Goals Soccer Centres plc

Preliminary Results for the year ended 31 December 2005

Goals nets 355% profit increase

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres across the UK. Goals currently has 18 centres and has established a well progressed pipeline of sites to continue its proven rollout concept.

Key Points

Financial

- **Sales up 35% to £11.2m** (2004: £8.3m)
- EBITA up 58% to £3.8m (2004: £2.4m)
- Profit before tax and amortisation up 296% to £2.9m (2004: £0.7m)
- **Profit before tax up 355% to £2.8m** (2004: £0.6m)
- Earnings per share (before amortisation) up 83% to 4.6p (2004: 2.5p)*
- Earnings per share up 122% to 4.3p (2004: 1.9p)*
- Strong financial performance driven by **like for like sales growth of 9%** and new openings
- Maiden final ordinary dividend proposed in respect of the current year of 0.5p per share

Rollout

- Seven centres added since flotation in December 2004
- On schedule to open a further four centres during 2006 of which three are already under construction
- On schedule to open a minimum of five centres 2007

Brand Partnerships

In line with Goals strategy of working with brands enjoying a strong association with football, the following partnerships are announced:

- an innovative brand partnership with UMBRO who are an FA Sponsor and 'FA Partner of Small Sided Football'.
- a sponsorship agreement with Powerade, 'The Official Sports Drink' of The World Cup, The European Championships and The Football League.

* The tax charge for the year is an effective rate of 36.1% (2004: 32.6%). The charge includes £118,000 (0.28p per share) being the one off impact of amending the rate at which deferred tax is provided from 19% to 30%.

Keith Rogers, Managing Director of Goals said:

"I am delighted to report profits up 355%. This is an outstanding performance, demonstrating the demand in the market for our 'next generation' concept. We have added seven new sites since flotation and our site pipeline is strong. The Company has continued to trade strongly since the year end."

6 March 2006

Enquiries:

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Chairman's statement

I am pleased to report Goals Soccer Centres' results for the year ended 31st December 2005.

This has been another excellent year as Goals continues to deliver strong financial performance. Sales increased by 35% to £11.2m (2004: £8.3m). EBITDA increased by 46% to £4.7m (2004: £3.2m), and EBITA increased by 58% to £3.8m (2004: £2.4m). This resulted in a 296% increase in profit on ordinary activities before tax and amortisation to £2.9m (2004: £0.7m), a 355% increase in profit before tax to £2.8m (2004: £0.6m), an 83% increase in earnings per share (before amortisation) to 4.6p (2004: 2.5p) and a 122% increase in earnings per share to 4.3p (2004: 1.9p).

Strong financial performance driven by like for like sales growth of 9% is further evidence of the Company's proven "next generation" concept and the high level of pitch utilisation achieved. Our focus on prime locations, quality facilities and outstanding customer service has led to strongly increased revenues from existing centres and new openings.

Taking 5-a-side into the premier league

The popularity of 5-a-side football continues to grow. Football is the most popular sport in the UK and 5-a-side football as a commercial activity has grown rapidly in recent years. This has been acknowledged by the Football Association in their formal recognition of the small sided game. The Board believes the unique Goals concept puts the Company in a strong position to capitalise on this popularity and exploit the continuing major commercial opportunity to satisfy significant potential and latent demand in the market.

The Board recognises the long term potential of the small sided football market and considers a strategy of developing quality facilities in prime locations together with excellent service will continue to underpin Goals premier market position over the long term.

Our strategy remains focused and straightforward:

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

We continue to make excellent progress in all these areas.

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

I am delighted to announce that we have entered into a brand partnership with UMBRO, a globally recognised football brand with a strong heritage derived from more than 70 years' association with the sport of football. UMBRO have recently been appointed the FA Partner of Small sided football. Our partnership with UMBRO will lead to many benefits for both companies and is in line with Goals strategy of working with brands enjoying a strong association with football. In addition to this we have entered into a sponsorship agreement with Powerade, 'The Official Sports Drink' of The World Cup, The European Championships and The Football League.

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

Goals is the premier operator in the market. Our "next generation" offering comprises the latest artificial pitch technology, high quality facilities and superior customer service. During 2005, we continued to evolve and improve the Goals concept. This included further advances in artificial grass technology, the launch of a new interactive website and the provision of themed Kids Party Zones. We continue to invest in our advanced management and communication systems to improve customer experience and increase income. We intend during the course of 2006 to implement new online team management facilities and online booking.

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

This is an exciting year for football with the 2006 World Cup being held in Germany this summer. Goals will work with its partners including UMBRO and Powerade to ensure that the anticipated high level of interest in the game will benefit our business over the medium to long term.

