

Results of the Casual List of Brazilian Football Clubs

The Brazilian accounting firm Casual Auditores Independentes, specialized in football clubs, published in August/2006 its annual survey, Casual List of Brazilian Football Clubs, with the financial information extracted from the clubs' annual financial statements in 2005 and 2004.

The specialists in auditing and football clubs management from Casual Auditores analyzed the football clubs financial statements of 2005 and 2004 with annual revenues that surpassed US\$ 5.1 millions in 2005. The List has the presence of 21 clubs, being:

7 from São Paulo- Santos, São Paulo, Corinthians, Palmeiras, São Caetano Futebol Ltda, Ponte Preta e Guarani.

4 from Rio de Janeiro- Flamengo, Vasco da Gama, Fluminense e Botafogo.

3 from Rio Grande do Sul - Internacional, Grêmio e Juventude.

3 from Paraná- Atlético-PR, Coritiba e Paraná Clube.

2 from Minas Gerais- Cruzeiro e Atlético-MG.

1 from Santa Catarina- Figueirense

1 from Bahia – Vitória S.A.

The survey has the information from 2005 and 2004 financial years about revenues; shareholders equity; Profit/ (Loss) Period; Profit/(Loss) Carried Forward; Profit/(Loss) Period without Player Trading; EBITDA; Financial Statements Analysis and Management Ratios.

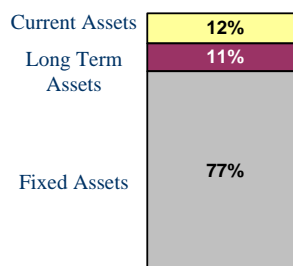
Consolidate Balance Sheet

The consolidate analysis from the clubs' Balance Sheet in the survey had this result:

21 Clubs in 2005

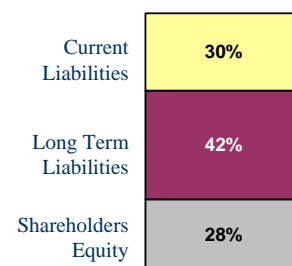
Total Assets US\$ 1,125 millions	Total Liabilities US\$ 812 millions
	Shareholders Equity US\$ 313 millions

Total Assets



2005

Liabilities + Shareholders Equity

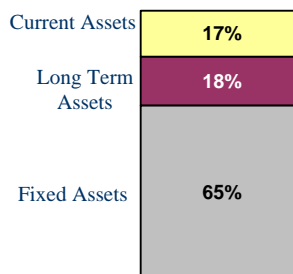


2005

21 Clubs in 2004

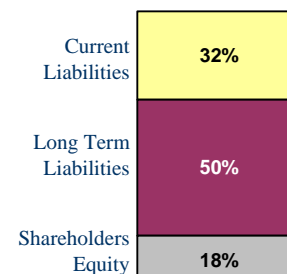
Total Assets US\$ 838 millions	Total Liabilities US\$ 686 millions
	Shareholders Equity US\$ 152 millions

Total Assets



2004

Liabilities + Shareholders Equity

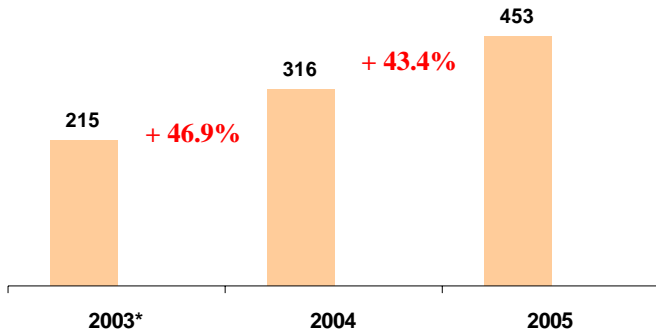


2004

Resources Generated

In 2005, the 21 clubs analyzed from Casual Auditores generated US\$ 453 millions in revenues, 43.4% more than in 2004.

