



Sporting Clube de Portugal
Futebol, SAD

REPORT AND ACCOUNTS
FOR THE 1ST HALF OF 2015/16

15'16



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REPORT AND ACCOUNTS

**COVERING THE PERIOD
BETWEEN**

1 JULY 2015

AND

31 DECEMBER 2015

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.

Management Report

1st Half-year 2015/2016

Dear Shareholders,

In compliance with the legislation in force, we submit for your appreciation the Management Report, the Income Statement and the Statement of Financial Position and the respective annexes related to the first half-year of the financial period underway, which covers the period 1 July through 31 December 2015.

1 MOST IMPORTANT ASPECTS OF THE HALF-YEAR UNDER ANALYSIS

- Sporting SAD presented in the current half-year Operational results (before other non-recurring costs) amounting to a negative 1,521 thousand Euros, compared to the positive 23,859 thousand Euros of the 1st half-year of season 2014/15, this difference essentially reflecting the gains on transactions with players occurring last season, in the amount of 19,995 thousand Euros. This season, consequence of the positive financial results of the previous season and of the decision to reinforce the main team, associated with the Board of Directors' decision to maintain the most important elements of the squad led to a significant appreciation in the market value of the squad and said decrease in gains on the sale of player's sports and economic rights;
- Sporting SAD presented in the current half-year an increase of 4,625 thousand Euros in operational revenue and gains, excluding transactions with players right's, despite Sporting's early elimination in the Champions League playoff, with the company attaining an amount of said revenue totaling 37,526 thousand Euros (which compares with the 32,901 thousand Euros of the previous season);
- The Net Result is mainly influenced by the non-recurring effect arising of the Doyen process, in the amount of 14,243 thousand Euros. Without this effect, the Net Result would be circa 3,909 thousand Euros negative, and these results



would be positive, for example, if the sales of the sports rights of the players Fredy Montero and Valentin Viola had occurred in December; however, the gains generated by these sales totaling some 4,608 thousand Euros are recorded in the first quarter of 2016;

- On 29 December last, the Company closed the following agreements:
 - with NOS LUSOMUNDO AUDIOVISUAIS, S.A., a contract for the assignment of the following rights:
 - (i) the right to the TV broadcasting and multimedia home games of the Senior Football A Team of Sporting SAD and the right to exploit the static and virtual advertising at the José Alvalade Stadium for a period of 10 sports seasons, starting 1 July 2018;
 - (ii) the right to be its Main Sponsor for a period of 12-and-a-half seasons, starting 1 January 2016.
 - with PPTV – Publicidade de Portugal e Televisão, S.A., an amendment to the current agreement under which the amounts payable for the rights to the TV broadcasting and multimedia home games of the Senior Football A Team of Sporting SAD and right to exploit the static and virtual advertising at the José Alvalade Stadium for periods 2015-2016, 2016-2017 and 2017-2018, were revised;
- The market value of the squad as indicated by various external entities appreciated significantly; however, it should be noted that the carrying value, in accordance with the accounting policies applied, amounts to about 26,789 thousand Euros;
- Still on the matter of the economic value of the squad, on the date of the adoption of this report, the World Soccer magazine presented a list of the 500 players it considers the most important in the world of football; that listing includes the following athletes belonging to the staff of Sporting SAD: William Carvalho, João Mário, Rui Patrício, Adrien Silva, Paulo Oliveira, Islam Slimani and Jonathan Silva.
- Note should be taken of the excellent performance displayed by the professional football main team and also by the various youth level teams of



Sporting SAD, which is not unconnected with the significant increase in the investment made in the Alcochete Academy;

- At the date of the present report, the Sporting A Team was classified in 1st place in the *Liga NOS* (NOS League), with 58 points, three more than the 2nd classified, having been eliminated in the 16th Finals of the *Liga Europa* (Europa League) by Bayer Leverkusen (with two defeats of 0-1 and 1-3); and the B Team was classified in 12th place of the Ledman LigaPro, exactly halfway down the table (24 teams in total);
- The Junior Team (under 19) started its participation in the final phase of the respective championship with a win over FCP;
- The Juvenile Team (Juniors B) leads the classification of the south zone of the respective championship at the end of 10 matches.

2 ACTIVITY IN THE HALF-YEAR

2.1 Technical team 2015/16

Sporting SAD reached an agreement with Coach Jorge Jesus whereby he would take over the technical command of the main A Team in sports seasons 2015/16, 2016/17 and 2017/18. The new coach was joined by a renewed team of deputy coaches.

2.2 Movements in the squad - Seasons 2015/2016 and 2014/2015

In the first half of season 2015/2016 the following investments and movements took place at squad level:

- New contracts: Teófilo Roncancio (River Plate), Alberto Aquilani, Bryan Ruiz (Fulham FC), Edinaldo Pereira (Udinese), João Pereira, Bruno César, Ezequiel Schelotto and Marvin Zeegelaar (Rio Ave);
- Temporary cessions of players to Sporting SAD: Bruno Silva ("Paulista") (EC Bahia);
- Temporary cessions of players by Sporting SAD: André Geraldês Barros (Belenenses), Carlos Chaby (União da Madeira), Heldon Ramos (Rio Ave), Hugo Miguel Lopes (Granada), Iuri Medeiros (Moreirense), João Palhinha Gonçalves (Moreirense), Luis Almeida (Kikas) (Rec Huelva), Luis Ribeiro (Rec Huelva), Michael Pinto (Rec Huelva), Ruben Semedo (Vitória FC), Simeon Slavech (Appolon Limassol) and Wallyson Mallmann (OGC Nice);



- Disposals: Alberto Coelho (Belenenses), Diego Capel (Genova), Diego Rubio (Valladolid), Naby Sarr (Charlton), Ramy Rabia (Al Ahly), Wilson Eduardo (SC Braga) and Shikabala (Zamalek).

In the first half of season 2014/2015 the following investments and movements took place at squad level:

- New contracts: Hadi Sacko (Bordeaux), Ryan Gauld (Dundee United), Naby Sarr (Olympique Lyonnais), Jonathan Silva (Estudiantes de La Plata) and Ramy Rabia (Al Ahly Sporting Club);
- Temporary cessions of players to Sporting SAD: Nani (Manchester United);
- Temporary cessions of players by Sporting SAD: Ruben Semedo (Reus), José Lopes "Zézinho" (AEL Limassol), Diogo Salomão (Deportivo Corunha), Wilson Eduardo (GNK Dinamo Zagreb), Valentim Viola (Karabukspor), Luís Almeida "Kikas" (Rapid Bucuresti) and Alberto Coelho "Betinho" (Brentford FC);
- Disposals: Vítor Silva (Reus), Marcos Rojo (Manchester United), Fabian Rinaudo (Catania), Eric Dier (Tottenham), Mickael Meira (AEL Limassol) and Luka Stojanović (Apollon FC).

B Team

The Company maintained the registration of its B Team, which competes in season 2015/16 in the Second League.

2.3 Sports Results

Liga NOS (NOS League)

At the date of issue of this report, with 23 matches played, the team is in 1st place with 58 points.

UEFA Champions League and UEFA Europa League

Sporting SAD disputed with CSKA Moscow, the playoff access to the UEFA Champions League. Unfortunately, a 2-1 home win was followed by a 3-1 defeat in Russia, a result which prevented Sporting SAD from proceeding to more advanced stages of the competition and relegated it to the UEFA Europa League, in which it played against Beşiktaş JK (Turkey), FC Lokomotiv Moscow (Russia) and KF Skënderbeu (Albania). The



results achieved were: Sporting – Lokomotiv (1-3), Beşiktaş – Sporting (1-1-), Sporting - Skënderbeu (5-1), Skënderbeu – Sporting (3-0), Lokomotiv – Sporting (2-4) and Sporting – Beşiktaş (3-1), with Sporting having passed to the 16th Finals where it faced Bayer Leverkusen, being defeated by 0-1 and 1-3 and, consequently, eliminated.

Financially, the playoff dispute referred to above generated a cash inflow of 3 million Euros, to which must be added the amount of 2.4 million Euros generated by the dispute in the group phase of UEL, to which must be added a further 1.2 million Euros for the performance, 0.25 million Euros for obtaining 2nd place and 0.5 million Euros for reaching the 16th Finals of the competition.

Taça de Portugal (Portugal Cup)

Sporting eliminated UD Vilafranquense (0-4) and Sport Lisboa e Benfica (2-1), having subsequently been eliminated by Sporting de Braga (4-3).

Taça da Liga (League Cup)

In the group stage, the draw dictated that Sporting SAD face Paços de Ferreira (3-1 win), Portimonense (0-2 defeat) and Arouca (win 0-1). The team finished the group stage in 2nd place in Group C, six points behind Portimonense, and not having qualified for the semi-finals.

Second League

At the date of this report and after 31 matches the B Team is classified in 12th place (24 teams) of the competition, with 40 points.

3 ECONOMIC AND FINANCIAL ANALYSIS

The results and financial position of the half-year of 2015/2016 are negatively influenced by the outcome of the decision of the Swiss Arbitration Court that called for the creation of a provision, recording a non-recurring cost of 14,243 thousand Euros. The Board of Directors believes that the decision in question is vitiated by illegality and appealed for the annulment of that decision to the Swiss Supreme Court on 22 February 2016; simultaneously, it applied for the suspensive effect of same.

With regard to operational results (before other non-recurring costs), these are a negative



1,521 thousand Euros, which compares negatively with the first six months of the previous period. However, the Board of Directors decided that this season justified a greater investment in the technical team and players so as to increase Sporting's bargaining power vis-à-vis the sponsorship and TV broadcasting rights contracts, amongst others, as the contract for the main football team (with Portugal Telecom) terminated in season 2014/2015 and the time was approaching for the negotiation of the TV broadcasting rights contract, for home games in the main professional football League. In this regard, in the last days of 2015, a major sponsorship deal and TV broadcasting rights contract was celebrated with NOS and with PPTV, amply justifying the gamble.

Due to the partial effect of the contract detailed above with PPTV, Sporting SAD already shows an improvement in operational revenue, reducing the dip caused by the main team's failure to fully participate in the Champions League.

Net income for the first six months of the period is a negative 18,152 thousand Euros; however, without the effect of non-recurring costs it would be a negative 3,909 thousand Euros. These negative results would have been eliminated had the sales of the sports rights' of the athletes Fredy Montero and Valentin Viola been recorded in December; instead, these will present a gain of approximately 4,608 thousand Euros in January 2016.

3.1 Results

The results of the half-year are negative in 18,152 thousand Euros, which compares with the positive 23,703 thousand Euros of the homologous period ended on 31 December 2014. This negative change in the results reflects, essentially, the effect of the costs associated with non-recurring situations, in this case due to the Doyen process. However, this amount is also affected by the Board of Director's decision to not proceed with the sale of the sports rights of athletes considered fundamental to the sports, and hence, economic success, given the imminence of the negotiations of the sponsorship and TV broadcasting rights contracts that justified the increased investment in the team. This financial capacity was derived from the financial improvement occurring during and after the financial restructuring process, which enabled Sporting to undertake this investment and to cushion the company from the occasional liquidity shortfall, such as that verified. The increase in operational revenue results primarily from the improved TV broadcasting rights contract, already in effect in the current period, and reported as

from its inception.

