CELTIC plc

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2007

SUMMARY OF THE RESULTS

Operational Highlights

- Winners of the Bank of Scotland Premierleague by 12 points
- Winners of the Tennent's Scottish Cup
- Progression to the last sixteen of the UEFA Champions League, playing four home European fixtures (2006: 1)
- 28 home matches played at Celtic Park in the year (2006: 24)
- Successful pre-season friendly trips to Japan, Poland and North America
- Contract extensions awarded to Aiden McGeady and Darren O'Dea
- Successful launch of the Lisbon Lions' 40th anniversary home kit together with new away and international kits under the agreement with NIKE
- Season ticket sales continued to be in excess of 53,000

Financial Highlights

- Group turnover increased by 31.0% to £75.24m (2006: £57.41m)
- Operating expenses increased by 10.4% to £59.28m (2006: £53.67m)
- Profit from operations of £15.95m (2006: £3.74m)
- Exceptional operating expenses of £2.88m (2006: £0.58m)
- Gain on disposal of intangible fixed assets of £9.40m (2006: £0.26m loss)
- Profit before taxation of £15.04m (2006: £4.22m loss)
- Year end bank debt of £4.99m (2006: £9.09m) net of cash
- Investment of £14.44m (2006: £8.84m) in the acquisition of intangible fixed assets

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Celtic plc

CHAIRMAN'S STATEMENT

In terms of both football success and financial results, 2006/2007 was an outstanding year for Celtic Football Club and Celtic plc; indeed it was arguably among the best ever. Winners of the Bank of Scotland Scottishpremier League and the Tennent's Scottish FA Cup for the 41st and 34th time, respectively, the Club also reached the final 16 of the UEFA Champions League for the first time and were defeated only by the eventual winners, AC Milan, by a single goal after extra time.

A Celtic player, Shunsuke Nakamura, was voted Scottish Player of the Year; Gordon Strachan took the award of Manager of the Year; and Celtic Reserves won the Reserves Championship for the 6th consecutive season. All in all, this was a very successful year for the Club on the field.

Off the field, and after a number of years in which the Company made losses at the pre-tax level, Celtic plc recorded a profit of over £15m. Group turnover rose by 31%. Encouragingly, having invested heavily in strengthening the playing squad and developing the training facility at Lennoxtown, bank debt at the year end amounted to just under £5m, compared with over £9m a year previously; and total net debt stood at around £9m, against a figure of almost £14m a year earlier. Net assets rose from £22m to around £37m.

By the standards of previous years and, indeed, those of most other football companies, these are exceptionally good results. However, it is important to recognise that a number of factors came together, all of which cast a favourable light on our performance and which cannot reasonably be expected to recur, at least to the same degree.

Foremost among these was our successful UEFA Champions League campaign. This competition far outstrips any other in which we are involved in terms of gate receipts, television revenues and, indirectly, other revenue sources. Last season we had the bonus of being the only Scottish representative to reach the group stage. Taking account of the additional costs involved, notably bonus payments to players, management and support staff, the net contribution to profit was of the order of £11-12m. The contribution from European football in the previous year was approximately £0.75m. It also gives the Club greater exposure to a much wider television audience, reinforcing the reputation of the Club as one of Europe's re-emerging forces.

The other principal factor affecting the year's financial performance was the volume of transfer activity. On the back of a particularly buoyant market in England, Celtic sold a number of players to clubs South of the border to a total profit of £9.4m. At a time when it is customary – and valid – to note the disadvantages suffered by Scottish clubs arising from the new FAPL television contract, it would also be correct to note that Scottish clubs derive benefits from sales of players into that market. Nevertheless, the gap between the two markets has grown enormously in the last two years, with the result that the movement of talent from North to South has become much more pronounced, and Scottish clubs are even less able than in the past to bid for players on an equal basis with English clubs, even at the level of the Coca Cola Football League Championship.

Notwithstanding this trend, Celtic used its improved financial position last year to strengthen further our first-team playing staff, spending some £14.4m on new players, and taking forward the establishment of our new training facilities at Lennoxtown. Maintaining the quality of the squad is a continuous task which has to be approached in the short-term by activity in the transfer market, and in the longer-term by finding and developing younger players. Getting the balance right is a challenge year by year and cannot be guaranteed. Accidents can and do happen; so it is especially pleasing that John Kennedy has returned to first-team action after three years of rehabilitation from serious injury.

Total operating expenses rose by 10.4%, primarily higher player costs in the form of salaries and bonuses, and other costs such as travel and stadium expenses associated with our European games. No increase in costs at football clubs is actually welcomed, but when they are a direct result of success in competition, and are therefore more than compensated by additional revenues, they can be cheerfully absorbed.

Our ratio of total labour costs to turnover, which already stood at a creditable 56.6% last season, fell to 48.4% in the year just ended. Like many of this year's figures, this percentage is relatively low and given the need to pre-qualify for the UEFA Champions League and the spill-over effect of the English football market into Scotland, may well rise next year. However we are determined to abide by our policy of year-by-year sustainability in which player costs play a crucial role.

Income from television, radio and publications almost doubled to £23.2m, thanks to our participation in the UEFA Champions League - the benefits of being involved in this competition being nowhere more evident. Income from merchandise sales fell by about £1m, although comparisons between years are complicated by the number and nature of replica strip launches. Footballing merchandise is to some extent a fashion market and therefore difficult at present, and our marketing and sales staff have done well to maintain the Company's position as one of the leading retailers of quality football and leisure wear.

