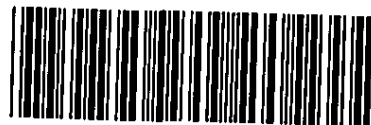


**RED BULL RACING LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31ST DECEMBER 2006**

**TUESDAY**



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**16/10/2007**

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**COMPANIES HOUSE**

**RED BULL RACING LIMITED**

Company No 03120645

**DIRECTORS**

D T Bahar  
Dr H Marko  
D Mateschitz

**SECRETARY**

Laytons Secretaries Limited  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London  
EC4Y 0LS

**AUDITORS**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**REGISTERED OFFICE**

Building 2  
Bradbourne Drive  
Tilbrook  
Milton Keynes  
MK7 8AT

## RED BULL RACING LIMITED

### REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 31st December 2006

#### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £37,000 (2005 - £34,000) The directors do not recommend the payment of a dividend

#### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was the management of a formula one motor racing team Activities undertaken during the year have been for the benefit of Red Bull Racing Partnership and recharged accordingly

The company's turnover achieved during the year under review was £11,264,000 (2005 - £10,765,000)

The company's profit after tax during the year under review was £37,000 (2005 - £34,000)

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risk is to the level of financial contributions toward its racing programme it receives Contributions are dependent upon the underlying performance of the company's racing activities which has seen recent improvement and is expected to continue to improve in the future

#### FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the company's growth in recent years

#### EVENTS SINCE THE BALANCE SHEET DATE

On 1 January 2007, Red Bull Racing Partnership entered into arrangements under which it transferred all of its assets and liabilities to its two partners Red Bull Racing Technology Limited and Red Bull Racing Limited for considerations equivalent to the book value of the assets and liabilities transferred to each partner Red Bull Racing Partnership was subsequently dissolved

#### GOING CONCERN

The financial statements are prepared in terms of the going concern principle on the basis that the company's parent undertaking, Red Bull GmbH, will continue to provide such financial support as is necessary to maintain the company as a going concern for a period of not less than one year from the date of approval of these financial statements

#### DIRECTORS AND THEIR INTEREST

The directors who held office during the year are given below

D T Bahar  
A S Collins (resigned 19 December 2006)  
H Marko, Dr  
D Mateschitz

None of the directors or their families had a notifiable interest in the share capital of the company or any other UK group company during the year under review

## FINANCIAL RISK MANAGEMENT

As part of the review, the Directors have considered the exposure of the company to liquidity risk and foreign exchange risk, in order that an overall assessment can be made of the group's assets, liabilities, its financial position and its results for the year. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

### *Liquidity risk*

The company is funded through its retained profits and intercompany balances. The directors actively consider other sources of funding to ensure that the company has sufficient available funds for its operations.

### *Foreign exchange risk*

The company has foreign currency transactions denominated in Euro, USD and other currencies. The Board reviews and agrees policies for managing risks arising from the company's operations.

## AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Laytons Secretaries Limited  
Company Secretary

## **RED BULL RACING LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF**

**RED BULL RACING LIMITED**

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP  
Registered auditor  
London  
Date

Ernst & Young LLP  
1 May 2007

## RED BULL RACING LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2006

	<u>Notes</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
<b>TURNOVER</b>	2	11,264	10,765
Cost of sales		<u>(840)</u>	<u>(2,323)</u>
<b>GROSS PROFIT</b>		10,424	8,442
Total administrative costs		<u>(10,423)</u>	<u>(8,441)</u>
<b>OPERATING PROFIT</b>	4	1	1
Income from investment in Partnership		25	25
Interest receivable and similar income		-	1
Interest payable and similar charges	3	<u>(1)</u>	<u>(2)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		25	25
Tax on profit on ordinary activities	7	<u>12</u>	<u>9</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	13	<u>37</u>	<u>34</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 2006

There are no gains and losses other than the profit above

The notes on pages 8 to 14 form part of these accounts



## RED BULL RACING LIMITED

## BALANCE SHEET

31ST DECEMBER 2006

	<u>Notes</u>	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>12,196</u>	<u>10,368</u>
<b>CURRENT ASSETS</b>			
Debtors	9	48,911	16,725
Cash		<u>16</u>	<u>54</u>
		48,927	16,779
<b>CREDITORS - amounts falling due within one year</b>	10	<u>(59,780)</u>	<u>(26,916)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(10,853)</u>	<u>(10,137)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,343	231
<b>PROVISIONS FOR LIABILITIES</b>	11	<u>(1,087)</u>	<u>(12)</u>
		<u>256</u>	<u>219</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,000	1,000
Profit and loss account	13	<u>(744)</u>	<u>(781)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14	<u>256</u>	<u>219</u>

