

goals[®]

soccer centres



Goals Soccer Centres plc
Placing and Admission to AIM
by
KBC Peel Hunt Ltd
Nominated Adviser and Broker

Current Goals Centres

Glasgow South
Aberdeen
Glasgow West
Wembley
Dagenham
Leeds
Bexleyheath
Ruislip
Dartford
Leicester
Wimbledon



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises an AIM admission document drawn up in accordance with the AIM Rules of London Stock Exchange plc.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.**

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in "Risk Factors" in Part II of this document.

GOALS SOCCER CENTRES PLC

Admission to trading on AIM

and

Placing of 35,149,800 Ordinary Shares at 62 pence per share

by

KBC PEEL HUNT LTD

Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on Admission taking place on or before 7 December 2004 (or such later date as the Company and KBC Peel Hunt may agree). The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

KBC Peel Hunt, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser and broker in connection with the proposed admission of the Company's Ordinary Shares to trading on AIM, and in each case is acting exclusively for the Company. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). KBC Peel Hunt will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of shares in the Company.

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DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“3i”	3i plc or its predecessors in business
“5-a-side”	5-a-side football
“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Ordinary Shares to trading on AIM
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange relating to AIM
“Articles”	the Articles of Association of the Company
“Board”	the board of directors of the Company
“Company” or “Goals”	Goals Soccer Centres plc, a company registered in Scotland with registered number SC202545
“CREST”	the computerised system for trading shares in uncertificated form in the UK operated by CRESTCo
“CRESTCo”	CRESTCo Limited, the operator (as defined in The Uncertificated Securities Regulations 1995) of the system for trading shares in uncertificated form known as “CREST”
“Directors”	the directors of the Company, whose names are set out on page 4
“Dunedin”	Dunedin Enterprise Investment Trust PLC, Napier House Investments Limited and Dunedin Capital Partners Limited as managers for Dunedin Buyout Fund LP
“FA”	the Football Association
“KBC Peel Hunt”	KBC Peel Hunt Ltd
“KPMG”	KPMG LLP
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 0.25 pence each in the Company
“Placing”	the conditional placing by KBC Peel Hunt of the Placing Shares, pursuant to the Placing and Admission Agreement
“Placing and Admission Agreement”	the conditional agreement dated 2 December 2004, between the Company, the Directors, the Vendors (as defined) and KBC Peel Hunt relating to the Placing and Admission, further details of which are set out in paragraph 11 of Part V
“Placing Shares”	35,149,800 Ordinary Shares to be placed pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

DIRECTORS AND ADVISERS

Directors	Sir Rodney Myerscough Walker , Non-Executive Chairman Keith Taylor Rogers , Managing Director William Berrie Gordon Gow , Finance Director Morris Ian Payton , Director Robert Graham Wilson , Non-Executive Director all of:
Registered Office	29 Bothwell Road, Hamilton, ML3 0AY
Secretary	William Berrie Gordon Gow
Nominated Adviser and Stockbroker	KBC Peel Hunt Ltd 4th floor 111 Old Broad Street London EC2N 1PH
Auditors and Reporting Accountants	KPMG LLP 191 West George Street Glasgow G2 2LJ
Solicitors to the Company	McClure Naismith 49 Queen Street Edinburgh EH2 3NH
Solicitors to the Placing	DLA LLP 3 Noble Street London EC3V 7EE
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
Registrars and Receiving Agents	Capita IRG Plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

KEY INFORMATION

This information is derived from, and should be read in conjunction with, the full text of this document.

- Goals is a successful and established operator of 5-a-side soccer centres across the UK.
- Goals was formed in November 2000 by an experienced management team to effect the MBI of an existing 5-a-side business operating five centres. Since then, the Company has opened a further six centres.
- The Company has established a well progressed pipeline of sites to continue its proven roll-out concept, and 15 more centres are currently planned over the next three years.
- 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 Directors believe that there is a major commercial opportunity to satisfy significant potential demand.
- The Group aims to offer the best 5-a-side centres in the UK, through its “next generation” offering of the latest artificial pitch technology, high quality facilities and superior customer service provided by highly trained staff at convenient locations.
- Approximately 70 per cent. of income is derived from participation in various forms of football, played mainly in the evenings, from Sunday to Friday. The Company has high levels of repeat business.
- Profitability of new sites has been achieved in the first month after opening, leading to the generation of an annualised return on capital of approximately 25 per cent. after 18 months.
- In the year ended 31 December 2003, Goals generated an operating profit of £1,617,000 on revenues of £6,156,000. In the following 9 months to 30 September 2004, the Company generated an operating profit of £1,667,000 on revenues of £6,175,000.
- The Directors believe that the Company is well placed to increase revenues not only from developing its pipeline of sites but also from its existing portfolio of centres.
- The Company’s strategy is to accelerate its rollout of “next-generation” centres, to continue to build a nationally recognised 5-a-side football brand, to develop marketing partnerships with known brand operators and to continue to innovate and lead the industry.
- The Company will have spent approximately £2.6 million by 31 December 2004 on its accelerated rollout of 15 sites over the next three years. The remaining cost of the rollout is to be funded from a six year revolving credit facility of £22.5 million together with funds raised for the Company in the Placing.

PLACING STATISTICS

Placing Price	62 pence
Number of new Ordinary Shares to be placed on behalf of the Company	21,370,968
Number of existing Ordinary Shares to be placed on behalf of existing Shareholders	13,778,832
Market capitalisation at the Placing Price	£26.0 million
Number of Ordinary Shares in issue on Admission	41,883,788
Percentage of enlarged issued share capital subject to the Placing	83.92 per cent.
Gross proceeds of the Placing available to the Company	£13.25 million
Net proceeds of the Placing available to the Company	£12.0 million

EXPECTED TIMETABLE

Admission and dealings in the Ordinary Shares to commence on AIM	7 December 2004
CREST accounts credited	7 December 2004
Despatch of definitive share certificates (where applicable) by	21 December 2004

PART I

INFORMATION ON THE GROUP

1. Introduction

Goals is a successful and established operator of 5-a-side soccer centres across the UK. The Company was formed by an experienced management team to effect a management buy-in (“MBI”) in November 2000 of an existing 5-a-side business operating five centres and thereafter develop a national network of “next generation” 5-a-side centres. Goals now operates 11 centres across the UK and has established a well-progressed pipeline of sites to continue its proven rollout concept.

The Directors believe that 5-a-side football is one of the fastest growing sports in the UK and that there is a major commercial opportunity to satisfy significant potential demand through the provision of “next-generation” facilities. The market is relatively undeveloped and there are high barriers to entry.

The Company’s objective is to offer the best 5-a-side centres in the UK. Its “next generation” offering comprises the latest artificial pitch technology, high-quality facilities and superior customer service provided by highly-trained staff at convenient locations. A Goals centre typically comprises between 9 and 14 floodlit courts set in an area of at least 2.5 acres. A modern “pavilion” provides quality changing facilities and a licensed lounge catering for post match refreshment. Parking is provided for approximately 100 cars. The majority of centres also include one or two 7-a-side courts.

2. History and development

Keith Rogers co-founded Anchor International Limited, which opened its first 5-a-side centre in 1987. He successfully expanded the business before it was sold to 3i for £28 million in 1999. Anchor International’s first site is still operating today.

Following the sale of Anchor International, Keith Rogers led an MBI of an existing 5-a-side business operating five centres, backed by HBOS Plc and Dunedin. This provided an opportunity to create an enhanced 5-a-side concept based on strong branding, convenient locations and high-quality facilities.

Following the MBI, the Directors implemented a programme of facility upgrading, staff development and training and new management information systems. This programme, together with brand development and strong management has contributed to an increase in the earnings before interest, tax, depreciation and amortisation of the five centres acquired in the MBI (“MBI centres”) of approximately 95 per cent. since their acquisition. Subsequently, the Company has opened a further six centres, with 15 more currently planned for opening in the next three years. The Company currently caters for over 30,000 customers per week.

Operations

The Goals Concept

The Directors believe that Goals is the premier operator in the market, and that this has been achieved by the provision of quality facilities together with a strong and exciting brand concept which reflects the passion and excitement of the sport of football.

The Directors have unrivalled management experience in the 5-a-side sector. This has led to many innovative decisions, the most significant of which is the Company’s use of the latest artificial grass technology, which gives significant advantages over traditional artificial grass systems. This “third generation” playing surface utilises long pile artificial grass with rubber crumb infill and is designed

to reflect far more accurately the characteristics of real grass with regard to look, feel and play. All but two of the current centres use, and all new planned centres will use, third generation playing surfaces.

Income Streams

Football

Approximately 70 per cent. of total income is derived from participation in various forms of football (“football income”). Games are mainly played in the evenings, from Sunday to Friday. The Directors believe that the social aspects of football being a team sport, together with a low cost per head of approximately £5, results in a high level of repeat business. Football activities produce a strong and resilient cash flow with little seasonality.

Approximately 50 per cent. of football income is represented by casual income, which is derived from groups of friends or work colleagues playing (usually weekly) on a non-league basis. Approximately 40 per cent. of casual games are block booked, with the remainder mostly booked 7 days in advance.

Approximately 40 per cent. of football income is generated from leagues. Each Goals centre hosts a variety of leagues catering for different skill and age levels. Most leagues are affiliated to the FA and use qualified referees. Leagues operate most nights of the week and at weekends and are managed using bespoke software. Leagues provide a more competitive environment with promotion and relegation at the end of each season.

The remainder of football income is derived from corporate events, which is a growing sector within the business. These events are usually held at quieter times.

Bar

Approximately 20 per cent. of total income is derived from the provision of bar and lounge facilities. For many teams this social aspect is an important part of their weekly football routine. As demand for football on a Saturday evening is negligible, the lounges are let for social functions on a regular basis.

Other

The remainder of income is mainly derived from soft drink and confectionery vending, coaching and children’s football parties. The Directors believe that additional future income streams can be developed as the business grows and marketing partnerships are established.

Current Sites

The existing Goals centres are located in areas of high population density. All centres since the MBI have been developed to reflect the Goals concept and brand. The MBI centres have also been upgraded and re-branded to be consistent with the Goals concept. The existing centres and those currently under construction are summarised in the following table:

<u>Centre</u>	<u>No of Courts</u>	<u>Year Opened</u>
Glasgow South	9	1989
Aberdeen	10	1995
Glasgow West	9	1997
Wembley	12	1999
Dagenham	11	2000
Leeds	12**	2001
Bexleyheath	11	2002
Ruislip	10	2003
Dartford	10	2003
Leicester	12	2003
Wimbledon	11	2004
Black Country*(Wolverhampton)	13	2005
Teesside*	12	2005

* under construction

** being expanded to 14 courts from 1 January 2005

Future Sites

Goals has a well-progressed pipeline of sites, each of which exceeds the Company's minimum criteria. The minimum criteria for a centre are well-located and easily accessible sites within urban areas of at least 150,000 population.

Goals develops sites by working with both the public and private sectors. All but one of the current centres are held on long leases, the remaining centre being held freehold. Many of the current centres are located on land leased from schools or local authorities, who Goals allow to use the pitches during off-peak times free of charge. This mutually beneficial partnership arrangement enables Goals to secure well-located sites from both the public and private sectors.

Goals uses the same team of professional advisers to develop each centre and now has a well-established process for centre rollout. This consistency provides for accurate costing and development programmes. A typical Goals centre has a capital cost of around £1.8 million and a build time of approximately 5 months.

The Market Opportunity

Football is the most popular sport in the UK. 5-a-side football as a commercial activity has grown rapidly in recent years and the Directors consider that this trend will be maintained in the future. The FA has indicated that small sided football has now overtaken 11-a-side football in levels of participation. The Directors believe formal recognition of the game by the FA is imminent.

Barriers to Entry

- *Site Acquisition*
A typical 5-a-side centre requires at least 2.5 acres of conveniently located urban land.
- *Planning Process*
The planning process is complicated and requires detailed sector knowledge.
- *Capital Cost*
A typical 5-a-side centre requires a significant up-front investment.
- *Lead Time*
The lead-time from site identification to centre opening can vary considerably, but can take a number of years.

Many Goals centres have been and are being developed on well-located but non-commercially available sites such as schools and local authority playing fields. Landlords in such situations will often only work with established operators who are able to provide references from other public bodies.

Landlords are keen to lease to tenants with a sound financial covenant and who have the knowledge and experience to progress a site through the planning process. Goals can often offer a commercial solution for sites with planning restrictions.

Through long experience Goals has acquired a high level of knowledge in dealing with difficult planning applications. Goals has fostered relationships with sports governing bodies such as Sport England (a statutory consultee in the planning process for many sites) and the Football Association.

Goals invests approximately £1.8 million to develop each site. It is able to fund this cost by achieving high levels of utilisation through market knowledge and effective systems and procedures.

Since the MBI, Goals has identified and progressed a number of sites to meet its rollout strategy.

Systems and Procedures

Goals continues to invest in IT software and infrastructure in anticipation of future growth. Court bookings, income and expenditure are controlled and monitored by a proprietary leisure management system. The same system is used by other major leisure operators. In addition, leagues are managed by Goals' own bespoke league management software. Courts at most locations are monitored by CCTV and can be viewed live or historically at Head Office. All systems are connected to Head Office via a wide area network.

These systems provide tight cash and cost controls, aid maximisation of utilisation of the courts and provide the necessary information for branch management and Head Office to effectively and efficiently run the business. Goals receives of the vast majority of its income in cash from its activities and the Directors have implemented rigorous cash control measures at each centre.

