Celtic plc

Interim Report

December 2017

Celtic plc (the "Company")

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2017

Operational Highlights

- Currently top of the SPFL Premiership
- Winners of the Scottish League Cup for the second season in a row
- 19 home fixtures (2016: 18)
- Successfully qualified for the Group Stages of UEFA Champions League
- Secured European football after Christmas by qualifying for the round of 32 of the Europa League

Financial Highlights

- Revenue increased by 16.8% to £71.5m (2016: £61.2m)
- Profit from trading was £23.7m (2016: £21.4m)
- Profit from transfer of player registrations (shown as profit on disposal of intangible assets) £0.5m (2016: £2.0m)
- Profit before taxation of £19.5m (2016: £18.6m)
- Profit after taxation of £17.4m (2016: £18.6m)
- Period end net cash at bank of £30.9m (2016: £18.6m)

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CHAIRMAN'S STATEMENT

I am pleased to report on our interim results for the period ended 31 December 2017. These show revenue of £71.5m (2016: £61.2m) and a profit from trading of £23.7m (2016: £21.4m). Overall this resulted in a profit before taxation of £19.5m (2016: £18.6m) and a period end net cash at bank of £30.9m (2016: £18.6m). The introductory page to these interim results summarises the main highlights.

We are delighted with the sustained period of success on the pitch, as Brendan Rodgers, his backroom team and the players have built on their achievements of last season. They are to be congratulated on qualification for the group stages of the UEFA Champions League for a second successive season, for retaining the League Cup and for the record breaking 69 game domestic unbeaten run. At the time of writing, we sit 8 points clear at the top of the Scottish Premiership and, as we continue to progress in the Scottish Cup, we retain the prospect of winning an historic back to back domestic treble.

During the period we secured the permanent registrations of Olivier Ntcham and Kundai Benyu, and the temporary registration of Patrick Roberts. Our profit on disposal of intangible assets of £0.5m (2016: £2.0m) largely reflects the transfer of the registrations of Gary Mackay Steven and Saidy Janko. Subsequently, during the January 2018 transfer window, we have invested further by acquiring the permanent registrations of experienced German Bundesliga defender Marvin Compper, exciting young Scottish talents Lewis Morgan and Jack Hendry and the temporary registrations of sought after midfielder Charly Musonda and goalkeeper Scott Bain.

The Board is committed to a course of investment in the playing squad so as to be as competitive as we can be within the structure of Scottish football and on the European stage. With our full support and encouragement, Brendan seeks to enhance the squad by the careful acquisition of quality players and the development of existing players and young talent coming up from our Youth Academy. Youth Academy graduates James Forrest, Kieran Tierney, Michael Johnston, Callum McGregor, Calvin Miller and Anthony Ralston have all contributed to the first team this year. Furthermore, we were delighted to agree an extended contract with Kieran Tierney, who has captained Celtic and his country during the season.

The Board is also pursuing initiatives to enhance the Club's assets at Celtic Park, so as to aid our playing competitiveness, as in the case of the recent pitch improvements, and to develop and commercialise the space we occupy, as in the case of our recent planning application for a hotel, retail store and museum. The Board's investment policy, nonetheless, recognises the uncertainty inherent in football, and our long held strategy of operating a self-sustaining financial model.

Looking forward, and entirely in line with our trading seasonality, we do not expect the same level of financial performance in the second half of the year. In this period we will play fewer home fixtures and revenue from European competition will be lower. Our key objectives for the remainder of the year are to win the SPFL Premiership, secure the Scottish Cup and build towards the European qualifiers in the summer. The Club will also continue to look at ways in which to develop Celtic Park and the surrounding area to create a destination and match day experience that all Celtic fans can be proud of.

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CHAIRMAN'S STATEMENT

Celtic FC Foundation, which sits outwith the Group, continues to develop its reach and to assist more people in our communities, in line with the Club's founding principles. Most recently, the 2017 Christmas Appeal raised in excess of £230,000, which was split between local families with children, local old age pensioners, children's charities, women's aid charities and homeless, refugee and other vulnerable groups. Following the success of the Foundation's Lions Legacy campaign, these fantastic achievements are testament to the hard work and generosity of the Celtic family.

On behalf of the Board, I thank our fans, shareholders and partners, whose support is vital as we continue to build for the future.