The financial statements on pages 6 to 14 were approved by the board of directors on **16 March 2007** and were signed on its behalf by

  
D Mateschitz

The notes on pages 8 to 14 form part of these accounts

**RED BULL RACING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31ST DECEMBER 2006**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the UK

A summary of the more important accounting policies, which have been applied consistently, is set out below

**Turnover**

Turnover represents contributions towards the race programme received and receivable net of value added tax

**Depreciation**

Provision for depreciation of tangible fixed assets, is made on the straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected useful economic lives, which are considered to be

Leasehold improvements	- over remaining period of lease
Motor vehicles	- 3 - 4 years
Office and workshop equipment	- 3 - 7 years
Wind tunnel	- 20 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

**Lease agreements**

Payments under operating leases are charged to the profit and loss account on the straight line basis over the term of the lease

**Cash flow statement**

The Company has taken the exemption available under FRS 1 not to prepare a cash flow statement as it is included in the publicly available group financial statements of its parent

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**RED BULL RACING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST DECEMBER 2006**

## 1 ACCOUNTING POLICIES (continued)

## Fixed assets

Fixed assets is stated at cost less accumulated depreciation and accumulated impairment losses

## Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. All translation differences are taken to the profit and loss account as they arise.

### Research and development expenditure

**Research and development expenditure is charged to the profit and loss account as incurred**

## Pensions

The cost of contributions paid to defined contribution personal pension schemes is charged to the profit and loss account in the year in which the contributions are payable

### Dismantling provision

Provision for dismantling, removing temporary structures and restoring leasehold properties is recognised at the present value of the estimated future expenditure. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is depreciated over the remaining lease term. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision.

## 2 TURNOVER

Turnover, which is net of value added tax, represents income derived from formula one racing agreements

Turnover is attributable to one continuing activity, the management of a formula one motor racing team

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Bank overdraft	1	2
Amounts payable to group companies	-	-
	<u>1</u>	<u>2</u>

#### 4 OPERATING PROFIT

<b>OPERATING PROFIT</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year was arrived at after charging/(crediting)		
Depreciation on tangible fixed assets		
Owned	767	115
Held under finance lease	-	-
Profit on disposal of fixed assets	(197)	-
Operating lease rentals of		
Land and buildings	582	617
Auditors' remuneration - audit	49	38
- non audit fees relating to taxation	2	65
Net loss/(profit)on foreign currency translation	181	(679)

## RED BULL RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
31ST DECEMBER 2006

<b>5</b>	<b>DIRECTORS' EMOLUMENTS</b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
	Emoluments	-	-
	Company contributions paid to defined contribution pension scheme	-	-
	The amounts in respect of the highest paid director are as follows		
	Emoluments	-	-
	Company contributions paid to defined contribution pension scheme	-	-
	No payments have been made to any director during the period		
<b>6.</b>	<b>EMPLOYEES</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	The average number, including directors, employed by the company during the year was as follows	<b><u>No. of employees</u></b>	
	Design	-	-
	Racing and Production	-	-
	Administration	-	-
		-	-
	The related staff costs amounted to	<b><u>£'000</u></b>	<b><u>£'000</u></b>
	Wages and salaries	-	539
	Pension costs	-	8
		-	547
<b>7.</b>	<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b><u>2006</u></b> <b><u>£'000</u></b>	<b><u>2005</u></b> <b><u>£'000</u></b>
(a)	Tax credit for the year		
	UK corporation tax on profit		
	Current year	-	-
	Prior year	-	(21)
	Total current tax credit	-	(21)
	Deferred tax – origination and reversal of timing differences (note 11)	(12)	12
	Total tax credit	(12)	(9)
(b)	Current tax reconciliation		
	Profit before tax on ordinary activities	25	25
	Profit on ordinary activities at 30%	8	8
	Difference in tax and accounting profit of share in Partnership	-	8
	Non deductible items	127	19
	Depreciation and impairment in excess of capital allowances	132	(336)
	Group relief surrendered for nil payment	(267)	301
	Adjustment in respect of prior year	-	(21)
		-	(21)

## RED BULL RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
31ST DECEMBER 2006

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

## (C) Factors that may affect future tax charges

The company has estimated tax losses of £1,178,551 (2005 - £2,069,116) that are available indefinitely for offset against future taxable profits of the company arising from the same trade. A deferred tax asset of £353,565 (2005 - £620,735) has not been recognised in respect of these losses since the benefit of the losses will only accrue when future taxable profits are generated. Further a deferred tax asset of £92,000 (2005 - deferred tax liability £67,000) in respect of decelerated (2005 - accelerated) capital allowance has not been recognised.

