



For the Game. For the World.

FIFA FINANCIAL REPORT **2007**

58TH FIFA CONGRESS
SYDNEY, 29 AND 30 MAY 2008



Forewords



Facts & Figures 2007



2007-2010 Period



Special Topics

Annexe

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FOREWORDS



"New period begun with élan"

DEAR MEMBERS OF THE INTERNATIONAL FOOTBALL FAMILY,

FIFA began the new 2007-2010 period with great élan. Numerous competitions and other events were successfully staged, with the official inauguration of the Home of FIFA prior to the 57th Congress constituting a particular highlight.

Nevertheless we would not wish to conceal the fact that besides the many positives there were also some negatives. The contractual dispute with one of our partners in the financial services category, which impacted on FIFA for over a year, was settled out of court in June 2007. FIFA and I, as its highest representative, consciously chose this option to avoid drawn-out legal proceedings. The settlement of the case also paved the way for VISA, an excellent new partner that provides efficient support for FIFA and its many global activities. With this, the line-up of six FIFA Partners for the period 2007-2014 is now complete.

As you will see from the attached financial report, FIFA had to spend USD 90 million in settlement of the dispute. Though these are substantial costs, we shall more than compensate for them through other income and savings over the next few years.

On the assets side we have the signing of Satyam, a leading consulting and information services provider. This is the first time an Indian company has sponsored the FIFA World Cup™. For Satyam, the agreement with FIFA represents its first major sponsorship deal.

The involvement of such a leading global enterprise is testimony to the enduring appeal of football. A further milestone was the signing of an agreement with Telkom South Africa as a National Supporter of the 2010 FIFA World Cup™ in the key category of fixed-line telecommunications.

To be ready to face the challenges to come, FIFA, under the stewardship of its new General Secretary, Jérôme Valcke, and a revamped management team, has continued to modernise and improve its organisational set-up. The new structures and procedures will ensure we are always able to meet all our obligations to you, our most important constituency.

I would like to thank you for the trust you showed in re-electing me at the Zurich Congress and look forward to being able to serve in the spirit of our motto "For the Game. For the World." during my third term of office as President and symbolic centre-forward of the FIFA team.



Joseph S. Blatter
FIFA President



“Expenses in line, capital resources increased”

DEAR SIR OR MADAM,

It is with pride that we look back on the first year of the new cycle (2007-2010). Despite a number of special expenditure items, in particular in connection with the MasterCard case, we were able to keep our expenses in line and record a slight increase in our capital resources. All things considered, a surplus of USD 49 million represents a more than acceptable outcome, while our equity now stands at USD 643 million.

The change of reporting currency from Swiss francs to US dollars was completed without a hitch. Despite the continuing turmoil surrounding the dollar, FIFA can look to the future with confidence, having already made the necessary hedging arrangements.

The switch to US dollars is a consequence of the IFRS guidelines, which require that balance sheets be prepared in the currency in which an entity primarily conducts its business. As FIFA generates a very large portion of its revenues and expenses in US dollars, the change, which took effect on 1 January 2007, was a logical consequence.

Another memorable moment in the history of our organisation was the 57th Congress, which saw the re-election by acclamation of Joseph S. Blatter

as FIFA President, to whom I offer my sincere congratulations. Following this gathering of the football parliament in Zurich, various changes were made to the composition of the Finance Committee. The members of this body, which pursuant to the Statutes monitors FIFA's financial management and advises the Executive Committee on financial matters and asset management, are listed on FIFA.com.

It is a particular honour for me to be able to serve FIFA for a further four years as chairman of this committee. Please accept my thanks on its behalf for all your support and trust. I submit this report for your detailed consideration and would be delighted to answer any questions you may have in person at the 58th Congress in Sydney on 29-30 May 2008.

**Julio H. Grondona**

Chairman of the Finance Committee



“Setting new financial transparency standards in the world of sport since 2003”

DEAR SIR OR MADAM,

In line with its Statutes, its regulations and, above all, its commitment to financial transparency, FIFA has been setting new standards in the world of sport since 2003. It is an aspiration we continue to work towards.

For various reasons, 2007 was an eventful year. Several exceptional situations and occurrences led us to expand our risk management practices and, in particular, to reinforce our internal control system through the introduction of additional measures. Our internal organisation regulations were also subjected to a thorough review. Pursuant to the mandate given by the Zurich Congress at the end of May, we will be able to rely on the expertise of KPMG for our external audit for another four years.

In its new composition, the Internal Audit Committee over which I preside continues to keep an eye on our business transactions, ensure that our financial accounting is complete and reliable and review the

reports of the external auditors on behalf of the Executive Committee. The committee thus serves as a link and administrative tool that is also of particular benefit to you as member associations.

I am able to continue performing these duties in the role of chairman of this body. I am aware of the great responsibility this carries and wish to thank you for the trust you place in the work of the committee and for your support. We shall do our utmost to fulfil our mandate in every respect.



Dr Franco Carraro

Chairman of the Internal Audit Committee



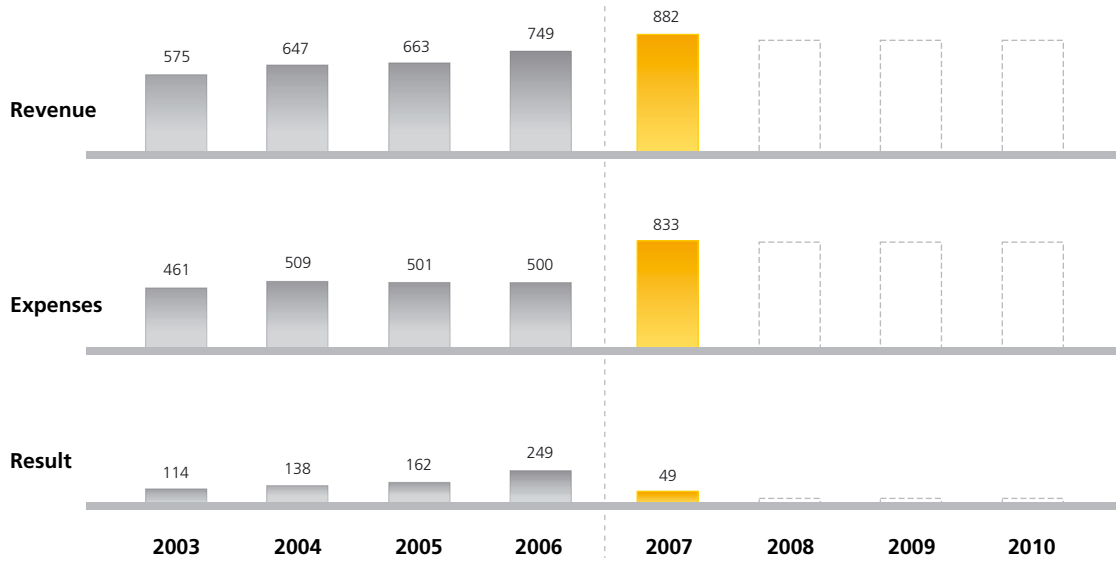


FACTS & FIGURES 2007



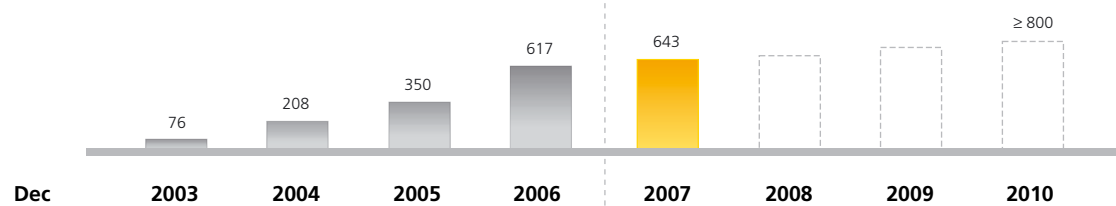
INCOME STATEMENT (IFRS)

USD MILLION



EQUITY DEVELOPMENT (IFRS)

USD MILLION





FIFA closed the year 2007 in accordance with IFRS with revenue of USD 882 million and expenses of USD 833 million. FIFA's net result was therefore USD 49 million.

In comparison to previous years, FIFA's revenue increased in 2007. At the same time, the increase in expenses in 2007 reflected the overall budgetary increase for the new period such as for development programmes and initiatives (*Goal, Win in Africa with Africa*, etc.). Although there were additional, unforeseen expenses in 2007 of USD 90 million due to legal disputes as well restructuring costs, FIFA still recorded a positive annual result. This was primarily due to FIFA's effective cost management system and the successful sale of rights. Currency effects also had a positive influence on the result.

As at 31 December 2007, FIFA had equity amounting to USD 643 million according to IFRS. In contrast to the previous four-year cycle when FIFA's equity increased significantly, FIFA will be targeting moderate equity growth in the 2007-2010 period, following ratification from the 56th FIFA Congress 2006. FIFA's revised objective is to have equity of at least USD 800 million by the end of 2010. Having sufficient equity is vitally important to FIFA's financial independence and to its ability to react to unexpected events.

Income statement and equity development

This page provides an overview of the **key figures** for the **2007** financial year as well as a comparison with the key annual figures from the previous period **2003-2006**.

It should be noted that FIFA changed its **accounting currency** from the Swiss franc to the **US dollar** on 1 January 2007 because most of FIFA's transactions are denominated in the latter.

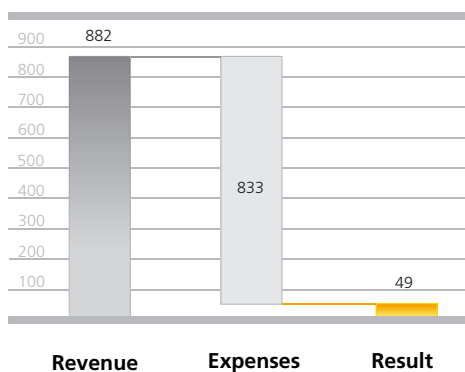
2007 was the first year in the new four-year cycle 2007-2010. From a financial perspective, 2007 was a **very successful** year despite some unforeseen additional expenses. Two facts in particular should be highlighted:

- FIFA recorded a **surplus of USD 49 million** in 2007.
- As at 31 December 2007, FIFA had **equity** amounting to **USD 643 million**.



INCOME STATEMENT 2007 (IFRS)

USD MILLION



INCOME STATEMENT 2007 (IFRS)

USD MILLION

Revenue	882
• Event-related revenue	787
• Other operating income	60
• Financial income	35
Expenses	833
• Event-related expenses	386
• Development-related expenses	154
• Football governance	47
• Exploitation of rights	17
• Other operating expenses*	226
• Financial expenses	3
Result	49

* Includes expenses for personnel, depreciation and amortisation (shown separately in the Consolidated Income Statement, page 59)



In the period from 1 January 2007 to 31 December 2007, FIFA recorded revenue of USD 882 million and expenses of USD 833 million, leaving the governing body with a net result of USD 49 million.

The revenue and expenses directly related to the FIFA World Cup™ are recognised in the income statement using the percentage-of-completion method according to IFRS.

The revenue and expenses relating to other FIFA events are listed in the income statement when the event takes place.

FIFA's income statement comprises revenue items such as event-related revenue, other operating income and financial income, whereas the expenditure items include expenses for competitions and development projects, football governance, exploitation of rights as well as other operating and financial expenses.

These different items reflect FIFA's principal objectives, which are to organise competitions and constantly improve and promote football through youth and development programmes.

FIFA's event-related revenue in 2007 amounted to USD 787 million. Expenses for competitions totalled USD 386 million. A total of USD 154 million was spent on FIFA's various development programmes.

Income statement for 2007

This chapter provides an overview of the key figures for 2007. The detailed closing account for 2007 can be found on pages 54 -106 in the annexe.

At the FIFA Congress in Zurich in 2007, it was decided that renowned international audit company **KPMG** would again be asked to audit FIFA's financial statements for the 2007-2010 financial period.

KPMG's report for 2007 can be found in the annexe on page 107. The report from the **Internal Audit Committee** is on page 108.

2007 saw the re-launch of the successful **SCORE programme** from previous years, as well as additional efforts in the areas of **cost management** and the **marketing of rights**. This partially compensated for the unforeseen expenses of USD 90 million related to the legal dispute with MasterCard, a former FIFA Partner, and also helped FIFA to record a positive annual result.

FIFA ended the year 2007 with a **net surplus of USD 49 million**.



REVENUE 2007 (IFRS)

USD MILLION

100% = USD 882 million

Financial income

• Foreign exchange effects	13
• Interest	20
• Investments	2

Total 35

Other operating income

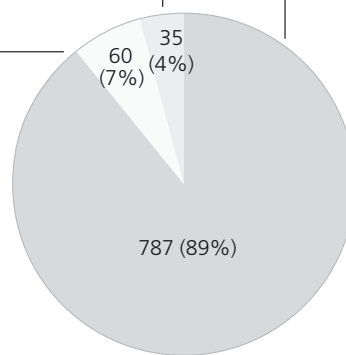
• Brand licensing	4
• Quality Concept	6
• Penalties/Appeals/Match levies	3
• Other	47

Total 60

Event-related revenue

• TV broadcasting rights	520
– 2010 FIFA World Cup™	5
– Other FIFA events	223
• Marketing rights	20
• Licensing rights	19
• Other	

Total 787



FIFA Partners



EXPENSES 2007 (IFRS)

USD MILLION

100% = USD 833 million

Financial expenses

3

Other operating expenses

• MasterCard	90
• Personnel costs	59
• Depreciation	16
• Acquisition & production	14
• Rent, maintenance	11
• Other (e.g. IT, travel, PR)	36

Total 226

Football governance

• Committees & Congress	30
• Legal matters	14
• Other (e.g. CIES)	3

Total 47

Exploitation of rights

• Marketing	6
• Broadcasting & media rights	9
• Licensing	2

Total 17

Event-related expenses

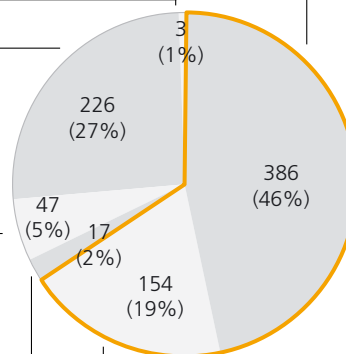
• FIFA World Cup 2010™	291
– Contributions to LOC	91
– Teams and officials	11
– Marketing rights/TV production	20
– Other (e.g. IT solution, ticketing)	27
– Accrued expenses	142
• Other FIFA events	95

Total 386

Development-related expenses

• Financial Assistance Programme	52
• Confederations	15
• Goal Programme	21
• Win in Africa with Africa	40
• Other (e.g. courses)	26

Total 154



65% for FIFA events & development



Of the total revenue of USD 882 million in 2007, USD 787 million (89%) was generated by FIFA competitions. The lion's share of this figure was attributable to the sale of television (USD 525 million) and marketing rights (USD 223 million). The remaining operating income of USD 60 million (7%) was predominantly attributable to brand licensing and the Quality Concept. FIFA's financial income of USD 35 million (4%) mainly came from interest and currency effects.

Of the overall expenditure of USD 833 million in 2007, USD 386 million (46%) was spent on FIFA competitions. USD 154 million (19% of expenditure) was spent on FIFA's development projects. Other operating expenses totalled USD 226 million (27%). Football governance accounted for USD 47 million (5%), exploitation of rights for USD 17 million (2%) and financial expenses for USD 3 million.

Revenue and Expenses for 2007

FIFA's competitions and the **2010 FIFA World Cup South Africa™** in particular had a significant impact on the 2007 financial year. FIFA's competitions generated 89% of the total revenue of USD 882 million. Conversely, 46% of FIFA's overall expenses was absorbed by FIFA competitions.

A total of **USD 154 million** was spent on **FIFA's development projects**, a figure equating to 19% of total expenditure. Apart from the established *Goal Programme* and *Financial Assistance Programme (FAP)*, FIFA's development projects include the new "Football for a Better World" alliance to promote projects in developing countries, FIFA's humanitarian work in the "Football for Hope" movement, courses, F-MARC and cooperation with SOS Children's Villages, and other international organisations. Other focal points were the development of refereeing and women's football.

