

# *goals*<sup>®</sup>

soccer centres



**Goals Soccer Centres plc**

**Interim Report 2005**

taking 5-a-side into the premier league



Goals Soccer Centres plc (“Goals” or the “Company”) is the premier operator of “next generation” 5-a-side soccer centres across the UK.

## KEY POINTS

### Financial

- Sales up 37% to £5.5m (2004: £4.0m)
- EBITDA up 46% to £2.2m (2004: £1.5m)
- EBITA up 60% to £1.8m (2004: £1.1m)
- Profit on ordinary activities before tax up 473% to £1.3m (2004: £0.2m)
- Earnings Per Share up 200% to 2.1p (2004: 0.7p)
- Strong financial performance driven by like for like sales growth of 10% and the opening of three new centres
- Current financial structure will fully fund the Company’s rollout programme

### Rollout

- Three new centres opened during the half year at Black Country, Teesside and Heathrow
- Three additional centres under construction at Sheffield, Beckenham and Sutton scheduled for opening during the second half, meeting plans for six new sites in 2005
- The Board is very confident of reaching a minimum of 26 centres open and trading by the end of 2007 and a further 5 centres opening in 2008.

***“Significant progress has been made with our rollout of “next generation” 5-a-side soccer centres. Three new centres were opened during the period, three are under construction and already a further four are scheduled to open during 2006.***

***Our focus on premier facilities in high population areas continues to deliver growing and sustainable returns for shareholders. Our advanced site pipeline will allow us to continue to grow our portfolio in a measured and controlled way.***

***The Company continues to trade strongly in the second half of the financial year”.***

**Keith Rogers**

*Managing Director*

## Chairman's statement

I am pleased to report Goals Soccer Centres' results for the six months ended 30 June 2005.

This has been another strong period. Sales increased by 37% to £5.5m (2004: £4.0m). EBITDA increased by 46% to £2.2m (2004: £1.5m), and EBITA increased by 60% to £1.8m (2004: £1.1m). This resulted in a 473% increase in profit on ordinary activities to £1.3m (2004: £0.2m) and a trebling in Earnings Per Share to 2.1p (2004: 0.7p).

This strong performance is further evidence of the Company's proven "next generation" concept and the high level of pitch utilisation achieved through innovative marketing and advanced management systems. The Directors believe that Goals is well placed to increase revenues not only from developing its pipeline of new sites but also from its existing centres.

Our focus on customer retention and maximising pitch utilisation has reaped reward. I am pleased to report like-for-like sales growth of approximately 10% for the period.

Interest costs were halved from £0.8m in 2004 to £0.4m this half year due to the funds raised from the placing of shares when the Company listed on AIM in December 2004.

Cash inflow from operating activities amounted to £2.4m. £4.0m was invested as capital expenditure during the period, £3.8m of which relates to investment in new centres. At 30 June 2005, approximately £1.5m had been invested in our pipeline of sites.

Debt at 30 June 2005 was £12.3m (31 December 2004: £10.0m). The Company has a six year revolving credit facility with HBoS of £22.5m which will fully fund our plan for a further 17 centre openings over the next three and a half years.

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

Our strategy remains focused and straightforward:

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

We continue to make excellent progress in all of these areas.

## **Operational Review**

Goals is the premier operator of 5-a-side football centres in the UK market. Our “next-generation” offering comprises the latest artificial pitch technology, high quality facilities and superior customer service.

The popularity of 5-a-side football continues to increase. Football is the most popular sport in the UK and 5-a-side football as a commercial activity has grown rapidly in recent years. The Board considers that this trend will be maintained in the future. We believe there is a major commercial opportunity to satisfy significant potential and latent demand through the provision of quality “next-generation” facilities in unrivalled locations.

The time taken from site identification to commencement of construction can often exceed two years. Goals has over recent years developed a well progressed pipeline of sites and is on course to deliver its planned openings for 2005 and beyond.

The Board expects further significant progress in the second half of 2005, both in terms of trading performance and the opening of three new centres currently under construction.

The Company has continued to trade strongly since the period end. We remain confident in our business model and product. The Board is also continuing to explore sponsorship opportunities.

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

The skill and dedication of Goals’ people in serving our customers is the real driving force behind our success. I would like to thank all of them for their continued dedication and hard work.

The interim report for the six months ended 30 June 2005 was approved by the directors on 9th September 2005. The interim report is unaudited but has been reviewed by the auditors, KPMG Audit Plc.