Ian P Bankier
8 February 2018
Chairman

For further information contact:

Company

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Canaccord Genuity Limited, Nominated Adviser

Bruce Garrow	Tel: 020 7523 8350

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

INDEPENDENT REVIEW REPORT TO CELTIC PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 31 December 2017 which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 31 December 2017 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom
Date 8 February 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS TO 31 DECEMBER 2017

	Note	2017 Unaudited £000	2016 Unaudited £000
Revenue	2	**71,505**	61,229
Operating expenses (before intangible asset transactions and exceptional items)	3	**(47,815)**	(39,821)
Profit from trading before intangible asset transactions and exceptional items		**23,690**	21,408
Exceptional operating expenses	4	**-**	(646)
Amortisation of intangible assets		**(4,227)**	(3,849)
Profit on disposal of intangible assets		**482**	1,959
Operating profit		**19,945**	18,872
Finance income	5	**47**	119
Finance expense	5	**(482)**	(391)
Profit before tax		**19,510**	18,600
Income tax expense	6	**(2,130)**	-
Profit and total comprehensive income for the period		**17,380**	18,600
Basic earnings per Ordinary Share	7	**18.57p**	19.92p
Diluted earnings per share	7	**12.94p**	13.84p

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Registered number SC3487

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2017 Unaudited £000	31 December 2016 Unaudited £000
NON-CURRENT ASSETS			
Property plant and equipment		**56,637**	54,998
Intangible assets	8	**15,996**	13,224
Deferred tax asset		**891**	-
		73,524	68,222
CURRENT ASSETS			
Inventories		**2,039**	1,615
Trade and other receivables	9	**15,608**	15,972
Cash and cash equivalents		**37,410**	25,392
		55,057	42,979
TOTAL ASSETS		**128,581**	111,201
EQUITY			
Issued share capital	10	**27,123**	24,318
Share premium		**14,720**	14,657
Other reserve		**21,222**	21,222
Capital reserve		-	2,781
Accumulated profits		**11,817**	6,140
TOTAL EQUITY		**74,882**	69,118
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest bearing loans		**6,350**	6,550
Debt element of Convertible Cumulative Preference Shares		**4,216**	4,241
Trade and other payables		**10,293**	-
Provisions		**1,082**	1,285
Deferred income		**86**	143
		22,027	12,219
CURRENT LIABILITIES			
Trade and other payables		**17,035**	15,930
Current borrowings		**304**	304
Provisions		**709**	106
Deferred income		**13,624**	13,524
		31,672	29,864
TOTAL LIABILITIES		**53,699**	42,083
TOTAL EQUITY AND LIABILITIES		**128,581**	111,201

Approved by the Board on 8 February 2018

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Other reserve £000	Capital reserve £000	Retained earnings £000	Total £000
EQUITY SHAREHOLDERS' FUNDS AS AT 1 JULY 2016 (Audited)	**24,316**	**14,611**	**21,222**	**2,781**	**(12,460)**	**50,470**
Share capital issued	1	46	-	-	-	**47**
Reduction in debt element of convertible cumulative preference shares	1	-	-	-	-	**1**
Profit and total comprehensive income for the period	-	-	-	-	18,600	**18,600**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2016 (Unaudited)	**24,318**	**14,657**	**21,222**	**2,781**	**6,140**	**69,118**
EQUITY SHAREHOLDERS' FUNDS AS AT 1 JULY 2017 (Audited)	**27,107**	**14,657**	**21,222**	**-**	**(5,563)**	**57,423**
Share capital issued	1	63	-	-	-	**64**
Reduction in debt element of convertible cumulative preference shares	15	-	-	-	-	**15**
Profit and total comprehensive income for the period	-	-	-	-	17,380	**17,380**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2017 (Unaudited)	**27,123**	**14,720**	**21,222**	**-**	**11,817**	**74,882**

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CONSOLIDATED CASH FLOW STATEMENT

	Note	**6 months to 31 December 2017 Unaudited £000**	6 months to 31 December 2016 Unaudited £000
Cash flows from operating activities			
Profit before tax		**19,510**	18,600
Depreciation		**881**	820
Amortisation		**4,227**	3,849
Impairment of intangible assets		**-**	358
Profit on disposal of intangible assets		**(482)**	(1,959)
Net finance costs		**435**	272
		24,571	21,940
Decrease in inventories		**375**	274
(Increase) in receivables		**(7,028)**	(5,178)
(Decrease) in payables and deferred income		**(364)**	(5,540)
Cash generated from operations		**17,554**	11,496
Net interest paid		**(25)**	(42)
Net cash flow from operating activities		**17,529**	11,454
Cash flows from investing activities			
Purchase of property, plant and equipment		**(946)**	(540)
Purchase of intangible assets		**(8,874)**	(5,218)
Proceeds from sale of intangible assets		**5,769**	9,833
Net cash (used in) / generated from investing activities		**(4,051)**	4,075
Cash flows from financing activities			
Repayment of debt		**(100)**	(100)
Dividend on Convertible Cumulative Preference Shares		**(473)**	(487)
Net cash used in financing activities		**(573)**	(587)
Net increase in cash equivalents		**12,905**	14,942
Cash and cash equivalents at 1 July		**24,505**	10,450
Cash and cash equivalents at period end	11	**37,410**	25,392