The expenses for **FIFA competitions** and **FIFA development projects** meant that **65%** of FIFA's overall expenditure in 2007 was **reinvested directly in football**.



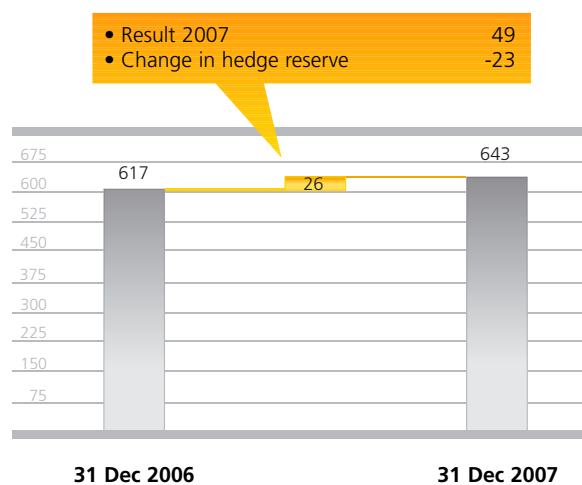
BALANCE SHEET AS AT 31 DECEMBER 2007 (IFRS)

USD MILLION

ASSETS	1,159	LIABILITIES AND EQUITY	1,159
Current assets	680	Current liabilities	505
• Cash & cash equivalents	488	• Payables	27
• Receivables	144	• Income tax liabilities	1
• Prepaid expenses and accrued income	48	• Derivative financial liabilities	31
		• Accrued expenses and deferred income	446
Non-current assets	479	Non-current liabilities	11
• Property and equipment	229		
• Investment properties	4	Equity	643
• Intangible assets	3		
• Financial assets	243		

EQUITY DEVELOPMENT (IFRS)

USD MILLION





Balance sheet and equity development

As at 31 December 2007, FIFA's current assets amounted to USD 680 million with liquid assets of USD 488 million and receivables totalling USD 144 million. Prepaid expenses and accrued income totalled USD 48 million. FIFA's non-current assets amounted to USD 479 million including property and equipment (USD 229 million) and financial assets (USD 243 million).

As at 31 December 2007, FIFA's liabilities mainly contained accrued expenses and deferred income amounting to USD 446 million. FIFA's equity was USD 643 million.

As at 31 December 2007, FIFA's **balance sheet** totalled **USD 1,159 million**, which could be broken down into current assets of USD 680 million and non-current assets of USD 479 million. Current liabilities amounted to USD 505 million with non-current liabilities totalling USD 11 million. Consequently, as at 31 December 2007, FIFA had **equity** of **USD 643 million**.

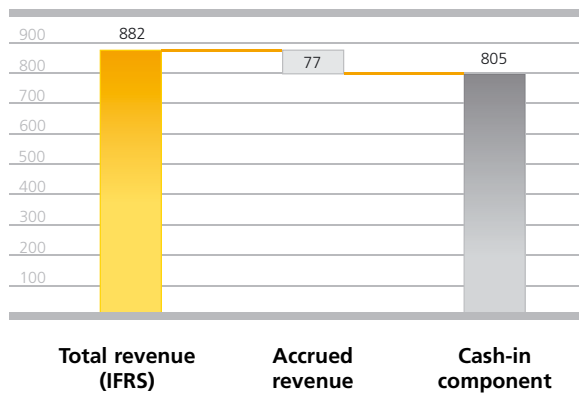
FIFA's equity will continue to increase in the current four-year cycle. FIFA's target for December 2010 is to have equity of more than **USD 800 million**.

At the end of the 2003-2006 period, FIFA had equity of USD 617 million (CHF 752 million). Once the net result for 2007 (USD 49 million) had been taken into account together with the USD 23 million change in hedge reserve, FIFA's equity at 31 December 2007 was USD 643 million. By the end of 2010, FIFA expects to have equity of more than USD 800 million.



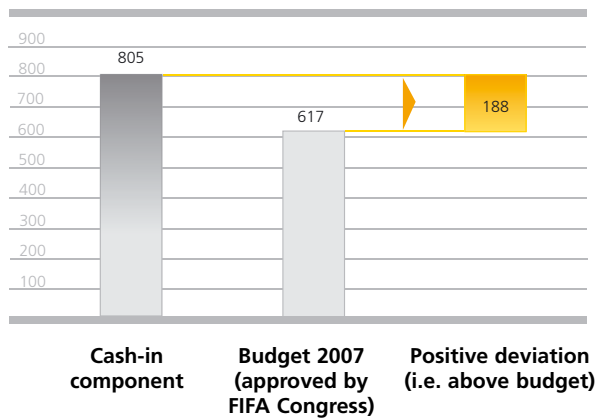
REVENUE 2007: COMPONENTS

USD MILLION



REVENUE 2007: BUDGET COMPARISON

USD MILLION





In order to carry out a budget comparison, a total of USD 77 million had to be adjusted from the overall revenue for 2007 of USD 882 million, resulting in a cash-in component of USD 805 million.

The amounts adjusted consisted primarily of revenue relating to the percentage-of-completion method.

The FIFA Congress approved a revenue budget of USD 617 million for 2007. This budget was surpassed by USD 188 million. The surplus is attributable in particular to revenue from additional contracts and foreign currency effects.

Analysis of revenue for 2007

FIFA's **accounting system** is based on international financial reporting standards (**IFRS**). As IFRS is not suitable for budgeting and daily cost control on account of its many technical rules and regulations, the annual **budget** is drawn up on a **cash basis** before being approved by the Congress.

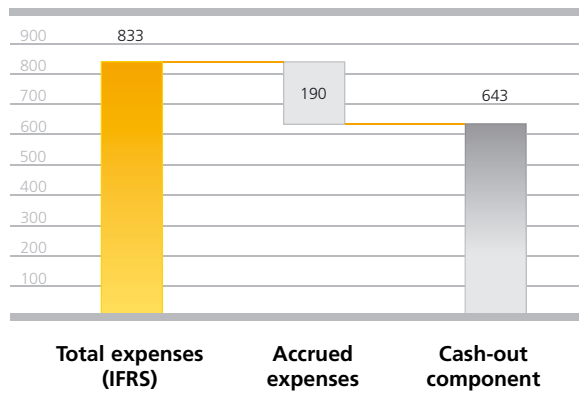
A **transition from IFRS is necessary** in order to enable the actual revenue to be **compared** with the cash budget. Hence, from the total amount of revenue according to IFRS, an adjustment was made for the revenue that could not be included for a budget comparison. The resultant cash-in component was then compared with the budget.

A budget comparison shows that, for the 2007 financial year, the **revenue budget** approved by the Congress was **surpassed by** a total of **USD 188 million**.



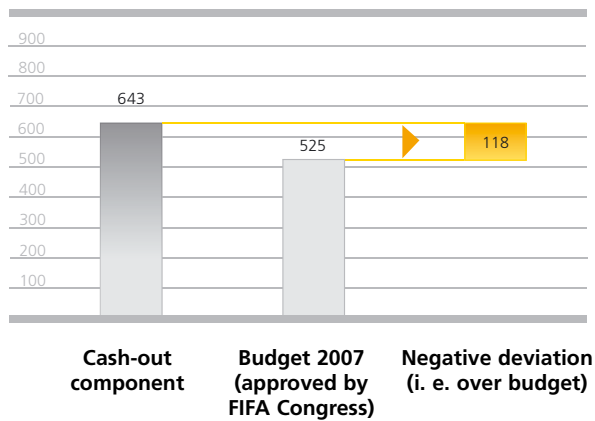
EXPENSES 2007: COMPONENTS

USD MILLION



EXPENSES 2007: BUDGET COMPARISON

USD MILLION





In order to carry out a budget comparison, a total of USD 190 million had to be adjusted from the overall expenses for 2007 of USD 833 million, resulting in a cash-out component of USD 643 million.

The amounts adjusted consisted primarily of expenses relating to the percentage-of-completion method.

The FIFA Congress approved an expense budget of USD 525 million for 2007. This budget was exceeded by USD 118 million. This is due to the extraordinary expenses of USD 90 million relating to the settlement with MasterCard and pre-financing for the local organising committee of the 2010 FIFA World Cup™ as part of the approved overall budget.

Analysis of expenses for 2007

The basic principle described on the previous page also applies to expenses.

A **transition from IFRS is necessary** in order to enable the actual expenses to be **compared** with the cash budget. Hence, from the total amount of expenses according to IFRS, an adjustment was made for the expenses that could not be included for a budget comparison. The resultant cash-out component was then compared with the budget.

A budget comparison shows that, for the 2007 financial year, the **expense budget** approved by the Congress was **exceeded by** a total of **USD 118 million** of which **USD 90 million** was related to the settlement of a legal dispute.



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1 - 6 The FIFA U-20 World Cup Canada 2007 was a resounding success with the fans. Argentina came out on top, led by the brilliant Sergio Agüero (picture 5, with FIFA President Joseph S. Blatter and FIFA Vice-President Jack Warner), who was both top goalscorer and best player at the tournament.

7 - 12 In Korea Republic, Nigeria lifted the FIFA U-17 World Cup trophy for the third time after beating Spain 3-0 on penalties in the final. This tournament was also a celebration of top-class football. Much to everyone's surprise, joint favourites Brazil (picture 10) came unstuck in the round of 16 when they succumbed 2-1 to Ghana.



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FIFA U-20 World Cup Canada 2007, FIFA U-17 World Cup Korea 2007

The **FIFA U-20 World Cup Canada 2007** was a tournament replete with superlatives. A record-breaking number of almost 1.2 million spectators flocked to see the 52 matches. The event was also a resounding success in terms of television coverage, the games being broadcast live in over 200 countries.

Argentina beat the Czech Republic 2-1 in an action-packed final, after the exceptional Sergio Agüero had levelled the score for the South Americans. Not only did the 20-year-old striker pocket the trophy for top goalscorer of the tournament but he also took home the prize for best player. In addition to Agüero, many other young men such as Ever Banega (also from Argentina), Alexis Sánchez (Chile) and Diego Capel (Spain) left their calling cards behind, secure in the knowledge that this was not last that would be heard of them.

The **FIFA U-17 World Cup 2007 in Korea** produced an African winner, with Nigeria repeating their triumphs of 1985 and 1993. Their opponents in the final were Spain, who were without their suspended boy wonder, Bojan Krkic. Nigeria's goalkeeper, Oladele Ajiboye, emerged as the hero of the match after excelling when it mattered – in the penalty shoot-out. Germany's Toni Kroos was hailed as the best player of the tournament.



1 - 6 Thrilling matches, and excited fans both inside and outside the packed stadiums: FIFA General Secretary Jérôme Valcke (picture 2) had nothing but praise for the FIFA Women's World Cup China 2007.

7 - 12 The outstanding player was Brazil's Marta (picture 9), although her penalty in the final was saved by Germany's Nadine Angerer (picture 11); Germany celebrated their victory exuberantly and are now looking forward to the next FIFA Women's World Cup – to be held on home ground in 2011.



FIFA Women's World Cup China 2007



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Although there was already huge anticipation in the build-up to the **FIFA Women's World Cup China 2007**, the tournament still exceeded all expectations both in terms of the action on the pitch and its popularity with TV viewers and fans in the stadiums.

An average of 37,218 spectators flocked to each match and people in 200 countries (an increase of 25% on the FIFA Women's World Cup USA 2003) tuned in to watch the 32 games on television.

Many teams showed that they have made huge progress on the tactical side of the game in recent years and FIFA's youth competitions have also had a positive effect on the standards in women's football. The most outstanding player in the tournament, however, was Brazilian striker Marta, who thrilled the fans with her skill and finishing prowess.



9

But it was Marta, of all people, who missed a penalty in the final, her effort saved by German goalkeeper Nadine Angerer. In the end, goals from Birgit Prinz and Simone Laudehr were enough to secure a deserved World Cup title for Germany. The euphoria that the Germans' triumph created back home was immense ... and it gave us all an early taste of what lies in store when Germany hosts the FIFA Women's World Cup in 2011.



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1 - 6 The last FIFA Beach Soccer World Cup in Rio de Janeiro – at least for the time being. Hosts Brazil successfully defended their title in the extravaganza on sand by beating outsiders Mexico in the final. Brazil's Buru was voted the tournament's top player.

7 - 12 The 2007 FIFA Club World Cup was a huge success. AC Milan won the title for the first time by defeating Argentina's Boca Juniors 4-2 in a thrilling final. Urawa Red Diamonds (Japan) and Etoile Sportive du Sahel (Tunisia, picture 10) also played brilliantly.



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FIFA Beach Soccer World Cup 2007, FIFA Club World Cup 2007

For the time being at least, the **FIFA Beach Soccer World Cup 2007** was held for the last time in Rio de Janeiro. Once again, this mixture of sport and spectacle thrilled the crowds and Brazil managed to defend their title. The team featuring superstar Buru beat surprise outsiders Mexico in the final. In 2008, the FIFA Beach Soccer World Cup will be staged in Marseilles, France.

At the **FIFA Club World Cup 2007 in Japan**, AC Milan faced Boca Juniors in the final, the Italians winning the coveted trophy 4-2 after a spectacular clash. The turning point in the game came shortly after half-time when the Argentines hit the post while trailing 2-1, only to concede another goal on the hop. 2007 FIFA World Player of the Year Kaká was again one of the best players on the pitch in that last match.



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Top Japanese club Urawa Red Diamonds came third, beating Tunisia's sparkling Etoile Sportive du Sahel in the play-off for third place.



12



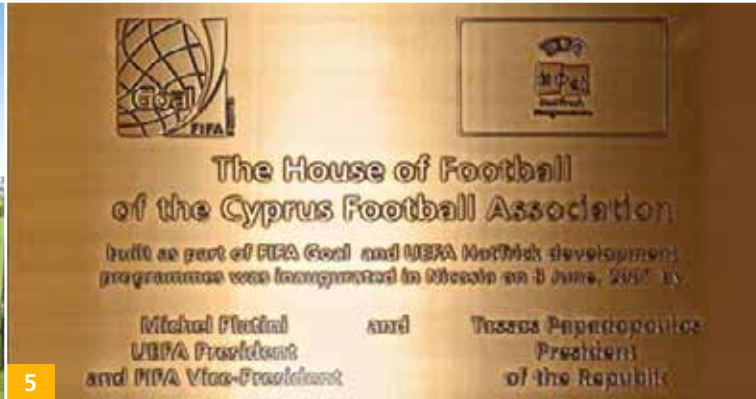
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- 1 American Samoa: technical centre/headquarters in Pago Pago, inaugurated 18.08.2007
- 2 China PR: association headquarters in Beijing, inaugurated 22.09.2007
- 3 India: association headquarters and technical centre in Delhi, inaugurated 17.04.2007
- 4 Samoa (3rd project): renovation of the technical centre in Apia, inaugurated 21.08.2007

- 5 Cyprus: technical centre/headquarters in Nicosia, inaugurated 8.06.2007
- 6 Lithuania (2nd project): technical centre in Kaunas, inaugurated 24.06.2007
- 7 Uzbekistan: football turf pitch in Tashkent, inaugurated 29.03.2007
- 8 Malaysia: technical centre in Kuala Lumpur, inaugurated 6.05.2007



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- 9 Sudan: football academy with football turf in Khartoum, inaugurated 11.02.2007
- 10 Tonga (2nd project): renovation of national football academy, Atele, inaugurated 14.03.2007
- 11 Mongolia (2nd project): technical centre in Ulaanbataar, inaugurated 24.09.2007
- 12 Trinidad and Tobago (2nd project): football turf in Macoya, inaugurated 30.03.2007



9



12

Goal and FAP

As part of its three-fold mission to develop the game, touch the world and build a better future, FIFA's development programmes represent one of the three pillars on which FIFA's activities reside. The development programmes represent the first pillar and provide the foundations that help to raise football standards around the world.

The *Goal* Programme and the Financial Assistance Programme (FAP), both launched in 1999, are similar to the backbone supporting an ever-growing body of initiatives that aim at professionalising the operations and activities of FIFA's member associations.

2007 was a year of transition, that saw the abovementioned initiatives and programmes being further refined. 2008 will see revisions of the relevant regulations and other measures to take the programmes one step further from a strategic level.