**Sir Rodney Walker**

*Chairman*

## Unaudited Profit and loss account

for the six months ended 30 June 2005

	Note	<b>6 months ended 30 June 2005 (unaudited) £000</b>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
<b>Turnover</b>		<b>5,503</b>	4,019	8,288
Cost of sales		<b>(741)</b>	(554)	(1,175)
<b>Gross profit</b>		<b>4,762</b>	3,465	7,113
Administrative expenses				
– general		<b>(2,997)</b>	(2,366)	(4,710)
– goodwill amortisation		<b>(61)</b>	(61)	(122)
<b>Operating profit</b>		<b>1,704</b>	1,038	2,281
Other interest receivable and similar income		–	–	2
Interest payable and similar charges		<b>(431)</b>	(816)	(1,670)
<b>Profit on ordinary activities before taxation</b>		<b>1,273</b>	222	613
Tax on profit on ordinary activities		<b>(400)</b>	(85)	(200)
<b>Profit on ordinary activities after taxation</b>		<b>873</b>	137	413
Dividends paid and proposed	3	–	(43)	(155)
<b>Profit for the financial period</b>		<b>873</b>	94	258

Earnings per ordinary share
– Basic and diluted

2.1p

0.7p

1.9p

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

## Unaudited Balance sheet

at 30 June 2005

	Note	30 June 2005 (unaudited)		30 June 2004 (unaudited)		31 December 2004 (audited)	
		£000	£000	£000	£000	£000	£000
<b>Fixed assets</b>							
Intangible assets – goodwill			1,908	2,032		1,970	
Tangible assets			26,442	19,946		22,484	
			<u>28,350</u>	<u>21,978</u>		<u>24,454</u>	
<b>Current assets</b>							
Stocks		102		83		84	
Debtors		240		–		224	
Cash in hand		334		213		133	
			<u>676</u>	<u>296</u>		<u>441</u>	
<b>Creditors:</b> amounts falling due within one year	4	(2,470)		(1,309)		(1,854)	
<b>Net current liabilities</b>			<u>(1,794)</u>	<u>(1,013)</u>		<u>(1,413)</u>	
<b>Total assets less current liabilities</b>			<u>26,556</u>	<u>20,965</u>		<u>23,041</u>	
<b>Creditors:</b> amounts falling due after more than one year			(12,476)	(20,314)		(9,834)	
<b>Provisions for liabilities and charges</b>			<u>(251)</u>	<u>(135)</u>		<u>(251)</u>	
<b>Net assets</b>			<u>13,829</u>	<u>516</u>		<u>12,956</u>	
<b>Capital and reserves</b>							
Called up share capital		104		10		104	
Share premium account		12,679		497		12,679	
Profit and loss account		1,046		9		173	
<b>Equity shareholders' funds</b>			<u>13,829</u>	<u>516</u>		<u>12,956</u>	

## Unaudited Cash flow statement

for the six months ended 30 June 2005

		<b>6 months ended 30 June 2005 (unaudited)</b>		<b>6 months ended 30 June 2004 (unaudited)</b>		<b>Year ended 31 December 2004 (audited)</b>	
	Note	£000	£000	£000	£000	£000	£000
<b>Cash inflow from operating activities</b>	5		<b>2,364</b>		1,552		3,023
<b>Returns on investments and servicing of finance</b>							
Interest paid		(405)		(779)		(1,790)	
Interest received		—		—		2	
		<u>          </u>		<u>          </u>		<u>          </u>	
<b>Net cash outflow for returns on investments and servicing of finance</b>			<b>(405)</b>		(779)		(1,788)
<b>Taxation</b>		—		—		—	
<b>Capital expenditure</b>							
Payments to acquire property, plant and equipment		(4,045)		(1,871)		(4,384)	
		<u>          </u>		<u>          </u>		<u>          </u>	
<b>Net cash outflow for capital expenditure and financial investment</b>			<b>(4,045)</b>		(1,871)		(4,384)
<b>Cash outflow before financing</b>			<b>(2,086)</b>		(1,098)		(3,149)
<b>Equity dividends paid</b>			—		(43)		(155)
<b>Financing</b>							
Issue of share capital		—		—		13,250	
Expenses paid in connection with share issue		(176)		—		(799)	
Bank loans received		3,055		1,525		10,505	
Bank loans repaid		—		—		(12,250)	
Loan notes and vendor loans redeemed		(475)		(425)		(7,600)	
		<u>          </u>		<u>          </u>		<u>          </u>	
<b>Net cash inflow from financing</b>			<b>2,404</b>		1,100		3,106
		<u>          </u>		<u>          </u>		<u>          </u>	
<b>Increase/(Decrease) in cash in the period</b>			<b>318</b>		(41)		(198)
		<u>          </u>		<u>          </u>		<u>          </u>	



## Reconciliation of movements in shareholders' funds

for the six months ended 30 June 2005

	<b>6 months ended 30 June 2005 (unaudited) £000</b>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
<b>Profit for the financial period</b>	<b>873</b>	137	413
Dividends	—	(43)	(155)
<b>Retained profit</b>	<b>873</b>	94	258
New share capital subscribed (net of issue costs)	—	—	12,276
<b>Net addition to shareholders' funds</b>	<b>873</b>	94	12,534
Opening shareholders' funds	<b>12,956</b>	422	422
<b>Closing shareholders' funds</b>	<b>13,829</b>	516	12,956

## Notes to the interim report

### 1 Basis of preparation

The accounting policies applied to the unaudited interim results are consistent with the accounting policies applied in the most recent set of financial statements for the year ended 31 December 2004.