3. Financial Information

The trading record of Goals for the three financial years and nine months ended 30 September 2004 is set out in full in the Accountants' Report in Part III of this document, from which the following financial information has been extracted.

	<i>14 months ended 31 December 2001 £000</i>	<i>Year ended 31 December 2002 £000</i>	<i>2003 £000</i>	<i>9 months ended 30 September 2004 £000</i>
Turnover	2,881	4,728	6,156	6,175
Operating Profit	356	1,138	1,617	1,667*

* Non recurring depreciation of £90,000 was incurred in 2004

The Company has exhibited strong growth in operating profit during the above period. Profitability of new sites has been achieved in the first month after opening, leading to the generation of an annualised return on capital of approximately 25 per cent. after 18 months. Historically, head office costs have been diluted by the opening of new sites.

4. Strategy and Prospects

It is the strategy of Goals to accelerate its rollout of “next-generation” centres, to continue to build a nationally recognised 5-a-side football brand, to develop marketing partnerships with known brand operators and to continue to innovate and lead the industry.

By 31 December 2004, approximately £2.6 million will have been invested in the accelerated rollout of 15 additional sites over the next three years. The remaining cost of the rollout is to be funded from a six year revolving credit facility of £22.5 million from the Bank of Scotland together with funds raised in the Placing.

The Directors 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.

5. Directors and employees

Directors

Details of the Directors, their roles and their backgrounds are as follows:

Keith Rogers – Managing Director (Aged 43)

Keith co-founded Anchor International (trading as “Pitz”) which opened its first 5-a-side centre in 1987. As managing director, he oversaw the growth of that company to 11 branches before it was sold to 3i. Together with Bill Gow, he effected the MBI of Goals in November 2000, since when he has been the Company’s Managing Director.

Bill Gow – Finance Director (Aged 37)

Bill is a Chartered Accountant, and also completed an MBA in 1992. He subsequently held management positions at British Aerospace and Clydesdale Bank before joining KPMG in 1997, where he specialised in Corporate Finance. Together with Keith Rogers, he effected the MBI of Goals in November 2000, since when he has been the Company’s Finance Director.

Morris Payton – Operations Director (Aged 42)

Morris held a number of leisure management positions for various local authorities before joining Anchor International in 1989. He held the position of National Operations Manager before Anchor was sold to 3i and was subsequently promoted to Operations Director. Morris joined Goals in November 2001 as Operations Director.

Sir Rodney Walker – Chairman (Aged 61)

Sir Rodney has held a number of influential and important posts across a wide range of sports. His most recent appointment was as Chairman of the UK Sports Council from 1998 to 2003. He previously served as Chairman of the English Sports Council and was also Chairman of Rugby League for ten years, Chairman of Leicester City for five years, Chairman of Brands Hatch Leisure for three years and for a time was Chairman of the 2002 Manchester Commonwealth Games. Sir Rodney is currently Chairman of Donington Park Estates, Spice Holdings plc and a number of other publicly listed companies. Sir Rodney joined Goals in February 2002.

Graham Wilson – Non-Executive Director (Aged 51)

In 1989 Graham led the management buy out of Beazer’s holiday subsidiary by Parkdean Leisure which subsequently floated on the London Stock Exchange in 1993. In 1995 Parkdean Leisure was acquired by Vardon plc and Graham joined the Vardon board of Directors. In 1998 Vardon sold the holiday division to Rank plc and Graham left the company. In 1999 Graham established Parkdean Holidays for the acquisition of holiday parks, and floated the company on AIM in 2002. Graham is also Non-Executive Chairman of Amdega and of Premier Direct plc. Graham joined Goals in February 2002.

Board composition and committees

The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee.

The Audit Committee comprises the two Non-Executive Directors, Sir Rodney Walker and Graham Wilson, and is chaired by Graham Wilson. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditor's reports relating to accounts and internal control systems.

The Remuneration Committee also comprises Sir Rodney Walker and Graham Wilson, and is chaired by Sir Rodney Walker. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Managing Director, all other Executive Directors, the Chairman of the Company (if an Executive Director), the Company Secretary and such other members of the Executive management as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee will also liaise with the Nomination Committee to ensure that the remuneration of newly appointed Executive Directors is within the Company's overall policy.

The Nomination Committee is chaired by Sir Rodney Walker and also comprises Graham Wilson and Keith Rogers. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

The Company has adopted a share dealing code for Directors and relevant employees and will take proper steps to ensure compliance by the Directors and those employees.

Staff

Goals currently employs approximately 225 staff. Each centre is run by a General Manager assisted by two Deputy and/or Assistant Managers. There is a varying number of other staff including receptionists, bar staff, cleaners and maintenance.

There are Area Managers covering the North and South of the UK with further Area Managers to be appointed as new centres are opened. The Company has an active policy of promotion from within.

Equity participation

The Directors are subscribing for a total of 838,708 new Ordinary Shares in the Placing. Following the Placing, the Directors will be interested, in aggregate, in 7,572,696 Ordinary Shares, representing 18.08 per cent. of the issued ordinary share capital of the Company. The Directors have agreed that they will not dispose of any interests in the Company's share capital at any time before the first anniversary of Admission and, for a further period of 12 months, only with the permission of the Company and KBC Peel Hunt.

The Company has adopted an Enterprise Management Incentive Scheme and an Unapproved Share Option Scheme. In respect of the former, options have been awarded to Keith Rogers, Bill Gow and Morris Payton in respect of (in aggregate) 1.12 per cent. of the issued share capital (assuming exercise) as at the date of Admission at a price per share equal to the Placing Price. Under the terms of the latter scheme, options have been awarded to Keith Rogers, Bill Gow and Morris Payton amounting to (in aggregate) 3.88 per cent. of the issued share capital (assuming exercise) as at the date of Admission at a price per share equal to the Placing Price. Both schemes have a performance criteria which requires 5 per cent. annual growth in earnings per share over the three years from 1 January 2005 to 31 December 2007.

Further details of the interests of the Directors in Ordinary Shares and in options over Ordinary Shares are set out in paragraph 3 of Part V.

6. Reasons for the Placing and Admission

The Company is proposing to raise approximately £12.0 million net of expenses through the Placing. Approximately £7.0 million will be used to repay loan stock held by Dunedin. The remainder of the proceeds will be used to reduce existing bank borrowings. In addition the Directors believe that Admission will raise the public profile and awareness of the Company.

Dunedin and Uberior Trading Limited are also realising the whole of their equity interest in the Company in the Placing.

7. Details of Placing and Admission

KBC Peel Hunt, as agent for the Company, has conditionally placed 21,370,968 new Ordinary Shares with investors at 62 pence per share. As agent for Dunedin and Uberior Trading Limited, KBC Peel Hunt has also conditionally placed 13,266,012 existing Ordinary Shares and 512,820 existing Ordinary Shares respectively with investors at 62 pence per share. The Placing, which is not underwritten, is conditional, *inter alia*, upon the admission of the Company's Ordinary Shares to trading on AIM by 7 December 2004, or such later time as KBC Peel Hunt and the Company agree.

The Placing is intended to raise £13.25 million for the Company, before expenses. After the expenses of the Placing and Admission, estimated in total at £1.25 million (excluding VAT), the Placing is intended to raise £12.0 million.

It is expected that the proceeds of the Placing will be received by the Company on or around 7 December 2004. It is expected that the CREST accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 7 December 2004. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post, within 14 days of the date of Admission. Pending Admission becoming effective, funds from placees will be held in a designated account. Should Admission not occur for any reason funds will be returned by cheque without interest by post to the relevant placee at their own risk.

Pending despatch of share certificates or crediting of CREST accounts, the Company's registrar will certify any instruments of transfer against the register.

Further details of the Placing and Admission Agreement are set out in paragraph 11 of Part V.

8. Dividend Policy

The Directors intend that Company will retain the majority of any distributable profits and cash flows to contribute towards the funding of its planned roll out of centres. 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.

9. Further Information

Your attention is drawn to the additional information in Parts II to V of this document.

PART II

RISK FACTORS

Potential investors should consider the risks described below before making a decision to invest in the Company. Such risks do not necessarily comprise all those associated with an investment in the Company. The value of shares may go down as well as up. Investors may therefore realise less than their original investment.

AIM Quoted Investment

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent professional adviser authorised under the Financial Service and Markets Act 2000 who specialises in investments of this kind before making any decision to invest.

Admission to AIM does not guarantee that there will be a liquid market for the Ordinary Shares. An active public market for the Ordinary Shares may not develop or be sustained after Admission and the market price may fall below the price of which the Ordinary Shares are placed under the Placing.

Application will be made for the Ordinary Shares to be listed on AIM. AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List of the UK Listing Authority or other stock exchanges.

The value of the Ordinary Shares will be dependent upon the success of the trading activities undertaken. The value of the Ordinary Shares and the income from them can go down as well as up. Shares traded on AIM might be less easily disposed of and carry a higher risk than a share quoted on the Official List.

Loss of a Centre

As with many similar businesses it is possible that as a result of an unexpected event, one or more of the Company's centres may have to close for a period of time, possibly with the effect that a centre would not produce the anticipated revenues and contribution to profits.

The Company does however have business interruption insurance to cover this eventuality, which should compensate for the loss of revenues at a centre.

Management

In common with many businesses, the success of the Company will, to a significant extent, be dependent on the expertise and experience of the Directors, the loss of one or more of whom could have a material adverse effect on the Company.

PART III

ACCOUNTANTS' REPORT

The following is the text of a report received from the Company's reporting accountants:



The Directors
Goals Soccer Centres plc
29 Bothwell Road
Hamilton
ML3 0AS

191 West George Street
Glasgow
G2 2LJ

The Directors
KBC Peel Hunt Ltd
111 Old Broad Street
London
EC2N 1PH

2 December 2004

Dear Sirs

Goals Soccer Centres plc

We report on the financial information set out below. This financial information has been prepared for inclusion in the Admission Document dated 2 December 2004 ("the Admission Document") of Goals Soccer Centres plc ("the Company").

Basis of preparation

The Company was incorporated as a private limited Company on 21 December 1999 and on 26 November 2004 was re-registered as a public Company. The financial information set out in paragraphs 1 to 5.26 is based on the audited financial statements of the Company for the 14 months ended 31 December 2001, the two years ended 31 December 2003 and 9 months ended 30 September 2004, to which no material adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by KPMG LLP, relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made

by those responsible for the preparation of the financial statements underlying the financial information and an assessment of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results and cash flows for the periods then ended.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45 (1) (b) (iii) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1 Profit and loss accounts

		<i>14 months ended 31 December 2001</i>	<i>Year ended 31 December 2002</i>	<i>31 December 2003</i>	<i>9 months ended 30 September 2004</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	5.2	2,881	4,728	6,156	6,175
Cost of sales		(310)	(665)	(858)	(880)
Gross profit		2,571	4,063	5,298	5,295
Administrative expenses					
– general		(2,093)	(2,803)	(3,559)	(3,538)
– goodwill amortisation		(122)	(122)	(122)	(90)
Operating profit	5.3	356	1,138	1,617	1,667
Interest receivable	5.6	25	1	–	–
Interest payable and similar charges	5.7	(834)	(1,022)	(1,401)	(1,304)
Gain on sale of land		–	–	90	–
(Loss)/Profit on ordinary activities before taxation		(453)	117	306	363
Tax on (loss)/profit on ordinary activities	5.8	–	–	(51)	(105)
(Loss)/profit on ordinary activities after taxation		(453)	117	255	258
Dividends-equity	5.9	–	–	–	(131)
Retained (loss)/profit for the financial period	5.22	(453)	117	255	127
Basic (loss)/earnings per share	5.10	(81.04)p	12.11p	26.15p	26.46p
Diluted (loss)/earnings per share	5.10	(77.57)p	11.81p	25.50p	25.80p

The above results relate wholly to continuing activities.

There are no recognised gains or losses in the periods other than those set out above.