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The financial information in this interim report comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and accompanying notes. The financial information in this interim report has been prepared under the recognition and measurement requirements of IFRSs as adopted for use in the European Union but does not include all of the disclosures that would be required under those accounting standards. The accounting policies adopted in the financial information are consistent with those expected to be adopted in the Company's financial statements for the year ended 30 June 2018 and are unchanged from those used in the Company's annual report for the year ended 30 June 2017.

The financial information in this interim report for the six months to 31 December 2017 and to 31 December 2016 has not been audited, but it has been reviewed by the Company's auditor, whose report is set out on page 4. Any comparative figures for the year ended 30 June 2017 are extracted from the Group's audited financial statements for that period as filed with the Registrar of Companies. The financial information for the year ended 30 June 2017 does not constitute the Company's financial statements for that period but is derived from them. The Company's statutory financial statements for the year ended 30 June 2017 have been filed with the Registrar of Companies. The auditor's report on those statutory financial statements was unqualified.

Assessment on adoption of standards not yet effective

At the date of authorisation of this interim report the following standards were not effective however will be adopted in accordance with their effective dates. An update as to the Group's assessment of the impact of each standard is provided below.

IFRS 9: Financial Instruments – A detailed review of the impact of this standard is in progress and will be completed by the end of the current financial year, the conclusion of which will be disclosed in the annual report.

IFRS 15: Revenue from Contracts with Customers – we have performed a review of the Group's revenue recognition policy for each activity type and our initial assessment is that on full year basis any impact on revenue will be immaterial. With regards to interim reporting, the impact of applying this standard has yet to be concluded however the assessment will be completed by the end of the current financial year and disclosure will be made in the annual report.

IFRS 16: Leases – Based on our assessment, the net impact to the Group's financial statements is not considered to be material, but we will recognise the asset value of the operating leases within assets and a liability reflecting the associated future obligations. There will also be a reallocation in the Statement of Comprehensive Income from rental costs to depreciation within Operating Expenses and to the unwinding of discount charge within Finance Expense. As this stage the value associated with the above adjustments has yet to be quantified.

Going concern

The Company has considerable financial resources available to it, together with established contracts with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to continue managing its business risks successfully and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial information in this interim report.

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NOTES TO THE FINANCIAL INFORMATION

2. REVENUE

	6 months to 31 December 2017 Unaudited £000	6 months to 31 December 2016 Unaudited £000
Football and stadium operations	**26,802**	22,583
Multimedia & other commercial activities	**34,011**	29,917
Merchandising	**10,692**	8,729
	71,505	61,229
Number of home games	**19**	18

3. TOTAL OPERATING EXPENSES

	6 months to 31 December 2017 Unaudited £000	6 months to 31 December 2016 Unaudited £000
Football and stadium operations (excluding exceptional items and asset transactions)	**40,677**	33,682
Merchandising	**5,923**	4,968
Multimedia & other commercial activities	**1,215**	1,171
	47,815	39,821

4. EXCEPTIONAL OPERATING EXPENSES

	6 months to 31 December 2017 Unaudited £000	6 months to 31 December 2016 Unaudited £000
Impairment of intangible assets	**-**	358
Compromise payments on contract termination	**-**	288
	-	646

5. FINANCE INCOME AND EXPENSE

	6 months to 31 December 2017 Unaudited £000	6 months to 31 December 2016 Unaudited £000
Finance income:		
Interest receivable on bank deposits	**35**	19
Notional interest income on deferred consideration	**12**	100
	47	119

5 FINANCE INCOME AND EXPENSE (CONTINUED)

	6 months to 31 December 2017 Unaudited £000	6 months to 31 December 2016 Unaudited £000
Finance expense:		
Interest payable on bank and other loans	**(61)**	(62)
Notional interest expense on deferred consideration	**(134)**	(40)
Dividend on Convertible Cumulative Preference Shares	**(287)**	(289)
	(482)	(391)

6. TAXATION

Tax has been charged at 19% for the six months ended 31 December 2017 (2016: 19.75%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period. A deferred tax asset of £0.6m has been reversed due to the utilisation of tax losses. A deferred tax asset of £1.5m has been recognised in respect of short term timing differences and is offset by an existing deferred tax liability of £0.6m relating to accelerated capital allowances.

7. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the period of £17.4m (2016: £18.6m) by the weighted average number of Ordinary Shares in issue 93,591,020 (2016: 93,374,010). Diluted earnings per share as at 31 December 2017 has been calculated by dividing the profit for the period by the weighted average number of Ordinary Shares, Convertible Cumulative Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the balance sheet date if dilutive.

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NOTES TO THE FINANCIAL INFORMATION

8. INTANGIBLE ASSETS

	6 months to 31 December 2017 Unaudited	6 months to 31 December 2016 Unaudited
Cost	**£000**	£000
At 1 July	**34,335**	28,244
Additions	**6,634**	9,497
Disposals	**(2,591)**	(5,167)
At period end	**38,378**	32,574
Amortisation		
At 1 July	**20,408**	18,446
Charge for the period	**4,227**	3,849
Provision for impairment	**-**	358
Disposals	**(2,253)**	(3,303)
At period end	**22,382**	19,350
Net Book Value at period end	**15,996**	13,224

9. TRADE AND OTHER RECEIVABLES

The decrease of £0.4m in receivables from 31 December 2016 to £15.6m is primarily due to the receipt of player receivables offset by the value of UEFA receivables and increase in prepaid costs.

10. SHARE CAPITAL

	Authorised 31 December		Allotted, called up and fully paid 31 December			
	2017 Unaudited	2016	2017 Unaudited	2017	2016 Unaudited	2016
	No 000	No 000	No 000	£000	No 000	£000
Equity						
Ordinary Shares of 1p each	**223,101**	222,869	**93,696**	**937**	93,403	934
Deferred Shares of 1p each	**647,036**	635,145	**647,036**	**6,470**	635,145	6,351
Convertible Preferred Ordinary Shares of £1 each	**14,923**	14,994	**12,936**	**12,936**	13,007	13,007
Non-equity						
Convertible Cumulative Preference Shares of 60p each	**18,459**	18,543	**15,959**	**9,576**	16,043	9,626
Less reallocated to debt:						
Initial debt	**-**	-	**-**	**(2,796)**	-	(2,819)
Capital reserve	**-**	-	**-**	**-**	-	(2,781)
	903,519	891,551	**769,627**	**27,123**	757,598	24,318

11. ANALYSIS OF NET CASH AT BANK

The reconciliation of the movement in cash and cash equivalents per the cash flow statement to net cash is as follows:

	31 December 2017 Unaudited £000	31 December 2016 Unaudited £000
Bank Loans due after more than one year	**(6,350)**	(6,550)
Bank Loans due within one year	**(200)**	(200)
Cash and cash equivalents:		
Cash at bank and on hand	**37,410**	25,392
Net cash at bank at period end	**30,860**	18,642

Total net cash, deducting other loans of £0.1m (2016: £0.1m) and that arising from the reclassification of equity to debt of £4.2m (2016: £4.2m) amounted to £26.5m (2016: £14.3m).

12. POST BALANCE SHEET EVENTS

Since the balance sheet date, we have secured the permanent registrations of Marvin Compper from RB Leipzig, Lewis Morgan from St Mirren and Jack Hendry from Dundee, and the temporary registrations of Charly Musonda from Chelsea and Scott Bain from Dundee. We have also permanently transferred the registration of Liam Henderson to Bari and temporarily transferred the registrations of first team players Nadir Ciftci to Motherwell, Lewis Morgan to St Mirren, Kundai Benyu to Oldham Athletic, Erik Sviatchenko to FC Midtjylland, Scott Allan to Hibernian and Conor Hazard to Falkirk.

We also temporarily transferred the registrations of development squad players, Regan Hendry to Raith Rovers, Jamie McCart to Alloa Athletic, Mark Hill to St Mirren and Joe Thomson to Queen of the South.

Celtic plc

Directors

Ian P Bankier (Chairman)
Peter T Lawwell (Chief Executive)
Chris McKay (Finance Director)
Thomas E Allison
Dermot F Desmond
Brian D H Wilson
Sharon Brown

Company Secretary

Michael Nicholson

Registered Office

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