Celtic PLC

Announcement of Results for the year ended 30 June 2014

SUMMARY OF THE RESULTS

Operational Highlights

- Winners of the SPFL.
- Participated in the UEFA Champions League, having played 6 home European matches (2013: 6).
- 28 home matches played at Celtic Park (2013: 30).
- Scottish Cup Final and SPFL League Cup Final held at Celtic Park.
- The Celtic Way officially opened in May 2014.
- Successful hosting of the Commonwealth Games opening ceremony

Financial Highlights

- Group revenue decreased by 14.6% to £64.74m (2013: £75.82m), in part due to the £100 reward on season tickets.
- Operating expenses (excluding exceptional operating expenses) decreased by 4.5% to £59.89m (2013: £62.71m).
- Investment in football personnel of £8.07m (2013: £9.67m).
- Year end net cash at bank £3.83m (2013: £3.76m).
- Exceptional costs of £4.66m (2013: £1.83m).
- Profit before tax £11.17m (2013: £9.74m).
- New long term bank facility agreement.

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Company

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CHAIRMAN'S STATEMENT

This pleasing set of annual results arise principally because we have enjoyed a second consecutive season winning our home league and participating in UEFA Champions League football, together with an increased contribution from the disposal of player registrations during the year. The momentum accumulated from two such seasons has placed us in a strong financial position going forward. I pay tribute to Neil Lennon and his management team, who left the Club in May, and thank them for their contribution and the success achieved during their time with the Club.

Whilst the short term objectives of the Company are dominated by our day to day success as a Club on the park, the chief role of the Board is to ensure that the long term future of the Club, and the Company, is secured. Ensuring the long term security of this Club is a process of maximising the potential of the present and managing the risks of the future. The Board is highly conscious of the financial environment in which we play football here in Scotland. The harsh reality is that the total income from broadcasting rights available to the Scottish game is a tiny fraction of what is available to our neighbours in England.

Within this context and in the face of these hard facts, the Board has evolved the strategy that the Club, financially, has to adopt a self-sustaining model. In plain words, we have to live within our means. We cannot spend money that we don't have. This is the only way to discharge our fundamental duty to protect the future of this great Club for our fans and for future generations of Celtic fans. Despite all of this, we share the fans' disappointment over the failure to qualify for the group stages of the UEFA Champions League this year.

Obviously, we work very hard to employ the funds we have to allow the manager and the team to produce the best football results they can. We do our utmost to acquire the best players we can within our financial constraints and the manager and the football operation use their best efforts to develop these players along with the talented players produced by our Youth Academy. We fully support our Chief Executive and his team as they manage this delicate and often difficult balance. There is no other way to manage a sustainable football club in Scotland.

As a result of these constraints, we are committed to improving the football environment in which we play. We are represented at the highest levels of Scottish and European football by our Chief Executive, who is a board member of the European Club Association and the Scottish Football Association as well as being a member of the Professional Game Board of the Scottish FA, and by our Financial Director, who is a board member of the Scottish Professional Football League and a member of the European Club Association's Finance Committee.

This year also saw the creation of Celtic FC Foundation, the merger of Celtic Charity Fund and the Company's Community Foundation Department to become a new, stronger charity with a wider role and greater reach. In keeping with the charitable principles and heritage of the Company, we are delighted to support Celtic FC Foundation as it delivers change and purpose to the Celtic Family and beyond.

The Foundation's priority is to provide assistance to those who face daily challenges within its key priority areas: health; equality; learning and poverty. In addition, support is offered in the form of delivery and/or partnership to external charities and other organisations who offer value in the community and whose principles fit within these key priority areas.

As we look forward to the year to come, I am delighted to welcome Ronny Deila to Celtic. The Board is fully supportive of the philosophy and long term approach of the coaching team. We look forward with anticipation to the development of a new team on the pitch that will, no doubt, feed from the passion and dedication of our supporters, and to the continued development of the Club to maintain stability and success for the long term.

