



SPORTING CLUBE DE PORTUGAL - FUTEBOL, SAD

Annual Report 2015 / 2016



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Translator's Note: This report is a translation of the original issued in the Portuguese language. In the event of discrepancies the Portuguese version prevails.



MESSAGE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholders,

The financial period presented herein covers the period between 1 July 2015 and 30 June 2016, corresponding to sports season 15/16, which was characterized by a strengthening of the competitiveness of the Sporting SAD.

The work that has been carried out by the current management had as its first priority the financial recovery of the SAD and its respective restructuring. Having completed this process, the daily work started focusing on the implementation and enforcement of the agreements with the banking partners and the strengthening of the sports aspect, in its multiple dimensions.

Sports season 15/16 was marked by the hiring of Coach Jorge Jesus, a former athlete and Member of the Club, a coach with a history and skills recognized by all.

Professional football experienced a new dynamic, vying for the title of national champion right up to the very last match, beating its points scored (86) record which, however, fell short for taking of league title by a mere two points, the equivalent of a draw.

In European terms, our Club was eliminated in the qualifying round of the Champions League, a round in respect of which the result would surely be another if the video referee had already been implemented. Having been relegated to the Europa League, our Club passed the group phase and reached the 1/8 finals. Of note, too, was the direct qualification to the group phase of the Champions League for season 16/17, due to its relevance in financial, sports and reputational terms and the winning of the *Supertaça Cândido de Oliveira* (Portuguese Supercup).

The sports season in question was also indelibly marked by the conquest, by our National men's soccer team, of the European Champion title, in the final held in Paris, on 10 July, against the host team. It should be pointed out that of the fourteen players of the "Seleção dos Aurélios" (designation attributed to the National men's team in honor of Aurélio Pereira) used in the final, ten had been formed by our Club and of the starting line-up four represented our team during season 15/16.



Of note, too, is the signing of one of the biggest television rights and sponsoring contracts in the Country, signed between NOS, Sporting SAD and its associated company Sporting – Comunicação e Plataformas, S.A., with the contract in force until June 2018 with longtime partner PPTV also having been updated.

The Net result for the financial period under review amounted to a loss of 31,905 thousand Euros and results mainly, as opportunely announced, from the recognition of non-recurring expenses totaling 14,991 thousand Euros arising on football player Rojo's transfer, a process that is still under litigation in the Swiss courts. Without this impact, the loss for the period would be amount to approximately 16,914 thousand Euros and, had Sporting acceded to the group phase of the Champions League, would have been largely mitigated. It should be noted that the positive Net income for the financial period ended in June 2015, totaling 19,333 thousand Euros, was also influenced by the capital gain on the sale of the sports and economic rights of the player Marcos Rojo, amounting to 13,577 thousand Euros. Had this gain not been recorded, the Net income would amount to approximately 5,200 thousand Euros (net of corporate income tax). It should be noted that this result does not negatively influence the results for UEFA Financial Fair Play purposes, which are based on the addition of the last three years and exclude a significant number of costs, namely those incurred with the sports infrastructure (stadium and academy) and with grassroots football (football training).

Furthermore, for reasons related to sports competitiveness and bargaining power it was decided, although proposals were received, not to sell players for this purpose, during the so-called winter market window. Time has confirmed the appropriateness of the decisions, with the sales made since, during the subsequent period, in August 2016, of João Mário and Slimani covering that loss. These sales were the highest made in the history of the SAD which, as is known, formed two FIFA Golden Balls, Figo and Cristiano Ronaldo. In this regard, the capital gain to be recorded in the results for season 2016/2017, on the sale of the sports and economic rights of these two players will attain some 54 million Euros.

As regards grassroots football, our Juvenile team was crowned National champion, with the Junior team having disputed the title right up to the final round, taking second place, as occurred, too, with the Under 15 team (Initiates team).

Of note, too, is the return, as from season 16/17, of women's football in the senior and grassroots levels.

In terms of CAPEX, Sporting SAD replaced the pitches at Estádio José Alvalade, Estádio Aurélio Pereira and at the academy, having proceeded with the replacement of the



synthetic pitches and other structural works such as the construction of a new field, lighting and other support infrastructure.

We will continue to invest in that which is Sporting's DNA – at the grassroots level (training), in infrastructure, in the qualification of the human capital existing at all levels of the hierarchy and in the dissemination and internationalization of the brand.

Thus, I want to express our thanks to all those who, on a daily basis, continue to help us develop SPORTING SAD and enhance the Sporting Clube de Portugal name. Employees, athletes, partners and all the other stakeholders.

To all of them, our heartfelt thank-you.

Long live Sporting Clube de Portugal!



Bruno de Carvalho
Chairman of the Board of Directors



SPORTING CLUBE DE PORTUGAL – FUTEBOL, S.A.D.

Public Company

Share Capital: 67,000,000 Euros

Net Equity approved at the General Meeting of 30 September 2015: 7,043,000 Euros

Registered Office: Estádio José de Alvalade - Rua Professor Fernando da Fonseca, Lisbon

Registered with the Lisbon Commercial Registry under single Registration and

Taxpayer no. 503994499

MANAGEMENT REPORT

Dear Shareholders,

In compliance with the legislation in force, we submit for your appreciation the Management Report, the Statement of Financial Position, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and the respective Notes to the financial statements related to financial period 2015/16, which covers the period 1 July 2015 through 30 June 2016.

The Company presents its annual financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union.



I. IMPORTANT ASPECTS OF THE COMPANY'S ACTIVITY

1. SPORTS ACTIVITY

Main Team | Sports seasons 2014/2015 and 2015/16

During season 2014/15, the following movements of athletes from the A and B squads of SPORTING SAD occurred:

Incoming athletes (Name Club)		Outgoing athletes (Name Club)	
New contracts / Cessions		Temporary cessions	Definitive cessions
Hadi Sacko Bordeaux		Ruben Semedo Reus	Vítor Silva Reus
Ryan Gauld Dundee United		J Lopes "Zézinho" AEL Limassol	Marcos Rojo Man United
Naby Sarr Olympique Lyonnais		Diogo Salomão Deport. La Coruña	Fabian Rinaudo Catania
Jonathan Silva Estudiantes La Plata		Wilson Eduardo Dinamo Zagreb	Eric Dier Tottenham
Ramy Rabia Al Ahly		Valentim Viola Karabukspor	Mickael Meira AEL Limassol
Nani Manchester United	a)	L Almeida "Kikas" Rapid Bucaresti	Luka Stojanović Apollon FC
Ewerton FC Anji	a) c)	A Coelho "Betinho" Brentford FC	Wilson Manafá Beira-Mar b)
Azbe JUG		Heldon Córdoba	Cédric Soares Southampton
Bruno Fernandes Vizela		Carlos Chaby União da Madeira	M. Nascimento SS Lazio
		Edelino Ié Pakruojo FC	Lewis Enoh Lokeren
		Lewis Enoh Leixões	
		Ricardo Esgaio Académica	
		Salim Cissé Académica	
		Atud Fokobo FC Arouca	
		Iuri Medeiros FC Arouca	
		Jorge Santos Salgueiros	
		M Samba Baldé B Cast Branco	
		Simeon Slavchev Bolton	
		Maurício Nascimento SS Lazio	
		Diego Rubio Sandnes Ulf	
		b)	

a) Temporary cession

b) January transfer window

c) Purchase option exercised



As for season 2015/16, the following movements occurred:

Incoming athletes (Name Club)		Outgoing athletes (Name Club)		Internal operations	
New contracts / Cessions	Temporary cessions	Definitive cessions	New contracts / Renewals	Terminations / Cessions	
Teófilo Roncancio River Plate	André Geraldes Barros Belenenses	Alberto Coelho Belenenses	Tobias Figueiredo	Jorge Santos	
Alberto Aquilani Free	Carlos Chaby União da Madeira	Diego Capel Genova	Mauro Riquicho	Marcelo Boeck	
Bruno Silva (Paulista) EC Bahia	Heldon Ramos Rio Ave	Diego Rubio Valladolid	João Palfinha Gonçalves	Diogo Salomão	
Bryan Ruiz Fulham FC	Hugo Miguel Lopes Granada	Naby Sarr Charlton	Gelson Dany Batalha Martins	André Martins	
Edimundo Pereira Udinese	Iuri Medeiros Moreirense	Ramy Rabia Al Ahly	Francisco Geraldes	André Camilo	
João Pereira Free	Jólio Palfinha Gonçalves Moreirense	Wilson Eduardo SC Braga	Daniel Castelo Podence		
Marvin Zeegelaar Rio Ave	Luis Almeida (Kikas) Rec Huelva	Shikabala Zamalek	João Mário		
Bruno César Free	Luis Ribeiro Rec Huelva	Valentim Viola Apollon	Carlos Mané		
Ezequiel Schelotto Free	Michael Pinto Rec Huelva	Fredy Montero Tianjui Teda	Islam Slimani		
Amâncio Canhembe LD Maputo *	Ruben Semedo Vitória FC	Luis Ribeiro Estoril Praia	Guilherme Ramos **		
Lukas Spalvis Aalborg	Simeon Slavchev Appolon Limassol	Michael Pinto Belenenses	Jefferson Moreira		
Alberto Coelho Belenenses *	Wallyson Mallmann OGC Nice	Jorge Silva Leixões SC	Domingos Duarte		
Sebastian Coates Sunderland *	Jonathan Silva CA Boca Juniors		Ivanildo Fernandes		
Henan Barcos Tianjui Teda	Mamadu Samba Candé MLS		Pedro Silva		
Thomas Rukas UD Leiria	Luis Ribeiro Feirense		Rafael Leão **		
Alán Ruiz CA Colón	Oriol Rosell Vitória SC		Aya Diouf **		
Federico Ruiz CA Colón	Sallie Cissé Vitória FC		Adrien Silva		
Radoslav Petrović Dinamo Kyiv	Hadi Sacko FC Sochaux		William Carvalho		
David Suaílhe Free	Tanaka Reysa		Miguel Maric Luis **		
Eduardo Pinheiro Free	Zakaria Labyad Fulham FC		João Fernandes Oliveira **		
Diogo Nunes Leixões	Tobias Figueiredo CD Nacional		Daniel Bragança **		
	Francisco Geraldes Moreirense		Luis Maximiano **		
	Rafael Barbosa União da Madeira		Rui Patrício		
	Domingos Duarte Belenenses		Ruben Semedo		
			Tiago Ojád **		
			Iuri Medeiros		
			Ricardo Esgaio		
			Bruno Fernandes **		
			Gonçalo Vieira **		
			Nuno Moreira **		
			Diogo Brás **		
			Bernardo Sousa **		
			Jefferson Encada **		
			Bruno Paz **		
			Abdu Conté **		
			Miguel Faria Lopes **		
			Thierry Correia **		
			Tomás Costa Silva **		
			Pedro Miguel Dinis Ferreira **		

* Temporary cession "in"

** Previous sports training contract

Corporate Bodies

On 1 October 2014, following the end of the corporate bodies' term of office, the Board of Directors of the Company was elected for the quadrennial 2014/2018, with the following composition: for the office of Chairman of the Board of Directors, Mr. Bruno Miguel Azevedo Gaspar de Carvalho, and for the office of Member of the Board of Directors, Messers Carlos Fernando Barreiros Godinho Vieira, Guilherme José Araújo da Costa Carracho Lourenço Pinheiro, Paulo Miguel Soares Antunes da Silva, Rui Pereira Caeiro and Victor Manuel da Silva Ferreira.

On 1 April 2015, Mr. Victor Manuel da Silva Ferreira resigned from his office of Member of the Board of Directors, effective as from 31 May 2015, with, to date, no substitute having been nominated or elected.



On 27 April 2016, Mr. Paulo Miguel Soares da Silva submitted, for personal and professional reasons, his resignation as Member of the Company's Board of Directors, with Mr. Nuno Jorge Lopes Correia da Silva having been appointed, by cooptation, as Member until the end of the current term of office.

Director-General of Professional Football

There were no changes during the sports season underway.

Director-General of Grassroots Level (Training Level) Football

Virgílio Lopes continues to assume this position.

Main Coach

During sports season 2015/16, Coach Jorge Jesus assured the technical command of the professional football team.

The B team remained under the command of João de Deus and his team, who, in October 2014, substituted Francisco Barão at the technical helm, the latter integrating same.

Liga Nacional (National League)

SPORTING SAD's main team finished the first League 2015/16 in 2nd place (86 points, 10 more than in the previous season and 19 more than in season 2013/14) which granted it direct access to the group phase of the UEFA Champions League 2016/17.

Taça de Portugal (Portugal Cup)

SPORTING SAD's main team was unable to pass the 5th round of the Portugal Cup 2014/2015, disputed away from home against SC Braga. In the previous season it had won this Cup, the 16th time in the Club's history.

Taça da Liga (League Cup)

SPORTING SAD disputed phase 3 of the 2015/2016 League Cup, in a group that included FC Arouca, Portimonense and FC Paços de Ferreira.

Liga de Honra (League of Honor)

The B Team made 10th place in the Second League.



Personal and Social Development/Training:

The concern with athletes' personal and social development/training continued to be an important aspect in the formation of these young people and in this season the following results were achieved:

- 81.1% overall scholastic success (n = 37);
- 80.0% scholastic success of residents in terms of primary education;
- 83.3 % scholastic success of residents in terms of secondary education.

At the Academy, the integrated development was promoted through the *Departamento de Alto Rendimento* (High Yield Department), which acts transversally with all the participants in same. Hence, during the financial period, in addition to the above mentioned skills' enhancement and scholastic motivation, periodic meetings with the technical heads of the various levels, the liaison with the clinical department to anticipate possible risk situations and the development of internal training courses were also promoted.

Escolas Academia Sporting (EAS) (Sporting Academy Schools):

Sporting maintained 24 Schools in operation during the present season, counting on a total of 4 500 youths aged between 4 and 15. As regards the recruitment of athletes for the grassroots levels (training levels), 6 entries were recorded for season 16/17, 3 of which will integrate the teams at the EUL (Estádio Universitário de Lisboa) Hub with the remaining 3 athletes joining the Sporting Academy teams.

Internationalization

Sporting has developed a number of dissemination activities with regard to its academy, having the following International Sporting Academy Schools (EAS) in operation - Escola Academia Sporting Toronto (Sporting Toronto Academy School) (Canada); EAS CANO Sport Academy (Equatorial Guinea); EAS Cidade da Praia and EAS Mindelo, both in Cape Verde; EAS Rustenburg, EAS Nelspruit and EAS Bedfordview, all in South Africa; maintaining negotiations underway for the opening of EASs in Colombia, Australia, Greece, Switzerland, China and Angola.

There are also cooperation protocols with 1º de Agosto and with Recreativo de Cáala, both in Angola, F91 Dudelange (Luxembourg), New England Revolution (USA), Real Cartagena and J&SM Sports Management SAS, in Colombia, European Football Academy in England, Kairat Almaty (Kazakhstan) and Al-Ittihad in Egypt.



Commercial Activity of the Academy

Three editions of the Sporting Summer School were held, an internship for young coaches was held simultaneously with the Férias Academia (Academy Holidays) and a "Lions" Christmas Holidays Program was attended by 71 youths.

Sporting Training Academy

Being more than just a football Club, Sporting has defined in its strategy an important chapter on sustainability and social responsibility.

Sporting is known as a training Club and has competent people in this area. Hence, the decision was taken to develop products so as to work this area with the aim of creating a unified offer by the various employees, thereby enhancing the Club as a training brand, not only internally but also in the community, and expanding the Sporting brand, already associated with training, to civil society. It was in this sense that we promoted the creation of the Sporting Training Academy brand. This brand aims to bring together, in an integrated manner, the entire training offer the Club has in sports terms.

The vision embraces the design, implementation and evaluation of training programs that excel through quality and differentiation at the national and international level.

This concept is in line with the Sporting brand values, given the excellence in athlete development, realized by professionals working in the Club and in the SAD. The brand develops specific products for the education, health, performance and training and management areas.

a) Sporting Summer School

Launched in 2014, under this product, marketed between the months of July and August, young aspiring coaches can reside for six days at the Academy, applying their learning to the athletes enrolled in the sports holidays - another initiative that allows young athletes to reside at the Sporting Academy for a week, dedicating themselves exclusively to football.

The first edition of the Sporting Summer School worked with one level 1 class, to test the concept, with the program covering areas such as training, physical education, performance psychology, recruitment and the clinical area, lectured for eight hours daily. The possibility of the students residing at the Academy during the course is optional. Whilst in 2014 only one level 1 class was opened, the 2015 edition had four level 1 classes (36 students). In 2016, to the level 1 course was added the offer of a level 2 course. The two courses have been certified by the Instituto Português do Desporto e da Juventude (IPDJ) (Portuguese Institute of Sport and Youth) as Continuing Education for Sports Coaches (corresponding to 8.8 units of credit for the renewal of the Professional Title of Sports Coach). During this year, 2 level 1 courses and 1 level 2 course were realized.



All this so that Sporting can assume itself not only as the only Club to have trained two Golden Ball winners, but also as the one that can launch coaches of excellence into the World.

b) Masters in Sports Management

To develop the professional sports fabric, Sporting focuses on the development of the Masters in Sports Management in partnership with ISG – Instituto Superior de Gestão (Higher School of Management). One of the pillars of this project is to seek answers and solutions so as to positively work the skills of the professional sports fabric.

This course translates a strong commitment to higher education. It is a differentiated offering in the Management area, offering organizational knowledge at the various levels, such as at the club, team, human resources, and facilities, i.e., all areas directly linked to sports and to a sports structure.

The Masters will also be lectured at the Jose Alvalade Stadium and will include two residential days at the Sporting Academy. It will have a very practical approach and will be lectured solely by professionals with experience rooted in the sports reality.

c) Training Course for Sports Management Technical Support Professionals

Sporting is also characterized by the concerns it harbors with the various issues relating to the young people it trains. Hence, the Club grasped the school problems existing amongst athletes training in the various "leonine" sports areas and decided to act, setting up within the Sporting Training Academy, in partnership with the Instituto de Emprego e Formação Profissional (Institute of Employment and Professional Training), a learning course aimed at young athletes of the various sports areas and of the Academy, as well as for young people who may be proposed by the Sporting Foundation and by civil society itself.

Both of the Sports Management Technical Support courses (47 students) will commence in September and will permit a dual certification: 12th grade at school level and level 5 at the Sports Management Technical Support Professional level.

d) Leonine Holidays

This is a sports holiday program with a very strong component of Sporting culture promotion to children. This program was run at the Multisport facilities during the months of July, August and September. In this second year, 9 weeks were organized with the presence of about 270 young people aged between 6 and 14.

Since the football sports holiday already exists, this ATL (Leisure Time Workshop) aims to divulge the other sports areas of the Club. Young people can enjoy many of the 'leonine' sports areas, such as swimming, table tennis, futsal or combat sports, amongst others. This ATL will also include visits to the Museu Mundo Sporting (Sporting-World Museum), the



Stadium and various development activities (such as Sporting TV Kids, Caça ao Jubas ("Lion Mane" Hunt)). In 2016, the product "Lions" Christmas Holidays at the Academy was developed. This product surpassed expectations, registering the presence of 71 youths.

Clinical Department

The Clinical Department is coordinated by Dr. Frederico Varandas, being its clinical director and 1st doctor of the Senior team. It is also constituted by Dr. Francisco Moreira (1st doctor of the B team), Virgílio Abreu (2nd doctor of the A team and 2nd doctor of the B team), Dr. Nuno Oliveira (doctor of the youth levels) and Dr. Pedro Pessoa: responsible for orthopedic surgery and doctor of the youth levels.

Annually, the Medical Department of SCP organizes the "*Jornadas Internacionais de Medicina Desportiva do SCP*" (SCP International Sports Medicine Workshops). The workshops are presided by Dr. Frederico Varandas and Dr. Pedro Pessoa.

2. FINANCIAL RESTRUCTURING

Under the financial restructuring plan contracted, and consequent recapitalization of the Company, the following operations, previously approved by the Company's General Meeting of 23 July 2013, following the prior approval thereof by the General Meeting of Sporting Clube de Portugal, of 30 June 2013, were implemented:

- Merger by incorporation of SPM in SPORTING SAD, in accordance with art. 97 no. 4 paragraph a) of the Commercial Companies Code, with the transfer of SPM's net assets, which include the extension in time of the surface rights over the José Alvalade Stadium and the Multisport Building amounting to 73 million Euros, which term expires on 4 April 2063. The merger produced accounting impacts as from 1 October 2014 and entailed an increase in the share capital of the Company of 8 million Euros, taking it up to 47 million Euros.
- Share capital increase, in kind, realized by Holdimo SA in the amount of 20 million Euros, realized through the incorporation of a credit of the same amount held by that company, and materialized through the issue of 20 million new shares with a nominal value 1 Euro each, with, consequence thereof, the Company's share capital increasing, once more, to 67 million Euros.
- Issue of securities mandatorily convertible (SMC) into shares of the Company, registered and nominative, in the amount of 80 million Euros, with a nominal value of 1 Euro each, with a 12-year period, at a subscription price of 1 Euro each. These SMCs will be convertible into ordinary shares (category B) of SPORTING SAD at a conversion price of 1 Euro each, with a conditional annual gross interest rate of 4%, due when SPORTING SAD has distributable earnings in the financial period ended prior to the annual interest payment date. The issue was executed through



private placement with payment in kind, consisting of the conversion of loans held in SPORTING SAD by Novo Banco, S.A., amounting to 24 million Euros and by Banco Comercial Português, S.A., amounting to 56 million Euros.

- Acquisition of Participation Units of Sporting Portugal Fund, complying with a strategic management objective of SPORTING SAD of recovering economic rights previously disposed of by the Company in respect of the players making up the portfolio of the Sporting Portugal Fund, with SPORTING SAD acquiring 100% of the Participation Units (PUs) of that Fund, realizing to that effect a total investment of 12,650,000 Euros, it being our belief that this acquisition price will be recovered through the future sale of these economic rights.
- The General Meeting of 23 July 2013 also granted an authorization to the Board of Directors to carry out one or more capital increases of SPORTING SAD, in a total amount of 18 million Euros, to be realized in cash through private placement with (an) investor(s) of reference selected by the Company's Board of Directors, with suppression of the preemptive right of the shareholders.

The Company presents, as at 30 June 2016, a negative equity, causing SPORTING SAD to be in the situation referred to in art. 35 of the Commercial Companies Code.

In this context, in compliance with the provisions of that article, the shareholders shall decide at the General Meeting as to the possibility of the:

- a) dissolution of the company;
- b) reduction of the share capital;
- c) realization of cash contributions that maintain, at least, a two-thirds coverage of the share capital; and / or
- d) taking of concrete measures aimed at maintaining, at least, a two-thirds coverage of the share capital.

Nevertheless, it is the opinion of the Board of Directors that the course charted for SPORTING SAD, with the guidelines previously announced, sustained and based on the financial restructuring project already implemented and taking into account the subsequent facts contained in the present report, will enable the SAD to create value, generate profits and overcome the situation in which it finds itself of having lost half of its share capital.