2 Balance sheets

		<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
	<i>Notes</i>				
Fixed assets					
Intangible assets – goodwill	5.11	2,331	2,214	2,092	2,002
Tangible assets	5.12	11,978	13,693	18,385	20,427
		<u>14,309</u>	<u>15,907</u>	<u>20,477</u>	<u>22,429</u>
Current assets					
Stocks	5.13	38	39	62	82
Debtors	5.14	159	19	121	6
Cash at bank and in hand		50	81	147	248
		<u>247</u>	<u>139</u>	<u>330</u>	<u>336</u>
Creditors: amounts falling due within one year	5.15	<u>(601)</u>	<u>(982)</u>	<u>(1,141)</u>	<u>(1,477)</u>
Net current liabilities		<u>(354)</u>	<u>(843)</u>	<u>(811)</u>	<u>(1,141)</u>
Total assets less current liabilities		13,955	15,064	19,666	21,288
Creditors: amounts falling due after more than one year	5.16	(13,905)	(14,897)	(19,193)	(20,583)
Provisions for liabilities and charges	5.18	<u>–</u>	<u>–</u>	<u>(51)</u>	<u>(156)</u>
Net assets		<u>50</u>	<u>167</u>	<u>422</u>	<u>549</u>
Capital and reserves					
Called up share capital	5.20	10	10	10	10
Share premium account	5.21	497	497	497	497
Profit and loss account	5.22	<u>(457)</u>	<u>(340)</u>	<u>(85)</u>	<u>42</u>
Shareholders' funds - all equity		<u>50</u>	<u>167</u>	<u>422</u>	<u>549</u>

3 Cash flow statements

		<i>14 months ended 31 December 2001 £000</i>	<i>Year ended 31 December 2002 £000</i>	<i>31 December 2003 £000</i>	<i>9 months ended 30 September 2004 £000</i>
	<i>Notes</i>				
Cash inflow from operating activities	5.24	159	2,095	2,246	2,647
Interest paid		(748)	(880)	(1,223)	(1,196)
Interest received		25	1	–	–
Net cash outflow for returns on investments and servicing of finance		(723)	(879)	(1,223)	(1,196)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,120)	(2,098)	(5,173)	(2,667)
Net cash outflow for capital expenditure and financial investment		(3,120)	(2,098)	(5,173)	(2,667)
Equity dividends paid		–	–	–	(43)
Acquisitions and disposals					
Purchase of businesses and subsidiary undertakings	5.19	(3,066)	(5)	–	–
Net cash acquired with subsidiary		217	–	–	–
Net cash outflow for acquisitions and disposals		(2,849)	(5)	–	–
Cash outflow before financing		(6,533)	(887)	(4,150)	(1,259)
Financing					
Issue of share capital		926	49	–	–
Expenses paid in connection with share issue		(419)	(49)	–	–
Loans received		6,145	10,670	4,550	1,929
Loan notes redeemed		–	(9,797)	(343)	(625)
Loan arrangement fee		(238)	–	–	–
Net cash inflow from financing		6,414	873	4,207	1,304
(Decrease)/Increase in cash in the period		(119)	(14)	57	45
Reconciliation of net cash flow to movement in net debt					
(Decrease)/Increase in cash in the period		(119)	(14)	57	45
Cash inflow from loans received		(6,145)	(10,670)	(4,550)	(1,929)
Loan notes issues in respect of acquisition		(6,295)	–	–	–
Bank debt assumed on acquisition		(1,650)	–	–	–
Finance costs		238	–	–	–
Loan notes redeemed		–	9,797	343	625
Change in net debt resulting from cash flows		(13,971)	(887)	(4,150)	(1,259)
Non cash movement – amortisation of finance costs		(48)	(47)	(48)	(95)
Movement in net debt in the period		(14,019)	(934)	(4,198)	(1,354)
Net debt at the start of the period		(5)	(14,024)	(14,958)	(19,156)
Net debt at the end of the period	5.25	(14,024)	(14,958)	(19,156)	(20,510)

4 Reconciliation of movements in shareholders' funds

	14 months ended 31 December 2001 Notes	Year ended 31 December 2002	Year ended 31 December 2003	9 months ended 30 September 2004
	£000	£000	£000	£000
Retained (loss)/profit for the financial period	(453)	117	255	127
New share capital subscribed (net of issue costs)	507	–	–	–
Net increase in shareholders' funds	54	117	255	127
Opening shareholders' funds	(4)	50	167	422
Closing shareholders' funds	50	167	422	549

5 Notes to the financial information

5.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

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.

Goodwill

In accordance with FRS 10: Goodwill and Intangible Assets, goodwill arising on acquisitions is capitalised and amortised over its estimated useful life on a straight line basis. The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises and consider that 20 years is a reasonable estimate of the estimated economic life in the circumstances of the acquisitions made to date.

The trade, assets and liabilities of certain subsidiary undertakings acquired during the 14 month period ended 31 December 2001 were subsequently transferred to the Company for their book value, which was less than their fair value. The cost of the Company's investments in these subsidiary undertakings reflected the underlying fair value of their net assets and goodwill at the time those subsidiary undertakings were acquired by the Company. As a result of the trade, assets and liabilities having been transferred to the Company, the underlying value of the Company's investments in the subsidiary undertakings has fallen below the amount at which they are being carried in the Company's accounting records. Schedule 4 to the Companies Act 1985 requires that such investments be written down accordingly, and that the amount of the write down be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge such diminution to the Company's profit and loss account and that the amount of such diminution should instead be re-allocated to goodwill and the identifiable net assets now held directly by the Company. The effect of such treatment is to recognise in the Company's balance sheet the effective cost of the net assets and associated goodwill. The goodwill is shown in the Company's balance sheet as an intangible asset and amortised over its expected useful economic life. The effect of this departure from the Companies Act is to increase the Company's loss for the financial period ended 31 December 2001 by £122,000 (2002, 2003: by £122,000; 2004: by £90,000) and to increase the value of the goodwill and profit and loss account in the Company's balance sheet

by £2,331,000 as at 31 December 2001 (2002: £2,214,000; 2003: £2,092,000; 2004: £2,002,000).

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Land and buildings	-	50 years
Fixtures and fittings:		
– pitches	-	7 years
– office furnishings	-	10 years
– fixtures and fittings	-	4 years
– computer equipment	-	4 years
– plant and machinery	-	4 years

As of 1 January 2004 the estimated useful economic life of pitches was changed from 10 years to 7 years reflecting a more conservative basis. The impact of this change in the period ended 30 September 2004 is an additional depreciation charge of £65,000. The impact on prior periods' profits and net assets is not material.

Assets under construction are transferred to the relevant asset category when they become operational and are depreciated from that date.

Post-retirement benefits

The Company has in place a stakeholder pension scheme, operated by the Bank of Scotland, which is available to all employees. No company contributions are made. The Company contributes to personal pension plans operated by directors.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of products and services to customers of its outdoor soccer centres.

Finance costs

The costs incurred securing long-term debt is charged to the profit and loss account in equal instalments over the term of the debt facility.

5.2 Segmental reporting

All turnover and operating profit is derived from and all net assets relate to the operation of outdoor soccer centres within the United Kingdom.

5.3 Operating profit

	<i>14 months ended 31 December 2001 £000</i>	<i>Year ended 31 December 2002 £000</i>	<i>31 December 2003 £000</i>	<i>9 months ended 30 September 2004 £000</i>
Is stated after charging:				
Auditors' remuneration				
– audit	10	7	8	6
– fees paid to auditors in respect of other services	2	5	2	2
Depreciation written off tangible fixed assets	242	383	481	625
Rental under operating leases	181	268	358	312
Amortisation of goodwill	122	122	122	90

5.4 Remuneration of directors

(i) Directors' emoluments and fees

The analysis of remuneration by director is set out below.

	<i>Basic salary/fees £000</i>	<i>Bonus £000</i>	<i>Pension contributions £000</i>	<i>Benefits in kind £000</i>	<i>Total £000</i>
14 month period ended					
31 December 2001:					
K T Rogers ⁽¹⁾	103	–	14	–	117
SNS Middleton ⁽¹⁾	22 ⁽³⁾	–	–	–	22
WBG Gow ⁽²⁾	66	–	10	–	76
	<u>191</u>	<u>–</u>	<u>24</u>	<u>–</u>	<u>215</u>

Notes:

(1) Appointed November 2000

(2) Appointed January 2001

(3) Payment made to Dunedin Capital Partners Limited, a Company in which S N S Middleton is a shareholder

	<i>Basic salary/fees £000</i>	<i>Bonus £000</i>	<i>Pension contributions £000</i>	<i>Benefits in kind £000</i>	<i>Total £000</i>
Year ended					
31 December 2002:					
K T Rogers	96	–	13	–	109
SNS Middleton	20 ⁽¹⁾	–	–	–	20
WBG Gow	71	–	9	–	80
Sir RM Walker ⁽²⁾	23 ⁽⁴⁾	–	–	–	23
MI Payton ⁽³⁾	62	–	4	–	66
RG Wilson ⁽²⁾	18	–	–	–	18
	<u>290</u>	<u>–</u>	<u>26</u>	<u>–</u>	<u>316</u>

Notes:

(1) Payment made to Dunedin Capital Partners Limited, a Company in which S N S Middleton is a shareholder

(2) Appointed February 2002

(3) Appointed March 2002

(4) Payment made to Myerscough Developments Limited, a Company in which Sir R M Walker is a shareholder

	<i>Basic salary/fees</i>		<i>Pension Bonus contributions</i>	<i>Benefits in kind</i>	<i>Total</i>
	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
Year ended					
31 December 2003:					
K T Rogers	102	–	14	1	117
SNS Middleton	20 ⁽¹⁾	–	–	–	20
WBG Gow	80	–	10	1	91
Sir R M Walker	25 ⁽²⁾	–	–	–	25
MI Payton	83	–	6	1	90
RG Wilson	20	–	–	–	20
	<u>330</u>	<u>-</u>	<u>30</u>	<u>3</u>	<u>363</u>

Notes:

- (1) Payment made to Dunedin Capital Partners Limited, a Company in which S N S Middleton is a shareholder
- (2) Payment made to Myerscough Developments Limited, a Company in which Sir R M Walker is a shareholder

	<i>Basic salary/fees</i>		<i>Pension Bonus contributions</i>	<i>Benefits in kind</i>	<i>Total</i>
	<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
9 month period ended					
30 September 2004:					
K T Rogers	85	7	11	1	104
SNS Middleton ⁽¹⁾	3 ⁽³⁾	-	-	-	3
WBG Gow	69	7	9	1	86
Sir R M Walker	19 ⁽⁴⁾	-	-	-	19
MI Payton	64	-	9	1	74
RG Wilson	15	-	-	-	15
BB Scouler ⁽²⁾	12 ⁽³⁾	-	-	-	12
	<u>267</u>	<u>14</u>	<u>29</u>	<u>3</u>	<u>313</u>

Note:

- (1) Resigned March 2004
- (2) Appointed March 2004
- (3) Payment made to Dunedin Capital Partners Limited, a Company in which S N S Middleton and B B Scouler are shareholders
- (4) Payment made to Myerscough Development Limited, a Company in which Sir R M Walker is a shareholder

(ii) *Retirement benefits*

	<i>14 months ended 31 December 2001</i>	<i>Year ended 31 December 2002</i>	<i>Year ended 31 December 2003</i>	<i>9 months ended 30 September 2004</i>
Retirement benefits are accruing to the following number of directors	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>

(iii) *Directors' beneficial interests*

Details of the directors' interests in the share capital of the Company at the end of each period are as follows:

		31 December 2001	31 December 2002	31 December 2003	30 September 2004
	<i>Class</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
KT Rogers	Ordinary	195,000	195,000	195,000	195,000
	'A' Ordinary	–	28,282	28,282	28,282
WBG Gow	Ordinary	75,000	75,000	75,000	75,000
SNS Middleton	'A' Ordinary	6,000	6,000	6,000	–
RG Wilson	Ordinary	–	5,000	5,000	5,000
	'A' Ordinary	–	5,000	5,000	5,000
Sir RM Walker	Ordinary ⁽¹⁾	–	5,000	5,000	5,000
	'A' Ordinary	–	5,000	5,000	5,000
MI Payton	Ordinary	–	10,000	10,000	10,000

Notes:

- (1) Shares held by Myerscough Developments Limited, a Company in which Sir R M Walker is a shareholder

5.5 Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the periods, analysed by category, was as follows:

	14 months ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	9 months ended 30 September 2004
Administration	4	4	5	5
Centre staff	66	132	154	210
	<u>70</u>	<u>136</u>	<u>159</u>	<u>215</u>

The aggregate payroll costs of these persons was as follows:

	14 months ended 31 December 2001	Year ended 31 December 2002	Year ended 31 December 2003	9 months ended 30 September 2004
	£000	£000	£000	£000
Wages and salaries	861	1,121	1,419	1,350
Social security costs	46	84	124	115
Other pension costs	23	27	31	30
	<u>930</u>	<u>1,232</u>	<u>1,574</u>	<u>1,495</u>

5.6 Interest receivable

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
Interest receivable	25	1	–	–

5.7 Interest payable and similar charges

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
On bank loans and overdrafts	28	32	712	721
On all other loans	758	942	641	488
Amortisation of finance costs	48	48	48	95
	834	1,022	1,401	1,304

5.8 Taxation

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
Current tax:				
UK corporation tax on (losses)/ profits for the period	–	–	–	–
Deferred tax (note 5.18):				
Origination of timing differences	–	–	99	110
Adjustment in respect of prior periods	–	–	(48)	(5)
Total deferred tax	–	–	51	105
Tax on (loss)/profit on ordinary activities	–	–	51	105

Factors affecting the current tax charge

The current tax charge for each period is lower than the standard rate of corporation tax for small companies in the UK (2001: 20%; 2002, 2003, 2004: 19%). The differences are explained below:

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
Current tax reconciliation				
(Loss)/profit on ordinary activities before tax	(453)	117	306	363
Current tax at 19% (2001:20%; 2002, 2003:19%)	(90)	22	58	69
Effects of:				
Expenses not deductible for tax purposes	23	21	21	16
Expenditure previously treated as ineligible	–	(37)	–	–
Depreciation on assets not qualifying for capital allowance	–	–	37	25
Deferred tax charge	–	–	(99)	(110)
Gain on sale of land not chargeable to corporation tax	–	–	(17)	–
Tax losses (utilised)/carried forward	67	(6)	–	–
Total current tax charge	–	–	–	–

There was an unprovided deferred tax asset of £48,000 at 31 December 2002 (2001: £58,000), which was not recognised due to uncertainty of recoverability. At 30 September 2004 a deferred tax liability of £156,000 (2003: £51,000) existed which has been fully provided.

