Celtic plc

Interim Report 2012

CELTIC plc

INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2012

Operational Highlights

- Progression to last 16 of the European Champions League.

- Currently top in the Clydesdale Bank Premier League.

- Continued participation in the Scottish Cup.

- Announcement of new shirt sponsorship deal with Magners commencing 1 July 2013.

Financial Highlights

- Turnover increased by 71.0% to £50.06m (2011: £29.27m).

- Operating expenses increased by 30.2% to £36.96m (2011: £28.39m).

- Profit from trading of £13.10m (2011: £0.88m).

- Profit on disposal of intangible assets £5.20m (2011: £3.15m).

- Profit before taxation of £14.94m (2011:£0.18m).

- Period end **net bank debt** of £0.13m (2011: £7.05m).

- Investment in football personnel of £4.65m (2011: £4.44m).

- 19 home fixtures (2011: 16).

Celtic plc

CHAIRMAN'S STATEMENT

I am pleased to report on our financial results for the six months ended 31 December 2012. The introductory page to these interim results summarises the main highlights.

On the pitch it has been a memorable and highly successful period. We started the new season as Scottish Premier League Champions and, since then, we have enjoyed impressive results. At the time of writing, we have a healthy lead in the race to retain our Premier League title and we remain in the Scottish FA Cup.

Of greater significance, though, has been the achievement of qualifying for the last 16 of the UEFA Champions League, the undoubted highlight being our victory over Barcelona at Celtic Park in November. Celtic surpassed the expectations of many by progressing into the competition's knockout stages from a very tough group. Furthermore, the club's international reputation and standing received a substantial boost. This success had a major bearing on our financial performance in the period under review.

The revenues generated by the team's success in Europe this year have significantly impacted our half year results, with turnover increasing to £50.06m, a 71% improvement over the previous year. Celtic's achievements, both domestically and in Europe, have had a similarly positive effect on merchandise and ticketing income, notwithstanding the current difficult economic climate.

The results on the park and additional matches produced an increase in operating expenses to £36.96m and our profit from trading, before asset transactions and exceptional operating expenses, was £14.94m - a significant uplift on last year's figure of £0.18m for the same period.

As in previous years, we continue to make investments in the playing squad and support services. The management of the playing squad is an important aspect of our business model. In the period under review we invested £4.65m in strengthening the first team squad, and added to this in the January transfer window. We have a talented first team pool, with a strong emphasis on youth. Our scouting and player identification processes continue to bear fruit, and our investment in state of the art medical and sport science facilities at Lennoxtown has contributed to optimising performance. Similarly, the ongoing strategy of investing in our Academy is yielding its own benefits as we remain committed to finding, coaching and developing Champions League quality players.

Such investment and player development initiatives have further enhanced profitability, with a profit from transfer activity of £5.2m, largely as a consequence of the sale of Ki Sung Yueng to Swansea, in comparison to £3.15m last year. Nevertheless, we have managed to strike a prudent balance between trading successful, valuable assets and retaining key talent to enhance our prospects of football success. Our financial strength meant that we were able to retain all our key players through the January transfer window and further enhanced our squad with the signing of Rami Gershon, Tomas Rogic and Viktor Noring.

The improvement in trading has impacted on our period end net bank debt, which stood at £0.13m, nearly £7m less than at the same point last year, well within the Company's facilities. Our success on the park and the maintenance of our robust business model has provided stability in a challenging environment. The second half of the 2012/13 financial year is expected to follow a similar trading pattern to recent years, but buoyed by on-field success including participation in the UEFA Champions League.

Scottish Football has recently endorsed proposals to restructure our domestic league system, with the aim of generating additional interest and revenue for the benefit of fans and member clubs alike. Celtic has been happy to support initiatives it sees as being in the best interests of the Club and of the Scottish game in general.

Off the field, the Club marked its 125th Anniversary in November with a celebratory event held at St Mary's Church in Glasgow's Calton where the inaugural meetings that led to the Club's formation occurred in 1887. In addition, the Celtic Charity Foundation launched an associated fund raising campaign aimed at increasing donations raised for worthy causes.

