

Results of the Casual List of Brazilian Football Clubs- Exercise 2006

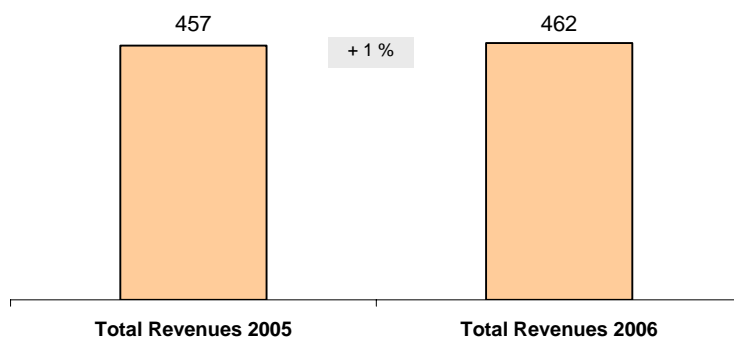
The Brazilian accounting firm Casual Auditores Independentes, specialized in football clubs, published in July/2007 its annual survey, Casual List of Brazilian Football Clubs, with the financial information extracted from the clubs' annual financial statements in 2006 and 2005.

The specialists in auditing and football clubs management from Casual Auditores analyzed the football clubs financial statements of 2006 and 2005 with annual revenues that surpassed US\$ 4.4 millions in 2006. The List has the presence of 21 clubs, the same number of 2005 analysis, however, two clubs which had in the survey of last year didn't appear in 2006's survey, Vitória S.A., because didn't reach the minimum of revenues and Juventude from city of Caxias do Sul, because didn't send the club's annual financial statements. The two clubs were substituted by Barueri from São Paulo and Náutico from Recife.

The economic stability of the country made possible that in recent years the Brazilian currency had a high valuation in contrast with US\$, so the survey about the biggest football clubs in Brazil had this impact, and the financial data were beneficiated for this. From 2005 to 2006 the "Real" valuation reached +8.27% in relation with US\$.

In 2006 the 21 clubs from our survey generated US\$ 462 millions in revenues, +1% in relation of 2005. However when analyzed in "Reais- R\$" in 2006 the clubs had a reduction of more than -7% in revenues, caused by the reduction of the resources from players' transfers.

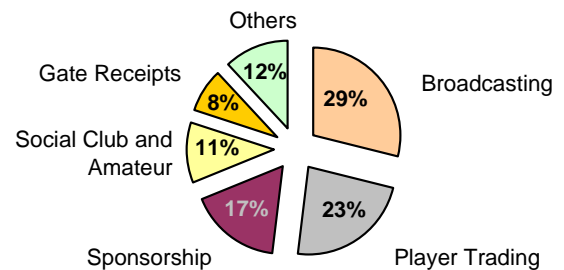
**Resources Generated -2005-2006
US\$ millions**



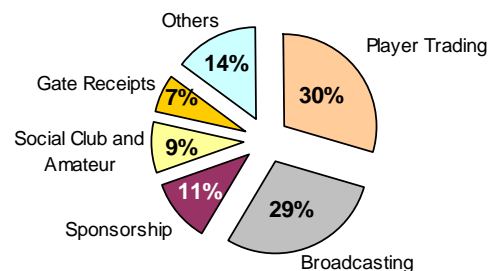
The eight clubs from São Paulo represented 41% of the revenues in 2006, the four clubs from Rio de Janeiro represented 20% of the total, the two clubs from Rio Grande do Sul with 16%, the two clubs from Minas Gerais with 11% of the resources generated and the three clubs from Paraná represented 9% of the US\$ 462 millions in 2006. The clubs Figueirense from Santa Catarina e Náutico from Pernambuco represented 3% of the revenues generated by the 21 clubs.

This is the analysis of the revenues breakdown of the 21 clubs analyzed in 2006 and the comparison with 2005.

In 2006- Total Revenues- 21 Clubs- US\$ 462 millions



In 2005- Total Revenues- 21 Clubs- US\$ 457 millions



The main change from 2005 to 2006 was the reduction of the revenues from player trading, that reached US\$ 140 millions in 2005, the main income source in that year. In 2006 the revenues from the players' transfers reached US\$ 106 millions, the second income to the clubs and Internacional from Porto Alegre represented 21% of this value and Atlético-PR from Paraná with 13% of the players' transfers.