I thank each and every one of our fans, sponsors, partners and shareholders for their continuing commitment to this great institution.

Ian P Bankier
12 September 2014
Chairman

CHIEF EXECUTIVE'S REVIEW

The year ended 30 June 2014 saw success on and off the pitch and the beginning of a transition for Celtic, which I am sure will build on the good work of previous years, delivering stability, growth and success for the future.

Our core business strategy is focussed on a football operation with a self sustaining financial model and relies upon: the youth academy; player development; player recruitment; management of the player pool; and sports science and performance analysis; to deliver long term, sustainable football success. The Board reviews our strategy on an ongoing basis and we believe that it continues to support the stability and growth of the club in the short and long term. Our year end cash at bank position has increased slightly to £3.83m (2013: £3.76m), however it should be noted that, during the year, fluctuating cash requirements mean that we are in a net debt position, which peaked at £6.50m during 2013/14.

The Club won the inaugural Scottish Professional Football League Premiership, securing the league title on 26th March, the earliest that the top division had been won in 85 years. Despite disappointing results in the domestic cup competitions, our qualification for the group stages of the UEFA Champions League contributed to a successful season for the Club, one that would come to be the last for Neil Lennon. Adding to the honours that he won as a player, Neil's time as manager of Celtic was a great success, supported by Johan Mjallby and Garry Parker. I thank them for their commitment to Celtic and to the success that we have enjoyed.

Our Youth Academy enjoyed another very impressive year, with teams participating in the UEFA Youth League and experiencing domestic success including the SPFL Under 20 league (for the fifth time in a row), SPFL Under 19 League, the SPFL Under 19 League Cup and the Glasgow Cup (Under 17s). During the year we were delighted to see the continued emergence of first team players from the Academy squads, which is so important to the culture of the Club. The partnership between the Youth Academy and St. Ninian's High School in Kirkintilloch continues to grow, with development of talent on the pitch and in the classroom producing young players ready to move on to full time football.

The continued commitment of our supporters, shareholders, partners and colleagues is reflected in a successful year for ticket sales, stadium operations, catering and hospitality, merchandising, multimedia and commercial activities. This continued support is appreciated and not taken for granted. We are committed to the development of the Celtic brand, including the improvement of the match day experience for our supporters at Celtic Park, which is at the heart of our ongoing strategy.

The opening of the Celtic Way and the development works around Celtic Park was a milestone for the Club and marked the end of a long term project to assemble and develop the land around the stadium for the benefit of the Club, our supporters and the local community. These developments were completed in time for the Club to host the SPFL League Cup Final, the Scottish Cup Final and, after the year end, the Opening Ceremony of the Glasgow 2014 Commonwealth Games. Celtic Park and the Celtic brand were showcased on the world stage. We will do all that we can to capitalise on that, adding value for the future.

In June 2014 the appointment of Ronny Deila, a young manager with progressive ideas, marked the beginning of a period of transition for the Club. The Board will support Ronny and his coaching team in the transfer market and in the development of the football operation generally. The Board's commitment is clear. The Board will re-invest every penny received back into the Club for the longer term. We will continue to invest, not only in our own academy but also to scour the world for talent to develop and to make a difference at the Club. We cannot, however, put into jeopardy the long term future of this Club or its supporters with reckless spending. Costs must be managed, particularly given the challenges presented in the Scottish football environment. Improvement in the football environment in which the Club plays remains an important element of our strategy.

The recent result in the qualifiers for the group stages for the Champions League and some results in the SPFL have been disappointing. Football success is crucial to the Club, but the experience of the appointments of Martin O'Neill, Gordon Strachan and Neil Lennon shows us that time is needed to develop through periods of transition. Each of those managers developed into great managers of the Club. One of Ronny Deila's main strengths is developing players and he is excited by the young talent that we have at the Club, including graduates from our Youth Academy, for example Callum McGregor, Liam Henderson and Eoghan O'Connell, and seven new players joining this summer. Although Fraser Forster, Georgios Samaras and Tony Watt left the squad that completed last season, we feel that our squad has grown in strength and depth. We are sure that, with the support of the Club and its supporters, Ronny will deliver a team that we can all be proud of.