Revenues Evolution 21 Clubs In US\$ millions



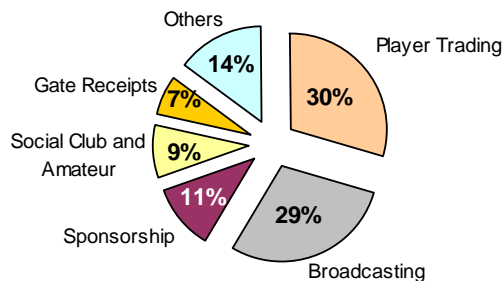
*2003 – Don't include São Caetano Futebol Ltda., Paraná Clube e Figueirense.

Revenues

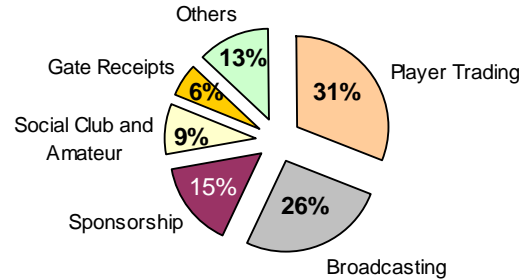
The average revenues from the 21 clubs in 2005 reached US\$ 21.7 millions while in 2004 the average for each club was US\$ 15.03 millions.

These are the revenues breakdown from the 21 clubs analyzed by the specialists from Casual Auditores in 2004 and 2005.

Revenues Breakdown – 21 Clubs - 2004 In 2004 – Total Revenues - US\$ 316 millions

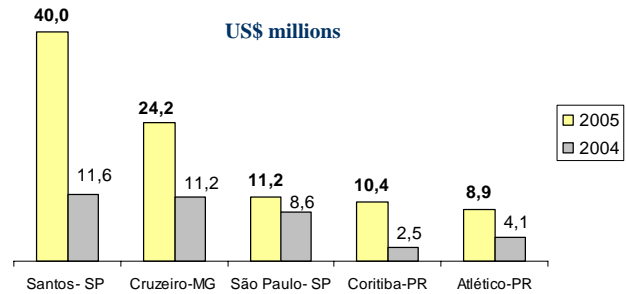


Revenues Breakdown – 21 Clubs - 2005 In 2005 – Total Revenues – US\$ 453 millions

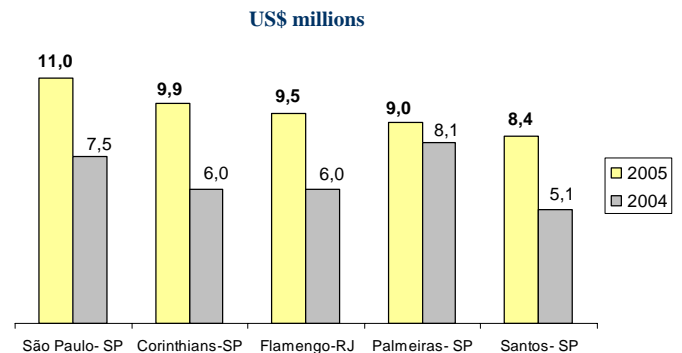


These are the clubs that generated the biggest revenues in the main different sources in 2005 and 2004:

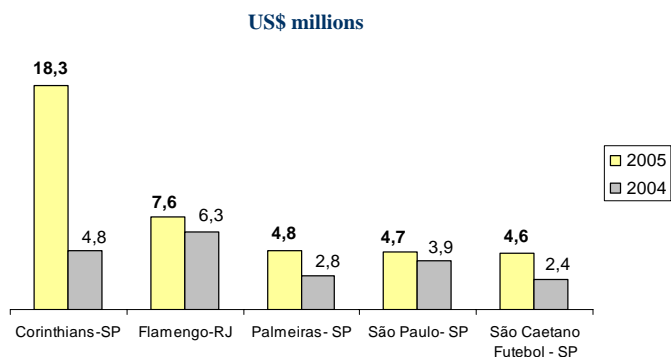
Player Trading 5 Biggest Revenues in 2005