3.2 Operational Revenue (excluding Revenue from Transactions with Player's Rights)

These attained 37,526 thousand Euros, an improvement of 4,625 thousand Euros compared to the 1st half of 2014/15.

This improvement is fundamentally explained by the increase in the TV broadcasting rights revenue, in store, distribution and retail sales, in ticketing and season tickets, and, presenting a contrary sign, the decrease in revenue from the participation in European competitions and in revenue from sponsorships and advertising, this due to the sports performance and the absence of a major sponsor for the 1st half of the period under review.

3.3 Operational Gains and Losses

Operating costs increased 12,858 thousand Euros YoY due mainly to the increase in staff costs (11,363 thousand Euros) and external supplies and services (1,428 thousand Euros) due to the previously mentioned investment in the technical team and players, with the consequent increases in the social security, work accident insurance and commissions captions. In addition, there is an increase in the cost of goods sold (1,244 thousand Euros), which reflects the increase in the corresponding sales. This increase was offset by the decrease in the non-squad provisions and impairment losses captions (1,539 thousand Euros).

Furthermore, the squad's amortization and impairment losses had a favorable evolution (1,009 thousand Euros) and revenue from transaction with players' registrations rights presented a negative evolution in this period (18,156 thousand Euros), the result, mainly, of the disposal of the sports rights of the players Marcos Rojo and Eric Dier in 2014/15, when in the current period the sale of the sport's rights recorded, of Naby Sarr, Shikabala, Diego Rubio and Ramy Rabia, were less significant.

3.4 Financial Situation as at 31 December 2015

3.4.1 Compared with the financial position as at 30 June 2015, the Assets amount increased circa 8,331 thousand Euros, due primarily to the increase in the squad value (7,475 thousand Euros), other current assets (7,480 thousand Euros), consequence of the normal accrual accounting of revenue in respect of the European competitions and TV broadcasting rights and cash and cash equivalents (4,085 thousand Euros).



3.4.2 Equity presents a negative change of 18,246 thousand Euros, due to the negative result of the first six months under review. The Board of Directors will exercise due diligence in order to comply with art. 35 of the Commercial Companies Code, as detailed in this report.

3.4.3 Liabilities suffered an increase of about 26,577 thousand Euros, due mainly to the recognition of the provision related to the Doyen process (14,243 thousand Euros) and the increase in bank debt that, although increasing by 7,825 thousand Euros, presents an increased net debt of 3,740 thousand Euros given that, as per the agreement with the two creditor banks (Novo Banco and Millennium BCP), Sporting guarantees the existence of restricted use accounts for the servicing of the debt. Thus, this bank debt evolution can be regarded as normal in light of the current activity. The remaining increase is primarily due to the accrual accounting of revenue received at the start of the season and deferred over the period.

4 SUBSEQUENT EVENTS AFTER 31 DECEMBER 2015

4.1. Cession of the Sporting Rights of Players

In the context of the movements recorded during the January transfer window, Sporting closed the following transactions with professional athletes:

New contracts:

Sebastián Coates (Temporary Cession with Purchase Option from Sunderland) and Hernán Barcos (Tianjin Teda FC).

Temporary cessions of Sporting players:

Jonathan Silva (Boca Juniors), Tanaka (Kashiwa Reysol), Labyad (Fulham FC), Hadi Sacko (Sochaux), Oriol Rosell (V. Guimarães), Salim Cissé (Vit. Setúbal) and Luís Ribeiro (Feirense).

Disposals:

Fredy Montero (Tianjin Teda FC), Marcelo Boeck (Chapecoense), Valentin Viola (Apollon Limasol) and Diogo Salomão (RCD Mallorca).

The temporary cession of the athlete Ruben Semedo (Vitória de Setúbal) was also revoked.

4.2. Extension of the maturity date of the Securities Mandatorily Convertible (SMCs)

Per resolution of the General Meeting of SMC Holders, in the scope of the issue designated “VALORES SPORTING 2010”, taken at the meeting of 8 January 2016, the following terms and conditions of said SMC issue were altered:

- (i) Alteration of the issue maturity, with the SMCs now maturing on 26 December 2026, notwithstanding the hypothesis of early maturity, in the cases provided for in point 14.5.5 of the Prospectus;
- (ii) Alteration of the interest payment conditions, with the SMCs now attributed the right to receive interest at the annual gross nominal and fixed rate of 4% (four per cent).

5 COMPANY PROSPECTS

The situation laid down in this report presents the outcome of a series of decisions taken by the current Board of Directors in order to rapidly create conditions for the sustainability of the Company, achieving a desirable sports and economic equilibrium. The situation described presents a financial situation which, although influenced by non-recurring events, permits the justification of the path followed and the observation that, with, for example, the disposal of economic rights at the level of the previous two seasons (situation to which Sporting is not bound), the deficit identified will be solved; it is, however, clear that the overall improvement in the financial position of the Company was only possible due to the cooperation of all the stakeholders and it is the understanding of the Board of Directors that the conditions are in place for a repeat of the sports successes of the past, whilst always ensuring balanced operating accounts. Thus, we intend to maintain the Company’s revenue growth rate, but anchored it on a balanced spending and investment base.

The sports focus is on the continued investment in young players, always with the



perspective of social responsibility and preservation of young athletes' rights, coordinating the physical growth of same with their mental and social development. This investment justifies the contracting of athletes with greater experience and with proven results and that will allow for the growth of the professional team as a whole.

Efforts will continue to be made to increase Company 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, in terms of other types of sponsorships and knowhow transfers at the Sporting Academies' level, these involving not only football but also other sports developed by Sporting Clube de Portugal. Furthermore, with the recent integration of SPM in Sporting SAD, the conditions have been met to maximize revenue from the exploration of the José Alvalade Stadium.

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

The Company will implement measures to strengthen own or combined projects so as to increase the level of sustainability of its social, economic and environmental pillars.

6 TREASURY STOCK (OWN SHARES)

With the merger by incorporation of SPM in Sporting SAD, the Company became the holder of 20 own shares with a nominal value of 1 Euro per share, in a total of 20 Euros.

7 CORPORATE GOVERNANCE

Under art. 16 of the Securities Code, we present the list of qualifying holdings, with information on the number of shares held and the percentage of voting rights, as at 31 December 2015:



Membros dos Corpos Sociais da Sociedade detentores de Acções		Número de Acções
Dr. Bruno Miguel Azevedo Gaspar de Carvalho		12.014
Dr. Carlos Fernando Barreiros Godinho Vieira		10.000
Dr. Vitor Manuel da Silva Ferreira		-
Dr. Guilherme José Araújo da Costa Carracho Lourenço Pinheiro		-
Dr. Paulo Miguel Soares Antunes da Silva		
Dr. Rui Pereira Caeiro		100
Membros do Conselho Fiscal:		
Prof. Doutor António Rui Carvalho Moreira de Carvalho		100
Dr. Paulo Jorge Frade de Almeida		200
Dr. Paulo Jorge Ruxa Roberto Perico		250
Dr. Luis Vasco Gargalo		-
Sociedade de Revisões Oficiais de Contas:		
PriceWaterhouseCoopers & Associados - SROC, Lda, representada pelo Dr. Carlos Maia		-

Participações Qualificadas	Número de Acções	% Direitos de Voto
Sporting Clube de Portugal:		
Directamente (Acções da categoria A)	17.864.177	26,663%
Através de:		
Acções de categoria B	24.985.811	37,292%
Sporting SGPS	24.962.270	37,257%
Bruno Miguel Azevedo Gaspar de Carvalho	12.014	0,018%
Carlos Fernando Barreiros Godinho Vieira	10.000	0,015%
Alexandre António Gaspar Carvalho Godinho (SCP)	200	0,000%
Rui Pereira Caeiro	100	0,000%
Nuno Silvério Marques (SCP)	1.005	0,002%
Óscar Manuel Machado Figueiredo (SCP)	22	0,000%
Vicente Lemos Caldeira Pires (SCP)	100	0,000%
Jorge Bruno Silva Barbosa Gaspar (SCP)	100	0,000%
Total imputável	42.849.988	63,955%
Álvaro Madaleno de Oliveira Sobrinho		
Através de Holdimo - Participações e Investimentos, SA	20.000.000	29,851%
Joaquim Francisco Alves Ferreira de Oliveira		
Através de Olivedesportos SGPS, SA	2.134.770	3,186%

8 STATEMENT OF THE MANAGEMENT BODY

Under the terms and for the purposes of paragraph c) of no. 1 of art. 246 of the Securities Code, the Board of Directors declares that, to the best of its knowledge, the



financial information for the half-year of season 2015/2016 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 issuer, and that the interim Management Report reliably reflects the information required under no. 2 of the same article.

It furthermore declares that the Management Report reliably reflects the evolution of the business and of the issuer's performance and that it contains a description of the main risks and uncertainties the issuer faces.

9 AUDITED INFORMATION

The Board of Directors having the option to decide, in accordance with CMVM Regulation no. 3/2006, to subject, or not, the half-yearly financial statements to examination by the auditor, opted to request an audit, whereby the information herein disclosed is audited.

10 SHARE QUOTATIONS OF SPORTING SAD

Below is the evolution of the share price and volume of Sporting SAD from 1 July 2015 through 31 December 2015.





