Goals Soccer Centres Plc

Preliminary Results for the year ended 31 December 2004

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 12 centres and has established a well-progressed pipeline of sites to continue its proven rollout concept. 14 more openings are planned over the next three years, a further five of those in 2005. Goals successfully floated on the Alternative Investment Market ("AIM") in December 2004.

KEY POINTS

Financial

- Sales up 35% to £8.3m (2003: £6.2m)
- EBITDA up 45% to £3.2m (2003: £2.2m)
- EBITA up 38% to £2.4m (2003: £1.7m)
- Profit on ordinary activities before tax and amortisation up 72% to £0.7m (2003: £0.4m)
- Earnings Per Share up 50% to 1.92p (2003: 1.28p)
- Strong financial performance driven by like-for-like sales growth of 7% and new openings

Rollout

- Two new centres opened
  - Goals Wimbledon opened May 2004 - on time and on budget.
  - Goals Black Country opened January 2005 - on time and on budget.
- 2005 Openings
  - On schedule for total of five further openings in 2005 (six in total in 2005 including Goals Black Country)
  - Goals Teesside on schedule to open in Quarter 1 2005
  - Construction work started on Goals Heathrow.
  - Construction work started on Goals Sheffield.
  - On schedule to begin construction on 2 further centres in 1st half 2005.

Keith Rogers, Managing Director of Goals said:

"Through 2004 our business has continued to develop and to achieve predictable results in line with our model. There remains much opportunity and potential to continue to grow our portfolio of next generation soccer centres in a measured and controlled way in order to deliver continued and growing returns for shareholders. The Company has continued to trade strongly since the start of the new financial year"

22 February 2005

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CHAIRMAN'S STATEMENT

Following our recent admission to the Alternative Investment Market on 7 December 2004, I am pleased to report Goals Soccer Centres' maiden results as a public company for the year ended 31st December 2004.

This has been another strong year for Goals. Sales increased by 35% to £8.3m (2003: £6.2m). EBITDA increased by 45% to £3.2m (2003: £2.2m), and EBITA increased by 38% to £2.4m (2003: £1.7m). This resulted in a 100% increase in profit on ordinary activities to £0.6m (2003: £0.3m) and a 50% increase in Earnings Per Share to 1.92p (2003: 1.28p)

Significant progress was also made in developing our site pipeline.

Playing for Success

The popularity of 5-a-side football has never been greater. Football is the most popular sport in the UK and 5-a-side football as a commercial activity has grown rapidly in recent years. The Board considers that this trend will be maintained in the future.

We believe there is a major commercial opportunity to satisfy significant potential and latent demand through the provision of quality "next-generation" facilities in unrivalled locations.
We remain confident in our business model and product, and look forward to 2005 with enthusiasm.

The Board expects further significant progress in 2005, in terms of trading performance and the opening of new centres.

Our strategy is straightforward:

- to continue to innovate and lead the industry,
- to accelerate our UK rollout of "next-generation" soccer centres,
- to maximise revenue from existing centres,
- to continue to build a positive national 5-a-side football brand and to develop marketing partnerships with known brand operators,
- to continue to generate high returns on capital.

We made excellent progress in all of these during 2004.

5-A-Side Is Now A Whole New Ball Game

Goals is the premier operator in the UK market. Our "next-generation" offering comprises the latest artificial pitch technology, high quality facilities and superior customer service. Goals currently has over 33,000 customers going through our centres each week and this is expected to exceed 50,000 per week by the end of this year

During 2004, we continued to work with our partners to evolve and further improve the Goals concept. This included advances in artificial grass technology such as monofilament turf which further enhanced the playing characteristics of the grass while also improving turf life; implementation of our new league management system delivering greater management control and improving information delivery to teams; we progressed our investigation of centrally provided streamed on-screen advertising, the benefits of which are expected this year.

It is our intention to continually exceed customer expectations and to provide the best possible customer experience.

New Signings

The time taken from site identification to commencement of construction can exceed two years. Goals has over recent years developed a well progressed pipeline of sites. We are confident in meeting our objective of six site openings during 2005 and 15 new sites over the next three years.