In conclusion, I would wish to pay tribute to Neil Lennon and his backroom staff, all of the players and all of the Directors, management and staff at the Club who work tirelessly to maintain the standards for which Celtic is rightly renowned. And finally, I would like to thank the fans, who have continued to show their unswerving support at a particularly turbulent but exciting time in our history.

Ian P Bankier **11 February 2013**
Chairman

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 2012 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 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 2012 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

PKF (UK) LLP
Glasgow, UK
11 February 2013

Celtic plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS:	Note	6 months to 31 December 2012 Unaudited Operations excluding player trading £000	6 months to 31 December 2012 Unaudited Player trading £000	6 months to 31 December 2012 Unaudited Total £000	6months to 31 December 2011 Unaudited Operations excluding player trading £000	6months to 31 December 2011 Unaudited Player trading	6months to 31 December 2011 Unaudited Total £000
REVENUE	2	50,058	-	50,058	29,271	-	29,271
OPERATING EXPENSES		(36,961)	-	(36,961)	(28,388)	-	(28,388)
PROFIT FROM TRADING BEFORE ASSET TRANSACTIONS AND EXCEPTIONAL OPERATING EXPENSES		13,097	-	13,097	883	-	883
AMORTISATION OF INTANGIBLE ASSETS		-	(2,987)	(2,987)	-	(3,351)	(3,351)
PROFIT ON DISPOSAL OF INTANGIBLE ASSETS		-	5,204	5,204	-	3,146	3,146
LOSS ON DISPOSAL OF PROPERTY PLANT AND EQUIPMENT		-	-	-	(120)	-	(120)
PROFIT BEFORE FINANCIAL EXPENSES AND TAXATION		13,097	2,217	15,314	763	(205)	558
FINANCE COSTS:	3						
BANK LOANS AND OVERDRAFT				(98)			(109)
CONVERTIBLE PREFERENCE SHARES				(272)			(272)
PROFIT BEFORE TAX				14,944			177
TAXATION	4			-			-
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS				14,944			177
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT				14,944			177
BASIC EARNINGS PER ORDINARY SHARE	5			16.54p			0.20p
DILUTED EARNINGS PER SHARE	5			11.17p			0.33p

Celtic plc

Registered number SC3487

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2012 Unaudited £000	31 December 2011 Unaudited £000	30 June 2012 Audited £000
NON-CURRENT ASSETS				
Property plant and equipment		**52,903**	**53,637**	**53,452**
Intangible assets	6	**8,241**	**10,640**	**7,333**
		61,144	**64,277**	**60,785**
CURRENT ASSETS				
Inventories		**2,191**	**1,911**	**2,160**
Receivables	7	**11,340**	**5,576**	**4,981**
Cash and cash equivalents		**10,655**	**4,108**	**8,198**
		24,186	**11,595**	**15,339**
TOTAL ASSETS		**85,330**	**75,872**	**76,124**
EQUITY				
Issued share capital	8	**24,265**	**24,266**	**24,264**
Share premium		**14,486**	**14,443**	**14,443**
Other reserve		**21,222**	**21,222**	**21,222**
Capital reserve		**2,630**	**2,629**	**2,630**
Retained earnings		**(14,937)**	**(22,334)**	**(29,881)**
TOTAL EQUITY		**47,666**	**40,226**	**32,678**
LIABILITIES				
NON-CURRENT LIABILITIES				
Interest bearing loans	9	**10,407**	**10,781**	**10,594**
Debt element of non-equity share capital		**4,441**	**4,441**	**4,441**
Deferred income		**91**	**184**	**121**
		14,939	**15,406**	**15,156**
CURRENT LIABILITIES				
Trade and other payables		**13,676**	**12,016**	**15,069**
Current borrowings		**493**	**499**	**493**
Deferred income		**8,556**	**7,725**	**12,728**
		22,725	**20,240**	**28,290**
TOTAL LIABILITIES		**37,664**	**35,646**	**43,446**
TOTAL EQUITY AND LIABILITIES		**85,330**	**75,872**	**76,124**

