RED FOOTBALL LIMITED

First Quarter Results

Fiscal Year Ended 30 June 2014

Bond Group Parent: Red Football Limited

Bond Issuer: MU Finance plc

14 November 2013

INTERIM 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 months ended 30 September 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.

INTERIM CONSOLIDATED INCOME STATEMENT - UNAUDITED

	Three months ended 30 September	
	2013 £'000	2012 £'000
Commercial revenue	**59,857**	43,030
Broadcasting revenue	**19,330**	13,722
Matchday revenue	**19,334**	19,564
Group revenue	**98,521**	76,316
Employee benefit expenses	**(52,895)**	(40,272)
Other operating expenses	**(23,388)**	(19,701)
Operating profit before depreciation, amortization of, and profit on disposal of, players' registrations ("EBITDA")	**22,238**	16,343
Depreciation	**(1,983)**	(1,917)
Amortization of players' registrations	**(11,904)**	(9,823)
Operating profit before profit on disposal of players' registrations	**8,351**	4,603
Profit on disposal of players' registrations	**996**	4,818
Operating profit	**9,347**	9,421
Net interest payable on loans and deferred element of terminated interest rate swap	**(654)**	(681)
Foreign exchange losses on US dollar denominated bank accounts	**(3,014)**	(116)
Interest payable on secured term loan facility and senior secured notes	**(4,916)**	(9,053)
Amortization of issue discount and debt issue/finance costs	**(296)**	(3,072)
Premium on repurchase of senior secured notes	**-**	(5,244)
Foreign exchange gains on US dollar denominated secured term loan facility and senior secured notes [(1)]	**-**	7,644
Fair value movement on derivative financial instruments	**(885)**	(16)
Net finance costs	**(9,765)**	(10,538)
Loss before tax	**(418)**	(1,117)
Tax credit/(expense)	**2,416**	(101)
Profit/(loss) for the period	**1,998**	(1,218)
Attributable to:		
Owners of the parent	**1,998**	(1,300)
Non-controlling interest	**-**	82
	1,998	(1,218)

[(1)] On 1 July 2013 the Group started hedging the foreign exchange risk on a portion of future US dollar revenues using the Group's US dollar borrowings as the hedging instrument. As a result, foreign exchange gains or losses arising on re-translation of the Group's US dollar borrowings are now initially recognised in other comprehensive income, rather than recognised in the income statement immediately. Amounts previously recognised in other comprehensive income and accumulated in a hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. commercial revenue), as the underlying future US dollar revenues. This will reduce foreign exchange volatility in the consolidated income statement.

INTERIM CONSOLIDATED BALANCE SHEET - UNAUDITED

	Note	At 30 September	
		2013	2012
		£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment		**256,244**	250,479
Investment property		**14,051**	14,169
Goodwill		**421,453**	421,453
Players' registrations		**144,680**	135,634
Trade and other receivables	1	**241**	1,500
		836,669	823,235
Current assets			
Derivative financial instruments		**882**	1,228
Trade and other receivables	1	**678,011**	689,128
Current tax receivable		**-**	3,551
Cash and cash equivalents		**83,384**	52,521
		762,277	746,428
Total assets		**1,598,946**	1,569,663
EQUITY AND LIABILITIES			
Equity			
Share capital		**-**	-
Capital contribution reserve		**474,203**	474,530
Hedging reserve		**19,395**	791
Retained earnings		**410,573**	416,000
Equity attributable to owners of the parent		**904,171**	891,321
Non-controlling interest		**-**	(1,921)
		904,171	889,400
Non-current liabilities			
Derivative financial instruments		**1,649**	1,701
Trade and other payables	2	**18,014**	23,232
Borrowings		**353,476**	353,966
Deferred revenue		**18,023**	7,131
Provisions		**845**	1,247
Deferred tax liabilities		**14,913**	25,608
		406,920	412,885
Current liabilities			
Derivative financial instruments		**571**	-
Current tax liabilities		**5,472**	3,172
Trade and other payables	2	**107,020**	107,326
Borrowings		**7,571**	5,740
Deferred revenue		**166,757**	150,714
Provisions		**464**	426
		287,855	267,378
Total equity and liabilities		**1,598,946**	1,569,663

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Three months ended 30 September	
	2013	2012
	£'000	£'000
Cash flows from operating activities		
Loss before tax	**(418)**	(1,117)
Depreciation charges	**1,983**	1,917
Amortization of players' registrations	**11,904**	9,823
Profit on disposal of players' registrations	**(996)**	(4,818)
Net finance costs	**9,765**	10,538
Fair value gains on derivative financial instruments	**(160)**	(111)
Reclassified from hedging reserve	**(188)**	-
Decrease in trade and other receivables	**536**	3,587
Increase in trade and other payables and deferred revenue	**10,685**	14,210
Decrease in provisions	**(160)**	(146)
Cash generated from operations	**32,951**	33,883
Interest paid	**(9,146)**	(24,503)
Debt finance costs relating to borrowings	**(19)**	-
Interest received	**59**	85
Income tax paid	**(487)**	(202)
Net cash generated from operating activities	**23,358**	9,263
Cash flows from investing activities		
Purchases of property, plant and equipment	**(4,093)**	(3,396)
Purchases of players' registrations	**(33,450)**	(34,897)
Proceeds from sale of players' registrations	**6,655**	5,364
Net cash used in investing activities	**(30,888)**	(32,929)
Cash flows from financing activities		
Capital contribution	**-**	68,404
Loan to parent undertaking	**(181)**	-
Repayment of borrowings	**(91)**	(62,704)
Net cash (used in)/generated from financing activities	**(272)**	5,700
Net decrease in cash and cash equivalents	**(7,802)**	(17,966)
Cash and cash equivalents at beginning of period	**94,200**	70,603
Exchange losses on cash and cash equivalents	**(3,014)**	(116)
Cash and cash equivalents at end of period	**83,384**	52,521

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Trade and other receivables

	At 30 September	
	2013	2012
	£'000	£'000
Net trade receivables	**11,353**	39,939
Receivables owed by group undertakings	**613,862**	619,241
Other receivables	**3,178**	163
Accrued income	**30,976**	18,309
	659,369	677,652
Prepayments	**18,883**	12,976
	678,252	690,628
Less: non-current portion:		
Trade receivables	**241**	1,500
Non-current trade and other receivables	**241**	1,500
Current trade and other receivables	**678,011**	689,128

2. Trade and other payables

	At 30 September	
	2013	2012
	£'000	£'000
Trade payables	**42,339**	32,783
Payables owed to group undertakings	**34,091**	27,891
Other payables	**16,792**	21,805
Accrued expenses	**20,026**	33,649
	113,248	116,128
Social security and other taxes	**11,786**	14,430
	125,034	130,558
Less: non-current portion:		
Trade payables	**7,291**	7,213
Other payables	**10,723**	16,019
Non-current trade and other payables	**18,014**	23,232
Current trade and other payables	**107,020**	107,326