3. SUBSEQUENT EVENTS



Preparation of the 2016/17 squad

In the context of the squad preparation for sports season 2016/17, taking into account the sports objectives defined, and the need for an efficient and rational management of SPORTING SAD's professional squad, the following transactions related to athletes were undertaken:

* Temporary cession "in"

Incoming athletes (Name Club)
New contracts / Cessions
André Souza SC Corinthians Paulista
Bas Dost Wolfsburg
Beto Pimparel Free
Bilel Aouacheria SC Covilhã *
Boubacar Kiki Kawkab AC
Budag Nasirov Free
Douglas Teixeira Trabzonspor
Elias SC Corinthians Paulista
Fidel Escobar Mendieta S San Miguelito *
Joel Campbell Arsenal FC *
Lazar Markovic Liverpool *
Leonardo Ruiz Atlético Nacional *
Liam Jordan Bidvest Wits University *
Luc Castaignos Eintracht Frankfurt
Marcelo Meli CA Boca Juniors *
Pedro Delgado Inter de Milão
Ricardo Guimarães UD Oliveirense
Ricardo Ribeiro Moreirense



And, as for outgoing athletes:

Outgoing athletes (Name Club)	
Temporary cessions	Definitive cessions
André Geraldes Vitória FC	Edinaldo Pereira FC Krasnodar
Carlos Chaby SC Covilhã	Islam Slimani Leicester
Carlos Mané Vfb Stuttgart	João Mário Eduardo Inter. Milano
Cristian Ponde SC Covilhã	José Luis Mendes Lopes Levadiakos
Daniel Podence Moreirense	Luis Almeida (Kikas) Leixões
Domingos Duarte Belenenses	Ousmane Dramé Moreirense
Ewerton Santos Kaiserslautern	Salim Cissé SC Olhanense
Federico Ruiz SU Sintrense	
Francisco Geraldes Moreirense	
Guilherme Oliveira Cova da Piedade	
Hadi Sacko Leeds United	
Heldon Ramos Rio Ave	
Hernan Barcos CA Velez Sarsfield	
Iuri Medeiros Boavista	
João Palhinha Gonçalves Belenenses	
Miguel Lopes Akhisar	
Oriol Rosell Belenenses	
Rafael Barbosa União da Madeira	
Ryan Gauld Vitória FC	
Simeon Slavchev Lechia Gdansk	
Tanaka Reysol	
Teo Guitierrez CA Rosário Central	
Wallyson Mallman Standard de Liège	

As for internal movements, the following are of note:

Internal operations	
New contracts / Renewals	Terminations / Cessions
André Geraldes	Alberto Aquilani
Bruno Paulista	Zakaria Labyad
Elves Baldé *	
Pedro Empis *	

* Previous sports training contract

European competitions 2016/17

At the time of issuing the present report, Sporting is included in Group F of the Group phase of the Champions League, together with Real Madrid, Borussia of Dortmund and Legia of Warsaw. The first game will take place at the Santiago Bernabéu Stadium, on 14 September.

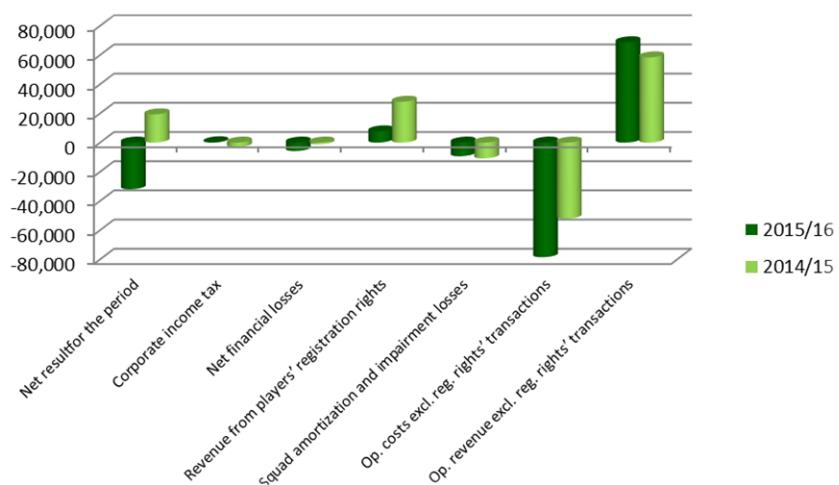


II. ECONOMIC AND FINANCIAL ANALYSIS

In financial period 2015/16, SPORTING SAD presented a negative net result of 31,905 thousand Euros, a result substantially lower than that verified in the previous period. The main captions of the Income statement for the periods ended 30 June 2016 and 2015 are presented as follows:

Description	2015/16	2014/15
Net result for the period	-31 905	19 333
Corporate income tax	206	-3 017
Net financial losses	-5 760	-1 113
Revenue from players' registration rights	7 716	28 002
Squad amortization and impairment losses	-9 332	-10 816
Operational costs excl. registration rights' transactions	-78 494	-52 105
Operational revenue excl. registration rights' transactions	68 750	58 382

Graphically:



SPORTING SAD's net result for season 2015/16 amounted to a negative 31,905 thousand Euros, which compares with that of the previous financial period (a positive 19,333 thousand Euros). This change reflects, essentially, the effect the Doyen process at the level of what one can consider a non-recurring cost. Without this effect, the Net result would continue negative but would approximate a negative 16,914 thousand Euros. This negative result would likely be eliminated had Sporting made the group phase of the Champions League. Additionally, if one removes the capital gain resulting on the sale of the rights of the player Marcos Rojo (that originated the Doyen process), in the amount of 13,577 thousand Euros, recorded in the financial period ended on 30 June 2015, the net result for



that financial period would approximate a positive 5,200 thousand Euros (net of corporate income tax).

The results presented for season 2015/2016 confirm Sporting's assertion strategy that, having recovered from a negative period of its history, managed to increase the investment in its squad and in its academy and, thereby, signed one of the most important television and sponsoring rights contracts, to date.

Despite the results presented, one verifies a significant increase in operational results, that closed with 68,750 thousand Euros, well above the 58,382 thousand Euros of the previous season. The amount of the capital gains with player transactions stood at 7,716 thousand Euros, and are fundamentally related to the sale of the rights relating to Fredy Montero and Valentin Viola. The capital gains on the sale of the rights relating to the athletes João Mário and Islam Slimani, amounting to some 54,000 thousand Euros, will only be recorded in the 2016/2017 financial period.

In addition, the result for the period is affected by the reinforcement of the provisions for costs and the financial impact of the restatement of the bank debt, considering the estimate existing at the date of this report in respect of an anticipation of a capital amortization, pursuant to that established in the framework agreement celebrated with the financial institutions Novo Banco and Millennium BCP.

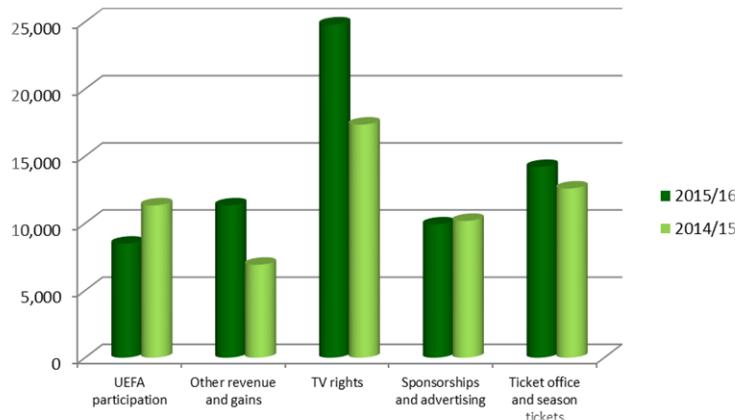
1. Operational revenue and gains excluding registration rights' transactions and amortization and impairment losses of the squad

The operational revenue of SPORTING SAD evolved positively between seasons 2014/15 and 2015/16, recording an increase in excess of 10 million Euros, as follows:

Operational revenue and gains	2015/16	2014/15
UEFA participation	8 486	11 339
Other revenue and gains	11 336	6 915
TV rights	24 809	17 353
Sponsorships and advertising	9 921	10 181
Ticket office and season tickets	14 198	12 595
	68 750	58 382

Graphically:





As can be observed, this increase is explained mainly by the combined effect of (a) an increase in revenue from ticketing, (b) an increase in TV rights (due to the renegotiation of the PPTV contract) and (c) an increase in other revenue (largely related to revenue generated by friendly matches).

2. Operational costs and losses excluding registration rights' transactions and amortization and impairment losses of the squad

As for SPORTING SAD's cost structure, financial period 2015/16 saw an increase in total expenditure incurred, associated with the above mentioned investment in the professional squad and academy. It should, however, be stressed that this does not imply any reversal in the cost containment policy, but rather a focus on a greater activity dynamic, aimed at positioning SPORTING SAD, permanently, amongst the best Portuguese teams – a place, it must be stressed, is its by right -, which resulted in the assumption of higher costs.

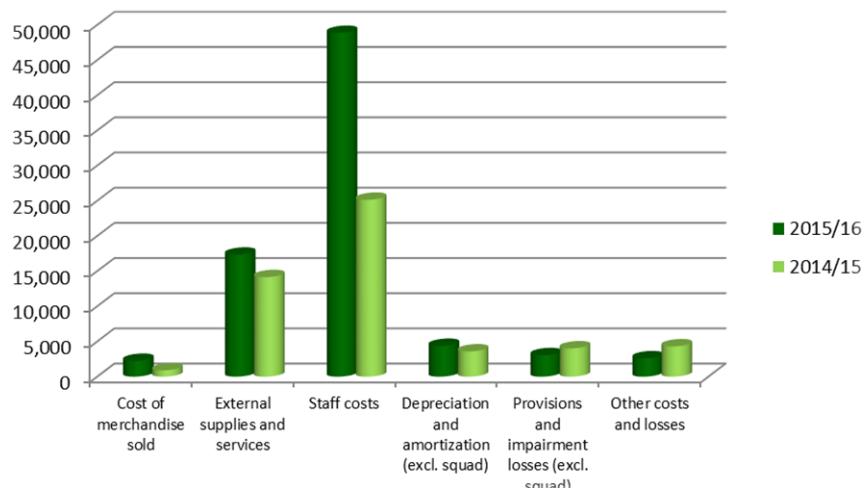
Indeed, the 26,389 thousand Euros increase verified reflects, essentially, an increase in the caption Staff costs.

In absolute terms:

Operational costs and losses	2015/16	2014/15
Cost of merchandise sold	2 247	902
External supplies and services	17 342	14 147
Staff costs	48 865	25 140
Depreciation and amortization (excl. squad)	4 378	3 590
Provisions and impairment losses (excl. squad)	3 051	4 024
Other costs and losses	2 611	4 302
78 494	52 105	



Graphically:



Staff costs

In sports season 2015/16 the decision was made to invest heavily in strengthening the squad and the coaching team, anticipating a period of opportunity and of financial capacity for this investment, this being reflected in the negotiating strength that permitted the signing of the aforementioned television rights and sponsoring contract. This investment capacity also brought greater visibility to the Sporting athletes, permitting the right's sales that occurred in August 2016.

3. Transactions of players' registration rights and amortization and impairment of the squad

With regard to the squad, sports season 2015/16 marked a significant decrease in the results of the activity related with transactions involving players' registration rights. Indeed, in the period ended 30 June 2016, a negative result in the amount of 1,616 thousand Euros was generated, which compares with the positive 17.186 thousand Euros in 2014/2015.

Transactions related to the squad / athletes	2015/16	2014/15
Amortization and impairment losses of registration rights	-9 332	-10 816
Revenue from registration rights' transactions	7 716	28 002
Gains / (Losses) with the squad	-1 616	17 186

It should be pointed out that in August 2016, i.e. already during season 2016/2017, with the sale of the sports rights of the athletes João Mário and Islam Slimani, a capital gain



estimated at around 54,000 thousand Euros was generated, an absolute record for the Company.

4. Financial performance and analysis of the results

As mentioned, SPORTING SAD generated in sports season 2015/16 a net loss of 31.9 million Euros, which compares with the profit of 19.3 million Euros determined in the preceding season.

This evolution reflects a number of factors, amongst which, because they are materially more relevant, the following stand out:

1. Non-recurring negative effect related to the Doyen process (15.0 million Euros); and
2. Definition of a professional football structure designed to "attack" the National Champion title and aiming to achieve and successfully pass the group phase of the Champions League, which was not materialized.

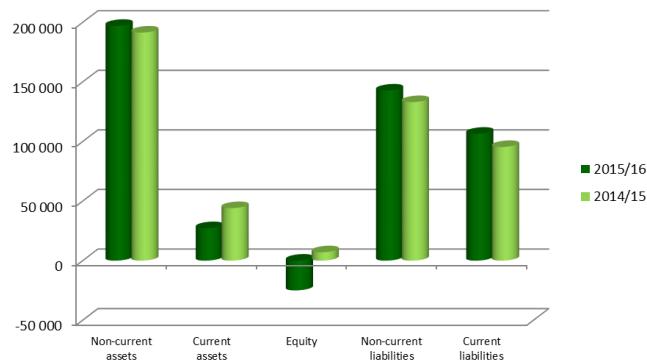
5. Financial Position

SPORTING SAD presents, at 30 June 2016, an evolution of its financial position when compared to that of the previous year. In absolute terms:

Statement of financial position	2015/16	2014/15
Non-current assets	197 065	191 440
Current assets	27 274	44 102
Net equity	-24 954	7 043
Non-current liabilities	142 776	133 086
Current liabilities	106 519	95 413

Graphically:





The increase in non-current assets reflects, for the most part, the increase in the value of the squad.

The decrease in current assets reflects a decrease in most items, especially in the caption Clients.

In Equity, the impact of the loss recorded led to a change of about 31,997 thousand Euros that will be significantly mitigated in season 2016/2017 with the above mentioned capital gains generated by the sale of the rights of the athletes João Mário and Islam Slimani.

In Liabilities, the highlight goes to the increase of 20,796 thousand Euros, due, fundamentally, to the provision recognized for the Doyen process.

III. COMPANY PROSPECTS

The situation set down in this report and the results presented follow the path set by the current Board of Directors, aimed at rapidly creating conditions for the sustainability of the Company. With a significant improvement in the sports results being evident in this financial period, and consequent financial impacts, it is foreseen that, in collaboration with all stakeholders, the Company will confirm these intentions and will be able to create the conditions that will enable it to maintain a balanced situation, seeking to recreate the sports successes of the past, whilst ensuring, always, the maintenance of positive operational accounts. Hence, the aforementioned financial restructuring plan, supported by the banking creditors and the shareholders, will permit a restructuring of the accounts whilst at the same time opening up growth prospects for the economic activities of the Company in Portugal and abroad.

The future sports "wager" will always focus on an increased investment in young players with growth potential, at the Sporting Schools and at other partner clubs, national and international, maintaining always the perspective of social responsibility and the



preservation of young athletes' rights, coordinating the physical growth of these with their psychic and social development.

Efforts will be made to increase the Company's revenue, be it through the maximization of the so-called "classic" revenue or through the creation of other activities that generate positive cash flows, such as, for example, at the level of sporting bets (which legislative framework, recently published, requires some adjustments) and via the transfer of know-how through the SPORTING Academies, the latter not only integrating football but also the other sports areas developed by SPORTING CP.

In terms of Company expenditure, the current Board of Directors' focus is on setting limits based on estimated revenue, seeking to obtain and maintain positive net results, and creating the bases for a sustained recovery of the equity.

The Company will implement measures to enhance its own projects or those developed in partnership that increase the levels of sustainability, in terms of its social, economic and environmental pillars.

IV. TREASURY STOCK (OWN SHARES)

SPORTING SAD holds, at 30 June 2016, 20 own shares acquired via the merger with Sporting Património e Marketing.

V. SHARE PRICE QUOTATIONS OF SPORTING SAD

The evolution of the Sporting SAD share price quotation and transactions volume, from 1 July 2015 through 30 June 2016, is presented below.



VI. STATEMENTS OF THE MANAGEMENT BODY

Under the terms and for the purposes of paragraph c) of no. 1 of art. 245 of the Securities Code, the Directors of Sporting Clube de Portugal - Futebol, SAD declare that, to the best of their knowledge, the information for the financial period ended on 30 June 2016, was prepared in accordance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, financial position and results of the Company. They furthermore declare that the Management Report accurately reflects the evolution of the business and the Company's performance and that it contains a description of the main risks and uncertainties faced.

VII. PROPOSAL FOR THE APPROPRIATION OF RESULTS

The Board of Directors proposes that the negative Net Result of 31,904,279.97 Euros (thirty-one million, nine hundred and four thousand, two hundred and seventy-nine Euros and ninety-seven Cents) be transferred to Retained Earnings.

Lisbon, 7 September 2016

The Board of Directors

Chairman

Bruno Miguel Azevedo Gaspar de Carvalho

Members

Carlos Fernando Barreiros Godinho Vieira
Guilherme José Araújo da Costa Carracho Lourenço Pinheiro
Rui Pereira Caeiro
Nuno Jorge Lopes Correia da Silva



Financial Statements for the period ended on 30 June 2016



**Income statement for the period
ended on 30 June 2016 and 30 June 2015**

GAINS AND LOSSES	Note	EUR'000 30.Jun.16	EUR'000 30.Jun.15
Sales and services rendered	2	56 100	44 703
Other operating income	3	<u>12 650</u>	<u>13 679</u>
Operating income excluding transactions with players registration		<u>68 750</u>	<u>58 382</u>
Cost of sales		(2 247)	(902)
External supplies and services	4	(17 342)	(14 147)
Payroll costs	5	(48 865)	(25 140)
Depreciation and amortization excluding players' registration		(4 378)	(3 590)
Provision and impairment loss excluding players' registration	6	(3 051)	(4 024)
Other operating costs	7	<u>(2 611)</u>	<u>(4 302)</u>
Operating costs excluding transactions with players' registration		<u>(78 494)</u>	<u>(52 105)</u>
Operational results excluding transactions with players registration		<u>(9 744)</u>	<u>6 277</u>
Amortization and impairment loss on players registration	8	(9 332)	(10 816)
Income/(loss) with players registration	9.1	<u>7 716</u>	<u>28 002</u>
Operational results of players registration		<u>(1 616)</u>	<u>17 186</u>
Operational results (before other non current costs)		<u>(11 360)</u>	<u>23 463</u>
Other non-recurring costs	9.2	<u>(14 991)</u>	-
Operational results		<u>(26 351)</u>	<u>23 463</u>
Financial results	10	(5 760)	(1 113)
Profit before tax		<u>(32 111)</u>	<u>22 350</u>
Income tax	27	206	(3 017)
Net profit		<u>(31 905)</u>	<u>19 333</u>
Basic earnings per share (Euros)	18	<u>(0,476)</u>	<u>0,335</u>
Diluted earnings per share (Euros)	18	<u>(0,158)</u>	<u>0,121</u>

To be read with the attached notes to the financial statements



Statement of financial position as of 30 June 2016 and 30 June 2015

	Notes	EUR'000 30.Jun.16	EUR'000 30.Jun.15
Non-current assets			
Tangible assets	11	20 285	20 452
Intangible assets - Players registration	12.1	32 070	19 314
Other intangible assets	12.2	143 395	146 250
Other non current assets - Accounts receivable	13	1 315	5 424
Total non-current assets		197 065	191 440
Current assets			
Accounts receivable	14	11 625	22 738
Inventories		923	774
State and other public entities	23	613	-
Other current receivables	16	4 707	6 251
Other current assets	17	6 082	3 744
Cash and cash equivalents	15	3 324	10 595
Total current assets		27 274	44 102
Total Assets		224 339	235 542
EQUITY AND LIABILITIES			
Share capital	18	67 000	67 000
Share premium	18	6 500	6 500
Marketable securities mandatorily convertible	18	127 925	127 925
Reserves and retained earnings	18	(194 474)	(213 715)
Net profit	18	(31 905)	19 333
Total Equity		(24 954)	7 043
Non current liabilities			
Provisions	19	10 814	8 487
Liabilities and others post-employment benefits	28	3 350	3 034
Borrowings	20	88 119	80 344
Other non current liabilities	21	40 493	41 221
Total non current liabilities		142 776	133 086
Current liabilities			
Provisions	19	14 991	-
Borrowings	20	43 936	49 709
Accounts payable	22	16 144	13 231
State and other public entities	23	4 202	3 597
Other current payables	24	14 971	18 353
Other current liabilities	25	12 273	10 523
Total current liabilities		106 517	95 413
Total Liabilities		249 293	228 499
Total Equity and Liabilities		224 339	235 542

To be read with the attached notes to the financial statements



**Statement of Comprehensive Income for the periods ended on
30 June 2016 and 30 June 2015**

	Notes	EUR'000 30.Jun.16	EUR'000 30.Jun.15
Net profit		(31,905)	19,333
Items subject to reversal on net income:		-	-
Items subject to reversal on equity:		-	-
Remeasurements	28	(115)	(649)
Total comprehensive income for the period		(32,020)	18,684

To be read with the attached notes to the financial statements

Statement of Changes in Equity
for the periods ended at 30 June 2016 and 30 June 2015

	Notes	Share capital	Share premium	Other equity	Legal reserve	Other reserves	Retained earnings	Net profit	Total equity
Balance as of 1 July 2015		67,000	6,500	127,925	3,506	(10,744)	(206,477)	19,333	7,043
Application of prior year's net profit		-	-	-	-	-	19,333	(19,333)	-
Net profit		-	-	-	-	-	(31,905)	(31,905)	-
Other operations with shareholders		-	-	-	-	23	-	-	23
Others (Remeasurements)	28	-	-	-	-	-	(115)	-	(115)
Balance as of 30 June 2016		67,000	6,500	127,925	3,506	(10,721)	(187,259)	(31,905)	(24,954)
Balance as of 1 July 2014		39,000	6,500	47,925	3,506	(9,133)	(206,196)	368	(118,030)
Application of prior year's net profit		-	-	-	-	-	368	(368)	-
Net profit		-	-	-	-	-	19,333	19,333	-
Accomplishment of capital stocks	18	28,000	-	-	-	-	-	28,000	-
Issuance of convertible bonds	18	-	-	80,000	-	-	-	-	80,000
SPM's merge reserve	18	-	-	-	-	(1,587)	-	-	(1,587)
Other operations with shareholders		-	-	-	-	(24)	-	-	(24)
Others (Remeasurements)	28	-	-	-	-	-	(649)	-	(649)
Balance as of 30 June 2015		67,000	6,500	127,925	3,506	(10,744)	(206,477)	19,333	7,043

To be read with the attached notes to the financial statements



**Cash Flow Statement for the periods ended on
30 June 2016 and 30 June 2015**

	EUR'000 30.Jun.16	EUR'000 30.Jun.15
Operating activities		
Receipts from customers, UEFA and group companies	53,932	78,423
Payments to suppliers	(16,551)	(13,203)
Payments to the State	(29,598)	(22,673)
Payments to personnel	(23,721)	(13,217)
Cash Flow from operating activities	(15,938)	29,330
Income tax received/(paid)	(433)	(147)
Other receipts /(payments) related to operating activities	(1)	1
Cash Flow from operating activities (1)	(16,372)	29,184
Investment activities		
Inflows:		
Borrowings	-	61,712
Intangible assets - players registrations	26,209	26,595
	<u>26,209</u>	<u>88,307</u>
Outflows:		
Tangible assets	(1,176)	-
Intangible assets - players registrations	(17,774)	(21,633)
	<u>(18,950)</u>	<u>(21,633)</u>
Cash flow from investing activities (2)	7,259	66,674
Financing activities		
Inflows:		
Investment funds/partnerships	-	669
Borrowings	26,953	134,257
Other equity instruments	<u>26,953</u>	<u>80,000</u>
Outflows:		
Investment funds/partnerships	-	(17,961)
Borrowings	(21,071)	(274,922)
Interests and similar costs	(4,040)	(9,248)
	<u>(25,111)</u>	<u>(302,131)</u>
Cash flows from financing activities (3)	1,842	(87,205)
Change in cash and cash equivalents (4)=(1)+(2)+(3)	(7,271)	8,653
Cash and cash equivalents at the beginning of the year	10,595	1,942
Cash and cash equivalents at the end of the year	3,324	10,595

To be read with the attached notes to the financial statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

Introduction

SPORTING CLUBE DE PORTUGAL – Futebol, SAD (henceforth designated by “Sporting SAD”, “SAD” or “Company”), headquartered in José de Alvalade stadium in Lisbon, was constituted by public deed on 28 October 1997, with an initial capital of Euro 34.9 million, with a call for public subscription, governed by the special legal regime established by Decree-Law No. 67/97 of 3 April.