Lisbon, 26 February 2016

The Board of Directors

Bruno Miguel Azevedo Gaspar de Carvalho
Chairman of the Board

Carlos Fernando Barreiros Godinho Vieira
Member

Guilherme José Araújo da Costa Carracho Lourenço Pinheiro
Member

Paulo Miguel Soares Antunes da Silva
Member

Rui Pereira Caeiro
Member



FINANCIAL STATEMENTS

FOR THE PERIOD

FROM

1 JULY 2015

TO

31 DECEMBER 2015

Income Statement for the period ended 31 December 2015 and 2014

Income Statement	Note	EUR'000	EUR'000	EUR'000	EUR'000
		31.Dec.15	31.Dec.14	2nd Quarter 15/16 (not audited)	2nd Quarter 14/15 (not audited)
Sales and services rendered	2	26.982	21.269	14.330	12.762
Other operating income	3	10.544	11.632	2.980	2.503
Operating income excluding transactions of players registration		37.526	32.901	17.310	15.265
Cost of sales		(1.652)	(408)	(459)	(408)
Operating expenses	4	(8.954)	(7.526)	(4.822)	(3.836)
Payroll	5	(23.481)	(12.118)	(11.805)	(6.506)
Depreciation and amortization excluding players registrations	11/12.2	(2.183)	(1.360)	(1.082)	(1.105)
Provision and impairment loss excluding players registrations	6	(83)	(1.622)	(83)	(1.622)
Other operating costs	7	(1.750)	(2.211)	(1.103)	(1.537)
Other operating costs excluding transactions of players registration		(38.103)	(25.245)	(19.354)	(15.014)
Operational results excluding transactions of players registration		(577)	7.656	(2.044)	251
Amortization and impairment loss of players registrations	8	(2.783)	(3.792)	(838)	(1.866)
Income/(loss) with players registration transactions	9.1	1.839	19.995	366	304
Operational results including transactions of players registration		(944)	16.203	(472)	(1.562)
Operational results (before non-recurring items)		(1.521)	23.859	(2.516)	(1.311)
Non-recurring items	9.2	(14.243)	-	(14.243)	-
Operational results		(15.764)	-	(16.759)	(1.311)
Financial Results	10	(2.299)	146	(1.378)	693
Profit before tax		(18.063)	24.005	(18.137)	(618)
Income tax		(89)	(302)	(89)	(302)
Net profit for the period		(18.152)	23.703	(18.226)	(920)
Basic earnings per share	18	(0,271)	0,490	(0,272)	(0,014)
Diluted earnings per share	18	(0,090)	0,203	(0,090)	(0,005)

To be read with the notes to the financial statements

Balance Sheet as at 31 December 2015 and 30 June 2015

Assets	Note	EUR'000 31.Dec.15	EUR'000 30.Jun.15
Non-current assets			
Tangible assets	11	20.347	20.452
Intangible assets - players registrations	12.1	26.789	19.314
Other intangible assets	12.2	144.748	146.250
Other non current assets - Accounts receivable	13	2.065	5.424
Total non-current assets		193.949	191.440
Current assets			
Accounts receivable	14	18.797	22.738
Inventories		419	774
Other current receivables	16	4.804	6.251
Other current assets	17	11.224	3.744
Cash and cash equivalents	15	14.680	10.595
Total current assets		49.924	44.102
Total Assets		243.873	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	(194.476)	(213.715)
Net profit for the period	18	(18.152)	19.333
Total Equity		(11.203)	7.043
Non current liabilities			
Provisions	19	8.805	8.487
Post-employment benefits	27	3.231	3.034
Borrowings	20	89.953	80.344
Other non current liabilities	21	38.181	41.221
Total non current liabilities		140.170	133.086
Current liabilities			
Provisions	19	14.243	-
Borrowings	20	47.925	49.709
Accounts Payable	22	15.684	13.231
State and other public entities	23	4.383	3.597
Other current payables	24	17.136	18.353
Other current liabilities	25	15.535	10.523
Total current liabilities		114.906	95.413
Total Liabilities		255.076	228.499
Total Equity and Liabilities		243.873	235.542

To be read with the notes to the financial statements



Statement of comprehensive income for the period ended 31 December 2015 and 2014

	Notes	EUR'000 31.Dec.15	EUR'000 31.Dec.14
Net profit for the year		(18.152)	23.703
Items recyclable into net income:		-	-
Items recyclable into equity:			
Remunerations	28	(93)	(469)
Total Comprehensive income for the period		(18.245)	23.234

To be read with the notes to the financial statements



Statement of changes in equity
for the period ended as at 31 December 2015 and 2014

	Share capital	Share premium	Other equity	Legal reserve	Other reserves	Retained earnings	Net profit for the period	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 for the period	-	-	-	-	-	-	(18.152)	(18.152)
Others (Remeasurements)	-	-	-	-	-	(93)	-	(93)
Balance as of the 31 December 2015	67.000	6.500	127.925	3.506	(10.744)	(187.237)	(18.152)	(11.203)
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 for the period	-	-	-	-	-	-	23.703	23.703
Issuance of share capital	28.000	-	-	-	-	-	-	28.000
Issuance of convertible bonds	-	-	80.000	-	-	-	-	80.000
SPM's Merge Reserve	-	-	-	-	(1.587)	-	-	(1.587)
Others (Remeasurements)	-	-	-	-	-	(469)	-	(469)
Balance as of the 31 December 2014	67.000	6.500	127.925	3.506	(10.720)	(206.297)	23.703	11.617

To be read with the notes to the financial statements

**Cash Flow Statement for the period ended
31 December 2015 and 2014**

	EUR'000 31.Dec.15	EUR'000 31.Dec.14
Operating Activities		
Receipts from customers, UEFA and group companies	31.218	22.507
Payments to suppliers	(14.087)	(19.894)
Payments to state	(13.865)	(7.666)
Payments to personnel	(11.575)	(6.731)
Cash Flow from operating activities	(8.309)	(11.784)
Income tax received/(paid)	(36)	(82)
Other receipts /(payments) relating to operating activities	(452)	(811)
Cash Flow from operating activities (1)	(8.797)	(12.677)
Investment activities		
Inflows:		
Borrowings	-	-
Intangible assets - players registrations	14.594	27.766
	14.594	27.766
Outflows:		
Intangible assets - players registrations	(7.117)	(18.732)
	(7.117)	(18.732)
Cash flow from investing activities (2)	7.477	9.034
Financing activities		
Inflows:		
Borrowings	15.345	113.656
Other financial instruments (convertible debt)	-	80.000
	15.345	193.656
Outflows:		
Investment funds/partnerships	-	(4.974)
Borrowings	(7.749)	(161.847)
Interest and similar costs	(2.191)	(5.514)
	(9.940)	(172.335)
Cash flows from financing activities (3)	5.405	21.321
Change in cash and cash equivalents (4)=(1)+(2)+(3)	4.085	17.678
Exchange differences	-	-
Cash and Cash equivalents at the beginning of the year	10.595	1.942
Cash and Cash equivalents at the end of the year	14.680	19.620

To be read with the notes to the financial statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

INTRODUCTION

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

On the 30 November 2010, Sporting SAD has acquired SCS – Sporting Comércio e Serviços SA’s capital to Sporting Clube de Portugal and Sporting SGPS. Then, there was a merge between SCS and SAD, due to the fact that both societies have similar corporate purposes, and that there were mutual benefits in the combination and concentration of their activities.

On the 21 November 2014 the public deed for the merger by incorporation between Sporting Património and Marketing SA and Sporting SAD was granted, and therefore the commercial registration was made. The merger took the legal means provided for in paragraph a) of the number 4 of Article 97 of the Commercial Companies Code – mergers by incorporation- and therefore the assets of Sporting Património and Marketing SA (Merged company) were transferred to Sporting SAD (acquiring company), with the consequent extinction of the merged company, which led to an increase in share capital of the company by the amount of EUR 8 million.

The Company is engaged in the participation in professional football competitions, promotion and organization of sports events and the promotion or development activities related to professionalized sports football game. The securities (shares) of Sporting SAD are listed on Euronext Lisbon.

Head Office	Estádio José de Alvalade - Rua Professor Fernando da Fonseca - Lisboa
Share Capital	67.000.000 Euros
Registration No:	503 994 499

This Financial Statements were approved at the Board of Directors in 26 February 2016.

It is the Board of Directors conviction that the financial restructuring project of Sporting SAD, agreed with the lenders, is based on acceptable and feasible economic and financial assumptions.



1. SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements presented now reports to the period ended on 31 December 2015. The financial statements have been prepared in accordance with International Reporting Standards Financial ("IFRS"/IAS) adopted by the European Union in 1 July 2015, and in conformity with IAS 34 – Interim Financial Reporting.

The financial statements are expressed in thousands of euros, otherwise stated.

These interim financial statements were prepared in accordance with the same accounting principles and policies, including financial risk management policies adopted by the Sporting SAD in preparing the annual financial statements for the year ended 30 June 2015, including primarily an explanation of the relevant events and changes that occurred during this semester to the understanding of changes in financial position and operating performance of the Company since the last annual report.

Taking into account the developments concerning the litigation with Doyen during this semester (Note 19), and given its nature and magnitude in the context of these financial statements, the following accounting policy related to non-recurring expenses was used by the Sporting SAD addition to the accounting policies disclosed in the financial statements for the year ended 30 June 2015:

- In accordance with the recommendations in IAS 1, "Non-recurring items" reflect unusual costs that should be reported separately from the usual lines costs, taking into account their nature and magnitude in the context of these financial statements of the Company.

It is also important to note that it is not disclosed part of the notes present in the year ended 30 June 2015 report, either because they have not undergone through any significant change, or because they are not material to the understanding of these financial statements.

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

The preparation of financial statements requires the use of estimates and significant judgments in applying accounting policies of the Company. The 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 1.3.

These 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, Millennium BCP and Novo Banco.

It is the Board of Directors of Sporting SAD belief that the current financial restructuring is based on economic and financial assumptions acceptable and feasible, and so the continuity of



the Company's operations is ensured, taking into account the measures provided for in the restructuring allowed the Company on the one hand, increase their own capital and, on the other hand, provide the Company the necessary financial resources to the management of their business.

The objective of the Board of Directors of Sporting SAD is to continue to develop the necessary operations in order to improve, with the necessary operational 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 31 December 2015 are not entirely comparable with the figures for the previous year, given the merge occurred by incorporation of the SPM in Sporting SAD as described above and with accounting effect starting on the 1 October 2014.

If the merger had occurred on the 1 July 2014, the income statement after elimination of intercompany transactions between both of the companies for the 31 December 2014 would be:

	EUR'000
Income Statement	SAD /SPM 31.Dec.14
Sales and services rendered	24.722
Other operating income	11.731
Operating income excluding transactions of players registration	36.453
Cost of sales	(1.234)
Operating expenses	(7.682)
Payroll	(12.518)
Depreciation and amortization excluding players registrations	(2.814)
Provision and impairment loss excluding players registrations	(1.623)
Other operating costs	(2.285)
Other operating costs excluding transactions of players registration	(28.156)
Operational results excluding transactions of players registration	8.297
Amortization and impairment loss of players registrations	(3.792)
Income/(loss) with players registration transactions	19.995
Other operating costs including transactions of players registration	16.203
Operational results	24.500
Financial results	(694)
Profit before tax	23.806
Income tax	(302)
Net Profit for the period	23.504

1.3 Estimates and judgements used on the accounting policies

IFRS establish a set of accounting treatments and require 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 indicate that their net amount is not recoverable.

As previously mentioned, the Sporting SAD conducts a periodic review of the valuation of their squad in order to validate the existence of 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 right 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 usage values. 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 and growth of pensions and wages and other factors that could impact the costs and responsibilities of post-employment benefits.

Amortized cost method

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 in the business plan for the period 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, ageing 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 unless there are tax losses, have been granted tax benefits, or are ongoing inspections, complaints or disputes, 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, there will be no significant corrections to the income tax recorded in the financial statements.

2. SALES AND SERVICES RENDERED

The sales and services rendered is analyzed as follows:

Sales and Services rendered	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Loja Verde	1,340	642
Distribution/Retail	886	-
Others	112	-
Sales	2,338	642
TV rights	13,088	8,734
Ticket office and ticket season	5,786	5,396
Sponsorship and publicity	3,715	4,634
Royalties	18	267
Others	2,038	1,596
Services Rendered	24,645	20,627
Total	26,982	21,269

The TV rights revenues were as follows on the 31 December 2015 and 2014:

TV rights	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Transmission contract of TV rights with PPTV, SA	11.500	7.500
Champions League market pool	901	1.234
Europe League market pool	687	-
Total	13.088	8.734

The increase in TV rights is explained by the renewal of the TV rights' contract with PPTV, celebrated on the 29 December 2015, which had a positive impact on the Income statement of € 4 million. This contract gives the TV rights for the present season, for the total amount of € 23 million.