The others sources of income increased from 2005 to 2006 as the revenues from broadcasting rights, sponsorship, social club and amateur sport and gate receipts.

The clubs which depended more the income from player trading in 2006 in relation of their total revenues were Atlético-PR with 47% of the revenues, Internacional with 43%, Cruzeiro with 40% and Fluminense with 33%.

The club from the city of Porto Alegre, Internacional was the club with biggest increased in revenues from 2005 to 2006, with US\$ 29.6 millions of increase (+139% in relation of 2005) caused by the big income with player trading, as Rafael Sóbis and Tinga, the resources from the titles of Libertadores da América and the Fifa Club World Cup and from the campaign to increase the number of fans- partners.

The 2006 Brazilian 1st division champion São Paulo was the other club with big increase of revenues in 2006, with US\$ 8.8 millions (+18% in relation of 2005) and with this good result, consolidated the club as the biggest revenue in the Brazilian football market. The increase was caused from the income from sponsorship deals, gate receipts and the Morumbi stadium. A São Paulo's strength in 2006 was the earnings from royalties revenues, a 173% increase in comparison with 2005, that reached US\$ 1.8 million in 2006, the biggest income of this source in the Brazilian football.

The club Santos, which was at the top of the revenues in 2005, lost seven positions in 2006 and was the club with biggest decrease in revenues in 2006, with a reduction of US\$ 32.7 millions (-56% in relation of 2005)

The other two clubs which had a big reduction in their income were Coritiba with reduction of US\$ 14.3 millions and Cruzeiro with a reduction of US\$ 12.4 millions from 2005 to 2006. In these two cases the reduction occurred because the clubs received a reduced amount of resources from player's transfers.



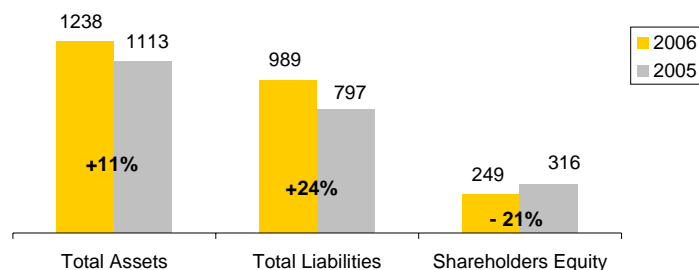
Amir Somoggi

Specialist in football clubs management from Casual Audidores Independentes

“The Brazilian football clubs must develop a strategic project to maximize their business through the commercial develop of their brands, the exploitation of the match-day income and from the revenues of different media platforms. These new resources each year must be more representative than the income from players' transfers and with this change the clubs could invest constantly in their sports projects, transforming their management in a virtuous cycle of revenue generation”.

Assets -Liabilities- Shareholders Equity 21 Clubs - 2006-2005

In US\$ millions



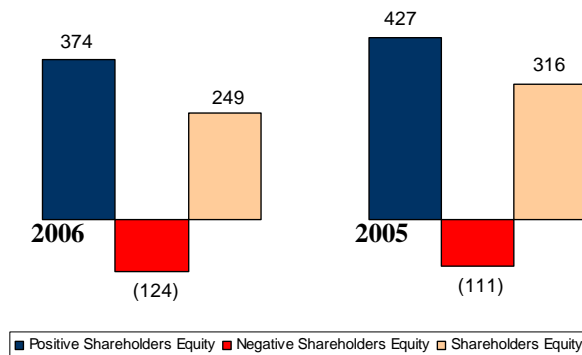
The total assets of the 21 clubs analyzed reached in 2006 US\$ 1.2 billion, 11% more than in 2005 and the clubs with the biggest assets values were Fluminense, Palmeiras, Flamengo, Atlético-MG, Santos, São Paulo, Corinthians and Cruzeiro with total assets that surpassed US\$ 80 millions in 2006.

The total liabilities of the 21 clubs analyzed reached in 2006 US\$ 989 millions, 24% more than in 2005 and the clubs with biggest liabilities values were Flamengo, Botafogo, Atlético-MG, Vasco da Gama, Palmeiras, Fluminense, Internacional and Corinthians with total liabilities that surpassed US\$ 65 millions in 2006.