Goal, with development offices dotted around the world, is the focal point as well as the driving force behind FIFA's football development work, and has now successfully established itself as a powerful brand.

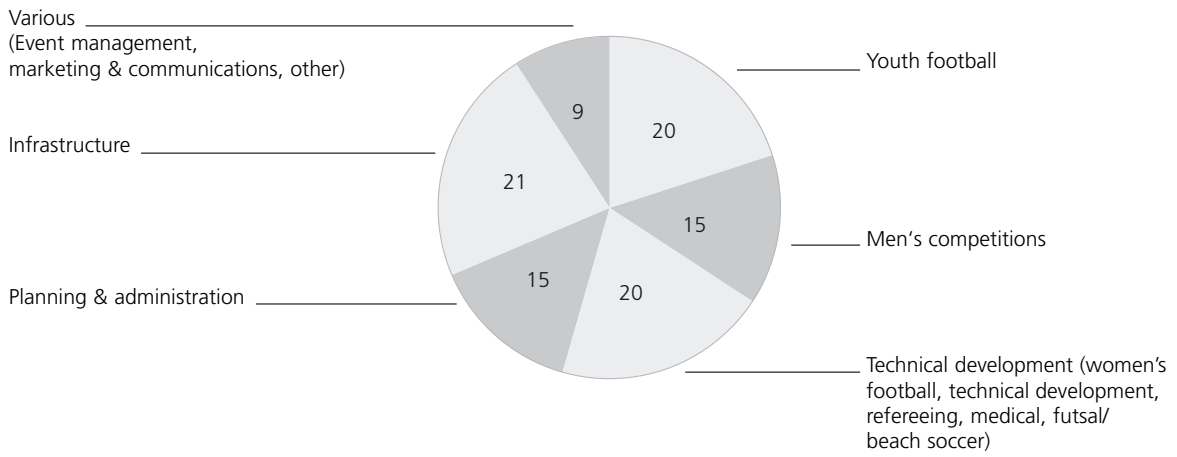
In the next few years, FIFA will be concentrating on breathing life into the "hardware", that is to say the infrastructure such as football turf pitches, technical centres and association headquarters, by providing help with the "software", e.g. in terms of competition organisation, etc.



FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS

PER CENT*

100% = USD 453 million**

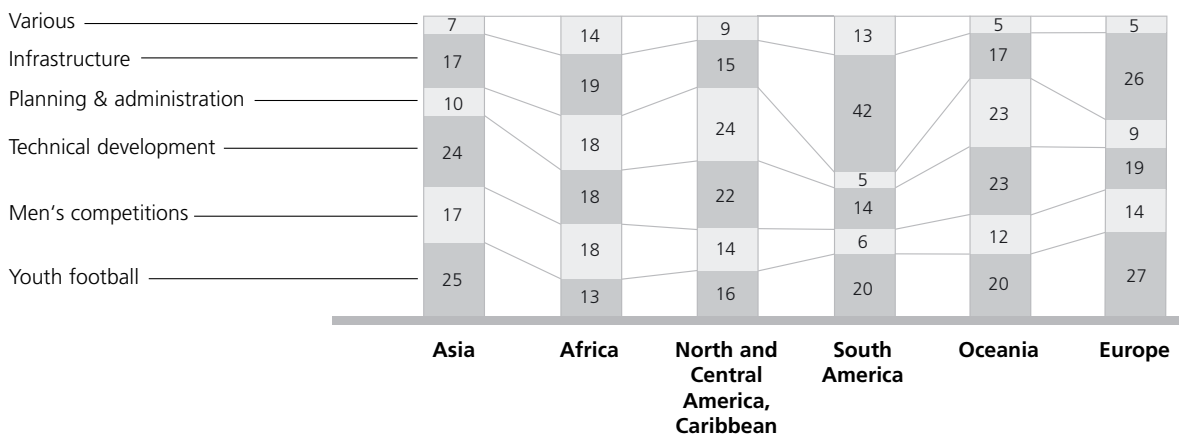


* Distribution for 2001-2007

** Total FAP funds distributed to associations from 1999 to 2007

FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY CONFEDERATION

PER CENT*



* Use of funds from 2001 to 2007



In percentage terms, the use of Financial Assistance Programme funding for the various categories has remained stable over the years. A lower percentage of funds was assigned to men's competitions and infrastructure when compared to previous years, leading to a higher percentage for technical development (20%).

By the end of 2007, a total of 189 countries had benefited from the *Goal* Programme thanks to 316 individual projects. The House of Football's objective has therefore been reached, with more than 150 projects already completed, while the remainder are well underway and will soon be operational.

Thanks to the **Financial Assistance Programme (FAP)**, football has developed into a treasure for everyone to share. Many of FIFA's member associations have reorganised themselves and brought more professionalism into the world's favourite sport, as the FAP also enables them to put long-term plans in place and invest in the development of the game at youth level.

A closer analysis of the use of funds by confederation reveals a number of differences as well as various similarities. For example, in South America and Europe in particular, most of the funding is used to expand infrastructure. The Asian and Oceanian associations, however, tend to use the majority of their funding for youth football and technical development work. The associations of CONCACAF invest the lion's share of its funding in projects to build an efficient football management system, whereas CAF uses its FAP funding across all of the various areas.

USD 67 million was paid out in 2007. It is fair to say that many associations would struggle to meet their statutory duties were it not for this support from the world governing body. Ten per cent of FAP funding is reserved for women's football, a quota which has now been raised to 15 per cent following the highly successful FIFA Women's World Cup in China PR and the conclusions reached by the 4th FIFA Women's Football Symposium in Shanghai. This increase follows proven logic as studies have confirmed that the 10 per cent rule has helped to support the targeted development of the women's game all around the world.



The picture series show the situation before, during and after completion of the renovation (l.t.r.)

- 1 - 3 Eritrea
- 4 - 6 Rwanda
- 7 - 9 Sudan
- 10 - 12 Togo





3



6

Win in Africa with Africa

On 15 May 2004, South Africa was given more than just a FIFA World Cup™. 2010 not only marks the first FIFA World Cup™ on African soil but shows at the same time a strong commitment to a continent which has given so much to world football.

Win in Africa with Africa is football's world governing body's initiative to implement this goal, making sure that the entire African continent will benefit from the biggest football show on earth taking place from 11 June to 11 July 2010.

In essence, *Win in Africa with Africa* is not about sending aid to Africa, but more about providing the continent with the tools to progress and the skills with which it can continue its own development. *Win in Africa with Africa* is in line with FIFA's mission to "Develop the game, touch the world, build a better future" and represents the first part of this three-pillar structure.

As a first step, 52 artificial turf pitches will be built across Africa with 27 already completed and the rest to be finalised by June 2008. In addition, 11 pilot projects are currently underway, with the aim of supporting the reorganisation of the national football league formats, improving the professionalism of local training courses for coaching and refereeing as well as providing equipment for clubs.



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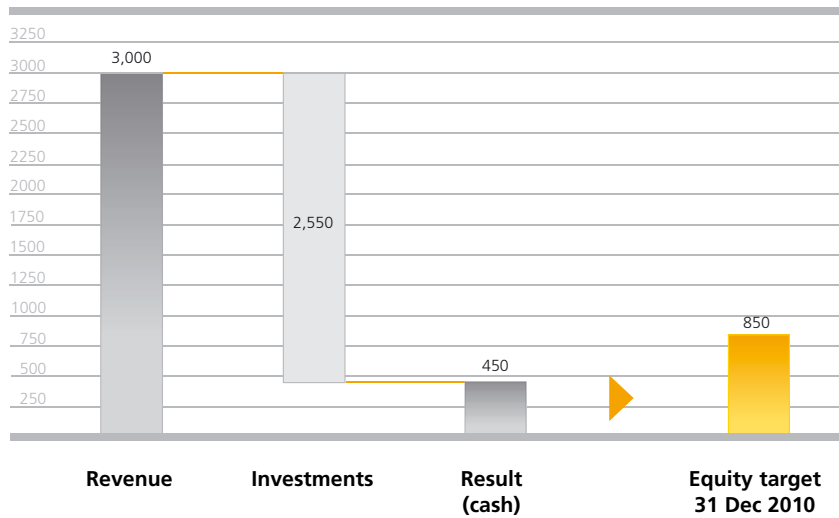




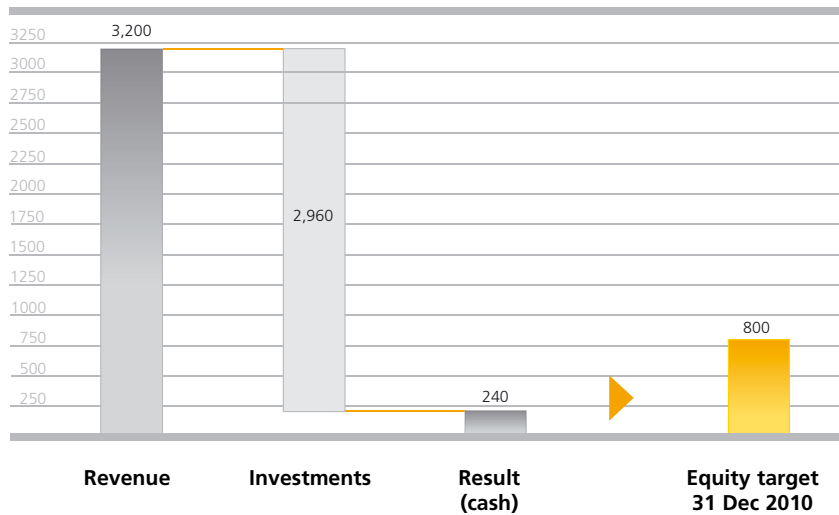
2007-2010 PERIOD



2007-2010 BUDGET AS APPROVED BY 2006 FIFA CONGRESS
 USD MILLION



REVISED 2007-2010 BUDGET
 USD MILLION





Budget overview and equity forecast

FIFA budgeted revenue of USD 3.0 billion during the 2007-2010 period and planned to make investments totalling USD 2.55 billion, which would have led to a positive result of USD 450 million. However, as FIFA is at a more advanced planning stage, it now has more detailed information on the various projects at its disposal. Conversely, various additional activities and obligations have had to be taken into account in the financial planning.

The **forecast for the 2007-2010 period** was presented to the Finance Committee and the Executive Committee in 2005 and ratified by the FIFA Congress in 2006.

Two years on from that forecast, FIFA now has additional, more accurate information on the 2007-2010 period that has made it necessary to **adjust the budget** both in terms of revenue and investments.

Consequently, the planned **result** for the 2007-2010 period has fallen from USD 450 million to **USD 240 million**.

FIFA's original minimum **equity** target for the end of 2010 of USD 850 million has only slightly fallen, however, to **USD 800 million**. This is because, by the end of 2006, FIFA's equity was significantly higher than had been originally forecasted during the planning phase for the 2007-2010 period.

The **revised forecast for 2007-2010** was **approved** by both the **Finance Committee** and the **Executive Committee** in October 2007 and it will now be submitted to the 2008 FIFA Congress in Sydney for ratification.

FIFA's revised planning now includes overall revenue of USD 3.2 billion.

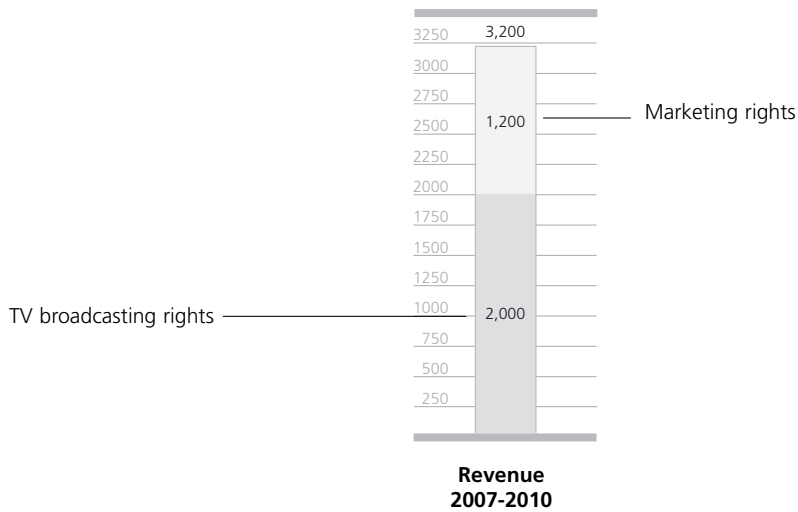
At the same time, FIFA has defined new activities and identified new obligations that have made it necessary to revise the total investments to USD 2.96 billion. These include:

- new development activities as part of the Football for a Better World alliance with *Win in...* projects all around the world;
- an unexpected legal dispute with MasterCard (which has been resolved);
- TV production for FIFA tournaments;
- additional support for the local organising committee of the 2010 FIFA World Cup™;
- extended obligations in the marketing of rights.



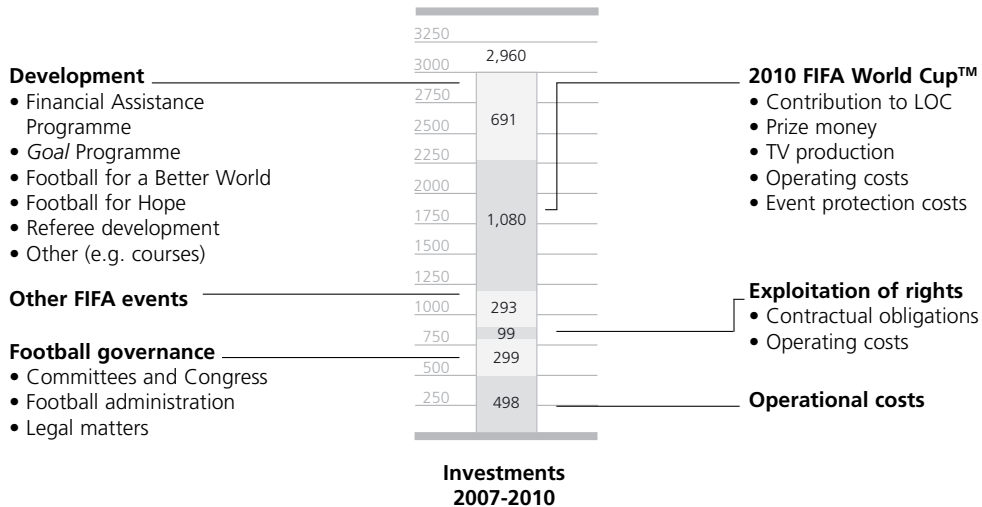
REVISED BUDGET 2007-2010: REVENUE

USD MILLION



REVISED BUDGET 2007-2010: INVESTMENTS

USD MILLION





Details of the revised budget for 2007-2010

The revised revenue budget for 2007-2010 amounts to USD 3.2 billion, of which USD 2.0 billion (63%) is attributable to TV rights and USD 1.2 billion (37%) to marketing rights including licences, hospitality and various other forms of revenue.

The revised **revenue budget for 2007-2010** of **USD 3.2 billion** is due to more accurate information on the commercial potential of TV and marketing rights in the current period.

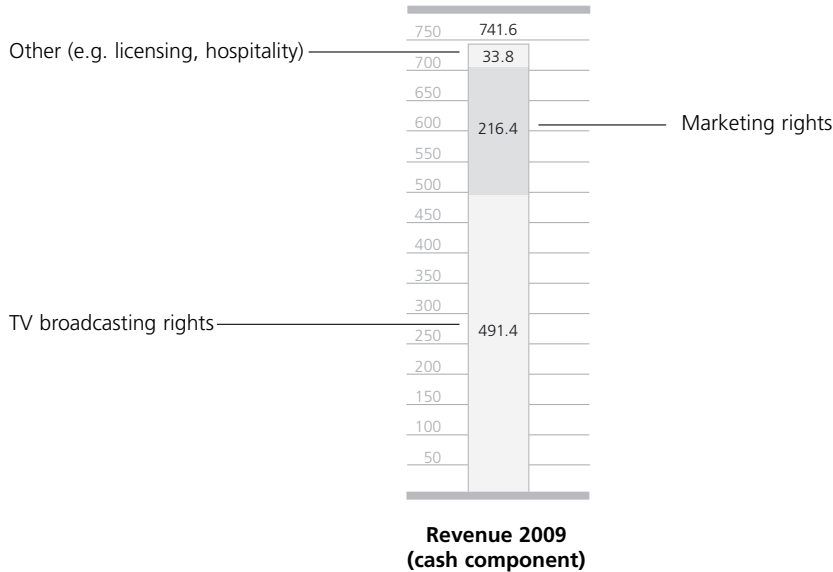
The adjusted **investments in the 2007-2010** period of **USD 2.96 billion** will be very similar to those in the 2003-2006 period, with around a quarter of the total being allocated to development work. In specific terms, the funds for **development** will be increased by USD 234 million or 51% compared with the amount for 2003-2006 to a total of USD 691 million. A total of **USD 2.06 billion**, or **70%**, will be reinvested **in football** through **development work** (USD 691 million) and **competitions** (USD 1,080 million + USD 293 million).

