Celtic plc

Interim Report 2011

CELTIC plc

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2011

Key Events/Highlights

- Turnover increased by 3.1% to £29.27m.
- Operating expenses increased by 3.3% to £28.39m.
- Profit from trading of £0.88 (2010: £0.92m).
- Profit on disposal of intangible assets £3.15m (2010: £13.20m).
- Profit before taxation of £0.18m (2010:£7.06m)
- Period end **bank debt** of £7.05m (2010: £9.09m).
- Investment in football personnel of £4.44m (2010: £9.00m).
- 16 home fixtures (2010: 15).
- Currently 1st in the Clydesdale Bank Premier League
- Continued participation in both domestic Cup competitions.

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CHAIRMAN'S STATEMENT

I am pleased to report on our financial results for the period of six months which ended on 31 December 2011. The key highlights are set out in summary form on the introductory page.

On the park, the momentum that was lost at the start of this football season has been more than recovered. At the date of today's report we have a lead in the SPL, which we look to carry through to the end of the season.

Our entry into this season's UEFA Europa League Group stages was unorthodox, involving several visits to UEFA and eventually the Court of Arbitration for Sport. We were successful in our claims and the team also showed that we deserved to be involved, performing well against top European opposition in a difficult group.

European participation contributed to our turnover for the half-year, which increased slightly (3.1%) over the previous year, by £0.88m to £29.27m. This increase offset reduced revenues from pre-season tours and merchandising. Both are areas where the marketplace domestically and internationally remains very challenging. Like many with a presence in the high street, we continue to see difficult conditions driven by a squeeze on household incomes.

Operating expenses also rose slightly, to £28.39m (3.3%), in line with the increase in turnover, with our profit from trading before asset transactions and exceptional operating expenses at £0.88m (2010: £0.91m) virtually unchanged. The second half of the financial year is expected to follow a similar trading pattern to that experienced in previous years. Our period end bank debt of £7.05m is around £2.0m less than at the same time last year, and remains manageable, and well within the Club's facilities.

At this time last year we reported a profit from player transfer activity of £13.20m. This year, the comparable figure is considerably less, at £3.15m. The key dynamic driving these interim results and our financial performance for the remainder of this financial year is our player investment and transfer strategy. We invested £4.44m in the first half of the year and have followed this with further acquisitions in the most recent January registration window. We can confidently say that the strength and depth of the player pool now available to the Football Manager is better than it has been for several seasons. This has been a conscious decision that the financial discipline of the past has allowed us to take. As a result, we have been able to enjoy the virtuous trilogy of being able to keep our best players, build and develop significant value in our player pool, and see improvements in football performance.

Although we have a clear short term focus for this season, we have not forgotten our future; it is very encouraging to see our youth players holding their own in the Next Generation tournament, the rising presence in the first team of talented young professionals identified through our scouting system and Youth Academy, and increases in the numbers of families and children coming to watch them.

Finally, it would be remiss of me not to pay tribute in this statement to our Football Manager, Neil Lennon. In the early part of this season he faced an uncharacteristic run of poor results in a calm, professional and resolute manner, and with unshakeable self-belief he has put us in a strong position to challenge for all 3 domestic trophies.

The bond between this Club and its supporters has seldom been stronger and as we move into the remainder of the football season, there is much to look forward to.

Ian P Bankier **13 February 2012**
Chairman

Celtic plc

INDEPENDENT REVIEW REPORT TO CELTIC PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2011 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cashflow Statement and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared using accounting policies consistent with those to be applied in the next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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 Auditing Practices Board 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 Ireland) 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 half-yearly financial report for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