Shareholders Equity- 21 Clubs 2006-2005

In 2006 the 21 clubs presented in the survey had shareholders equity value of US\$ 249 millions, -21% less than in 2005.

In US\$ millions

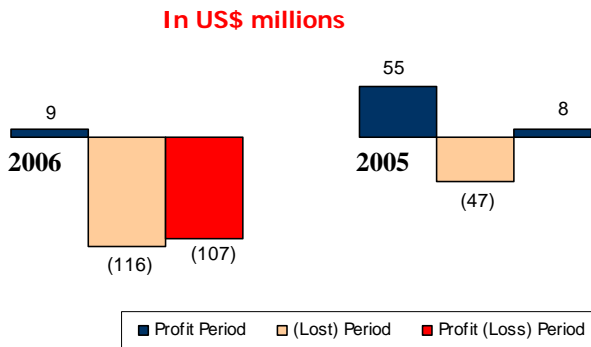


The main reason for the shareholders equity reduction was the losses in the period by 76% of the 21 clubs analyzed. The clubs with big losses that reflected the shareholders equity value were Guarani, Palmeiras, Atlético-MG, Corinthians, Vasco da Gama, Santos, Fluminense, Flamengo, Grêmio, Coritiba and Ponte Preta.

**Profit / (Loss) Period- 21 Clubs
2006-2005**

In 2006 the clubs analyzed had a huge increase in the losses in the period in relation to 2005, that represented an enlarge of 1,419% in the period, caused by the increase of clubs' expenses. While the revenues grown 1%, the expenditure increased more than 27% in the period and the main reason for this situation was the increase of the expenses from the football department maintenance.

In 2005, eight clubs (38% of the total) presented profits in the period, even as in 2006 just five clubs (24% of the total) presented their revenues bigger than expenses.



The clubs that contributed for the increase in the losses in 2006 in relation to 2005 were Guarani, Palmeiras, Atlético-MG, Corinthians, Vasco da Gama and Santos, with losses in the period that surpassed US\$ 10 millions.

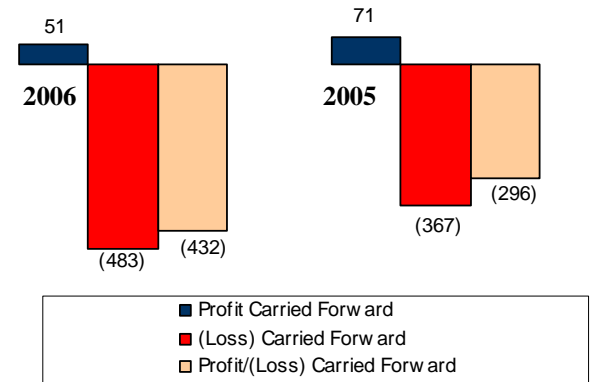
**Profit / (Loss) Carried Forward- 21 Clubs
2006-2005**

In 2006 the 21 clubs analyzed amplified theirs Losses Carried Forward in 46%, caused by the biggest losses in 2006 exercise. Consequently with this situation, the clubs that have Losses Carried Forward in 2006 surpassed US\$ 480 millions of losses in the financial exercises.

The clubs which presented the biggest Losses Carried Forward in 2006 (values that surpassed US\$ 20 millions for each club) were Botafogo, Fluminense, Atlético-MG, Grêmio, Guarani, Vasco da Gama and Internacional, that together represented a sum of US\$ 413 millions.

The clubs that obtained in 2006 the biggest % increase in the Losses Carried Forward in relation with 2005 were Corinthians with -890.9%, Palmeiras with -703.4% and Fluminense with -166.2%.

