RED FOOTBALL LIMITED

Second Quarter and Year to Date Results

Fiscal Year Ended 30 June 2014

Bond Group Parent: Red Football Limited

Bond Issuer: MU Finance plc

19 February 2014

CONSOLIDATED FINANCIAL STATEMENTS

The summary financial information provided overleaf has been derived from the unaudited interim consolidated financial statements of Red Football Limited as at and for the three and six months ended 31 December 2013 and 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations, and the Companies Act 2006.

CONSOLIDATED INCOME STATEMENT - UNAUDITED

	Three months ended 31 December		Six months ended 31 December	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Commercial revenue	**42,296**	35,514	**102,153**	78,544
Broadcasting revenue	**46,923**	39,508	**66,253**	53,230
Matchday revenue	**33,708**	35,034	**53,042**	54,598
Group revenue	**122,927**	110,056	**221,448**	186,372
Employee benefit expenses	**(51,604)**	(44,214)	**(104,499)**	(84,486)
Other operating expenses	**(19,712)**	(15,662)	**(43,100)**	(35,363)
Operating profit before depreciation, amortization of, and profit on disposal of, players' registrations, and exceptional items ("adjusted EBITDA")	**51,611**	50,180	**73,849**	66,523
Depreciation	**(2,085)**	(1,852)	**(4,068)**	(3,769)
Amortization of players' registrations	**(13,418)**	(10,660)	**(25,322)**	(20,483)
Exceptional items	**(293)**	-	**(293)**	-
Operating profit before profit on disposal of players' registrations	**35,815**	37,668	**44,166**	42,271
Profit on disposal of players' registrations	**846**	687	**1,842**	5,505
Operating profit	**36,661**	38,355	**46,008**	47,776
Net interest payable on loans, deferred element of terminated interest rate swap and unwinding of discount factors	**(629)**	(802)	**(1,283)**	(1,483)
Interest payable on secured term loan and senior secured notes	**(4,656)**	(7,688)	**(9,572)**	(16,741)
Amortization of issue discount and debt issue/finance costs	**(331)**	(495)	**(627)**	(3,567)
Premium on repurchase of senior secured notes	**-**	-		(5,244)
Foreign exchange gains/(losses) on US dollar bank accounts	**318**	(1,464)	**(2,696)**	(1,580)
Foreign exchange gains on US dollar secured term loan and senior secured notes	**-**	1,165	**-**	8,809
Fair value movement on derivative financial instruments	**(665)**	73	**(1,550)**	57
Hedge ineffectiveness on cash flow hedges	**248**	-	**248**	-
Net finance costs	**(5,715)**	(9,211)	**(15,480)**	(19,749)
Profit before tax	**30,946**	29,144	**30,528**	28,027
Tax expense	**(13,175)**	(9,662)	**(10,759)**	(9,763)
Profit for the period	**17,771**	19,482	**19,769**	18,264
Attributable to:				
Owners of the parent	**17,771**	19,395	**19,769**	18,095
Non-controlling interests	**-**	87	**-**	169
	17,771	19,482	**19,769**	18,264

INTERIM CONSOLIDATED BALANCE SHEET - UNAUDITED

	Note	At 31 December	
		2013	2012
		£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment		**256,511**	253,609
Investment property		**13,728**	14,140
Goodwill		**421,453**	421,453
Players' registrations		**132,123**	125,945
Derivative financial instruments		**1,013**	-
Trade and other receivables	1	**141**	1,500
		824,969	816,647
Current assets			
Derivative financial instruments		**201**	161
Trade and other receivables	1	**682,901**	672,613
Current tax receivable		**-**	2,500
Cash and cash equivalents		**71,930**	66,625
		755,032	741,899
Total assets		**1,580,001**	1,558,546
EQUITY AND LIABILITIES			
Equity			
Share capital		**-**	-
Capital contribution reserve		**474,203**	474,684
Hedging reserve		**24,446**	1
Retained earnings		**428,343**	435,364
Equity attributable to owners of the parent		**926,992**	910,049
Non-controlling interest		**-**	(1,834)
		926,992	908,215
Non-current liabilities			
Derivative financial instruments		**1,864**	1,629
Trade and other payables	2	**14,829**	21,086
Borrowings		**341,121**	349,005
Deferred revenue		**12,828**	4,888
Provisions		**-**	1,158
Deferred tax liabilities		**22,184**	28,161
		392,826	405,927
Current liabilities			
Derivative financial instruments		**1,048**	60
Current tax liabilities		**5,560**	1,128
Trade and other payables	2	**107,647**	93,441
Borrowings		**15,438**	17,625
Deferred revenue		**130,490**	131,712
Provisions		**-**	438
		260,183	244,404
Total equity and liabilities		**1,580,001**	1,558,546