The revised planned investments for 2007-2010 total USD 2.96 billion, of which USD 691 million (23%) will be used on development, USD 1,080 million (37%) on the 2010 FIFA World Cup™ and USD 293 million (10%) on other FIFA events. In addition, USD 99 million (3%) will be set aside to finance the commercialisation of rights, USD 299 million (10%) will be allocated to football governance and USD 498 million (17%) to operational costs.



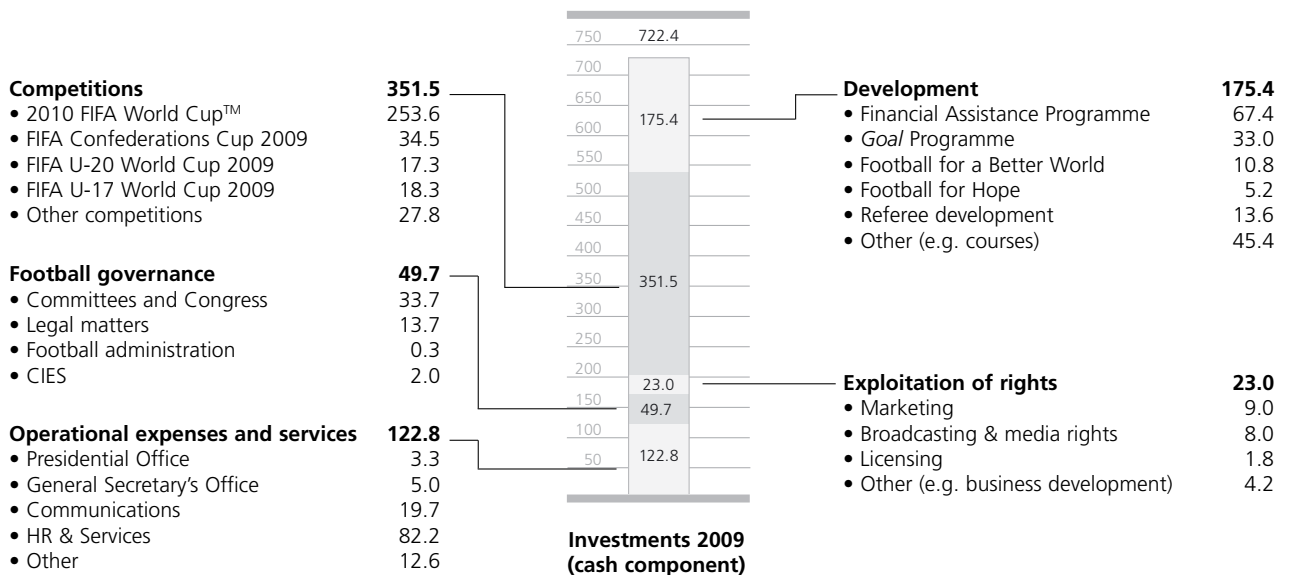
BUDGET 2009: REVENUE

USD MILLION



BUDGET 2009: INVESTMENTS

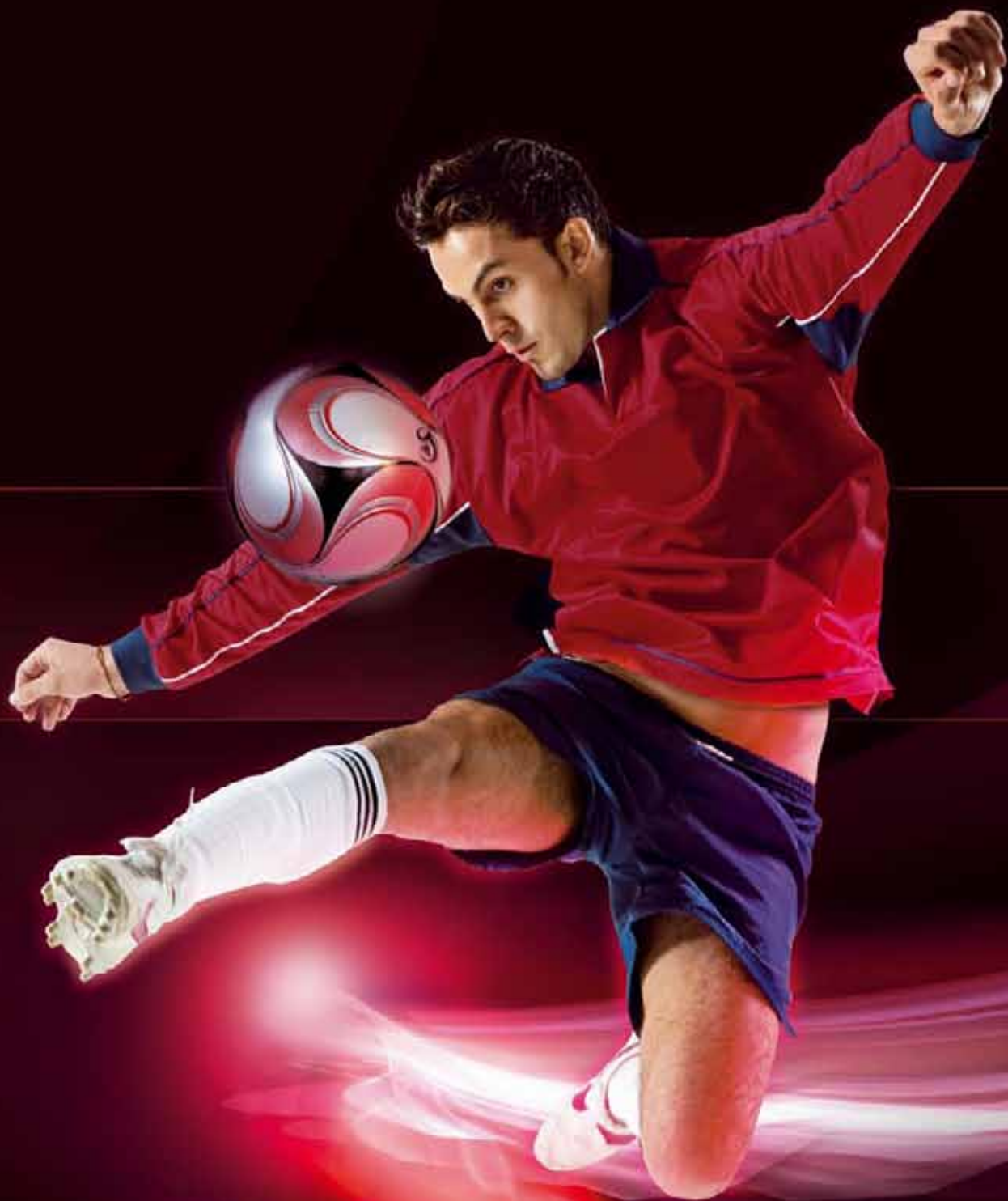
USD MILLION





Revenue and investments in 2009

The **detailed budget for 2009** has been approved by the FIFA Finance Committee and the FIFA Executive Committee and it now requires ratification from the 2008 FIFA Congress.





SPECIAL TOPICS



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1 - 6 The inauguration of the new Home of FIFA, completed in 2007, drew the media and visitors in their hundreds. FIFA President Joseph S. Blatter (picture 4) gladly gave information about the world governing body's new headquarters while children from every confederation competed in a tournament on the brand-new artificial pitch.

7 - 12 The colourful mixture of folklore and sport at the opening ceremony appealed to the hundreds of guests. Several celebrities from the world of politics, sport and entertainment, including former football stars Hansi Müller, Adrian Knup and Christian Karembeu (picture 11), were happy to take part in the festivities.



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Home of FIFA – home of the international football family

The Home of FIFA is the headquarters of world football's governing body. This exceptional building by Swiss architect Tilla Theus, which was inaugurated during a ceremony as part of the 57th FIFA Congress in Zurich at the end of May 2007, is also symbolically the home of the international football community, namely the 208 member associations and 270 million players, coaches, referees and other participants around the world.

An administration, training, conference, logistics and sports centre rolled into one, the building is impressive for the way it blends harmoniously into its leafy surroundings. The starting point of the project was shaped by FIFA's vision and desire to simultaneously promote and implement sustainability, flexibility and energy efficiency in a groundbreaking way. The Home of FIFA is impressive in its generous size, its transparency and its hovering elegance. The walls, with their purposeful sweep and the slanted, tilted aluminium strips of netting covering the structure provide the movement that is analogous to football, while at the same time offering sophisticated solar protection.

The representative character of the Home of FIFA is underlined by the selection and use of materials that are at the same time simple and elegant.

FIFA invested around CHF 240 million in the Home of FIFA, financing the building entirely from its own resources.



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1 - 6 Hallenstadion Zurich, 31 May 2007: association delegates re-elected Joseph S. Blatter to the helm of world football's governing body for a third term of office by acclamation. FIFA Executive Committee member Mohamed bin Hammam (picture 3) explained the *Goal Bureau's* plans for the future.

7 - 12 In addition to a preview of the 2010 FIFA World Cup™ in South Africa and a sumptuous gala dinner, the newest member of the football family was also welcomed to the fold. Montenegro, represented by its President, former football legend Dejan Savicevic (pictures 9 and 10), was formally admitted to the FIFA family.



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Third term of office for Joseph S. Blatter – Montenegro 208th FIFA member

The FIFA Congress was held in Zurich on 30 and 31 May 2007. It was the seventh time that the world football's parliament had convened in the city which FIFA has called home since 1932, but it was the first time that it had voted for its President on home ground.

The delegates conducted the vote by acclamation, welcoming the re-elected President, Joseph S. Blatter with a standing ovation. Joseph S. Blatter is only the eighth president in the 103-year history of world football's governing body, having first been appointed to the helm of FIFA in Paris on 8 June 1998. Four years later, in Seoul on 29 May 2002, the associations reaffirmed his position. In 2003, the extraordinary congress in Doha voted to prolong that mandate on a one-off basis, from four to five years, so that the presidential election would take place in the year after the four-year financial period to avoid clashing with the FIFA World Cup™.



6

Montenegro was admitted to the FIFA family as FIFA's 208th member, again by acclamation. The Football Association of Montenegro, founded in 1931, was for many years part of former Yugoslavia and has now become a member in its own right in the wake of Montenegro's independence.

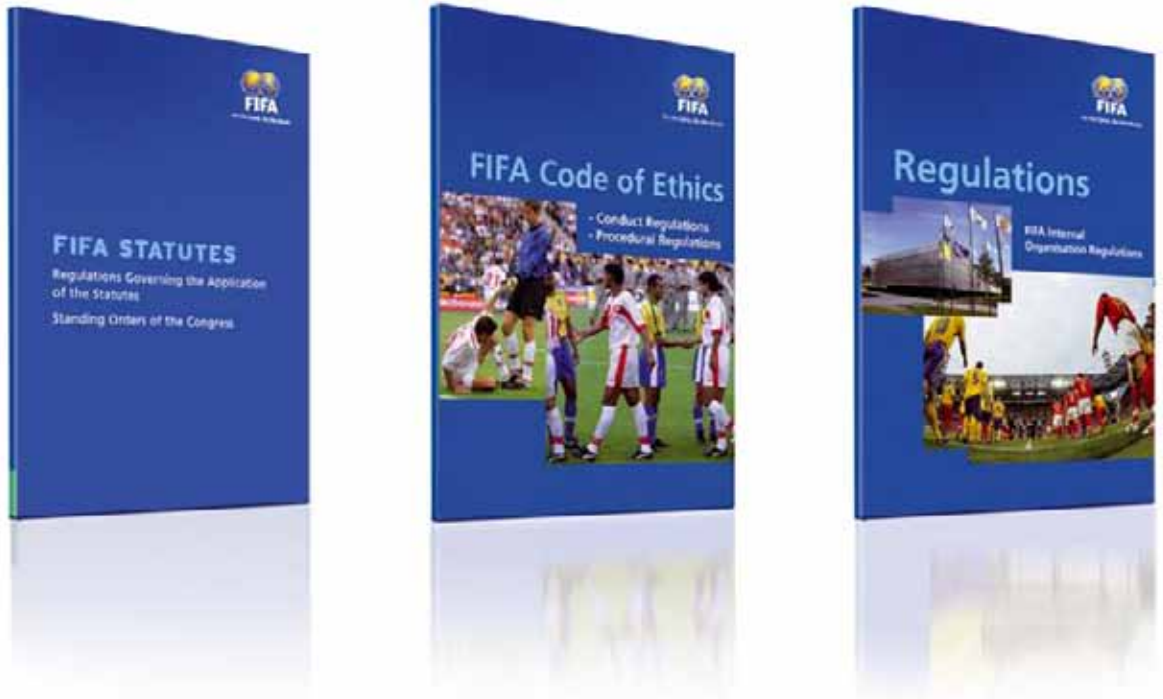


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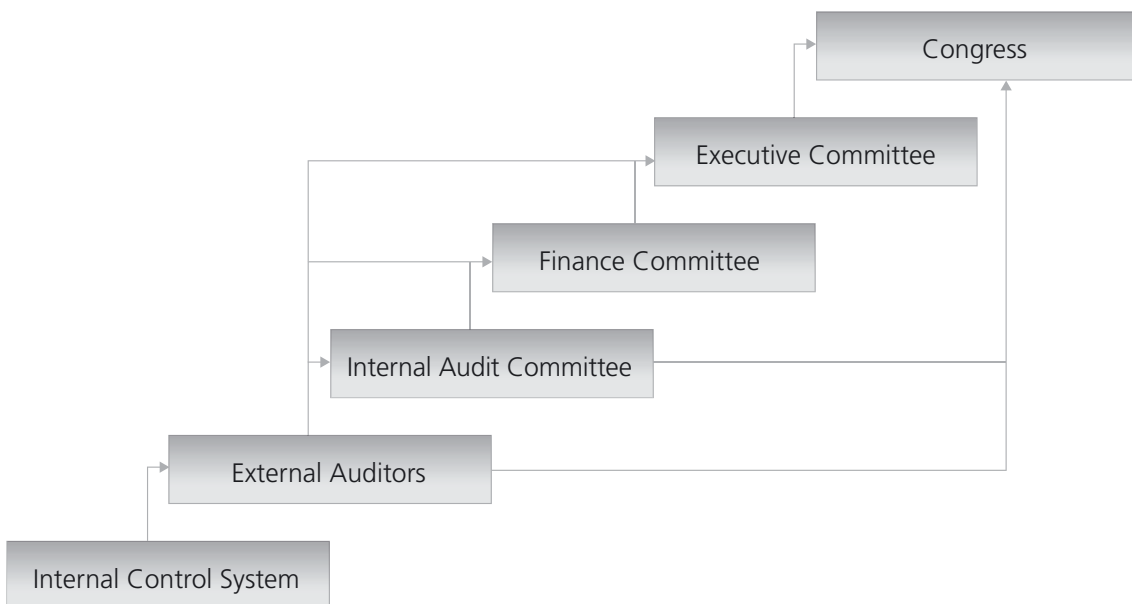
The Congress approved several changes to the FIFA Statutes, including the right to lodge appeals to the Court of Arbitration for Sport (CAS) and the reinforcement of FIFA's position by amending article 62.



