Goals Soccer Centres plc

Preliminary Results for the year ended 31 December 2009

Goals nets 7% increase in profits

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres across the UK. Goals currently operates 34 centres and has established a well progressed pipeline of sites to continue the rollout of its proven concept in the UK.

Key points

Financial

Prime locations, quality facilities and outstanding customer service have resulted in growth in sales and profits for a ninth successive year, underpinning our market leading position.

- **Sales up 10%** to £26.2m (2008: £24.0m)
- Total like-for-like sales maintained
- **Core football like-for-like sales up 1%**
- **Operating profit up 6%** to £10.6m (2008: £10.0m)
- **Profit before tax up 7%** to £8.8m (2008: £8.2m)
- **Net cash generated from operations up 15%** to £11.4m (2008: £9.9m)
- **Diluted EPS up 2%** to 13.0p (2008: 12.8p)
- Second interim ordinary dividend of 1.175p per share making 1.85p for the full year, **an increase in the dividend of 3%** for the year

Rollout

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

- **Three centres added** since January 2009 at Coventry, Reading and Liverpool
- On schedule to **add seven centres in the UK during 2010**
- On schedule to **add a centre in Los Angeles**, California during 2010
- On schedule to open a minimum of **six centres during 2011**
- Strong and **growing pipeline** of sites for further expansion

Current Trading

The UK suffered its heaviest snowfalls in over 30 years in late 2009 and early 2010 which affected trading across all centres. This effectively delayed the post holiday uplift by approximately three weeks. Since then, despite the continuing impact of snow in the Midlands and the North, sales have continued to grow.

Based on previous experience, we are confident that we will see increased revenue from both corporate events and birthday parties during this World Cup year with little disturbance to our core football activity due to the timing of key matches. Our plans are advanced to maximise the opportunities presented by the 2010 World Cup for our industry.

We expect to make further progress in 2010 and beyond.

Keith Rogers, Managing Director of Goals said:

"*This has been another solid performance from Goals, increasing both sales and profits during a time of consumer uncertainty and unexpected weather conditions. Our low price point has ensured that demand for 5-a-side football has remained high.*

Our pipeline is stronger than ever and we are set to open seven UK centres in 2010 and our first US centre in Los Angeles, which is due to be open in time for the World Cup. Following our successful placing and our continued strong cash generation, Goals is well positioned financially to deliver growth going forward.

"This year's World Cup offers us some great opportunities and we are already witnessing an increased interest in corporate events."

1 March 2010

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Chairman's statement

I am pleased to report our ninth consecutive year of growth. This has been a challenging period for the whole of the leisure industry as consumer spending has weakened. In spite of the difficult economic environment and the unexpected heavy snowfalls experienced during February 2009, we increased both sales and profits, further strengthening our leading position within the 5-a-side soccer market.

Financial Review

The Company has continued to increase sales and profits driven mainly by new centre openings. This performance in challenging economic and weather conditions is further evidence of the resilience of the Company's proven "next generation" concept.

Sales increased by 10% to £26.2m (2008: £24.0m) and overall like for like sales have been maintained, reflecting the recession resistant qualities of our core football business.

Like for like sales in our key product areas were:

- Core Football, (approximately 75% of total sales), increased by 1% *(2% excluding impact of snow in February 2009)*
- Bar and Vending, (approximately 18% of total sales), increased by 2%
- Birthday Parties, (approximately 3% of total sales), declined by 8%
- Corporate Events & Sponsorship, (approximately 4% of total sales), declined by 17%

As previously intimated, the economic downturn has impacted ancillary income. This has been particularly evident in corporate events which have borne the biggest impact. However, we expect the 2010 World Cup to revitalise the level of corporate business and birthday parties.

The slowdown in ancillary spend has continued to have a marginal impact on our new centres, slightly increasing the time they take to reach maturity in terms of revenue generation and profitability.