On the football field, as I have already stated, we reached new heights. Our runaway SPL Championship success extended our run in that competition to five titles in the last seven years. Victory in the Tennent's Scottish FA Cup

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brought a domestic double, our 14th. The victory over Manchester United at Celtic Park in the UEFA Champions League secured a place in the last 16 of that competition and provided a memorable occasion for our supporters. The excitement and fervour at Celtic Park on these European occasions probably has no equal in world football. Our supporters on these occasions are a virtual 12th man.

That these successes were achieved in the context of significant numbers of new arrivals and departures among the playing staff is compelling evidence of the excellent management team headed by Gordon Strachan. In the two years since Gordon joined us he has won the Bank of Scotland Scottish Premierleague by impressive margins, as well as two other domestic trophies and achieved progress in Europe. Managing Celtic ranks among the most demanding jobs in football and Gordon's resilience and professionalism are truly admirable.

Despite some early delays caused mainly by adverse weather, our new training complex at Lennoxtown is expected to be available for use towards the end of September 2007. We are excited by the location and the quality of the facilities. Virtually all of the pieces are in place and, all going well, our professional football squads will be training at the new complex soon. There remains the question of what is done with our existing training area at Barrowfield. We are working with Glasgow City Council as part of a master plan to regenerate the East End of the city and the area around Celtic Park. This plan would allow us to improve significantly the coach parking and transport infrastructure for our supporters and those of visiting teams. We believe this is long overdue and hope to see it move forward in the coming year.

Spreading the Celtic brand name continues to be a high business priority. The new TV contract in England makes it even less likely that change will take place in the structure of football there; and the fact that all but the top half-dozen FAPL sides may find themselves facing the possibility of relegation in any given year, with all that that entails in terms of foregone revenue, means that the great majority of teams in the FAPL would oppose, even more than previously, any move to admit Scottish teams. We believe that it is our responsibility to explore whether such a change is possible, but we accept the position as we now find it and have turned our attention increasingly to other options in looking to the longer term.

We continue to believe that North America represents a good opportunity in that connection and have completed another successful tour to the United States this summer. Our "soccer schools" in seven States are flourishing and are spreading the Celtic name to a younger generation. We also carried out short tours to England, Switzerland and Ireland and will look for further opportunities to build our reputation abroad.

It has long been my belief that eradicating sectarian and other offensive behaviour from the Scottish football environment is a longer term task. Success is properly measured over years, if not decades. But progress towards that objective can be achieved on a shorter time-scale and we can point to clear signs of such progress year by year. This takes the form not only of dwindling numbers of people who sing offensive songs and chants at away games following the initiatives that I mentioned in last year's Annual Report, but also of positive action to improve the behaviour of people who might otherwise keep ancient rivalries alive by unacceptable means.

Our work in education and with the unemployed and other disadvantaged groups does not always get the recognition it deserves. It is, of course, worth doing for its own sake; but greater encouragement from the press and media can multiply its positive effects. The consolidation of our charity and community activities under the banner of the Celtic Foundation and of the attendance of religious leaders to the Old Firm game in March, with the positive reception of this initiative by the press and media, are examples of what can be done.

A historic milestone was reached in May with the 40th Anniversary of the Lisbon Lions' victory in the European Cup. It is a poor club that cannot celebrate a famous event 40 years on, and the Lions never showed greater resolution and stamina than when carrying out a programme of visits, at home and abroad, that would have exhausted Olympic athletes. They remain a family within a family and brought out all that is best in the Celtic support.

As I have remarked before, success in football is seldom marked by unbroken, continuous advances. The nature of modern competitive sport prevents that. Last year was a very good year for our club and for Celtic plc, and it will be a monumental challenge to surpass it next year. That does not, of course, mean that we will not be trying hard to do so. We owe it to our shareholders and supporters to do that, and you may be sure that your Board, management and football team will be pulling together to that end.

Brian Quinn CBE
Chairman

20 August 2007

Celtic plc

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION

I am delighted to report on another eventful and successful year.

In May 2006 Celtic's participation in the group stage of the UEFA Champions' League for season 2006/7 was confirmed. This enabled the Club to plan with much greater certainty both financially and operationally. As with last year, a number of the established players left Celtic Park for a variety of reasons. The funds achieved from the sale of these players, together with the incremental contribution arising from participation in the UEFA Champions' League, enabled us to buy several new players. These included a number of experienced individuals as well as younger, often locally developed, players

Celtic retained the Bank of Scotland Premierleague title for 2006/7 by a significant margin, sealing the Championship in dramatic fashion at Kilmarnock several weeks before the end of the season. This success in winning the League title has provided Celtic with entry to the final qualifying round of the UEFA Champions' League for Season 2007/08. We also won the Scottish FA Cup again, defeating Dunfermline at Hampden Park in Neil Lennon's final appearance for the Club.

Celtic achieved new highs in Europe this year, qualifying for the last 16 of the UEFA Champions League for the first time since the competition adopted its current format. Along the way there were unforgettable moments against the might of Benfica and Manchester United. Celtic also pushed the eventual winners AC Milan every inch of the way over the two legs of that last 16 tie, before finally succumbing to a goal in extra-time.