12



SIX LEVELS OF CONTROL



In addition to the FIFA Statutes and the FIFA Code of Ethics, FIFA also has a set of Internal Organisation Regulations that were fully revised in 2007 to reflect the new organisational structure. These new regulations came into force on 1 January 2008. FIFA's internal responsibilities and powers have also been adjusted to reflect the current structure. The FIFA Internal Organisation Regulations also serve as the basis for all financial processes within FIFA.

The internal control system (ICS) ensures that every single invoice is checked by the relevant department. The Accounting Department is responsible for ensuring that the signature has come from the designated person, whereas the Controlling Department supervises all payment processes. The Compliance Department is charged with analysing, improving and documenting all processes as well as with developing the ICS. The external, independent auditors KPMG check FIFA's annual statements of account. The Internal Audit Committee is responsible for ensuring that the rendering of accounts is carried out thoroughly and reliably. For its part, the Finance Committee keeps tabs on the management of FIFA's finances. The Executive Committee is responsible for approving the annual statements after they have been examined by both the Finance Committee and the Internal Audit Committee. Finally, the FIFA Congress is responsible for ratifying the annual accounts.

Internal control

FIFA has steadily increased its area of control in recent years. The **revised FIFA Internal Organisation Regulations** have been in force since 1 January 2008. In addition, various bodies take it in turns to check FIFA's finances in a **process consisting of various steps**.

Changes are afoot in Swiss law. Since the start of the 2008 financial year, all auditors have been obliged to confirm the existence of an internal control system, in much the same vein as the USA's Sarbanes-Oxley Act. FIFA's Internal Audit Committee approved the implementation of an effective **internal control system (ICS)** in May 2007. With this in mind, FIFA is referring to the internationally recognised **COSO framework** to estimate risks in financial processes, check the efficiency of all existing control mechanisms and eliminate any identified weakness by taking the appropriate control steps.





ANNEXE

Consolidated financial statements according to International Financial Reporting Standards (IFRS) as per 31 December 2007

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These consolidated financial statements are published in English, German, French and Spanish. If there is any divergence in the wording, the English original text is authoritative.

CONSOLIDATED INCOME STATEMENT

in TUSD	Note	2007	2006
Event-related revenue			
Revenue from television broadcasting rights	1	524,524	337,810
Revenue from marketing rights	2	223,398	142,944
Revenue from licensing rights	3	19,388	43,647
Revenue from hospitality rights	4	0	53,357
Other event-related revenue	5	19,325	118,828
Total event-related revenue		786,635	696,586
Event-related expenses			
FIFA World Cup™ expenses	6	-290,957	-146,882
Other FIFA event expenses	6	-95,488	-49,463
Total event-related expenses		-386,445	-196,345
Event-related gross result		400,190	500,241
Other operating income	7	60,108	29,711
Development-related expenses	8	-153,666	-108,627
Football governance	9	-46,742	-39,414
Exploitation of rights	10	-16,539	-9,668
Personnel expenses	11	-58,504	-49,585
Depreciation and amortisation	19-20	-16,084	-12,983
Other operating expenses	12	-151,148	-41,813
Operating result before financial items		17,615	267,862
Financial income	13	35,196	22,117
Financial expenses	14	-2,732	-40,822
Result before taxes		50,079	249,157
Income taxes	15	-833	-874
Net result for the year		49,246	248,283

CONSOLIDATED BALANCE SHEET

in TUSD	Note	31 Dec 2007	31 Dec 2006
Assets			
Cash and cash equivalents	16	487,738	377,760
Receivables	17	144,169	223,566
Prepaid expenses and accrued income	18	48,127	93,989
Current assets		680,034	695,315
Property and equipment	19	229,083	231,746
Investment properties	19	4,086	21,862
Intangible assets	20	2,709	3,251
Financial assets	21	243,481	243,632
Non-current assets		479,359	500,491
Total assets		1,159,393	1,195,806
Liabilities and equity			
Payables	22	27,285	51,072
Income tax liabilities		1,269	727
Interest-bearing liabilities	23	0	14,776
Derivative financial liabilities	28	31,000	5,752
Accrued expenses and deferred income	24	445,855	495,762
Current liabilities		505,409	568,089
Provisions	25	11,457	10,793
Non-current liabilities		11,457	10,793
Total liabilities		516,866	578,882
Association capital		4,104	4,104
Hedging reserves	28	-29,448	-5,752
Currency translation adjustment		53	0
Retained earnings		618,572	370,289
Net result for the year		49,246	248,283
Equity		642,527	616,924
Total liabilities and equity		1,159,393	1,195,806

CONSOLIDATED CASH FLOW STATEMENT

in TUSD	Note	2007	2006
Net result for the year		49,246	248,283
Depreciation and amortisation	19-20	16,084	12,983
Net financial result	13-14	-32,464	18,702
Gain from sale of property and equipment		-2,557	0
Other non-cash items		2,885	-13,998
Income tax expenses	15	833	874
Decrease/(increase) in receivables		79,397	-130,553
Decrease in prepaid expenses and accrued income		46,829	36,118
(Decrease)/increase in payables		-23,787	19,901
Increase in derivative financial liabilities		1,552	760
(Decrease) in accrued expenses and deferred income		-50,007	-176,050
Increase in provisions		664	537
Income tax paid		-291	-798
Net cash provided by operating activities		88,384	16,759
Purchase of property and equipment	19	-4,678	-65,030
Sale of property and equipment		12,130	0
Investment in financial assets	21	0	-62,646
Repayments and sale of financial assets	21	3,000	0
Interest received	13	18,824	17,267
Income on investments (dividends/coupons)	13	1,942	1,038
Net cash provided/(used) by investing activities		31,218	-109,371
Repayment of interest-bearing liabilities	23	-14,776	-67,357
Interest paid	14	-972	-2,449
Net cash used in financing activities		-15,748	-69,806
Net increase/(decrease) in cash and cash equivalents		103,854	-162,418
Cash and cash equivalents as at 1 January	16	377,760	558,355
Effect of exchange rate fluctuations		6,124	-18,177
Cash and cash equivalents as at 31 December	16	487,738	377,760

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TUSD	Association capital	Hedging reserve	Retained earnings	Currency translation adjustment	Total
Balance as at 1 January 2006	4,104	3,824	370,289	0	378,217
Effective portion of changes in fair value of hedging instruments	0	-5,752	0	0	-5,752
Transferred to income statement	0	-3,824	0	0	-3,824
Net income recognised directly in equity	0	-9,576	0	0	-9,576
Net result for the year 2006	0	0	248,283	0	248,283
Total recognised income and expenses	0	-9,576	248,283	0	238,707
Balance as at 31 December 2006	4,104	-5,752	618,572	0	616,924

in TUSD	Association capital	Hedging reserve	Retained earnings	Currency translation adjustment	Total
Balance as at 1 January 2007	4,104	-5,752	618,572	0	616,924
Effective portion of changes in fair value of hedging instruments	0	-27,830	0	0	-27,830
Transferred to income statement	0	4,134	0	0	4,134
Currency translation adjustment	0	0	0	53	53
Net income recognised directly in equity	0	-23,696	0	53	-23,643
Net result for the year 2007	0	0	49,246	0	49,246
Total recognised income and expenses	0	-23,696	49,246	53	25,603
Balance as at 31 December 2007	4,104	-29,448	667,818	53	642,527

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

A. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Fédération Internationale de Football Association (FIFA), domiciled in Zurich, Switzerland, is an international non-governmental, non-profit organisation in the form of an association according to Swiss law. FIFA consists of 208 associations affiliated to six confederations. FIFA's principal mission is to promote the game of association football in every way it deems fit. FIFA uses its profits, reserves and funds in pursuit of its principal mission.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Based on the statutes of FIFA, the financial period of FIFA is four years and begins on 1 January in the year following the final competition of the FIFA World Cup™. The current financial period therefore runs from 1 January 2007 until 31 December 2010.

The structure of the income statement reflects the structure of the four-year budget approved by the 2006 FIFA Congress. In the past, the event-related expenses were disclosed based on their nature. However, a year-to-year comparison of event-related costs by nature of expense is often not very meaningful because the contractual structure of events and the respective relationship between FIFA, local organising committees and other service providers differs. The presentation of the income statement has been adjusted accordingly. In regard to event-related expenses the main distinction is made between "FIFA World Cup™ expenses" and "other FIFA event expenses".

Some figures cannot be compared on a year-to-year basis, especially since the FIFA World Cup™ took place in Germany in 2006, while the 2007 financial year is the first year of the 2007-2010 cycle. Consequently, any comparison with prior year figures is in some cases not meaningful.

B. BASIS OF PRESENTATION

The consolidated financial statements are presented in US dollars (USD). Until 31 December 2006, the financial statements were presented in Swiss francs (CHF). FIFA has changed its functional currency to USD because the majority of revenues and expenses in the statutory financial period 2007-2010 are in USD. The comparative figures have been converted using the year-end currency rate as at 31 December 2006 (1 USD = CHF 1.2182).

The consolidated financial statements are prepared on a historical cost basis, except that the following assets and liabilities are stated at fair value: derivative financial instruments and financial assets are classified as “at fair value through profit or loss”.

Several new and revised standards and interpretations came into effect in the 2007 reporting period. The only impact on the consolidated financial statements of FIFA was the implementation of IFRS 7 “Financial Instruments: Disclosures”, which led to additional disclosures.

FIFA is currently assessing the potential impacts on the new and revised standards that will be effective from 1 January 2008 or later. FIFA does not expect the new and revised standards to have a significant effect on the group’s financial position.

C. BASIS OF CONSOLIDATION

The term “FIFA” is hereafter also used for the consolidated group, which represents FIFA and its subsidiaries.

Subsidiaries are those enterprises that are controlled by FIFA. Control exists when FIFA has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceased. The individual subsidiaries included in this consolidation are shown in Note 34.

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

D. FOREIGN CURRENCY TRANSLATION

a) Foreign currency transactions and balances

Transactions in foreign currencies are converted at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are converted at the foreign exchange rate ruling on that date. Foreign exchange differences arising from conversion are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are converted at the foreign exchange rate ruling on the dates the values were determined.

b) Financial statements of foreign operations

For FIFA's foreign operations classified as a foreign entity, assets and liabilities including fair value adjustments arising on consolidation are converted into USD at the foreign exchange rate ruling on the balance sheet date. The revenue and expenses of foreign operations are converted into USD on the average foreign exchange rates of the period. Exchange differences arising from conversion of foreign entities are recognised directly in equity.

The foreign exchange rates used are as follows (USD per unit):

	31 Dec 2007	Average 2007	31 Dec 2006	Average 2006
CHF	0.8826	0.8264	0.8209	0.7862
EUR	1.4600	1.3607	1.3196	1.2424
GBP	1.9856	1.9915	1.9590	1.8211

E. INCOME STATEMENT

The consolidated income statement has the following elements: event-related revenue, event-related expenses, other operating income, development-related expenses and other expenses. This structure reflects FIFA's objectives to improve the game of football constantly and promote it globally, particularly through youth and development programmes. Event-related revenue and expenses are directly related to the organisation and realisation of the FIFA World Cup™ and other FIFA events. For accounting purposes, FIFA defines other FIFA events as all other football events, such as the FIFA Women's World Cup, FIFA U-20 World Cup, FIFA U-17 World Cup, FIFA U-20 Women's World Cup, FIFA U-17 Women's World Cup, Olympic Football Tournaments, FIFA Futsal World Cup, FIFA Confederations Cup, FIFA Club World Cup, FIFA Beach Soccer World Cup, Blue Stars/FIFA Youth Cup, FIFA Interactive World Cup, etc.

F. REVENUE RECOGNITION

Event-related revenue primarily relates to the sale of the following rights:

- Television broadcasting rights
- Marketing rights: use of the FIFA World Cup™ official emblem, the official mascots, perimeter board advertising by official partners
- Hospitality rights: commercial exploitation rights in relation to the FIFA Hospitality Programme
- Licensing rights: use of the FIFA brand

Under these revenue-generating contracts, FIFA receives royalties in the form of guaranteed minimum payments and sales-based additional payments (profit share).

Revenue directly related to the FIFA World Cup™ event is recognised in the income statement using the percentage-of-completion method, if it can be estimated reliably. The stage of completion of the FIFA World Cup™ event is assessed as incurred evenly over the project preparation period, which is four years. While this generally applies to guaranteed minimum payments, additional sales-based revenue (profit share) is included in the percentage-of-completion method when the amount is probable and can be measured reliably.

Revenue relating to other FIFA events is deferred during the preparation period and is recognised in the income statement when the event takes place.

G. EVENT-RELATED EXPENSES

Event-related expenses are the gross outflow of economic benefits that arise in the ordinary activity of organising an event.

Since FIFA organises the FIFA World Cup™ event over a period of four years, expenses relating to the event are recognised based on the stage of completion of the event, as determined for event-related revenue recognition purposes.

During the four-year preparation period, differences between event-related expenses recognised and event-related expenses incurred are disclosed in the income statement as event-related accrued expenses and deferred expenses respectively.

Expenses relating to other FIFA events are deferred during the preparation period, consistent with the treatment of related revenues, and are recognised in the income statement in the period in which the event takes place.

H. DEVELOPMENT-RELATED EXPENSES

FIFA gives financial assistance to member associations and confederations in return for past or future compliance with certain conditions relating to their activities. During the four-year period under review, FIFA is providing each member association and confederation with funds under the Financial Assistance Programme (FAP). The *Goal* Programme provides member associations with specific funding for tailor-made projects. The expenses are recorded in the income statement on a straight-line basis over the project period once FIFA has approved the project in question.

For other development projects, such as SOS Children's Villages, Fair Play, etc., expenses are recognised as incurred.

I. OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the respective lease.

J. FINANCIAL EXPENSES AND FINANCIAL INCOME

Financial income comprises interest income from interest-bearing receivables and debt securities, dividend income, foreign exchange gains from financing and investing activities, gains on derivatives that are not accounted for as hedging instruments and gains arising from a change in the fair value of financial assets designated at fair value through profit and loss. Financial expenses consist of interest on financial liabilities, foreign exchange losses from financing and investing activities, losses on derivatives not accounted for as hedging instruments and losses arising from a change in the fair value of financial assets classified as designated at fair value through profit and loss.

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the dividend is declared. Borrowing costs are not capitalised.

K. INCOME TAXES

FIFA was established in the legal form of an association pursuant to articles 60ff. of the Swiss Civil Code. Pursuant to article 2 of its statutes, FIFA's objective is to improve the game of football constantly and promote it globally, particularly through youth and development programmes. FIFA is a non-profit organisation and is obliged to spend its profits, reserves and funds for this purpose.

Income tax recognised in the income statement comprises current tax.

FIFA is taxed in Switzerland according to the ordinary taxation rules applying to associations. The non-profit character of FIFA and the four-year accounting cycle are thereby taken into account. FIFA Marketing & TV AG, a consolidated group company, is taxed in Switzerland according to the rules applying to corporations. The other subsidiaries are also taxed according to the relevant tax legislation.

Current tax is the expected tax payable on the taxable income for the year using ordinary tax rates applicable to an association or a corporation, respectively.

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, post and bank accounts, as well as short-term deposits with an original maturity of 90 days or less.

M. DERIVATIVES

FIFA uses derivative financial instruments to hedge its exposure to foreign exchange rate risks arising from operating activities. FIFA does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value. Subsequent to initial recognition, all derivatives are also stated at fair value. Gains and losses on re-measurement of derivatives that do not qualify for hedge accounting are recognised in the income statement immediately.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

N. HEDGING

Where a derivative financial instrument hedges the exposure to variability in future cash flows from highly probable forecast transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in the hedging reserve as part of equity. The ineffective part of any gain or loss is recognised in the income statement immediately.

The cumulative gain or loss recognised in equity is transferred to the income statement at the same time that the hedged transaction affects net profit or loss and is included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recorded in equity is recognised in the income statement immediately.

O. RECEIVABLES

Receivables from the sale of rights and other receivables are stated at amortised cost, which equals nominal value for short-term receivables less any allowance for doubtful debts. Allowances are made for specific known doubtful receivables.

Accounts receivable and payable are offset and the net amount is reported in the balance sheet when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

P. PROPERTY AND EQUIPMENT

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Repairs and maintenance costs are recognised in the income statement as an expense as they are incurred.