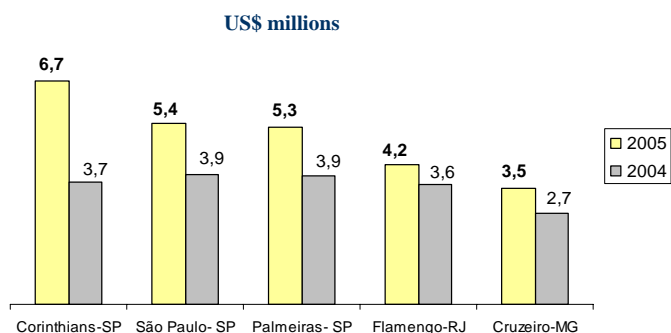
Broadcasting 5 Biggest Revenues in 2005



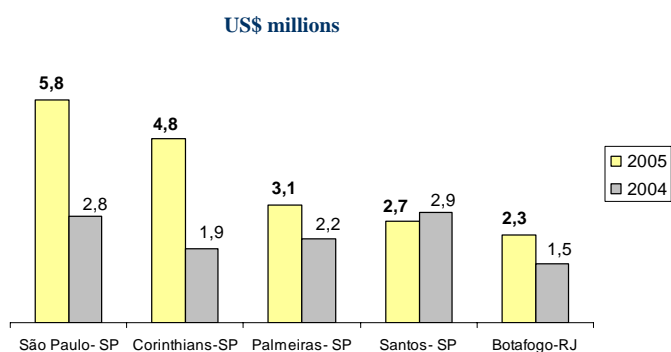
Sponsorship 5 Biggest Revenues in 2005



Social Sport and Amateur 5 Biggest Revenues in 2005



Gate Receipts 5 Biggest Revenues in 2005

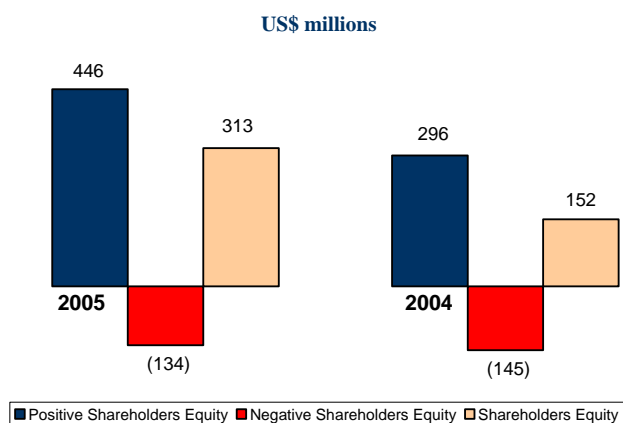


Shareholders Equity

In 2005 the Shareholders Equity of the 21 clubs analyzed of our survey growth 106% in relation of 2004. With this evolution, the clubs´ average with positive shareholders equity reached US\$ 26.7 millions (in 2004 was US\$ 19.8 millions). The clubs´ average with negative shareholders equity reached US\$ (33.4) millions (in 2004 was US\$ (24.1) millions).

This better situation was caused by the good financial results from clubs which increased their profits in the period as Santos, Atlético-PR, Coritiba, and Vasco da Gama and the revalue of Flamengo and Fluminense

Shareholders Equity- 21 Clubs – 2005 and 2004

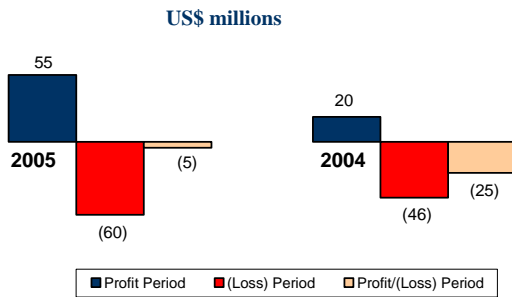


PROFIT/ (LOSS) PERIOD

In 2005, the average for club with annual profit reached US\$ 7.8 millions (in 2004 was US\$ 2.5 millions). Already the clubs that had presented losses in the period had passed of an average in 2004 of US\$ (3.5) millions for an average for club of US\$ (4.2) millions in 2005.