We made significant headway during the year in developing our site pipeline and completed work on Goals Wimbledon (opened May 2004) and Goals Black Country (opened January 2005) and commenced construction on Goals Teesside. Since the year end, construction has commenced on Goals Heathrow and Goals Sheffield. We remain on schedule to begin construction on two further centres in the first half of 2005.

During the year we completed the expansion of Goals Leeds through the addition of two courts and the expansion of other centres is being investigated.

Goals in the Community
Goals is committed to youth sports development in the communities in which it operates. By working in partnership with local authorities, schools and sports development agencies, we seek to improve access for children to quality sports facilities. Our commitment to free access for key user groups during off-peak hours is a model of public-private partnership.

A Winning Team
The Directors continue to strengthen the management team as and when appropriate. The skill and dedication of Goals' people in serving our customers is the real driving force behind our success.
I should like to thank all of them for another excellent year.

Financial Review
2004 has proven to be another successful year for Goals.

Sales increased by 35% to £8.3m from £6.2m. This included £0.6m from the Wimbledon centre which opened during the year, and traded ahead of expectations.

This strong performance is based on the Company's proven roll-out concept and the maximisation of utilisation throughout our centres. We believe that Goals is well placed to increase revenues not only from developing its pipeline of sites but also from its existing portfolio of centres. Our staff are focused on customer retention and maximising utilisation and our systems are designed to assist the staff to achieve this. I am pleased to report that like-for-like sales increased by approximately 7% during the year.

We continually seek to drive non-football revenue growth at all our centres and approximately 30% of sales were derived from non-football income during the year.

EBITDA increased by 45% to £3.2m from £2.2m in 2003 and EBITA increased by 38% to £2.4m from £1.7m in 2003. During the year we reviewed the estimated useful economic life of our pitches and reduced it to seven years. This increased the depreciation charge by £109k for the year and will be recurring. The Company's strategy is to ensure that "next generation" facilities are available to our customers for many years ahead.

Interest costs increased from £1.4m to £1.7m. However, this includes £0.5m of interest paid on £7m of secured loan stock issued by Dunedin Capital Partners. Net funds of £12.3m were raised for the Company from the placing of shares when the Company listed on AIM and these funds were used to fully repay the secured loan stock and reduce bank debt. Interest costs are expected to decrease in the current year, reflecting the reduced debt.

Profit on ordinary activities before tax and amortisation increased by 72% to £0.7m (2003: £0.4m) and Earnings Per Share increased by 50% to 1.92p (2003: 1.28p).

Cash inflow from operating activities amounted to £3.0m. We invested £4.9m as capital expenditure during the year, £4.3m of which relates to investment in new centres. At 31 December 2004, approximately £2.9m had been invested in our pipeline of sites. The majority of this relates to Goals Black Country and Goals Teesside.

Debt at 31 December 2004 was £10m (2003: £19.2m). This level of debt represents 77% of shareholders' funds and 44% of tangible fixed assets. We have put in place a new six year revolving credit facility with HBoS of £22.5m. This will fully fund our objective of 14 further centres over the next three years.

Shareholder return

The Board expects further significant progress in 2005, in terms of trading performance and the opening of new centres. The Board intends that the Company will retain the majority of any distributable profits and cash flows to contribute towards the funding of its planned roll out. However, the Directors propose to declare a small dividend each year for the foreseeable future, commencing with a final dividend for the year ending 31 December 2005.

Sir Rodney Walker
Chairman
22 February 2005

The Preliminary announcement was approved by the Board of Directors on 21 February 2005.

Profit and loss account
for the year ended 31 December 2004

	Note	2004 £000	2003 £000
Turnover	*2*	**8,288**	6,156
Cost of sales		**(1,175)**	(858)
Gross profit		**7,113**	5,298
Administrative expenses			
- general		**(4,710)**	(3,559)
- goodwill amortisation		**(122)**	(122)
Operating profit	*3*	**2,281**	1,617
Other interest receivable and similar income		**2**	-
Interest payable and similar charges	*4*	**(1,670)**	(1,401)
Gain on sale of land		**-**	90
Profit on ordinary activities before taxation		**613**	306
Tax on profit on ordinary activities	*5*	**(200)**	(51)
Profit on ordinary activities after taxation		**413**	255
Dividends paid and proposed	*6*	**(155)**	-
Profit for the financial year		**258**	255