PKF (UK) LLP
Glasgow, UK
10 February 2012

Celtic plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS:	Note	6 months to 31 December 2011 Unaudited Operations excluding player trading £000	6 months to 31 December 2011 Unaudited Player trading £000	6 months to 31 December 2011 Unaudited Total £000	6months to 31 December 2010 Unaudited Operations excluding player trading £000	6months to 31 December 2010 Unaudited Player trading	6months to 31 December 2010 Unaudited Total £000
REVENUE	2	**29,271**	**-**	**29,271**	**28,387**	**-**	**28,387**
OPERATING EXPENSES	3	**(28,388)**	**-**	**(28,388)**	**(27,472)**	**-**	**(27,472)**
PROFIT FROM TRADING BEFORE ASSET TRANSACTIONS AND EXCEPTIONAL OPERATING EXPENSES		**883**	**-**	**883**	**915**	**-**	**915**
AMORTISATION OF INTANGIBLE ASSETS		**-**	**(3,351)**	**(3,351)**	**-**	**(4,878)**	**(4,878)**
EXCEPTIONAL OPERATING EXPENSES	3	**-**	**-**	**-**	**(758)**	**(761)**	**(1,519)**
PROFIT ON DISPOSAL OF INTANGIBLE ASSETS		**-**	**3,146**	**3,146**	**-**	**13,203**	**13,203**
LOSS ON DISPOSAL OF PROPERTY PLANT AND EQUIPMENT		**(120)**	**-**	**(120)**	**(293)**	**-**	**(293)**
PROFIT BEFORE FINANCIAL EXPENSES AND TAXATION		**763**	**(205)**	**558**	**(136)**	**7,564**	**7,428**
FINANCE COSTS:	4						
BANK LOANS AND OVERDRAFT				**(109)**			**(108)**
CONVERTIBLE PREFERENCE SHARES				**(272)**			**(264)**
PROFIT BEFORE TAX				**177**			**7,056**
TAXATION	5			**-**			**-**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS				**177**			**7,056**
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT				**177**			**7,056**
BASIC EARNINGS PER ORDINARY SHARE	6			**0.20p**			**7.84p**
DILUTED EARNINGS PER SHARE	6			**0.33p**			**5.37p**

Celtic plc

Registered number SC3487

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2011 Unaudited £000	31 December 2010 Unaudited £000	30 June 2011 Audited £000
NON-CURRENT ASSETS				
Property plant and equipment		53,637	55,077	54,357
Intangible assets	7	10,640	14,879	10,364
		64,277	69,956	64,721
CURRENT ASSETS				
Inventories		1,911	2,588	2,250
Receivables	8	5,576	13,720	5,837
Cash and cash equivalents		4,108	2,442	10,818
		11,595	18,750	18,905
TOTAL ASSETS		75,872	88,706	83,626
EQUITY				
Issued share capital	9	24,266	24,253	24,264
Share premium		14,443	14,399	14,399
Other reserve		21,222	21,222	21,222
Capital reserve		2,629	2,641	2,629
Retained earnings		(22,334)	(15,557)	(22,511)
TOTAL EQUITY		40,226	46,958	40,003
LIABILITIES				
NON-CURRENT LIABILITIES	10			
Interest bearing loans		10,781	11,156	10,968
Debt element of non-equity share capital		4,441	4,437	4,438
Deferred income		184	195	142
		15,406	15,788	15,548
CURRENT LIABILITIES				
Trade and other payables		12,016	17,912	15,815
Current borrowings		499	505	506
Deferred income		7,725	7,543	11,754
		20,240	25,960	28,075
TOTAL LIABILITIES		35,646	41,748	43,623
TOTAL EQUITY AND LIABILITIES		75,872	88,706	83,626

Approved by the Board on 10 February 2012

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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 2010	**24,246**	**14,359**	**21,222**	**2,646**	**(22,613)**	**39,860**
Share capital issued	1	40	-	-	**-**	**41**
Transfer from capital reserve	5	-	-	(5)	-	**-**
Profit and total comprehensive income for the period	**-**	-	-	-	7,056	**7,056**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2010 (Unaudited)	**24,252**	**14,399**	**21,222**	**2,641**	**(15,557)**	**46,957**
Transfer from capital reserve	**12**	-	-	(12)	-	**-**
Profit and total comprehensive income for the period	**-**	-	-	-	(6,954)	**(6,954)**
EQUITY SHAREHOLDERS' FUNDS AS AT 30 JUNE 2011 (Audited)	**24,264**	**14,399**	**21,222**	**2,629**	**(22,511)**	**40,003**
Share capital issued	2	44	-	-	**-**	**46**
Profit and total comprehensive income for the period	**-**	-	-	-	177	**177**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2011 (Unaudited)	**24,266**	**14,443**	**21,222**	**2,629**	**(22,334)**	**40,226**