On 30 November 2010, Sporting SAD acquired SCS – Sporting Comércio e Serviços SA equity to Sporting Clube de Portugal and Sporting SGPS. Posteriorly, a merge between SCS and Sporting SAD occurred since both societies had similar corporate purposes and mutual benefits could be generated by the combination and concentration of both companies.

On 21 November 2014 a public deed for the merge by incorporation between Sporting Patrimonio e Marketing, SA and Sporting SAD was granted. The merge followed the legal means provided by point a), paragraph 4 of Article 97 of the Portuguese Companies Code - mergers by incorporation - and therefore the assets of Sporting Patrimonio e Marketing SA (merged company) were transferred to Sporting SAD (acquiring company), with the consequent extinction of the first, which led to an increase in share capital of the company by an amount of Euro 8 million.

The Company's social object is the participation in professional football competitions, promotion and organization of sports events as well as the promotion and development of activities related to professionalized football. Sporting SAD securities (shares) are listed on Euronext Lisbon.

Head Office	Estádio José de Alvalade - Rua Professor Fernando da Fonseca - Lisboa
Share Capital	Euro 67.000.000 (67 million of shares with a nominal value of 1 Euro)
T.I.N.	503 994 499

The detail of shareholders of the company is disclosed in note 18.

This Financial Statements were approved by the Board of Directors on 7 September 2016.

It is the Board of Directors conviction that to the best of their knowledge, the information contained in this report was prepared in accordance with the applicable reporting framework give a true and fair view of the assets and liabilities, financial position and results of the Company.



FINANCIAL RESTRUCTURING

Signing of the financial restructuring agreement

On 14 November 2014 a Financial Restructuring Framework Agreement was signed between Sporting SAD, Sporting Clube de Portugal (SCP), Sporting SGPS, Sporting Património e Marketing, SA (SPM) as well as Banco Comercial Português SA and Novo Banco SA.

The Framework Agreement comprised a set of measures and operations which included, among others: (i) renegotiation of terms and conditions of the existing bank loans by hiring new credit lines with more favorable terms for the SCP Group; (ii) repayment of inter-group balances, including the debt of the SCP to Sporting SAD; (iii) capital increase of Sporting SAD for debt conversion of SAD to Holdimo Participações e Investimentos SA and; (iv) new cash entries to be made by foreign investors, as well as the issuance of new marketable securities mandatorily convertible in shares of Sporting SAD by Banks debt conversion.

On 28 November 2014, the new credit lines facility agreements of Sporting SAD and SCP were signed as well as the financial lease of the Academy, which included the terms and conditions of the restructured debt.

Merge of SPM in Sporting SAD

On 21 November 2014, the deed of SPM (incorporated society) with Sporting SAD (acquiring company) in the form of merger was performed, pursuant to point a), paragraph 4 of Article 97 of the Portuguese Companies Code, to transfer the assets of SPM, which included the extension of the surface rights of the José Alvalade stadium and the multisport building worth Euro 73 million, whose term expires on 4 April 2063. The merger had accounting impacts from 1 October 2014, onwards. That merger resulted in an increase in share capital of the Company in the amount of Euro 8 million, which rose to Euro 47 million.

It should be noted that SPM had as social object the development, construction, management and operation of the new stadium, including all operations related to the management and administration of the interior and exterior of the stadium and its facilities, recreational areas incorporated into the new stadium, commercial activity in general and marketing, marketing of brands and image rights, by any means or media and the organization of events of all kinds, namely, cultural, sports and music. By merging these activities and the substantial resources required for its implementation were transferred to the sphere of Sporting SAD.

Increase of share capital by Holdimo SA



On 21 November 2014, was also granted a public deed of capital increase in cash, amounting to Euro 20 million, realized by incorporating a credit of the equal amount held by Holdimo society - Participações e Investimentos SA, subscribed by the issuance of twenty million new shares with a nominal value of Euro 1 each, and as a result, the Company's capital was again increased to Euro 67 million.

Issuance of convertible bonds

On 16 December 2014, the Company issued marketable securities mandatorily convertible into shares of the Company (convertible bonds), amounting to Euro 80 million, with a nominal value of Euro 1 each, with a term of 12 years, at subscription price of Euro 1 each.

The former will be convertible into common shares (category B) of Sporting SAD with a conversion price of Euro 1 each, with gross annual interest conditional rate of 4% due when there are distributable earnings by Sporting SAD in the financial year ended prior to the date payment of annual interest.

The issuance was carried out through private subscription with cash payments consisting of the conversion of credits held on the Sporting SAD by Novo Banco, SA, amounting to Euro 24 million and Banco Comercial Português, SA, amounting to Euro 56 million.

On 8 January 2016, by deliberation of the marketable securities mandatorily convertible holders in an general assembly, and regarding the issuance named "VALORES SPORTING 2010" a modification of the following terms and conditions of bonds issued on 14th January of 2011, with a nominal value of 1 Euro, totaling Euro 55 million was made as follows:

- Change of maturity date of the issuance, being the due date of marketable securities mandatorily convertible on 26 December 2026, Nevertheless, the assumptions of early due date, in the cases provided for in 14.5.5 paragraph of the respective prospectus still apply.
- Change in the interest payment terms, as the marketable securities mandatorily convertible grant the right to receive interest conditioned on gross and fixed nominal annual rate of 4% (four per cent) which will be due whenever there will be distributable earnings by Sporting SAD in the financial year ended prior to the date of payment of annual interest.

Acquisition of participating Units of Sporting Portugal Fund

On 23 February 2015, following the Framework Agreement and considering the strategic goal of Sporting SAD to regain the economic rights on players' registrations, that were



previously alienated by the Society and which composed the Sporting Portugal Fund portfolio, Sporting SAD has acquired 100% of the Fund's participation Units, representing a total investment of Euro 12,650,000. The board of directors considers that the amount paid on this acquisition will be fully recovered with the future sale of the economic rights.

The Fund was liquidated on 1 June 2015, and terminated on 5 June 2015, with the consequent transfer of existing economic rights in the assets of the respective portfolio for Sporting SAD, as the sole participant of the Fund.

Other planned operations

It should also be noted that under the financial restructuring plan of the Company, during the General Meeting held on 23 July 2013, and after the approval by the General Meeting of Sporting Clube de Portugal on 30 June 2013, on which was approved the Board of Directors to carry out one or more Sporting SAD's capital increases totaling Euro 18 million, to be made by new cash entries through private placement by the Board of Directors of the Company, with suppression of the preferential right of shareholders with the issuance of Euro 18 million new ordinary and nominative shares with a nominal value of Euro 1 each and the subscription price of Euro 1 each.

1 SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of the financial statements are described below. The accounting policies were applied consistently during the years presented.

1.1 Basis of preparation

The financial statements presented report to the period ended on 30 June 2016. The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), formerly referred to as International Accounting Standards ("IAS") issued by the *International Accounting Standards Board* ("IASB") and interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC") or the former *Standing Interpretations Committee* ("SIC"), in force at the time of such financial statements preparation.

Under Regulation No. 11/2005 issued by the CMVM, Sporting SAD from 1 July 2007 (reference date of the first financial year after 31 December 2006) presents its financial statements in accordance with IFRS.

The financial statements are expressed in thousands of Euro, rounded to the nearest thousand.



These financial statements were prepared in accordance with the historical cost principle. Sporting SAD does not record any asset or liability at fair value.

The preparation of the financial statements requires usage of estimates and significant judgments when applying accounting policies of the Company. Main assertions, involving a higher degree of judgment or complexity, or the most significant assumptions and estimates for the preparation of these financial statements, are disclosed in Note 1.29.

The financial statements have been prepared on a going concern basis, which is subject to compliance with the financial restructuring plan contracted on 14 November 2014, with the main donors, Banco Comercial Português and Novo Banco.

It is the Board of Directors of Sporting SAD firm conviction that the current financial restructuring is based upon feasible and acceptable economic and financial assumptions, and so the continuity of the Company's operations is ensured, taking into account that the measures already provided for the restructuring allowed the Company to increase its equity and simultaneously provide the Management with the necessary financial resources for business and operations.

The objective of the Board of Directors of Sporting SAD is to continuously develop the necessary diligences in order to improve, with the necessary sustainability, the economic and financial performance achieved this year.

1.2 Financial Statements comparability

The amounts shown in the financial statements for the year ended on 30 June 2016 are entirely comparable with the figures for the year ended on 30 June 2015.

1.3 New standards, changes and interpretations of existing standards.

a) New standards and interpretations mentioned below, are mandatory by the IASB for the financial statements on after 30 June 2016.

New standards	Modification	Effective Date *
Annual improvements to standards 2011 - 2013	Clarifications	1 January 2015
IFRIC 21 (New)	IAS 37 interpretation and liabilities recognition	1 January 2015
Annual improvements to standards 2010 – 2012	Clarifications	1 February 2015
IAS 19 (Change)	Defined Benefit Plans: Employee Contributions	1 February 2015

* Years starting on or after

The revision to these standards did not have any significant impact on the financial statements.

b) New standards and interpretations approved by the European Commission not mandatory on 30 June 2016



There are new standards, interpretations and amendments of existing standards that, despite having already been published, are only mandatory for the periods starting after 1 July 2016, and which the Entity decided not to adopt on an earlier basis, in the current period, as follows:

Standards / Interpretations	Modification	Effective Date *
· IAS 1 – Presentation of the financial statements	Disclosures revision	1 January 2016
· IAS 16 e IAS 38 – Acceptable methods of depreciation / amortization	The methods of depreciation / amortization based on income, are not allowed in the measurement of the consumption of the economic benefits on tangible and intangible assets	1 January 2016
· IAS 16 e IAS 41 – Agriculture: bearer plants	Plants that produce only consumable biological assets are included in the scope of IAS 16 and measured at cost model or the revaluation model	1 January 2016
· IAS 27 – Separate financial statements	Option to measure through equity method investments in subsidiaries, joint ventures and associates	1 January 2016
· Amendments IFRS 10, 12 e IAS 28	Exemption to consolidate applied to investment entities, extended to a parent company that does not qualify as an investment entity but is a subsidiary of an investment entity.	1 January 2016
· IFRS 11 – Joint arrangements	Accounting for the acquisition of an interest in a joint operation in a business	1 January 2016
· Annual improvements to standards 2012 – 2014	Clarifications	1 January 2016

* Years starting on or after

Up to the date of issuance of this report, Sporting SAD had not yet concluded the estimation of the effects of changes arising from the adoption of these standards, for which it decided not to adopt them on an earlier basis. However, no material effect is expected in the financial statements as a result of their adoption.

1.4 Tangible Assets

Tangible assets are measured at acquisition cost deducted from depreciation and impairment losses. The acquisition cost includes all the expenditures immediately incurred to the acquisition of current goods.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the respective cost can be reliably measured. All other repairs and maintenance costs, other than the planned maintenance, are charged to the income statement in the financial period in which they are incurred.

Depreciation is calculated over the acquisition cost, using the straight line method, as from the date the asset is available for use, using the rates that best reflect the estimated useful life for each group of assets, as follows:



	Useful life
Buildings and other constructions	8-40
Basic equipment	4-8
Transportation equipment	7
Administrative equipment	2-8
Other tangible assets	5-8

The residual values of the assets and their respective useful lives are reviewed and adjusted whenever necessary as of the reporting date. If the book value of the asset is higher than the asset's realizable value, then it is written down to the estimated recoverable amount through the recognition of impairment losses (Notes 6 and 11).

Gains or losses arising from the derecognition or disposal of tangible assets are calculated as the difference between the proceeds received on disposal and the asset's book value, and are recognized in the income statement as other operating income or costs.

Sporting SAD performs impairment analysis whenever there are signs that the net book value of the assets is greater than the net realizable value, an impairment loss is recognized whenever the net book value exceeds the recoverable amount. The impairment losses are recognized as period costs.

The recoverable amount is determined by the greater amount between the sales net price and the value in use, being this one calculated as the actual value of the future cash flows estimated to be obtained from the continued useful and from the disposal amount in the end of its useful life.

1.5 Intangible Assets

Squad

The squad value included on intangible assets is booked at acquisition cost less accumulated amortization and impairment losses. The intangible assets are only recognized if it is likely that they will result in future economic benefits for Sporting SAD, are controlled by the Company and can be measured reasonably.

This accounting caption contains the incurred costs with the acquisition, registration and economic rights of professional players as well as other expenses connected, such as the intermediation commissions' basis and signature prizes, net from the accumulated depreciation and impairment losses. As such, the cost amount of acquisition incorporates the holder entity reimbursement amount and other intermediate costs on the transaction.

When the reimbursements related with the sports rights acquisition of players generates an obligation that is dependent of future factors not fully under the Company control, particularly when the payments are subordinate to player work contract maintenance, those future obligations are not considered on the initial acquisition value, and



subsequently, on the liability, being recognized in period results according with the service line.

The sports rights of players are subject to amortizations on a monthly basis, on a straight line method over the period of the contracts, in accordance with Law No. 103/97 of 13 September.

The expenses incurred with the renewal / extension of sports employment contracts with players are also recorded under this caption and a new net book value is calculated, which is amortized according to the new period of employment.

At the time of actual sale of the players' rights, the gains and losses from the sale are recognized in the income statement. In situations where Sporting SAD continues to hold a certain percentage of economic rights in the future is disclosed as contingent assets.

Situations where Sporting SAD owns less than 100% of the economic rights while maintaining all the sports right, means that Sporting SAD concluded with third an association agreement of economic interests which constitutes an investment partnership, resulting in the proportional sharing of the results related to the future transaction of these rights, remaining as intangible assets in the Statement of Financial Position of Sporting SAD.

In situations where Sporting SAD has players transferred temporarily to other entities, these players are part of the value of the squad, since there is no actual sale. Thus, the expenses incurred on the acquisition of athlete passes which are temporarily transferred to third party clubs remain an intangible asset in the Statement of Financial Position of Sporting SAD, maintaining the amortization criteria for as long as the contract is in force.

Sporting SAD performs impairment tests annually and also when there are indications that its assets have a net book value exceeding the estimated realizable value, and therefore an impairment loss is recognized when the net value of the asset exceeds its recoverable amount. These impairment losses are recognized in the income statement.

Others

Intangible assets are only recognized when they are identifiable, controllable and can be reasonably measured and when it is likely that they will generate future economic benefits for the Company.

Intangible assets are recorded at cost less depreciation and impairment losses, by the straight line method. The useful lives and depreciation method are reviewed annually. The effect of changes in these estimates is recognized prospectively in the income statement.

The intangible assets include mostly the surface rights of the José Alvalade stadium and multisport building, whose term ends on 4 April 2063. It will be amortized over the duration of the term.



Sporting SAD performs impairment tests annually and also when there are indications that its assets have a net book value exceeding the estimated realizable value, and therefore an impairment loss is recognized when the net value of the asset exceeds its recoverable amount. These impairment losses are recognized in the income statement.

For the purpose of conducting impairment tests of intangible assets, the former are associated with the lowest cash-generating unit to which it belongs (stadium).

1.6 Leases

Tangible fixed assets acquired under financial leasing contracts and the corresponding liabilities are recorded using the financial method.

According to this method the cost of the asset is recorded in tangible fixed assets, the corresponding liability is recorded in Interest-bearing liabilities heading, the interest included in the lease installments and depreciation of the assets, calculated as described in Note 1.4, is recorded as an expense in the income statement for the year to which they relate.

Leases in which a significant portion of the risks and associated rewards of ownership are retained by the tenant are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded in the income statement during the lease term.

1.7 Granted Loans and other non-current receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except when dealing with assets with maturities greater than 12 months after the date of financial position. These are classified as non-current assets.

Loans and receivables are measured initially at fair value and subsequently at amortized cost.

Impairment losses are recorded when there is objective evidence that the Company will not receive the amounts due according to the original terms of receivables. To this end, the Company takes into consideration market information showing:

- If the counterparty presents significant financial difficulties;
- If there are significant delays in payments by the counterparty;
- If it is probable that the debtor will go into liquidation.



Any impairment losses are recognized as an expense in "Impairment losses on receivables", reflecting their expected net realizable value.

1.8 Impairment of non-current assets, excluding goodwill

Impairment tests are made whenever events or changes in circumstances indicate that the carrying amount of the asset recorded may be greater than its recoverable amount. When the recoverable amount of an asset is less than the amount for which an impairment loss is recorded it is recognized in the income statement.

The recoverable amount is the higher between the net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in a transaction between knowledgeable parties, less its disposal costs. The value in use of an asset is the present value of estimated future cash flows arising from its continued use until the end of its useful life. The recoverable amount is estimated for each individual asset.

When there are indications that impairment losses recorded in prior years have been reversed or reduced a reassessment of the situations that gave rise to the impairment record is performed. The reversal of the impairment is recorded in the income statement and is made up to the amount that would be recognized, net of amortization, if the impairment loss had not been recorded in previous periods.

1.9 Trade and other current receivables

The balances from customers and other current receivables are recorded at nominal value less impairment losses necessary to place them at their expected net realizable value.

Financial assets are derecognized when the rights to receive cash flows from the assets expire or transferred to other parties, such as all the risks and rewards of ownership. The transference of the right to receive cash flows from the assets (e.g.: factoring) only gives way to its write-off in the case where the credit risk and default are transferred to a third party. Otherwise the amount received for the transfer is treated as borrowings.

Impairment losses are recorded when there is objective evidence that the Company will not receive the amounts due according to the original terms of receivables. To this end, the Company takes into consideration market information showing:

- If the counterparty presents significant financial difficulties;
- If there are significant delays in payments by the counterparty;
- If it is probable that the debtor will go into liquidation.

The amounts receivable that are represented by discounted bills not yet due at the balance sheet date are recognized in the financial position until the date of receipt.

1.10 Inventories



Inventories are valued at the lower between the cost and net realizable value. Inventories are initially recognized at cost, which includes all costs incurred and commercial discounts obtained in the purchase process until the entry into storage. For the purposes of valuation of warehouse outlets, the Company uses the weighted average cost.

1.11 Cash and Cash Equivalents

The cash and cash equivalents includes the amounts registered in balances with maturity of less than three months and also the cash and deposits in credit institutions, whose values are considered in the statement of cash flows.

The cash and cash equivalents includes cash, bank deposits and other short-term investments with original maturities of 3 months which can be mobilized immediately without any significant risk of fluctuations in value.

1.12 Equity

Common shares are classified as equity. The costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, to the amount received from the issue.

Expenses directly attributable to the issue of new shares or options for the acquisition of a business are included in the acquisition cost as part of the purchase price.

1.13 Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs incurred and subsequently stated at amortized cost. Any differences between the proceeds (net of transaction costs) and redemption value are recognized in the income statement over the debt period, using the method of effective interest rate.

Any differences between the estimated refunds at baseline and reimbursements actually paid over the duration of financing implies the revaluation of amortized cost using the present value calculation of estimated future repayments at the original effective interest rate. The corresponding adjustment is recognized in earnings.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the date of financial reporting.

1.14 Financial costs on loans

Financial charges related to loans, are generally recognized as financial costs, in accordance with the accrual basis.



Financial charges on loans directly related to the acquisition, construction (if the construction period exceeds one year) or production of fixed assets are capitalized as part of the cost of the asset.

Capitalization of these charges begins after the start of preparation for construction or development of the asset and is suspended after its utilization begins or when the execution of the project is suspended or substantially complete.

1.15 Compound financial instruments

Financial instruments other than derivatives that contain a liability component and an equity component are classified as compound financial instruments.

The mandatorily convertible securities fall within the definition of compound financial instruments given their mandatory conversion into the Company's equity instruments at maturity.

For these instruments to be considered as compound financial instruments, the number of shares to be issued upon conversion is determined on the date of issue and do not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the present value of the future interest payments, discounted at the market interest rate applicable to similar liabilities that do not have a conversion option. The equity component is recognized initially as the difference between the current value of the compound financial instrument and the present value of the liability component. Transaction costs directly attributable to the issuance are allocated to the liability and equity components in proportion to their initial balance values.

Subsequently, the liability component of a compound financial instrument is measured at amortized cost, recognizing the interest cost on results through the effective interest rate method. The equity component value is not re-evaluated after initial recognition except on conversion events or maturity of the instruments.

To measure the financial liability component, the obligation to pay interests or delivery of cash does not need to occur in a certain form; it may be contingent on the occurrence or non-occurrence of future events (or result of uncertain circumstances) that are out of control of the issuer and the subscriber – the existence of a contingent obligation.

There are 3 exceptions for an event of circumstance not controlled by the issuer not to meet the definition of a contingent obligation event, as stated by IAS 32.

- When the event is “not genuine” according to the definition of IAS 32.



- When the issuer only has to fulfill the obligation at the time of liquidation of the company;
- The instrument has a put option or creates an obligation on liquidation;

A contingent obligation is not genuine if the obligation of the delivery of cash or other financial asset only occurs as a result of an event extremely rare, unusual or a low probability of occurrence, in this case the contingent obligation is not considered for purposes of the financial instrument classification, ie to assess whether there is characteristic of debt or equity.

1.16 Trade and other payables

Suppliers and other creditors are classified according to their maturity is less than 12 months from the date of the balance sheet in current liabilities or non-current, respectively.

Supplier's balances and other payables are initially recorded at fair value and subsequently measured at amortized cost.

1.17 Provisions

Provisions are recognized when the Company has a legal, contractual or constructive obligation as a result of past events, it is likely that an outflow and / or surrender of resources will be made in order to settle the obligation; and that a reliable estimate of the obligation's amount can be calculated.

Provisions are measured at the present value of expenses that are expected to incur to comply with the obligations of Sporting SAD. If applicable, the effect of temporal adjustment of the obligation is recognized in the income statement.

Provisions are not recognized for future operating losses. Provisions are reviewed at the reporting date and adjusted to reflect the best estimate at that date.

1.18 Revenue recognition and accrual

Sporting SAD records its income and expenses, as they are generated, in accordance with the accrual basis, regardless of when they are received or paid.

The differences between the amounts received and paid and the corresponding income and expenses are recorded under "Other current assets" and "Other current liabilities".

Gains on sponsorship, advertising, broadcasting rights for football games and concession areas are recognized according to the duration of their contracts.



The income from the ticket office is recognized as income at the time their games are held. Revenues from the sale of season tickets are recognized throughout the sports season.

Revenues and game premiums are recognized by Sporting SAD in income in the period in which they are performed.