The 25th of May saw the fortieth anniversary of that historic day in Lisbon, when Celtic became the first British Club to lift the European Cup. The event was celebrated at Celtic Park with a gala dinner in a grand marquee on the hallowed turf attended by over a thousand guests. All the victorious Lions were represented and a memorable night was had by all.

FINANCIAL PERFORMANCE

Celtic's trading results for the year to 30 June 2007 are exceptional, benefiting dramatically from participation in the UEFA Champions League and from player trading. The Club's reported profit of £15.04m represents a massive improvement in financial performance on 2005/06 in what continues to be a highly challenging football environment in Scotland.

Group turnover has increased by £17.83m, 31.0%, to £75.24m from last year, largely as a result of playing four more home games due to our progression in the UEFA Champions' League. The uplift in turnover benefited from the continued high take-up of season tickets, together with the incremental revenue generated from pre-season friendlies in Poland, America, England and Japan.

Operating expenses, excluding exceptional operating costs, have increased by £5.61m, 10.4%, to £59.28m, predominantly due to increased labour and uplifts in other overheads related to increased trading activity. The amortisation charge of £5.86m is up by 15.1% on last year, demonstrating the increased investment in the first team squad. Exceptional costs of £2.88m largely reflect an impairment provision in respect of intangible fixed assets and compare to £0.58m last year. The financial performance also benefited from a gain on disposal of intangible fixed assets of £9.40m mainly represented by the sale of Petrov, Maloney, Pearson, Varga and Wallace in addition to a lower interest charge in the year.

FOOTBALL INVESTMENT

The Company wishes to build on the success achieved in recent years. It is imperative that we achieve domestic success and continue the process of restoring Celtic as a credible force in Europe. We will continue to try to strengthen the first team squad whilst managing our financial resources carefully and responsibly. The investment made last year and this, both on new players and on contract extensions, should continue to yield benefits in this current season.

In the year to 30 June 2007 £14.4m (2006: £8.84m) was invested in the playing squad. New signings have included Gary Caldwell, Thomas Gravesen, Lee Naylor, Kenny Miller, Paul Hartley, Stephen Pressley, Mark Brown and Jan Vennegoor of Hesselink during the football season and Scott Brown, Massimo Donati, Chris Killen and Scott Macdonald following the end of the season.

Contracts were extended for a number of first team players, including Aiden McGeady and Darren O'Dea.

Roy Keane, Mo Camara, Stilian Petrov, Stan Varga and Ross Wallace all left in the 2006 summer transfer window with Stephen Pearson, Alan Thompson and Shaun Maloney all leaving in January 2007. Neil Lennon, David Marshall and Craig Beattie have departed following the end of the season.

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CHIEF EXECUTIVE'S REVIEW

Gordon Strachan and his assistants Garry Pendrey and Tommy Burns continue to plan for further progression. The backroom team has been augmented with the appointment of John Park as Football Development Manager, which demonstrates the importance attached by the Club to identifying and developing young talented players at home and overseas. We now have a revised football operations plan for season 2007/08 and beyond.

Behind the scenes we have also been delighted to secure the services of Gregory Dupont as Head of Sport Science. Gregory joined us in the closed season from Lille and brings a wealth of senior level experience to the medical team, reporting to Dr Derek McCormack.

Planned trading of players and the development of younger players are integral parts of our longer-term measures to control costs. As in season 2006/07 any new signings and/or contract extensions are planned to be at a financially viable level or, alternatively, funded from profits.

Our new scouting and youth development arrangements will help this process. We believe that the scouting team established in the last year or so should yield dividends in the form of new players from the UK and abroad. Several members of our reserve and Under 19 teams have already stepped up to the senior squad and we intend to maintain that policy.

A new football bonus scheme was introduced during the year, which is based more on rewarding players and management for the on field success.

The construction of the new purpose-built training facility and football academy at Lennoxtown is progressing well and it should be available during September 2007. The benefits of such a facility are self-evident and ultimately will ensure that players are recruited, developed and traded in the most efficient and cost effective way possible.

FOOTBALL OPERATIONS

In progressing in Europe and winning the domestic double of SPL Championship and Scottish Cup, Celtic played a total of 53 competitive matches during the 2006/07 season, winning 35 and losing 11, with 7 matches drawn. It was a tremendous record and all concerned deserve enormous credit.

Celtic's reserve side won the SPL Reserve Championship for the sixth year in succession, playing 22 matches and winning 19 of them, a quite phenomenal record.

Gordon Strachan and Shunsuke Nakamura respectively won the Bank of Scotland Manager of the Year and Player of the Year awards, with Naka also picking up the SPFA Player of the Year prize.

TICKET SALES

Progression into the last 16 of the UEFA Champions League saw a significant increase in sales of standard match tickets against the previous season. The total number sold in season 2006/07 was just under 400,000, generating sales revenue of over £8m. Champions League ticket sales accounted for nearly 220,000 tickets at a value of £5.4m, whilst SPL ticket sales totalled over 100,000 at just under £2m.

Standard season ticket sales were once again very strong with a total in excess of 50,000 books sold, worth more than £17m. Taking into account Corporate and Premium ticket sales the total reached 53,000, which is amongst the highest in the UK.