The 2005 the most profitable football club in Brazil was Santos with a historical result, with a profit in the period of US\$ 26.9 millions, followed Atlético-PR with US\$ 10.9 millions, Coritiba with US\$ 8.4 millions and Vasco da Gama that registered US\$ 5.5 millions. The clubs that had presented the biggest losses in the period in 2005 are Vitória S.A. with US\$ (14.8) millions, Atlético-MG with R\$ (11.4) millions, Guarani with R\$ (8.02) millions and Corinthians with R\$ (7.2) millions.

**Profit/ (Loss) Period - 21 Clubs
2005 and 2004**

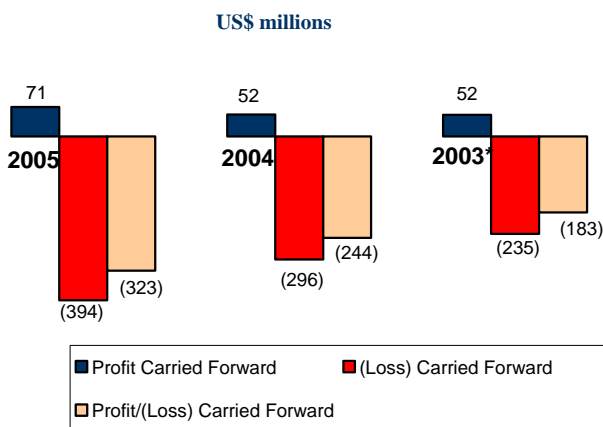


PROFIT/ (LOSS) CARRIED FORWARD

In 2005, the average for club with Profit Carried Forward reached US\$ 11.8 millions (in 2004 was US\$ 8.7 millions). Already the clubs that had presented Loss Carried Forward had passed of an average in 2004 of US\$ (19.7) millions for an average for club of US\$ (26.2) millions in 2005.

The clubs that had presented the biggest profits carried forward in 2005 had been those that had increased their revenues with player trading as Santos, Cruzeiro, Atlético-PR and Coritiba. In 2005 the clubs which had the biggest Loss Carried Forward were Botafogo, Flamengo and Atlético-MG with a consolidated value of US\$ (253.8) millions. Clubs as Grêmio, Vitória S.A., Internacional and Vasco of Gama also presented big losses with a consolidated value of US\$ (101.9) millions.

**Profit / (Loss) Carried Forward - 21 Clubs
2005- 2004- 2003**



*2003 – Don't include São Caetano Futebol Ltda and Paraná Clube

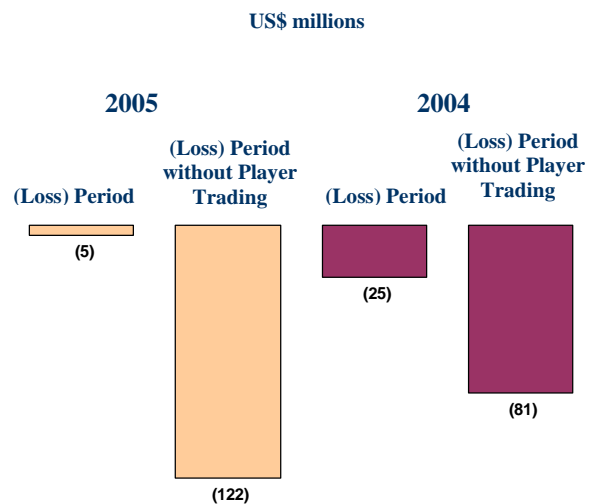
**PROFIT/ (LOSS) PERIOD
Without Player Trading**

This year for the first time our survey shows the Profit/ (Loss) period without player trading. The objective is to show the dependence that the Brazilian clubs have of the resources from the players' negotiations.

Between the 21 clubs in the survey just Atlético-PR registered profit period without player trading with a result of US\$ 1.9 million. The others 20 clubs presented losses without players' negotiations.

The clubs Vasco of Gama, Atlético-MG and Guarani did not publish their revenues with player trading, what difficult our analysis. With these clubs the losses in the period without the players' incomes in 2005 can exceed US\$ (128.1) millions.