5.9 Dividends

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
Interim dividend paid	–	–	–	43
Final dividend proposed	–	–	–	88
	–	–	–	131

5.10 (Loss)/earnings per share

	14 months ended 31 December 2001 £000	Year ended 31 December 2002 £000	31 December 2003 £000	9 months ended 30 September 2004 £000
Net (loss)/earnings for the financial period (‘Basic’ loss)	(453)	117	255	258
Basic (loss)/earnings per share	(81.04)p	12.11p	26.15p	26.46p
Diluted (loss)/earnings per share	(77.57)p	11.81p	25.50p	25.80p

The weighted average number of shares used in each calculation is as follows:

	<i>14 months ended 31 December 2001</i>	<i>Year ended 31 December 2002</i>	<i>31 December 2003</i>	<i>9 months ended 30 September 2004</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
For basic earnings per share	558,984	965,935	975,000	975,000
Effect of exercise of dilutive share options	25,000	25,000	25,000	25,000
For diluted earnings per share	<u>583,984</u>	<u>990,935</u>	<u>1,000,000</u>	<u>1,000,000</u>

5.11 Intangible fixed assets

	<i>As at December 2001</i>	<i>As at December 2002</i>	<i>As at December 2003</i>	<i>As at 30 September 2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Goodwill</i>				
<i>Cost</i>				
At beginning of period	–	2,453	2,458	2,458
On acquisitions in the period	2,453	–	–	–
Additions	–	5	–	–
At end of period	<u>2,453</u>	<u>2,458</u>	<u>2,458</u>	<u>2,458</u>
<i>Amortisation</i>				
At beginning of period	–	122	244	366
Charged in period	122	122	122	90
At end of period	<u>122</u>	<u>244</u>	<u>366</u>	<u>456</u>
Net book value	<u>2,331</u>	<u>2,214</u>	<u>2,092</u>	<u>2,002</u>

5.12 Tangible fixed assets

	<i>Land and buildings £000</i>	<i>Fixtures and fittings £000</i>	<i>Assets in course of construction £000</i>	<i>Total £000</i>
Cost:				
At 1 November 2000	–	–	–	–
Acquisition	8,922	178	–	9,100
Additions	1,741	109	1,270	3,120
At 31 December 2001	10,663	287	1,270	12,220
Additions	1,204	352	542	2,098
Transfers	860	409	(1,269)	–
At 31 December 2002	12,727	1,048	543	14,318
Reallocation	(450)	450	–	–
Additions	3,787	832	554	5,173
Transfers	505	(50)	(455)	–
At 31 December 2003	16,569	2,280	642	19,491
Additions	1,341	646	680	2,667
Transfers	409	–	(409)	–
Disposals	–	(129)	–	(129)
At 30 September 2004	<u>18,319</u>	<u>2,797</u>	<u>913</u>	<u>22,029</u>
Depreciation				
At 1 November 2000	–	–	–	–
Charge for period	228	14	–	242
At 31 December 2001	228	14	–	242
Charge for period	239	144	–	383
At 31 December 2002	467	158	–	625
Reallocation	(45)	45	–	–
Charge for period	276	205	–	481
Transfers	5	(5)	–	–
At 31 December 2003	703	403	–	1,106
Charge for period	258	367	–	625
Disposals	–	(129)	–	(129)
At 30 September 2004	<u>961</u>	<u>641</u>	<u>–</u>	<u>1,602</u>
Net book value				
At 31 December 2001	<u>10,435</u>	<u>273</u>	<u>1,270</u>	<u>11,978</u>
At 31 December 2002	<u>12,260</u>	<u>890</u>	<u>543</u>	<u>13,693</u>
At 31 December 2003	<u>15,866</u>	<u>1,877</u>	<u>642</u>	<u>18,385</u>
At 30 September 2004	<u>17,358</u>	<u>2,156</u>	<u>913</u>	<u>20,427</u>

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
The net book value of land and buildings comprises:				
Freehold	1,018	1,011	995	980
Long leasehold	9,417	11,249	14,871	16,378
	<u>10,435</u>	<u>12,260</u>	<u>15,866</u>	<u>17,358</u>

5.13 Stocks

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Raw materials and consumables:	<u>38</u>	<u>39</u>	<u>62</u>	<u>82</u>

5.14 Debtors

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Other debtors	<u>159</u>	<u>19</u>	<u>121</u>	<u>6</u>

5.15 Creditors: amounts falling due within one year

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Bank overdraft (see note 5.16)	169	214	223	279
Trade creditors	109	357	157	234
Other taxes and social security	56	47	147	283
Other creditors	132	–	1	2
Accruals and deferred income	135	364	613	591
Dividend payable	–	–	–	88
	<u>601</u>	<u>982</u>	<u>1,141</u>	<u>1,477</u>

5.16 Creditors: amounts falling due after more than one year

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Bank loans	1,525	5,225	9,775	11,704
Less: unamortized finance costs	(190)	(143)	(95)	–
Vendor loan notes – Class A	300	15	–	–
Vendor loan notes – Class B	5,995	3,253	2,425	1,800
Secured loan stock	6,275	6,475	6,975	6,975
Other taxes and social security	–	72	113	104
	<u>13,905</u>	<u>14,897</u>	<u>19,193</u>	<u>20,583</u>

Analysis of debt:

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Debt can be analysed as falling due:				
- in one year or less, or on demand	169	214	223	279
- between one and two years	–	–	–	–
- between two and five years	1,525	5,225	9,775	11,704
- in five years or more	12,570	9,743	9,400	8,775
	<u>14,264</u>	<u>15,182</u>	<u>19,398</u>	<u>20,758</u>
Amounts repayable in more than five years:				
Vendor loan notes	6,295	3,268	2,425	1,800
Secured loan stock	6,275	6,475	6,975	6,975
	<u>12,570</u>	<u>9,743</u>	<u>9,400</u>	<u>8,775</u>

The bank loans accrue interest at an average rate of 2.3% (2003, 2002:2.2%; 2001:2.5%) plus Bank of Scotland base rate and are secured by a fixed charge over the heritable, freehold and leasehold property, a floating charge and a composite guarantee by each group Company. The loan will be repaid in full on 28 November 2006.

The vendor loan notes redemption date is 30 November 2011, however note holders can serve written notice on the Company requiring redemption at par at any time on or after six months following the issue of the loan note. The loan notes are guaranteed by the Bank of Scotland. The class 'A' loan notes which were fully redeemed in 2002 bore interest at 1% below LIBOR and the class 'B' loan notes bear interest at LIBOR.

The loan stock is secured by a floating charge over the assets of the Company and is repayable in three equal instalments on 31 December 2009, 2010 and 2011. Interest for the period to 31 December 2001 is accrued at 3% (2002:5%; 2003, 2004:8%).

5.17 Financial instruments

The Company's financial instruments comprise, from time to time, Sterling cash, bank deposits, bank loans and overdrafts, institutional loan stock, together with various balances such as accounts receivable and accounts payable that arise directly from its operations.

The main risk from the Company's financial instruments is interest rate risk. The Company's strategy is to maintain a focus on interest rate trends and the opportunity may be taken to fix rates on a portion of the debt should this appear to be in the interests of the Company. The Company does not have any material foreign currency exposure.

Short term debtors and creditors (other than bank and other borrowings) have been excluded from the following disclosures.

Interest rate risk profile

All of the Company's financial liabilities and assets at 30 September 2004 were held in Sterling and under variable interest rate agreements. In July 2001 the company entered into a £6 million three year interest rate swap at 5.78%. In October 2003 the Company entered into a £6 million three year interest rate swap at 5.75% and three year interest rate floor at 5.12%. This was increased to £8 million from July 2004. If the Company had wished to exit this arrangement at 30 September 2004 a premium of £76,000 would have been payable, reflecting the full value of the financial instrument at the period end.

Liquidity risk

The maturity profile of the Company's financial liabilities, excluding short term creditors, and the undrawn facilities available to the Company in respect of which all conditions precedent had been met, are as follows:

	<i>Expiring within one year or less</i> £000	<i>Expiring between one and two years</i> £000	<i>Expiring in more than two years</i> £000	<i>Total</i> £000
31 December 2001				
Drawn	119	–	14,095	14,214
Undrawn	131	–	3,930	4,061
Total facilities	<u>250</u>	<u>–</u>	<u>18,025</u>	<u>18,275</u>
31 December 2002				
Drawn	133	–	14,968	15,101
Undrawn	117	–	7,007	7,124
Total facilities	<u>250</u>	<u>–</u>	<u>21,975</u>	<u>22,225</u>
31 December 2003				
Drawn	76	–	19,175	19,251
Undrawn	174	–	7,800	7,974
Total facilities	<u>250</u>	<u>–</u>	<u>26,975</u>	<u>27,225</u>
30 September 2004				
Drawn	31	–	20,479	20,510
Undrawn	219	–	6,496	6,715
Total facilities	<u>250</u>	<u>–</u>	<u>26,975</u>	<u>27,225</u>

For all debt, short term assets and liabilities, the book values and fair values are the same except for the £76,000 termination cost of the interest rate swap noted above.

5.18 Provisions for liabilities and charges

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
<i>Deferred tax:</i>				
At beginning of period	–	–	–	51
Charge to the profit and loss account	–	–	51	105
At end of period	<u>–</u>	<u>–</u>	<u>51</u>	<u>156</u>
Deferred tax asset not recognised (due to uncertainty over recoverability)	<u>58</u>	<u>48</u>	<u>–</u>	<u>–</u>

The elements of deferred taxation are as follows:

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Difference between accumulated depreciation and capital allowance	(78)	(93)	(251)	(279)
Tax losses	136	141	200	117
Provisions	<u>–</u>	<u>–</u>	<u>–</u>	<u>6</u>
Deferred tax asset/(liability)	<u>58</u>	<u>48</u>	<u>(51)</u>	<u>(156)</u>

Deferred tax assets/(liabilities) are calculated at the standard rate of corporation tax for small companies in the UK (2001: 20%; 2002, 2003, 2004: 19%).

5.19 Acquisitions

On 28 November 2000 the Company acquired Trisheen Limited, Glasgow Open Air Leisure Services (Wembley) Limited and the assets of Goals (Clydebank) and Goals (Aberdeen). The resulting goodwill was capitalised and will be written off over 20 years, being its estimated economic life.

	<i>Book value</i>	<i>Adjustment</i>	<i>Fair value</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Fixed assets			
Tangible	3,222	5,878	9,100
Current assets			
Stock	18	–	18
Debtors	593	–	593
Cash	217	–	217
Total assets	<u>4,050</u>	<u>5,878</u>	<u>9,928</u>
Liabilities			
Bank loan	(1,650)	–	(1,650)
Other creditors	(1,370)	–	(1,370)
Total liabilities	<u>(3,020)</u>	<u>–</u>	<u>(3,020)</u>
Net assets	<u>1,030</u>	<u>5,878</u>	<u>6,908</u>
Goodwill			<u>2,453</u>
Purchase consideration and costs of acquisition			<u>9,361</u>
Purchase consideration is analysed as follows:			
Cash			2,500
Expenses			566
			<u>3,066</u>
Loan notes			6,295
			<u>9,361</u>
Representing:			
Purchase of subsidiary undertakings			6,588
Purchase of businesses			2,773
			<u>9,361</u>

Fair value adjustments were made on the basis of a valuation of the facilities carried out by Chestertons HMH on 31 December 2001.

The trade, assets and liabilities of the subsidiaries acquired were transferred to the Company with effect from 29 November 2001 and the companies acquired have not traded since that date.

5.20 Called up share capital

	<i>As at 31 December 2001 Number</i>	<i>As at 31 December 2002 Number</i>	<i>As at 31 December 2003 Number</i>	<i>As at 30 September 2004 Number</i>
Authorised				
Ordinary shares of 1p each	315,000	315,000	315,000	315,000
Ordinary 'A' shares of 1p each	685,000	685,000	685,000	685,000
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Ordinary shares of 1p each	3	3	3	3
Ordinary 'A' shares of 1p each	7	7	7	7
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<i>As at 31 December 2001 Number</i>	<i>As at 31 December 2002 Number</i>	<i>As at 31 December 2003 Number</i>	<i>As at 30 September 2004 Number</i>
Allotted, called up and fully paid				
Ordinary shares of 1p each	270,000	290,000	290,000	290,000
Ordinary 'A' shares of 1p each	656,000	685,000	685,000	685,000
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Ordinary shares of 1p each	3	3	3	3
Ordinary 'A' shares of 1p each	7	7	7	7
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

During the 14 month period ended 31 December 2001, the following changes were made to the Company's share capital:

- Each of the 100 issued Ordinary shares of £1.00 each were subdivided into 100 Ordinary shares of £0.01 each and the authorised share capital of the Company was increased from £100 to £1,950 by the creation of 185,000 Ordinary shares of £0.01 each.
- Subsequently the authorised share capital of the Company was increased from £1,950 divided into 195,000 Ordinary shares of £0.01 each to £10,000 divided into 315,000 Ordinary shares of £0.01 each and 685,000 'A' ordinary shares of £0.01 each.

The following fully paid shares were allotted at a premium:

- 269,800 Ordinary shares of £0.01 each at £1.00 per share
- 656,299 'A' Ordinary shares of £0.01 each at £1.00 per share

During the year ended 31 December 2002, the following fully paid shares were allotted at a premium:

- 20,000 Ordinary shares of £0.01 each at £1.00 per share
- 28,701 'A' Ordinary shares of £0.01 each at £1.00 per share

Shareholders' rights

The 'A' Ordinary shares carry the right to receive a cumulative cash dividend at the rates set out below of the Net Profit (the "A Dividend"), such dividend to accrue from day to day from (and inclusive of) the date of issue of the 'A' shares and payable not later than four months after the end of the relevant financial year or within fourteen days after the annual general meeting of the Company at which the accounts for the relevant year are approved by the members of the Company whichever is earlier.