YOUTH DEVELOPMENT

Nearly 2.6 million lottery chances were sold under the various schemes operated by Celtic Development Pools Limited during the period from July 2006 to June 2007. Donations of approximately £1m were provided to the Club's Development Division for the purposes of youth development, whilst a similar sum in prize money was paid out to Celtic supporters nationwide. In light of the challenging times facing all small lotteries operating in the UK, this represents a commendable achievement for Celtic Development Pools.

The matchday draw operated at Celtic Park was once again a major success story. This lottery product remained very popular with supporters as witnessed by the strong sales conversion rate. With a top prize of £7,500 on offer, many tried their luck at winning. Prize money of approximately £1.4m has now been paid out to Celtic supporters on the pitch at Celtic Park since the start of the Windfall in 1995 and the top prize this season will be £8,000, the biggest cash prize in UK football

CELTIC FOUNDATION

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CHIEF EXECUTIVE'S REVIEW

The Celtic Foundation continues to support the Club's social dimension, reflecting the very reasons why Brother Walfrid founded Celtic back in 1888.

The Celtic Foundation integrates a number of very successful project areas:

- Football in the Community and community coaching programmes across both domestic and international markets, including the newly developed Celtic Women's and Girls Academy and Boys Community Academy;
- Anti-bigotry, anti-racism and anti-sectarianism initiatives;
- Celtic Charity Fund;
- Celtic Learning Programmes and the Learning Centre;
- The Old Firm Alliance Project;
- Celtic Against Drugs;
- Support Employment Project; and
- Services to Schools.

The creation of the Foundation is indicative of the importance Celtic attaches to its role in the community, with the Club involved in more educational, charitable and community initiatives than at any time in its history.

Celtic in the Community continues to be the leading premier community club in Scotland and arguably the UK. It provides a coaching and development programme tailored to meet the needs of children, teenagers and adults. The range of products and services has grown considerably during the past year providing opportunities for all sectors of the community, with over 4,500 young people and adults participating in a variety of courses and programmes on a weekly basis.

Celtic remains totally committed to the Programme and to date has invested significantly in recruiting around 100 Community Coaches and the necessary supporting infrastructure. The programme also provides a pathway into our Youth Academy with over 350 youngsters identified and invited into the Development Centre Programme, 7 having already graduated to the Academy itself.

The introduction of the Women's and Girls Academy and Boys Community Academy will provide a more structured programme and clear, progressive pathway for talented players. The Club is delighted that Elaine C. Smith has agreed to become a patron for the Women's and Girls Academy.

The Community Programme has firmly established itself in Ireland too with over 1,000 youngsters attending a variety of courses each year.

Internationally, Celtic in the Community delivered a social inclusion programme to thousands of youngsters from some of North America and Canada's most deprived cities. The Community Programme also delivered a summer programme in Cyprus.

The reputation of the Club and indeed its supporters provide real potential to offer new programmes internationally. It is our intention to visit Japan and Australia during 2007/08 in addition to consolidating and rolling out our Community Programme in North America and Canada.

The Celtic Foundation has been instrumental in securing grant funding to support several meaningful projects in the areas of health, education, employment, anti-social behaviour and social inclusion.

Considerable progress has been achieved this year in furthering the Club's anti-sectarianism initiatives. In March we welcomed then First Minister Jack McConnell and Scotland's religious leaders to the Old Firm match at Celtic Park as our guests, promoting our message of inclusion. This enabled them to observe some of the Club's work against sectarianism through workshops with local children, which take place at the stadium on a matchday.

The Old Firm Alliance made great progress during the year in helping to educate young people on the benefits of a healthier lifestyle while providing them with positive role models to challenge racism and sectarianism. A competition run in conjunction with Glasgow Community Planning Partnership to find 'Firm Friends', one a Celtic fan, the other who supported Rangers, attracted a great response and helped promote our joint efforts in this very important area. Following a report and recommendations by the Scottish Executive, a press release in November 2006 highlighted the efforts of both Celtic and Rangers in combating bigotry and sectarianism and reaffirmed the Clubs' commitment to work together to promote togetherness, tolerance and social inclusion.

Celtic was delighted to launch the new Celtic Learning Centre at Celtic Park in May 2006. Built in association with Glasgow City Council, the Centre now provides invaluable support to improve the education of young people throughout the region.

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CHIEF EXECUTIVE'S REVIEW

1,575 local school children benefited from participating in Celtic Learning Sports Programmes during the year, with a success rate of 83% on the reason for referral. This brings total participants to 4,369 since the Programme was launched in 2004.

The Centre was visited by approximately 8,000 school pupils participating in Celtic Learning's various support classes this year. These included Literacy and Numeracy Courses, Web Design Classes in partnership with Stow College, Video Editing and Broadcasting, French Language support, English Language support classes for Asylum Seekers, Refugees and children of Economic Migrants, Art Classes, Anti-Sectarian workshops and Japanese Fun classes. In addition Adult Community groups participated in Evening computing classes in association with Glasgow Metropolitan College.

We would like to express our appreciation to all our strategic partners and participants for supporting the Celtic Foundation during 2006/07. Without their support the progress and achievements of the Celtic Foundation would not have been possible.

MERCHANDISING

This was the second year of our contract with NIKE and saw the launch of a new international kit and a new away kit, whilst 25th May 2007 saw the successful launch of the 40th anniversary Lisbon Lions home strip.

Turnover for the year reached £13.37m, which is down on the previous year's income, although this had included a full year of new home kit sales.