Operating profit increased by 6% to £10.6m (2008: £10.0m). Our operating profit margin was 40% (2008: 42%), as the Company absorbed increases in utility costs, the start-up of the call centre and appointment of additional Head Office staff in preparation for the accelerated rollout in 2010. We remain focused on managing the business tightly. The implementation of the call centre and other initiatives in December 2009 will reduce our cost base by approximately £0.5m annually.

Profit on ordinary activities before tax has risen by 7% to £8.8m (2008: £8.2m). The tax charge for the year is at an effective rate of 31% (2008: 32%). Overall we achieved a 2% increase in diluted earnings per share to 13.0p (2008: 12.8p). Earnings per share have grown by an average of 39% per annum, since our flotation in December 2004.

To enable the Company to accelerate the rate of openings of new soccer centres and benefit from additional financial flexibility, new equity capital of £11m (£10.6m net of expenses) was raised from shareholders during the period. This diluted the growth in earnings per share by approximately 8%.

Net cash generated from operations increased by 15% to £11.4m (2008: £9.9m) demonstrating the highly cash generative nature of the Company. These dependable cash flows largely underpin our ongoing investment in new centres.

At 31 December 2009, Goals net bank debt totalled £37.7m funded by a £47.1m committed facility with HBOS. This facility is due for renewal in February 2013. The Company continues to enjoy significant headroom in terms of the covenants relating to this facility.

In February 2010 the Company restructured its interest rate swap into a capped floating arrangement. At current interest rates this is anticipated to generate cash flow savings of approximately £0.45m per annum. However under the terms of IAS 39 "Financial Instruments: Recognition and Measurement" the capped floating arrangement cannot be treated as an effective hedge. As a result the instrument will be marked to market and the movement in the fair value requires to be incorporated into the income statement. The movement in the fair value is currently assessed to be an increase in the financial liability of approximately £0.4m and this would result in a non cash charge in the income statement of £0.4m in the six months ending 30 June 2010.

During the year we invested £15.4m in capital expenditure (2008: £21.2m); £13.3m was incurred on new centres of which £6.6m related to centres under development at 31 December 2009, £0.8m on information technology and call centre systems, £0.7m on final accounts for centres opened in previous years and £0.6m on upgrading and extending our mature centres. The total investment in centres under development at 31 December 2009 was £8.7m reflecting the increase in the pipeline and the proposed increase in the rate of openings in 2010 and beyond.

The development cost of a standard 10 court 5-a-side soccer facility is £2.3m. The centres opened during the year included additional courts and increased pavilion floorspace resulting in increased capital cost. These new centres have increased revenue capacity thereby earning a similar level of return on investment to a standard 10 court facility.

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. In line with our established dividend policy, a second interim ordinary dividend of 1.175p per share will be paid on 1 April 2010 to shareholders on the register on 12 March 2010 at a cost of £570,563, making 1.85p for the full year (2008: 1.8p). This represents a 3% increase. As a minimum, the Board intends to declare dividends each year growing at least at the same rate as earnings.

2010 Current Trading

The UK suffered its heaviest snowfalls in over 30 years in late 2009 and early 2010 which affected trading across all centres. This effectively delayed the post holiday uplift by approximately three weeks. Since then, despite the continuing impact of snow in the Midlands and the North, sales have continued to grow.

Based on previous experience, we are confident that we will see increased revenue from both corporate events and birthday parties during this World Cup year with little disturbance to our core football activity due to the timing of key matches. Our plans are advanced to maximise the opportunities presented by the 2010 World Cup for our industry.

We expect to make further progress in 2010 and beyond.

Operating Review

Football is 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 resulted in the continuing popularity of the Goals concept 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 moderate prices by offering exciting football in a high-energy setting with efficient, attentive and friendly service. As a result, the Goals concept appeals to a diverse customer base.

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

Goals high standards have been recognised by the Football Association and during the year Goals Bradford was awarded the prestigious Small Sided Centre of The Year Award.

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.

We have a strategy to continue to invest and develop our IT systems. During the year we invested £0.7m to further improve 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.