Revenues from ticket and season tickets sales are as follows at 31 December 2015 and 2014:

Ticket office and ticket season	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Ticket Season (Gamebox)	2,260	2,095
Champion League ticket office	274	932
Europe League ticket office	225	-
Boxes	1,225	886
Nacional League ticket office	520	846
Particular games ticket office	351	209
Business Seats	274	149
Portugal Cup ticket office	297	145
Place Lion	324	134
League Cup	36	-
Total	5,786	5,396

The amounts recorded under sponsorship and advertising consist mainly of the main sponsors of Sporting and technical sponsorships equipment and sweatshirts (Unicer, CGD and Macron). It is also important to notice that the contract for the main sponsor for the current season is already signed.

3. OTHER OPERATING INCOME

The accounting heading “other operating income” is detailed below:

Other operating income	Euros'000 31.Dec.15	Euros'000 31.Dec.14
European competition participation	8,486	10,500
National competition participation	13	13
Particular competition participation	750	88
Training Compensation	-	12
Players loan	100	406
Others	1,195	613
Total	10,544	11,632

The heading account “European competition participation” is presented as follows:

European League Participation	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Premium Participation in the Europe League	3,000	-
Participation Premium in the Group stage	2,400	8,000
Performance Premium in the Group stage	1,450	2,500
Premium of going to subsequents rounds	500	-
Other premiums	1,136	-
Total	8,486	10,500

Particular competition participation’s variation is mainly due to the pre-season in South Africa.

Player loans refer to income from temporary loans to other clubs or SAD's of players whose rights belong to sports Sporting SAD. In the current year relates primarily to the loans of



players: Wallyson Mallmann (December 2014: Wilson Eduardo).

On the first semester ended on the 31 December 2015, the heading account “Other income” includes € 392 thousands from gains in renegotiation of contracts with intermediation agents. On the 31 December of 2014 the amount Euros 328 thousands referred to sporting players’ participation on the Mundial Championship.

4. EXTERNAL SUPPLIES AND SERVICES

The breakdown of external supplies and services is as follows:

External Supplies and Services	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Subcontrats	2,872	3,416
Travel and accommodation games organization	1,361	1,195
Comissions	1,006	189
Fees	520	453
Specialized Services	997	521
Sports Equipment	334	476
Conservation and Reparation	337	38
Advertising and publicity	426	430
Insurance	320	224
Other costs	781	585
Total	8,954	7,526

The heading account “Travel and accommodation games organization” is mainly because of the games played out of Portugal.

The reduction of Subcontracts value is mainly due from income Stadium rent charged by SPM to Sporting SAD which was only charged in 2014 until the merger (Euros 1.250 thousand). There was also an increase in costs due to the increase of expenditures with Stadium operations, Hence the management of these operations is now in Sporting SAD.

The heading account “Commissions” detail is on the following table:

Commissions	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Acquisition of players registration rights on season 2015/2016	439	-
Contracts renewal on season 2015/2016	111	-
Player loans on season 2015/2016	75	-
Hiring of the technical team on season 2015/2016	140	-
Games Organization	75	-
Other commissions (amounts lower than 75K)	166	189
Total	1,006	189

It should also be noted that whenever the expenses related to the acquisition of sports rights of professional football players generate an obligation which is dependent on future conditions that are not entirely under the control of SAD, in particular where the payments are contract dependent on the maintenance work with the player such future obligations are not



considered in the original purchase price and, consequently, neither is the related liability, it will only be recognized in earnings after the service is provided. The commitments arising from these agreements are disclosed in Note 28.

5. PAYROLL COSTS

Payroll costs are as follows:

Payroll costs	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Remuneration of statutory board members	216	87
Wages and salaries	19,159	10,175
Compensation	144	74
Social Security costs	1,981	816
Post-employment benefits (Note 28)	104	193
Insurance	1,734	684
Others	143	90
Total	23,481	12,118

The increase in remuneration of governing bodies stems from the General Assembly resolution of Sporting SAD held in September 2015.

The increase in staff remuneration is due mainly from the increase made during this semester in the squad with the signing of the technical team, players of purchases and renovations of sports employment contracts to ensure the necessary sustainability of sporting performance of Sporting SAD.

The variations occurred in the items of remuneration and insurance charges arising primarily from the increase in the value of the above remuneration.

6. PROVISIONS AND IMPAIRMENT LOSSES (EXCLUDING PLAYERS REGISTRATION)

Provisions and impairment losses (excluding players registration) breakdown is as follows:

Provision and impairment loss excluding players registration	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Accounts receivable impairment (Note 14)	(200)	700
Other accounts receivable impairment (Note 16)	-	-
Inventories impairment	(35)	1
Other provisions (Note 19)	318	921
Total	83	1.622

7. OTHER GAINS AND LOSSES

During the years ended 31 December 2015 and 2014, the balance of other expenses and losses is detailed as follows:

Other operating Costs	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Contributions	212	164
Indirect taxes	102	482
Fines and penalties	45	52
Market research	270	306
Exchange rate differences	99	205
Image rights	736	276
Others	285	726
Total	1,750	2,211

8. AMORTIZATIONS AND IMPAIRMENT LOSSES IN SQUAD

During the semesters ended December 31st, 2015 and 2014, the accounting heading depreciation and impairment losses squad is detailed as follows:

Amortization and impairment loss of players registrations	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Amortization charges for the year - Professional football (Note 12)	4,044	3,792
Impairment loss - Professional football (Nota 12)	(1,261)	-
Total	2,783	3,792

Impairment losses of the squad consider the net book value of sporting rights of players as of 31 December 2015, 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 31 December 2015 there were impairment losses relating to one player (31 December 2014: none situation).

It should be noted further that in the six months ended on the 31 December 2015 a reversal of impairment loss recognized in the previous year due to the calculated result of the sale of a player between the reporting date and the date of approval of these financial statements was recorded.

9. OTHER OPERATING INCOME/EXPENSES WITH PLAYER REGISTRATIONS TRANSACTIONS

The income and expenses with players' registrations of transactions are as follows:



Income/(expenses) with players registration transaction	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Sale of economic rights	1.755	19.342
Transfer of economic rights to Sporting Portugal Fund	-	658
Others	84	(5)
Total	1.839	19.995

The change in income with the transfer of economic rights to Sporting Portugal Fund is explained by the acquisition of the Fund that took place during the previous year.

As at 31 December 2015, the sale of sports rights is detailed as follows:

31 December 2015	% Sold Economic rights	Date of Sale	Acquiring entity	Euros'000 Sale Value	Euros'000 (Costs) / Income of Sale	Euros'000 Net book value	Euros'000 Gain/ (Loss)
Naby Sarr	100%	jul-15	Charlton Athletic F.C.	1.999 (a)	(420)	838	741
Shikabala	100%	aug-15	Zamalek	570 (a)	(57)	123	390
Diego Rubio	100%	aug-15	Real Valladolid	400 (a)	90	400	90
Ramy Rabia	100%	aug-15	Al Ahly S.Club	750 (a)	(75)	623	52
				3.719	(462)	1.984	1.273
						Others	492
						Total	1.764

The amount shown as costs of sale with the player Naby Sarr arises mainly from the former club rights on about 15% of sales and brokerage commissions associated with this transaction.

As of 31 December 2014, the sale of sports rights is detailed as follows:

31 December 2014	% Sold Economic rights	Date of Sale	Acquiring entity	Euros'000 Sale Value	Euros'000 (Costs) / Income of Sale	Euros'000 Net book value	Euros'000 Gain/ (Loss)
Marcos Rojo	100%	aug-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
				25.000	(3.105)	3.333	18.562
						Others	780
						Total	19.342

(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 capital gains from future transfers - see Note 30

The expenses associated with player transfers include, where applicable, commission's brokerage 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 monies to deliver to third parties arising from the sale, also considering the liability recorded at each reporting date, in the context of sharing economic interests 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.

9.2 NON-RECURRING ITEMS

According to the framework described in Note 19 relating to litigation with Doyen, it was recognized an expense in the amount of Euro 14,243 thousand, reflecting a situation considered “non-recurring”, also taking into account its magnitude in the context of these financial statements. The amount of Euro 14,243 thousand euros is detailed below: (Note 19):

- Euros 12,014 thousand relating to the compensation value set by the Court of Arbitration for Sport;
- Euros 729 thousand related primarily to interest associated with the value of the above compensation, estimated by Sporting SAD with reference to the date of 31 December 2015;
- Euros 1.500 thousand paid in August 2014 to Doyen, related to the player Zakaria Labyad, which was deducted from the above amount. In the year ended 30 June 2015 this payment embodied a reduction to the previously recorded liability, having therefore no impact on results of that year.

10. FINANCIAL RESULTS

The financial results for the semesters ended December 31st, 2015 and 2014 breakdown is as follows:

Financial Results	Euros'000 31.Dec.15	Euros'000 31.Dec.14
Interest expense on bank loan	(1.029)	(2.198)
Interest income	-	926
Exchange differences	(70)	(366)
Financial discount of non currents assets and liabilities	(893)	12.674
Banking commissions	(236)	(1.430)
Other financial loss and costs	(70)	(759)
Gains/loss on investments	-	(8.700)
Total	(2.299)	146

The reduction in financial expenses on interest paid to bank loans is due mainly to the agreement of the financial restructuring.

In the same semester in 2014, the heading accounting “interest income” is related to the remuneration of long-term debt of companies of the Group Sporting Clube de Portugal to the Company, which was mostly settled under the financial restructuring in November 2014.

The amount recorded at 31 December 2014 under "Gains / (losses) on investments" (see note 19) stems from the estimated impact that the date of acquisition of all the units of the Sporting Portugal Fund by the value Euros 12.650 thousands. Considering that this Fund would end its activity in August 2016, and would entail the distribution of the economic rights of athletes held by the same by third parties, there was a company's strategic goal to recover such economic rights, in order to avoid dispersion of those rights and also the board was



convinced that the value to be paid to the Fund will be recovered with the future sale of the respective economic rights.

In the six months ended 31 December 2015 and 2014, the financial results associated with the financial restatement of liabilities and non-current assets is due mainly to the restatement of non-current liabilities at amortized cost. See note 20.