2006/07 saw the first full year of trading for the Coatbridge, Clydebank and Stirling retail stores and a temporary unit opened in Greenock, which has now been retained on a permanent basis. The number of Celtic retail concessions within Debenhams stores has been increased to four with the addition of Newry and Cork to the existing operations in Glasgow and Inverness.

Wholesale income continues to grow through established accounts with Lifestyle Sports, KitBag, JJB Sports, Heatons and Ireland's largest retailer, Dunnes Stores.

In terms of merchandise, the Lisbon Lions 40th anniversary saw the successful release of several limited edition ranges.

MULTI MEDIA

Channel 67 Online and Channel 67 Online Plus subscription levels have continued to climb. Celtic has also launched a DVD-quality streaming video service, Channel 67 Premium, which is forecast to grow subscribers during the course of the new season.

TV revenues reported strong growth as a result of the Club being the sole Scottish participant in the UEFA Champions' League together with the revenues generated from pre-season friendlies and the domestic success of the team. .

The Club's official website, www.celticfc.net, has been re-designed with an increased emphasis on security and greater functionality. Traffic has grown by 40% since the site's re-launch in April, whilst the Japanese language site, www.celticfc.jp, is currently undergoing similar redevelopment.

Celtic's Multi Media team successfully produced and presented a number of high-profile events over the last 12 months, including the Tommy Burns Testimonial Dinner, Player of the Year and the Lisbon Lions 40th Anniversary Banquet. In addition, the Multi Media team have contributed significantly to the forthcoming 'Celtic Opus' in terms of content, style and editorial, in conjunction with the Kraken Group.

DVD titles produced during the year included the end of season review – 'Untouchable' - and the hugely successful 'A Bhoy's Life' (the Jimmy Johnstone story). The epic Official History of Celtic Football Club is due for completion in mid October following an 18 month production period.

This year, Multi Media has provided considerable support to the football department by analysing, filming and editing matches and training sessions, as well as providing automated analysis of the opposition with the installation of the Amisco tracking system.

PUBLIC RELATIONS

The level of media interest and activity around the Club was again extremely high during the year, particularly as a consequence the Club's progression to the last 16 of the UEFA Champions League as well as continued domestic success.

Celtic plc

CHIEF EXECUTIVE'S REVIEW

The PR Department ensured substantial positive media coverage for a range of Club activities at a national level, including commercial, charitable and community events. In addition, the Department plays an important role in effectively dealing with supporter enquiries, working closely with supporter organisations and liaising directly with Glasgow City Council and other bodies to ensure the Club maintains its important social dimension.

BRAND PROTECTION

Celtic continued to guard its intellectual property rights throughout the year to ensure that the Celtic brand remains adequately protected from misuse by third parties. The Club worked closely with the enforcement authorities, including the police, customs and trading standards, along with other trademark holders and trade bodies. Action was taken against those found to be in breach. Counterfeit goods to the value of approximately £270,000 were removed from the UK marketplace.

PARTNER PROGRAMME

Our Platinum partnerships with Nike and Carling continue to be successful for both the Club and the sponsors. The retention of such high profile businesses, complemented by our long-standing relationships with Phoenix, T-Mobile, Radio Clyde and Ladbrokes, has helped attract new partners.

Thomas Cook's first year as Official Travel Partner was very successful, enhancing supporters' travel arrangements to European matches as well as organising all international travel for the team and officials.

Due to the success of the Celtic FC Credit Card through MBNA, our partnerships in the financial sector increased. These now include bank accounts available through Soccer Savings and financial advice with Celtic FC Money, which is operated by Dutch company AEGON.

New overseas partners, including Polish airline Centralwings, Spanish property partners The Village and betting partners Bluechip, are helping to grow the brand internationally and complement our work in Japan and North America. The focus in 2007/08 will be to secure more UK and overseas sponsors.

STADIUM

In addition to several high-profile Champions League ties, in September 2006 Celtic Park hosted the Scotland international fixture against the Faroe Islands, enhancing the stadium's reputation as one of the top venues in the country.

During the course of the year Celtic continued to work closely with Glasgow City Council's Safety Team for Sports Grounds, placing spectator safety as our highest priority. The Club views this partnership approach as key. Fully endorsed by the Safety Team was the installation of a new card access system to the stadium's 105 turnstiles. After a settling in period, the system is now operating effectively at full capacity. The system is designed to improve spectator access while providing the latest technology in event safety management.

During the course of the season, Celtic extended the stewarding arrangements adopted for European matches to SPL away fixtures. The Celtic stewards who accompany our fans assist local operations to ensure the safety and well being of Celtic supporters.

During the year, Celtic's Head Groundsman, John Hayes, received the prestigious accolade of UK Groundsman of the Year for season 2005/06 from the Institute of Groundsmanship, whilst Celtic's groundstaff team received the Scottish Premier League Pitch of the Year award. John also received the Scottish Professional Groundsman of the Year award, which represents tremendous recognition from his peers.

FACILITIES

A number of corporate and customer hospitality areas have recently been refurbished and upgraded, including the Jock Stein lounge and Walfrid restaurant. In addition, the press area was upgraded and concourse redecorated.

Behind the scenes there has been significant investment in upgrading business critical IT networks, software, printing, copying and telecommunications systems. Considerable savings have also been achieved by introducing water and energy conservation and leak detection devices.