New signings

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

Our reputation and commitment to quality facilities has enabled us to pursue sites through partnership arrangements with the private sector, schools, local authorities and colleges. Goals Sheffield, our most recent school partnership was formally opened by Richard Caborn MP, Minister of Sport.

Since the Company listed on AIM in December 2004 we have opened Goals Black Country, Goals Teesside, Goals Heathrow, Goals Sheffield, Goals Beckenham and Goals Sutton. We have also acquired a centre in Southampton and this is currently being refurbished to reflect the Goals "next generation" concept. The centre is currently trading and refurbishment works will be complete by April 2006.

Construction has also commenced on new centres in the West Midlands, Bradford and Plymouth and construction on one further centre is expected to commence prior to June 2006. Our site pipeline continues to strengthen and we are confident we will open a minimum of five centres during 2007.

Goals in the community

Goals commitment to youth sports development in the communities in which it operates is evidenced by its Community Access Policy which provides 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.

A team game

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

Financial review

This has been an excellent year as the Goals concept continues to deliver strong financial performance.

Sales increased by 35% to £11.2m (2004: £8.3m). This included a contribution of £1.35m from the new centres opened during the year.

This strong performance is further evidence of the Company's proven "next generation concept" and the focus on increasing revenues not only from developing its pipe line of new sites but also from its existing centres. Our staff continue to focus on customer retention and maximising pitch utilisation and our systems are designed to assist the staff to achieve this objective. I am pleased to report like-for-like sales growth of 9% in the year.

EBITDA increased by 46% to £4.7m (2004: £3.2m), and EBITA increased by 58% to £3.8m (2004: £2.4m). The gross profit margin increased to 87% (2004: 86%), the EBITDA profit margin increased to 42% (2004: 39%) and the EBITA profit margin increased to 34% (2004: 29%). The improvement in margins reflects the ongoing increase in utilisation across the centres and tight cost control.

This resulted in a 296% increase in profit on ordinary activities before tax and amortisation to £2.9m (2004: £0.7m)

Interest costs reduced from £1.7m to £0.9m due to the funds raised from the placing of shares when the Company listed on AIM in December 2004.

The tax charge for the year is an effective rate of 36.1% (2004: 32.6%). The charge includes £118,000 (0.28p per share) being the one off impact of amending the rate at which deferred tax is provided from 19% to 30%.

This resulted in an 83% increase in earnings per share (before amortisation) to 4.6p (2004: 2.5p) and a 122% increase in earnings per share to 4.3p (2004: 1.9p).

Cash inflow from operating activities increased by 60% to £4.8m (2004: £3m). £9.8m was invested as capital expenditure during the year, £8.6m of which related to investment in new centres. At 31 December 2005 approximately £1.4m had been invested in sites which are planned to open during 2006.

Debt at 31 December 2005 was £15.5m (2004: £10.0m). This level of debt represents 107% of shareholders' funds and 50% of tangible fixed assets. We have put in place a new £25m six year revolving credit facility with HBoS. This will fully fund our objective of 14 further centres over the next three years and provide a contingency for further centre openings.

Dividends

The Board intends the Company will continue to retain the majority of distributable profits and cash flows to contribute towards the funding of its planned rollout of new centres. However, the Directors have proposed a maiden final ordinary dividend in respect of the current year of 0.5p per share and in the future propose to pay dividends each year growing at least as fast as earnings.

Subject to approval at the Annual General Meeting to be held on 20 April 2006, the final dividend of 0.5p per share will be paid on 28 April 2006 to shareholders on the register on 31 March 2006.

Current trading

The Company has continued to trade strongly since the year end. We remain confident in our business model and product, and look forward to 2006 and beyond with enthusiasm in terms of trading performance and new centre openings.

Sir Rodney Walker **6 March 2005**
Chairman

The Preliminary announcement was approved by the Board of Directors on 5 March 2006.

Profit and loss account
for the year ended 31 December 2005

	Note	**2005** **£000**	2004 £000
Turnover	*2*	**11,166**	8,288
Cost of sales		**(1,506)**	(1,175)
Gross profit		**9,660**	7,113
Administrative expenses			
- general		**(5,861)**	(4,710)
- goodwill amortisation		**(122)**	(122)
Operating profit	*3*	**3,677**	2,281
Other interest receivable and similar income		**2**	2
Interest payable and similar charges	*4*	**(888)**	(1,670)
Profit on ordinary activities before taxation		**2,791**	613
Tax on profit on ordinary activities	*5*	**(1,007)**	(200)
Profit on ordinary activities after taxation		**1,784**	413
Dividends paid	*6*	**-**	(155)
Profit for the financial year		**1,784**	258

Earnings per ordinary share			
- Basic and diluted	*7*	4.26p	1.92p

There are no recognised gains and losses other than those set out above.