11. TANGIBLE ASSETS

The heading account "tangible assets" on 31 December 2015 and 30 June 2015 is presented as follows:

Tangible assets	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Book Value	29,634	29,072
Accumulated Depreciation and Impairment Losses	(9,287)	(8,620)
Total	20,347	20,452

During the six months ended 31 December 2015, changes in the items of tangible fixed assets and the respective depreciation and impairment losses, was as follows:

31.December.2015	Euros'000 30.Jun.15	Euros'000 Increases	Euros'000 Transfers	Euros'000 31.Dec.15
Book Value				
Lands	1,379	-	-	1,379
Buildings and other constructions	22,299	123	-	22,422
Basic Equipment	1,990	30	-	2,019
Transportation equipment	364	-	-	364
Administrative equipment	1,908	16	-	1,925
Other Tangible Assets	1,133	34	-	1,167
Investment in progress	-	354	5	359
	29,072	557	5	29,634
Accumulated depreciations and impairment losses				
Buildings and other constructions	(4,348)	(445)	-	(4,793)
Basic Equipment	(1,388)	(104)	-	(1,493)
Transportation equipment	(364)	-	-	(364)
Administrative equipment	(1,738)	(68)	-	(1,806)
Other Tangible Assets	(783)	(49)	-	(831)
	(8,620)	(666)	-	(9,287)
Net Book value	20,452	(109)	5	20,347

On the 30 June 2015 and 2014 the accounting heading "Lands" and "Buildings and other constructions" refers primarily to the Alcochete's Academy, which is a financial lease investment (Note 20)

Sporting's Academy was given as collateral for bank loans of Sporting SAD, more specifically the leasing loan.

12. INTANGIBLE ASSETS

12.1 SQUAD VALUE

The football squad heading comprises the players on which the Sporting SAD holds the



respective rights of sports registration.

The heading on the 31 December 2015 and 2014 is presented as follows:

Squad Value	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Book Value	42,634	39,189
Accumulated Depreciation and Impairment Losses	(15,845)	(19,875)
Total	26,789	19,314

During the semester ended 31 December 2015 and 30 June 2015, movements in intangible asset item – Squad value, as well as depreciation and impairment losses were as follows:

31.December.2015	Euros'000 30.Jun.2015	Euros'000 Increases	Euros'000 Sales	Euros'000 Regularizations and Disposals	Euros'000 Impairments	Euros'000 31.Dec.15
Book Value	39.189	12.342	(8.672)	(225)	-	42.634
Accumulated Depreciation and Impairment Losses	(19.875)	(4.044)	6.707	105	1.261	(15.845)
Total	19.314	8.298	(1.965)	(120)	1.261	26.789

30.June.2015	Euros'000 30.Jun.2014	Euros'000 Increases	Euros'000 Sales	Euros'000 Regularizations and Disposals	Euros'000 Impairments	Euros'000 30.Jun.2015
Book Value	38.863	10.017	(8.665)	(1.026)	-	39.189
Accumulated Depreciation and Impairment Losses	(14.137)	(7.333)	4.351	727	(3.483)	(19.875)
Total	24.726	2.684	(4.314)	(299)	(3.483)	19.314

In the first six months of the season 2015/2016 we highlight the following occurrences:

- Hirings: Teófilo Roncancio (River Plate), Alberto Aquilani, Bryan Ruiz (Fulham FC), Edinaldo Pereira (Udinese), João Pereira, Bruno César, Ezequiel Schelotto and Marvin Zeegelaar (Rio Ave);
- Loans to Sporting SAD: Bruno Silva (“Paulista”) (EC Bahia);
- Loans from Sporting SAD: André Geraldés Barros (Belenenses), Carlos Chaby (União da Madeira), Heldon Ramos (Rio Ave), Hugo Miguel Lopes (Granada), Iuri Medeiros (Moreirense), João Palhinha Gonçalves (Moreirense), Luis Almeida (Kikas) (Rec Huelva), Luis Ribeiro (Rec Huelva), Michael Pinto (Rec Huelva), Ruben Semedo (Vitória FC), Simeon Slavech (Appolon Limassol) and Wallyson Mallmann (OGC Nice);
- Sales: Alberto Coelho (Belenenses), Diego Capel (Genova), Diego Rubio (Valladolid), Naby Sarr (Charlton), Ramy Rabia (Al Ahly), Wilson Eduardo (SC Braga) and Shikabala (Zamalek).

In the first six months of the season 2014/2015 we highlight the following occurrences:

- Hirings: Hadi Sacko (Bordéus), Ryan Gauld (Dundee United), Naby Sarr (Olympique Lyonnais), Jonathan Silva (Estudiantes La Plata), Ramy Rabia (Al Ahly Sporting Club);
- Loans to Sporting SAD: Nani (Manchester United)



- Loans from Sporting SAD: Ruben Semedo (Reus), José Lopes “Zézinho” (AEL Limassol), Diogo Salomão (Deportivo Corunha), Wilson Eduardo (Dínamo de Zagreb), Valentim Viola (Karabukspor);
- Sales: Vítor Silva (Reus), Marcos Rojo (Manchester United), Fabian Rinaudo (Catania), Eric Dier (Tottenham), Mickael Meira (AEL Limassol), Luka Stojanović (Apollon FC);

The main additions that occurred in the first semester of 2015/2016 season were:

Player	%Economic rights	Acquisition Date	Seller	Contract Deadline	Acquisition total amount
Teófilo Gutierrez	90%	(a) jul-15	C.A.River Plate	Jun-18	3.738
Edinaldo Pereira	100%	(a) jul-15	Udinese Calcio SPA	Jun-19	3.010
Bryan Ruiz	100%	(a) jul-15	Fulham F.C	Jun-18	1.320
Bruno César	100%	(a) nov-15	-	Jun-20	1.300
Alberto Aquilani	100%	(a) aug-15	-	Jun-17	1.000
Marvin Zeegelar	100%	(a) oct-15	Rio Ave F.C	Jun-20	690
					11.058
					Others 1.284
					Total 12.342

The main additions that occurred in the first semester of 2014/2015 season were:

Player	%Economic rights	Acquisition Date	Seller	Contract Deadline	Acquisition total amount
Ryan Gauld	80%	(a) jul-14	Dundee United	Jun-20	2.757
Jonathan Silva	100%	(a) aug-14	Estudiantes de la Plata	Jun-19	2.515
Ewerton Santos	100%	(a) may-15	Anzhi	Jun-19	1.500
Hadi Sacko	100%	(a) aug-14	FC Bordeaux	Jun-20	1.016
Naby Sarr	85%	(a) jul-14	Olympique Lyonnais	Jun-20	1.005
Rami Rabia	100%	(a) aug-14	Al Ahly	Jun-20	750
					9.543
					Others 474
					Total 10.017

- (a) identified above acquisitions do not include variable values purchase 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 30.

The sports and economic rights of acquisition of players includes essentially the amounts spent on behalf of the entity lending/selling those rights, and also charges of intermediary services, signature bonuses, solidarity mechanism, 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.

The registration and economic rights of players sold during the period ended December 31st, 2015 and 2014 are detailed in Note 9.

The net book values of player's registrations as of 31 December 2015 and 2014 are grouped as follows:

Players Registration Net book Value	31.Dec.15		30.Jun.15	
	No Players	Euros'000 Total Amount	No Players	Euros'000 Total Amount
Less than 1 000 000 Euros	28	7.888	23	8.529
Between 1 000 000 and 2 000 000 Euros	8	11.085	3	6.442
More than 2 000 000 Euros	3	7.816	2	4.343
Totais	39	26.789	28	19.314

There are no significant changes in the percentage of economic rights of players, owned by Sporting SAD from 30 June 2015, besides the ones displayed in addition to acquisitions / disposals of players, disclosed in these financial statements.

12.2 OTHER INTANGIBLE ASSETS

The heading on 31 December 2015 and 30 June 2015 is presented as follows:

Other intangible assets	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Book Value	209,549	209,535
Accumulated amortization and impairment losses	(64,801)	(63,285)
Total	144,748	146,250

During the period ended December 31st, 2015 and 2014, the movement in the accounting heading "other intangible assets" and "depreciation and impairment losses", were as follows:

31.December.2015	Euros'000 30.Jun.15	Euros'000 Acquisitions	Euros'000 Transfers	Euros'000 31.Dec.15
Book Value				
Surface right	208,892	-	-	208,892
Software	487	-	-	487
Other intangible assets	23	-	-	23
Investment in progress	133	19	(5)	147
	209,535	19	(5)	209,549
Accumulated amortization and impairment losses				
Surface right	(62,781)	(1,513)	-	(64,294)
Software	(481)	(3)	-	(484)
Other intangible assets	(23)	-	-	(23)
	(63,285)	(1,516)	-	(64,801)
Net Book Value	146,250	(1,497)	(5)	144,748

The "other intangible assets" corresponds to the transfer of surface rights (on the Stadium - Estádio José Alvalade- and the Multisport building), by Sporting Clube de Portugal to the SPM. This transfer took place in 2006 with a term of 25 years for the initial amount of Euros 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 in April 2063.



The surface rights were incorporated in the statement of financial position of Sporting SAD under the merger between Sporting SAD and SPM that occurred in the previous year.

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 (2%). The teste also included capex maintenance and replacement costs.

As a result of the calculations, 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 evaluation of Euros 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.

There were no significant developments during the six months ended 31 December, 2015 with a negative impact on the recoverable value of that asset.

13. OTHER NON-CURRENT ASSETS

On the 31 December 2015 and 30 June 2015, "other non-current assets" heading account detail is as follows:

Other non-current assets	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Accounts receivables	2,065	5,424
Total	2,065	5,424

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



Other non-current assets	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Sport Clube Corinthians Paulista	1.000	2.000
Southampton Football Club Limited	1.000	2.500
Societa Sportiva Lazio SPA	-	1.259
Real Valladolid Club de Fútbol, SAD	400	-
Discounted amount	(335)	(335)
Total	2.065	5.424

14. ACCOUNTS RECEIVABLE

On the 31 December 2015 the accounts receivable detail is as described on the following table:

Accounts Receivable	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Current account receivable	18,804	22,745
Doubtful accounts receivable	14,008	14,470
Clients impairment losses	(14,015)	(14,478)
Total	18,797	22,738

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

Accounts Receivable	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Players sales and solidarity mechanism		
Southampton Football Club Limited	2,986	-
Manchester United Football Club Ltd	5,000	-
Societa Sportiva Lazio SPA	1,259	-
KSF Lokeren	300	-
Fiorentina	250	-
Norwich City Football Club	-	4,772
Liverpool	-	3,000
Galatasaray	2,000	2,200
Nice	800	1,117
Sport Clube Corinthians Paulista	1,000	1,000
Futebol Clube do Porto, SAD	-	435
Others	65	-
Current commercial activities		
PPTV, SA	4,613	4,613
Others (individual amount below 500K)	4,465	2,146
Total	18,797	22,738

The changes in accounts receivable's impairments loss balance for the period ended on 31 December 2015 is as follows:

31.December.15	Euros'000 30.Jun.15	Euros'000 Transfers	Euros'000 Reversions	Euros'000 Exchange Diff.	Euros'000 31.Dec.15
Impairment Losses	14,478	(331)	(200)	68	14,015
Total	14,478	(331)	(200)	68	14,015

15. CASH AND CASH EQUIVALENTS

The following table presents the detail of heading account "Cash and cash equivalents" on 31 December 2015 and 30 June 2015:

Cash and cash equivalents	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Cash	57	1
Short term bank deposits	10,930	6,901
Short term bank deposits - restricted	3,693	3,693
Total	14,680	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 RECEIVABLES

On the 31 December 2015, the detail of other current receivables is presented as follows:

Other debtors	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Suppliers Advances	146	184
Related Parties (Nota 26)	4.892	5.945
Others	201	557
Other debtors impairment losses	(435)	(435)
Total	4.804	6.251

17. OTHER CURRENT ASSETS

On 31 December 2015, the detail of other current receivables is presented as follows:

Other current Receivables	Euros'000 31.Dec.15	Euros'000 30.Jun.15
<u>Accrued Income</u>		
Advertising and Sponsorship	200	109
European Competitions	3.447	-
Solidarity Mechanisms	1.125	1.125
Sales of Sport Rights	886	636
Cabins	65	370
TV rights	4.000	-
Related Parties (Note 26)	377	440
Others	628	98
Total	10.728	2.778
<u>Accrued expenses</u>		
Scouting services	345	722
Others	151	243
Total	496	966
Total	11.224	3.744



The amount recorded under accrued income in “European Competitions” refers mainly to the participation premiums in the Europa League.

