with the accounting for changes in ownership interest in subsidiaries after control is obtained, the accounting for the loss of

control of subsidiaries and the allocation of profit or loss to controlling and non-controlling interests in a subsidiary.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective year ended 31 December 2010) clarifies two hedge accounting issues: inflation in a financial hedged item and a one sided risk in a hedged item.
IFRIC 17 Distribution of non-cash assets to owners (effective year ended 31 December 2010) requires distributions within the scope of IFRIC 17 to be measured at the fair value of the assets to be distributed. Any gain or loss on settlement of the liability for the dividend payable is to be recognised in the income statement.

Improvements to IFRSs 2009 (effective year ended 31 December 2010) incorporates a number of amendments to IFRSs including the amendment to IAS 17 'Leases' – Classification of leases of land and buildings. Para 14 of IAS 17 is deleted such that a lease of land with an indefinite economic life need not be classified as an operating lease. The company has reviewed the impact of this amendment on its existing leases and concluded that leases are appropriately classified.

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 within the United Kingdom.

The soccer centre in the USA was opened in June 2010. In the current year its results are not considered material and are therefore not disclosed as a separate segment.

3 Operating profit

	2010	2009
	£000	£000
Operating profit is stated after charging:		
Auditors' remuneration:		
- audit of these financial statements	**30**	30
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation	**10**	10
Depreciation	**2,364**	1,987
Rental under operating leases		
- plant and machinery	**157**	51
- others	**1,708**	1,206
Exceptional Items:		
Start up costs in the USA	**160**	-

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

	2010	2009
	£000	£000
Operating profit	**9,999**	10,556
Depreciation	**2,364**	1,987
	12,363	12,543

Earnings before interest, tax, depreciation and amortisation ("EBITDA"), excluding start up costs in the USA, is calculated as follows:

	2010	2009
	£000	£000
Operating profit	**9,999**	10,556
Depreciation	**2,364**	1,987
Start up costs in the USA	**160**	-
	12,523	12,543

4 Financial expense

	2010	2009
	£000	£000
Recognised in income statement		
Interest on bank loans and overdrafts	**1,633**	1,768
Ineffective portion of changes in cash flow hedge	**693**	-
Amortisation of finance costs	**36**	32
	2,362	1,800
Recognised directly in equity (hedging reserve)		
Effective portion of changes in cash flow hedges	**-**	133

Borrowing costs of £484,000 *(2009: £378,000)* have been capitalised in the year applying a rate of interest based on the Group's borrowing cost.

5 Income tax

	2010	2009
	£000	£000
Recognised in the income statement		
Current tax expense		
UK corporation tax at 28% *(2009: 28%)* – current year	**1,166**	1,507
– prior year	**(105)**	47
	1,061	1,554
Deferred tax (note 10)		
Temporary differences:		
- current year	**1,352**	1,173
- prior year	**128**	(39)
- rate change	**(209)**	-
Total deferred tax	**1,271**	1,134
Total tax in income statement	**2,332**	2,688

Reconciliation of effective tax rate

	2010	2009
	£000	£000
Profit for the year	**5,305**	6,068
Total income tax expense	**2,332**	2,688
Profit excluding taxation	**7,637**	8,756

	2010		2009	
	%	**£000**	%	£000
Income tax using company's standard tax rate	**28.0**	**2,138**	28.0	2,452
Effects of:				
Non-deductible expenses	**4.9**	**373**	2.6	228
Other differences – adjustments to prior year balances	**0.2**	**23**	0.1	8
Other differences – difference in tax rates	**(2.6)**	**(202)**	-	-
Total tax expense	**30.5**	**2,332**	30.7	2,688

Income tax recognised directly in equity

	2010	2009
	£000	£000
Taxation on share based payments	**(329)**	120
Taxation on financial assets/liabilities	**-**	(37)
	(329)	83

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction from 28% to 27% will be effective from 1 April 2011. This will reduce the company's current tax charge accordingly. As this rate change had been substantively enacted before the balance sheet date the Group and Company's deferred tax assets and liabilities are recognised at 27%. It is not yet possible to quantify the full anticipated effect of the announced further 3% rate reduction although this will further reduce the Group and Company's future current tax charge and reduce the company's deferred tax liability accordingly.

6 Dividends

	2010	2009
	£000	£000
Dividends paid – 2008 final (1.175p per ordinary share)	**-**	492
– 2009 interim (0.675p per ordinary share)	**-**	328
– 2009 second interim (1.175 p per ordinary share)	**571**	-
– 2010 interim (0.675p per ordinary share)	**328**	-
	899	820

A final dividend of £571,000 (1.175p per ordinary share) has been declared and will be paid on 27 April 2011 to shareholders on the register on 1 April 2011 *(2009: Second interim 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.

7 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 48,588,520 *(2009: 45,471,762)*.