Balance sheet
at 31 December 2005

	Note	**2005**		2004	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets – goodwill	*8*		**1,848**		1,970
Tangible assets	*9*		**31,221**		22,484
			33,069		24,454
Current assets					
Stocks		**121**		84	
Debtors		**608**		224	
Cash in hand		**216**		133	
		945		441	
Creditors: amounts falling due within one year	*11*	**(2,703)**		(1,854)	
Net current liabilities			**(1,758)**		(1,413)
Total assets less current liabilities			**31,311**		23,041
Creditors: amounts falling due after more than one year	*12*		**(15,680)**		(9,834)
Provisions for liabilities and charges	*14*		**(891)**		(251)
Net assets			**14,740**		12,956
Capital and reserves					
Called up share capital			**104**		104
Share premium account			**12,679**		12,679
Profit and loss account			**1,957**		173
Equity shareholders' funds			**14,740**		12,956

Cash flow statement
for the year ended 31 December 2005

	Note	**2005**		2004	
		£000	**£000**	£000	£000
Cash inflow from operating activities			**4,833**		3,023
Returns on investments and servicing of finance					
Interest paid		**(832)**		(1,790)	
Interest received		**-**		2	
Net cash outflow for returns on investments and servicing of finance			**(832)**		(1,788)
Taxation			**-**		-
Capital expenditure					
Payments to acquire property, plant and equipment		**(9,334)**		(4,384)	
Net cash outflow for capital expenditure and financial investment			**(9,334)**		(4,384)
Cash outflow before financing			**(5,333)**		(3,149)
Equity dividends paid			**-**		(155)
Financing					
Issue of share capital		**-**		13,250	
Expenses paid in connection with share issue		**(176)**		(799)	
Bank loans received		**6,156**		10,505	
Bank loans repaid		**-**		(12,250)	
Loan notes and vendor loans redeemed		**(595)**		(7,600)	
Net cash inflow from financing			**5,385**		3,106
Increase / (decrease) in cash in the period			**52**		(198)

Reconciliation of net cash flow to movement in net debt

		2005 £000	2004 £000
Increase / (decrease) in cash in the period		**52**	**(198)**
Cash inflow from bank finance		**(6,156)**	**(10,505)**
Bank loans repaid		**-**	**12,250**
Loan notes and vendor loans redeemed		**595**	**7,600**
Change in net debt resulting from cash flows		**(5,509)**	**9,147**
Non cash movement – amortisation of finance costs		**(17)**	**5**
Movement in net debt in the year		**(5,526)**	**9,152**
Net debt at the start of the year		**(10,004)**	**(19,156)**
Net debt at the end of the year	*10*	**(15,530)**	**(10,004)**

Notes

1 Basis of preparation

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

The financial information set out herein relating to the Company for the year ended 31 December 2005 and the year ended 31 December 2004 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2004 have been delivered to the Registrar of Companies in Scotland. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Segmental reporting

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

3 Operating profit

a) Operating profit is stated after charging:

	2005	2004
	£000	£000
Operating profit is stated after charging:		
Auditors' remuneration:		
- audit	**23**	10
- taxation services	**3**	2
- further assurance services	**-**	87
Depreciation written off tangible fixed assets	**903**	815
Rental under operating leases		
- plant and machinery	**19**	4
- others	**403**	387

During 2004, all amounts payable in respect of further assurance services were charged to the share premium account.

b) reconciliation of operating profit to cash flow from operating activities

	2005	2004
	£000	£000
Operating profit	**3,677**	2,281
Depreciation	**902**	815
Amortisation of goodwill	**122**	122
Increase in stock	**(37)**	(22)
Increase in debtors	**(81)**	(70)
Increase/(decrease) in creditors	**250**	(103)
Net cash inflow from operating activities	**4,833**	3,023

4 Interest payable and similar charges

	2005	2004
	£000	£000
On bank loans and overdrafts	**748**	916
On all other loans	**123**	659
Amortisation of finance costs	**17**	95
	888	1,670

5 Taxation

	2005	2004
	£000	£000
Current tax		
UK corporation tax on profits for the year	**367**	-
Deferred tax (note 14)		
Originating timing differences	**522**	204
Adjustment in respect of prior periods	**-**	(4)
Increase due to change of rates 19% to 30%	**118**	-
Total deferred tax	**640**	200
Tax on profit on ordinary activities	**1,007**	200