CATERING AND CORPORATE HOSPITALITY

The performance of our seasonal hospitality packages remained strong in all areas. All four UEFA Champions League matches were sold out and were packaged with SPL fixtures, generating extra income. The AC Milan and Manchester United matches also generated significant income from off-site packages.

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CHIEF EXECUTIVE'S REVIEW

Conference and Banqueting continued to perform well with a number of successful events, the greatest success this season being the 40th anniversary dinner for the Lisbon Lions.

Our Number 7 Restaurant successfully launched a new organic menu for children in conjunction with the Soil Association's "Food for Life" campaign, which gained some very positive publicity.

The partnership with Lindley Catering, who provide our concourse catering service on matchdays, continues to work well.

In terms of the Visitor Centre, numbers remained encouraging despite a small shortfall in visitors this season compared to last.

SUPPORTER RELATIONS

The Club continued the practice of consulting with Supporters' Groups throughout the season. Quarterly meetings have been maintained with representatives of the Celtic Supporters Association, The Affiliation of Celtic Supporters Clubs, The Association of Irish Celtic Supporters Clubs as well as the Donegal and South Wales and Bristol Associations. The content of the meetings has varied to cover a wide range of issues including European travel, sectarian singing and its possible implications as well as away supporter behaviour in general. These meetings have been very positive and are planned to continue. In addition open forums have been held with supporters to discuss concerns on topics such as seat relocation. In all cases the views and opinions of our supporters are highly valued and we will continue to provide a platform for these to be aired.

Introduction of the new access control system throughout the stadium means that season ticket holders now enter with their smartcards, with match ticket holders using bar-coded tickets. One of the security benefits of the new system has been easier identification of forged tickets at high-profile matches. Furthermore, the majority of renewing season ticket holders have had their smartcards re-activated for use in season 2007/8, saving the cost of voucher books and postage.

Development continues on our Customer Relationship Management (CRM) database, which integrates supporter data from across the Club. This allows us to use information more effectively to reduce marketing costs, drive revenues, improve customer service and provide additional value to Club sponsors and partners. The coming season will see changes in the way the Club communicates to its supporters by e-mail, with the CRM system being used to send personalised messages and offers appropriate to the recipient based on their database profile.

In line with the excellent work undertaken by the Celtic Foundation in tackling bigotry and sectarianism, the Club has pro-actively engaged with supporter groups to ensure that supporters following Celtic at home and away continue to uphold the standards of behaviour we expect and to rigorously combat unacceptable conduct in whatever form it may arise.

CELTIC CHARITY FUND

Celtic Charity Fund, the Club's charitable arm, again enjoyed a highly successful year, raising thousands of pounds for a range of worthy causes.

Fundraising activities included a legends match against Liverpool, a charity badge day at Celtic Park and our Annual Sporting Dinner in the Kerrydale Suite, which was attended by football management, Directors and first team players. DebRA was the principal beneficiary and a host of other organisations also benefited from support during the course of the year, totalling around £170,000. The Fund continues to be one of the most successful and high profile charity operations within football.

The appointment of a Community Relations Manager in September 2006 highlighted the Club's commitment to supporting worthy causes. Having now put in place a revised application process, we will look to increase the fundraising impetus for 2007/08.

HUMAN RESOURCES

Celtic was re-awarded the "Positive About Disabled People" symbol by Job Centre Plus during the year in recognition of working towards fulfilling our commitments to colleagues and job applicants with a disability.

Furthermore, the Club made a formal commitment to work towards attaining "Investors In People" status, seeking to further improve its people-management and development policies and practices in line with nationally recognised standards.

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CHIEF EXECUTIVE'S REVIEW

Over 80 pupils from local schools enjoyed a week of structured work experience at Celtic Park during the year, part of a highly regarded and successful ongoing programme.

The hard work and contribution of all colleagues in a very busy but highly successful year is once again greatly appreciated.

SUMMARY AND OUTLOOK

Season 2006/07 was an extremely successful year for Celtic. Gordon Strachan deserves much credit for the football success he has achieved. Celtic progressed to the last 16 of the UEFA Champions' League for the first time, and domestically the Tennent's Scottish Cup was secured in addition to winning the Bank of Scotland Premierleague. This football success has greatly assisted trading performance which in addition to the gains reported from player transactions has resulted in record financial results for the year to 30 June 2007, and in the year end bank debt being reduced to £4.99m. This performance has provided an ideal platform to ensure further progress is achieved. Equally it is recognised that the football sector remains financially difficult with the revenues generated by progress in European competitions highly significant.

Trading at the beginning of the new financial year has been relatively encouraging. Seasonal sales of standard, premium and corporate tickets are at levels comparable with last year and a new away football kit has been launched in a competitive merchandise market. Like last year, additional revenue streams continue to be sought and new commercial agreements, including new SPL television and radio contracts, albeit at levels far below those of the FA Premier League, should boost such income. Celtic continues to enjoy partnerships with a number of international companies, which provide the foundation of our income streams going forward.

The expected completion of the new training academy at Lennoxtown in the autumn should enhance the number of internally generated youth players establishing themselves in the first team. These initiatives together with the control of football labour costs should result in a cost base and financial model that is sustainable. Success in qualifying for the group stage of the UEFA Champions League will assist greatly in this process.

The ability to field a competitive side and retain control on costs remains a challenge. The player trading activity completed in the last 24 months has reflected such a balanced approach and this will be continued as the organisation moves forward. The biggest challenge facing your Board is the management of salary and transfer costs whilst achieving playing success in order to yield satisfactory financial results.