	2010 Profit for the year £000	**2010 Earnings per share p**	2009 Profit for the year £000	2009 Earnings per share p
Basic earnings per share	**5,340**	**11.0**	6,068	13.4
Diluted earnings per share	**5,340**	**10.7**	6,068	13.0
Adjusted diluted earnings per share	**5,950**	**12.0**	6,068	13.0

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 2010 this was 49,788,164 (2009: 46,875,458).

Adjusted diluted earnings per share is calculated by dividing earnings attributable to ordinary shareholders of £5,340,000 adjusted for the net of tax impact of the movement in fair value of the capped floating interest hedging arrangements of £499,000 and start up costs in the USA of £111,000, 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 2010 this was 49,788,164 (2009: 46,875,458).

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

	Number 2010	2009
Weighted average number of shares in issue during the year	**48,558,520**	45,471,762
Effect of dilutive share options	**1,229,644**	1,403,696
Diluted weighted average number of shares	**49,788,164**	46,875,458

8 Property, plant and equipment

	Leasehold property £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2009	59,468	8,032	7,898	75,398
Additions	7,114	1,668	6,630	15,412
Transfers	5,594	206	(5,800)	-
At 31 December 2009	72,176	9,906	8,728	90,810
At 1 January 2010	72,176	9,906	8,728	90,810
Additions	13,632	2,007	7,704	23,343
Transfers	6,912	128	(7,040)	-
At 31 December 2010	92,720	12,041	9,392	114,153
Depreciation				
At 1 January 2009	3,703	1,970	-	5,673
Charge for year	1,190	797	-	1,987
At 31 December 2009	4,893	2,767	-	7,660
At 1 January 2010	4,893	2,767	-	7,660
Charge for year	1,507	857	-	2,364
At 31 December 2010	6,400	3,624	-	10,024
Carrying amounts				
At 31 December 2010	**86,320**	**8,417**	**9,392**	**104,129**
At 31 December 2009	67,283	7,139	8,728	83,150

9 Intangible fixed assets

	Goodwill
	£000
Cost	
Balance at 1 January 2009 and at 31 December 2009	5,719
Balance at 1 January 2010 and 31 December 2010	5,719

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 11% 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 trends 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.

10 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2010	2009	**2010**	2009	**2010**	2009
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**335**	664	**-**	-	**335**	664
Property, plant and equipment	**-**	-	**(7,902)**	(6,541)	**(7,902)**	(6,541)
Cash flow hedge	**862**	697	**-**	-	**862**	697
Other timing differences	**61**	136	**-**	-	**61**	136
Net tax assets/(liabilities)	**1,258**	1,497	**(7,902)**	(6,541)	**(6,644)**	(5,044)

Movement in deferred tax during the year

	At 1 January 2010 £000	Recognised in income £000	Recognised in equity £000	At 31 December 2010 £000
Share based payments	664	-	(329)	335
Property, plant and equipment	(6,541)	(1,361)	-	(7,902)
Cash flow hedge	697	165	-	862
Other timing differences	136	(75)	-	61
	(5,044)	(1,271)	(329)	(6,644)

Movement in deferred tax during the prior year

	At 1 January 2009 £000	Recognised in income £000	Recognised in equity £000	At 31 December 2009 £000
Share based payments	564	(20)	120	664
Property, plant and equipment	(5,291)	(1,250)	-	(6,541)
Cash flow hedge	734	-	(37)	697
Other timing differences	-	136	-	136
	(3,993)	(1,134)	83	(5,044)

11 Other financial liabilities

	2010 £000	2009 £000
Interest rate derivative used for hedging	**3,191**	2,498

The interest rate derivative is carried at fair value and is a liability of £3,191,000 compared with a liability of £2,498,000 at 31 December 2009.

12 Share capital

	2010 Number	**£000**	2009 Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2009: 0.25p)* each	**48,558,520**	**121**	48,558,520	121

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.

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 Company is subject to externally imposed capital requirements.

13 Notes to the statements of cash flows

(a) Net debt

	At beginning of year £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	336	122	-	**458**
Overdraft	(264)	(939)	-	**(1,203)**
	72	(817)	-	**(745)**
Revolving credit facility	(37,769)	(11,530)	53	**(49,246)**
Loan notes	-	(1,453)	-	**(1,453)**
	(37,697)	(13,800)	53	**(51,444)**

The non cash movement relates to loan issue costs.

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

	2010 £000	2009 £000
Decrease in cash in the year	**(817)**	(191)
Cash inflow from bank and other finance net of finance costs paid	**(12,983)**	-
Loans paid	**-**	4,014
Change in net debt resulting from cash flows	**(13,800)**	3,823
Non cash movement – finance costs	**53**	(32)
Movement in net debt in the year	**(13,747)**	3,791
Net debt at the start of the year	**(37,697)**	(41,488)
Net debt at the end of the year	**(51,444)**	(37,697)

14. Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2010 will be posted to shareholders in March 2011. Additional copies will be available via the company's website, www.goalsplc.com, or from the Company Secretary at the company's registered office Orbital House, Peel Park, East Kilbride, G74 5PR.