The amount recorded under the heading account “solidarity mechanism” accrued income refers mainly to the sale of the player Joao Moutinho from FC Porto to Monaco, which took place in June 2013.

The amount recorded under accrued income in “TV rights” is due to the renewal of the contract with PPTV celebrated on the 29 December 2015.

18. EQUITY

On 31 December 2015 and 30 June 2014, the equity line breakdown is as follows:

Equity	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Share Capital	67.000	67.000
Share premium	6.500	6.500
Reserves	(7.238)	(7.238)
Marketable Securities mandatorily convertible	127.925	127.925
Retained earnings	(187.238)	(206.477)
Net profit for the year	(18.152)	19.333
Total	(11.203)	7.043

Share Capital and Shares Issued 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 Euros 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 54.9 million of Euros by a public deed.

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

Also, on this public deed from July 2001, the equity was converted from Escudos to Euros. This conversion was made applying the standard method, converting the shares net book value from 1000 Escudos to 4.99 euros. This operation has rounded each share to the nearest euro cent more and it has led to a consequent increase in capital of Euros 22.230 thousand (Esc. 4.456.980) against retained earnings. The equity conversion process has ended on the 11th of October 2001.



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

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

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

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

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

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

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

On the 31 December 2015 and in 30 June 2015, Sporting SAD capital main shareholders are detailed as follows:

Shareholders	31-dec-2015		30-jun-15	
	Shares No	% Capital	Shares No	% Capital
Sporting Clube de Portugal	17,864,177	26.66	17,864,177	26.66
Sporting, SGPS	24,962,270	37.26	24,962,270	37.26
Holdimo- Participações e investimentos, S.A	20,000,000	29.85	20,000,000	29.85
Other entities from Sporting's Group	-	0.00	-	0.00
Olivedesportos SGPS, S.A.	2,134,770	3.19	2,134,770	3.19
Owned shares	20	0.00	20	0.00
Other Shareholders	2,038,763	3.04	2,038,763	3.04
Total	67,000,000	100	67,000,000	100

Convertible Securities

On 31 December 2015 and 30 June 2015, the convertible securities detail is as follows:



Marketable securities mandatorily convertible	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Issuance of convertible securities - January 2011	47.925	47.925
Issuance of convertible securities - December 2014	80.000	80.000
Total	127.925	127.925

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

As described in the accounting policy 1.14 the equity component of this emission is 47.925 thousands and the liability component as at 31 December 2015 and 30 June 2015 is Euros 1.538 thousands (see note 20).

On the 16 December 2011 a public subscription offer regarding the emission of Euros 80 million of convertible securities was finalized, with the nominal value of 1 euro. The emission above was totally subscribed with a maturity date 12 years.

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

This operation was done with real cashflows, as such, and accordingly to IAS 7, it was considered in Cash flow statement as investment activities.

The convertible bonds will be converted into common shares (class B shares) of Sporting SAD at a conversion price of € 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 Euros 80 million of convertible bonds.

Reserves

On 31 December 2015 and 30 June 2015, the detail of the reserves is presented as follows:

Reserves	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Legal Reserve	3,506	3,506
Merger Reserve	(11,423)	(11,423)
Others Reserves	679	679
Total	(7,238)	(7,238)

The Portuguese Companies Code provides that at least 5% of annual net profit must be appropriated to the legal reserve until it represents at least 20% of 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, the Sporting SAD acquired the Sporting Clube de Portugal and Sporting SGPS, the entire share capital of SCS society Sporting Comércio e Serviços, SA. 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 was a merger by incorporation of the SPM into Sporting SAD, in accordance with Article 97 paragraph 4 point a) of the Portuguese Companies Code, which resulted in a merger reserve Euro 1.587 thousand.

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 heading account records the changes resulting from the application of the International Financial Reporting Standards and the value of re-measurements relating to post-employment benefits.

Net Earnings per share

Earnings per share for the periods ended 31 December and 30 June 2015 is presented as follows:

Net earnings per share	31.Dec.15	31.Dec.14
Net profit for the year (Euros'000)	(18,152)	23,703
Weighted average number per share	67,000,000	48,333,333
Potencial shares number	135,000,000	68,333,333
Earnings per share	(0.271)	0.490
Diluted Earnings per share	(0.090)	0.203

19. PROVISIONS

Non-Current Provisions

During the periods ended 31 December 2015 and 30 June 2015 the following movements occurred in provisions for risks and charges:



Non-Current Provisions	Euros'000 30.Jun.15	Euros'000 Increase	Euros'000 Merger	Euros'000 Utilization	Euros'000 31.Dez.15
Provision for in progress court cases	4.141	-	-	-	4.141
Provision for in progress tax cases	2.040	-	-	-	2.040
Other provisions	2.306	318	-	-	2.624
Total	8.487	318	-	-	8.805

Non-Current Provisions	Euros'000 30.Jun.14	Euros'000 Increase	Euros'000 Merger	Euros'000 Utilization	Euros'000 30.Jun.15
Provision for in progress court cases	759	1.138	2.356	(112)	4.141
Provision for in progress tax cases	2.040	-	-	-	2.040
Other provisions	2.135	-	421	(250)	2.306
Total	4.934	1.138	2.777	(362)	8.487

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

The movement of non-current provisions during the half year ended 31 December 2015 resulted in a loss recorded under "Provisions" in the amount of Euro 318 thousand (Note 6).

Current Provisions

In the half year ended 31 December 2015 the following movements occurred in the current provisions of section:

Current Provisions	Euros'000 30.Jun.15	Euros'000 Increases (Note 9.2)	Euros'000 31.Dec.15
Provision for in progress court cases	-	14.243	14.243
Total	-	14.243	14.243

The movement of the current provisions during the half year ended 31 December 2015 resulted in a recorded loss resulting from litigation with Doyen, under "non-recurring costs" amounting to Euros 14,243 thousand (Note 9.2), of which Euros 1,500 thousand refer to the player Zakaria Labyad.

On 14 August 2014, subject to the nullity of contracts with Doyen related to players Marcos Rojo and Zakaria Labyad, Sporting SAD proceeded to the its resolution for just cause.

On the sale, of Marcos Rojo's sports rights and 100% of the economic rights to Manchester United on 19 August 2014, by the total amount of Euros 20 million, the Doyen considers that owns 75% of economic rights of the player Marcos Rojo and therefore believes that it should be paid at least according to this percentage.

Sporting SAD as a result of the resolution with just cause of the agreement with this entity for assistance of the player's economic rights, on 29 August 2014, settled with Doyen the amount invested by this entity (Euros 3 million) according to law. Additionally, that same day, the Sporting SAD also settled the Doyen the amount invested by this entity (Euros 1.5 million) for the player Zakaria Labyad.



Both Sporting SAD and Doyen have established lawsuits in the Court of Arbitration for Sport (TAS / CAS) Sporting SAD against Doyen Fund for violation of their obligations in the contracts ERPA (Economic Rights Participation Agreement) that celebrated the purpose of Marcos players Rojo and Zakaria Labyad, accusing the fund of violating repeatedly and intentionally their obligations of non-interference with the internal life in SAD, not to force the transfer of players, and confidentiality, given that the Sporting SAD also defends the nullity of contracts for violating the law and morality.

The Doyen, on the other hand, brought a lawsuit in TAS / CAS against SAD accusing it of considering unfounded the ERPA, without any reason. It also considers that the temporary transfer of the player Nani to Sporting SAD should be considered a return for the transfer of the player Marcos Rojo.

Both cases were consolidated in a single process, in the face of the subject's identity.

The trial hearing was in June 2015, having been its judgment on the 21 December 2015 that decided on the legitimacy of the ERPA "Economic Rights Participation Agreement" for the players Marcos Rojo and Zakaria Labyad, and sentenced to Sporting SAD to the payment of the amount of Euros 12,013,990, plus interest because of Marcos Rojos' transfer. Doyen was even conceded the right to receive 75% of what Sporting SAD would earn by virtue of their right to 20% on the amount above Euros 23 million in the event of a future sale of the athlete Marcos Rojo by Manchester United.

It was brought against the decision annulling appeal to the Supreme Court Swiss on 22 February 2016, and had also been required to award suspensory effect to it.

20. FINANCIAL LIABILITIES

On the 31 December and 30 June 2015 the financial liabilities presented the following detail:



Financial Liabilities	Euros'000	Euros'000
	31.Dec.15	30.Jun.15
<u>Non-Current</u>		
Bank loans	37.988	38.142
Bond Loan	30.000	30.000
Factoring	14.417	4.219
Leasing	8.580	8.684
Interests and loan charges	(1.032)	(700)
	89.953	80.345
<u>Current</u>		
Convertible bonds	1.538	1.538
Bank loans	5.764	4.712
Leasing	602	600
Factoring	15.083	17.592
Bank overdraft	25.854	25.802
Interests and loan charges	(916)	(536)
	47.925	49.708
Total	137.878	130.053

In May of 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 Euros 30 million. The bonds coupon is 6.25% semi-annually, 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 on 31 December 2015 and 30 June 2015 result from the finance restructuring plan signed on November 2014 by the Group Sporting 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 a consequence of the debt restructuring, not only the interest bearing debt was disregarded from the accounts but also the commissions incurred. Additionally, a new financial liability arose from the current financial restructuring.

The extinction of the operations of the previous financial restructuring and agreement of the current restructuring of November 2014 were embodied in cash flows of payment and receipts, according with IAS 7, have also been adequately addressed in the Statement of Cash Flows.

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 detail of the impacts at the initial moment due to financial restructuring in the results and financial position of Sporting SAD are presented as follows:

Financial Restructuring	Euros'000
Bank Loan - Nominal Value	51,150
Bank Loan - Fair Value	38,669
Gains in fair value	12,481

The amount of expenses calculated in this half resulting from the application of amortized cost related to bank debt associated with the financial restructuring of November 2014 amounted to Euro 893 thousand (Note 10).

Factoring line is due mainly to the assignment of future receivables with recourse, to the bank Millennium BCP and Novo Banco.