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Three months ended 31 December		Six months ended 31 December	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Cash flows from operating activities				
Profit before tax	**30,946**	29,144	**30,528**	28,027
Depreciation charges	**2,085**	1,852	**4,068**	3,769
Impairment charges	**293**	-	**293**	-
Amortization of players' registrations	**13,418**	10,660	**25,322**	20,483
Profit on disposal of players' registrations	**(846)**	(687)	**(1,842)**	(5,505)
Net finance costs	**5,715**	9,211	**15,480**	19,749
Profit on disposal of property, plant and equipment	**(43)**	-	**(43)**	-
Equity-settled share based payments	**-**	154	**-**	481
Exchange losses on operating activities	**367**	-	**367**	-
Fair value losses/(gains) on derivative financial instruments	**34**	102	**(126)**	(9)
Reclassified from hedging reserve	**(330)**	-	**(518)**	-
(Increase)/decrease in trade and other receivables	**(3,936)**	8,140	**(3,400)**	11,400
Decrease in trade and other payables and deferred revenue	**(44,086)**	(30,506)	**(33,401)**	(16,296)
Decrease in provisions	**(1,315)**	(90)	**(1,475)**	(236)
Cash generated from operations	**2,302**	27,980	**35,253**	61,863
Debt finance costs relating to borrowings	**(104)**	-	**(123)**	-
Interest paid	**(4,818)**	(3,431)	**(13,964)**	(27,934)
Interest received	**48**	72	**107**	157
Income tax (paid)/refund	**(759)**	802	**(1,246)**	600
Net cash (used in)/generated from operating activities	**(3,331)**	25,423	**20,027**	34,686
Cash flows from investing activities				
Purchases of property, plant and equipment	**(2,785)**	(5,942)	**(6,878)**	(9,338)
Proceeds from sale of property, plant and equipment	**50**	-	**50**	-
Purchases of players' registrations	**(3,837)**	(3,361)	**(37,287)**	(38,258)
Proceeds from sale of players' registrations	**401**	999	**7,056**	6,363
Net cash used in investing activities	**(6,171)**	(8,304)	**(37,059)**	(41,233)
Cash flows from financing activities				
Capital contribution	**-**	-	**-**	68,404
Repayment of borrowings	**(96)**	(92)	**(187)**	(62,796)
Loan to parent undertaking	**(411)**	(1,459)	**(592)**	(1,459)
Net cash (used in)/generated from financing activities	**(507)**	(1,551)	**(779)**	4,149
Net (decrease)/increase in cash and cash equivalents	**(10,009)**	15,568	**(17,811)**	(2,398)
Cash and cash equivalents at beginning of period	**83,384**	52,521	**94,200**	70,603
Exchange losses on cash and cash equivalents	**(1,445)**	(1,464)	**(4,459)**	(1,580)
Cash and cash equivalents at end of period	**71,930**	66,625	**71,930**	66,625

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Trade and other receivables

	At 31 December	
	2013	2012
	£'000	£'000
Net trade receivables	**18,096**	22,775
Receivables owed by group undertakings	**614,114**	610,643
Other receivables	**217**	267
Accrued income	**37,200**	30,624
	669,627	664,309
Prepayments	**13,415**	9,804
	683,042	674,113
Less: non-current portion:		
Trade receivables	**141**	1,500
Non-current trade and other receivables	**141**	1,500
Current trade and other receivables	**682,901**	672,613

2. Trade and other payables

	At 31 December	
	2013	2012
	£'000	£'000
Trade payables	**39,623**	31,924
Payables owed to group undertakings	**40,473**	27,891
Other payables	**14,242**	18,538
Accrued expenses	**20,999**	26,049
	115,337	104,402
Social security and other taxes	**7,139**	10,125
	122,476	114,527
Less: non-current portion:		
Trade payables	**6,955**	7,639
Other payables	**7,874**	13,447
Non-current trade and other payables	**14,829**	21,086
Current trade and other payables	**107,647**	93,441