The main objectives for the forthcoming season are success in all three domestic competitions and the UEFA Europa League, playing creative and exciting football, and to build a team for the qualifiers of the UEFA Champions League next year. I am confident that, with the strong base that the Club has developed over previous years, and with the continued support of our supporters, partners and colleagues, these objectives will be achieved.

Peter Lawwell
12 September 2014
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2014 Operations excluding intangible asset trading £000	2014 Intangible asset trading £000	2014 Total £000	2013 Operations excluding intangible asset trading £000	2013 Intangible asset trading £000	2013 Total £000
Continuing operations:							
Revenue	2	**64,736**	**-**	**64,736**	75,816	-	75,816
Operating expenses (excluding exceptional operating expenses)	2	**(59,885)**	**-**	**(59,885)**	(62,714)	-	(62,714)
Profit from trading before asset transactions and exceptional items		**4,851**	**-**	**4,851**	13,102	-	13,102
Exceptional operating expenses	3	**(575)**	**(4,089)**	**(4,664)**	(1,331)	(501)	(1,832)
Amortisation of intangible assets	2	**-**	**(5,300)**	**(5,300)**	-	(5,930)	(5,930)
Profit on disposal of intangible assets		**-**	**17,052**	**17,052**	-	5,195	5,195
Loss on disposal of property, plant and equipment		**(101)**	**-**	**(101)**	(96)	-	(96)
Operating profit / (loss)		**4,175**	**7,663**	**11,838**	11,675	(1,236)	10,439
Finance income				**53**			21
Finance expense				**(721)**			(721)
Profit before tax				**11,170**			9,739
Income tax expense	5			**-**			-
Profit and total comprehensive income for the year				**11,170**			9,739
Profit attributable to equity holders of the parent				**11,170**			9,739
Total comprehensive income attributable to equity holders of the parent				**11,170**			9,739
Basic earnings per Ordinary Share from continuing operations and for the year	6			**12.21p**			10.73p
Diluted earnings per share from continuing operations and for the year	6			**8.60p**			7.56p

CONSOLIDATED BALANCE SHEET

	Notes	2014 £000	2013 £000
Assets			
Non-current assets			
Property, plant and equipment		**55,594**	52,456
Intangible assets		**7,197**	9,798
		62,791	62,254
Current assets			
Inventories		**1,696**	1,734
Trade and other receivables		**17,258**	3,934
Cash and cash equivalents		**14,739**	14,348
		33,693	20,016
Total assets		**96,484**	82,270
Equity			
Issued share capital		**24,357**	24,341
Share premium		**14,529**	14,486
Other reserve		**21,222**	21,222
Capital reserve		**2,695**	2,650
Accumulated losses		**(8,972)**	(20,142)
Total equity		**53,831**	42,557
Non-current liabilities			
Interest-bearing liabilities/bank loans		**9,844**	10,219
Debt element of Convertible Cumulative Preference Shares		**4,284**	4,345
Provisions		**1,047**	-
Deferred income		**59**	119
		15,234	14,683
Current liabilities			
Trade and other payables		**16,937**	14,048
Current borrowings		**485**	489
Provisions		**265**	1,240
Deferred income		**9,732**	9,253
		27,419	25,030
Total liabilities		**42,653**	39,713
Total equity and liabilities		**96,484**	82,270