**Profit / (Loss) Carried Forward- 21 Clubs
In US\$ millions**

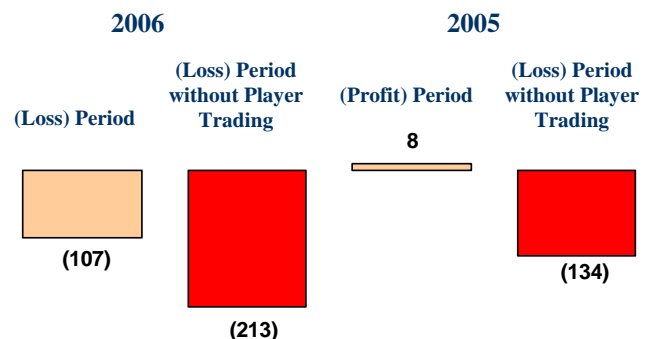


**Profit/ (Loss) Period
Without Player Trading
2006-2005**

As our survey from last year, Casual Auditores' analysis showed 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 Barueri registered Profit Period Without Player Trading with a result of US\$ 159,000. The others 20 clubs obtained losses without players' negotiations that together represented losses of US\$ 213 millions in 2006, a drop of -59% in the period.

In US\$ millions



In 2005 Atlético-PR was the only club that would present profit without the resources from players' negotiations. However with the club's 2006 financial statement with the 2005 reclassified information, the club from Paraná State didn't present profits without player trading. In 2006 the biggest losses without players were presented by Palmeiras and Internacional, with losses that surpassed US\$ 22 millions, for each club.

EBITDA

Another index that we included last year and maintained in 2006 analysis is 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 2006 the 21 clubs analyzed by Casual Auditores reduced the EBITDA in relation to 2005 in -98% and with this result the clubs reduced the operational profits, caused by the increase of the operational expenditures of the clubs and the reduction of income from the entities operations. Although, when compared with the net losses in the period, the Brazilian clubs showed that they have, in general, losses caused by banking costs, taxes, amortization and depreciation.

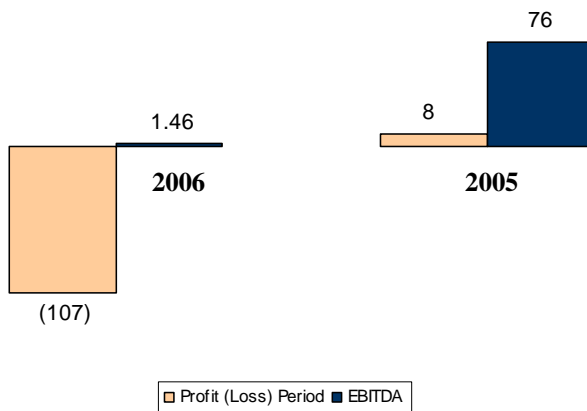


Carlos Aragaki

Partner of Casual Auditores and specialist in auditing and football clubs accounting.

“ The clubs in our survey in this year presented a increase in the football department costs and when we compared the clubs´ results without player trading in 2006 and 2005 ratified that 99% of the clubs are with debts which require to look for new income sources, to the clubs equilibrate theirs budgets”.

**EBITDA- 21 Clubs
In US\$ millions**



In % terms the clubs that had the big EBITDA increases from 2005 to 2006 were Internacional + 6,223%, Figueirense + 3,534%, Botafogo + 196%, Paraná Clube + 129% and São Caetano Ltda. with +114%.

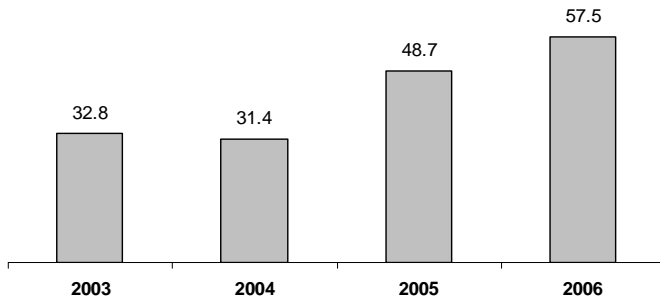
Already the clubs that suffered biggest % reduction from the EBITDA in the same period were Ponte Preta with -1,552%, Guarani -680%, Palmeiras -349%, Coritiba -150%, Náutico -144% and Vasco da Gama with -137% from 2005 to 2006.

Appendix

Biggest Revenues in Brazilian Football- São Paulo FC and SC Internacional

In the survey made by the specialists from Casual Auditores, São Paulo FC consolidated as the club with the biggest income in Brazil in 2006.