Our objectives are to secure domestic football success and to ensure UEFA Champions' League football at Celtic Park on an annual basis.

Peter T Lawwell
Chief Executive

20 August 2007

GROUP PROFIT & LOSS ACCOUNT

	Notes	2007 Operations excluding player trading £000	2007 Player trading £000	2007 Total £000	2006 £000
TURNOVER – group and share of joint venture		**75,237**	**-**	**75,237**	57,859
LESS SHARE OF JOINT VENTURE		-	-	-	(448)
GROUP TURNOVER	**2**	**75,237**	**-**	**75,237**	57,411
OPERATING EXPENSES	**3**	**(59,283)**	**-**	**(59,283)**	(53,674)
PROFIT FROM OPERATIONS		**15,954**	**-**	**15,954**	3,737
EXCEPTIONAL OPERATING EXPENSES	**3, 4**	**(216)**	**(2,663)**	**(2,879)**	(579)
AMORTISATION OF INTANGIBLE FIXED ASSETS	**3, 13**	**-**	**(5,865)**	**(5,865)**	(5,095)
GROUP OPERATING PROFIT/(LOSS)		**15,738**	**(8,528)**	**7,210**	(1,937)
LESS SHARE OF OPERATING PROFIT IN JOINT VENTURE		-	-	-	-
TOTAL OPERATING PROFIT/(LOSS)		**15,738**	**(8,528)**	**7,210**	(1,937)
PROFIT / (LOSS) ON DISPOSAL OF INTANGIBLE FIXED ASSETS		**-**	**9,397**	**9,397**	(265)
LOSS ON DISPOSAL OF TANGIBLE FIXED ASSETS		**(339)**	**-**	**(339)**	(250)
PROFIT/(LOSS) BEFORE INTEREST AND TAXATION		**15,399**	**869**	**16,268**	(2,452)
INTEREST PAYABLE:	**8**				
BANK LOANS AND OVERDRAFTS				**(484)**	(999)
NON EQUITY SHARES				**(744)**	(771)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				**15,040**	(4,222)
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	**9**			**-**	-
PROFIT/(LOSS) FOR THE YEAR	**22**			**15,040**	(4,222)
EARNINGS / (LOSS) PER ORDINARY SHARE	**11**			**18.53p**	(7.19p)
DILUTED EARNINGS / (LOSS) PER SHARE	**11**			**11.48p**	(7.19p)

All amounts relate to continuing operations.

There were no gains or losses recognised in 2007 or 2006 other than the profit or loss for the year.

GROUP BALANCE SHEET

	Notes	2007 £000	2007 £000	2006 £000	2006 £000
FIXED ASSETS					
Tangible assets	12		55,861		49,924
Intangible assets	13		12,990		7,593
			68,851		57,517
CURRENT ASSETS					
Stocks	15	3,383		1,901	
Debtors	17	7,997		5,029	
Cash at bank and in hand		7,006		2,914	
		18,386		9,844	
CREDITORS - Amounts falling due within one year	18	(20,922)		(15,481)	
Income deferred less than one year	19	(13,244)		(12,589)	
		(34,166)		(28,070)	
NET CURRENT LIABILITIES			(15,780)		(18,226)
TOTAL ASSETS LESS CURRENT LIABILITIES			53,071		39,291
CREDITORS - Amounts falling due after more than one year	20		(16,342)		(17,194)
NET ASSETS			36,729		22,097
CAPITAL AND RESERVES					
Called up share capital	21		23,452		23,450
Other reserve	22		21,222		21,222
Share premium account	22		14,129		14,089
Capital redemption reserve	22		2,440		1,739
Profit and loss account	22		(24,514)		(38,403)
SHAREHOLDERS' FUNDS	23		36,729		22,097

Approved by the Board on 20 August 2007

GROUP CASH FLOW STATEMENT

	2007 £000	2006 £000
RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit / (loss)	**7,210**	(1,937)
Depreciation	**1,708**	1,798
Amortisation of intangible fixed assets	**5,865**	5,095
Provision for impairment of intangible fixed assets	**2,663**	400
(Increase) / decrease in stocks	**(1,482)**	86
Decrease / (increase) in debtors	**987**	(308)
Increase / (decrease) in creditors and deferred income	**1,089**	(159)
Net cash inflow from operating activities	**18,040**	4,975
CASH FLOW STATEMENT		
Net cash inflow from operating activities	**18,040**	4,975
Returns on investments and servicing of finance (Note 24)	**(1,005)**	(1,520)
Capital expenditure and financial investment (Note 24)	**(12,054)**	(6,869)
Cash inflow / (outflow) before use of liquid resources and financing	**4,981**	(3,414)
Financing (Note 24)	**(889)**	(8,393)
Net proceeds of equity share capital	**-**	14,550
Increase in cash	**4,092**	2,743
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note 25)		
Increase in cash in the year	**4,092**	2,743
Cash outflow from movement in debt	**889**	8,393
Change in net debt resulting from cash flows	**4,981**	11,136
Non cash movement in debt	**(181)**	(210)
Movement in net debt in the year	**4,800**	10,926
Net debt at 1 July	**(13,965)**	(24,891)
Net debt at 30 June	**(9,165)**	(13,965)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Financial Statements are prepared under the historical cost convention and comply with applicable accounting standards.