Approved by the Board on 11 February 2013

Celtic plc

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 2011 (audited)	**24,264**	**14,399**	**21,222**	**2,628**	**(22,510)**	**40,003**
Share capital issued	-	44	-	-	**-**	**44**
Transfer from capital reserve	-	-	-	-	-	**-**
Profit and total comprehensive income for the period	**-**	-	-	-	177	**177**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2011 (Unaudited)	**24,264**	**14,443**	**21,222**	**2,628**	**(22,333)**	**40,224**
Transfer to capital reserve	**-**	-	-	2	-	**2**
Profit and total comprehensive income for the period	**-**	-	-	-	(7,548)	**(7,548)**
EQUITY SHAREHOLDERS' FUNDS AS AT 30 JUNE 2012 (Audited)	**24,264**	**14,443**	**21,222**	**2,630**	**(29,881)**	**32,678**
Share capital issued	**1**	**43**	-	-	**-**	**44**
Profit and total comprehensive income for the period	**-**	-	-	-	**14,944**	**14,944**
EQUITY SHAREHOLDERS' FUNDS AS AT 31 DECEMBER 2012 (Unaudited)	**24,265**	**14,486**	**21,222**	**2,630**	**(14,937)**	**47,666**

Celtic plc

CONSOLIDATED CASH FLOW STATEMENT

	Note	6 months to 31 December 2012 Unaudited £000	6 months to 31 December 2011 Unaudited £000
Cash flows from operating activities			
Profit before tax		**14,944**	**177**
Depreciation		**939**	**981**
Amortisation		**2,987**	**3,351**
Impairment of intangible assets		**-**	**-**
Profit on disposal of intangible assets		**(5,204)**	**(3,146)**
Loss on disposal of property, plant and equipment		**-**	**120**
Finance costs		**370**	**381**
		14,036	**1,864**
(Increase) / decrease in inventories		**(31)**	**339**
(Increase) in receivables		**(4,823)**	**(235)**
(Decrease) in payables and deferred income		**(3,107)**	**(5,801)**
Cash (utilised in) / generated from operations		**6,075**	**(3,833)**
Interest paid		**(98)**	**(109)**
Net cash flow from operating activities – A		**5,977**	**(3,942)**
Cash flows from investing activities			
Purchase of property, plant and equipment		**(732)**	**(469)**
Purchase of intangible assets		**(6,529)**	**(5,957)**
Proceeds from sale of intangible assets		**4,428**	**4,351**
Net cash used in investing activities – B		**(2,833)**	**(2,076)**
Cash flows from financing activities			
Repayment of debt		**(188)**	**(194)**
Dividends paid		**(499)**	**(498)**
Net cash (used) in financing activities - C		**(687)**	**(692)**
Net (increase) in cash equivalents A+B+C		**2,457**	**(6,710)**
Cash and cash equivalents at 1 July		**8,198**	**10,818**
Cash and cash equivalents at period end	10	**10,655**	**4,108**

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 2013 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 2012 and to 31 December 2011 has not been audited. The comparative figures for the year ended 30 June 2012 are extracted from the Group's audited financial statements for that period as filed with the Registrar of Companies. They do not constitute the statutory accounts within the meaning of s434 of the Companies Act 2006 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 auditor has reviewed this Interim Report and their report is set out on page 3.

2. REVENUE – SEGMENTAL INFORMATION

	6 months to 31 December 2012 Unaudited £000	6 months to 31 December 2011 Unaudited £000
Revenue comprised:		
Football and stadium operations	**18,598**	16,446
Multimedia & other commercial activities	**21,613**	5,004
Merchandising	**9,847**	7,821
	50,058	29,271
Number of home games	**19**	16

3. FINANCE COSTS

Payable as follows on:	6 months to 31 December 2012 Unaudited £000	6 months to 31 December 2011 Unaudited £000
Bank loans and overdraft	**98**	109
Non-equity shares	**272**	272
Total	**370**	381

4. 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.