The rate applying to the 'A' Dividend shall be:

- in the period up to and ending on 31 December 2002 : nil
- in the year ending on 31 December 2003 : 2.5% of the Net Profit for the relevant period
- in the year ending on 31 December 2004 : 5% of the Net Profit for the relevant period
- in the year ending 31 December 2005 : 10% of the Net Profit for the relevant period
- in the year ending 31 December 2006 (and in each subsequent year) : 20% of the Net Profit for the relevant period

Should the Company be unable to pay the 'A' dividend in full on the payment date, as defined, then interest shall accrue on the amount of such dividend at the rate of 2% per annum above the base rate from time to time of the Bank until such dividend is paid in full.

The 'A' Ordinary shares carry the same voting rights as Ordinary shares. 'A' Ordinary shares are repayable before Ordinary shares in the event of a capital reduction or winding up of the Company.

Subsequent to the period end, on 26 October 2004, the Company authorised 1,197,179 Ordinary Shares and 2,827,821 'A' Ordinary Shares by way of a bonus issue. As a result of this bonus issue, £40,250 was debited to the share premium account.

5.21 Share premium account

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
At beginning of period	–	497	497	497
Premium on share issues, less expenses	497	–	–	–
At end of period	<u>497</u>	<u>497</u>	<u>497</u>	<u>497</u>

5.22 Profit and loss account

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
At beginning of period	(4)	(457)	(340)	(85)
(Loss)/Profit for the period	<u>(453)</u>	<u>117</u>	<u>255</u>	<u>127</u>
At end of period	<u>(457)</u>	<u>(340)</u>	<u>(85)</u>	<u>42</u>

5.23 Commitments

Capital commitments at the end of each financial period, for which no provision has been made, are as follows:

	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Contracted	876	1,270	1,362	3,139

Annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>			
	<i>As at 31 December 2001 £000</i>	<i>As at 31 December 2002 £000</i>	<i>As at 31 December 2003 £000</i>	<i>As at 30 September 2004 £000</i>
Operating leases which expire: – over five years	164	174	287	312

5.24 Cash flow from operating activities

	<i>14 months ended 31 December 2001 £000</i>	<i>Year ended 31 December 2002 £000</i>	<i>Year ended 31 December 2003 £000</i>	<i>9 months ended 30 September 2004 £000</i>
Operating profit	356	1,138	1,617	1,667
Depreciation	242	383	481	625
Amortisation of goodwill	122	122	122	90
(Increase) in stock	(20)	(1)	(23)	(20)
Decrease/(Increase) in debtors	435	140	(102)	115
(Decrease)/Increase in creditors	(976)	313	151	170
Net cash inflow from operating activities	159	2,095	2,246	2,647

5.25 Analysis of net debt

	<i>Cash at bank & in hand £000</i>	<i>Over- draft £000</i>	<i>Bank loan £000</i>	<i>Loan stock £000</i>	<i>Vendor loan £000</i>	<i>Other loan £000</i>	<i>unamor- tised finance issue costs £000</i>	<i>Net (debt) funds £000</i>
At 1 November 2000	–	–	–	–	–	(5)	–	(5)
Acquisition	–	–	–	–	–	(1,650)	–	(1,650)
Cash flow	50	(169)	(1,525)	(6,275)	–	1,655	238	(6,026)
Non cash movement	–	–	–	–	(6,295)	–	(48)	(6,343)
At 31 December 2001	50	(169)	(1,525)	(6,275)	(6,295)	–	190	(14,024)
Cash flow	31	(45)	(3,700)	(200)	3,027	–	–	(887)
Non cash movement	–	–	–	–	–	–	(47)	(47)
At 31 December 2002	81	(214)	(5,225)	(6,475)	(3,268)	–	143	(14,958)
Cash flow	66	(9)	(4,550)	(500)	843	–	–	(4,150)
Non cash movement	–	–	–	–	–	–	(48)	(48)
At 31 December 2003	147	(223)	(9,775)	(6,975)	(2,425)	–	95	(19,156)
Cash flow	101	(56)	(1,929)	–	625	–	–	(1,259)
Non cash movement	–	–	–	–	–	–	(95)	(95)
At 30 September 2004	248	(279)	(11,704)	(6,975)	(1,800)	–	–	(20,510)

5.26 Post balance sheet events

On 26 November 2004, a written resolution was passed, conditional upon Admission to AIM, pursuant to which each of the existing issued 'A' Ordinary Shares of 1p be converted into one Ordinary Share of 1p; and following conversion, that each existing share of 1p be subdivided into four Ordinary Shares, with the authorised share capital being increased to £160,000 following Admission, by the creation of 43,487,180 Ordinary Shares.

Yours faithfully

KPMG LLP

PART IV

PRO FORMA NET ASSET STATEMENT

The following is an illustrative and unaudited pro forma statement of net assets of Goals which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Placing as if it had taken place on 30 September 2004. This statement has been prepared for illustrative purposes only and because of its nature may not give a true picture of the financial position of Goals following the Placing.

	<i>Unadjusted Net assets at 30 September 2004 £000</i>	<i>Adjustment Net placing proceeds and repayment of borrowings £000</i>	<i>Pro forma £000</i>
Fixed assets			
Goodwill	2,002	–	2,002
Tangible assets	20,427	–	20,427
	<u>22,429</u>	<u>–</u>	<u>22,429</u>
Current assets			
Stocks	82	–	82
Debtors	6	–	6
Cash at bank and in hand	248	–	248
	<u>336</u>	<u>–</u>	<u>336</u>
Creditors: amounts falling due within one year	<u>(1,477)</u>	<u>–</u>	<u>(1,477)</u>
Net current liabilities	<u>(1,141)</u>	<u>–</u>	<u>(1,141)</u>
Total assets less current liabilities	21,288	–	21,288
Creditors: amounts falling due after more than one year	(20,583)	12,000	(8,583)
Provisions for liabilities and charges	<u>(156)</u>	<u>–</u>	<u>(156)</u>
Net assets	<u>549</u>	<u>12,000</u>	<u>12,549</u>

Notes

- (1) The unadjusted net assets information has been extracted from the Accountants' Report included in Part III.
- (2) The minimum that is expected to be raised from the issue of new ordinary shares under the Placing is £13.25 million. Expenses associated with the Placing are estimated at £1.25 million, resulting in a net cash inflow of £12.0 million.
- (3) In addition, the entire shareholding of Dunedin and Uberior Trading Limited (which intend to exercise its share options prior to the Placing) are expected to be placed for a total consideration of £8.5 million.
- (4) The net cash raised of £12.0 million will be used to redeem Dunedin's loan stock of £6.975 million and repay £5.025 million of senior debt.
- (5) No account has been taken of Goals' trading results or events subsequent to 30 September 2004.

PART V

ADDITIONAL INFORMATION

1. Incorporation and principal activities

- (a) The Company was incorporated and registered in Scotland as a company limited by shares on 21 December 1999 under the Act with the name DMWS 389 Limited and with registered number SC202545.
- (b) On 14 January 2000 the Company changed its name to Fortis Leisure Limited and on 12 February 2001 changed its name to Goals Soccer Centres Limited. On 26 November 2004 the Company was re-registered as a public limited company in terms of the Act under the name Goals Soccer Centres plc.
- (c) The Company's registered office and principal place of business is 29 Bothwell Road, Hamilton ML3 0AY.
- (d) The liability of the members of the Company is limited.
- (e) The principal activity of the Company is to develop and operate 5-a-side soccer centres and associated sports and leisure activities.
- (f) At the date of this document the Company had the following wholly-owned subsidiary undertakings, all of which are incorporated in Scotland:
- (i) Fortis Leisure Limited
 - (ii) Glasgow Open Air Leisure Services (Wembley) Limited
 - (iii) Glasgow Open Air Leisure Services (GOALS) Limited
- (g) The legislation under which the Company was formed and which is applicable to it now is the Act.

2. Share capital

- (a) The authorised and issued share capital of the Company at the date of this document is as follows:

	<i>Authorised</i>		<i>Issued (fully paid)</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary shares of 0.25p each	64,000,000	160,000	20,000,000	50,000

- (b) On 25 November 2004, Uberior Trading Limited ("Uberior") exercised its option to acquire 512,820 Ordinary Shares in the share capital of the Company conditional upon Admission becoming effective. Uberior is selling its interest in shares in the Company pursuant to the Placing and Admission Agreement.
- (c) Immediately following the Placing and Admission, the authorised and issued share capital of the Company will be as follows:

	<i>Authorised</i>		<i>Issued (fully paid)</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Ordinary Shares of 0.25p each	64,000,000	160,000	41,883,788	104,709.47

- (d) The existing Ordinary Shares are and the Placing Shares will be in registered form and be capable of being held in uncertificated form. Application has been made for the existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. No temporary documents of title will be issued and it is anticipated that definitive share certificates will be posted first class to shareholders on or before 21 December 2004. None of the existing Ordinary Shares has been sold or is available in whole or in part to the public nor have they been admitted to any recognised investment exchange.
- (e) By written resolutions passed on 26 November 2004 the members of the Company resolved that:
- (i) each of the existing issued 'A' ordinary shares of 1p each in the capital of the Company be converted into one ordinary share of 1p each in the capital of Company and following conversion, that each existing ordinary share of 1p each be subdivided into four Ordinary Shares with the authorised share capital being increased to £160,000 by the creation of 43,487,180 Ordinary Shares.
 - (ii) the Directors be generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal value equal to the whole of the authorised but unissued share capital of the Company immediately following the passing of the resolution provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire on the date occurring five years after the date of passing of the resolution and provided that such authority shall allow the Company to make an offer or enter into an agreement before the expiry of such authority which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by the resolution had not expired;
 - (iii) the Directors be given power pursuant to Section 95 of the Act (with the power expiring at the same time as the Section 80 authority referred to in paragraph 2(e)(ii) of this Part V) to allot equity securities (as defined in the Act) for cash pursuant to the Section 80 authority referred to above as if Section 89(1) of the Act did not apply to any such allotment, such power being limited to:
 - (A) the allotment of equity securities up to a maximum amount of £53,427.42 in connection with the Placing;
 - (B) the allotment of equity securities in connection with rights issues to holders of shares in the capital of the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of shares of the same class in the capital of the Company held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;
 - (C) the allotment and issue of equity securities in connection with the exercise of options granted by the Company to Directors or employees in accordance with the terms of any option scheme or arrangement adopted by the Directors from time to time up to a maximum amount of £11,071;
 - (D) the allotment (other than pursuant to A and B above) of equity securities up to a maximum aggregate nominal amount of £12,178.10;
 - (iv) except that the Company may before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry

of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired; and

- (v) the Company be and is generally and unconditionally authorised to make market purchases (as defined in the Act) of its own Ordinary Shares on the following terms:
- (A) the maximum aggregate nominal value of Ordinary Shares number of Ordinary Shares authorised to be purchased pursuant to this authority is £5,535.50;
- (B) the minimum price which the Company may pay for each Ordinary Share (exclusive of expenses) is £0.0025 and the maximum price (exclusive of expenses) which the Company may pay for each Ordinary Share will not be more than five per cent above the average middle market price (as derived from the London Stock Exchange Daily Official List) for such Ordinary Shares for the five dealing days preceding the date of purchase; and
- (C) no such purchase shall be made at a time when, under the provisions of the AIM Rules a director of the Company is prevented from dealing in the Company's shares;
- (vi) provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire on the earlier of the date being 18 months from the passing of the resolution and the conclusion of the first annual general meeting of the Company and provided that such authority shall allow the Company to enter into any contract for the purchase of its own Ordinary Shares before the expiry of such authority which would or might be executed wholly or partially after the expiry of such authority, and may purchase such shares pursuant to such contract after the expiry of such authority as if the authority conferred by the resolution had not expired.

3. Directors

(a) Interests in Ordinary Shares

The interests of the Directors and persons connected with them (within the meaning of the Act) in the issued share capital of the Company which have been notified to the Company pursuant to Sections 324 to 328 of the Act, or which are required to be entered in the register maintained under Section 325 of the Act, or so far as the Directors are aware, having made due and careful enquiry of such persons as are connected (within the meaning of Section 346 of the Act) with each Director, of a connected person of a Director which would, if the connected person were a director of the Company, be required to be disclosed as described above as at the date of this document and following Admission are as follows:

Ordinary Shares

	<i>As at 2 December 2004</i>		<i>Following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
<i>Directors:</i>				
KT Rogers	4,580,144	22.90	5,047,886	12.05
WBG Gow	1,538,460	7.69	1,659,427	3.96
MI Payton	205,128	1.03	326,095	0.78
Sir RM Walker ⁽¹⁾	205,128	1.03	253,515	0.61
RG Wilson	205,128	1.03	285,773	0.68

Note:

- (1) The interest of Sir RM Walker is owned through Myerscough Developments Limited, a company of which he is a Director and in which he owns one of the issued shares, the remaining 99 issued shares being owned by Myerscough Holdings Limited (a company of which he is a director and in which he owns 86.61 per cent. of the issued share capital).