Properties held to earn rental income are classified as investment properties. Investment properties are measured at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property and equipment. Land is not depreciated. The estimated useful lives are as follows:

Operational buildings	20-50 years
Investment properties	10-20 years
Office and other equipment	3-20 years

Q. INTANGIBLE ASSETS

Intangible assets acquired by FIFA are stated at acquisition cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives unless lives are indefinite. The estimated useful lives are as follows:

Film archive	10 years
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Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as it is incurred.

R. FINANCIAL ASSETS

Financial assets comprise debt securities, equity securities and other receivables.

Classification

Loans and receivables are those created by FIFA when providing money or services to third parties.

FIFA manages and evaluates the performance of its investments on a fair-value basis in accordance with its documented investment strategy. Therefore the investments are classified as designated at fair value through profit and loss. Instruments include debt and equity investments.

Recognition and measurement

FIFA recognises marketable securities and other investments at fair value, including transaction costs in the case of financial assets or financial liabilities not at fair value through profit and loss on settlement date (the date they are transferred to FIFA). Loans and receivables are recognised when FIFA becomes a party to the respective contract and has a legal right to receive cash or other considerations.

Subsequent to initial recognition, all investments at fair value through profit or loss are measured at fair value. Any instrument that does not have a quoted market price in an active market and for which fair value cannot be reliably measured is classified as available for sale and stated at cost less impairment losses.

Loans and receivables are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related asset and amortised, based on the effective interest rate of the instrument. Allowances are made for specific known doubtful loans and receivables.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of a financial asset at fair value through profit or loss as well as any impairment losses on loans and receivables are recognised in the income statement.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

S. IMPAIRMENT

The carrying amounts of FIFA's property and equipment, intangible assets, loans and other investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount, being the greater of its fair value less costs to sell and its value in use, is estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds the respective recoverable amount.

An impairment loss in respect of loans and receivables and other assets is reversed if the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

T. PAYABLES

Payables are stated at amortised cost, which equals nominal value for short-term payables.

U. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the borrowing term using the effective interest rate method.

V. EMPLOYEE BENEFIT OBLIGATIONS

FIFA has established a retirement benefit plan for all of its employees, which is maintained by an insurance company. The plan is funded by employee and employer contributions and has certain defined benefit characteristics. Accordingly, the plan is accounted for as a defined benefit plan. The financial impact of this plan on the consolidated financial statements is determined in accordance with the projected unit credit method.

Any pension surplus is only recognised as an asset if the asset embodies future economic benefits that are actually available to FIFA in the form of refunds or reductions in future employer contributions.

Actuarial gains and losses arising from periodic reassessments are recognised to the extent that they decrease or increase a pension deficit or pension surplus respectively, if and to the extent that they exceed 10% of the higher of the projected benefit obligation and the fair value of plan assets. The amount exceeding this "corridor" is amortised over the expected average remaining working lives of the employees participating in the plan.

W. PROVISIONS

A provision is recognised when FIFA has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time, value of money and, where appropriate, the risks specific to the liability.

X. EQUITY

Equity consists of association capital and retained earnings/losses, as well as hedging reserves and foreign currency translation gains/losses. As FIFA is an association, no dividends are paid.

In the event of the dissolution of FIFA, its funds shall not be distributed, but transferred to the supreme court of the country in which the headquarters are situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.

Y. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6 Event-related expenses: accounting estimates and judgments
- Note 11 Personnel expenses: accounting estimates and judgments
- Note 29 Legal matters and contingent liabilities

NOTES ON THE CONSOLIDATED INCOME STATEMENT

1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in TUSD	2007	2006
Revenue from television broadcasting rights – FIFA World Cup™		
– Europe	292,443	154,815
– Asia and North Africa	86,000	0
– South and Central America	80,100	0
– North America and the Caribbean	53,252	0
– Rest of the World	8,166	182,186
Total revenue from television broadcasting rights – FIFA World Cup™	519,961	337,001
Revenue from television broadcasting rights – other FIFA events	4,563	809
Total revenue from television broadcasting rights	524,524	337,810

Most of the television broadcasting rights for the 2010 FIFA World Cup™ are sold by FIFA directly to the broadcasters, while the broadcasting rights for the 2006 FIFA World Cup™ were sold to agencies in three packages (Europe, USA, Rest of the World). As a consequence, there is limited scope for comparison with previous years' figures.

The recognised revenue from television broadcasting rights for the 2010 FIFA World Cup™ amounts to TUSD 519,961. Since the amount of TUSD 588,693 has already been collected or invoiced by FIFA, the difference has been transferred to the deferred income in line with FIFA's accounting policy.

A substantial part of the income from television broadcasting rights is denominated in EUR. The major part of the contractually agreed revenue in other currencies than USD is hedged (see also Note 28). The revenue is reduced by the amount of TUSD 5,581 to reflect the effect from hedge accounting (see also Note 28).

The revenue from the television broadcasting rights for other FIFA events has increased compared to 2006 because more other FIFA events (FIFA Women's World Cup in China, FIFA U-20 World Cup in Canada, FIFA U-17 World Cup in Korea and additional events such as the Preliminary Draw for the 2010 FIFA World Cup South Africa™) took place in 2007.

2 REVENUE FROM MARKETING RIGHTS

in TUSD	2007	2006
Revenue from marketing rights – FIFA World Cup™		
– Official FIFA Partners	148,500	142,944
– FIFA World Cup Sponsors	53,750	0
– National Supporters	5,000	0
– Value-in-kind transactions	17,045	0
– Sales commission	–3,117	0
Total revenue from marketing rights – FIFA World Cup™	221,178	142,944
Other FIFA events	2,220	0
Total revenue from marketing rights	223,398	142,944

The revenue from marketing rights includes the revenue from the sponsoring categories of “Official FIFA Partners”, “FIFA World Cup Sponsors” and “National Supporters”. The revenue in 2007 from marketing rights of TUSD 221,178 comprises revenue collected or invoiced in 2007 or before of TUSD 297,500. The amount of TUSD 90,250 is treated as deferred income.

Value-in-kind transactions

FIFA receives value-in-kind revenue from several commercial affiliates. This value-in-kind revenue consists of pre-determined services and delivery of goods to be used in connection with the 2010 FIFA World Cup South Africa™ or other FIFA events. The revenue is recognised when the services/goods have been received and the equivalent costs are accounted for in the same period as an event-related expense. In the year 2007, the value of the services or goods received amounted to TUSD 17,045.

3 REVENUE FROM LICENSING RIGHTS

in TUSD	2007	2006
FIFA World Cup™	8,369	43,469
Other FIFA events	11,019	178
Total revenue from licensing rights	19,388	43,647

The revenue from licensing rights was significantly higher in 2006 because the profit share from the 2006 FIFA World Cup™ was included while the 2007 revenue only includes the contractual minimum payments.

The revenue from licensing rights for the 2010 FIFA World Cup™ recognised in 2007 of TUSD 19,388 includes cash received in 2007 or before of TUSD 20,200 less sales commission of TUSD 812. The amount of TUSD 11,019 is recognised as deferred income.

A royalty payment of TUSD 4,447 was received from the *Deutschland. Ein Sommermärchen* movie. FIFA transferred this revenue to SOS Children's Villages based on an agreement to support this organisation.

4 REVENUE FROM HOSPITALITY RIGHTS

in TUSD	2007	2006
FIFA World Cup™	0	53,357
Total revenue from hospitality rights	0	53,357

The hospitality rights for the 2006 FIFA World Cup™ were sold for CHF 270 million. Since CHF 10 million was transferred to the 2006 FIFA World Cup Organising Committee Germany, FIFA's share was CHF 260 million.

The hospitality rights for the 2010 FIFA World Cup South Africa™ have been granted to Match Hospitality AG for USD 120 million. As not all of the contractual conditions were fulfilled in time, the revenue has not been taken into account in the 2007 financial period.

5 OTHER EVENT-RELATED REVENUE

in TUSD	2007	2006
Profit share of the 2006 FIFA World Cup™	0	65,139
Accommodation and ticketing for the 2006 FIFA World Cup™	0	6,655
Additional income relating to the 2006 FIFA World Cup™	103	17,943
Revenue from FIFA Club World Championship TOYOTA Cup Japan 2005	0	696
Revenue from FIFA Club World Cup Japan 2006	0	24,856
Revenue from FIFA Club World Cup Japan 2007	17,984	0
Match levies from qualifying competitions	483	2,492
Penalties/appeals from qualifying competitions	704	0
Various event-related revenue	51	1,047
Total other event-related revenue	19,325	118,828

The revenue has decreased significantly because the previous year's figures included revenue of USD 90 million from the 2006 FIFA World Cup™ such as the profit share.

FIFA has appointed Dentsu Inc. as the exclusive promoter and producer to organise and run the FIFA Club World Cup at its own cost and risk. FIFA received an amount of TUSD 17,984 from Dentsu Inc. for the FIFA Club World Cup Japan 2007 to cover its expenses in relation to this event.

6 EVENT-RELATED EXPENSES

in TUSD	2007	2006
FIFA World Cup™	290,957	146,882
Other FIFA events	95,488	49,463
Total event-related expenses	386,445	196,345

Expenses related to the 2010 FIFA World Cup™

in TUSD	2007
Travel and accommodation – teams and officials	10,480
Contributions to the LOC	91,491
Event IT and accreditation	197
Ticketing and accommodation services/IT solution	11,537
Event marketing rights and TV production	20,110
Other	15,096
Event-related expenses – accrued	142,046
Total expenses related to the FIFA World Cup™	290,957

The expenses for the 2010 FIFA World Cup South Africa™ are recognised based on the percentage-of-completion method. Based on this method, 25% of the expected costs are taken into account in the year 2007. Any comparison with the previous FIFA World Cup™ is limited because the division of roles and responsibilities between the 2010 FIFA World Cup Organising Committee South Africa and FIFA is not the same as for the previous FIFA World Cup™. For example, FIFA will, for the first time, be involved in the production of the television signal. The total costs for the 2006 FIFA World Cup™ amounted to CHF 881 million.

The current costs spent by FIFA amount to USD 148.9 million, of which the contribution to the 2010 FIFA World Cup Organising Committee South Africa represents the major part of the expenses paid. The amount of TUSD 10,480 reflects the travel and accommodation costs of teams and FIFA officials in connection with the preliminary competition.

Accounting estimates and judgments

Expenses related to the 2010 FIFA World Cup South Africa™ are recognised based on the stage of completion of the event. Event-related expenses for the whole four-year period must be estimated in order to calculate the total for the given stage of completion. This is achieved by regular, systematic reviews of every event-related project. Identifiable cost overruns or cost savings are included in the cost estimate for the event. The recognition of expenses is adjusted accordingly.

Expenses related to other FIFA events

in TUSD	2007	2006
FIFA U-20 World Cup Canada 2007	16,550	0
FIFA U-17 World Cup Korea 2007	21,116	0
FIFA Women's World Cup China 2007	29,506	0
FIFA Beach Soccer World Cup Rio de Janeiro 2007	5,377	0
FIFA Club World Cup Japan 2007	24,168	0
FIFA Club World Cup Japan 2006	0	28,016
FIFA Club World Championship TOYOTA Cup Japan 2005	0	3,800
FIFA Beach Soccer World Cup Rio de Janeiro 2006	0	4,794
FIFA U-20 Women's World Championship Russia 2006	0	12,116
FIFA Confederations Cup Germany 2005	0	42
FIFA World Youth Championship Netherlands 2005	0	538
Blue Stars/FIFA Youth Cup	806	417
Other events	-2,035	-260
Total expenses related to other FIFA events	95,488	49,463

The expenses in 2007 are significantly higher because there were more other FIFA events in comparison to the previous year.

7 OTHER OPERATING INCOME

in TUSD	2007	2006
Brand licensing	3,879	14,930
Quality Concept	5,910	7,439
Rental income	1,346	1,003
Penalties/appeals from friendly matches	176	1,143
Income from sale of film and video rights	2,528	3,531
Match levies from friendly matches	2,963	0
Commissions	0	535
Gain from sale of fixed assets	2,557	0
Other	40,749	1,130
Total other operating income	60,108	29,711

The income from brand licensing has decreased because several brand licensing categories are included in the 2010 FIFA World Cup™ licensing agreement. Brand licensing includes income from the licence granted to Electronic Arts.

The income from the sale of film and video rights has also decreased because more rights are requested during a FIFA World Cup™ year.

The other income includes additional revenue of USD 40 million from a FIFA Partner who provided additional support for FIFA's development activities, particularly the *Goal* Programme and the *Win in Africa with Africa* initiative.

8 DEVELOPMENT-RELATED EXPENSES

in TUSD	2007	2006
Financial Assistance Programme (FAP)	52,270	57,965
Contributions to confederations	15,000	17,546
<i>Goal</i> Programme	20,392	20,523
<i>Win in Africa with Africa</i>	40,115	0
Other projects	25,889	12,593
Total development-related expenses	153,666	108,627

FAP and contributions to confederations

FAP is a financial aid programme, under which USD 1 million is granted to each member association and USD 10 million to each confederation during the four-year cycle to improve their administrative and technical infrastructure (see accounting policy H. Development-related expenses).

The difference between the total expenses for 2006 and 2007 is due to currency exchange effects because the previous year's figures were reported in CHF. For comparative reasons, the 2006 figures have been converted to USD using the currency rate as at 31 December 2006. The nominal amounts paid to the member associations and the confederations have not changed.

FIFA grants this assistance for projects that fulfil the following objectives:

- Develop and implement a modern, efficient and functional administrative or sports infrastructure;
- Facilitate the recruitment, training and remuneration of administrative and technical staff employed by the member association;
- Promote youth football;
- Provide basic and further training for member association members, as well as others seconded to the member associations for administrative and technical duties;
- Promote technical and sports development;
- Support member associations in arranging and taking part in official football competitions.

All member associations and confederations have to provide FIFA with an audited financial statement every year. Additionally, FIFA arranges a central audit of 21 member associations each year through its statutory auditors KPMG to ensure that all financial assistance payments are invested correctly.

Goal Programme

Goal is a development programme created by FIFA for the benefit of member associations. *Goal* offers funding for tailor-made projects to meet the individual needs of the member associations in the following areas:

- Administration – setting up national and regional associations, including team and office equipment;
- Training – administration, coaching, refereeing, sports medicine;
- Youth football – training youth team coaches, regional and national youth training centres and football schools, talent promotion;
- Infrastructure – the renovation and construction of football pitches, physical training and tuition centres, office buildings;
- Other tailor-made development projects – projects catering to other specific needs of member associations may also be considered if deemed appropriate.

The maximum amount that can be awarded per project is limited to USD 400,000. As at 31 December 2007, funds committed but not yet paid out to *Goal* projects amounted to USD 33.8 million. These commitments are recognised and stated under accrued expenses.

Win in Africa with Africa

The *Win in Africa with Africa* initiative was launched following ratification from the FIFA Congress in 2006. The goal of this initiative is to support football in Africa with a view towards the 2010 FIFA World Cup South Africa™. A major part of the initiative focuses on laying an artificial turf pitch in 52 African countries. Additionally, FIFA will support African leagues and clubs and help to develop partnerships with African universities to provide executive education and develop sports medicine in Africa.

The total approved budget for the *Win in Africa with Africa* initiative is USD 70 million. In 2007, USD 40.1 million was accounted for because the majority of artificial turf projects have already started.

Other projects

Other contributions primarily include contributions to the development efforts supported by FIFA such as SOS Children's Villages, the Humanitarian Support Fund, courses, Com-Unity, F-MARC and refereeing. The costs relating to the 4th FIFA Women's Football Symposium in Shanghai in September 2007 are also included.

9 FOOTBALL GOVERNANCE

in TUSD	2007	2006
Committees and congress	30,113	21,864
Legal matters	14,081	16,855
Football administration	580	695
CIES	1,968	0
Total football governance	46,742	39,414

Committees and congress

The costs for committees and the congress comprise the costs incurred in connection with the 57th FIFA Congress in Zurich including the inauguration of the Home of FIFA, which took place at the end of May 2007, plus the costs of the meetings of more than 25 standing committees and three judicial bodies, the FIFA Disciplinary Committee, the FIFA Appeal Committee and the FIFA Ethics Committee. The cost for travel and accommodation of the committee members as well as of the official delegates of the 208 member associations, the six confederations and guests for the FIFA Congress are paid by FIFA.