Earnings per ordinary share			
- Basic and diluted	*7*	1.92p	1.28p

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

Balance sheet
at 31 December 2004

	Note	2004		2003	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets – goodwill	*8*		**1,970**		2,092
Tangible assets	*9*		**22,484**		18,385
			24,454		20,477
Current assets					
Stocks		**84**		62	
Debtors		**224**		121	
Cash in hand	*10*	**133**		147	
		441		330	
Creditors: amounts falling due within one year	*11*	**(1,854)**		(1,141)	
Net current liabilities			**(1,413)**		(811)
Total assets less current liabilities			**23,041**		19,666
Creditors: amounts falling due after more than one year	*12*		**(9,834)**		(19,193)
Provisions for liabilities and charges	*14*		**(251)**		(51)
Net assets			**12,956**		422
Capital and reserves					
Called up share capital			**104**		10
Share premium account			**12,679**		497
Profit and loss account			**173**		(85)
Equity shareholders' funds			**12,956**		422

Cash flow statement
for the year ended 31 December 2004

	2004		2003	
	£000	**£000**	£000	£000
Cash inflow from operating activities		**3,023**		2,246
Returns on investments and servicing of finance				
Interest paid	**(1,790)**		(1,223)	
Interest received	**2**		-	
Net cash outflow for returns on investments and servicing of finance		**(1,788)**		(1,223)
Taxation		**-**		-
Capital expenditure				
Payments to acquire property, plant and equipment	**(4,384)**		(5,173)	
Net cash outflow for capital expenditure and financial investment		**(4,384)**		(5,173)
Cash outflow before financing		**(3,149)**		(4,150)
Equity dividends paid		**(155)**		-
Financing				
Issue of share capital	**13,250**		-	
Expenses paid in connection with share issue	**(799)**		-	
Bank loans received	**10,505**		4,550	
Bank loans repaid	**(12,250)**		-	
Loan notes and vendor loans redeemed	**(7,600)**		(343)	
Net cash inflow from financing		**3,106**		4,207
(Decrease)/increase in cash in the period		**(198)**		57

Reconciliation of net cash flow to movement in net debt

	Note	**2004**	2003
		£000	£000
(Decrease)/increase in cash in the period		**(198)**	57
Cash inflow from bank finance		**(10,505)**	(4,550)
Bank loans repaid		**12,250**	-
Loan notes and vendor loans redeemed		**7,600**	343
Change in net debt resulting from cash flows		**9,147**	(4,150)
Non cash movement – amortisation of finance costs		**5**	(48)
Movement in net debt in the year		**9,152**	(4,198)
Net debt at the start of the year		**(19,156)**	(14,958)
Net debt at the end of the year	*10*	**(10,004)**	(19,156)

Notes to the preliminary results for the year ended 31 December 2004

1. Basis of preparation

The financial information set out herein relating to the Company for the year ended 31 December 2004 and the year ended 31 December 2003 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2003 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:

	2004 £000	2003 £000
Auditors' remuneration:		
- audit	**10**	8
- taxation services	**2**	2
- further assurance services	**87**	-
Depreciation written off tangible fixed assets	**815**	481
Rental under operating leases		
- plant and machinery	**4**	-
- others	**387**	358

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

b) Reconciliation of operating profit to net cash inflow from operating activities:

	2004 £000	2003 £000
Operating profit	**2,281**	1,617
Depreciation	**815**	481
Amortisation of goodwill	**122**	122
Increase in stock	**(22)**	(23)
Increase in debtors	**(70)**	(102)
(Decrease)/increase in creditors	**(103)**	151
Net cash inflow from operating activities	**3,023**	2,246

4. Interest payable and similar charges

	2004 £000	2003 £000
On bank loans and overdrafts	**916**	712
On all other loans	**659**	641
Amortisation of finance costs	**95**	48
	1,670	1,401

5. Taxation

	2004	2003
	£000	£000
Current tax		
UK corporation tax on profits for the year	**-**	-
Deferred tax (note 14)		
Origination of timing differences	**204**	99
Adjustment in respect of prior periods	**(4)**	(48)
Total deferred tax	**200**	51
Tax on profit on ordinary activities	**200**	51