Interest Bearing Liabilities

The main contractual terms of the financing agreements as of 30 June 2015, including the interest rate and maturity, is presented as follows:

Financial Liabilities	Euros'000 31.Dec.15	Euros'000 30.Jun.15	Interest rate	Maturity
Bank Loans				
Non-Current				
Bank Loans				
BCP / Novo Banco	37.988	38.142	Until Euribor 3M + 1%	Jun-22
Other loans:				
BCP/Novo Banco - Factoring	13.900	4.219	Average rate 2%	May-18
BCP/Novo Banco - Bond loan	29.485	29.300	6,25%	May-18
	81.373	71.661		
Current				
Bank Loans				
Others Financials Institutions	3.674	3.575	6,75%	-
BCP / Novo Banco	1.730	787	Until Euribor 3M + 1%	Dec-16
BCP/Novo Banco - Book Overdraft	25.854	25.802	Average rate 3,5%	-
Other loans:				
Convertible Securities	1.538	1.538	3,00%	Jan-16
BCP/Novo Banco - Factoring	14.528	17.407	Average rate 2%	Dec-16
	47.324	49.109		
Total	128.697	120.770		

Leasings

Sporting SAD records in its heading account "tangible fixed assets", assets acquired under finance lease arrangements, including the Academy (Note 11). The main contractual terms of the leases on 31 December 2015 are as follows:

Leasing	Euros'000 31.Dec.15	Euros'000 30.Jun.15	Interest rate	Maturity
<u>Non-Current</u>				
BCP/Novo Banco Leasing	8.580	8.684	Euribor 3M + 1%	Nov-34
	8.580	8.684		
<u>Current</u>				
BCP/Novo Banco Leasing	602	600	Euribor 3M + 1%	Dec-16
	602	600		
Total	9.182	9.284		

Financial Covenants

The financing agreements provide 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 materials restrictions to normal operational and financial management of the company.

Credit Collateral

Credit collateral is presented in note 28.

21. OTHER NON-CURRENT LIABILITIES

On the 31 December 2015 and 30 June 2015, the balance of other non-current liabilities is detailed as follows:



Other non-current Liabilities	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Accounts payable	3,032	303
Accrued Income - Season Tickets	11,515	7,201
Accrued Income - Special place and cabin	5,341	11,443
Accrued Income - Advertising and Promotion	11,703	12,172
Accrued Income - Others	1,739	1,072
Other non current payables - Association in Participation	4,850	9,030
Total	38,181	41,221

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

The heading "Accounts 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:

Other Non Current Liabilities	Euros'000 31.Dec.15	Euros'000 30.Jun.15
<u>Amount to be paid by acquisition of players - Club</u>		
Club Atletico River Plate	1,525	-
Udinese Calcio S.P.A	950	-
Sub-Total	2,475	-
<u>Amount to be paid by acquisition of players and other services</u>	591	337
Sub-Total	591	337
<u>Financial Discount</u>	(34)	(34)
Total	3,032	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 31 December and 30 June 2015 is as follows:

Other Non-Current Payables - Association in Participation	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Quality Football Ireland Ltd	4,850	6,750
Leiston Holdings	-	2,280
Total	4,850	9,030

The decrease in non-current balance to be settled to Quality Football is mainly due to the transfer of their values to current balances (Note 24).

22. ACCOUNTS PAYABLE

On the 31st of December and 30th of June, 2015 the detail of the main balances of suppliers is presented as follows:



Accounts Payable	Euros'000 31.Dec.15	Euros'000 30.Jun.15
<u>Suppliers with amount to be paid by acquisition of players - Clubs</u>		
Udinese Calcio S.P.A.	1.425	-
Club Atletico River Plate	1.000	-
Fulham Football Club	800	-
Football Club "Anji" Makhachkala	713	1.425
Rio Ave Futebol Clube - Futebol, SDUQ, Lda	300	-
Football Club Spartak Moscow	-	1.000
FC Girondins de Bordeaux	-	250
Olympique Lyonnais Sasu	-	250
Estudiantes de La Plata	-	35
Sub-total	4.238	2.960
<u>Others suppliers with amount to be paid by acquisition of players and others services</u>		
Pasqualin D'Amico Partners	850	-
Buttonpath Limited	400	700
Interfootball - Management	350	350
LMP Bomore	350	314
Hency Trading Ltd	300	300
For Gool	272	272
MRD Investments, Lda	265	265
Proeleven - Gestão Desportiva Lda	229	262
Sports Invest UK Ltd	190	-
Starmon Holding, SA	164	147
L & M Global Rights	121	121
Zoran Stojadinovic	120	120
Gondry Financial Services	116	1.087
SBASS Ltd.	77	140
Sport Cover - EURL	60	120
Credigold	31	120
Sub-total	3.895	4.319
<u>Other suppliers - current balances</u>	7.551	5.952
Total	15.684	13.231

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

23. STATE AND OTHER PUBLIC ENTITIES

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

	Euros'000 31.Dec.15		Euros'000 30.Jun.15	
State and other public Entities	Balance Debit	Balance Credit	Balance Debit	Balance Credit
IRC - income tax	-	1.760	-	1.717
IRS - labor tax	-	1.317	-	755
VAT	-	883	-	906
Social Security	-	423	-	219
Total	-	4.383	-	3.597

24. OTHER CURRENT PAYABLES

On the 31 December and 30 June 2015, the balance of other current payables is detailed as follows:



Other current payables	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Personnel operations	74	54
Related Parties (Note 26)	4,981	10,164
Other Current Payables - Association in Participation	11,334	7,154
Other current payables	747	982
Total	17,136	18,353

The variation in the heading "Other current payables - Association in Participation" is mainly due to the transfer of non-current balances for current balances, (note 21).

25. OTHER CURRENT LIABILITIES

On the 31 December and 30 June 2015 the item "Other current liabilities" breaks down as follows:

Other current liabilities	Euros'000 31.Dec.15	Euros'000 30.Jun.15
Accrued Expenses		
Salaries to be paid	536	403
Compensation	683	584
Remunerations	2,286	1,309
Interest to be paid	641	926
Prizes to be paid	450	881
Intermediation commissions	-	-
Related Parties (Note 26)	327	264
Others	2,308	1,974
Subtotal	7,231	6,341
Deferred Income		
Season Tickets	2,814	554
Special seats, lion seats and cabins	2,721	1,703
Sponsorship and publicity	2,232	967
Others	565	958
Subtotal	8,304	4,182
Total	15,535	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 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 additional note 5.

The Company regularly enters into transactions and contracts with related parties, in particular with companies owned by the Group 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 the 31 December 2015 and the 30 June 2015 are as follows:

Related parties transactions

Operations with related parties	Euros'000 31.Dec.2015						Total
	SCP	SGPS	MM	SCP C&P	Others Group SCP	Holdimo	
Operating Expenses							
Stadium Rent	29	-	-	-	34	-	63
Sponsorship and Advertising	130	-	-	-	108	-	238
Royalties	-	-	-	-	-	-	-
Shared costs	359	-	-	-	-	-	359
Other operating Costs	38	-	-	-	-	-	38
Public Relations	-	-	-	-	-	-	-
Operations/Maintenance	-	-	-	-	-	-	-
Total	556	-	-	-	141	-	697
Services and Revenues							
Sponsorship and Advertising	408	-	-	-	-	-	408
Royalties	-	-	18	-	-	-	18
Cabin	-	-	-	-	-	44	44
Season tickets	-	-	-	-	-	-	-
Shared Costs	522	-	-	45	-	-	567
Total	930	-	18	45	-	44	1.037



Operations with related parties	Euros'000 31.Dec.2014					
	SCP	SPM	SGPS	MM	Others	Total
Operating Expenses						
Rents	12	1,25	-	-	17	1,279
Sponsorship + Advertising	223	189	-	-	25	437
Shared Costs	191	157	-	-	-	348
Other Operating Expenses	45	-	-	-	-	45
Total	471	1,6	-	-	42	2,109
Services and Revenues						
Sponsorship + Advertising	237	29	-	-	-	266
Royalties	-	250	-	17	-	267
Season Tickets	52	180	-	-	-	232
Shared Costs	294	-	-	-	15	308
Total	583	459	-	17	15	1,073
Financial gains and other financial income						
Interests	747	134	26	5	-	910
Total	747	134	26	5	-	910

Related parties balances

Related parties balances	Euros'000 31.Dec.2015						
	SCP	SGPS	MM	SCP C&P	Others Group SCP	Holdimo	Total
Current Assets							
Accounts Receivable (Note 14)	-	-	-	-	-	-	-
Other Current Assets (Note 17)	2	-	-	375	-	-	377
Other debtors (Note 16)	-	4.417	243	170	62	-	4.892
Total	2	4.417	243	545	62	0	5.269
Current Liabilities							
Other current liabilities (Note 25)	54	-	-	273	-	-	327
Outros current payables (Note 24)	4.981	-	-	-	-	-	4.981
Total	5.035	0	0	273	0	0	5.308

Related parties balances	Euros'000 30.Jun.2015							
	SCP	SPM	SGPS	MM	SCP C&P	Others Group SCP	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
Outros current payables (Note 24)	9.915	-	-	-	245	3	-	10.163
Total	10.014	0	0	0	410	3	0	10.427

27. POST RETIREMENT BENEFITS

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



Actuarial Assumptions	31.Dec.15	30.Jun.15
Wage growth rate	2,00%	2,00%
Pension growth rate	2,00%	2,00%
Discount Rate	2,50%	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

The responsibilities were determined by actuarial valuations reported at the 31 December 2015 and 30 June 2015, prepared by an independent entity using the projected unit credit method.

On the 31 December 2015 the value of responsibilities detailed by beneficiaries retired or still employed is as follows:

Responsibilities recognised at balance sheet	31.Dec.15
Responsibilities at beginning balance	3.034
Liabilities arising from the incorporation of the SPM	-
Current Services Expenses	102
Interest Expenses	37
Remeasurements	93
Paid Benefits	(35)
Responsibilities on ended balance	3.231

The expenses incurred with pensions (current service costs and interest costs) are recorded under personnel expenses on 31 December 2015 (Note 5).

In the six months ended 31 December 2015, remeasurements were directly recognized in comprehensive income of Sporting SAD.

28. COLLATERAL AND OTHER COMMITMENTS

Debt collateral

Under the financial restructuring and corporate resolution by the General Meeting of the Company 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 was 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 guarantees - 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 the Sporting and the 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 Multisportive 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 fledge over bank accounts;
- Promess 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 Euros 145.6 million.

On the 31 December 2015 and 30 June 2015, there are bank guarantees, amounting to Euros 1.367 thousand, to the following entities:

Bank Guarantees	Euros'000 31.Dec.15	Euros'000 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 the 31 December 2015, the gross assumed payment commitments, with players image rights are detailed as follows:



Commitments	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Total
Image rights	541	1.221	1.286	260	70	3.378
Players brokerage commission	439	877	577	-	-	1.893
Renewal fee of employment contracts	111	238	238	238	238	1.063

29. 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 between, on the one hand, the Sporting SAD, Sporting Clube de Portugal (SCP), the Sporting SGPS, SA and Sporting Heritage and Marketing, SA (SPM) and, on the other hand, the Banco Comercial Português, SA and Novo Banco, SA.