Factors affecting the tax charge for the current year

The current tax charge for the year is £367,000 *(2004: nil)*. This is below the standard rate of corporation tax in the UK (30%, 2004: small companies rate of *19%*). The differences are explained below:

	2005	2004
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**2,791**	613
Current tax at 30% (2004: *19%*)	**837**	116
Effects of:		
Expenses not deductible for tax purposes	**29**	22
Depreciation on assets not qualifying for capital allowances	**30**	66
Deferred tax charge	**(522)**	(204)
Marginal relief	**(7)**	-
Total current tax charge	**367**	-

6 Dividends

	2005 £000	2004 £000
Dividends paid	-	155

The dividends during 2004 were paid to the holders of the ordinary "A" shares in accordance with the previous Memorandum and Articles of Association.

7 Earnings per share

Earnings per 0.25p ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The share options disclosed in the remuneration report are contingent upon the growth of future earnings. Under FRS 22: Earnings per Share, these share options are treated as contingently issuable shares for the purposes of determining diluted earnings per share.

	2005 Profit for the financial year £000	**Weighted average number of shares Number**	**2005 earnings per share p**	2004 Profit for the financial year £000	**Weighted average number of shares Number**	2004 earnings per share p
Basic and diluted earnings per share	**1,784**	**41,883,788**	**4.26**	413	**21,497,945**	1.92

8 Intangible fixed assets

	Goodwill £000
Cost	
At beginning and end of year	2,458
Amortisation	
At beginning of year	488
Charged in year	122
At end of year	610
Net book value	
At 31 December 2005	**1,848**
At 31 December 2004	1,970

9 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At beginning of year	18,398	2,956	2,922	24,276
Additions	6,905	1,590	1,294	9,789
Disposals	-	-	(149)	(149)
Transfers	2,344	283	(2,627)	-
At end of year	27,647	4,829	1,440	33,916
Depreciation				
At beginning of year	1,044	748	-	1,792
Charge for year	411	492	-	903
Disposals	-	-	-	-
At end of year	1,455	1,240	-	2,695
Net book value				
At 31 December 2005	**26,192**	**3,589**	**1,440**	**31,221**
At 31 December 2004	**17,354**	**2,208**	**2,922**	**22,484**

10 Analysis of net debt

	At beginning of year	Trading cashflow	Non cash movement	**At end of year**
	£000	£000	£000	**£000**
Cash at bank and in hand	133	83	-	**216**
Overdraft	(407)	(31)	-	**(438)**
	(274)	52	-	**(222)**
Revolving credit facility	(8,030)	(6,156)	-	**(14,186)**
Vendor loan	(1,800)	595	-	**(1,205)**
Unamortised finance issue costs	100	-	(17)	**83**
`	(10,004)	(5,509)	(17)	**(15,530)**

11 Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Bank overdraft	**438**	407
Trade creditors	**723**	879
Other taxes and social security	**134**	73
Other creditors	**20**	3
Accruals and deferred income	**1,021**	492
Corporation tax	**367**	-
	2,703	1,854

12 Creditors: amounts falling due after more than one year

	2005	2004
	£000	£000
Bank loan	**14,186**	8,030
Vendor loan notes - Class B	**1,205**	1,800
Other taxes and social security	**372**	104
Less: unamortised finance costs	**(83)**	(100)
	15,680	9,834

13 Reconciliation of weighted average number of shares

	2005	2004
	£000	£000
Opening number of ordinary shares	**41,883,788**	975,000
Bonus issue	**-**	4,025,000
Redenomination of ordinary shares from 1p to 0.25p	**-**	15,000,000
Unchanged capital from 2004 to 2005	**41,883,788**	20,000,000
Impact of shares issued (average age of these shares 2004: 25 days)	**-**	1,497,943
Weighted average number of shares	**41,883,788**	21,497,943

14 Provisions for liabilities and charges

Deferred tax	**2005 £000**	2004 £000
At beginning of year	**251**	51
Charged to the profit and loss account	**640**	200
At end of year	**891**	251

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and capital allowances	**891**	362
Tax losses	**-**	(101)
Other timing differences	**-**	(10)
Deferred tax liability	**891**	251

15 Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2005 will be posted to shareholders in March 2006. Additional copies will be available via the Company's website, www.goalsplc.co.uk, or from the Company Secretary at the company's registered office Orbital House, Peel Park, East Kilbride G74 5PR.