Our bar EPOS system is now fully implemented across all centres and is providing more visibility on bar spend patterns allowing us to improve control over margins and staffing levels, and assisting in maximising sales through targeted promotions.

We are continuing to develop ways in which our customers can access the booking process. Online bookings continue to increase and we expect to launch a mobile phone application during the year.

We have increased our online marketing and have developed a presence on Facebook, Twitter and YouTube. A further iteration of our website is due to be launched in early March bringing new features and functionality to our customers.

To further improve the level of customer service and sales activity within the Company, we implemented a call centre within our head office which went live during December 2009. Phase one is now complete and handles the majority of incoming calls including all enquiry journeys and fulfilment. Our team of well trained experienced staff are well placed to handle outgoing sales campaigns, and this will be our focus for phase two. Whilst leading to an additional cost in 2009, the call centre, together with other initiatives will reduce our cost base by approximately £0.5m per annum thereafter.

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 have recently added a Planning and Development Manager to our property team.

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 preopening 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 years of openings in the UK.

Since January 2009 we have added centres in Coventry, Reading and Liverpool (January, 2010). Work on Portsmouth, which had commenced construction during August 2009, had to stop due to a delay in clearing some outstanding planning conditions. These have now been cleared and construction has recommenced.

We are well advanced towards opening an additional seven centres in the UK during 2010 (including Portsmouth). Four centres are already under construction and one centre is scheduled to open in each of Q1 through Q4. Construction of a further two centres is expected to commence in Q2 and one in Q3.

Our joint venture in the USA has commenced construction of its first site at South Gate Park in Los Angeles. The centre is scheduled for completion by the end of May, in time for the 2010 World Cup.

Our franchise in South Africa has identified a number of sites and is making progress with securing the necessary permissions.

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.

During the year, we strengthened the Head Office management team to match the Company's planned accelerated growth.

I should like to thank all Goals staff for their major part in delivering another year of operational and financial success.

Sir Rodney Walker
Chairman

26 February 2010

Income statement
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Revenue	2	**26,236**	23,953
Cost of sales		**(3,022)**	(2,743)
Gross profit		**23,214**	21,210
Other operating income	3	**-**	183
Administrative expenses		**(12,658)**	(11,361)
Operating profit	3	**10,556**	10,032
Financial expense	4	**(1,800)**	(1,802)
Profit before income tax		**8,756**	8,230
Income tax	5	**(2,688)**	(2,652)
Profit for the year attributable to equity holders of the company		**6,068**	5,578
Earnings Per Share			
Basic	7	**13.4p**	13.3p
Diluted	7	**13.0p**	12.8p

Balance sheet
at 31 December 2009

	Note	2009	2008
Assets		£000	£000
Non-current assets			
Property, plant and equipment	8	83,150	69,725
Intangible assets	9	5,719	5,719
Total non-current assets		88,869	75,444
Current assets			
Inventories		538	426
Trade and other receivables		1,258	1,075
Cash and cash equivalents		336	392
Total current assets		2,132	1,893
Total assets		91,001	77,337
Current liabilities			
Bank overdraft		(264)	(129)
Trade and other payables		(2,260)	(1,914)
Current tax payable		(965)	(632)
Total current liabilities		(3,489)	(2,675)
Non-current liabilities			
Other interest-bearing loans and borrowings		(37,769)	(41,751)
Tax payable		(154)	(185)
Deferred tax liabilities	10	(5,044)	(3,993)
Other financial liabilities	11	(2,498)	(2,631)
Total non-current liabilities		(45,465)	(48,560)
Total liabilities		(48,954)	(51,235)
Net assets		42,047	26,102
Equity			
Share capital	12	121	104
Share premium		23,238	12,684
Other reserve		(1,801)	(1,897)
Retained earnings		20,489	15,211
Total equity attributable to equity holders of the company		42,047	26,102