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CONSOLIDATED CASH FLOW STATEMENT

	Note	6 months to 31 December 2011 Unaudited £000	6 months to 31 December 2010 Unaudited £000
Cash flows from operating activities			
Profit before tax		177	7,056
Depreciation		981	1,047
Amortisation		3,351	4,878
Impairment of intangible assets		-	761
Profit on disposal of intangible assets		(3,146)	(13,203)
Loss on disposal of property, plant and equipment		120	293
Finance costs		381	372
Sub total		1,864	1,204
(Increase) / decrease in inventories		339	(813)
(Increase) in receivables		(235)	(134)
(Decrease) in payables and deferred income		(5,801)	(4,270)
Cash (utilised in) / generated from operations		(3,833)	(4,013)
Interest paid		(109)	(108)
Net cash flow from operating activities – A		(3,942)	(4,121)
Cash flows from investing activities			
Purchase of property, plant and equipment		(469)	(439)
Purchase of intangible assets		(5,957)	(6,812)
Proceeds from sale of intangible assets		4,351	8,644
Net cash used in investing activities – B		(2,076)	1,393
Cash flows from financing activities			
Repayment of debt		(194)	(194)
Dividends paid		(498)	(503)
Net cash (used) in financing activities - C		(692)	(697)
Net (increase) in cash equivalents A+B+C		(6,710)	(3,425)
Cash and cash equivalents at 1 July		10,818	5,867
Cash and cash equivalents at period end	11	4,108	2,442

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NOTES TO THE FINANCIAL STATEMENTS

1. This Interim Report, comprising the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and accompanying Notes, has been prepared in accordance with the AIM rules of the London Stock Exchange. The measurement and recognition accounting policies applied are consistent with those that will be applied in the 2012 annual accounts which will be prepared in accordance with IFRS.

The interim results do not constitute the statutory accounts within the meaning of s434 of the Companies Act 2006. The financial information in this Report for the six months to 31 December 2011 and to 31 December 2010 has not been audited. The comparative figures for the year ended 30 June 2011 are extracted from the Group's audited financial statements for that period as filed with the Registrar of Companies. They do not constitute the financial statements for that period. Those accounts received an unqualified audit report which did not contain any statement under sections 498 (2) or (3) of the Companies Act 2006.

The auditors have reviewed this Interim Report and their report is set out on page 3.

2. REVENUE – SEGMENTAL INFORMATION

	6 months to 31 December 2011 Unaudited £000	6 months to 31 December 2010 Unaudited £000
Revenue comprised:		
Football and stadium operations	**16,446**	**16,670**
Multimedia & other commercial activities	**5,004**	**3,442**
Merchandising	**7,821**	**8,275**
	29,271	**28,387**
Number of home games	**16**	**15**

3. EXCEPTIONAL OPERATING EXPENSES

There were no exceptional operating expenses this period. The exceptional operating expenses in 2010 of £1.52m reflect labour and ancillary charges of £0.76m as a result of onerous contracts and impairment of intangible fixed assets of £0.76m.

4. FINANCE COSTS

Payable as follows on:	6 months to 31 December 2011 Unaudited £000	6 months to 31 December 2010 Unaudited £000
Bank loans and overdraft	**109**	**108**
Non-equity shares	**272**	**264**
Total	**381**	**372**

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NOTES TO THE FINANCIAL STATEMENTS

5. TAXATION

After taking account of unutilised tax losses brought forward, together with the projected performance for the next six months, no provision for taxation is required.

6. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the earnings for the period by the weighted average number of Ordinary Shares in issue 90,229,640 (2010: 90,034,564). Diluted earnings per share as at 31 December 2011 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. As at December 2011 and December 2010 no account was taken of potential conversion of share purchase options, as these potential Ordinary Shares were not considered to be dilutive under the definitions of the applicable accounting standards.