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Share premium	Other reserve	Capital reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
Equity shareholders' funds as at 1 July 2012	**24,264**	**14,443**	**21,222**	**2,630**	**(29,881)**	**32,678**
Share capital issued	1	43	-	-	-	44
Transfer to capital reserve	(20)	-	-	20	-	-
Reduction in debt element of convertible cumulative preference shares	96	-	-	-	-	96
Profit and total comprehensive income for the year	-	-	-	-	9,739	9,739
Equity shareholders' funds as at 30 June 2013	**24,341**	**14,486**	**21,222**	**2,650**	**(20,142)**	**42,557**
Share capital issued	**1**	**43**	**-**	**-**	**-**	**44**
Transfer to capital reserve	**(45)**	**-**	**-**	**45**	**-**	**-**
Reduction in debt element of convertible cumulative preference shares	**60**	**-**	**-**	**-**	**-**	**60**
Profit and total comprehensive income for the year	**-**	**-**	**-**	**-**	**11,170**	**11,170**
Equity shareholders' funds as at 30 June 2014	**24,357**	**14,529**	**21,222**	**2,695**	**(8,972)**	**53,831**

CONSOLIDATED CASH FLOW STATEMENT

	Note	2014 £000	2013 £000
Cash flows from operating activities			
Profit for the year		**11,170**	9,739
Depreciation		**1,747**	1,823
Amortisation of intangible assets		**5,300**	5,930
Impairment of property, plant and equipment		**-**	37
Impairment of intangible assets		**4,089**	501
Profit on disposal of intangible assets		**(17,052)**	(5,195)
Loss on disposal of property, plant and equipment		**101**	96
Net finance costs		**668**	700
		6,023	13,631
Decrease in inventories		**38**	426
Increase in receivables		**(819)**	(510)
Increase / (decrease) in payables and deferred income		**2,734**	(3,012)
Cash generated from operations		**7,976**	10,535
Net interest paid		**(153)**	(173)
Net cash flow from operating activities - A		**7,823**	10,362
Cash flows from investing activities			
Purchase of property, plant and equipment		**(3,000)**	(1,352)
Purchase of intangible assets		**(9,880)**	(9,503)
Proceeds from sale of intangible assets		**5,620**	7,521
Net cash used in investing activities - B		**(7,260)**	(3,334)
Cash flows from financing activities			
Repayment of debt		**(379)**	(379)
Dividends paid		**(482)**	(499)
Net cash used in financing activities - C		**(861)**	(878)
Net (decrease) / increase in cash equivalents A+B+C		**(298)**	6,150
Cash and cash equivalents at 1 July 2013		**14,348**	8,198
Cash and cash equivalents including overdraft at 30 June 2014		**14,050**	14,348

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These Financial Statements have been prepared in accordance with the recognition and measurement principles of IFRS as adopted by the European Union. The accounting policies have been consistently applied to both years presented.

2. REVENUE AND OPERATING EXPENSES

REVENUE	**2014**	2013
	£000	£000
The Group's revenue comprised:		
Football and Stadium Operations	**28,273**	32,687
Merchandising	**13,520**	14,976
Multimedia and Other Commercial Activities	**22,943**	28,153
	64,736	75,816

OPERATING EXPENSES	**2014**	2013
	£000	£000
The Group's operating expenses comprised:		
Football and Stadium Operations (excluding exceptional items and asset transactions)	**48,938**	51,385
Exceptional items excluding impairment of intangible assets	**575**	1,331
Impairment of intangible assets	**4,089**	501
Amortisation of intangible assets	**5,300**	5,930
Profit on disposal of intangible assets	**(17,052)**	(5,195)
Loss on disposal of property, plant and equipment	**101**	96
Total Football and Stadium Operations	**41,951**	54,048
Merchandising	**8,667**	9,008
Multimedia and Other Commercial Activities	**2,280**	2,321
	52,898	65,377

3. EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £4.66m (2013: £1.83m) can be analysed as follows:

Exceptional operating expenses comprised	**2014**	2013
	£000	£000
Impairment of property, plant and equipment	**-**	37
Impairment of intangible assets	**4,089**	501
Compromise payments on contract termination	**575**	54
Onerous lease provision	**-**	1,240
	4,664	1,832