Statement of comprehensive income
for the year ended 31 December 2009

	2009	2008
	£000	£000
Profit for the year	**6,068**	5,578
Effective portion of changes in fair value of cash flow hedges	**133**	(2,743)
Tax effect of change in fair value of cash flow hedges	**(37)**	768
Net income / (expense) recognised directly in equity	**96**	(1,975)
Total recognised income and expense for the year attributable to equity holders of the company	**6,164**	3,603

Statement of cash flows
for the year ended 31 December 2009

	Note	2009	2008
		£000	£000
Cash flows from operating activities			
Profit for the year		**6,068**	5,578
Adjustments for:			
Depreciation		**1,987**	1,731
Gain on sale of fixed assets		**-**	(183)
Financial expense		**1,800**	1,802
Equity settled share-based payment credit		**(70)**	(3)
Income tax expense		**2,688**	2,652
		12,473	11,577
(Increase)/decrease in trade and other receivables		**(183)**	51
Increase in inventory		**(112)**	(108)
Increase/(decrease) in trade and other payables		**419**	(216)
		12,597	11,304
Income tax paid		**(1,241)**	(1,448)
Net cash from operating activities		**11,356**	9,856
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(15,588)**	(13,730)
Proceeds from sale of property, plant and equipment		**-**	1,067
Acquisition of a business		**-**	(7,518)
Net cash used in investing activities		**(15,588)**	(20,181)
Cash flows from financing activities			
Issue of share capital		**10,571**	-
Loans received		**-**	13,970
Repayment of borrowings		**(4,014)**	(666)
Interest paid		**(1,696)**	(1,881)
Dividends paid		**(820)**	(681)
Net cash from financing activities		**4,041**	10,742
Net (decrease)/increase in cash and cash equivalents	13	**(191)**	417
Cash and cash equivalents at start of year		**263**	(154)
Cash and cash equivalents at year end		**72**	263

Statement of changes in equity
for the year ended 31 December 2009

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
At 1 January 2008	104	12,679	78	11,570	24,431
Profit for the year	-	-	-	5,578	5,578
Cash flow hedge – recognition of fair value	-	-	(2,743)	-	(2,743)
Deferred tax on items taken directly to equity	-	-	768	-	768
Total comprehensive income for the year	-	-	(1,975)	5,578	3,603
Shares issued	-	5	-	-	5
Recognition of shares based payment costs	-	-	-	(3)	(3)
Deferred tax on share based payments	-	-	-	(1,253)	(1,253)
Dividends paid	-	-	-	(681)	(681)
At 31 December 2008	104	12,684	(1,897)	15,211	26,102
At 1 January 2009	104	12,684	(1,897)	15,211	26,102
Profit for the year	-	-	-	6,068	6,068
Cash flow hedge – recognition of fair value	-	-	133	-	133
Deferred tax on items taken directly to equity	-	-	(37)	-	(37)
Total comprehensive income for the year	-	-	96	6,068	6,164
Shares issued	17	10,554	-	-	10,571
Recognition of shares based payment costs	-	-	-	(70)	(70)
Deferred tax on share based payments	-	-	-	100	100
Dividends paid	-	-	-	(820)	(820)
At 31 December 2009	121	23,238	(1,801)	20,489	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.

Statement of compliance

The 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 2009. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below.

The financial statements present the position of the company and not the group. The company has not prepared group accounts on the basis that subsidiary undertakings are not material either individually or in aggregate.

The financial statements for the year ended 31 December 2009 were approved by the board of directors on 26 February 2010.

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 have been presented in pounds sterling which is the company's functional currency. 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 impact of the adoption of the standards described below:

IAS 1 (revised) 'Presentation of Financial Statements'

The revised standard has resulted in a number of changes in presentation and disclosure, most significantly changing the title of the Statement of Recognised Income and Expense to Statement of Comprehensive Income and the introduction of the Statement of Changes in Equity as a primary statement. It has no impact on the reported results or financial position of the company.

IFRS 8 'Operating segments'

This standard 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. Application of this standard has not resulted in a change to presentation of segment information in the financial statements.