Factors affecting the tax charge for the current year
The current tax charge for the year is nil *(2003: nil)*. This is below the Small Companies rate of corporation tax in the UK (19%, 2003: *19%*). The differences are explained below:

	2004	2003
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**613**	306
Current tax at 19% (2003: 19%)	**116**	58
Effects of:		
Expenses not deductible for tax purposes	**22**	21
Depreciation on assets not qualifying for capital allowances	**66**	37
Deferred tax charge	**(204)**	(99)
Gain on sale of land not chargeable to corporation tax	**-**	(17)
Total current tax charge	**-**	-

6. Dividends

	2004	2003
	£000	£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 14, these share options are treated as contingently issuable shares for the purposes of determining diluted earnings per share.

	Profit for the financial year £000	**Weighted average number of shares Number**	**2004 earnings per share p**	Profit for the financial year £000	**Weighted average number of shares Number**	2003 earnings per share p
Basic and diluted earnings per share	**413**	**21,497,945**	**1.92**	255	**20,000,000**	1.28

8. Intangible fixed assets

	Goodwill £000
Cost	
At beginning and end of year	2,458
Amortisation	
At beginning of year	366
Charged in year	122
At end of year	488
Net book value	
At 31 December 2004	**1,970**
At 31 December 2003	2,092

9. Tangible fixed assets

	Land and buildings £000	**Fixtures and fittings** £000	**Assets in course of construction** £000	**Total** £000
Cost				
At beginning of year	16,569	2,280	642	19,491
Additions	1,420	805	2,689	4,914
Disposals	-	(129)	-	(129)
Transfers	409	-	(409)	-
At end of year	18,398	2,956	2,922	24,276
Depreciation				
At beginning of year	703	403	-	1,106
Charge for year	341	474	-	815
Disposals	-	(129)	-	(129)
At end of year	1,044	748	-	1,792
Net book value				
At 31 December 2004	**17,354**	**2,208**	**2,922**	**22,484**
At 31 December 2003	15,866	1,877	642	18,385

10. Analysis of net debt

	At beginning of year £000	Trading cashflow £000	Refinancing cash flow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	147	(14)	-	-	**133**
Overdraft	(223)	(184)	-	-	**(407)**
	(76)	(198)	-	-	**(274)**
Bank loans	(9,775)	(2,475)	12,250	-	**-**
Revolving credit facility	-	-	(8,030)	-	**(8,030)**
Vendor loan	(2,425)	-	625	-	**(1,800)**
Loan stock	(6,975)	-	6,975	-	**-**
Unamortised finance issue costs	95	-	50	(45)	**100**
	(19,156)	(2,673)	11,870	(45)	**(10,004)**

11. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank overdraft	**407**	223
Trade creditors	**879**	157
Other taxes and social security	**73**	147
Other creditors	**3**	1
Accruals and deferred income	**492**	613
	1,854	1,141

12. Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Bank loan	**8,030**	9,775
Vendor loan notes - Class B	**1,800**	2,425
Secured loan stock	**-**	6,975
Other taxes and social security	**104**	113
Less: unamortised finance costs	**(100)**	(95)
	9,834	19,193

13. Reconciliation of weighted average number of shares

	2004 £000	2003 £000
Opening number of ordinary shares	**975,000**	975,000
Bonus issue	**4,025,000**	4,025,000
Redenomination of ordinary shares from 1p to 0.25p	**15,000,000**	15,000,000
Unchanged capital from 2003 to 2004	**20,000,000**	20,000,000
Impact of shares issued (average age of these shares: 25 days)	**1,497,943**	-
Weighted average number of shares	**21,497,943**	20,000,000

14. Provisions for liabilities and charges

Deferred tax	**2004 £000**	2003 £000
At beginning of year	**51**	-
Charged to the profit and loss account	**200**	51
At end of year	**251**	51

The elements of deferred taxation are as follows:

	2004 £000	2003 £000
Difference between accumulated depreciation and capital allowances	**362**	251
Tax losses	**(101)**	(200)
Other timing differences	**(10)**	-
Deferred tax liability	**251**	51

15. Annual Report and Accounts

The Annual report and accounts for the year ended 31 December 2004 will be posted to Shareholders in March 2005. 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 29 Bothwell Road, Hamilton ML3 0AY.