Options to acquire Ordinary Shares

	Type of scheme	Date of grant	Ordinary Shares under option	Exercise Price	Exercise Dates From	To
KT Rogers	EMI	Admission	161,290	62p	31/12/07	31/12/11
	Unapproved	Admission	570,825	62p	31/12/07	31/12/11
WBG Gow	EMI	Admission	161,290	62p	31/12/07	31/12/11
	Unapproved	Admission	570,825	62p	31/12/07	31/12/11
MI Payton	EMI	Admission	161,290	62p	31/12/07	31/12/11
	Unapproved	Admission	570,825	62p	31/12/07	31/12/11

(b) Directorships

Other than their directorships in the Company, the directorships and partnerships held by the Directors at the date of this document and during the five years preceding the date of this document are as follows:

	<u>Current directorships and partnerships</u>	<u>Former directorships and partnerships held in the last five years</u>
KT Rogers	Fortis Leisure Limited Glasgow Open Air Leisure Services (G.O.A.L.S.) Limited Glasgow Open Air Leisure Services (Wembley) Limited	Pitz Limited Anchor International Limited Anchor International (Scotland) Limited Anchor (Fitness) Limited
WBG Gow	Fortis Leisure Limited Glasgow Open Air Leisure Services (G.O.A.L.S.) Limited Glasgow Open Air Leisure Services (Wembley) Limited	
MI Payton		Powerleague Group Limited Anchor International Limited Powerplay Supersoccer Limited
RG Wilson	Amdega Limited BNS Telecom Limited Crossco (310) Limited Crossco (519) Limited Newquay Holiday Parks Limited Pactrem Limited Parkdean Holiday Parks Limited Parkdean Holidays (South West) Limited Parkdean Holidays Plc Parkdean Leisure Limited Premier Dawn (EBT) Limited Premier Dawn Properties Limited Premier Direct Group Plc Ruda Holiday Park Limited Southernness Holiday Village (Holdings) Limited Southernness Holiday Village Limited Texcourt Limited Upperbay Limited	Britain Direct Limited Back-Catalogue.Com Limited Ponteland Golf Club Limited (The) Wessex Taverns Limited Broomco (3019) Limited

	<u>Current directorships and partnerships</u>	<u>Former directorships and partnerships held in the last five years</u>
Sir RM Walker	Chantry Contractors Limited Clarke Hall Farm Trust Donington Park Estates Limited Empire Interactive Plc Executive Properties International (North) Limited Fellwalk Limited Grass Concrete International Limited Grass Concrete Limited Healthcare Communications Group Plc Horbury Bridge Garages Limited Judgemake Limited Landscape Grass (Concrete) Limited Modern Fabrications (Barnsley) Limited ¹ Modern Windows Limited MREPS Trustees (No 87) Limited Myerscough Developments Limited Myerscough Holdings Limited National Coal Mining Museum For England Trust Ltd National Coal Mining Museum Trading Limited Sensa Lure Limited SMC Group Spice Holdings Plc The London Marathon Charitable Trust Limited The World Professional Billiards And Snooker Association Limited Titanic Exhibitions Limited Wakefield Theatre Trust Wembley National Stadium Trust World Snooker Limited Yorkshire Sculpture Park	Art Transpennine Cab (No. 1) Limited Great Britain and Ireland Rugby League Limited Hensby Walker Holdings Limited Leicester City Plc ² Manchester 2002 Limited Manchester Commonwealth Games Limited Radio Aire Limited Resero Technology Systems Limited Rugby League Enterprises Limited Rugby League World Cup 2000 Limited Sport4cast Plc Sports Aid Foundation Limited Wakefield Waterfront Trust Limited Wembley National Stadium Limited

Notes:

1. Modern Fabrications (Barnsley) Limited went into administration on 24 July 1997. The administration order was discharged on 26 August 1998 after Modern Fabrications (Barnsley) Limited entered into a company voluntary arrangement on 22 April 1998. A notice of completion in respect of the company voluntary arrangement was filed at Companies House on 25 July 2003. Sir Rodney Walker was a director on 24 July 1997 and is still a director.
2. Leicester City Plc went into administration on 22 October 2002. The administration order was discharged and a liquidation order made on 19 March 2003. Sir Rodney Walker resigned as a director on 4 August 2002.

(c) Save as disclosed, at the date of this document none of the Directors has:

- (i) had any unspent convictions in relation to indictable offences;
- (ii) been declared bankrupt or entered into an individual voluntary arrangement;
- (iii) been a director with an executive function of any company at the time or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

- (iv) been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;
 - (v) had his assets the subject of any receivership or has been a partner of a partnership at the time of or within the twelve months preceding, any assets thereof being the subject of a receivership; or
 - (vi) been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (d) Terms of employment
- (i) Consultancy Agreement between the Company and Myerscough Developments Limited (the "Consultant") dated 2 December 2004 whereby the Company retains the services of the Consultant's Executive (Sir Rodney Myerscough Walker) as Non-Executive Chairman to the Company together with such other services as the Company shall from time to time require of the Consultant ("the Services") commencing on 2 December 2004. The Consultant agrees to procure that the Consultant's Executive shall provide the services for as long as the Consultant's Executive is employed by, hold shares in, or is otherwise under contract to the Consultant. The Consultant shall procure that the Consultant's Executive undertakes membership of the Audit, Remuneration and Appointment Committees of the Board. The Consultant shall if required by the Board carry out its duties on behalf of any Group Company. The Consultant shall provide the Services on 20 days per annum. The Agreement continues until terminated by either party giving to the other not less than 3 months' prior written notice of termination at any time but to expire on the first anniversary of the Consultancy Agreement or the last day of any month thereafter subject to the Consultant being able to serve summary notice in exceptional circumstances and/or unless the terms of clause 16 apply. The Consultant is entitled to a fee of £37,500 per annum together with reimbursement of all travelling and subsistence expenses reasonably and properly incurred by it in or about the business of the Company or a Group Company. The fee is reviewed annually on 1 January each year the next such review being from 1 January 2006 and may be increased but not decreased. There are a number of restrictive covenants placed upon the Consultant (and obliging the Consultant to procure that the Consultant's Executive adheres to these) for the duration of the Agreement and 12 months from its termination.
 - (ii) Service Agreement between the Company and Robert Graham Wilson (the "Mr Wilson") dated 2 December 2004 whereby the Company employs Mr Wilson as a Non-Executive Director to the Company together with such other services as the Company shall from time to time agree with Mr Wilson ("the Services") commencing on 2 December 2004 (however Mr Wilson's previous period of employment commencing on 1 January 2002 shall count towards his period of continuous employment). Mr Wilson shall also undertake membership of the Audit, Remuneration and Appointment Committees of the Board. Mr Wilson shall provide the Services on 20 days per annum. Mr Wilson shall if required by the Board carry out his duties on behalf of any Group Company. The Agreement continues until terminated by either party giving to the other not less than 3 months' written notice of termination at any time but to expire on the first anniversary of the Consultancy Agreement or the last day of any month thereafter subject to he Consultant being able to serve summary notice in exceptional circumstances and/or unless the terms of clause 15 apply. Mr Wilson is entitled to a salary of £30,000 per annum together with reimbursement of all travelling and subsistence expenses reasonably and properly incurred by him. The salary is reviewed annually on 1 January each year the next such review being from 1 January 2006 and may be increased but not

decreased. There are a number of restrictive covenants placed upon Mr Wilson for the duration of the Agreement and 12 months after its termination.

- (iii) Service Agreement between the Company and Keith Taylor Rogers (“Mr Rogers”) dated 2 December 2004 whereby the Company employs Mr Rogers as Managing Director of the Company commencing 2 December 2004 (however Mr Rogers’ previous period of employment with the Company since 29 November 2000 shall count towards its period of continuous employment). Mr Rogers shall if required by the Board carry out his duties on behalf of any Group Company. The Agreement continues until terminated by either party giving to the other not less than 12 months’ written notice of termination at any time unless the terms of clause 15 apply. Mr Rogers is entitled to a salary of £125,000 per annum together with reimbursement of any reasonable travelling and subsistence expenses incurred in the provision of the services. The salary is reviewed annually on 1 January each year, the next such review being from 1 January 2006 and may be increased but not decreased. The Company may also but shall not be bound to pay Mr Rogers such additional remuneration by way of bonus related to the profits of the Company as the Board or its Remuneration Committee may decide. Mr Rogers is entitled to 5 weeks holiday per annum.

Mr Rogers is also entitled to membership of any pension scheme operated by the Company for which he qualifies and the Company makes pension contributions to that pension scheme which are not less than 15 per cent. of Mr Rogers’ annual salary. The Company shall also pay the premiums and other costs associated with the provision of private health insurance in accordance with any medical insurance plan established by the Company for Mr. Rogers and his family. The Company shall, in addition, pay the premiums and other costs associated with the provision of permanent health insurance for Mr Rogers at a level which is calculated to provide Mr Rogers with not less than two-thirds of the annual salary payable to him. The Company shall in addition provide death-in-service insurance cover for Mr Rogers for not less than four times the Mr Rogers’ annual salary and pay Mr Rogers an amount equal to 12 per cent. of his annual basic salary as a motor car allowance. There are a number of restrictive covenants placed upon Mr Rogers for the duration of the Agreement and 12 months from its termination. Mr Rogers is entitled in the event that he becomes incapacitated through illness or injury and is therefore absent from business to receive his full remuneration (subject to certain deductions of insurance proceeds and deductions required for statutory sick pay) unless and until his appointment is terminated – which may take place if he has been absent through ill-health, accident or other cause amounting in aggregate to 26 weeks in any consecutive period of 52 weeks.

- (iv) Service Agreement between the Company and William Berrie Gordon Gow (“Mr Gow”) dated 2 December 2004 whereby the Company employs Mr Gow as Finance Director of the Company commencing 2 December 2004 (however Mr Gow’s previous period of employment commencing on 1 January 2001 shall count towards his period of continuous employment). Mr Gow shall if required by the Board carry out his duties on behalf of any Group Company. The Agreement continues until terminated by either party giving to the other not less than 12 months’ written notice of termination at any time unless the terms of Clause 15 apply. Mr Gow is entitled to a salary of £105,000 per annum together with reimbursement of any reasonable travelling and subsistence expenses incurred in the provision of the services. The salary is reviewed annually on 1 January each year the next such review being from 1 January 2006 and may be increased but not decreased. The Company may also but shall not be bound to pay Mr Gow such additional remuneration by way of bonus related to the profits of the Company as the Board or its Remuneration Committee may decide. Mr Gow is entitled to 5 weeks holiday per annum.

Mr Gow is entitled to membership of any pension scheme operated by the Company for which he qualifies and the Company makes pension contributions to that pension scheme which are not less than 15 per cent. of Mr Gow's annual salary. The Company shall also pay the premiums and other costs associated with the provision of private health insurance in accordance with any medical insurance plan established by the Company for Mr Gow and his family. The Company shall, in addition, pay the premiums and other costs associated with the provision of permanent health insurance for Mr Gow at a level which is calculated to provide Mr Gow with not less than two-thirds of the annual salary payable to him. The Company shall in addition provide death-in-service insurance cover for Mr Gow for not less than four times the Mr Gow's annual salary and pay Mr Gow an amount equal to 12 per cent. of his annual basis salary as a motor car allowance. There are a number of restrictive covenants placed upon Mr Gow for the duration of the Agreement and 12 months from its termination. Mr Gow is entitled in the event that he become incapacitated through illness or injury and is therefore absent from business to receive his full remuneration (subject to certain deductions) unless and until his appointment is terminated – which may take place if he has been absent through ill-health, accident or other cause amounting in aggregate to 26 weeks in any consecutive period of 52 weeks.

- (v) Service Agreement between the Company and Morris Ian Payton ("Mr Payton") dated 2 December 2004 whereby the Company employs Mr Payton as Operations Director of the Company commencing on 2 December 2004 (however the Mr Payton's previous employment with the Company since 16 March 2002 will count toward continuous employment). The Agreement continues until terminated by either party giving to the other not less than 12 months' written notice of termination at any time unless the terms of clause 15 apply. Mr Payton shall if required by the Board carry out his duties on behalf of any Group Company. Mr Payton is entitled to a salary of £98,000 per annum together with reimbursement of any reasonable travelling and subsistence expenses incurred in the provision of the services. The salary is reviewed annually on 1 January each year the next review being from 1 January 2006 and may be increased but not decreased but cannot be reduced. The Company may also but shall not be bound to pay Mr Payton such additional remuneration by way of a bonus related to the profits of the Company as the Board or its Remuneration committee may decide. Mr Payton is entitled to 5 weeks holiday per annum.

Mr Payton is also entitled to membership of any pension scheme operated by the Company for which he qualifies and the Company makes pension contributions to that pension scheme which are the next review being from 1 January 2006 at less than 15 per cent. of Mr Payton's annual salary. The Company shall also pay the premiums and other costs associated with the provision of private health insurance in accordance with any medical insurance plan established by the Company for Mr Payton and his family. The Company shall, in addition, pay the premiums and other costs associated with the provision of permanent health insurance for Mr Payton at a level which is calculated to provide Mr Payton with not less than two-thirds of the annual salary payable to him. The Company shall in addition provide death-in-service insurance cover for Mr Payton for not less than four times the Mr Payton's annual salary and pay Mr Payton an amount equal to 10 per cent. of his annual basic salary as a motor car allowance. There are a number of restrictive covenants placed upon Mr Payton for the duration of the Agreement and 12 months from its termination. Mr Payton is entitled in the event that he become incapacitated through illness or injury and is therefore absent from business to receive his full remuneration (subject to certain deductions) unless and until his appointment is terminated – which may take place if he has been absent through ill-health, accident or other cause amounting in aggregate to 26 weeks in any consecutive period of 52 weeks.

- (vi) Each of the foregoing agreements shall only become effective on Admission.

- (vii) There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the period since the Company's incorporation.