## 8 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Assets in the course of construction £'000	Office and workshop equipment £'000	Land and buildings £'000	Total £'000
<b>Cost</b>					
At 1 January 2006	5,260	11,861	-	9,185	26,306
Additions	1,904	676	-	4,016	6,596
Disposals	-	(199)	(3,802)	-	(4,001)
Transfers	-	(11,861)	3,802	8,059	-
At 31 December 2006	7,164	477	-	21,260	28,901
<b>Depreciation</b>					
At 1 January 2006	3,905	4,006	-	8,027	15,938
Charge for year	425	-	-	342	767
Disposals	-	-	-	-	-
Transfers	-	(4,006)	-	4,006	-
At 31 December 2006	4,330	-	-	12,375	16,705
<b>Net book value</b>					
At 31 December 2006	2,834	477	-	8,885	12,196
At 31 December 2005	1,355	7,855	-	1,158	10,368

## 9. DEBTORS

	2006 £'000	2005 £'000
Amounts falling due within one year		
Trade debtors	344	2
Amounts owed by group undertakings	46,092	14,886
Other debtors	-	2
Prepayments and accrued income	2,475	1,835
	48,911	16,725

## 10. CREDITORS - amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	123	467
Amounts owed to group undertakings	56,753	24,703
Other taxes and social security	1,003	578
Other creditors	44	62
VAT Liability	885	367
Accruals and deferred income	693	454
Creditors for capital expenditure	279	285
	59,780	26,916

**RED BULL RACING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31ST DECEMBER 2006**

**11. PROVISIONS FOR LIABILITIES**

The movements in provisions for liabilities during the current year are as follows

	Deferred tax £'000	Dismantling provision £'000	Total £'000
At 1 January 2006	12	-	12
Reversal during the year	(12)	-	(12)
Provision made during the year	-	1,087	1,087
At 31 December 2006	-	1,087	1,087

**DEFERRED TAXATION**

	Share of partnership £'000	Total £'000
Deferred tax provided		
Brought forward	(12)	(12)
Credited/(charged) to profit and loss account (note 7)	12	12
Carried forward	-	-

**12. CALLED UP SHARE CAPITAL**

	<u>2006</u> £'000	<u>2005</u> £'000
Authorised, allotted, called up and fully paid 1,000,000 Ordinary shares of £1 each	1,000	1,000

**13. PROFIT AND LOSS ACCOUNT**

	<u>2006</u> £'000	<u>2005</u> £'000
At 1 January	(781)	(815)
Profit for the financial year	37	34
At 31 December	(744)	(781)

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2006</u> £'000	<u>2005</u> £'000
Opening shareholders' funds	219	185
Profit for the year	37	34
Closing shareholders' funds	256	219

**RED BULL RACING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31ST DECEMBER 2006**

**15. CAPITAL COMMITMENTS**

	<u>2006</u> £'000	<u>2005</u> £'000
Contracts placed for future capital expenditure not provided for in the financial statements	76	410

**16. OPERATING LEASES**

The company was committed to making the following annual payments under non-cancellable operating leases as at 31 December

	<u>2006</u> <u>Land and</u> <u>buildings</u> £'000	<u>2005</u> <u>Land and</u> <u>buildings</u> £'000
Leases expiring Over five years	893	617

**17 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available to companies that are at least 90% owned and whose parent company's consolidated financial statements are publicly available not to disclose transactions with group companies under provisions of FRS 8. This exemption has been claimed for transactions with companies within the Red Bull Technology Limited group.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 December 2006 are as follows:

Name	Relationship	Sponsors hip/other income £'000	Purchase s of goods and services £'000	Purchase s of fixed assets £'000	Sale fixed assets £'000	Amounts owed from/(to) related party £'000
Red Bull GmbH	Parent company					
2006		-	-	-	-	(56,753)
2005		-	-	-	-	(24,703)
Red Bull Limited	Fellow subsidiary					
2006		-	-	3,500	-	-
2005		-	-	-	-	-

**RED BULL RACING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31<sup>ST</sup> DECEMBER 2006**

**18 POST BALANCE SHEET EVENTS**

On 1 January 2007, Red Bull Racing Partnership entered into arrangements under which it transferred all of its assets and liabilities to its two partners Red Bull Racing Technology Limited and Red Bull Racing Limited for considerations equivalent to the book value of the assets and liabilities transferred to each partner. Red Bull Racing Partnership was subsequently dissolved.

**19 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Red Bull Technology Limited who prepares consolidated financial statements, copies of which are available from Carmelite 50 Victoria Embankment, Blackfriars, London EC4Y 0LS.

In the opinion of the directors, the ultimate parent undertaking and controlling party was Red Bull GmbH, a company incorporated in Austria.