7. INTANGIBLE ASSETS

	6 months to 31 December 2011 Unaudited	6 months to 31 December 2010 Unaudited	12 months to 30 June 2011 Audited
Cost	**£000**	**£000**	**£000**
At 1 July / 1 January	**29,618**	**30,283**	**30,283**
Additions	**4,436**	**8,998**	**10,294**
Disposals	**(3,937)**	**(5,143)**	**(10,959)**
At period end	**30,117**	**34,138**	**29,618**
Amortisation			
At 1 July / 1 January	**19,254**	**16,514**	**16,514**
Charge for the period	**3,351**	**4,878**	**8,155**
Provision for impairment	**-**	**761**	**3,181**
Disposals	**(3,128)**	**(2,894)**	**(8,596)**
At period end	**19,477**	**19,259**	**19,254**
Net Book Value at period end	**10,640**	**14,879**	**10,364**

8. RECEIVABLES

The decrease in the level of receivables from 31 December 2010 of £13.72m to £5.58m is primarily a result of a decrease in amounts due in instalments from player sales conducted in previous transfer windows.

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NOTES TO THE FINANCIAL STATEMENTS

9. SHARE CAPITAL

	Authorised			Allotted, called up and fully paid					
	31 December		30 June	31 December				30 June	
	2011	2010	2011	2011	2011	2010	2010	2011	2011
	No 000	No 000	No 000	No 000	£000	No 000	£000	No 000	£000
Equity									
Ordinary Shares of 1p each	**220,105**	**220,051**	**220,096**	**90,260**	**902**	**90,092**	**901**	**90,136**	**901**
Deferred Shares of 1p each	**496,184**	**493,610**	**495,754**	**496,184**	**4,962**	**493,610**	**4,936**	**495,754**	**4,957**
Non-equity									
Convertible Preferred Ordinary Shares of £1 each	**15,967**	**15,991**	**15,972**	**13,980**	**13,980**	**14,004**	**14,004**	**13,984**	**13,984**
Convertible Cumulative Preference Shares of 60p each	**19,282**	**19,286**	**19,283**	**16,782**	**10,070**	**16,786**	**10,072**	**16,783**	**10,069**
Less reallocated to debt under IAS 32	**-**	**-**	**-**	**-**	**(5,648)**	**-**	**(5,660)**		**(5,647)**
	751,538	**748,938**	**751,105**	**617,206**	**24,266**	**614,492**	**24,253**	**616,657**	**24,264**

10. NON – CURRENT LIABILITIES

Non-current liabilities reflect the non-current element of bank loans of £10.78m (December 2010: £11.16m, June 2011: £10.97m) drawn down at the end of the period as part of the Company's bank facility of £34.31m (December 2010: £35.06m, June 2011: £34.69) and £4.44m (December 2010: £4.44m, June 2011: £4.44m) as a result of the reallocation of non-equity share capital from equity to debt following the introduction of IAS 32 and £0.18m (December 2010: £0.19m, June 2011: £0.14m) of deferred income.

11. ANALYSIS OF NET DEBT

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

	31 December 2011 £000	31 December 2010 £000	30 June 2011 £000
Bank Loans due after more than one year	**10,781**	**11,156**	**10,969**
Bank Loans due within one year	**375**	**375**	**375**
Cash and cash equivalents	**(4,108)**	**(2,442)**	**(10,818)**
Net bank debt at period end	**7,048**	**9,089**	**526**

Total debt, including other loans of £0.12m (2010: £0.13m) and that arising from the reclassification of equity to debt following the adoption of IAS32 of £4.44m (2010: £4.44m) amounted to £11.61m (2010: £13.66m).

12. POST BALANCE SHEET EVENTS

Following 31 December 2011, Celtic acquired the permanent registrations of Mikael Lustig and Rabiu Ibrahim in addition to entering into a loan agreement for Pawel Brozek while a pre-contract was agreed with Jaroslaw Fojut from 1 July 2012.

CELTIC PLC

Directors

Ian P Bankier (Chairman)
Peter T Lawwell (Chief Executive)
Eric J Riley (Financial)
Tom E Allison
Dermot F Desmond
Brian Duffy
Ian P Livingston
Brian D H Wilson

Football Manager

Neil Lennon

Company Secretary

Robert M Howat

Registered Office

Celtic Park
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G40 3RE

Registered Number

SC3487