Fixed bonuses obtained from the right to participate in European football competitions are recognized in the year in which the participation in these competitions occurs.

Results from the alienation of sports rights of players are recorded in the income statement as gains on transactions of players' sports rights by the total amount of transaction net of the book value at the date of the sale and other expenses incurred, including spending on intermediary services, charged responsibilities with the solidarity mechanism, among others. Where relevant, it is considered while determining the transaction value, the effect of the financial discount of related non-current receivables. The recognition of revenue is made in the period in which it is considered that the risks and benefits of sports rights of professional players substantially transferred.

When income derives from the celebration of economic association interests contracts that embody an investment partnership with investment funds, are recognized as income on the basis of the sports work period that players have with Sporting Clube de Portugal - Futebol, SAD, since the Company has a significant continuing involvement with the asset through the holding of sports registration rights and therefore holds significant control over it.

When risks and benefits are not significantly transferred, the financial flows resulting from the conclusion of these contracts with partners / investment funds are recorded in liabilities.

At the time of sale of a player's registration, the values to deliver to the fund from the sale to a third party, correspond to the proportional part of the economic rights transferred to the fund, and if applicable, net of amounts paid by the fund for the cost of sale. These costs are recorded on "gains on transactions of players 'sports rights'" in situations where it is distinct from the liability recorded at the date of sale.

Gains arising from the compensation received from the transfer of players to third parties are recognized with their contractual commitment within the period to which the transfer relates.

Gains associated to the solidarity mechanism by which the entity that formed the player is entitled to compensation in the event of subsequent transfer of players registration, are recognized at the time that Sporting SAD becomes entitled to receive such compensation.



Financial gains such as interests are recognized in accordance with accrual basis, considering the amount receivable and the effective interest rate over the period to the maturity.

1.19 Financial results

Net financing costs include interest paid on loans, interest received from financial applications, dividends received, gains and losses from foreign exchange differences, gains and losses on financial instruments and changes in fair value of the hedged risk and effects of differences on the fair value of debts if applicable.

Interest payable is recognized in accordance with the accrual basis, considering the effective interest rate. Interest on financial leases is recognized as an expense over the leasing period, in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.20 Transactions expressed in foreign currency

The functional currency of the Company is the Euro, since this represents faithfully the economic effects of transactions, events and conditions.

The transactions that are expressed in foreign currency are translated into Euro based on exchange rates in force on the date on which they are carried out.

On the financial reporting date, monetary assets and liabilities expressed in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date, and exchange differences arising on translation are recognized as income.

The non-monetary assets or liabilities denominated in foreign currency, recorded at historical cost are translated using the exchange rate of the transaction date.

1.21 Income Tax

The income tax includes current and deferred taxes. The current income tax is determined based on the net profit, adjusted in accordance with tax legislation in force at the reporting date.

Deferred tax is calculated based on the responsibility of the statement of financial position, on temporary differences between the carrying amounts of assets and liabilities and the respective tax base. It is used the tax rate expected to be in force during the period in which the temporary differences will reverse to determine the deferred tax's amount.



Deferred tax assets are recognized when there is reasonable assurance that there will be future profits that will allow Sporting SAD to recover these amounts. Deferred tax assets are reviewed periodically and decreased in value whenever it is unlikely that they can be used.

Deferred taxes are recorded as expense or income for the year, unless they result from amounts recorded directly in equity, in which case the deferred tax is also recorded in equity.

1.22 Responsabilities for retirement pension supplements

As provided for in the Collective Labor Agreement of Administrative Workers from Football and / or SAD's clubs represented by the Portuguese Professional Football League, workers who retire are entitled to a pension supplement, plus the remuneration of pension paid by Social Security, that make up to a maximum of 90% of the remuneration earned by the employee at the date of retirement, depending on the number of years of service.

The pension supplement will be updated annually in proportion to the remuneration of the respective category.

With the creation of the Business Group of Sporting Clube de Portugal, this incorporates Sporting SAD; employees moving from the club to this group remained covered by the contract, for which Sporting SAD took also the responsibilities from those workers from that date on.

These responsibilities constitute a defined benefit plan, since they guarantee the employees covered a fixed supplementary pension, in addition to the pension that they will be granted by Social Security.

This liability is provisioned in the financial statements in accordance with IAS 19 being the calculation of this responsibility carried out by a specialized and independent entity in accordance with the projected unit credit method.

The liability thus determined is shown in the statement of financial position under "Liabilities for post-employment benefits" in non-current liabilities.

The Company records the re-measurements directly in the statement of comprehensive income, in particular those resulting from changes in demographic and financial assumptions and experience gains in respect of differences between actual and estimated data.

Gains and losses generated by a limitation or settlement of a plan of defined benefit pensions are recognized in the income statement when the cut or settlement occurs. A curtailment occurs when there is a material reduction in the number of employees.



1.23 Contingent Assets and Liabilities

Contingent assets are possible assets that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly on the control of Sporting SAD.

Contingent assets are not recorded in the financial statements, are disclosed in the notes when it is likely that those future economic benefits will occur.

Contingent liabilities are defined by the group when:

- A possible obligation arising from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the entity's control; or,
- A present obligation arising from past events but it is not recognized because it is not likely that an outflow of resources embodying economic benefits required settling the obligation or because the amount of the obligation cannot be reliably measured.

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes when its likeliness of occurrence is low or imprecise.

1.24 Earnings per share

The earnings per share result from the operation of dividing the net profit attributable to shareholders by the outstanding number of ordinary shares. Therefore, treasury shares are excluded from the calculation of earnings per share.

For the calculation of diluted earnings per share, the weighted average number of common shares outstanding is adjusted to reflect the effect of all dilutive potential ordinary shares, such as those arising from convertible debt. The dilution effect translates into a reduction in earnings per share resulting from the assumption that convertible instruments are converted and therefore the number of shares increases.

1.25 Operating Segments

Sporting SAD has decided not to present information by operating segments due to the fact that it has not identified more than one business in their activities, in accordance with the requirements of IFRS 8.

1.26 Subsequent Events

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at the reporting date, are considered when preparing the financial statements for the year.



Events occurring after the date of the statement of financial position, which may provide information on conditions that arise after the reporting date, are disclosed, if material, in the notes to the financial statements.

1.27 Statement of Cash Flows

The statement of cash flows is prepared in accordance with the direct method. The Company classifies the cash and cash equivalents with maturity of less than three months, and for which the risk of change in value is negligible. In the consolidated statement of cash flows, cash and cash equivalents this accounting caption also includes, where applicable, bank overdrafts, taking into account their nature on a more or less permanent basis and which are reflected in the Statement of Financial Position as a liability.

The statement of cash flows comprises operating, investing and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and other related operational activities.

Cash flows from investing activities include the acquisitions and disposals of investments in subsidiaries and receipts and payments arising from the purchase and sale of intangible and tangible assets.

Financing activities include, essentially, payments and receipts relating to loans, leasing contracts and partnership / investment funds of economic players.

1.28 Other non-recurring expenses

According to the established in IAS 1, the “Other non-recurring expenses” reflects unusual costs that should be reported separately from the usual captions of costs, taking into account their nature and magnitude in the context of the company’s financial statements.

1.29 Critical Accounting estimates and judgements in applying accounting policies

IFRS establishes a set of accounting treatments and requires the Board of Directors to apply judgment and make estimates that affect the amounts of income, expenses, assets, liabilities and disclosures at the reporting date.

These estimates are determined by the judgments of the Board, based on: (i) the best information and knowledge of present events and in some cases reports of independent experts and (ii) the actions which the Company believes that will be able to develop in the future. However, on the date of completion of operations, the results may differ from these estimates.



The results of the alternatives analyzed below are presented only for a better understanding of the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of intangible assets - Squad

The impairment of intangible assets is analyzed when there are facts or circumstances which indicate that their net amount is not recoverable.

As previously mentioned, Sporting SAD conducts a periodic review of the valuation of their squad in order to validate the existence of possible impairment losses.

The process of analyzing a possible impairment of athlete's registration is subject to estimates and assumptions that involve a number of variables such as temporary transfer of the player to other clubs, age, the number of games they have not played, injury, punishment, termination contracts of work sports, among others.

Impairment of intangible assets - surface rights Stadium

Sporting SAD tests annually for impairment purposes, the surface rights that is recorded on the statement of financial position in accordance with the accounting policy described above. The recoverable amount of the cash generating unit (Stadium) is determined based on the calculation of value in use. These calculations require the use of estimates.

Estimating the value in use involves a high degree of judgment by the Board of Directors, regarding the determination of expected cash flows and discount rates.

Useful lives of tangible fixed assets

The determination of the useful lives of tangible assets as well as the determination of the residual value and depreciation method to be applied is essential to determine the amount of depreciation to be recognized in the income statement for each year.

These parameters are defined according to the best judgment of the Board of Directors for the assets and businesses in question, taking into consideration the international practices adopted by other SAD's / clubs.

Pension supplements and other employee benefits

The determination of liabilities for pensions and other employee benefits requires the use of assumptions and estimates, including the use of actuarial projections, discount rates,



growth of pensions and wages and other factors that could impact the costs and responsibilities of post-employment benefits.

Amortized cost of financing obtained

The calculation of the amortized cost of loans obtained by the Company, including those which are related to the financial restructuring under the agreement of November 2014, in addition to reimbursement with defined maturity, considers an estimate of anticipated debt repayments resulting from revenues from participation in European competitions and sales of players, as well as cash sweep mechanisms in the event that at the end of each year there is an excess of cash flow compared to the initial estimates, provided for in the business plan for the period elapsing between the years of 2014/2015 and 2021/2022.

Credit Risk

Impairment losses related to credit risk are based on the assessment by the Board of Directors on the probability of recovery of accounts receivable balances, aging of balances, debt cancellation and other factors.

The impairment loss assessment process is subject to numerous estimates and judgments, and there are certain circumstances and facts that may change the estimate of impairment losses of receivables when compared to the assumptions considered.

Provisions

Estimates made by the Board of Directors for the establishment of recognized provisions and disclosure of contingent liabilities are based on the best information available at the date of approval of the financial statements, including the opinion of the Legal Department of the Company and external lawyers with whom Sporting SAD works.

Income Tax

The determination of the total amount of taxes on profits requires certain interpretations and estimates. There are many transactions and calculations for which the determination of the final amount of tax payable is uncertain during the ordinary course of business.

The Tax Authorities are entitled to review the calculation of the taxable amount paid by the Company for a period of four years except when there are tax losses, tax benefits were granted, or ongoing inspections, complaints or disputes exists, in which case depending on the circumstances, the deadlines are extended or suspended.

Thus, there may be corrections to the tax base, resulting mainly from differences in the interpretation of tax legislation. However, it is the opinion of the Board that there will be no significant corrections to the income tax recorded in the financial statements.



2. SALES AND SERVICES RENDERED

The balance of sales and services rendered is analyzed as follows:

Sales and services rendered	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Merchandising	3,255	1,317
Sales	3,255	1,317
TV rights	24,809	17,353
Ticket office and ticket season	14,198	12,595
Sponsorship and publicity	9,921	10,181
Others	3,917	3,257
Services rendered	52,845	43,386
Total	56,100	44,703

The services with related parties amount to Euro 2,680 thousand as of 30 June 2016 (30 June 2015: Euro 2,912 thousand). See Note 26.

The TV rights revenues were as follows at 30 June 2016 and 2015:

TV rights	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Transmission contract of TV rights with PPTV, SA	23,000	15,000
Market pool - Champions league	1,085	2,190
Market pool - Europa league	724	163
Total	24,809	17,353

The increase in the value of television rights stems mainly from the addendum to the contract between the Company and PPTV, concluded on 29 December 2015, which had a positive impact of Euro 8 million in these financial statements, related to the transfer of television rights to the present time.

Revenues from ticket and season tickets sales are as follows on 30 June 2016 and 30 June 2015:

Ticket office and ticket season	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Ticket season (gamebox)	4,535	4,020
Nacional league ticket office	2,536	1,820
UEFA ticket office	725	1,138
Portugal cup ticket office	297	442
Particular games ticket office	201	209
Cup league	36	37
Cabins	3,893	3,416
Business seats	710	581
Lion seats	648	487
Founding members	472	354
Others	145	90
Total	14,198	12,595



The amounts recorded under sponsorship and advertising consist mainly of the main sponsors of Sporting, technical sponsorship equipment and sweatshirts.

3. OTHER OPERATING INCOME

The accounting caption “Other operating income” is as follows:

Other operating income	Euros'000 30.Jun.16	Euros'000 30.Jun.15
European competition participation	8,486	11,339
National competition participation	33	278
Particular competition participation	1,250	307
Player loans	727	420
Exchange differences	-	446
Cash discounts	334	199
Others	1,820	691
	12,650	13,679

The detail of the caption of the income of participation in European competitions is as follows:

European league participation	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Group phase participation - Champions league	-	8,600
Group phase participation - Europe league	2,400	-
Participation in the group stage - Champions league	3,000	-
Premium participation - Champions League	-	2,500
Premium participation - Europe league	1,450	-
Moving to subsequent rounds - Europe league	500	-
Other premiums	1,136	239
	8,486	11,339

The variation in the caption “Particular competition participations” is mainly due to the pre-season in South Africa.

In the year ended on 30 June 2016, the caption of other income includes the amount of Euro 392 thousand related to gains from renegotiation of contracts with intermediary agents and Euro 784 thousand related to the estimate made on the participation of Sporting SAD players' in the Euro 2016 on 30 June 2016.

In the year ended 30 June 2015, the item “Other income” includes the amount of Euro 328 thousand related to the participation of players belonging to Sporting SAD in the 2014 World cup.

4. EXTERNAL SUPPLIES AND SERVICES



The breakdown of external supplies and services is as follows:

External supplies and services	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Subcontracts	5,751	6,736
Travel and accommodation games organization	1,915	1,075
Comissions	1,626	347
Fees	1,114	952
Specialized services	2,291	1,442
Sports equipment	639	667
Fuel	544	589
Advertising and publicity	1,279	971
Rents and leasing	334	305
Conservação e reparação	212	84
Other costs	1,637	978
Total	17,342	14,147

Subcontracts breakdown as follows:

Subcontracts	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Rents (Note 26)	-	1,250
Sponsorship and publicity (Note 26)	472	685
Maintenance and games assistance	454	136
Surveillance	534	368
Cleaning	278	237
Meals	1,325	1,055
Games assistance	1,102	677
Electricity	778	596
Others	809	1,733
Total	5,751	6,736

The reduction in "Subcontracts" caption is mainly due to two combined effects, which include, the decrease on the impact regarding the recognition in the 1st quarter of the season 2014/2015 of the stadium rent for that period charged by SPM to the Sporting SAD, amounting to Euro 1,250 thousand and the increase of expenses related to stadium operations (see introductory note relative to the merge of SPM in Sporting SAD)

The balance of external supplies and services includes transactions with related parties amounting to Euro 1,282 thousand (June 2015: Euro 2,673 thousand) as further described in Note 26.



The increase in "Travel and accommodation games organization" is related to expenses arising from games made internationally.

The commissions are as follows for the years ended June 30, 2016 and 2015:

Comissions	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Players acquisitions	607	-
Employment contracts renewal	222	-
Players tranfer	218	-
Technical staff contracting	140	-
Games organization	75	-
Other comissions	364	347
Total	1,626	347

It should be noted that whenever the expenses related to the acquisition of sports rights of professional football players and renewal of employments contracts generate an obligation which is dependent on future conditions, namely when there are payments dependent on the continuation of the employment contract with the player, such future obligations are not considered in the original purchase price and consequently in the related liability and recognized in earnings in the cadence of service. The commitments arising from these agreements are disclosed in Note 29.

During the years ended June 30, 2016 and 2015, the costs on fees for statutory auditing services, auditing and tax advice of the current Statutory Auditor of SAD were as follows:

Legal fees of Statutory Auditor	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Legal certification services	99	66
Limited review assurance services	13	13
Financial assurance services - UEFA licensing	3	14
Tax advisory services	12	7
Other assurance services - UEFA/LFPP licensing	19	14
Total	145	114

5. PAYROLL COSTS

Payroll costs are as follows:



Payroll costs	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Remuneration of statutory board members	410	163
Wages and salaries	39,945	20,548
Compensation	243	949
Social security costs	3,874	1,678
Post-employment benefits (Note 28)	278	175
Insurance	3,832	1,476
Others	283	152
Total	48,865	25,140

Remuneration of statutory Board members item includes the remuneration of the Administration Council. Members from Fiscal Council as well as General Assembly Council belonging to Sporting SAD are unpaid. The increase results from the impact of the General Meeting resolution of Sporting SAD held on September 2015.

The accounting item "Salaries and wages" presents the following detail by functions:

Wages and salaries	30.Jun.16	30.Jun.15
Squad and coaching staff	37,165	18,524
Others	2,780	2,024
Total	39,945	20,548

The increase in staff wages is due to the increases on squad remunerations and also the remunerations associated with the newly hired technical team, players and renewals of sports employments contracts necessary to ensure the sustainability of the performance of Sporting SAD.

The item "Wages and salaries" includes variable remuneration related to awards of athletes and technical team for the collective performance as well as individual performance bonuses, included in some labor contracts, determined in accordance to the number of participations as starting line-up position in the various competitions. The bonuses amount to Euro 2,467 thousand on 30 June 2016 (June 2015: Euro 2,258 thousand).

The variations that occurred in the items of remunerations and insurance charges arose primarily from the increase in the value of the squad and coaching staff.

The item "Compensation" reflects the expenses incurred on the termination of employment contracts with players and other employees of the SAD.

During the periods ended on 30 June 2016 and 30 June 2015, the average number of employees working for the Company is details as follows:



Average number of employees	30.Jun.16	30.Jun.15
Players	98	70
Coachs	17	21
Others	125	124
Total	240	215

It should be noted that in the table presented above, training athletes and their coaches are included.

6. PROVISIONS AND IMPAIRMENT LOSSES (EXCLUDING SQUAD)

Provisions and impairment losses (excluding players' registration) breaks down as follows:

Provision and impairment loss excluding players' registration	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Accounts receivable impairment (Note 14)	314	2,830
Other accounts receivable impairment (Note 16)	-	-
Inventories impairment	(83)	56
Other provisions (Note 19)	2,820	1,138
Total	3,051	4,024

7. OTHER EXPENSES AND LOSSES

During the periods ended on 30 June 2016 and 30 June 2015 the balance of other expenses and losses is detailed as follows:

Other operating costs	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Fees charged for player loans	-	220
Contributions	270	219
Indirect taxes	293	737
Fines and penalties	213	164
Market research	391	572
Exchange rate differences	15	850
Image rights	914	655
Others	515	885
Total	2,611	4,302

Fees charged for player loans refer to expenses that arise from temporary loans from other clubs to Sporting SAD.



The change in caption of indirect taxes arises mainly from the impacts of the financial restructuring agreement on November 2014, during the year ended on 30 June 2015.

8. AMORTIZATIONS AND IMPAIRMENT LOSSES IN SQUAD

During the periods ended 30 June 2016 and 30 June 2015, the accounting caption depreciation and impairment losses squad is detailed as follows:

Amortization and impairment loss on players' registration	Euros'000	
	30.Jun.16	30.Jun.15
Amortization charges for the year - Professional football (Note 12)	8,157	7,333
Impairment loss - Professional football (Note 12)	1,175	3,483
Total	9,332	10,816

Impairment losses of the squad consider the net book value of sports rights of players as of 30 June 2016, whose recoverability seems uncertain and/or the loss of which was confirmed by the occurrence of termination of the sports labor contract between the date of report and the date of approval of these financial statements.

On 30 June 2016, there were impairment losses relating to 4 players (30 June 2015: 5 players).

9. OTHER OPERATING INCOME/(EXPENSES)WITH PLAYER REGISTRATION TRANSACTIONS

9.1 OPERATING INCOME AND EXPENSES WITH PLAYER REGISTRATION TRANSACTIONS

The income and expenses with players' registration of transactions are as follows (see Note 12):

Other operating income/(expenses) with players' registration transaction	Euros'000	
	30.Jun.16	30.Jun.15
Transfer of economic rights to Sporting Portugal Fund	-	658
Sales of sports rights	7,632	27,304
Solidarity mechanism/training compensation	84	40
Total	7,716	28,002

The change in income with the transfer of economic rights to Sporting Portugal Fund is explained by the acquisition of the Fund which took place during the year (Introductory Note). Prior to the acquisition, this income resulted from the linear recognition of the income generated by the concessions made to the fund, according to the sports labor contract period that the players celebrated with the Sporting SAD, as well as the recognition of the remaining value on the date of transaction of the players sold each year.



On the 30 June 2016, the sale of sports rights is detailed as follows:

30 June 2016	% Economic rights sold	Sales date	Acquiring entity	Euros'000		Euros'000	
				Sale Value	Gain/Loss associated to the sale	Net book value	Gain/Loss
Fredy Montero	100%	jan/16	Tianjin Teda Football Club	5 000 (a)	(306)	1 251	3 443
Valentin Viola	100%	jan/16	Apollon Football	-	2 577	-	2 577
Naby Sarr	100%	Jul/15	Charlton Athletic	1 999	(495)	838	666
Shikabala	100%	ago/15	Zamalek	570	(57)	123	390
				7 569	1 719	2 212	7 076
						Others	556
						Total	7 632

(a) The above identified sales do not include variable values of contingent sales upon compliance with certain conditions relating to sports performance, individually and collectively, the players and the buyer club, as well as the % of gains from future transfers - see Note 32.

The expenses associated with player transfers include, where applicable, brokerage commissions and spending on solidarity mechanism made by the Sporting SAD where the value is deducted by the destination club as well as a share of economic rights or capital gains owned by other entities. It should be noted that the calculated values of expenses and / or income associated with the sale also take into consideration the following factors:

- Deduction of proportional funds to deliver to third parties arising from the sale, also considering the liability recorded at each reporting date, in the context of sharing economic interest contracts, as well as the effect of a financial update, where appropriate, taking into account the plans of stipulated receipt;
- Amounts established on the termination agreement with players and intermediary agents.

The amount shown as expenses associated with the sale of the player Naby Sarr arises mainly from 15% of economic rights held by the previous club and from the intermediation commissions associated with this transaction.

The amount shown as income is associated to the sale of the player Valetim Viola arose from the reversal debt agreement to the Fund, which was the holder of the economic rights of the player (Euros: 2,577 thousand).

On the 30 June 2015, the sale of sports rights is detailed as follows:



30 June 2015	% Economic rights sold	Sales date	Acquiring entity	Euros'000 Sale Value	Euros'000 Gain/Loss associated to the sale	Euros'000 Net book value	Euros'000 Gain/Loss
Marcos Rojo	100%	ago/14	Manchester United	20 000 (a)	(3 105)	3 318	13 577
Eric Dier	100%	jul/14	Tottenham Hotspur	5 000 (a)	-	15	4 985
Cedric Soares	100%	jun/15	Southampton	5 500 (a)	(634)	35	4 831
Mauricio Nascimento	100%	jan/15	S.S Lazio	2 650 (a)	(473)	315	1 862
Bruma	-	-	Galatasaray	1 000 (b)	-	-	1 000
Fabian Rinaudo	100%	jul/14	Catania	1 600 (a)	(349)	605	646
Matias Fernandez	-	-	Fiorentina	250 (b)	-	-	250
				36 000	(4 561)	4 288	27 151
						Others	152
						Total	27 304

(a) The above identified sales do not include variable values of contingent sales upon compliance with certain conditions relating to sports performance, individually and collectively, the players and the buyer club, as well as the % of gains from future transfers - see Note 32.