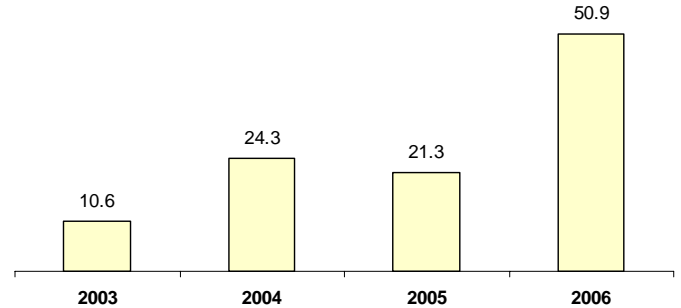
Revenues - São Paulo FC- 2003-2006
In US\$ millions



The club's revenues breakdown shows São Paulo's strengths, as the Morumbi stadium that includes gate receipts, an other revenues as advertising, hospitality centers and other income sources from the stadium, the revenues from Broadcasting rights from national and international championships, the revenues from Marketing and international championships, the revenues from Marketing with better sponsorship deals with Reebok and LG and royalties income and resources from social club and amateur sport.

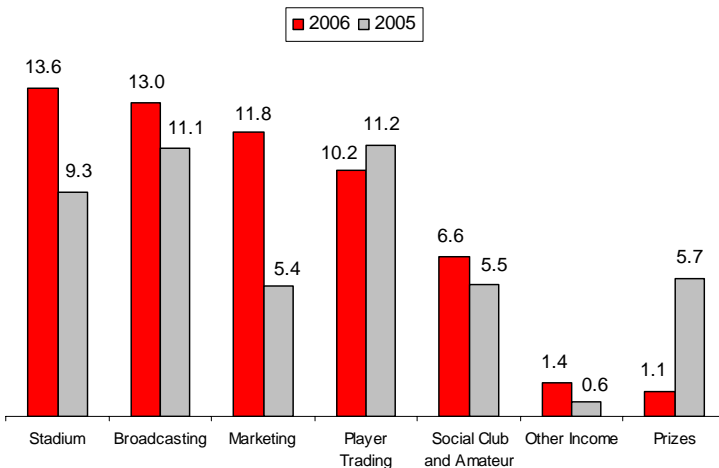
The club SC Internacional was the football club in Brazil with a big income increase from 2005 to 2006, and with this revenue the club jumped seven positions in the ranking by revenues.

Revenues – SC Internacional- 2003-2006
In US\$ millions

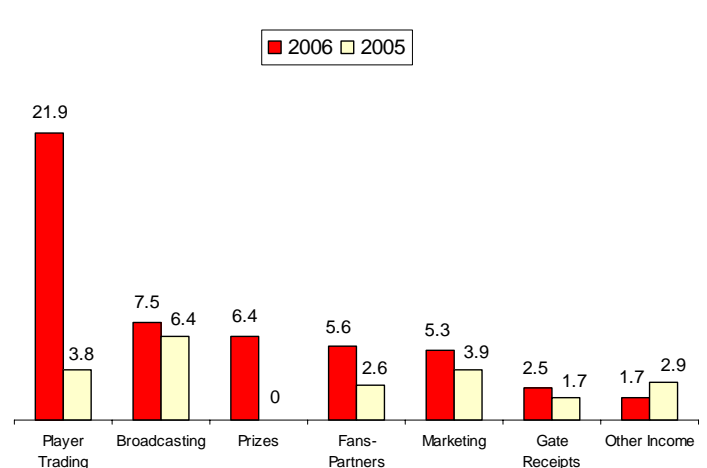


The club from the city of Porto Alegre increased its revenues in 2006 in more than US\$ 29 millions, and the players' transfers represented the huge part of this evolution. The others revenues sources that helped the club to be the second income in the Brazilian market were the broadcasting and prizes from the titles won by the club, the efficient campaign with its fans-partners which gave new US\$ 3 millions to the club in 2006 and new revenues from sponsorship and advertising projects.

Revenues Breakdown - São Paulo FC- 2006-2005
In US\$ millions



Revenues Breakdown – SC Internacional- 2006-2005
In US\$ millions





Casual Auditores Independentes S/S

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.

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