Amendment to IFRS 7 'Financial Instruments – Disclosure'

The amendment requires enhanced disclosures about fair value measurement and liquidity. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings.

The financial information set out in this announcement does not constitute the statutory accounts for the years ended 31 December 2009 or 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies, and those for 2009 will be delivered in due course. The Auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985 in respect of the accounts for 2008 nor a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2009.

2. Segmental reporting

The company has adopted IFRS 8 'Operating Segments' with effect from 1 January 2009. This standard 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.

3. Operating profit

	2009	2008
	£000	£000
Operating profit is stated after charging/(crediting):		
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	**1,987**	1,731
Other operating income – gain on sale of fixed assets	**-**	(183)
Rental under operating leases		
- plant and machinery	**51**	51
- others	**1,206**	1,039

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

	2009	2008
	£000	£000
Operating profit	**10,556**	10,032
Depreciation	**1,987**	1,731
	12,543	11,763

4. Financial expense

	2009	2008
	£000	£000
Recognised in income statement		
Interest on bank loans and overdrafts	**1,800**	1,802
Recognised directly in equity (hedging reserve)		
Effective portion of changes in cash flow hedges	**133**	(2,743)

Borrowing costs of £378,000 *(2008: £289,000)* have been capitalised in the year applying a rate of interest based on the Company's borrowing cost.

5. Income tax

		2009	2008
		£000	£000
Recognised in the income statement			
Current tax expense			
UK corporation tax at 28% *(2008: 28.5%)*	– current year	**1,507**	1,526
	– prior year	**47**	(78)
		1,554	1,448
Deferred tax (note 10)			
Temporary differences:			
- current year		**1,173**	1,053
- prior year		**(39)**	151
Total deferred tax		**1,134**	1,204
Total tax in income statement		**2,688**	2,652

Reconciliation of effective tax rate

	2009	2008
	£000	£000
Profit for the year	**6,068**	5,578
Total income tax expense	**2,688**	2,652
Profit excluding taxation	**8,756**	8,230

	2009		2008	
	%	**£000**	%	£000
Income tax using company's standard tax rate	**28.0**	**2,452**	28.5	2,345
Effects of:				
Non-deductible expenses	**2.6**	**228**	2.8	234
Other differences – adjustments to prior year balances	**0.1**	**8**	0.9	73
Total tax expense	**30.7**	**2,688**	32.2	2,652

5. Income tax *(continued)*

Income tax recognised directly in equity

	2009 **£000**	2008 £000
Taxation on share based payments	**120**	(1,253)
Taxation on financial assets/liabilities	**(37)**	768
	83	(485)

6. Dividends

		2009 **£000**	2008 £000
Dividends paid	– 2007 final (1.0p per ordinary share)	**-**	419
	– 2008 interim (0.625p per ordinary share)	**-**	262
	– 2008 final (1.175p per ordinary share)	**492**	-
	– 2009 interim (0.675p per ordinary share)	**328**	-
		820	681

A second interim ordinary dividend of £571,000 (1.175p per ordinary share) has been declared and will be paid on 1 April 2010 to shareholders on the register on 12 March 2010 *(2008: Final dividend £492,000 (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 45,471,762, *(2008: 41,891,852)*.

	2009 Profit for the year £000	**2009 Earnings per share p**	2008 Profit for the year £000	2008 Earnings per share p
Basic earnings per share	**6,068**	**13.4**	5,578	13.3
Diluted earnings per share	**6,068**	**13.0**	5,578	12.8

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 2009 this was 46,888,032 *(2008: 43,411,419).*

7. Earnings per share *(continued)*

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

	Number 2009	2008
Weighted average number of shares in issue during the year	**45,471,762**	41,891,852
Effect of dilutive share options	**1,403,696**	1,519,567
Diluted weighted average number of shares	**46,875,458**	43,411,419