(b) Amounts related to contingent assets made during the current year - see Note 32.

The amount shown as expenses associated with the sale of the player Marcos Rojo stems mainly from the fact that the former football club was entitled to 20% of the added value of the transaction.

The amount shown as expenses is associated to the sale of the players Maurício Nascimento and Fabian Rinaudo and the existence of other entities entitled to part of the economic rights of these players at the transaction date (Note 12).

9.2 NON-RECURRING COSTS

Following the framework described in Note 19 relating to the litigation with Doyen, it was recognized an expense in the amount of Euros 14,991 thousand since it reflects a non-recurring situation and taking into account its magnitude in the context of these financial statements.

The amount is detailed as follows:

- Euros 13,041 thousands for the compensation set by the Court of Arbitration of Sport, including associated interests, estimated by Sporting SAD as of June 30, 2016.
- Euros 1,500 thousand for the amount paid to Doyen on August 2014, relative to 35% of the economic rights of the player Zakaria Labyad, which was deducted from the amount described above. In the year ended on 30 June 2015 this payment embodied a reduction to the previously liability, already recorded, and therefore with no impact on the results for this year.



- Euros 450 thousand relating to the exercise of the put option occurred on January 2016 by Doyen, regarding the player Zakaria Labyad.

10. FINANCIAL RESULTS

The financial results for the periods ended on 30 June 2016 and 30 June 2015 breakdown is as follows:

Financial results	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Interest expense on bank loans	(2,963)	(3,588)
Other interest expense	-	927
Exchange rate differences	(425)	(646)
Financial discount of non currents assets and liabilities	(2,560)	13,284
Banking commissions	(563)	(1,558)
Other financial losses	751	(633)
Gains/loss on investments	-	(8,899)
Total	(5,760)	(1,113)

The reduction of financial expenses on interest paid for bank loans is mainly connected to the agreement of the financial restructuring. See introductory note.

At year ended on 30 June 2016, the caption of interest income consists mainly of remuneration of the long-term debt from Group Sporting Clube de Portugal companies to Sporting SAD, which was mostly settled under the financial restructuring in November 2014. See introductory note.

The financial results associated with the financial actualization of non-current assets and liabilities carried at amortized cost (Note 20) are detailed as follows:

Financial discount of non currents assets and liabilities	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Non Current - Accounts receivable and accounts payable (Notes 13 and 21)	401	90
Borrowings (Note 20)	(2,961)	13,194
	(2,560)	13,284

This accounting caption includes mainly the following situations: (i) an initial calculation of the fair value of the loans obtained; (ii) subsequent application of the effective interest rate to the amortized cost of the loans obtained; (iii) amendment of estimated repayments of loans obtained at amortized cost (iv) financial restatement of non-current liabilities related to signing bonuses to be paid to players, payables to third parties for the acquisition of players and even other contractual amounts payable to suppliers and (v) updating the non-current receivables.



The increase in the item "Banking Commissions" is due mainly to the impact of the above mentioned financial restructuring. See introductory note.

The amount recorded in "Gains / (losses) on investments", on 30 June 2015, stems from the impact of the acquisition and subsequent liquidation of the Sporting Portugal Fund amounting Euro 12,650 thousands. Considering that this Fund would end its activity on August 2016, there were some economic rights of athletes held by third parties. Therefore it was the strategy of the club to recover the aforementioned economic rights in order to avoid its dispersion; hence the conviction of the Board is that the value to be paid to the fund will be recovered with the future sales of athlete's registration. See Introductory Note.

11. TANGIBLE ASSETS

Tangible assets caption on 30 June 2016 and 30 June 2015 is presented as follows:

Tangible assets	Euros'000	
	30.Jun.16	30.Jun.15
Book value	30,249	29,072
Accumulated depreciation and impairment loss	(9,964)	(8,620)
Total	20,285	20,452

During the periods ended on 30 June 2016 and 30 June 2015, the changes in the items of tangible fixed assets and the depreciation and impairment losses were as follows:

30 June 2016	Euros'000		Euros'000	
	30.Jun.15	Increases	Asset sales	30.Jun.16
Book value				
Lands	1,379	-	-	1,379
Buildings and other constructions	22,299	759	-	23,058
Basic equipment	1,990	54	-	2,044
Transportation equipment	364	-	-	364
Administrative equipment	1,908	88	-	1,997
Other tangible assets	1,133	67	-	1,200
Investments in progress	0	208	-	208
29,072	1,176			30,249
Accumulated depreciations and impairment losses				
Buildings and other constructions	(4,348)	(932)	-	(5,279)
Basic equipment	(1,388)	(208)	-	(1,596)
Transportation equipment	(364)	-	-	(364)
Administrative equipment	(1,738)	(106)	-	(1,844)
Other tangible assets	(783)	(97)	-	(881)
(8,620)	(1,344)			(9,964)
Net Book Value	20,452	(167)		20,285



30 June 2015	Euros'000 30.Jun.14	Euros'000 Merge	Euros'000 Increases	Euros'000 Asset sales	Euros'000 30.Jun.15
Book value					
Lands	1,379	-	-	-	1,379
Buildings and other constructions	21,710	569	20	-	22,299
Basic equipment	1,769	207	14	-	1,990
Transportation equipment	328	36	-	-	364
Administrative equipment	300	1,553	55	-	1,908
Other tangible assets	141	978	14	-	1,133
Investments in progress	-	-	-	-	-
	25,627	3,343	103	-	29,072
Accumulated depreciations and impairment losses					
Buildings and other constructions	(3,233)	(253)	(862)	-	(4,348)
Basic equipment	(1,061)	(124)	(203)	-	(1,388)
Transportation equipment	(328)	(36)	-	-	(364)
Administrative equipment	(289)	(1,274)	(175)	-	(1,738)
Other tangible assets	(108)	(600)	(75)	-	(783)
	(5,019)	(2,286)	(1,315)	-	(8,620)
Net Book Value	20,607	1,057	(1,212)	-	20,452

On 30 June 2016 and 30 June 2015 the accounting item "Lands" and "Buildings and other constructions" refers primarily to Alcochete's Academy, which is a financial lease investment (Note 20). The detail is presented as follows:

Academy	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Book value		
Lands	1,379	1,379
Buildings and other constructions	21,877	21,722
	23,256	23,101
Accumulated depreciations		
Lands	-	-
Buildings and other constructions	4,875	4,049
	4,875	4,049
Net Book Value	18,381	19,052

Sporting's Academy was given as collateral for bank loans of Sporting SAD.

Depreciation costs of tangible fixed assets are recorded under "Depreciation excluding depreciation of the squad."

12. INTANGIBLE ASSETS

12.1 SQUAD VALUE

The football squad caption comprises the players on which the Sporting SAD holds the respective rights of sports registration.



The caption on 30 June 2016 and 30 June 2015 is presented as follows:

Squad value	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Book value	48,580	39,189
Accumulated depreciation and impairment loss	(16,510)	(19,875)
Total	32,070	19,314

During the period ended 30 June 2016 and 30 June 2015, movements in intangible asset item - squad value, as well as depreciation and impairment losses were as follows:

	30 June 2016		Euros'000	Euros'000	Euros'000	Euros'000	Euros'000	Euros'000
		30.Jun.15	Increases	Asset sales	Regularizations and disposals	Impairment	30.Jun.16	
Book value	39,189	25,510	(14,566)	(1,553)	-	-	48,580	
Accumulated depreciation and impairment loss	(19,875)	(8,157)	11,333	1,364	(1,175)	(1,175)	(16,510)	
Total	19,314	17,353	(3,233)	(189)	(1,175)	(1,175)	32,070	

	30 June 2015		Euros'000	Euros'000	Euros'000	Euros'000	Euros'000	Euros'000
		30.Jun.14	Increases	Asset sales	Regularizations and disposals	Impairment	30.Jun.15	
Book value	38,863	10,017	(8,665)	(1,026)	-	-	39,189	
Accumulated depreciation and impairment loss	(14,137)	(7,333)	4,351	727	(3,483)	(3,483)	(19,875)	
Total	24,726	2,684	(4,314)	(299)	(3,483)	(3,483)	19,314	

The main additions that occurred during the year ended on 30 June 2016 breakdown is as follows:

Player	% Economic rights	Acquisition date	Seller	Contract deadline	Total acquisition amount	Other responsibilities	Total Acquisition amount
Alan Ruiz	100%	(a) abr-16	Club Atlético Colón	Jun-20	4,844	3,200	8,044
Teófilo Gutiérrez	90%	(a) jul-15	C.A.River Plate	Jun-18	3,400	538	3,938
Edinaldo Pereira	100%	(a) jul-15	Udinese Calcio SPA	Jun-19	3,000	10	3,010
Lucas Spalvis	100%	(a) fev-16	Aalborg Boldspilklub	Jun-21	1,614	125	1,739
Bryan Ruiz	100%	(a) jul-15	Fulham F.C.	Jun-18	1,200	120	1,320
Bruno César	100%	(a) nov-15	-	Jun-20	-	1,300	1,300
Adrién Silva	-	(b) -	-	Jun-21	-	1,224	1,224
Adrierto Aquilani	100%	(a) ago-15	-	Jun-17	-	1,000	1,000
Alberto Petrović	100%	(a) jun-16	Dinamo de Kiev	Jun-21	1,000	-	1,000
Marvin Zeegelar	100%	(a) out-15	Rio Ave F.C.	Jun-20	300	390	690
					15,358	7,907	23,265
						Others	2,245
						Total	25,510

- (a) Players' acquisitions
- (b) Renewals of employments contracts

The main additions that occurred during the period ended on 30 June 2015 may be broken down as follows:

Player	% Economic rights	Acquisition date	Seller	Contract deadline	Total acquisition amount	Other responsibilities	Total Acquisition amount
Ryan Gauld	80%	(a) jul-14	Dundee United	jun-20	2,757	-	2,757
Jonathan Silva	100%	(a) ago-14	Estudiantes de la Plata	jun-19	2,515	-	2,515
Ewerton Santos	100%	mai-15	Anzhi	jun-19	1,500	-	1,500
Hadi Sacko	100%	(a) ago-14	FC Bordeaux	jun-20	1,000	16	1,016
Naby Sarr	85%	(a) jul-14	Olympique Lyonnais	jun-20	1,000	5	1,005
Rami Rabia	100%	(a) ago-14	Al Ahly	jun-20	750	-	750
					9,522	21	9,543
						Others	474
						Total	10,017

- (a) Players acquisitions



The acquisitions above do not include variable purchase values contingent upon compliance with certain conditions relating to sports, individual and collective performance, the players and the Sporting and / or % of capital gains from future transfers - see Note 32.

“Other expenses” refer to the expenses related to the acquisition of economic rights of the players, namely expenses with intermediation services, signing bonuses, solidarity mechanisms, federal taxes and other charges.

Expenses related to the acquisition of registration rights of professional football players are included in the initial acquisition cost whenever they are not dependent on future conditions that are not fully under the control of SAD, in particular where the payments are dependent on the maintenance of the employment contract with the player.

Consequently when the related payments are dependent with the prolongation of the employment contract with the player such future obligations are not considered in the original purchase price and, consequently, in the related liability, and recognized in earnings in the cadence of service. The commitments arising from these agreements are disclosed in Note 29.

The disposals of sporting and economic rights of players during the years ended on 30 June 2016 and 2015 are detailed in Note 9.

The accounting net amount of players as of 30 June 2016 and 30 June 2015 are grouped as follows:

Players net book value	30.Jun.16		30.Jun.15	
	Number of players	Euros'000	Number of players	Euros'000
Less than Euro 1 000 000	28	6,856	23	8,529
Between Euro 1 000 000 and Euro 2 000 000	9	12,221	3	6,442
More than Euro 2 000 000	3	12,993	2	4,343
Totais	40	32,070	28	19,314

The main players included in the squad of Sporting SAD as of 30 June 2016 and 2015 and respective percentage owned economic rights and duration of sporting employment contracts are presented as follows:



Player name	June 2016		June 2015	
	End of contract	% Economic rights	End of contract	% Economic rights
Adrien Silva	a) 2020	100%	2017	50%
Azbe Jug	2020	100%	2020	100%
Carlos Mané	2020	100%	2018	100%
Ewerton Santos	2019	100%	2019	100%
Heldon Ramos	2019	100%	2019	100%
Islam Slimani	2020	100%	2017	100%
Jefferson	2020	80%	2017	80%
João Mário	2020	75%	2018	75%
Jonathan Silva	2019	100%	2019	100%
Junya Tanaka	2019	100%	2019	100%
Oriol Rossel	2019	100%	2019	100%
Paulo Oliveira	2019	90%	2019	90%
Ricardo Esgaio	2022	100%	2018	100%
Rui Patrício	2022	100%	2018	65%
Teófilo Roncancio	a) 2018	90%	-	-
Alberto Aquilani	a) 2017	100%	-	-
Bryan Ruiz	2018	100%	-	-
Edinaldo Pereira	2019	100%	-	-
João Pereira	2017	100%	-	-
Bruno César	2020	100%	-	-
Ezequiel Schelotto	2019	100%	-	-
Marvin Zeegelaar	2020	100%	-	-
Lukas Spalvis	a) 2018	100%	-	-
Alan Ruiz	2020	100%	-	-
Radosav Petrović	a) 2020	100%	-	-
Ryan Gauld	2020	80%	2020	80%
Simeon Slavchev	2019	85%	2019	85%
Tobias Figueiredo	2021	50%	2019	50%
Gelson Martins	2021	100%	2021	100%
Matheus Pereira	2020	100%	2020	100%
Rúben Semedo	2022	100%	2018	100%
Wallyson Mallmann	2021	70%	2019	70%
William Carvalho	2020	100%	2018	100%

a) Does not consider na option to extend the existing sports labor contract

The percentage of economic rights considers the sharing economic interests with third parties resulting from future sales, including clubs, sports agents or the players themselves. In addition, for some players, Sporting SAD has contingent liabilities to the value associated with a future transfer regarding the percentage of capital gains – see Note 32.

Partnership and Investment Agreements

- Quality Football Ireland (QFIL)



Under the partnership established with the "Quality Football Ireland Limited Funds", "Quality Football Ireland III Limited" and "Quality Football Fund Ireland Limited", there are assigned percentages of the economic rights held by the Company at the date of 30 June 2016 and 30 June 2015, as follows:

Player	30.Jun.16	30.Jun.15	Price paid by the Fund
Carlos Chaby	50%	50%	1,000
Cristian Ponde	25%	25%	100
Diego Rubio	-	40%	1,400
João Mário	25%	25%	400
Tobias Figueiredo	50%	50%	1,000

See note 33, regarding players João Mário, Carlos Chaby and Tobias Figueiredo.

12.2 OTHER INTANGIBLE ASSETS

The caption as of 30 June 2016 and 30 June 2015 is presented as follows:

Other intangible assets	Euros'000	
	30.Jun.16	30.Jun.15
Book value	209,714	209,535
Accumulated amortization and impairment losses	(66,319)	(63,285)
Total	143,395	146,250

During the period ended on 30 June 2016 and 30 June 2015, the movement in the accounting caption "Other intangible assets" and "Accumulated depreciation and impairment losses", were as follows:

30 June 2016	Euros'000 30.Jun.15	Euros'000 Increase	Euros'000 Assets Sales	Euros'000 30.Jun.16
Book value				
Surface rights	208,892	-	-	208,892
Software	487	9	-	496
Other intangible assets	23	-	-	23
Investment in progress	133	170	-	303
	209,535	179		209,714
Accumulated amortization and impairment losses				
Surface rights	(62,781)	(3,027)	-	(65,808)
Software	(481)	(7)	-	(488)
Other intangible assets	(23)	-	-	(23)
	(63,285)	(3,034)		(66,319)
Net Book Value	146,250	(2,855)		143,395



30 June 2015	Euros'000 30.Jun.14	Euros'000 Merge	Euros'000 Increase	Euros'000 30.Jun.15
Surface rights				
Software	-	208,308	584	208,892
Other intangible assets	18	469	-	487
Investment in progress	5	18	-	23
	<u>92</u>	<u>29</u>	<u>12</u>	<u>133</u>
	<u>115</u>	<u>208,824</u>	<u>596</u>	<u>209,535</u>
Surface rights				
Software	-	(60,511)	(2,270)	(62,781)
Other intangible assets	-	(478)	(3)	(481)
	<u>(23)</u>	<u>(60,989)</u>	<u>(2,273)</u>	<u>(63,285)</u>
	<u>92</u>	<u>147,835</u>	<u>(1,677)</u>	<u>146,250</u>
Net Book Value				

The “Other intangible assets” corresponds to the transfer of surface rights (on the José Alvalade stadium and the multisport building), by Sporting Clube de Portugal to the SPM. This transfer took place on 2006 with a term of 25 years for the initial amount of Euro 163,894 thousands and SPM became responsible for the stadium’s maintenance, management and operations. During the current period also occurred the extension of their rights in the amount of Euro 73 million, whose term expires on April 2063.

The surface rights were incorporated in the statement of financial position of Sporting SAD under the merge between Sporting SAD and SPM – See Introductory Note.

On 30 June 2015, Sporting SAD has calculated the recoverable amount of the stadium’s surface rights, by determining the usage value allocated to the cash generating unit (stadium), according to the method of discounted cash flows considering a discount rate (WACC) of 8%. The calculations are based on historical performance and business development expectations of operating the stadium with the current structure, and used an estimate of cash flows until the end of the period of duty (year 2063).

In the scope of this test, the revenue from the operation of the stadium was considered, with the current structure, such as tickets (boxes, business seats, lion seats and ordinary tickets) but also revenue from advertising and sponsorships. The CAGR (Compound Annual Growth Rate) of revenue considered in the impairment test amounted to 2%.

Regarding to expenses considered in the scope of the test, all the expenses such as the management expenses, costs of operation and of maintenance, were also assumed to have an increase in line with inflation for the projection period of 2% (30 June 2015: 2%). The test also included capex maintenance and replacement costs.

As a result of the calculations, no impairment loss was identified.

On 30 June 2016, the test was computed with an increase of 0.5% in the WACC used. It led to a decrease in the valuation of Euro 9,414 thousands. However the recoverable amount of the stadium’s surface rights’ value is still higher than the net book value of the asset, and so no impairment loss was identified.



On 30 June 2015, the test was computed with an increase of 0.5% in the WACC used. It led to a decrease in the valuation of Euro 10,213 thousands. However the recoverable amount of the stadium's surface rights' value is still higher than the net book value of the asset, and so no impairment loss was identified.

13. OTHER NON-CURRENT ASSETS

On 30 June 2016 and 30 June 2015, "Other non-current assets" caption account detail is as follows:

Other non-current assets - Accounts receivable	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Other accounts receivable	1,315	5,424
Total	1,315	5,424

The amounts receivable from sales of players with maturity exceeding one year detailed by client is as follows:

Other accounts receivable	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Sport Clube Corinthians Paulista	1,000	2,000
Galatasaray	-	2,500
Southampton Football Club Limited	-	1,259
Societa Sportiva Lazio SPA	400	-
Financial discount	(85)	(335)
Total	1,315	5,424

These values are recorded at amortized cost in accordance with the accounting policy described in Note 1.7.

14. ACCOUNTS RECEIVABLE

On 30 June 2016 and 30 June 2015 the accounts receivable detail is as described on the following table:

Accounts receivable	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Current accounts receivable	11,685	22,745
Doubtful accounts receivable	14,359	14,470
Clients impairment losses	(14,419)	(14,478)
Total	11,625	22,738



The breakdown of this caption by the principal balances receivable from current business activities and players sales are detailed in the following table:

Current accounts receivable	Euros'000	
	30 Jun.16	30 Jun.15
Player sales and solidarity mechanism		
Southampton Football Club Limited	125	2,986
Manchester United Football Club Ltd	-	5,000
Societa Sportiva Lazio SPA	-	1,259
KSF Lokeren	-	300
Fiorentina	-	250
Galatasaray	-	2,000
Nice	100	800
Sport Clube Corinthians Paulista	1,000	1,000
Zamalek Sporting Club	448	-
Kashiwa Reysol	69	-
Os Belenenses- Soc. Desportiva de Futebol, SAD	64	-
Vitoria Sport Clube, Futebol, SAD	62	-
Others	-	65
Current commercial activities		
PPTV, SA	5,044	4,613
Others	4,713	4,465
Total	11,625	22,738

The changes in accounts receivable impairments loss balance for the periods ended on 30 June 2016 and 30 June 2015 is as follows:

30.June.2016	Euros'000 30.Jun.15	Euros'000 Increases (Note 6)	Euros'000 Uses	Euros'000 Decrease (Note 6)	Euros'000 Exchange Diff.	Euros'000 30.Jun.16
Clients impairment losses	14,478	740	(195)	(426)	(178)	14,419
Total	14,478	740	(195)	(426)	(178)	14,419
30.June.2015	Euros'000 30.Jun.14	Euros'000 Increases (Note 6)	Euros'000 Merge	Euros'000 Transfers	Euros'000 Decrease (Note 6)	Euros'000 Exchange Diff. 30.Jun.15
Clients impairment losses	7,170	2,954	3,496	537	(124)	444
Total	7,170	2,954	3,496	537	(124)	444

15. CASH AND CASH EQUIVALENTS

The following table presents the detail of caption “Cash and cash equivalents” as of 30 June 2016 and 30 June 2015:



Cash and cash equivalents	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Cash	161	1
Short term bank deposits	251	6,901
Short term bank deposits - restricted	2,912	3,693
Total	3,324	10,595

The restricted short term bank accounts are a consequence of the financial restructuring. This account aims the settlement of bank debt, interest and the constitution of a reserve account.

16. OTHER CURRENT RECEIVABLES

As 30 June 2016 and 30 June 2015 the detail of other current receivables is presented as follows:

Other current receivables	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Supplier advances	172	184
Related parties (Note 26)	4,672	5,945
Others	298	557
Other debtors impairment losses	(435)	(435)
Total	4,707	6,251

On the year ended on 30 June 2016 and 2015, there were no movements in the balance of impairment losses from other debtors.

17. OTHER CURRENT ASSETS

On 30 June 2016 and 30 June 2015, caption "Other current assets" decomposes as follows:



Other current assets	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Accrued Income		
Sponsorship and publicity	69	109
Solidarity mechanism	1,125	1,125
Sports rights sales	636	636
European Competitions	1,687	-
European Premium 2016 (Nota 3)	784	-
Cabins	648	370
Related parties (Note 26)	423	440
Others	50	98
Total	5,422	2,778
Accrued expenses		
Market research	226	722
Players Transfers	250	-
Others	184	243
Total	660	966
Total	6,082	3,744

The amount recorded under the item “Solidarity mechanism” accrued income refers mainly to the sale of the player João Moutinho from FC Porto to Monaco, which took place on June 2013.

The amount recorded in the European competitions income accrued caption includes the amounts retained by UEFA relating to the participation in European competitions of the 2015/2016 resulting from court cases in progress.