CIES

Together with the International Center for Sport Studies (CIES) at the University of Neuchâtel in Switzerland, FIFA has set up two special programmes: a master's degree in the business, law and humanities of sport and a scholarship ("João Havelange Scholarship"). FIFA supports both programmes with yearly financial contributions. In the previous year, the relevant costs were recorded under "Development-related expenses".

10 EXPLOITATION OF RIGHTS

in TUSD	2007	2006
Marketing	6,204	2,073
Broadcasting and media rights	8,775	4,485
Licensing	1,560	3,110
Total exploitation of rights	16,539	9,668

The costs for exploitation of rights reflect the costs incurred for the commercialisation of the marketing and broadcasting rights of the FIFA Marketing & TV Division.

11 PERSONNEL EXPENSES

in TUSD	Note	2007	2006
Wages and salaries		45,794	36,047
Social benefit costs		6,194	6,052
Pension plan for Executive Committee members	25	819	1,353
Other employee benefit costs		3,741	3,881
Other		1,956	2,252
Total personnel expenses		58,504	49,585

The average number of employees during the year ending 31 December 2007 was 282 (2006: 265).

The increase in total personnel expenses in 2007 compared to 2006 is related to the reorganisation of the FIFA administration and the extended scope of activities of the new 2007-2010 period as approved by the FIFA Congress.

The pension plan for FIFA employees is funded by employee and employer contributions. Since the plan has certain defined benefit characteristics, the figures presented below have been determined according to the accounting provisions for defined benefit plans as described in IAS 19.

Change in defined benefit obligation

in TUSD	2007	2006
Benefit obligation at beginning of year	38,635	33,029
Current service cost	8,396	5,920
Interest on obligation	1,317	1,073
Actuarial (gain)/loss	-865	-1,333
Benefits paid	-10,442	-53
Foreign exchange effect	2,865	0
Benefit obligation at end of year	39,906	38,636

Change in plan assets

in TUSD	2007	2006
Fair value of plan assets at beginning of year	44,742	38,625
Expected return on plan assets	1,173	1,027
Employer contribution	5,618	2,952
Employees' contribution	2,391	1,989
Benefits paid	-10,442	-53
Actuarial gain on plan assets	89	203
Foreign exchange effect	3,334	0
Fair value of plan assets at end of year	46,905	44,743

The actual annual return on plan assets for the year ending 31 December 2007 amounted to TUSD 1,262 (2006: TUSD 1,178).

Amount recognised in the balance sheet

in TUSD	2007	2006
Present value of benefit obligations	39,906	38,635
Fair value of plan assets	-46,905	-44,742
Surplus for funded plans	-6,999	-6,107
Unrecognised net actuarial gain	4,473	3,564
Unrecognised pension fund surplus	2,526	2,543
Net liability/(asset)	0	0

As the pension fund surplus is not available to FIFA in the form of refunds or reductions in future employer contributions, no pension assets have been recognised on the date of the balance sheet.

The expected contribution to be paid into the plan for 2008 is TUSD 2,882.

Components of pension expenses

in TUSD	2007	2006
Current service cost	8,396	5,920
Interest on obligation	1,317	1,073
Change in unrecognised plan asset	-531	-1,024
Expected return on plan assets	-1,173	-1,027
Net periodic pension cost	8,009	4,942
Employees' contribution	-2,391	-1,989
Total pension expenses	5,618	2,953

Historical information

in TUSD	2007	2006	2005
Present value of benefit obligation	39,906	38,635	30,530
Fair value of plan assets	-46,905	-44,742	-35,703
Funded status	-6,999	-6,107	-5,173
Change in assumptions	2,389	0	0
Experience (gain)/loss on plan liabilities	-3,254	-1,276	3,719
Experience (gain)/loss on plan assets	-89	0	0
Total actuarial (gain)/loss	-954	-1,276	3,719

Principal actuarial assumptions

	31 Dec 2007	31 Dec 2006
Discount rate	3.50%	3.25%
Expected rate of return on plan assets	4.00%	3.25%
Future salary increases	2.00%	1.00%
Future pension increases	0.50%	1.00%

All assets are invested through an insurance contract, therefore the plan assets cannot be split into different categories.

Accounting estimates and judgments

The rates and parameters applied above are based on past experiences. Future developments in capital and labour markets could make adjustments of such rates necessary, which could significantly affect the calculation of pension obligations.

12 OTHER OPERATING EXPENSES

in TUSD	2007	2006
Transport, travel and accommodation expenses	5,660	4,719
IT expenses	6,086	4,656
Translation	2,112	910
Rental of properties/maintenance and running costs	10,912	10,260
Office equipment and telecommunications costs	3,009	4,598
PR and promotional costs	5,888	3,335
Acquisition and production costs	13,679	3,146
MasterCard settlement	90,000	0
Other	13,802	10,189
Total other operating expenses	151,148	41,813

MasterCard settlement

On 21 June 2007, FIFA was able to settle the ongoing dispute regarding sponsorship rights in connection with the 2010 and 2014 FIFA World Cups with a former partner, MasterCard. At the same time, other ongoing claims from MasterCard were also settled. The total amount paid to MasterCard amounts to USD 90 million and is fully recognised in the 2007 income statement.

13 FINANCIAL INCOME

in TUSD	2007	2006
Interest income from cash and cash equivalents	19,791	17,537
Total interest income	19,791	17,537
Foreign exchange gains	13,190	3,335
Gains on currency derivatives	0	208
Total foreign currency gains	13,190	3,543
Dividend/interest income	1,942	0
Change of fair value	273	1,037
Total income from investments designated at fair value through profit or loss	2,215	1,037
Total financial income	35,196	22,117

In 2007, the interest income increased due to an increase in both cash balances and interest rates.

The foreign exchange gains resulted mainly from the valuation of current assets in EUR due to the higher EUR/USD exchange rate.

14 FINANCIAL EXPENSES

in TUSD	Note	2007	2006
Interest expenses on loans and mortgages		972	2,431
Total interest expenses		972	2,431
Foreign exchange loss		133	38,391
Total foreign currency loss		133	38,391
Fair value loss on currency derivatives	28	1,552	0
Fair value loss on investments		75	0
Total loss from investments designated at fair value through profit or loss		1,627	0
Total financial expenses		2,732	40,822

Interest expenses have decreased since all interest-bearing liabilities were repaid in 2007.

In 2006, a substantial foreign exchange loss was recognised. This loss resulted from the conversion of current assets from USD to CHF, since in 2006 the functional currency of FIFA was CHF. In view of the change in functional currency to USD on 1 January 2007, the USD assets were increased in 2006 to reduce future foreign exchange exposures.

15 INCOME TAXES

in TUSD	2007	2006
Current tax expense	833	874
Total income tax expense	833	874

FIFA is taxed according to the Swiss taxation rules for associations. Pursuant to such taxation rules, the statutory financial statements are the basis for taxation. In FIFA's statutory financial statements, the character of a non-profit organisation, the obligation to spend profits, reserves and funds on the development of football, the long-term perspective of development projects, the four-year accounting cycle and the financial risks inherent to FIFA's core event, the FIFA World Cup™, are duly considered (see also Note 27 Financial risk management). FIFA's subsidiaries are taxed based on the applicable local tax regulations.

Therefore, a reconciliation of the effective tax rate to the consolidated profits before tax would not be meaningful. Consequently, this calculation has not been carried out. There are no tax loss carry-forwards.

No income tax was recognised directly in equity.

NOTES ON THE CONSOLIDATED BALANCE SHEET

16 CASH AND CASH EQUIVALENTS

in TUSD	31 Dec 2007	Weighted average interest rate	31 Dec 2006	Weighted average interest rate
Cash on hand, post and bank accounts	136,675	3.30%	99,936	1.60%
Overnight deposits and fixed-term deposits with maturities of up to 3 months	351,063	4.71%	277,824	3.84%
Total cash and cash equivalents	487,738		377,760	

The fixed-term deposits have an average maturity of 54 days.

A bank account in the amount of TUSD 601 is pledged to cover a bank guarantee towards a third party.

17 RECEIVABLES

in TUSD	31 Dec 2007	31 Dec 2006
Receivables from exploitation of rights		
– Due from third parties	118,944	196,204
– Provisions for bad debts	–2,892	–2,773
Other receivables		
– Due from member associations and confederations	5,998	3,263
– Due from related parties	33	43
– Due from third parties	22,086	26,829
Total receivables, net	144,169	223,566

The amount of outstanding receivables has decreased compared to the previous year because the balance as at 31 December 2006 included the profit-share payment from the 2006 FIFA World Cup Organising Committee Germany.

Provisions for bad debts

in TUSD	31 Dec 2007	31 Dec 2006
Provisions for bad debts		
Balance as at 1 January	2,773	2,052
Use	-115	-901
Additions	190	2,098
Reversal	-40	-476
Foreign exchange effect	84	0
Balance as at 31 December	2,892	2,773

Ageing structure of receivables

in TUSD	31 Dec 2007	31 Dec 2006
Receivables		
Not due	139,349	137,121
Overdue – less than 30 days	2,023	82,945
Overdue – less than 60 days	1,537	3,321
Overdue – more than 60 days	4,152	2,952
Total receivables	147,061	226,339

18 PREPAID EXPENSES AND ACCRUED INCOME

in TUSD	Note	31 Dec 2007	31 Dec 2006
Accrued income			
– 2010 FIFA World Cup™	1-4	31,766	0
– Other FIFA events	1-5	0	8,332
Total accrued income		31,766	8,332
Prepaid expenses			
– 2010 FIFA World Cup™	6	0	66,818
– Other FIFA events	6	12,534	10,859
– Development programmes	8	213	0
Total prepaid expenses		12,747	77,677
Other prepaid expenses and accrued income		3,614	7,980
Total prepaid expenses and accrued income		48,127	93,989

19 PROPERTY AND EQUIPMENT

in TUSD	Operational buildings	Buildings under construction	Land	Investment properties	Office and other equipment	Total
Cost						
Balance as at 1 January 2006	67,258	124,793	17,584	0	6,110	215,745
Acquisitions	0	64,993	0	37	0	65,030
Reclassifications	140,965	-189,786	0	27,659	21,162	0
Disposals	0	0	0	0	0	0
Balance as at 31 Dec 2006	208,223	0	17,584	27,696	27,272	280,775
Acquisitions	2,222	0	0	1,866	587	4,675
Reclassifications	14,132	0	0	-14,132	0	0
Disposals	0	0	-1,792	-10,152	-6,110	-18,054
Balance as at 31 Dec 2007	224,577	0	15,792	5,278	21,749	267,396
Accumulated depreciation						
Balance as at 1 January 2006	9,183	0	0	0	5,542	14,725
Depreciation	7,859	0	0	1,626	2,956	12,441
Reclassifications	-4,208	0	0	4,208	0	0
Disposals	0	0	0	0	0	0
Balance as at 31 Dec 2006	12,834	0	0	5,834	8,498	27,166
Depreciation	10,462	0	0	1,369	3,711	15,542
Reclassifications	3,606	0	0	-3,640	34	0
Disposals	0	0	0	-2,371	-6,110	-8,481
Balance as at 31 Dec 2007	26,902	0	0	1,192	6,133	34,227
Carrying amount						
As at 1 January 2006	58,075	124,793	17,584	0	568	201,020
As at 31 December 2006	195,389	0	17,584	21,862	18,774	253,609
As at 31 December 2007	197,675	0	15,792	4,086	15,616	233,169

The Home of FIFA was officially inaugurated during the congress in Zurich in May 2007. One former office building which was no longer required for operational purposes was sold in 2007. The net profit of TUSD 2,557 is shown as "other operating income" (see Note 7). One building which was classified as an investment property has been reclassified to operational buildings because FIFA plans to use the property for its own purposes in the future. The costs incurred for investment properties amounts to TUSD 213.

As all outstanding mortgage loans were repaid in 2007, the land and buildings are no longer pledged.

20 INTANGIBLE ASSETS

Film archive

in TUSD	2007	2006
Cost		
Balance as at 1 January	5,418	5,418
Acquisitions	0	0
Balance as at 31 December	5,418	5,418
Accumulated amortisation		
Balance as at 1 January	2,167	1,625
Amortisation	542	542
Balance as at 31 December	2,709	2,167
Carrying amount		
As at 1 January	3,251	3,793
As at 31 December	2,709	3,251

21 FINANCIAL ASSETS

in TUSD	31 Dec 2007	31 Dec 2006
Debt securities	236,273	233,898
Equity securities	847	609
Other	6,361	9,125
Total financial assets	243,481	243,632

Investments in capital-protected participations and capital-guaranteed participations are considered to be structured investments similar to debt securities that limit FIFA's risk of fair-value losses but offer FIFA the chance of market value appreciation of the investment. Interest payments are generally due upon the redemption of the investments between 2007 and 2014.

All debt securities and equity securities are designated at fair value through profit or loss and are therefore stated at fair value.

Other receivables include a receivable from a broadcasting partner due to a settlement and restatement agreement signed in May 2004. This receivable is recorded at amortised cost.

22 PAYABLES

in TUSD	31 Dec 2007	31 Dec 2006
– Due to third parties	4,826	12,551
– Due to related parties	298	551
– Due to member associations and confederations	22,161	37,970
Total payables	27,285	51,072

23 INTEREST-BEARING LIABILITIES

in TUSD	31 Dec 2007	31 Dec 2006
Current:		
Mortgage loans	0	14,776
Total current interest-bearing liabilities	0	14,776

All interest-bearing liabilities have been repaid and FIFA is now fully self-financed. As a consequence, assets are no longer pledged.

24 ACCRUED EXPENSES AND DEFERRED INCOME

in TUSD	Note	31 Dec 2007	31 Dec 2006
Accrued expenses			
– 2010 FIFA World Cup™	6	146,101	29
– Other FIFA events	6	8,520	26,810
– Development programmes	8	83,717	65,997
Total accrued expenses		238,338	92,836
Deferred income			
– 2010 FIFA World Cup™	1-3	198,616	384,936
– Other FIFA events	1-3	71	0
Total deferred income		198,687	384,936
Other accrued expenses and deferred income		8,830	17,990
Total accrued expenses and deferred income		445,855	495,762

25 PROVISIONS

in TUSD	2007	2006
Balance as at 1 January	10,793	10,256
Provisions made during the year	944	1,313
Provisions used during the year	–155	0
Adjustments	–125	–776
Balance as at 31 December	11,457	10,793

The provisions of TUSD 11,457 cover the future costs of the pension plan for members of the FIFA Executive Committee. The introduction of this plan was confirmed by the FIFA Executive Committee in 2005. An annual pension payment will be made to all long-serving FIFA Executive Committee members retiring from 2005 onwards. Under this retirement plan, Executive Committee members receive pension payments if they have served as a member of the committee for eight or more years. The pension is paid for up to a maximum of the number of years that the member served on the committee. Only the FIFA Executive Committee members may benefit from this scheme. Family members or relatives of the Executive Committee member are not entitled to receive any payments. The retirement payments start in the financial year following retirement.

There are no other legal or constructive obligations that require the establishment of provisions.

26 EQUITY

Association capital

The association capital is CHF 5 million.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash-flow hedging instruments where the hedged transaction has not yet occurred (see Note 28).

Capital management

FIFA was established in the legal form of an association pursuant to articles 60ff. of the Swiss Civil Code. Pursuant to article 2 of its statutes, FIFA's objective is to improve the game of football constantly and promote it globally, particularly through youth and development programmes. FIFA is a non-profit organisation and is obliged to spend its profits, reserves and funds for this purpose. As FIFA is an association, no dividends are paid.

In the event of the dissolution of FIFA, its funds shall not be distributed, but transferred to the supreme court of the country in which the headquarters are situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.

FIFA's strategy is to increase equity to cover inherent risks in connection with the FIFA World Cup™ (see also Note 27).

27 FINANCIAL RISK MANAGEMENT

Exposure to currency and interest risks as well as credit and liquidity risks arise in the course of FIFA's normal operations.