4. DIVIDENDS PAYABLE

A 6% (before tax credit deduction) non-equity dividend of £0.53m (2013: £0.53m) was paid on 1 September 2014 to those holders of Convertible Cumulative Preference Shares on the share register at 29 July 2014. On 31 August 2007 the entitlement to a dividend on the Convertible Preferred Ordinary Shares ceased. A number of shareholders elected to participate in the Company's scrip dividend reinvestment scheme for the financial year to 30 June 2014. Those shareholders have received new Ordinary Shares in lieu of cash. The implementation of the presentational aspects of IAS32 ("Financial Instruments: disclosure") in the preparation of the annual results, requires that the Group's Preference Shares and Convertible Preferred Ordinary Shares, as compound financial instruments, are classified as a combination of debt and equity and the attributable non-equity dividends are classified as finance costs. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

5. TAX ON ORDINARY ACTIVITIES

No provision for corporation tax or deferred tax is required in respect of the year ended 30 June 2014. Estimated tax losses available for set-off against future trading profits amount to approximately £13.30m (2013: £23.44m) and, in addition, the available capital allowances pool is approximately £10.74m (2013: £12.82m). These estimates are subject to the agreement of the current and prior years' corporation tax computations with H M Revenue and Customs.

6. EARNINGS PER SHARE

	2014	2013
	£000	£000
Reconciliation of earnings to basic earnings:		
Net earnings attributable to equity holders of the parent	**11,170**	9,739
Basic earnings	**11,170**	9,739
Reconciliation of basic earnings to diluted earnings:		
Basic earnings	**11,170**	9,739
Non-equity share dividend	**526**	527
Diluted earnings	**11,696**	10,266

	No.'000	No.'000
Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:		
Basic weighted average number of ordinary shares	**91,485**	90,730
Dilutive effect of convertible shares	**44,573**	45,098
Diluted weighted average number of ordinary shares	**136,058**	135,828

Earnings per share has been calculated by dividing the profit for the period of £11.17m (2013: £9.74m) by the weighted average number of Ordinary Shares of 91.5m (2013: 90.7m) in issue during the year. Diluted earnings per share as at 30 June 2014 has been calculated by dividing the profit for the period by the weighted average number of Ordinary Shares, Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the balance sheet date, and the full exercise of outstanding share purchase options, if dilutive, in accordance with IAS33 Earnings Per Share. As at June 2014 and June 2013 no account was taken of potential share purchase options, as these potential Ordinary Shares were not considered to be dilutive under the definitions of the applicable accounting standards.

7. BANKING FACILITIES

Following a review of potential future banking facility requirements, the Company entered into a new lending agreement with the Co-operative Bank effective as of 30 August 2014. This new agreement has a combined borrowing facility of £20.40m which consists of a £6.00m revolving credit facility and £14.40m in long term loans. The revolving credit facility will bear interest at base rate plus 1.00% and will reduce by £0.50m after year one and a further £0.50m after year two. The facility will be repaid or reviewed after three years.

The long term loans will bear interest at London Inter-Bank Offered Rate plus 1.125%. The loans are floating rate loans and therefore expose the Group to cash flow risk. The loans are repayable in equal quarterly instalments of £0.05m from the commencement date until full repayment of £12.40m in July 2019. The Group has the option to repay the loans earlier than these dates without penalty.

The borrowing facility will continue to be secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxtown.

8. ANNUAL REPORT & ACCOUNTS

Copies of the Annual Report & Accounts together with the Notice and Notes of the 2014 AGM will be issued to all shareholders in due course.

The financial information set out above was approved by the directors on 12 September 2014 and does not constitute the Company's statutory accounts for the years ended 30 June 2014 or 30 June 2013. The auditor's opinion on the 2014 statutory accounts is unmodified and does not include a statement under Sections 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2013 have been filed and those for 2014 will be delivered to the Registrar of Companies in due course.