18. EQUITY

On 30 June 2016 and 30 June 2015, the equity caption breaks down as follows:

Equity	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Share capital		
Share capital	67,000	67,000
Share premium	6,500	6,500
Reserves	(7,215)	(7,238)
Marketable securities mandatorily convertible	127,925	127,925
Retained earnings	(187,259)	(206,477)
Net profit	(31,904)	19,333
Total	(24,953)	7,043



Share Capital and Shares' Premium

Sporting Clube de Portugal – Futebol, SAD is a public company with shares listed on Euronext Lisbon.

SPORTING CLUBE DE PORTUGAL – Futebol, SAD, was constituted by public deed on 28 October 1997 with an initial capital of Euro 34.9 million, with a call for public subscription, governed by the special legal regime established by Decree-Law No. 67/97 of 3 April.

On the 31 July 2001, the equity amount increased to Euro 54.9 million by public deed.

This increase on the equity amount was made by converting Sporting Clube de Portugal and Sporting-SGPS's debt to equity. The partial amounts were Euro 3.05 million and Euro 16.95 million respectively.

Also, on this public deed from July 2001, the equity was converted from Escudos to Euro. This conversion was made applying the standard method, converting the shares net book value from Escudo 1000 to Euro 4.99. This operation has rounded each share to the nearest Euro cent and it has led to a consequent increase in capital of Euro 22,230 thousand (Escudo 4,456,980) against retained earnings. The equity conversion process has ended on the 11 October 2001.

On 2 September 2002 were listed on the Second Market 4 million shares corresponding to the capital increase mentioned above.

By public deed held on 30 June 2004 equity amount was reduced from Euro 54.9 million to Euro 22 million. This reduction amounted to Euro 32.9 million and was destined to cover the losses recorded in prior years proportionally, by reducing the nominal value of shares from Euro 4.99 to Euro 2.

By public deed signed on the 31 March 2005 equity amount has increased from Euro 22 million to Euro 42 million. This increase in the capital amount was undertaken by issuance of 10 million new registered shares with a nominal value of Euro 2 and a premium of Euro 0.65 each, generating a prize pool of shares amounting to Euro 6.5 million.

On 2 December 2010, there was a General Meeting on which a capital reduction was approved from Euro 42 million to Euro 21 million, represented by 21,000,000 shares with a nominal value of Euro 1 each.

Through public deed held on 17 January 2011, equity amount was increased from Euro 21 million to Euro 39 million through the issue of 18 million new ordinary shares, with a nominal value of Euro 1 each. Sporting Clube de Portugal subscribed almost all of the shares.



On 21 November 2014, public deed of the merge between SPM (Society Incorporated) and Sporting SAD (acquiring company) was held, pursuant to point a), paragraph 4 of Article 97 of the Portuguese Companies Code. The merge resulted in an increase in equity of the Company in the amount of Euro 8 million, which consequently increased to Euro 47 million.

On the 21 November 2014 was decided by public deed to have a new increase of capital amounting to Euro 20 million, by incorporating a debt amount held by Holdimo society - Participações e Investimentos SA, subscribed by the issue of twenty million new shares. Each share had a nominal value of Euro 1, and as a result, the Company's equity has increased to Euro 67 million.

On 30 June 2016 and 30 June 2015, Sporting SAD capital main shareholders are detailed as follows:

Shareholders	30 June 2016		30 June 2015	
	Shares No	% Capital	Shares No	% Capital
Sporting Clube de Portugal	17,864,177	27%	17,864,177	27%
Sporting, SGPS	24,962,270	37%	24,962,270	37%
Holdimo - Participações e investimentos, S.A	20,000,000	30%	20,000,000	30%
Olivedesportos SGPS, S.A.	2,134,770	3%	2,134,770	3%
Treasury shares	20	0%	20	0%
Dispersed capital	2,038,763	3%	2,038,763	3%
Total	67,000,000	100%	67,000,000	100%

As defined by the Articles of Association, the Social capital consists of class A and B shares. Its detail as of 30 June 2016 and 30 June 2015 is as follows:

Share category	30 June 2016		30 June 2015	
	Shares No	%	Shares No	%
Category A	17,864,177	26.66	17,864,177	26.66
Category B	49,135,823	73.34	49,135,823	73.34
Total	67,000,000	100.00	67,000,000	100.00

Sporting Clube de Portugal owns all of class A shares. The company Bylaws provide for special rights attached to the class A shares held by founding club, Sporting Clube de Portugal. These rights arise directly from the legal regime applicable to sports companies. See the Corporate Governance report for more detailed information on their special rights.

The class B shares represent ordinary shares with no special rights.

Marketable securities mandatorily convertible

On 30 June 2016 and 30 June 2015, the convertible securities details as follows:

MSMC	Euros'000 30.Jun.16	Euros'000 30.Jun.15	Maturity
MSMC emission January 2011	47,925	47,925	December 2026
MSMC emission December 2014	80,000	80,000	December 2026
Total	127,925	127,925	



On 14 January 2011 a public subscription offer regarding the emission of Euro 55 million of convertible securities was finalized, with the nominal value of Euro 1. The emission above was totally subscribed with a maturity date of January 2016.

On 8 January 2016, by deliberation of the marketable securities mandatorily convertible holders in an general assembly, and regarding the issuance named “VALORES SPORTING 2010” a modification of the following terms and conditions of bonds issued on 14th January of 2011, with a nominal value of 1 Euro, totaling Euro 55 million was made as follows:

- Change of maturity date of the issuance, being the due date of marketable securities mandatorily convertible on 26 December 2026, Nevertheless, the assumptions of early due date, in the cases provided for in 14.5.5 paragraph of the respective prospectus still apply.
- Change in the interest payment terms, as the marketable securities mandatorily convertible grant the right to receive interest conditioned on gross and fixed nominal annual rate of 4% (four per cent) which will be due whenever there will be distributable earnings by Sporting SAD in the financial year ended prior to the date of payment of annual interest.

As described in the accounting policy 1.15 the liability component of this emission, on 30 June 2016 and 2015, is Euro 0 and Euro 1,538 thousands the liability component as of 30 June 2014 and 30 June 2013 is Euro 1,538 thousands and Euro 2,971 thousands respectively (see note 20). The equity component of this issue is Euros 47,925 thousand in both years.

On 16 December 2014 a public subscription offer regarding the emission of Euro 80 million of convertible securities was finalized, with the nominal value of Euro 1. The emission above was totally subscribed with a maturity date 12 years.

The issuance of Euro 80 million of convertible bonds was subscribed by converting banks debt from Novo Banco SA and Banco Comercial Portugues SA amounting to Euro 56 million into convertible bonds. The shareholder Sporting Clube de Portugal has a purchase option on Euro 44 million of nominal value of this convertible bonds, and it may be exercised during the period of the option exercise.

The convertible bonds will be converted into common shares (class B shares) of Sporting SAD at a conversion price of Euro 1 each, with a conditional nominal annual interest rate of 4% due only when there are distributable earnings by Sporting SAD in the financial year ended prior to the date of payment of annual interest. Hence, the capital component of this issue amounted to Euro 80 million of convertible bonds.

Reserves



On 30 June 2016 and 30 June 2015, the detail of the reserves is presented as follows:

Reserves	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Legal reserve	3,506	3,506
Merger reserve	(11,423)	(11,423)
Others reserves	702	679
Total	(7,215)	(7,238)

The Portuguese Companies Code defines that at least 5% of annual net profit must be appropriated to the legal reserve until it represents at least 20% of share capital. This reserve is not distributable except in case of liquidation of Sporting SAD. However it can be used to absorb losses after the other reserves are consumed, or incorporated in capital.

On 30 November 2010, Sporting SAD acquired the Sporting Clube de Portugal and Sporting SGPS, the entire share capital of SCS - Sporting Comércio e Serviços, SA society. It was later performed the merger of SCS, SA in Sporting SAD, given that both companies have similar social objects and that there are mutual benefits in the combination and concentration of their activities.

On 21 November 2014 a merge by incorporation of the SPM into Sporting SAD occurred, in accordance with point a), paragraph 4 of Article 97 of the Portuguese Companies Code, which resulted in a Merger reserve of Euro 1,587 thousand calculated as follows:

Retained earnings

The retained earnings correspond to the net results of previous years transferred to equity, according to the decisions made at Sporting SAD General Meetings. Additionally, this item records the changes resulting from the application of the International Financial Reporting Standards and the value of re-measurements related to post-employment benefits.

Earnings per Share

Earnings per share for the periods ended 30 June 2016 and 30 June 2015 is presented as follows:

Earnings per share	30.Jun.16	30.Jun.15
Net profit (Euros'000)	(31,904)	19,333
Weighted average number of shares	67,000,000	57,666,667
Potencial weighted average number of shares	135,000,000	101,666,667
Basic Earnings per Share (Euro)	(0.476)	0.335
Diluted Earnings per Share (Euro)	(0.158)	0.121



The dilution of the earnings arises from the existence of convertible bonds in shares of Sporting SAD.

19. PROVISIONS

Non-Current Provisions

During the periods ended on 30 June 2016 and 30 June 2015 the following movements occurred in provisions for risks and charges:

30 June 2016	Euros'000 30Jun.15	Euros'000 Increase	Euros'000 Decrease	Euros'000 Utilization	Euros'000 30Jun.16
Provision for court cases in progress	4,141	2,558	(250)	(540)	5,909
Provision for tax cases in progress	2,040	-	-	-	2,040
Other provisions	2,306	512	-	46	2,864
Total	8,487	3,070	(250)	(494)	10,813

30 June 2015	Euros'000 30Jun.14	Euros'000 Increase	Euros'000 Merge	Euros'000 Decrease	Euros'000 Utilization	Euros'000 30Jun.15
Provision for court cases in progress	759	1,138	2,356	-	(112)	4,141
Provision for tax cases in progress	2,040	-	-	-	-	2,040
Other provisions	2,135	-	421	-	(250)	2,306
Total	4,934	1,138	2,777	-	(362)	8,487

The movement of non-current provisions during the period ended on June 2016 resulted in a loss recorded under "Provisions" in the amount of Euro 2,820 thousand (Note 6).

The increase of non-current provisions on the year ended on 30 June 2016 due mainly to the judicial process with the player Valeri Bozhinov following the CAS decision, issued on 30 June 2016, partially condemning Sporting SAD at the request of the player as disclosed in the financial statements at the year ended on 30 June 2015.

The movement of non-current provisions during the period ended on June 2015 resulted in a loss recorded under "Provisions" in the amount of Euro 1,138 thousand (Note 6).

The amount presented in the caption "Other provisions" refers to provisions to cover risks related to events/disputes of various kinds, of which its resolution will result cash outflows.

The increase resulting from the merge by incorporation of SPM into Sporting SAD is mainly the due to proceedings against the Company related with advertising rates.

Current Provisions

During the year ended on 30 June 2016, the following movements occurred:

30Junho.16	Euros'000 30Jun.15	Euros'000 Increase	Euros'000 Decrease	Euros'000 Utilization	Euros'000 30Jun.16
Provision for court cases in progress	-	14,991	-	-	14,991

The movement of current provisions during the period ended on June 2016 resulted in a loss that arose from the litigation with Doyen, in the caption "Other non-recurring costs"



in the amount of Euro 14,991 thousand, of which Euro 1,950 thousands relate to the player Zakaria Labyad.

On August 14, 2014 without effects on nullity of the contracts celebrated with Doyen, related to the players Marcos Rojo and Zakaria Labyad, Sporting SAD proceeded to the resolution with just cause.

Due to the disposal, of the sporting rights, in definitive, and 100% of economic rights of the player Marcos Rojo to Manchester United, on 19 August 2014 totaling Euro 20 million, Doyen considered itself owner of 75% of the economic rights of the player Marcos Rojo, and therefore believes that it should be compensated at least by this percentage.

As a result of the resolution of the agreement celebrated with Doyen Sports regarding the economic rights of the player, on 29 August 2014, and claiming just cause, Sporting SAD, settled to Doyen the invested amount by this entity (Euro 3 million), according to the law. Additionally, on the same day, Sporting SAD also settled to Doyen the amount invested by that entity (Euro 1.5 million) related to the player Zakaria Labyad.

Both Sporting SAD and Doyen initiated court cases in Court of Arbitration for Sport (TAS/CAS). Sporting SAD against Doyen Fund for violation of their obligations in agreements denominated ERPA (Economic Rights Participation Agreement) that were celebrated concerning the players Marcos Rojo and Zakaria Labyad, accusing the fund of repeatedly and intentionally violate their obligations of noninterference with SAD, of not forcing the players transfer and of confidentiality, given that Sporting SAD defend the nullity of the agreements for violating the law and morality.

Doyen brought an action in the same TAS/CAS against Sporting SAD accusing it of solving unfoundedly the ERPA, considering also the temporary transfer of the player Nani to Sporting SAD should be considered as an exchange for transfer of the player Marcos Rojo.

Both cases were included (consolidated) in a single, in light of the subject's content.

Following the trial hearing held on CAS on June 2015, the judgement was delivered on 21 December 2015 and decided on the validity of the ERPA for the players Marcos Rojo and Zakaria Labyad and therefore sentenced Sporting SAD to pay the amount of Euro 12,013,990 plus interests. It is also conferred to Doyen the right to receive 75% of the amount that Sporting SAD will be earn in virtue of their right to 20% of up to Euro 23,000,000 in a future sale of the player Marcos Rojo by Manchester United.

On 22 February 2016 an action was brought for annulment of that decision to the Swiss Federal Supreme Court requiring the allocation of suspensory effect. The court dismissed



the decision regarding the suspensory effect and still pends the decision regarding the merits of the claim.

Following the above decision, Doyen, through its lawyers, submitted to Sporting SAD:

- a) requests to comply with CAS decision;
- b) notification regarding the exercise of the put option previewed in ERPA regarding the player Labyad;
- c) following b), interpellations for payment of the put option fee

Sporting SAD answered that decided to solve the ERPA (which in any case were void) and will continue to defend its position in the competent bodies, including through the cancellation of the CAS decision. Without prejudice to that position, the exercise of the put option has been recorded and the corresponding amount will be paid in the event of such diligences come to be rejected by competent bodies.

Also following the CAS decision, on 12 February 2016, Doyen brought an action at Lisbon Relation Court in order to obtain the recognition of that foreign arbitral sentence under NY Convention and the LAV.

Sporting SAD presented its opposition on March 29, with the following arguments:

- a) The court shall order the instance suspension while the appeal for annulment is pending with a request of suspensory effect towards the Swiss Federal Supreme Court.
- b) the recognition of the judgment would be contrary to the public policy, since the arbitral sentence (1) condemns Sporting to pay usurious interests; (2) validates agreements which breach fundamental rights of players; (3) validates agreements which breach rules of European Law of competition and free movement of workers. Regarding this last point, Sporting requested the court to suspend the proceedings to put certain questions to the European Court of Justice.

Doyen contested the arguments of Sporting SAD and additionally required to the court, in case of suspension of the proceeding, to order Sporting SAD to give a suretyship. Though the court has not issued any decision, yet.

20. FINANCIAL LIABILITIES

On 30 June 2016 and 30 June 2015 the financial liabilities presented the following detail:



Financial liabilities	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
<u>Non-Current</u>		
Bank loans	35,424	38,142
Bond loans	30,000	30,000
Factoring	15,000	4,219
Leasings	8,432	8,684
Interests and loan charges	(737)	(700)
	88,119	80,345
<u>Current</u>		
Bond loans	-	-
MSMC	-	1,538
Bank loans	7,653	4,712
Leasings	606	600
Factoring	14,736	17,592
Bank overdraft	22,133	25,802
Interests and loan charges	(1,192)	(535)
	43,936	49,709
Total	132,055	130,054

On May 2015, a bond loan was fully subscribed, with a demand of 157% exceeding the supply, with buying proposals from 4,241 investors. This Bank loan was denominated "Empréstimo Obrigacionista Sporting SAD 2015-2018" and amounted to Euro 30 million. The Bond coupon is 6.25% with semi-annual interests, and its maturity is on 25 May 2018. The demand for these bonds was 2.57 times above the number of bonds issued.

The convertible securities are referred in Note 18.

The Bank loans and Leasing's amount as of 30 June 2016 result from the finance restructuring plan signed on November 2014 by Sporting Group with the banks Millennium BCP SA and Novo Banco SA. This restructuring has contemplated a substantial modification of the terms and conditions of the existing bank loans at that date, as defined in the Framework Agreement of the restructuring plan and the financing agreements.

As consequence of the debt restructuring process, not only the financial liability was disregarded from the accounts but also the commissions incurred. Additionally, a new financial liability arose.

At baseline, the recognition of the new financial liability was calculated at fair value, net of transaction costs incurred. The recognition was based on existing market rates on that date and a capital repayment plan along the maturity under contract. It also included an estimate of anticipated debt repayments resulting from: (i) part of allocation mechanisms in revenues from any participation in European competitions; (ii) sales of players; (iii) cash



sweep mechanisms in the event of having an excess of cash flow at the end of the year as compared to the initial estimates. Those estimates were provided in the business plan for the period elapsing between the financial years 2014/2015 and 2021/2022.

The balance between the book value and the nominal value was recorded in the income statement. The gains recorded in year ended on 30 June related to the bank debt associated with the financial restructuring of November 2014 amounted to Euro 13,194 thousand (Note 10)

In the current period, the expenses recorded resulting from the application of amortized cost method related to the bank debt associated with the financial restructuring of November 2014 amounted to Euro 2,961 thousand (Note 10)

The bank liabilities by recourse factoring agreements are due mainly to the assignment of future receivables to the bank Millennium BCP SA and Novo Banco SA. The detail of the assigned revenue is presented as follows:

Factoring	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Television rights - Actual season	-	3,750
Television rights - Future seasons	29,736	18,061
Other income	-	-
Total	29,736	21,811

The detail regarding the transfer of income from factoring, without recourse, is presented as follows:

Factoring	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Players Transfers	3,634	-
Total	3,634	-

As of 30 June, 2016 and 2015, the reconciliation of financing obtained between the nominal value and amortized cost is detailed as follows:



Bank loans	30.June.16		30.June.15	
	Nominal Value	Amortized cost	Nominal Value	Amortized cost
Bank loans				
BCP/Novo Banco	49,848	43,077	48,659	39,279
Other financial institutions	-	-	3,575	3,575
BCP/Novo Banco - Bank overdraft	22,133	22,133	25,802	25,802
	71,982	65,210	78,036	68,656
Other Financing				
BCP/Novo Banco - Factoring	29,736	28,492	21,811	21,626
BCP/Novo Banco - Bond loan	30,000	29,315	30,000	28,950
Convertible Debt - Liability component	-	-	1,538	1,538
BCP/Novo Banco - Leasing	12,499	9,037	13,087	9,283
	72,235	66,845	66,436	61,397
Total	144,217	132,055	144,472	130,054

Interest Debt

The main contractual terms of the financing agreements as of 30 June 2016, including the interest rate and maturity, is presented as follows:

Bank loans	Euros'000 30.Jun.16	Interest rate	Maturity
FINANCIAMENTOS BANCÁRIOS			
Non-Current			
<u>Bank loans</u>			
BCP/Novo Banco	42,195	Until 3M Euribor + 1%	Jun-22
Other loans:			
BCP/Novo Banco - Factoring	14,736	Average tax of 3.25%	Jun-18
BCP/Novo Banco - Bond loan	30,000	6.25%	Mai-18
	86,931		
Current			
<u>Bank loans</u>			
BCP/Novo Banco	7,653	Until 3M Euribor + 1%	Jun-17
BCP/Novo Banco - Bank overdraft	22,133	Average tax of 3.5%	-
<u>Other loans:</u>			
BCP/Novo Banco - Factoring	15,000	Average tax of 3.25%	Jun-17
	44,786		
Total	131,718		

It should be noted that in the above table amounts all values are nominal values.

Leasing

Sporting SAD records in its caption account "Tangible fixed assets", assets acquired under finance lease arrangements, including the Academy (Note 11). The main contractual terms of the leases at the date of 30 June 2016 are as follows:



Leasings	Euros'000 30.Jun.16	Interest rate	Maturity
<u>Non-Current</u>			
BCP/Novo Banco - Leasing	11,894 11,894	3M Euribor + 1%	Nov-34
<u>Current</u>			
BCP/Novo Banco - Leasing	606 606	3M Euribor + 1%	Jun-17
Total	12,499		

On 30 June 2016, the detail of the future plan payments of principal and interest, in nominal terms, is presented as follows:

Leasing future payments	Repayments Euros'000	Interests Euros'000	Capital Euros'000
Less than 1 year	727	121	606
Between 1 and 5 years	3.636	519	3.117
Between 5 and 10 years	3.636	359	3.277
More than 10 years	5.722	222	5.500
Total	13.720	1.221	12.499

Financial Covenants

The financing agreements provided a set of general obligations for action, omission and obligation to provide information to banks and anticipated mandatory payment clauses on its financial credits. In case of default by Sporting S.A.D. of the obligations under the financing agreements the banks have the option of declaring overdue financial credits in advance. Moreover the banks may also exercise purchase options of convertible debts by Sporting Club de Portugal by the deadlines laid down in the conditions of issue.

It is also important to notice that Sporting SAD agreed with the banks under the aforementioned financial restructuring plan, a business plan for the period elapsing between the financial years 2014/2015 and 2021/2022, from which result allocation of the revenues with possible participation in European competitions and sales of players to early repayment of debt and also cash sweep in the event of excess of cash at the end of the year against amounts estimated on budget.

It is considered business plan failure by the banks if the negative deviations from the free cash flow before debt service are below 5% of it. Notwithstanding the aforementioned conditions, Sporting SAD administration considers that from this set of obligations do not result material restrictions to normal operational and financial management of the company.



Credit Collateral

Credit collaterals are disclosed in Note 29.

21. OTHER NON CURRENT LIABILITIES

On 30 of June, 2016 and 2015, the balance of other non-current liabilities is detailed as follows:

Other non-current liabilities	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Accounts payable	2,524	303
Other personnel operations	-	-
Accrued income - Tickets	6,647	7,201
Accrued income - Special places and cabins	9,838	11,443
Accrued income - Advertising and promotion	14,435	12,172
Accrued income - Others	990	1,072
Other non-current payables - Association in participation	6,060	9,030
Total	40,494	41,221

The item "Accrued income" refers to amounts received that are to be recognized in income after the respective service is provided.