(e) Estimate of remuneration

The aggregate of the remuneration paid and benefits in kind (including pension contributions) granted to the Directors by the Company and its subsidiary undertakings during the financial year ended 31 December 2003 was £363,000. The aggregate of the remuneration payable and benefits in kind (including pension contributions) to be granted by the Group to the Directors for the financial period ending 31 December 2004 under the arrangements in force at the date of this document is estimated to be approximately £412,000.

(f) General

- (i) Save as described in this document, within the twelve months preceding the date of this document and application to trading on AIM no person (other than professional advisers and trade suppliers) received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, any fees, securities in the Company or any other benefit to the value of £10,000 or more at the date of Admission.
- (ii) Save as disclosed in this document no director has or has at any time had any interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or which is or was significant in relation to the business of the Company and which was effected by the Company at any time and which remains in any respect outstanding or unperformed.
- (iii) No director has or has had any interest, direct or indirect, in an assets which have been acquired, disposed of by, or leased to the Company or which are proposed to be acquired, disposed of by, or leased to the Company.
- (iv) There are no outstanding loans granted by the Company to any of the Directors, nor are there any guarantees granted by the Company for their benefit.

4. Substantial shareholders

Other than the holdings of the Directors, which are set out in paragraph 3 above, the Directors are aware of the following who, as at the date of this document, were interested, directly or indirectly, in 3 per cent. or more of the Company's capital:

	<i>As at 2 December 2004</i>		<i>Following Admission</i>	
	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Dunedin Enterprise Investment Trust PLC	8,148,412	40.74	Nil	Nil
Dunedin Capital Partners Limited as manager of Dunedin Buyout Fund LP	4,511,200	22.56	Nil	Nil
Napier House Investments Limited	606,400	3.03	Nil	Nil

Save as described above, the Directors are not aware of any person who, directly or indirectly, jointly or severally could exercise control over the Company

5. Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company. The objects of the Company are set out in full in paragraph IV of its Memorandum of Association.

6. Articles of Association

The Articles of Association of the Company (the "Articles") contain, *inter alia*, provisions to the following effect:

(a) Voting Rights

At a general meeting of the Company every member present at any meeting in person or by proxy or represented under section 375 of the Act shall have one vote on a show of hands and on a poll, shall have one vote for every share of which he is the holder.

These rights are subject to such restrictions as are placed on the shares by the terms of issue or if the holder of the shares is in default of a call or if he fails to give any information with respect to shares in the Company as required by the Act.

A member shall not vote at any general meeting, either in person or by proxy, if any share held by him is subject to a call which remains unpaid after the date fixed for its payment or any interest due in respect thereof is unpaid.

In determining who may vote and in respect of what shares and the result of any vote, whether on a show of hands or on a poll, the chairman's decision is final.

(b) Dividends

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare a dividend to be paid to the Members according to their respective rights and interests in the profits of the Company, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Act, the Board may, declare and pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution.

Without prejudice to the provisions of the Articles, the Board may, with the authority of an ordinary resolution of the Company direct that payment of all or part of any dividend declares may be satisfied by the distribution of specific assets or offer holders of shares the right to elect to receive further shares, credited as fully paid, instead of cash in respect of all or part of any dividend or dividends specified by the ordinary resolution.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (other than amounts paid in advance of calls) on the shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend or other monies payable by the Company on or in respect of a share shall carry a right to receive interest from the Company unless otherwise provided by the rights attached to the shares.

Unclaimed Dividends

All unclaimed dividends, interest or other or other sums payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared or becoming due for payment shall be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not

constitute the Company a trustee, and the Company shall not be liable to pay interest, in respect of it.

(c) Distribution of assets on a winding up

If the Company is wound up the liquidator may, with the authority of an extraordinary resolution and any other sanction required by law, divide among the members in kind the whole or any part of the assets of the Company. This applies whether or not the assets consist of property of one kind or different kinds. For this purpose, the liquidator may set such value as he considers fair on any one or more class or classes of property, and may determine, on the basis of such valuation, how such division shall be carried out as between members or classes of members; however, if any such division is otherwise than in accordance with the existing rights of Members, every Member shall have the same right of dissent and other ancillary rights as if such resolution were a special resolution passed in accordance with section 110 of the Insolvency Act 1986. The liquidator may, with the same authority, transfer any part of the assets to trustees on such trusts for the benefit of members as the liquidator, with the same authority, thinks fit. The liquidation may then be closed and the Company dissolved. The liquidator shall not, however (except with the consent of the Member concerned), distribute to a member any asset to which there is attached a liability or potential liability for the owner.

The power of sale of a liquidator shall include a power to sell, wholly or in part, for shares or debentures or other obligations of another company, whether it is already in existence or is about to be formed for the purposes of the sale.

(d) Share Capital and capital variation

Subject to the provisions of the Act, the Company may, by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (ii) consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger amount than its existing shares;
- (iii) sub-divide its shares, or any of them, into shares of a smaller amount, provided that the proportion between the amount paid up and the amount (if any) unpaid on each share resulting from such sub-division is the same as it was in the case of the share which was sub-divided. A resolution to sub-divide shares may also determine that, as between the shares resulting from such sub-division, any of them may have any preference or other advantage or deferred or qualified rights or be subject to any restriction as compared with the others;
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (v) convert all or any of its paid up shares into stock, and re-convert that stock into paid up shares of any denomination.

Subject to any special rights or restrictions attached to them by their terms of issue, all new shares shall be subject to the provisions of the Articles with reference to allotment, payment of calls, forfeiture, lien, transfer, transmission and otherwise.

Subject to the provisions of the Act, the Company may by special resolution reduce its authorised and issued share capital, any capital redemption reserve and any share premium account in any way.

Subject to the provisions of the Act and to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may from time to time determine by ordinary resolution.

(e) Purchase of Own Shares

Subject to the provisions of the Act, the Company may purchase all or any of its shares of any class (including redeemable shares) in any way. Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or in accordance with the rights as to dividends or capital conferred of any class of shares.

(f) Pre-emption

There are no pre-emption rights or restrictions on the transfer of shares. The statutory regime contained in sections 89 to 96 of the Act require certain offers of equity securities of the Company to be made on a pre-emption basis.

(g) Redemption

Subject to the provisions of the Act and to any rights attached to any existing issued shares, any shares in the capital of the Company may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

Unless otherwise specified by the Articles or the terms attached to any shares, the amount payable for the shares on redemption shall be the nominal value of such shares.

(h) Transfer of Shares

Subject to the provisions of the Articles, a member may transfer all or any of his shares to another person. The transferor shall be deemed to remain holder of any share transferred until the name of the transferee is entered in the register in respect of it.

Every transfer of shares which are in certificated form must be in writing in any usual form or in any form approved by the Board. Such transfer shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The Company is entitled to retain any transfer which it registers.

Every transfer of shares which are in uncertificated form must be made by means of a relevant system

The Board may in its absolute discretion and without giving any reason refuse to register any transfer of certificated shares if:

- (i) it is in respect of shares which are not fully paid up;
- (ii) it is in respect of more than one class of shares;
- (iii) it is in respect of a share over which the Company has lien;
- (iv) it is not duly stamped (if so required); and
- (v) it is not delivered for registration to the office or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person where a certificate has not been issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of shares or allot any shares which is in favour of a child, bankrupt or person of unsound mind, or more than four joint allottees or transferees.

In the case of shares in certificated form, the registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Board may from time to time determine;

In the case of shares in uncertificated form, the register shall not be closed without the consent of the operator of the relevant system.

(i) Variation of Class Rights

Subject to the provisions of the Act, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights, or, in the absence of any such provision, either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the provisions of the Articles, but not otherwise.

Any separate meeting for the holders of any class of shares shall be convened and conducted in all respects as nearly as possible in the same way as an extraordinary general meeting of the Company, and the provisions of sections 369, 370, 376 and 377 of the Act shall (so far as applicable) apply as if references in such sections to meetings are references to such class meetings, provided that:

- (i) no member, other than a director, shall be entitled to notice of, or to attend, any such meeting unless he is a holder of shares of that class;
- (ii) the quorum at any such meeting (other than an adjourned meeting) shall be two persons present in person or by proxy holding or representing by proxy at least one-third in nominal value of the issued shares of the class;
- (iii) the quorum at any adjourned meeting shall be two persons holding shares of the class in question who are present in person or by proxy; and
- (iv) a poll may be demanded by any member present in person or by proxy and entitled to vote at the meeting. On a poll, each member shall have one vote for every share of the class in question of which he is the holder.

(j) Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than alternate Directors) shall not shall not be subject to any maximum number but shall not be less than two.

Subject to the provisions of the Act and provided that the Articles are complied with, a director, despite his office:

- (i) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (ii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm, company or other body in a professional capacity to the Company and in any such case on such terms as to remuneration and otherwise as the Board may arrange either in addition to or in lieu of any remuneration otherwise provided for;
- (iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or

in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and

- (iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Other than as otherwise provided, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee concerning any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he (together with any person connected with him) is to his knowledge materially interested, directly or indirectly (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company). This prohibition shall not apply to a director in respect of a resolution:

- (i) relating to the giving of any guarantee, security or indemnity in respect of:
 - (A) money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
 - (B) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (ii) where the Company or any of its subsidiary undertakings is offering securities in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (iii) involving another company in which he (and any person connected with him) has a direct or indirect interest of any kind (including an interest by holding any position, or by holding an interest in shares, in that company). Provided that this shall not apply if the Director knows that he (and any person connected with him) holds an interest in shares (as that term is used in sections 198 and 211 of the Act) representing one per cent or more of either any class of equity share capital, or the voting rights, in such company;
- (iv) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (v) concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.

A director shall not vote or be counted in the quorum on any resolution of the Board or any committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

At each annual general meeting of the Company, one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office but so that, if there are fewer than three directors who are subject to retirement by rotation, each such director shall retire from office.

In addition to the directors required to retire by rotation as stated above, there shall also be required to retire by rotation any director who at an annual general meeting of the Company shall have been a director at each of the preceding two annual general meetings of the Company, provided that he was not appointed or reappointed at either such annual general meeting and he has not otherwise ceased to be a director (whether by resignation, retirement, removal or otherwise) and been reappointed by general meeting of the Company at or since either such annual general meeting.

Subject to the provisions of the Act and of the Articles, the directors to retire by rotation at each annual general meeting shall exclude any director appointed after the date of any notice convening the annual general meeting and include, so far as necessary to obtain the number required, first, any director who wishes to retire and not offer himself for re-election, and secondly, those directors who have been longest in office since their last appointment or reappointment. As between two or more directors who have been in office an equal length of time, the director to retire shall, in default of agreement between them, be determined by lot.

The directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the start of business on the date of the notice convening the annual general meeting, even though the number or identity of the directors after that time but before the close of the meeting may change.

A director shall be incapable of being appointed or re-appointed as a director if he has attained the age of seventy years, and a director who has attained the age of seventy shall vacate his office at the conclusion of the next annual general meeting following his attaining that age.

Directors shall not be required to hold any shares in the Company.

(k) Directors Remuneration and Expenses

The salary or remuneration of any director appointed to hold any employment or executive office in accordance with the provisions of the Articles shall be such as the Board may from time to time determine, and may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board.

Unless otherwise determined by the Company by ordinary resolution, a director (other than an alternate director) who does not hold executive office shall be paid for his services as a director, fees at such rate as the Board may decide. Any such fee shall be deemed to accrue from day to day and shall be distinct from any salary, remuneration or other amounts payable to a director pursuant to other provisions of the Articles.

Any director who does not hold executive office and who serves on any Committee or who devotes special attention to the business of the Company, or who otherwise performs any services on behalf of the Company or its business which, in the opinion of the Board, are outside the scope of the ordinary duties of a director, may (without prejudice to the above) be paid such reasonable additional remuneration for such services, whether by way of additional fees, salary, percentage of profits or otherwise, as the Board may from time to time determine.

Each director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as director, including any expenses incurred in attending meetings of the Board or of any Committees or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.

(l) Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital and, subject to the Act, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The Board must restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (but as regards subsidiaries only in so far as, by the exercise of the rights or powers of control, the Board can secure) that the aggregate principal amount outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member) does not, without the previous sanction of an ordinary resolution, exceed an amount equal to 5 times the Adjusted Capital and Reserves.

A certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of any borrowings or to the effect that the limit imposed has not been or will not be exceeded at any particular time or times shall be conclusive.

Notwithstanding the foregoing, no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed is observed. No borrowing incurred or security given in excess of the limit shall be invalid or ineffectual, except in the case of express notice to the lender or the recipient of the security given that the limit had been or would be exceeded.

(m) Pensions and Benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits, or other allowances or gratuities, by insurance or otherwise, for any person who is, or has at any time been, a director of or employed by or in the service of the Company or any company which is a subsidiary company of the Company, or is allied to or associated with the Company or any such subsidiary, or any predecessor in business of the Company or any such subsidiary.

The Board may also exercise the powers of the Company to extend these arrangements to any family member of such person (including a spouse or former spouse) or any person who is, or was, dependent on him.

For such purpose, the Board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The Board may procure any of these matters to be done by the Company, either alone or in conjunction with any other person.

Any director or former director shall be entitled to receive and retain for his own benefit any pension or other benefit referred above and shall not be obliged to account for it to the Company.

(n) Untraced Shareholders

The Company may sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission if all dividends, warrants and cheques sent, or funds transferred, to such member or person have remained uncashed or been returned to the Company, respectively, for a period of 12 years; the Company has paid at least three cash dividends in respect of those shares during such period; and the Company has, on the expiration of such period given notice of its intention to sell such shares in a national newspaper and an appropriate local newspaper, and during that period of 12 years and a further period of two months no indication is received as to the whereabouts or existence of such member or persons.