5. 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 90,364,753 (2011: 90,229,640). Diluted earnings per share as at 31 December 2012 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 2012 and December 2011 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.

6. INTANGIBLE ASSETS

	6 months to 31 December 2012 Unaudited £000	6 months to 31 December 2011 Unaudited £000	12 months to 30 June 2012 Audited £000
Cost			
At 1 July	**28,737**	**29,618**	**29,618**
Additions	**4,655**	**4,436**	**5,239**
Disposals	**(8,282)**	**(3,937)**	**(6,120)**
At period end	**25,110**	**30,117**	**28,737**
Amortisation			
At 1 July	**21,404**	**19,254**	**19,254**
Charge for the period	**2,987**	**3,351**	**6,367**
Provision for impairment	**-**	**-**	**301**
Disposals	**(7,522)**	**(3,128)**	**(4,518)**
At period end	**16,869**	**19,477**	**21,404**
Net Book Value at period end	**8,241**	**10,640**	**7,333**

7. RECEIVABLES

The increase of £5.76m in the level of receivables from 31 December 2011 to £11.34m is primarily a result of an increase in amounts due in instalments from player sales conducted in previous transfer windows and payments due from UEFA in relation to UCL group stage participations.

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NOTES TO THE FINANCIAL STATEMENTS

8. SHARE CAPITAL

	Authorised			Allotted, called up and fully paid					
	31 December		30 June	31 December				30 June	
	2012	2011	2012	2012	2012	2011	2011	2012	2012
	No 000	No 000	No 000	No 000	£000	No 000	£000	No 000	£000
Equity									
Ordinary Shares of 1p each	**220,124**	220,105	220,120	**90,409**	**904**	90,260	902	90,275	903
Deferred Shares of 1p each	**497,110**	496,184	496,924	**497,110**	**4,971**	496,184	4,962	496,924	4,969
Non-equity									
Convertible Preferred Ordinary Shares of £1 each	**15,959**	15,967	15,960	**13,971**	**13,971**	13,980	13,980	13,972	13,972
Convertible Cumulative Preference Shares of 60p each	**19,282**	19,282	19,282	**16,782**	**10,069**	16,782	10,070	16,782	10,069
Less reallocated to debt under IAS 32	**-**	-	-	**-**	**(5,650)**	-	(5,648)		(5,649)
	752,475	751,538	752,286	**618,272**	**24,265**	617,206	24,266	617,953	24,264

9. NON – CURRENT LIABILITIES

Non-current liabilities reflect the non-current element of bank loans of £10.41m (December 2011: £10.78m, June 2012: £10.59m) drawn down at the end of the period as part of the Company's bank facility of £33.56m (December 2011: £34.31m, June 2012: £33.94) and £4.44m (December 2011: £4.44m, June 2012: £4.44m) as a result of the reallocation of non-equity share capital from equity to debt following the introduction of IAS 32 and £0.09m (December 2011: £0.18m, June 2012: £0.12m) of deferred income.

10. 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 2012 £000	31 December 2011 £000	30 June 2012 £000
Bank Loans due after more than one year	10,407	10,781	10,594
Bank Loans due within one year	375	375	375
Cash and cash equivalents	(10,655)	(4,108)	(8,198)
Net bank debt at period end	127	7,048	2,771

Total net debt, including other loans of £0.12m (2011: £0.12m) and that arising from the reclassification of equity to debt following the adoption of IAS32 of £4.44m (2011: £4.44m) amounted to £4.69m (2011: 11.61m).

11. POST BALANCE SHEET EVENTS

Following 31 December 2012, Celtic acquired the permanent registrations of Tomas Rogic in addition to entering into loan agreements for Rami Gershon and Viktor Noring. The registration of Mohamed Bangura was loaned to IF Elfsborg.

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

David G Nichol

Registered Office

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G40 3RE

Registered Number

SC3487