On 30 June, 2016 and 2015, the maturity of other non-current creditors, financial discount object was as follows:

Other Non-Current Payables (Nominal Value)	> 1 year and < 2 years	> 2 years and < 3 years	> 3 years and < 4 years	> 4 years and < 5 years	> 5 years and < 6 years	Total
Accounts payable	1,874	574	112	112	37	2,710
Total 30.Jun.16	1,874	574	112	112	37	2,710
Other Non-Current Payables (Nominal Value)	> 1 year and < 2 years	> 2 years and < 3 years	> 3 years and < 4 years	> 4 years and < 5 years	> 5 years and < 6 years	Total
Accounts payable	125	89	89	34	337	337
Total 30.Jun.15	125	89	89	34	337	337

The caption "Non-current Payables" regards mainly the acquisition of sports and economic rights to football clubs and third parties, brokerage commissions, market prospection and player's image rights. The breakdown of this item by the main balances payable is detailed as follows:



Non-Current accounts payable	Euros'000 30.Jun.16	Euros'000 30.Jun.15
<u>Amount to be paid by acquisition of players - Club</u>		
Club Atletico River Plate	1,225	-
Udinese Calcio S.P.A.	1,000	-
Sub-Total	2,225	-
<u>Amount to be paid by acquisition of players - Other Suppliers</u>		
Gondry Financial Services Limited	430	-
SBASS Ltd	55	-
Teamsport-Agenciamento Esportivo Ltd	-	90
Multimédia Sports-Creative Sports Agents	-	75
LMP Bomore	-	36
Keysports Management	-	40
H2C Sport Consulting	-	96
Sub-Total	485	337
<u>Financial Discount</u>	(185)	(34)
Total	2,525	303

"Other non-current payables - Association in participation" refers to amounts already received concerning the transfer of part of the economic rights of some players. The heading to 30 June 2016 and 2015 is as follows:

Other Non-Current Payables - Association in Participation	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Quality Football Ireland Ltd	6,060	6,750
Leiston Holdings	-	2,280
Total	6,060	9,030

22. ACCOUNTS PAYABLE

On 30 June, 2016 and 2015 the detail of the main balances of suppliers is presented as follows:



Accounts payable	Euros'000 30.Jun.16	Euros'000 30.Jun.15
<u>Suppliers with amount to be paid by acquisition of players - Clubs</u>		
Aalborg	1,614	-
Udinese Calcio S.P.A	1,000	-
FC Dynamo Kyiv LTD.	1,000	-
Club Atletico River Plate	800	-
Sunderland Association Football Club	250	-
Vitoria Sport Clube, Futebol, SAD	246	-
Fulham Football Club	200	-
Leixões Sport Club - Futebol, SAD	60	-
Football Club "Anji" Makhachkala	-	1,425
Football Club Spartak Moscow	-	1,000
FC Girondins de Bordeaux	-	250
Olympique Lyonnais Sasu	-	250
Estudiantes de La Plata	-	35
Sub-total	5,170	2,960
<u>Others suppliers with amount to be paid by acquisition of players and others services</u>		
Admira Partners UK Limited	700	-
Pasqualin D'Amico Partners	700	-
Sportsantho, Lda	500	-
Buttonpath Limited	400	700
Proeleven - Gestão Desportiva, Lda	386	262
LMP Bomore	350	350
Hency Trading Limited	300	300
For Gool Company Ltd	272	272
Sports Invest UK Ltd	160	-
Interfootball - Management	155	350
MRD Investments, Lda	143	265
L & M Global Rights	121	121
Zoran Stojadinovic	120	120
Gondry Financial Services	107	1,087
Credigold	29	120
Starmon Holding, SA	-	147
SBASS Ltd.	15	140
Sport Cover - EURL	-	120
Others	6,516	5,916
Sub-total	10,974	10,271
Total	16,144	13,231

The main outstanding amounts presented basically refer to the acquisition of sports and economic rights and image rights of players, interchange fees, amongst others.

23. STATE AND OTHER PUBLIC ENTITIES

The balances with the state and other public entities detail is as follows:



State and other public entities	Euros'000 30.Jun.16		Euros'000 30.Jun.15	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
IRC	613	-	-	1,717
IRS	-	1,443	-	755
VAT	-	2,287	-	906
Social security	-	471	-	219
Total	613	4,202	-	3,597

24. OTHER CURRENT PAYABLES

On 30 June, 2016 and 2015, the balance of other current payables is detailed as follows:

Other current payables	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Personnel operations	2,246	54
Related parties (Note 26)	4,667	10,164
Other current payables - Association in participation	7,290	7,154
Other current payables	768	982
Total	14,971	18,353

The item "Personnel operations" refers to signing bonuses payable to players with maturity of less than one year.

The item "Other current payables - Association in participation" is detailed as follows:

Other current payables - Association in participation	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Quality Football Ireland Ltd	7,290	6,850
Leiston Holdings	-	304
Total	7,290	7,154

25. OTHER CURRENT LIABILITIES

On 30 June 2016 and 2015, the item "Other current liabilities" breaks down as follows:



Other current liabilities	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Acréscimos de gastos		
Salaries to be paid	491	403
Compensation	683	584
Remunerations	2,612	1,309
Interest to be paid	232	926
Prizes to be paid	838	881
Related Parties (Note 26)	415	264
Others	2,747	1,974
Sub-total	8,018	6,341
Deferred Income		
Season tickets	737	554
Special seats and cabins	1,856	1,703
Sponsorship and publicity	1,336	967
Release of players	119	-
Others	206	958
Sub-total	4,254	4,182
Total	12,272	10,523

Accrued Expenses

The balance of remuneration to be paid essentially refers to the salaries of players in the last month of the current year.

The balance of prizes to be paid essentially refers to awards for players goals.

The balance of other accrued expenses essentially correspond to commitments with suppliers that are not yet reflected in the current account for services provided before financial reporting date.

Deferred revenue

The other deferred income refers to amounts received which are only to be recognized in income when the respective service is provided.

26. RELATED PARTIES

All the companies that belong to the Sporting Group were considered as related entities.

Hence Holdimo SA is now a shareholder of Sporting SAD, holding a percentage of 29.85% of the share capital; the entity was also assessed as a related party, as well as its major shareholder.



In the identification of related parties for the purposes of financial reporting, they were assessed as related parties also members of the Board of Directors and other corporate bodies. See Note 5.

The Company regularly enters into transactions and contracts with related parties, in particular with companies owned by the Group of Sporting. The terms and conditions practiced between Sporting SAD and its related parties are substantially identical to the terms normally contracted between independent entities in comparable operations.

Balances and transactions with entities related to 30 June 2016 and 2015 are as follows:

Related parties balances

Related parties balances	Euros'000 30.Jun.2016						
	SCP	SGPS	MM	SCP C&P	Group SCP - Others	Holdimo	Total
Current Assets							
Accounts receivable (Note 14)	-	-	-	-	-	-	-
Other current assets (Note 17)	369	-	2	42	10	-	423
Other debtors (Note 16)	-	4,362	246	35	29	-	4,672
Total	369	4,362	248	77	39	-	5,095
Current Liabilities							
Other current liabilities (Note 24)	35	-	-	380	-	-	415
Other current payables (Note 23)	4,667	-	-	-	-	-	4,667
Total	4,702	-	-	380	-	-	5,082

Related parties balances	Euros'000 30.Jun.2015							
	SCP	SPM	SGPS	MM	SCP C&P	Group SCP - Others	Holdimo	Total
Current Assets								
Accounts receivable (Note 14)	-	-	-	-	-	-	54	54
Other current assets (Note 17)	65	-	-	-	375	-	-	440
Other debtors (Note 16)	-	-	5,203	203	358	180	-	5,944
Total	65	0	5,203	203	733	180	54	6,438
Current Liabilities								
Other current liabilities (Note 25)	99	-	-	-	165	-	-	264
Other current payables (Note 24)	9,915	-	-	-	245	3	-	10,164
Total	10,014	-	-	-	410	3	-	10,428



Related Parties Transactions

Related parties transactions	Euros'000 30.Jun.2016						
	SCP	SGPS	MM	SCP C&P	Group SCP - Others	Holdimo	Total
Operating Expenses (Note 4)							
Rents	-	-	-	-	-	-	-
Sponsorship and advertising	257	-	-	215	-	-	472
Royalties	-	-	-	-	-	-	-
Shared costs	214	-	-	-	-	-	214
Press office	-	-	-	-	-	-	-
Public relations	75	-	-	-	-	-	75
Operations/maintenance	522	-	-	-	-	-	522
Total	1,067	-	-	215	-	-	1,282
Services and Revenues (Note 2)							
Sponsorship and advertising	751	-	-	-	-	-	751
Royalties	-	-	38	42	-	-	80
Cabins	209	-	-	-	-	44	253
Season tickets	-	-	-	-	-	-	-
Shared costs	1,496	-	-	90	10	-	1,596
Total	2,456	-	38	132	10	44	2,680
Financial income and gains (Note 10)							
Interests	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Related parties transactions	Euros'000 30.Jun.2015						
	SCP	SPM	SGPS	MM	SCP C&P	Group SCP - Others	Holdimo
Operating Expenses (Note 4)							
Rents	-	1,250	-	-	-	-	1,250
Sponsorship and advertising	314	193	-	-	-	178	685
Royalties	-	-	-	-	-	-	-
Shared costs	201	157	-	-	-	-	358
Press office	-	-	-	-	-	-	-
Public relations	75	-	-	-	-	-	75
Operations/maintenance	305	-	-	-	-	-	305
Total	895	1,600	-	-	-	178	2,673
Services and Revenues (Note 2)							
Sponsorship and advertising	781	29	-	-	-	-	810
Royalties	-	250	-	36	375	-	661
Cabins	-	-	-	-	-	44	44
Season tickets	-	180	-	-	-	-	180
Shared costs	1,032	-	-	82	68	-	1,181
Total	1,813	459	-	118	443	-	2,876
Financial income and gains (Note 10)							
Interests	748	134	23	4	-	-	909
Total	748	134	23	4	-	-	909

Legend:

- SCP (Sporting Clube de Portugal)
- SPM (Sporting Património e Marketing, SA)
- MM (Sporting Multimédia, SA)
- SCP C&P (Sporting - Comunicação e Plataformas, SA)
- SGPS (Sporting, SGPS)

External supplies and services

Sponsorships and advertising - sponsorship contracts and customers celebrated advertising sometimes contain counterparts for the SCP and the SCP C&P. These companies deducts the Sporting SAD the contractually defined counterparts.



Shared costs - In the exercise of its activity Sporting SAD uses the shared support services made available by the structure of related parties, being charged monthly costs.

Sales and services rendered

Sponsorships and advertising – it was established in some contracts for advertising and sponsorship, that Sporting SAD is entitled to a portion of these, so it charges SPM and the SCP by their values.

Royalties – During the year ended on 30 June 2015, Sporting SAD and Sporting C&P celebrated an agreement associated with the exploitation of Sporting TV.

Shared costs – In the exercise of its activity, Sporting SAD charges to other companies of the Group Sporting various services of shared services charged monthly, including the grant of use to SCP.

27. INCOME TAX

Sporting SAD is subject to Income Tax according Corporate Income Tax Code at the standard rate of 23%, increased by 1.5% on taxable income by applying a local corporate tax (Derrama), resulting in an aggregate tax rate of 24, 5%.

This rate is increased in (i) 3% on the portion of taxable income of each company exceeding Euro 1,500,000 up to Euro 7,500,000, (ii) 5% on the portion of taxable income exceeding Euro 7,500,000 up to Euro 35,000,000 and (iii) 7% on the portion of taxable income exceeding Euro 35 million. The tax base, to which the above tax rate is applied, is calculated by adding the amounts not-deductible for tax purposes, and the subtraction of the non-taxable amounts, to the net income. These differences between the accounting and tax results may be temporary or permanent.

Under Article 88 of the Corporate Income Tax Code, the Company is subject to autonomous taxation on a number of charges at the rates provided for in that article.

According to the law, tax returns of the Company are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when tax losses exist, tax benefits have been granted, tax inspections are in due course or claims in progress exist, in which case the deadlines are extended or suspended.

The Board of Directors believes that any corrections resulting from reviews / inspections by the tax authorities of these tax returns will not have a significant effect on the financial statements at 30 June 2016.

On 30 June 2016 and 30 June 2015, the breakdown of the amount of income tax for the year recognized in the financial statements is as follows:



Income tax	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Current tax	118	2,567
Deferred tax	-	-
Adjustments to prior years / impairments	(324)	450
Total	(206)	3,017

Current tax for the year is mainly due to the collection calculated after deduction of tax losses from prior years as well as the autonomous taxation.

The reconciliation of the effective tax rate for the periods ended on 30 June 2016 and 30 June 2015 is as follows:

Effective tax rate reconciliation	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Profit before tax	(32,110)	22,350
Nominal tax rate	22.5%	24.5%
	(7,225)	5,476
Permanent differences	-	407
Use of tax losses without deferred tax	-	(3,412)
Reportable exercise tax losses without Deffered tax	7,225	-
Adjustments in prior years / impairments	(324)	450
Autonomous taxation	118	96
Income tax for the period	(206)	3,017
Effective tax rate	0.6%	13.5%

Tax losses without deferred tax assets

Under the Portuguese legislation, tax losses generated before 2009, from 2010 to 2011, 2012 and 2013 and from 2014 are carried forward for a period of six, four, five and twelve years, respectively, after their occurrence and may be deducted from taxable profits generated in that period, up to 75% of taxable income on 2013 and 70% of taxable income in future years.

On 30 June 2016, tax losses that Sporting SAD considers as unlikely to deduct on the future taxable income are not a deferred tax assets subject. The detail of deferred tax assets per year is as follows:



Fiscal Year	Euros'000 Tax losses generated	Euros'000 Usable amounts	Euros'000 Amounts to be used	Euros'000 Tax losses to recover	Expiry date
2012/13	(36,224)	-	(36,224)	(36,224)	30-jun-17
2013/14	(5,255)	-	(5,255)	(5,255)	30-jun-18
2015/16 (provisory)	(31,904)	-	(31,904)	(31,904)	30-jun-28
Total	(73,383)	-	(73,383)	(73,383)	

The estimates included in business plans, adjusted for their tax impact of the clearance of the tax base of corporate income tax, do not support the recoverability of these tax losses. Thus, the Board of Directors of Sporting SAD decided to avoid any recording of deferred tax assets of this nature. For the same reason, there is no recognition of any other deferred tax assets. It should be noted further that there are no deferred tax liabilities in the financial statements.

28. POST RETIREMENT BENEFITS

The main actuarial assumptions used while preparing the studies are the following:

Actuarial assumptions	30.Jun.16	30.Jun.15
Wage growth rate	2.00%	2.00%
Pension growth rate	2.00%	2.00%
Technical interest rate	2.00%	2.50%
Employee rotation rate	0.00%	0.00%
Male mortality table	TV 88/90	TV 88/90
Female mortality table	TV 88/90	TV 88/90
Disability table	EKV 80	EKV 80
Normal age of retirement	66	66
Number of payments	14	14

On the 30 Jun, 2016 and 2015, the main characteristics of the population covered by the Pension Plan are as follows:



Population	30.Jun.16	30.Jun.15
<u>Retired</u>		
Number of beneficiaries	5	6
Age	75	75
<u>Assets</u>		
Under the age of 65 years old:		
Number of beneficiaries	123	107
Age	44	45
Average age	13	15

The responsibilities were determined by actuarial valuations reported at 30 June 2016 and 2015, prepared by an independent entity using the projected unit credit method.

On 30 June 2016 and 2015, the value of responsibilities detailed by beneficiaries retired or still employed is as follows:

Responsibilities recognised at balance sheet	30.Jun.16	30.Jun.15
Pensioners	722	902
Assets	2,628	2,132
Total	3,350	3,034

The variations in the caption “Post-retirement responsibilities” balance on 30 June 2016 and 2015 is as follows:

Responsibilities recognised at balance sheet	30.Jun.16	30.Jun.15
Responsibilities at beginning balance	3,034	1,502
Liabilities arising from the incorporation of the SPM	-	789
Current service expenses	204	90
Interest expenses	75	84
Remeasurements	115	649
Paid benefits	(77)	(81)
Responsibilities on ended balance	3,350	3,034

During the periods ended on 30 June 2016 and 2015, re-measurements were directly recognized in comprehensive income of Sporting SAD.

The loss of Euro 115 thousand on 30 June 2016 is due mainly to the reduction in the discount rate on 30 June 2016 (2%) as compared to 30 June 2015 (2.5%).

The loss of Euro 649 thousand on 30 June 2015 is due mainly to the reduction in the discount rate on 30 June 2015 (2.5%) as compared to 30 June 2014 (3.75%).



The expenses incurred with pensions are recorded in payroll costs heading account on June 2016 and 2015 (Note 5) and are detailed as follows:

Retirement benefits expenses	30.Jun.16	30.Jun.15
Current service expenses	204	90
Interest expenses	75	84
Total	279	175

29. COLLATERAL AND OTHER COMMITMENTS

Debt collateral

Under the financial restructuring and corporate resolution by the General Meeting of the Company held on 23 July 2013 and implemented in the last quarter of 2014 were renegotiated the terms and conditions of existing bank loans by contracting new financing lines.

Sporting SAD constitutes jointly and severally liable, together with Sporting Clube de Portugal and Sporting SGPS for compliance with loan agreements with banks. Thus, as already defined in the financing contracts of December 2008, in the event of default or breach of the obligations of companies in Sporting Group, in which the Sporting SAD is borrower and guaranteee - in particular the obligations of repayment of principal and / or interest payments - Sporting SAD can be compelled to comply with the obligations of those entities to Sporting Group with their creditors.

Sporting SAD has celebrated on 28 November 2014, together with Sporting and Sporting SGPS a constitution of guarantees and pledge of collateral, under which were Sporting SAD, Sporting and Sporting SGPS, provided to Novo Banco SA and Millennium BCP SA a diverse set of guarantees for the safety of the good payment of the guaranteed obligations. Thus, Sporting SAD can be compelled to comply with the obligations assumed by Sporting and Sporting SGPS. It should also highlight the following guarantees provided by the Sporting SAD:

- Second mortgage on the Sporting SAD's surface right over held by society under the fractions "A" and "B" from the urban building situated on the street Dr. Fernando da Fonseca, in Lisboa, Lumiar, described on CRP of Lisbon nº 2440, which correspond, respectively, to the Football Stadium José de Alvalade and to the Multisport building;
- Constitution of first pledge over the credits of the group Sporting;
- Constitution of pledge of first degree on revenue arising from the sponsorship rights of exploration, Television Rights and on claims resulting from any Material Contracts;
- Constitution of pledge over bank accounts;
- Commitment of pledging the equipment
- Assignment guaranteed scope of all present and future claims that are or will hold in respect of insurance;
- Assignment of guaranteed over sales of players' registration rights;



Regarding the first mortgage identified above, it should be noted that the surface rights aforementioned were already encumbered, since 23 August 2005, through voluntary mortgage granted in favor of the same banks, to guarantee the maximum amount of Euro 145.6 million.

On 30 June 2016 and 30 June 2015, there are bank guarantees, amounting to Euro 1,367 thousand, to the following entities:

Bank guarantees	Euros'000		Euros'000	
	30.Jun.16	30.Jun.15	30.Jun.16	30.Jun.15
DGCI	1,358	1,358		
Repsol	9	9		
Total	1,367	1,367		

Commitments and Obligations

There are players' registration rights held by Sporting SAD for which commitments with third parties have been established, including clubs, sports agents or the players themselves, to apportion the value of future earnings or sales that may be obtained from the sale of their pass.

Within the celebration of sports employment contracts with players and coaches, there are also financial commitments related to their sports performances during the next seasons.

In addition to these commitments in the preceding paragraphs, as of 30 June 2016, the gross assumed payment commitments, with players image rights are detailed as follows:

Compromissos	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Total
Image rights	605	610	360	70	-	1,645
Brokerage commission for the players transfers	992	612	35	35	35	1,709
Upgrading commission of labour contracts	1,314	1,489	1,264	777	539	5,382

30. FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Reconciliation of financial nature of the balance sheet items to the various categories of assets and liabilities, provided by IAS 39 – “Financial Instruments: Recognition and Measurement” are detailed as follows:



30.Jun.16 (Euros'000)	Loans and other receivables	Other Financial liabilities	Non Financial Liabilities /Assets	Total
Assets				
Other non-current assets - Clients	1,315	-	-	1,315
Clients	11,625	-	-	11,625
Cash and Cash equivalents	3,324	-	-	3,324
Other debtors	4,707	-	-	4,707
Other current assets	5,422	-	660	6,082
Total Assets	26,393	-	660	27,053
Liabilities				
Borrowings	-	132,055	-	132,055
Other non-current liabilities	-	8,584	31,909	40,493
Accounts Payable	-	16,144	-	16,144
Other creditors	-	14,971	-	14,971
Other current liabilities	-	8,018	4,254	12,272
Total Liabilities	-	179,772	36,163	215,935
30.Jun.15 (Euros'000)	Loans and other receivables	Other Financial liabilities	Non Financial Liabilities /Assets	Total
Assets				
Other non-current assets - Clients	5,424	-	-	5,424
Clients	22,738	-	-	22,738
Cash and Cash equivalents	10,595	-	-	10,595
Other debtors	6,067	-	184	6,251
Other current assets	2,779	-	965	3,744
Total Assets	47,603	-	1,149	48,752
Liabilities				
Borrowings	-	130,053	-	130,053
Other non-current liabilities	-	9,333	31,888	41,221
Accounts Payable	-	13,231	-	13,231
Other creditors	-	18,353	-	18,353
Other current liabilities	-	6,342	4,182	10,524

Fair Value

Sporting SAD has not registered, currently, any assets or liabilities at fair value.

The difference between the book value and the fair value of financial assets and liabilities, non-current, existing in the statement of financial position of Sporting Clube de Portugal - Futebol, SAD that are not recognized at fair value, is presented as follows:

The fair value determined was computed based on valuation techniques from direct market observable inputs, such as the method of discounted cash flows. Future cash flows were discounted based on the designated interest rate curve "Euro Swap", plus the spread attributable to Sporting SAD for liabilities, or spread risk attributable to the counterparties, for assets.



31. RISK MANAGEMENT

The activities of Sporting Clube de Portugal - Futebol, SAD expose the Company to various risks that may have a significant effect on results, cash flows and financial position, among others. These main risks are: market risk (currency risk, risk rate interest and price risk), credit risk and liquidity risk.

Sporting SAD maintains a risk management program focused on the analysis of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is conducted in accordance with the approved policies by the Board of Directors, which assesses and covers financial risks in close cooperation with the Financial Management and the operating units of Sporting SAD. The Board of Directors provides principles for risk management for the group in general and policies covering specific areas, such as the risk of interest rate, liquidity risk and credit risk.

As aforementioned on 14 November 2014 the Framework of the Financial Restructuring Agreement was signed as disclosed in the Introductory Note.

Interest rate risk

Sporting, SAD is exposed to the risk of interest rate on overdraft and loans. Financing obtained at variable interest rates expose Sporting SAD to the risk of variability of cash flows for the change in market rates. Financing obtained at fixed interest rates expose the Sporting SAD to the risk of changes in the fair value of these instruments by the change in market rates.

The Company has not been following any interest rate hedging policy. Its operations are hired based on their activity financing needs.

At the date of this report, Sporting Clube de Portugal - Futebol, SAD has the following financial liabilities with exposure to interest rate:



Financial liabilities	Euros'000 30.Jun.16	Euros'000 30.Jun.15
Fixed interest rate		
Bank loans	18,980	19,469
Bond emission	30,000	30,000
MSMC	-	1,538
Factoring	29,736	21,811
	<u>78,716</u>	<u>72,818</u>
Floating interest rate		
Bank loans	24,096	23,386
Bank overdraft	22,133	25,802
Leasings	9,038	9,283
	<u>55,267</u>	<u>58,471</u>
Total	133,983	131,289
Interests and loan charges	-1,929	-1,236
Financial Liabilities (nota 20)	132,055	130,054

More detailed information on financial assets and liabilities exposed to risk of interest rate depending on maturity (if fixed rate) or date of reattachment of the respective interest rate (in the case of variable interest rate) is shown on the following table:

Euros'000	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
30.Jun.16						
Liabilities						
Financial liabilities	9,038	48,105	12,861	44,315	17,736	132,055
Total	9,038	48,105	12,861	44,315	17,736	132,055
Euros'000						
30.Jun.15						
Liabilities						
Financial liabilities	4,873	62,636	13,866	40,338	8,340	130,053
Total	4,873	62,636	13,866	40,338	8,340	130,053

Sporting, SAD uses sensitivity analysis technique that calculates the changes estimated in its own results and equity in the hypothetic case of an immediate increase or decrease in market interest rates, with all other variables constant. This analysis is for illustrative purposes only, as normally market rates rarely change in isolation from the other market variables.