**Profit/ (Loss) Period
Without Player Trading
2005 and 2004**



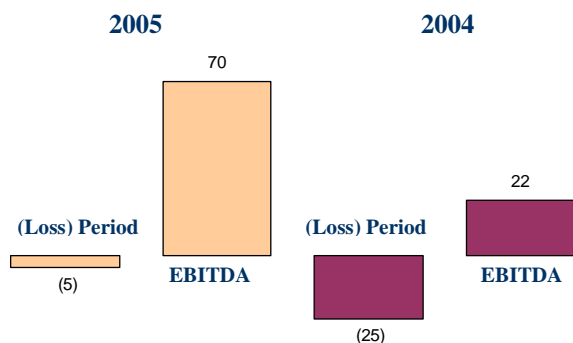
EBITDA

Another index that we included in the study of this year was the EBITDA of the clubs, which represents the earning before interests, taxes, depreciation and amortization. The EBITDA has the main objective to show the entity potential cash flow.

In the case of the 21 analyzed clubs, the presented EBITDA showed that the Brazilian clubs are in general operationally profitable and presenting losses caused by banking costs (taxes and interests), amortization and depreciation.

Profit/ (Loss) Period and EBITDA 2005 and 2004

US\$ millions



In % terms the clubs that increased the EBITDA from 2004 to 2005 were Coritiba, Atlético-PR, Grêmio, Santos, Fluminense and Vasco of Gama. Already the clubs that suffered biggest % reduction from the EBITDA in the same period were Vitória S.A., Paraná Clube, Guarani, Corinthians and São Caetano Futebol Ltda.

Carlos Aragaki

Casual Auditores' Partner and specialist in football clubs auditing



“The Casual List for the 2005 financial year presents biggest results compared with 2004 survey. This better result was caused because some clubs produced biggest earnings in player trading as Santos, Cruzeiro, Coritiba and Atlético-PR. We can detached the growth of gate receipts revenues from São Paulo, caused by the good average in Libertadores da America Championship and Corinthians caused by the 102% growth in 2005 club's average home matches in Brazilian Championship. However the Losses Carried Forward are growing annually. A figure showing the Loss Period without player trading reflects the clubs difficult situation. In a short term perspective just selling the best players to the overseas will not put the clubs in an unprofitable management model. The solution would be come from the negotiation with the Brazilian Government, growing the revenues with the football fans and an affectivity management planning that surpasses the presidents' mandates. The questions that we must do:

The Brazilian Government will demand a counterpart to the clubs in a help case?

The clubs will form more high quality talents and with high and immediately remuneration?

The football fans will go to the stadiums in our actual financial and safety structure?”

Edison Ryu Ishikura

Casual Auditores' Partner and specialist in football clubs auditing



“The results presented in the 2005 annual financial statements in relation with the survey based in 2004 and 2003 financial years showed that the clubs depend on the player negotiation to maintenance of theirs operational activities. The ideal would be that the clubs did not depend on these sales to get positive results. In addition our survey demonstrates clearly, with the EBITDA, that the approval of the Timemania (New National Lottery) must be with priority object of the Federal Government in favor of the clubs, a time that the football as a “cultural patrimony” must be kept and be appreciated inside the Brazilian stadiums”.

Amir Somoggi

Responsible of new football business projects in Casual Auditores and specialist in football clubs management



“The football clubs revenues generation model in Brazil is based in business-to-business income, from player trading, broadcast rights and sponsorship deals. The Brazilian football clubs to develop their business must create a business-to-consumer project, through the relationship with the fans to include in their business important sources of income from home matches, selling services and products and new Media's contents. The aim of each club must be to convert their millions of fans in motivated clients, to change significantly the football business in Brazil”.



Casual Auditores Independentes

Accounting firm specialized in football clubs with a Sports Business Division responsible for surveys and projections about the Football Industry in the world and in Brazil.

<http://www.casualauditores.com.br/Division.htm>

Contacts

Football Clubs Auditing

Carlos Aragaki- Partner

55 11-9901-7026

carlos.aragaki@casualauditores.com.br

Edison Ryu Ishikura - Partner

55 11-9723-6583

edison.ishikura@casualauditores.com.br

Amir Somoggi – Football Business

55 11-9749-2233

amir.somoggi@casualauditores.com.br