Credit risk

In line with FIFA's marketing and TV strategy, FIFA sold the television broadcasting rights in the key markets for the final competitions of the 2010 and 2014 FIFA World Cups™ directly to broadcasters. For the 2006 FIFA World Cup™, the rights were sold in packages to intermediaries.

In the area of marketing, FIFA has implemented a new strategy from 2007 onwards and now distinguishes between Official FIFA Partner, FIFA World Cup Sponsor and National Supporter. In this context, the number of FIFA World Cup Partners has been reduced from 15 in the 2003-2006 period to six for the 2007-2010 cycle.

The revenue from commercial affiliates is received from large multinational companies and public broadcasters. Part of the outstanding revenue is also covered by bank guarantees. Additionally, the contracts include a default clause, whereby the contract terminates as soon as one party is in default. In the event of a commercial affiliate defaulting, FIFA is not required to reimburse any of the services or contributions received. FIFA is also entitled to replace terminated contracts with new marketing or broadcasting agreements.

Material credit risks could potentially arise if several commercial affiliates were unable to meet their contractual obligations and if FIFA was unable to find a replacement in due time. The FIFA management monitors the credit standing of commercial affiliates very closely on an ongoing basis. Given their good credit ratings and the high diversification of the commercial affiliates portfolio, the FIFA management believes that this scenario is very unlikely to occur.

Investments and derivative financial instruments are executed only with counterparties with high credit ratings.

Interest rate risk

FIFA is exposed to fluctuations in interest rates on its short-term placements in fixed-term deposits. Since the interest rate of all short-term deposits is fixed at year end, there is no direct interest rate exposure.

As at 31 December 2007, there is no interest rate risk arising from financing transactions because FIFA has repaid all interest-bearing liabilities and is now fully self-financed.

Foreign currency risk

On 1 January 2007, FIFA changed its functional currency from the Swiss franc to the US dollar because the majority of its future cash flows are denominated in the latter. Exposure to foreign currency exchange rates arises from transactions denominated in currencies other than USD, especially in EUR, CHF and GBP.

FIFA receives foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in EUR, CHF or GBP. On the other side, FIFA has substantial costs, especially employee costs and operating costs in connection with FIFA's offices in Zurich, denominated in CHF, while no major costs are expected in EUR or GBP. The Controlling & Strategic Planning Department regularly forecasts the liquidity and foreign exchange requirements until the 2010 FIFA World Cup™. If any foreign currency risks are identified, FIFA uses forward currency exchange contracts and structured derivate products to hedge this exposure (see also Note 28).

As at 31 December 2007, FIFA is exposed to the following foreign exchange exposure:

- If the EUR had gained (lost) 10% against the USD as at 31 December 2007, the profit would have been USD 24.0 million higher (lower).
- If the CHF had gained (lost) 10% against the USD as at 31 December 2007, the profit would have been USD 3.0 million higher (lower).
- If the GBP had gained (lost) 10% against the USD as at 31 December 2007, the profit would have been USD 4.4 million higher (lower).

This fluctuation analysis only shows the effect from an accounting perspective and not realised gains or losses. In the previous year, the fluctuation of the currencies against the CHF was relevant because CHF was the functional currency of FIFA until 31 December 2006. As a consequence, FIFA was exposed to different foreign exchange risks. A direct comparison with the 2007 figures is therefore not meaningful.

Positions exposed to foreign currency risk as at 31 December 2007

in thousands	CHF	EUR	GBP
Cash and cash equivalents	78,202	6,065	71
Receivables	13,402	24,466	51
Prepaid expenses and accrued income	1,405	0	0
Exposure from applying percentage-of-completion method	1,755	119,650	21,938
Financial assets	5,040	15,000	0
Total assets in foreign currency	99,804	165,181	22,060
Payables	19,543	588	2
Accrued expenses and deferred income	1,199	0	0
Exposure from applying percentage-of-completion method	44,630	0	0
Total liabilities in foreign currency	65,372	588	2
Net exposure in foreign currency	34,432	164,593	22,058

Liquidity risk

As at 31 December 2007, FIFA is fully self-financed. Additionally, FIFA has unused credit facilities in the amount of CHF 225 million, partly secured by its own properties, which could be used to cover any additional liquidity needs.

Maturity of financial liabilities

in TUSD	31 Dec 2007		31 Dec 2006	
	90 days	1 year or less	90 days	1 year or less
Payables – third parties	5,123	0	13,102	0
Payables – associations and confederations	0	22,161	0	37,970
Interest-bearing liabilities	0	0	0	14,776
Balance as at 31 December	5,123	22,161	13,102	52,746

Payables and receivables to/from associations and confederations do not have a specific maturity date. Generally, the accounts are used to settle new invoices to and from associations and confederations. In accordance with the FIFA Statutes, payables and receivables can be netted. The maturity of derivative financial liabilities is disclosed in Note 28.

Cancellation risk

FIFA's financial position depends on the successful staging of the FIFA World Cup™ because almost all contracts with commercial affiliates are related to this event. In the event of cancellation, curtailment or abandonment of the FIFA World Cup™, FIFA would have the risk of some of the revenues already received and accounted for having to be repaid.

Until the 2002 FIFA World Cup™, FIFA was able to cover this risk through an insurance company. However, since 9/11, it has practically been impossible to find comparable insurance coverage. For the 2006 FIFA World Cup™, part of the risks were transferred to the capital market by means of a capital market transaction ("cancellation bond").

As it will be very difficult and expensive to find adequate insurance cover for future FIFA World Cup™ final competitions, FIFA plans to further increase its equity and liquidity to cover this exposure.

Classification of financial assets

in TUSD	31 Dec 2007		31 Dec 2006	
	Loans and receivables	Financial assets at fair value through P&L	Loans and receivables	Financial assets at fair value through P&L
Cash and cash equivalents	487,738	0	377,760	0
Receivables	144,169	0	223,566	0
Financial assets	6,361	237,120	9,125	234,507
Total	638,268	237,120	610,451	234,507

Classification of financial liabilities

in TUSD	31 Dec 2007			31 Dec 2006		
	Financial liabilities at fair value through P&L	Financial liabilities at amortised costs	Derivates used for hedging activities	Financial liabilities at fair value through P&L	Financial liabilities at amortised costs	Derivates used for hedging activities
Payables	0	27,285	0	0	51,072	0
Interest-bearing liabilities	0	0	0	0	14,776	0
Derivative financial liabilities	1,552	0	29,448	0	0	5,752
Total	1,552	27,285	29,448	0	65,848	5,752

28 HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

FIFA uses foreign currency derivatives and forwards to hedge the exposure on income from TV rights denominated in EUR or GBP. Depending on the expected needs based on the forecast, the revenue is converted into CHF or USD. All hedging transactions cover income, which is already contractually defined. All hedging transactions are in line with the strategy decided by the FIFA Executive Committee.

In order to limit the earnings volatility for the company's result, FIFA applies hedge accounting in accordance with IFRS. All transactions are classified as a cash flow hedge. All hedge transactions are expected to be highly effective, since the amount, currency and maturity of the underlying transaction matches the hedge transaction.

As of 31 December 2007, FIFA has contracted part of the broadcasting rights in connection with the 2010 FIFA World Cup™ in EUR and GBP. In total, FIFA has hedged future income in the amount of EUR 462.7 million and GBP 79.0 million.

in TUSD	31 Dec 2007		31 Dec 2006	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Cash flow hedges				
– effective in the next year	0	8,371	0	4,134
– effective in the following year	0	5,695	0	1,618
– effective until end of 2010	0	16,934	0	0
Total	0	31,000	0	5,752
whereof				
– recognised in equity		29,448		5,752
– recognised in P&L (financial expenses)		1,552		0

The effective part of the hedge transactions has been recognised in the hedge reserve in equity. As at 31 December 2007, there is no significant ineffectiveness. From the previous year's hedge reserve, an amount of TUSD 4,134 was transferred to the income statement. The revenue from television broadcasting has been reduced by TUSD 5,582.

The revenues from broadcasting rights for the 2014 FIFA World Cup™ have not been hedged yet, although a major part of the rights has already been contracted since the revenues will flow from the year 2011 onwards.

29 LEGAL MATTERS AND CONTINGENT LIABILITIES

Proceedings between FIFA and members of the G-14

Three lawsuits by three top European football clubs (Charleroi, Lyon and Atlético Madrid) are being partially supported by the "G-14" (association of 18 major European clubs) and materially are seeking the same legal remedies. The factual background is similar in all three cases: a club player is injured playing for a national team and is unavailable to his club for a long period of time. With the assistance of the G-14, the affected club files a claim for compensation with a national court against FIFA for the loss of their player and seeks a ruling that the FIFA player release rule is incompatible with EU law. The FIFA player release rule states that without being compensated, clubs must make their players available to the respective national teams on the match dates that are established in FIFA's international match calendar. The clubs are claiming a total sum of several million euros. In all cases, FIFA is contesting both the form (jurisdiction of national courts) and the substance of the lawsuits.

In a "preliminary ruling procedure" the European Court of Justice is to decide on the legality of the FIFA player release rule under EU law (specifically with respect to articles 39 (principle of freedom of movement), 49 (freedom to provide services), 81 (prohibition on cartels) and 82 (abuse of a dominant position) of the EC Treaty). If, contrary to expectations, the European Court of Justice finds the FIFA player release rule incompatible with EU law, the impact on FIFA is scarcely imaginable, not only financially but also in a sporting sense. The basis for upholding the pending claims for compensation would trigger a wave of lawsuits against FIFA by the clubs, supported by the G-14.

FIFA is convinced that the FIFA player release rule is legal. As of 31 December 2007 no financial reserves have been set aside for this purpose.

Proceedings regarding intellectual property infringement

A plaintiff filed a suit against FIFA, FIFA Marketing & TV AG and additional defendants with the US District Court in New York, seeking USD 50 million for intellectual property infringement. He claims that he created the marketing idea for "World Cup Mascot All-Stars" and the associated children's TV series and is therefore entitled to the stated amount of damages from FIFA.

FIFA believes that the lawsuit is baseless and as of 31 December 2007 has not therefore set aside any financial reserves.

There are no further material lawsuits or other information to be disclosed.

30 CAPITAL COMMITMENTS

As at 31 December 2007, FIFA has no capital commitments.

31 CONTINGENT REVENUE

Several agreements with commercial affiliates in connection with the rights granted for the 2010 FIFA World Cup™ include contingent revenue in addition to the already recognised minimum payments. Such revenue elements are only recognised if it is likely that FIFA will receive additional payments. As in most cases this can only be assessed after the 2010 FIFA World Cup South Africa™, such contingent revenue is not yet recognised.

32 OPERATING LEASES

in TUSD	31 Dec 2007	31 Dec 2006
Less than 1 year	959	289
1-5 years	1,261	0
Total	2,220	289

FIFA leases office space, vehicles and office equipment under operating leases. The leases typically extend over an initial period of between one and five years, with an option to renew the lease after that period. None of the leases include contingent rentals.

In 2007, a total amount of TUSD 959 (2006: TUSD 820) was recognised as an expense in the income statement for operating leases.

33 RELATED-PARTY TRANSACTIONS

Identity of related parties

FIFA as an association has 208 members. The member associations affiliated to FIFA also form confederations. Additionally, from FIFA's perspective, the following persons are regarded as related parties: members of the Executive Committee, the Finance Committee and other key management personnel.

Transactions with related parties

Each member of FIFA must pay an annual subscription fee, currently CHF 300, and for every international match – including friendly matches, tournaments and all the matches of the Olympic Football Tournaments – played between two international "A" teams, the member association of the country in which the match is being played pays a share of the gross receipts from the match to FIFA. Revenue from international matches totalled USD 3.4 million in 2007 (2006: USD 2.5 million).

FIFA makes yearly contributions to the member associations and confederations (FAP, *Goal Programme*) to support their efforts in promoting and developing football in their region (see Note 8). These development expenses totalled USD 153.7 million in 2007 (2006: USD 108.6 million). The accumulated development expenses accrued as per 31 December 2007 totalled USD 63.5 million (2006: USD 65.9 million).

FIFA organises the FIFA World Cup™ and other FIFA events. In connection with these competitions, FIFA offers financial support to local organising committees and compensates teams for travel and accommodation expenses. For the FIFA World Cup™, the qualifying teams also receive a subsidy to cover the cost of their preparations. In 2007, FIFA paid USD 91.5 million to the 2010 FIFA World Cup Organising Committee South Africa.

The total financial support allocated to local organising committees for other FIFA events amounted to USD 20.7 million.

For the FIFA Women's World Cup China 2007, FIFA paid prize money amounting to USD 6.4 million to the participating member associations.

FIFA has outstanding receivables from related parties amounting to USD 6.0 million (2006: USD 3.2 million), while outstanding payables total USD 22.5 million (2006: USD 38.5 million).

Key management personnel

Members of the Executive Committee, the Finance Committee and the FIFA management, in particular the directors, are regarded as key management personnel. In 2007, short-term employee benefits of USD 18.9 million were paid to the key management personnel (2006: USD 16.8 million). Termination benefits in the amount of USD 13.3 million have been paid to six persons. In addition to these short-term employee benefits, FIFA contributes to defined post-employment benefit plans. The recognised post-employment benefit expenses in 2007 amounted to USD 2.2 million (2006: USD 2.1 million).

34 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2007	Ownership interest 2006
FIFA Marketing & TV AG	Zurich, Switzerland	Exploitation of marketing rights	100%	100%
FIFA Marketing & TV Deutschland GmbH	Germany	No activity	In liquidation	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel agency	100%	100%
FIFA World Cup South Africa (Pty) Ltd	Nasrec, South Africa	Service company	100%	0%
FIFA Ireland Ltd	Ireland	No activity	In liquidation	100%
FIFA Media AG	Zurich, Switzerland	No activity	100%	100%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	70%	70%
Early Warning System GmbH	Zurich, Switzerland	Service company	95%	95%
FIFA Transfer Matching System GmbH	Zurich, Switzerland	Service company	95%	0%
Footfin (Football Finance) AG	Zurich, Switzerland	Special purpose vehicle for securitisation transaction	In liquidation	0%

35 POST-BALANCE-SHEET EVENTS

The FIFA Executive Committee authorised the issue of these consolidated financial statements on 14 March 2008.

The consolidated financial statements for 2007 will be submitted to the FIFA Congress for approval on 29-30 May 2008.

No events have occurred since 31 December 2007 that would require any adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2007 and/or disclosure.



AUDITORS' REPORT TO THE FIFA CONGRESS

As group auditors, we have audited the consolidated financial statements of Fédération Internationale de Football Association (FIFA) and subsidiaries, consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes on the consolidated financial statements for the year ending 31 December 2007.

These consolidated financial statements are the responsibility of the FIFA Executive Committee. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

KPMG Ltd

A handwritten signature in blue ink, appearing to read 'Fredy Luthiger', with a long horizontal stroke extending to the right.

Fredy Luthiger
Swiss Certified Accountant

A handwritten signature in blue ink, appearing to read 'Markus Ackermann', with a long horizontal stroke extending to the right.

Markus Ackermann
Swiss Certified Accountant

Zurich, 14 March 2008

INTERNAL AUDIT COMMITTEE REPORT TO THE FIFA CONGRESS

In our function as the Internal Audit Committee of FIFA, we have assessed the consolidated financial statements (balance sheet, income statement, statement of changes in equity, the cash flow statement and notes) of the Fédération Internationale de Football Association for the period from 1 January 2007 to 31 December 2007.

Our responsibility is to express an opinion on these financial statements based on our assessment in compliance with the audit charter of 5 March 2003. We have assessed the 2007 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the Management Letter 2007;
- Discussion of the financial statements during the meetings of the Internal Audit Committee held on 25 May 2007 and 12 March 2008 in the presence of the FIFA President, the General Secretary, the Director of Finance & Administration and the external auditors.

We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our assessment provides a reasonable basis for our opinion. Furthermore, we confirm that we have had unrestricted and complete access to all the relevant documents and information necessary for our assessment.

On this basis, we recommend that the FIFA Congress approve the consolidated financial statements for 2007.

For the Internal Audit Committee



Dr Franco Carraro
Chairman

Zurich, 12 March 2008