The sensitivity analysis is based on the assumption that changes in market interest rates affect income or interest expense of financial instruments subject to variable rates.



The analysis of the impact on income before taxes of exercise due to the change in the rates for four scenarios of changes in interest rate curves is presented in the following table:

30.Jun.16			
Increase of 1% in the interest rate Euros'000	Increase of 0,5% in the interest rate Euros'000	Decrease of 1% in the interest rate Euros'000	Decrease of 0,5% in the interest rate Euros'000
553	276	(553)	(276)
30.Jun.15			
Increase of 1% in the interest rate Euros'000	Increase of 0,5% in the interest rate Euros'000	Decrease of 1% in the interest rate Euros'000	Decrease of 0,5% in the interest rate Euros'000
585	292	(585)	(292)

Credit Risk

The Company evaluates the risk of recovery of outstanding balances through the analysis of financial condition and other relevant analysis, recording impairment losses that are considered necessary.

On 30 June 2016 and 30 June 2015, the accounts receivable balances, current and non-current, presented the following aging structure, considering reference to maturity of outstanding amounts:

Eur'000	30.Jun.16	30.Jun.15
Not in default	3,266	19,562
0 - 30 days	5,299	4,712
31 - 60 days	353	281
61 - 90 days	132	257
91 - 120 days	108	578
121 - 150 days	660	292
More than 150 days	17,456	17,294
Total	27,274	42,975
Impairment	(14,419)	(14,478)
Balance Customers	12,855	28,497

It should be noted that there are several amounts due for over 150 days, whose entities also presents amounts payable by Sporting SAD.



The following table presents an analysis of the credit quality of accounts receivable past due but for which it was not recognized any impairment:

Balances due without impairment registration	Euros'000	Euros'000
	30.Jun.16	30.Jun.15
Less than 3 months	592	1,449
More than 3 months	3,975	2,794
Total	4,567	4,243

The following table presents the quality of the credit risk regarding the positions of Sporting SAD, on 30 June 2016 and 2015, facing financial assets (Cash and cash equivalents) which counterparties are financial institutions.

Euros'000	30.Jun.16	30.Jun.15
B+	1,912	3,153
B	251	4,202
BB-	-	3,239
C	1,000	-
Total	3,163	10,595

The segregation presented above is the result of the worsening of global economic conditions and in particular the situation of Portuguese economy, which caused a general downgrade on the ratings of the Portuguese financial institutions.

The maximum exposure to credit risk on 30 June 2016 and 30 June 2015, is summarized as follows:

Euros'000	30.Jun.16	30.Jun.15
Other non current assets	1,315	5,424
Accounts receivable	11,625	22,738
Cash and cash equivalents	3,324	10,595
Other debtors	4,707	6,251
Other current assets	5,422	2,779
Total	26,393	47,787

Liquidity Risk

The risk management of the Company's liquidity is performed on the basis of commitments entered into with its debtors and creditors, trying to match the cash flows in order to avoid working capital needs.



The liquidity of the contracted and interest-bearing financial liabilities will lead to the following undiscounted cash flows, computed with actual interest rates, based on the remaining period to the contractual maturity:

Euros'000	Until 1 year	1-5 years	More than 5 years	Total
30.Jun.16				
Bank loans	47,197	63,198	31,108	141,503
Other non-current liabilities	-	8,547	37	8,584
Accounts payable	16,144	-	-	16,144
Other payables	14,971	-	-	14,971
Other current liabilities	8,018	-	-	8,018
Total	86,330	71,745	31,145	189,220
30.Jun.15				
Bank loans	52,523	56,182	36,283	144,988
Other non-current liabilities	-	9,333	-	9,333
Accounts payable	13,231	-	-	13,231
Other payables	18,353	-	-	18,353
Other current liabilities	5,457	-	-	5,457
Total	89,564	97,403	36,283	191,362

Foreign Exchange Risk

Foreign currency transactions are very rare in the context of the economic activity of Sporting SAD, so it is not implemented a formal process for managing this risk.

During the year ended on 30 June 2016 was settled the current bank loan of USD 4,000 thousand that existed on 30 June 2015.

Sports Risk

The sports risk is the risk that derives from possible changes in transaction prices of intangible assets, in particular acquisition and disposal of players' registrations, can influence the results and the Company's equity.

Under this sports risk, variations include the trends of the players' registrations transfer market, namely the demand and supply of players with a specific set of qualities for past sports results, the existence of serious injury or other conditions that result in the devaluation of athletes, as well as other factors that may determine the advance untying from players with the Society.

To overcome these risks, the Company hires scouts and scouting services, technical and qualified medical team, betting on a sports policy based on the complementarity of athletes



trained in Sporting's academies but also with other athletes of recognized national and international value.

32. CONTINGENT ASSETS AND LIABILITIES

Contingencies arising from the sale and purchase of players' registrations

From transactions of purchase and sale of economic rights of players as well as renovations of sports labor contract, there are contingent amounts payables to third parties, including clubs, sports agents, players or partners / investment funds, which depend on future transactions and / or future sports performances.

Additionally, whether Sporting SAD has, or not, 100% of the economic rights of the players, there are also contingent amounts payable to the former clubs of players who depend on future transactions and / or future sports performances. On 30 June 2015, the most significant contingent liabilities associated with these situations are the following:

- Miguel Lopes: 5 million payable at the very least, in case of a sale at any price;
- Junya Tanaka: 10% of the value of a future sale above Euro 2.5 million and 5% above Euro 5 million;
- Oriol Rossel: 10% of future profit on a sale;
- Islam Slimani: 20% of future profit on a sale;
- Haidi Sacko: 20% future profit with buy back option;
- Jonathan Silva: 20% of future profit above 4.025M USD;
- Ricardo Esgaio: 5% of future profit on a sale up to the limit of Euro 0.5million;
- Azbe Jug: payable amount dependente on a future sale of the player above Euro 1M;
- Bryan Ruiz: 10% of future profit (variable amounts to pay in a future sale of the player above 1.2MEuro);
- Marvin Zeegelar: payable variable amounts up to the limit of 0.3MEuro;
- Ezequiel Schellotto: payable variable amounts in a future sale of the player up to the limit of 1.05MEuro
- Matheus Pereira: 10% of future profit above de 0.3MEuro;
- Alan Ruiz: 10% in a future sale of the player above 20MUSD and payable variable amounts in a future sale up to the limit of 2.75MEuro
- Petrovic: 10% of payable variable amount for the individual performance of first team up to the limit of 0.5MEuro;
- Rui Patrício: payable variable amounts in a future sale up to the limit f 1.5MEuro;
- Adrien: payable variable amounts in a future sale up to the limit of 4MEuro;
- William Carvalho: payable variable amounts in case on continuing position of the player in the squad until September 2018 up to the limit of 0.5MEuro

Arising from the sale transactions of economic rights of players, there are contingent receivables from football clubs that depend on the future individual or collective



performance, as well as percentages on the future transfer of securities or capital gains or profits of those sales.

On the 30th June, 2016, the most significant contingent assets associated with these situations are the following:

- Atila Turan: 50% of future profit upon sale;
- Santiago Arias: 15% of future profit upon sale;
- Armindo Tue na Bangna “Bruma”: 25% of future profit upon sale and a variable amount dependent on Galasaray’s performance;
- Tiago Ilori: 25% of future profit upon sale and a variable amount dependent on his performance in Liverpool;
- Leonardo Jardim: a variable amount dependent on Monaco’s performance;
- Matias Fernandez: a variable amount dependent on his performance in Fiorentina;
- Marcos Rojo: 20% upon future sale above Euro 23 million;
- Maurício Nascimento: 20% of future profit upon sale;
- Cedric Soares: 15% of future profit and a variable amount dependent on his performance up to a limit of Euro 1 million;
- Enoh: 20% dos direitos económicos de uma transferência futura e valores variáveis a receber pela performance do Lokeren;
- Diego Capel: 50% of economic rights of a future transfer and a variable amount dependent on his performance in Genova;
- Ramy Rabia: 15% of the economic rights above 1MEuro
- Mahmoud Fadlallah “Shikabala”: 15% of future profit;
- Naby Sarr: 15% of the economic rights above 12.5 M Euro and variable amounts dependent on his performance in Charlton;
- Diego Rubio: 70% of a future profit;
- Michael Ciani: 25% of economic rights of a future transfer;
- Wilson Eduardo: 45% of economic rights of a future transfer;
- Diogo Salomão: 10% of economic rights of a future transfer;
- Fredy Montero: 20% of economic rights of a future transfer;
- Viola: 25% of economic rights of a future transfer deducted from expenses related to the sale;

Contingencies arising from lawsuits

On the 30 June 2016, there are lawsuits against Sporting SAD and brought by Sporting SAD against third parties.

About the actions brought against the Company it is the conviction of the Board that the outcome of these proceedings will not result in significant impacts, which could affect the financial statements of 30 June 2015 considering the assumptions and background of legal



proceedings, the opinions of the Sporting SAD's legal consultants and the other circumstances surrounding the process.

The most significant contingencies of Sporting SAD are detailed as follows:

Carlos Freitas

Former worker and administrator Carlos Freitas claims a payment of Euro 215 thousand. Sporting SAD refuses to pay any amount, claiming even the demand of compensation on the amount of Euro 800 thousand.

As stated on June 2015, Sporting SAD was ordered to pay Euro 209 thousand plus interest, an amount that is recorded in its accounts. Sporting SAD has appealed this sentence on September 2015 and paid a deposit of Euro 227,654 for the suspension of the decision.

On April 2016, the Court of Appeal of Lisbon rejected to know the appeal filed by Sporting SAD and confirmed the contested decision. Sporting SAD appealed the decision to the Supreme Court and appealed to the Constitutional Court's decision to reject the appeal meeting.

FC Porto SAD

The lawsuit initiated by the Sporting SAD against Porto SAD to the Arbitrary Committee of the Portuguese Football League on the 25% of the capital gain arising from the transfer of the player João Moutinho of Port SAD for AS Monaco, has not yet been subject to appeal.

As of 25 September of 2014 a decision from court arose in favor of Sporting SAD, mentioning that no expenses related to the player's transfer should be deducted to 25% of the gain related to the transfer.

In summary, and taking into account that the player was sold by Sporting SAD by Euro 11 million and was sold by FC Porto by Euro 25 million, Sporting SAD should receive Euro 3.5 million as it owns 35% of the gain of the transfer. Nevertheless FC Porto gave the right of just Euro 2.8 million from which Sporting SAD would only receive 1.7 million. The reason was due to a misunderstanding on the expression "gain", used in a technical way where all associated costs with this sale (namely agent commissions) would be deducted before evaluating the amount of the gain from which the 25% percentage would be calculated.

The court evaluated this matter and gave a favorable decision to Sporting SAD. Simultaneously the competent authority considered that the 25% of the gain already include the solidarity mechanism of Sporting SAD.

Porto, SAD was ordered to pay the additional amount to Sporting, SAD at about Euro 600 thousand.



Sporting SAD was not satisfied with the decision, so this decision was appealed, and so did Porto SAD.

The Plenary of the Arbitration Commission of the League, in the overall context, upheld the decision of the First Instance Court, having supported Sporting SAD claim in accounting for interest due from Porto, SAD.

Sporting, SAD lodged a complaint against the sentence and is awaiting decision.

Silcoge

As of this date there is a legal process indicated against Sporting - Património e Marketing, S.A. ("SPM") by SILCOGE. (This process was taken by Sporting SAD after the merge). This is the entity to which SCP has sold part of the non-sports property and explores the Alvaláxia. The suit is related to the contract of the lease of the Green Store.

Hence SILCOGE, decided to go on litigation, which SCP considers as bad-faith, put SPM in court, claiming owed amounts, which are not recognized by Sporting SAD.

Following these processes, the Sporting SAD has recorded in its accounts the values that their legal advisers regarded as likely to be settled in the future.

Lawsuit for damages - Rodriguez

Sporting SAD brought a liability action against Luiz Godinho Lopes, Luis Vieira Duque, Jose Filipe de Mello and Castro Guedes and Carlos Manuel Rodrigues de Freitas, in which it claims payment of the amount of Euro 1,224,626.89 to indemnity basis, for acts involving the conclusion of the contract with the player Alberto Junior Rodriguez Valdelomar.

The defendants dispute the payment of this amount; additionally the defendants requested the joinder of this action the procedures referred to in the following points; 1st defendant claims payment of the sum of Euro 500,000 to indemnity title and the 3rd and 4th defendants requested the condemnation of SAD in fines for litigation in bad-faith and payment of compensation fixed by the Court in favor of the defendants; by order dated 14 May 2015 the Court dismissed the joinder of actions; first defendant appealed against that decision; SAD counter-claimed and ruled for maintaining the decision under appeal; by judgment dated 19 June 2016 the Court held that it lacked jurisdiction to hear the dispute materially; SAD required the proceedings to go to the first Chamber of Commerce of Central Instance of Lisbon that occurred on September 2015; the defendants presented discriminative notes and part of the expenses; Sporting SAD complained of each of the discriminative notes and part of the expense reasons and therefore proceeded to deposit of the total amount of Euro8,160,000; On 25 September 2015 rule was issued which ordered the referral of the case to the 1st section of commerce of central instance court of Lisbon and which judged premature the submission of discriminative and justification



the related expenses; the defendants appealed against the order made and Sporting SAD presented counter-claims in which defends the dismissal of resources; The company then requested the reimbursement of the amount of Euro8,160,000 relating to the deposit of the amounts claimed for part of the costs since the order of 25 September 2015 has considered premature the discriminative notes; It is steal pending the appeals on the decision that judged premature the presentation of the discriminative notes; the action is extremely complex and cover legal issues rarely dealt by the law and doctrine being the outcome unpredictable.

Lawsuit for damages - Ismailov

Sporting SAD brought liability action against Luiz Filipe Fernandes David Godinho Lopes, Luis José Vieira Duque, Jose Filipe de Mello and Castro Guedes and Carlos Manuel Rodrigues de Freitas, in which it claims the payment of the compensatory amount of Euro 2,292,088.70, for acts involving the conclusion of the contract with the player Marat Ismailov; the defendants dispute the payment of this amount; additionally the first defendant claims payment of the sum of Euro 500,000 the indemnity claim, an order of SAD in fines for litigation in bad faith and the 2, 3 and 4 defendants require the condemnation of SAD in fines for litigation in bad faith and the payment of compensation fixed by the Court in favor of the defendants; the third defendant requested also the intervention of Companhia de Seguros Tranquilidade, SA and the joinder with the procedure specified in the following section.

By the judgement dated of 18 November 2015, the court held that it lacked jurisdiction to hear the dispute; Sporting SAD required the case back to the 1st Section of Commerce of the Central Instance of Lisbon that occurred on December 2015. The defendants presented the discriminative notes and the expenses of justification and proceeded to the deposit of the amount of Euro17,952,000; on 10 December 2015 ordered the referral of the case to the competent court, the preparation of the final account and considered the discriminative notes and part of the expenses of justifications; Sporting SAD appealed the order issued as at 10 December 2015 which requires replacement of the decision made by another to that determine the lateness of the referral of the case to the account and judge extemporaneous presentation of the discriminative notes and part of the expenses justifications; The appeal was rejected by judgement by the Lisbon Court of Relation on 25 September 2016; the action is extremely complex and cover legal issues rarely dealt by the law and doctrine being the outcome unpredictable.

Lawsuit for damages- Jeffren

Sporting SAD brought liability action against Luiz Filipe Fernandes David Godinho Lopes, Luis José Vieira Duque, Jose Filipe de Mello and Castro Guedes and Carlos Manuel Rodrigues de Freitas, in which it claims the payment of the compensatory amount of Euro 2,292,088.70, for acts involving the conclusion of the contract with the player Marat Ismailov; the defendants dispute the payment of this amount; additionally the first



defendant claims payment of the sum of Euro 500,000 the indemnity claim, an order of SAD in fines for litigation in bad faith and the 2, 3 and 4 defendants require the condemnation of SAD in fines for litigation in bad faith and the payment of compensation fixed by the Court in favor of the defendants; the third defendant requested also the intervention of *Companhia de Seguros Tranquilidade*, SA for the transfer of his civil liability arising from the exercise of his activity as a non-executive director of Sporting SAD up to the limit of Euro250,000,000; In order to appeal, *Companhia de Seguros Tranquilidade* SA ruled arguing that the 3rd defendant must be acquitted of the application.

By judgement dated 10.11.2015, the court held that it lacked jurisdiction to hear and dispute the litigation; SAD required the referral of the case to the 1st Section of Commerce of the Central Instance of Lisbon, that occurred on January 2016.

The defendants presented discriminative notes and the reasons underlying their positions; SAD presented claims for each of the discriminative notes and expenses of justification and therefore proceeded to deposit the total amount of Euro17,136; on 20.01.2016 the ruling followed an appeal that upheld the deferral of the case to the competent court determined the unenforceability of parte of expenses as well as the claims and elaboration the final account; SAD required the repayment of the global amount of Euro17,136 and appealed against the order made on 20.01.2016; In the mentioned appeal, SAD requested, to replace the decision by another that determine the needlessness of drafting the final account, the inadmissibility of discriminative notes and justification of expenses, with its disemboweling and the reimbursement of autonomous deposits rendered by SAD. Through a decision issued by Lisbon relation court on 31.05.2016. The mentioned appeal was dismissed regarding the needlessness of drafting the account, although it was judged successful regarding the request of withdrawal of the autonomous deposits, having being determined the immediate return of those amounts (still pending); the action is extremely complex and cover legal issues rarely dealt by the law and doctrine being the outcome unpredictable.

Civil Lawsuit for damages- Previous Board of Directors of Sporting SAD

Given the conclusions from the Management Audit conducted by Mazars and following the decision taken by General Meeting of shareholders of the society, on 30 September 2015, authorizing the current administration of Sporting SAD to establish the necessary civil lawsuits for damages against the former directors of the company as per the facts set out on deliberation proposals, a declaratory judgement against all members of Board of Directors of Sporting SAD chaired by Luis Godinho Lopes e José Eduardo Bettencourt was submitted in the Lisbon Commerce Section, attributing them a total loss of Euro 73,600,000 alleging the breach of contractual obligations and legal duties from their roles as directors of Sporting SAD.

As of this date, the deadline for appeal by the defendants has not yet expired and the Company is still awaiting for the notifications from the Court.

33. SUBSEQUENT EVENTS



Season 2016/17

The changes in squad after June 30, 2016 were as follows:

New Players: (purchases and cessions): André Souza, Bas Dost, Beto Pimparel, Bilel Aouacheria, Boubacar Kiki, Budag Nasirov, Douglas Teixeira, Elias, Fidel Escobar Mendieta, Joel Campbell, Lazar Markovic, Liam Jordan, Luc Castaignos, Marcelo Meli, Pedro Delgado, Bruno Paulista, Ricardo Guimarães and Ricardo Ribeiro.

Exits: (loans and sales): André Geraldes, Carlos Chaby, Carlos Mané, Cristian Ponde, Daniel Podence, Domingos Duarte, Ewerton Santos, Federico Ruiz, Francisco Geraldes, Guilherme Oliveira, Hadi Sacko, Heldon Ramos, Hernan Barcos, Iuri Medeiros, João Palhinha, Miguel Lopes, Oriol Rossel, Rafael Barbosa, Ryan Gauld, Simeon Slavchev, Tanaka, Teo Gutierrez, Wallyson Mallman, Edinaldo Pereira, Islam Slimani, João Mário, José Luís Mendes Lopes, Luís Almeida, Ousmane Dramé and Salim Cissé.

Extension of Sport Labor Contracts: André Geraldes, Elves Baldé and Pedro Empis.

Termination of Sport Labor Contract: Alberto Aquilani and Zakaria Labyad.

QFIL Agreement – Acquisition of economic rights

On August 2016, in fulfillment of a strategic goal of the Company to recover the economic rights regarding its players, Sporting SAD proceeded to the acquisition to QFIL fund of the full percentages of the economic rights previously held by this fund regarding the players Carlos Chaby and Tobias Figueiredo, corresponding to 50% of each player, having invested for this purpose a total amount of Euro 2 million. With this acquisitions, Sporting SAD owes now 100% of the economic rights of these players.

34. NOTE ADDED FOR TRANSLATION

This is a free translation from the original report issued in Portuguese. In the event of any discrepancy, the Portuguese version prevails.





Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Sporting Clube de Portugal – Futebol, SAD, comprising the statement of financial position as at 30 June 2016 (which shows total assets of Euro 224,339 thousand and total negative shareholder's equity of Euro 24,954 thousand including a net loss of Euro 31,905 thousand), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results and the comprehensive income of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

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5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Sporting Clube de Portugal – Futebol, SAD as at 30 June 2016, the results and the comprehensive income of its operations, the changes in equity and the cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up-to-date, clear, objective and lawful.

Emphasises

8 Without qualifying our opinion expressed in paragraph 7 above, we draw attention to:

- i) In 30 June 2016 the financial statements disclose a negative shareholder's equity amounting to Euro 24,954 thousand, including a net loss of Euro 31,905 thousand as well as current liabilities exceeding current assets by Euro 79,243 thousand. However, as disclosed in note 1 of the accompanying notes to the accounts, the financial statements were prepared on a going concern basis, which is dependent on the financial support from the shareholders, on the future profitability of the operations and on the accomplishment of the financial restructuring plan contracted in November 2014 with the financing banks. Hence, the financial statements do not include any adjustments that may arise if the going concern assumption will be found to be not appropriate. In addition, the Board of Directors shall perform the procedures described in Article 35 of the Companies Code, on which disclose in the Directors' report;
- ii) As disclosed in note 19 of the accompanying notes to the accounts for the year ended 30 June 2016, following the sale of sports rights and all economic rights of a player to Manchester United in August 2014, by the total amount of Euro 20 million, and the cancellation of the contract signed in August 2012 between Sporting SAD and Doyen Sports Investments Limited (Doyen), concerning the co-participation of 75 % of their respective economic rights, Doyen brought a lawsuit in the Court of Arbitration for Sport against the Company. This matter was also disclosed in the financial statements and the audit reports for the six-month period ended 31 December 2014, for the year ended 30 June 2015 and for the six-month period ended 30 June 2015.

As also disclosed in note 19 of the accompanying notes to the accounts for the year ended 30 June 2016, the referred Court disclosed a judgement on 21 December 2015, which decided on the validity of the contract signed between the parties in 2012. Following this event in the year ended 30 June 2016, a provision was booked, which led to the recognition of an expense in the income statement in the amount of Euro 14,991 thousand, as disclosed in note 9.2 of accompanying notes to the accounts.

Report on other legal requirements

9 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

8 September 2016

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Registered in the Comissão do Mercado de Valores Mobiliários with no. 20161485
represented by:

Carlos Manuel Sim Sim Maia, R.O.C.

(This is a translation, not to be signed)

Audit Report for Statutory and Stock Exchange Regulatory
Purposes on the Individual Financial Information
30 June 2016

Sporting Clube de Portugal – Futebol, SAD
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