The results for the year ended 30 June 2005 do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The comparative information for the year ended 31 December 2004 is extracted from the statutory accounts which have been delivered to the Registrar of Companies. The report from the auditors was unqualified and did not contain a statement under S237(2) or S237(3) of the Companies Act 1985.

### 2 Taxation

The taxation charge has been included at the effective rate likely to be applied for the year ended 31 December 2005.

### 3 Dividends

	<b>6 months ended 30 June 2005 (unaudited) £000</b>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
Dividends paid	–	43	155

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

### 4 Creditors amounts falling due within one year

	<b>30 June 2005 (unaudited) £000</b>	<i>30 June 2004 (unaudited) £000</i>	<i>31 December 2004 (audited) £000</i>
Bank overdraft	290	332	407
Trade creditors	752	307	879
Corporation Tax	400	–	–
Other taxes and social security	94	73	73
Other creditors	1	1	3
Accruals and deferred income	933	596	492
	<b>2,470</b>	<i>1,309</i>	<i>1,854</i>

## 5 Net cash inflow from operating activities

	<i>6 months ended 30 June 2005 (unaudited) £000</i>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
Operating profit	1,704	1,038	2,281
Depreciation	432	403	815
Amortisation of goodwill	61	61	122
Increase in stock	(18)	(21)	(22)
(Decrease)/Increase in debtors	(16)	121	(70)
Increase/(Decrease) in creditors	201	(50)	(103)
<b>Net cash inflow from operating activities</b>	<b>2,364</b>	<b>1,552</b>	<b>3,023</b>

## 6 Reconciliation of net cash flow to movement in net debt

	<i>6 months ended 30 June 2005 (unaudited) £000</i>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
Increase/(decrease) in cash in the period	318	(41)	(198)
Cash inflow from bank finance	(3,055)	(1,525)	(10,505)
Bank loans repaid	–	–	12,250
Loan notes and vendor loans redeemed	475	425	7,600
Change in net debt resulting from cash flows	(2,262)	(1,141)	9,147
Non cash movement - amortisation of finance costs	(8)	(24)	5
<b>Movement in net debt in the year</b>	<b>(2,270)</b>	<b>(1,165)</b>	<b>9,152</b>
<b>Net debt at the start of the year</b>	<b>(10,004)</b>	<b>(19,156)</b>	<b>(19,156)</b>
<b>Net debt at the end of the year</b>	<b>(12,274)</b>	<b>(20,321)</b>	<b>(10,004)</b>

## 7 Movement in net debt

	<i>At beginning of period</i>	<i>Trading cashflow</i>	<i>Non cash movement</i>	<i>At end of period</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	133	201	–	<b>334</b>
Overdraft	(407)	117	–	<b>(290)</b>
	<u>(274)</u>	<u>318</u>	<u>–</u>	<u><b>44</b></u>
Revolving credit facility	(8,030)	(3,055)	–	<b>(11,085)</b>
Vendor loan	(1,800)	475	–	<b>(1,325)</b>
Unamortised finance issue costs	100	–	(8)	<b>92</b>
	<u>(10,004)</u>	<u>(2,262)</u>	<u>(8)</u>	<u><b>(12,274)</b></u>

## 8 Earnings per share

	<i>6 months ended 30 June 2005 (unaudited) £000</i>	<i>6 months ended 30 June 2004 (unaudited) £000</i>	<i>Year ended 31 December 2004 (audited) £000</i>
Profit for the financial period (£'000)	<b>873</b>	137	413
Weighted average number of shares	<b>41,883,788</b>	20,000,000	21,497,945
Basic and diluted earnings per share	<b>2.1p</b>	0.7p	1.9p

## 9 Interim report

A copy of the interim report will be posted to shareholders during September 2005. Additional copies will be available via the Company's website, [www.goalsplc.co.uk](http://www.goalsplc.co.uk), or from the Company Secretary at the Company's registered office 29 Bothwell Road, Hamilton ML3 0AY.



## **KPMG Audit plc**

191 West George Street  
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### **Independent review report by KPMG Audit Plc to Goals Soccer Centres plc**

#### **Introduction**

We have been engaged by the company to review the financial information set out on pages 4 to 10 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

#### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

#### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of

assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

**Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

KPMG Audit Plc  
Chartered Accountants

191 West George Street  
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9 September 2005



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