8. Property, plant and equipment

	Leasehold property £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2008	47,756	7,044	3,259	58,059
Additions	5,330	1,422	6,720	13,472
Acquisitions	5,415	-	-	5,415
Disposals	(1,029)	(519)	-	(1,548)
Transfers	1,996	85	(2,081)	-
At 31 December 2008	59,468	8,032	7,898	75,398
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
Depreciation				
At 1 January 2008	2,870	1,736	-	4,606
Charge for year	977	754	-	1,731
Disposals	(144)	(520)	-	(664)
At 31 December 2008	3,703	1,970	-	5,673
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
Carrying amounts				
At 31 December 2009	**67,283**	**7,139**	**8,728**	**83,150**
At 31 December 2008	55,765	6,062	7,898	69,725

9. Intangible fixed assets

	Goodwill
	£000
Cost	
Balance at 1 January 2008	1,848
Acquisitions through business combinations	3,871
Balance at 31 December 2008	5,719
Balance at 1 January 2009 and 31 December 2009	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 significant headroom such that the estimated carrying value is not sensitive to changes in assumptions.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**664**	564	**-**	-	**664**	564
Property, plant and equipment	**-**	-	**(6,541)**	(5,291)	**(6,541)**	(5,291)
Cash flow hedge	**697**	734	**-**	-	**697**	734
Other timing differences	**136**	-	**-**	-	**136**	-
Net tax assets/(liabilities)	**1,497**	1,298	**(6,541)**	(5,291)	**(5,044)**	(3,993)

Movement in deferred tax during the year

	At 1 January 2009	**Recognised in income**	**Recognised in equity**	**At 31 December 2009**
	£000	**£000**	**£000**	**£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)

Movement in deferred tax during the prior year

	At 1 January 2008	**On acquisition**	**Recognised in income**	**Recognised in equity**	**At 31 December 2008**
	£000	**£000**	**£000**	**£000**	**£000**
Share based payments	1,817	-	-	(1,253)	564
Property, plant and equipment	(2,767)	(1,320)	(1,204)	-	(5,291)
Cash flow hedge	(34)	-	-	768	734
	(984)	(1,320)	(1,204)	(485)	(3,993)

11. Other financial liabilities

	2009 **£000**	2008 £000
Interest rate derivative used for hedging	**2,498**	2,631

The interest rate derivative is carried at fair value and is a liability of £2,498,000 compared with a liability of £2,631,000 at 31 December 2008.

12. Share capital

	2009 Number	**£000**	2008 Number	£000
Authorised				
Ordinary shares of 0.25p *(2008: 0.25p)* each	**64,000,000**	**160**	64,000,000	160
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2008: 0.25p)* each	**48,558,520**	**121**	41,891,853	104

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.

On 19 June 2009 the Company issued 6,666,667 shares at a placing price of 165p per share, increasing the number of ordinary shares of 0.25p each in issue to 48,558,520. The Placing Shares represent approximately 13.73% of the enlarged share capital of the Company.

The Company is subject to externally imposed capital requirements.

13. Notes to the statement 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	392	(56)	-	**336**
Overdraft	(129)	(135)	-	**(264)**
	263	(191)	-	**72**
Revolving credit facility	(41,751)	4,014	(32)	**(37,769)**
	(41,488)	3,823	(32)	**(37,697)**

The non cash movement relates to the amortisation of loan issue costs.

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

	2009 £000	2008 £000
(Decrease)/increase in cash in the year	**(191)**	417
Cash inflow from bank finance net of finance costs paid	**-**	(13,970)
Loans paid	**4,014**	666
Change in net debt resulting from cash flows	**3,823**	(12,887)
Non cash movement – amortisation of finance costs	**(32)**	(32)
– loans acquired	**-**	(341)
Movement in net debt in the year	**3,791**	(13,260)
Net debt at the start of the year	**(41,488)**	(28,228)
Net debt at the end of the year	**(37,697)**	(41,488)

14. Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2009 will be posted to shareholders in March 2010. 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.