The Company shall account to the member or other person entitled to such shares for the net proceeds of such sale.

7. Share Option Schemes

The following is a summary of the share option agreements and schemes which have been entered into or adopted by the Company.

- (a) Options granted under the Enterprise Management Incentive Scheme ("EMI") ("the EMI Options")
 - (i) The Company's three Executive Directors have been awarded options over Ordinary Shares amounting to (in aggregate) 1.12 per cent. of the issued share capital of the Company (assuming exercise) as at the date of Admission and at a price equal to the Placing Price. In each case, the maximum value of the award is £100,000 being the current employee limit imposed by the Inland Revenue on the value of EMI Options as at the date of award.

- (ii) Another long serving employee, Elizabeth Jackson, is being awarded an EMI Option over 8,065 Ordinary Shares (amounting to approximately 0.02 per cent. of the issued share capital of the Company) as at the date of Admission again at a price equal to the placing price.
- (b) Summary of the Principal Terms of the EMI Options
- (i) Status
The EMI Options are in uniform terms but subject to individual agreements with each of the directors and employees noted above.
 - (ii) Administration
The Company's Remuneration Committee will administer the EMI Options.
 - (iii) Eligibility
The EMI Options are not awarded pursuant to any general scheme for award of EMI Options. However, the Company may, subject to Remuneration Committee approval, and subject to the Company continuing to be able to comply with Inland Revenue criteria relevant to the award of EMI Options, award further options to members of the Company's current and prospective senior management other than the Executive Directors noted above.
 - (iv) Exercise Price
The exercise price per ordinary share will not be less than the Placing Price.
 - (v) Performance Criteria
Each option may only be exercised on satisfaction of performance criteria which, in the case of each Option Holder require achievement of 5 per cent. annual growth in earnings per share in the period 1 January 2005 to 31 December 2007.
 - (vi) Exercise of Options
The Options are personal to each holder and not assignable save that the Options are capable of being exercised within 12 months after the date of death by the Option Holder's personal representatives. Options will lapse on the business day immediately prior to the tenth anniversary of the award of grant or, if earlier, on the Option Holder ceasing to be employed by the Group, within six months of a change of control, 12 months after the Option Holder's death, or on the Option holder's bankruptcy.
 - (vii) Takeovers, Winding Up, Change of Control, Demerger
Options may be exercised:
 - (A) on a takeover, subject to the terms of the Rules and subject to any condition under which the offer is made, or if the acquirer is bound or entitled to acquire shares in the company under Sections 428-430 of the Companies Act 1985, for so long as that person remains so bound or entitled. On a change of control, options may be exchanged for equivalent options if the acquirer agrees;
 - (B) within six months if the court sanctions a compromise or arrangement for a scheme or reconstruction; or
 - (C) within six months of a resolution for voluntary winding up.

(viii) Variation of Share Capital

The number of shares subject to an option shall be adjusted as a result of any variation of share capital on a capitalisation or a rights issue, consolidation, sub-division or reduction of capital or otherwise as the auditors may certify.

(ix) Amendments

The Board may from time to time amend the Scheme Rules save that no amendment may make the terms of the options materially more generous without the prior approval of the Holding Company in general meeting.

(x) Status in Relation to Employees

Participation in the Scheme by an Option Holder is separate from any pension right or entitlement he may have arising from his employment and following termination of employment no compensation will be payable for any loss of any right or benefit or prospective right or benefit under the Scheme.

(c) The Goals Soccer Centres plc Unapproved Share Option Scheme (“the Unapproved Scheme”)

(i) Under the terms of the Unapproved Scheme the Company’s three Executive Directors have been awarded options over Ordinary Shares amounting to (in aggregate) 3.88 per cent. of the issued share capital of the Company (assuming exercise) as at the date of Admission and at a price equal to the Placing Price all subject to the rules of the Unapproved Scheme. The performance criteria are an annual increase of 5 per cent. in earnings per share over the three years from 1 January 2005 to 31 December 2007.

(ii) It is anticipated that Executive Directors and other senior employees will be invited to be eligible for the award of further options in terms of the Scheme rules at a price equal to the market value of the Ordinary Shares of the date of grant, subject to the approval of the Remuneration Committee and satisfaction of any performance criteria which it may set in relation to such Option Shares.

(iii) All options granted under the Unapproved Scheme are granted at the discretion of the Board’s Remuneration Committee and are subject to invitation which may be declined. No option may be granted within two years of the anticipated retirement date of the relevant eligible employee. The aggregate maximum number of shares which may be issued on the exercise of options under the Unapproved Scheme within a period of ten years from the date of approval taken together with any other executive share scheme or options shall not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.

(d) Summary of the Principal Terms of the Scheme

(i) Status

The Scheme is an unapproved scheme and therefore is not available to all employees of the Group.

(ii) Administration

The Remuneration Committee of the Board of the Company administers the Scheme. Although not subject to Inland Revenue rules, no options may be exercised within three years of grant in order to allow for performance conditions to be set and met.

(iii) Eligibility

Any Director or full time employee of the Company or of a participating Company is eligible to participate at the discretion of the Remuneration Committee.

(iv) Exercise Price

The exercise price per Ordinary share shall not be less than the market value of an Ordinary share on the date of grant as determined by the Inland Revenue.

(v) Overall Scheme Limit

No option shall be granted under this Scheme if at the time the aggregate number of Ordinary Shares in respect of which subsisting options have been granted under the Scheme or under any other scheme or options exceeds 10% of the issued share capital of the Holding Company.

(vi) Exercise of Options

No options may be exercised prior to the third anniversary of the date of grant or if earlier the date of death of the Option Holder. Options granted will lapse on the earliest of ten years after the date of grant, twelve months after the Option Holder's death, forthwith upon the Option Holder ceasing for any reason to be a Director or employee of a Group Company (other than by reason of death, retiral through permanent incapacity, or unfair dismissal) or within six months of a change of control occurring.

(vii) Takeovers, Winding Up, Change of Control, Demerger

Options may be exercised:

- (A) on a takeover, subject to the terms of the Rules and subject to any condition under which the offer is made, or if the acquirer is bound or entitled to acquire shares in the Holding Company under Sections 428-430 of the Companies Act 1985, for so long as that person remains so bound or entitled. On a change of control, options may be exchanged for equivalent options if the acquirer agrees;
- (B) within six months if the court sanctions a compromise or arrangement for a scheme or reconstruction; or
- (C) within six months of a resolution for voluntary winding up.

(viii) Variation of Share Capital

The number of shares subject to an option shall be adjusted as a result of any variation of share capital on a capitalisation or a rights issue, consolidation, sub-division or reduction of capital or otherwise as the Auditors may certify.

(ix) Amendments

The Board may from time to time amend the Scheme Rules save that no amendment may make the terms of the options materially more generous without the prior approval of the Holding Company in general meeting.

(x) Status in Relation to Employees

Participation in the Scheme by an option holder is separate from any pension right or entitlement he may have arising from his employment and following termination of employment no compensation will be payable for any loss of any right or benefit or prospective right or benefit under the Scheme.

8. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group is sufficient for its present requirements, that is for at least twelve months from the date of Admission.

9. Litigation

There are no legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any member of its Group which are having or may have a significant effect on the financial position of the Company.

10. Taxation

The statements below are intended only as a guide to the current law and practice in the UK in respect of taxation and may not apply to certain persons who hold shares in the Company other than as an investment (such as dealers in securities) or who are not resident or ordinarily resident in the UK. **Any persons who are in any doubt about their tax position are strongly advised to consult their own professional adviser.**

(a) Taxation of dividends

UK resident Shareholders

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a dividend from the Company will generally be entitled to a tax credit which such Shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the starting or basic rate will be subject to tax on the dividend at the rate of ten per cent of the gross dividend, so that the tax credit will satisfy in full any Shareholder's liability to income tax on the dividend. A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the rate of 32.5 per cent. After taking into account the 10 per cent tax credit, such an individual will have to account for additional tax equal to 22.5 per cent of the gross dividend (which is also equal to 25 per cent of the cash dividend received).

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Subject to certain exceptions for traders in securities, a Shareholder which is a company resident for tax purposes in the UK and which receives a dividend paid by another company resident for tax purposes in the UK will not generally have to pay corporation tax in respect of it. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-UK resident Shareholders

Subject to certain exceptions for individuals who are Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands, nationals of states which are part of the European Economic Area and certain others, non-UK resident Shareholders will not generally be able to claim repayment from the Inland Revenue of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. A Shareholder who is not resident in the UK (for tax purposes) should consult his own tax adviser concerning his tax liabilities on dividends received from the Company.

(b) Taxation of Chargeable Gains

A disposal of Shares by a shareholder resident or ordinarily resident for tax purposes in the United Kingdom or a Shareholder who carried on a trade, profession or vocation in the United Kingdom through a branch or agency and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such branch or agency may, depending on the shareholder's circumstances, and subject to any available exemptions, allowances or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains. Taper relief may be available to reduce chargeable gains accruing to individuals. Special rules apply to disposals by individuals at a time when they are temporarily not resident or ordinarily resident in the United Kingdom.

(c) Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

- (i) No liability to stamp duty or SDRT should arise in respect of the existing Ordinary Shares or the allotment of the Placing Shares.
- (ii) Subsequent sales of Ordinary Shares inside CREST will generally be liable to SDRT at the rate of 0.5 per cent of the amount or value of the consideration.
- (iii) Subsequent sales of Ordinary Shares outside CREST will generally be liable to *ad valorem* stamp duty at the rate of 50p per £100 (or part thereof) on the amount or value of the consideration. However, where an instrument of transfer which completes an unconditional agreement to transfer shares is duly stamped within 6 years after the agreement was entered into (or became unconditional) the stamp duty paid will cancel the SDRT liability and any SDRT paid can be recovered.

11. Placing Agreement

Under an agreement made between the Company, the Directors, the Vendors (as described therein) and KBC Peel Hunt and dated 7 December 2004, KBC Peel Hunt has agreed to use reasonable endeavours to procure subscribers for 21,370,968 New Ordinary Shares and purchasers for 13,778,832 existing Ordinary Shares. The Placing Agreement provides, *inter alia*, for the payment by the Company and the Vendors to KBC Peel Hunt of a commission of 3 per cent.

KBC Peel Hunt has also agreed to act as the Company's nominated adviser in respect of its admission to AIM.

The obligations of the parties under the Placing and Admission Agreement are conditional upon certain conditions having been fulfilled (or waived by KBC Peel Hunt) by 9.00 a.m. on 7 December 2004, or such later date as may be agreed by KBC Peel Hunt and the Company. The agreement contains certain representations and warranties by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Company and its business. Under the Placing and Admission Agreement and conditional upon Admission, the Company shall pay to KBC Peel Hunt for its services a fee of £200,000. The Company has indemnified KBC Peel Hunt against all losses, costs, charges and expenses which KBC Peel Hunt may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing and Admission Agreement.

12. Other information

- (a) The total amount being raised in terms of the arrangements set out in this document is £21.79 million. The expenses of the Placing and Admission are estimated to amount to approximately £1.25 million, excluding VAT, all of which is payable by the Company.
- (b) The minimum amount which, in the opinion of the Directors, must be raised under the Placing to provide the sums required in respect of the matters specified in paragraph 21 of Schedule 1 of the POS Regulations is £13.25 million, made up as follows:

- (i) the purchase price of any property purchased or to be purchased which is defrayed in whole or in part out of the proceeds of the Placing – £nil;
- (ii) preliminary expenses payable by the Company and commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for Ordinary Shares – £1.25 million (excluding VAT);
- (iii) the repayment of money borrowed by the Company in respect of any matters referred to in (i) or (ii) above – £nil; and
- (iv) working capital – £12.0 million.

The amount to be provided in respect of each of the matters mentioned in this paragraph otherwise than out of the proceeds of the Placing is £nil.

- (c) KBC Peel Hunt Ltd is the nominated adviser and nominated broker to the Company, which has its registered office at 111 Old Broad Street, London EC2N 1PH, is regulated by the Financial Services Authority and is a member of the London Stock Exchange.
- (d) The accounting reference date of the Company is 31 December.
- (e) The financial information in relation to the Company set out in Parts III and IV and otherwise in this document does not comprise statutory financial statements as referred to in Section 240 of the Act.
- (f) The Directors, each of whose business address is the registered office of the Company, and whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (g) The Ordinary Shares are not currently admitted to dealings on a recognised investment exchange and, other than the Company's application for the Ordinary Shares, both issued and to be issued under the Placing, to be admitted to trading on AIM, no applications for such admission have been made.
- (h) KPMG LLP has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part III and to the reference thereto and to its name in the form and context in which they appear.
- (i) The Directors have agreed to subscribe for 838,708 new Ordinary Shares in the Placing and an additional 475,808 new Ordinary Shares have been made available to close family members of the Directors and to other persons identified by the Company.
- (j) 244,284 Ordinary Shares have been made available to market makers in the Placing, of which 194,284 have been subscribed for by KBC Peel Hunt.

13. Availability of this document

Copies of this document will be available to the public free of charge from the registered office of the Company, at 29 Bothwell Road, Hamilton, ML3 0AY and from the offices of KBC Peel Hunt, at 4th Floor, 111 Old Broad Street, London EC2N 1PH, during normal office hours, Saturdays and Sundays excepted, from the date of this document until the date which is one month following Admission.

2 December 2004



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