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

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.

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.

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.

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.

Sports risk

The sports risk is the risk that 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.

30. CONTINGENTS 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 the 31st of December, 2015, the most significant contingent liabilities associated with these situations are the following:

- Miguel Lopes: Euros 5 million minimum payable in case of a sale at any price;
- Junya Tanaka: 10% of the value of a future sale above Euros 2.5 Million and 5% above



Euros 5 million;

- Oriol Rossel: 10% of future profit on a sale;
- Islam Slimani: 20% of future profit on a sale;
- Salim Cissé: 25% of future profit on a sale;
- Seejou King: payable amount is dependent of the individual performance on the principal team up to the limit of Euros 0,25 million;
- Haidi Sacko: 20% % of future profit on a sale with *buy back* option;
- Jonathan Silva: 20% of future profit on a sale above 4.025 million USD;
- Paulo Oliveira: payable amount is dependent of the individual performance;
- Ricardo Esgaio: 5% of future profit on a sale up to the limit of Euros 0,5million;
- Azbe Jug : payable amount dependent on a future sale of the player above Euros 1 million;

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 31 December 2015, the most significant contingent assets associated with these situations are the following:

- Atila Turan: 50% of future profit on a sale;
- Santiago Arias: 15% of future profit on a sale;
- Armino Tue na Bangna "Bruma": 25% of future profit on a sale and a variable amount dependent on Galasataray's performance;
- Tiago Illori: 25% of future profit on a sale and a variable amount dependent on he's performance in Liverpool;
- Leonardo Jardim: a variable amount dependent on Monaco's performance;
- Ricky Wolfswinkel: a variable amount dependent on he's performance in Norwich City;
- Matias Fernandez: a variable amount dependent Fiorentina performance;
- Alexandre Guedes: 40% of the registration's right on a future sale;
- Elias Trindade: 50% of the registration's right on a future sale; of which half of those rights belong to QFIL;
- Vitor Silva: 25% on a future sale above Euros 0,3million;
- Marcos Rojo: 20% on a future sale above Euros 23 million;
- Maurício Nascimento: 20% of future profit on a sale;
- Cedric Soares: 15% of future profit on a sale and a variable amount dependent on he's performance up to a limit of Euros 1 million;
- Enoch: 20% of the registration's right on a future and a variable amount dependent on Lokeren's performance;
- Diego Capel: 50% on a future sales and also variable values depending on Genova's performance;
- Ramy Rabia: 15% on a future sale above Euros 1million;
- Mahmoud Fadlallah "Shikabala": 15% of future profit on a sale;
- Naby Sarr: 15% on a future sale above Euros 12,5 million and variable amount depending on Charlton's performance;
- Diego Rubio: 70% of future profit on a sale;
- Michael Ciani: 25% of the registration's right on a future sale;
- Wilson Eduardo: 45% of the registration's right on a future sale;



Contingencies arising from lawsuits

On the 31 December, 2015, 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 its financial statements on 31 December 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:

Valeri Bozhinov

Currently there are legal processes filed by Sporting SAD and the player where the parties ask for damages for the breach of the employment contractual relationship resulting from termination of the employment contract for abandonment of work.

In the case initiated and established at FIFA by the ex-player an amount of Euros 6.5 million was reclaimed. Sporting SAD disputed this amount and claims his former player payment of about Euros 5.5 million. Additionally, if the ex-player forms a new agreement with a new club, Sporting SAD claims to be entitled to an additional payment on the amount of Euros 25 million corresponding to the clause of termination.

On November 2014 it was received the first decision of FIFA, under which Sporting SAD was ordered to pay approximately Euro 600 thousand, plus interest, an amount that is aligned with the values recorded in the financial statements of Sporting SAD. Both parties appealed to the CAS, and the outcome of this process is unpredictable given the high complexity. Nevertheless, the Sporting SAD believes that this process will not result in significant impacts that could affect its financial statements at 31 December 2015.

Pedro Sousa e Irene Palma

The ex-workers Pedro Sousa and Irene Palma initiated a legal process against Sporting SAD by its dismissal on the global amount of 600 thousands euros.

Regarding Irene Palma's process the court ruled in November 2014 that most of the credits claimed by the ex-worker cannot be claimed and so the Company was acquitted of the proceedings in the amount of these credits.

Concerning the case of Pedro Sousa, the court ruled in January 2015 by the acquittal of Sporting SAD. The author appealed against the decision, in February of 2016 the Court has decided to rule in favour of Sporting SAD, and so acquitted Sporting SAD of the claimed payment of € 390 thousand.



Sporting SAD believes that from this legal process will not result any material impacts, for the aforementioned reasons, and that it is not likely to affect its financial statements on the 31 December 2015.

Carlos Freitas

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

As ruled on June 2015, Sporting SAD was ordered to pay € 209 thousand plus interest, an amount that is recorded in its accounts. Sporting SAD has appealed this sentence on September 2015.

FC Porto SAD

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

As per the 25 September 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 25% 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 Euros 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

To 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-sport property and explores the Alvaláxia. The suit is related to the contract of the lease of the "Loja Verde".

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 Euros 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 Euros 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 on the 14 May 2015 the Court dismissed the joinder of actions; 1st defendant appealed against that decision; SAD counter-claimed and ruled for maintaining the decision under appeal; by judgment dated 19 June 2015 the Court held that it lacked jurisdiction to hear the dispute materially; SAD required the proceedings to go to the 1st Chamber of Commerce of Central Instance of Lisbon which occurred in September 2015.

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 Euros 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 1st defendant claims payment of the sum of Euros 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 3rd defendant requested also the intervention of Companhia de Seguros Tranquilidade, SA and the joinder with the procedure specified in the following section. By judgment dated 18 November 2015 the Court held that it lacked jurisdiction to hear the dispute materially; SAD required the



proceedings to go to the 1st Chamber of Commerce of Central Instance of Lisbon which occurred in December 2015.

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 claims payment of the compensatory amount of Euros 4.103.357,52 for acts involving the conclusion of the contract with the player Jeffren; the defendants dispute the payment of this amount; additionally the 1st defendant claims payment of the sum of Euros 500.000 to indemnity title and the 3rd and 4th defendants require the condemnation of SAD in fines for litigation in bad faith and payment of compensation fixed by the Court in favor of the defendants; the 3rd defendant requested also the intervention of Companhia de Seguros Tranquilidade, SA to have transferred his civil liability arising from the exercise of his activity as a non-executive director of SAD up to Euros 250.000; cited to challenge the Companhia de Seguros Tranquilidade, SA ruled arguing that the 3rd defendant must be acquitted of the application.

By judgment dated 10 November 2015 the Court held that it lacked jurisdiction to hear the dispute materially; SAD required the transfer of these proceedings to the 1st Chamber of Commerce of Central Instance of Lisbon, which took place in January 2016.

31. SUBSEQUENT EVENTS

Extension of maturity of convertible securities

By deliberation of the General Meeting of convertible securities holders, under the issue called "SPORTING VALUES 2010," taken at a meeting on 8 January 2016, the modification of the following terms and conditions of such issuance VMOC was approved:

- (i) Change the maturity of the issue, passing the convertible debt falling due on 26 December 2026, subject to the assumptions of early maturity, as provided in the Prospectus point 14.5.5;
- (ii) Change in interest payment terms through the VMOC to assign the right to receive interest conditional on gross nominal annual rate and fixed 4% (four percent).

Squad changes during January 2016

In the context of the movements recorded in the January transfer season Sporting made the following transactions with professional athletes:

Hirings

Sebastián Coates (Temporary Loan with buy-back option to Sunderland) and Hernán Barcos (Tianjin Teda FC).

Temporary Loans of players' registrations from Sporting SAD:



Jonathan Silva (Boca Juniors), Tanaka (Kashiwa Reysol), Labyad (Fulham FC), Hadi Sacko (Sochaux), Oriol Rosell (V. Guimarães), Salim Cissé (Vit. Setúbal) and Luís Ribeiro (Feirense).

Players registration's sales

Fredy Montero (Tianjin Teda FC), Marcelo Boeck (Chapecoense), Valentin Viola (Apollon Limasol) and Diogo Salomão (RCD Mallorca).

32. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally Issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.



AUDITOR'S REPORT



Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Half Year Information

(Free translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the financial information for the six-month period ended 31 December 2015 of Sporting Clube de Portugal – Futebol, SAD (Sporting SAD) included in the Directors' Report, statement of financial position (which shows total assets of Euro 243,873 thousand and total shareholders' negative equity of Euro 11,203 thousand, including a net loss of Euro 18,152 thousand), income statement by nature, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the corresponding notes to the accounts.

2 The amounts in the financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union which is complete, true, up-to-date, clear, objective and lawful as required by the CVM; (b) to adopt appropriate accounting policies and criteria; (c) to maintain appropriate systems of internal control; and (d) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up-to-date, clear, objective and lawful, as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

Scope

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors, planned according to that objective, and consisted: (a) primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the presentation of the financial information; (v) as to whether the financial information is complete, true, up-to-date, clear, objective and lawful; and (b) of substantive tests of unusual significant transactions and of those for which contradictory information has been obtained.

6 Our work also covered the verification that the information included in the Directors' Report is consistent with the remaining documents referred to above.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.

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7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

Conclusions

8 Based on the work, which was performed with the objective of obtaining a moderate level of assurance, nothing has come to our attention that leads us to conclude that the financial information for the six-month period ended 31 December 2015, contain material misstatements that affect its conformity with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up-to-date, clear, objective and lawful.

Emphases

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

- i) In 31 December 2015 the financial statements disclose a negative equity amounting to Euro 11,203 thousand, including a net loss of Euro 18,152 thousand and current liabilities exceeding current assets by Euro 64,982 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 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 mentioned in note 19 of the accompanying notes to the accounts for the six months period ended 31 December 2015, following the sale of the sports and economic rights of a player to Manchester United in August 2014, by the total amount of Euro 20.000 thousand, and the cancellation of the contract signed in August 2012 between Sporting SAD and Doyen Sports Investments Limited (Doyen), concerning the contribution of 75 % of their respective economic rights, Doyen raised a lawsuit in the Court of Arbitration for Sport against the Company. This matter was also subject of disclosure in the annual report and audit reports on the financial statements of the Company for the half year ended 31 December 2014 and the year ended 30 June 2015.

As also disclosed in note 19 of the accompanying notes to the accounts for the six months period ended 31 December 2015, the referred Court delivered an arbitral award on 21 December 2015, under which decided on the validity of the contract signed between the parties in 2012 and ordered Sporting SAD to the payment of the amount Euro 12,000 thousand, plus interest. In the half year ended 31 December 2015 a provision was booked, which led to the recognition of an expense in the income statement in the amount of Euro 14,243 thousand, as disclosed in the note 9.2 of the accompanying notes to the accounts.



Report on other requirements

10 Based on the work, nothing has come to our attention that leads us to believe that the information included in the Directors' Report is not consistent with the financial information for the period.

29 February 2016

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