The Financial Statements have been prepared on the same basis and using the same accounting policies as those used in the Financial Statements for the year ended 30 June 2006 which included implementation of the presentational aspects of FRS 25 ("Financial Instruments: disclosure and presentation") for the first time. Under FRS 25 the Group's Preference Shares and Convertible Preferred Ordinary Shares, as compound financial instruments, have been reclassified as a combination of debt and equity and non-equity dividends reclassified as interest with a resultant reduction in Shareholders' Funds. **Consequently, net assets of the Group at 30 June 2007 are reported £3.11m (2006: £3.81m) below that which would have been reported prior to the implementation of FRS 25.** As a result of the accounting treatment of the Convertible Preferred Ordinary Share dividends under FRS 25, there is a requirement under the capital maintenance provisions of the Companies Act 1985 to transfer an element of distributable reserves into a capital redemption reserve.

The Group's Profit and Loss Account follows the Financial Reporting Guidance for Football Clubs issued in February 2003 by The Football League, The FA Premier League and the FA, although the turnover within Note 2 continues to be analysed in accordance within the headings of the business operations of the Group.

2. TURNOVER

Turnover in respect of the five business operations, all of which arises in the UK, comprised:	**2007 £000**	2006 £000
Professional football	**34,345**	26,659
Multimedia and communications	**23,199**	11,889
Merchandising	**13,367**	14,337
Stadium enterprises	**2,679**	2,779
Youth development	**1,647**	1,747
	75,237	57,411

3. EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £2.88m (2006: £0.58m) reflect £0.22m (2006: £0.18m) in respect of labour costs largely arising as a result of the early termination of certain employment contracts and £2.66m (2006: £0.40m) in respect of a provision for impairment of intangible fixed assets.

4. DIVIDENDS

A 6% (before tax credit deduction) non-equity dividend of £0.54m is payable on 31 August 2007 to those holders of Convertible Cumulative Preference Shares on the share register at 3 August 2007, together with the amount due in respect of the Convertible Preferred Ordinary Shares fixed dividend of 4% of £0.9m (2006: £0.9m) plus the participating dividend of 2%, £0.45m (2006: £nil) as a result of reaching the knockout stage of the UEFA Champions League. A number of shareholders have elected to participate in the Company's scrip dividend reinvestment scheme for this financial year. Those shareholders will receive new Ordinary Shares in lieu of cash. The implementation of the presentational aspects of FRS 25 ("Financial Instruments: disclosure and presentation") 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 interest.

5. TAXATION

No provision for corporation tax or deferred tax is required in respect of the year ended 30 June 2007. Estimated tax losses available for set-off against future trading profits amount to approximately £30m (2006: £44m). This estimate is subject to the agreement of the current and prior years' corporation tax computations with HM Revenue and Customs.

4 EARNINGS PER SHARE

Earnings per share has been calculated by dividing the profit for the period of £15.04m (2006: £4.22m loss) by the weighted average number of Ordinary Shares of 81.15 million (2006: 58.76 million) in issue during the year. Diluted earnings per share as at 30 June 2007 has been calculated by dividing the earnings 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 FRS 22 Earnings Per Share. The result of this calculation was 135.8 million shares (2006: 58.76 million). As at June 2006 and June 2007 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.

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group	
	2007	2006
	£000	£000
At 1 July	**22,097**	11,728
Movements in year:		
Issue of ordinary share capital	**42**	14,591
Participating dividend payable on the Convertible Preferred Ordinary Shares	**(450)**	-
Profit / (loss) for the year	**15,040**	(4,222)
At 30 June	**36,729**	22,097

7. ANALYSIS OF NET DEBT

	At 1 July 2006 £000	Cash Flow £000	Non-cash Movement in Debt £000	At 30 June 2007 £000
Cash at bank and in hand	2,914	4,092	-	**7,006**
	2,914	4,092	-	**7,006**
Debt due within 1 year	(1,065)	6	-	**(1,059)**
Debt due after 1 year	(15,814)	883	(181)	**(15,112)**
	(16,879)	889	(181)	**(16,171)**
Net debt	(13,965)	4,981	(181)	**(9,165)**

9. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £000	2006 £000
Returns on investments and servicing of finance		
Dividends paid	**(521)**	(521)
Interest paid	**(484)**	(999)
Net cash outflow from returns on investments and servicing of finance	**(1,005)**	(1,520)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(7,069)**	(3,035)
Payments to acquire intangible fixed assets	**(10,959)**	(4,477)
Proceeds from sales of intangible fixed assets	**5,974**	643
Net cash outflow from capital expenditure and financial investment	**(12,054)**	(6,869)
Financing		
Loans paid	**(883)**	(8,383)
Loan instalments paid	**(6)**	(10)
Net cash outflow from financing	**(889)**	(8,393)

10. ANNUAL REPORT & ACCOUNTS

Copies of the annual report & accounts together with the notice and notes of the 2007 AGM are expected to be issued to all shareholders in due course.

The financial information set out above was approved by the directors on 20 August 2007 and does not constitute the Company's statutory accounts for the years ended 30 June 2007 or 30 June 2006. The auditors' opinion on the 2007 statutory accounts is unmodified and does not include a statement under Section 237 (2) or (3) of the Companies Act 1985. The statutory accounts for 2006 have been filed and those for 2007 will be delivered to the Registrar of Companies in due course.