





FUTEBOL CLUBE DO PORTO - FUTEBOL, S.A.D.

REPORT AND CONSOLIDATED ACCOUNTS 2007|2008 FUTEBOL CLUBE DO PORTO - FUTEBOL, S.A.D.







FUTEBOL CLUBE DO PORTO - Futebol, SAD

Public Company

Capital: 75.000.000 euros

Equity: 15.880.863 Euro (approved on 13th November 2008 Shareholders' General Meeting)

Head Office: Estádio do Dragão – Via F.C.Porto, entrada poente piso 3, 4350-451 Porto

Registered in the 1st Porto Commercial Registry Office as nº 5745

Corporate Fiscal n.º 504 076 574



FUTEBOL CLUBE DO PORTO - FUTEBOL, S.A.D.



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MESSAGE FROM THE PRESIDENT

Success, severity, planning. The exercise of F.C. Porto – Futebol, SAD was once again marked by the triangle that we consider basic for the future of the society and to answer to the demands of a competitive and selective market.

FC Port insists our winning, but doing so with a sense of responsibility, preserving its most solid values and anticipating a favorable future. The champion title, being the third consecutive, strengthened the internal hegemony and projected our colors for a new European adventure.

The UEFA Champions League is “our” competition. Along with Manchester United, FC Port holds the records of presences in the competition / event. This constitutes, dearly, a certificate of uneven quality, a status that many envy but do not have the competence to reach.

The Project V611 continues on the route set and annually recovers the principles of the blue and white mystic.

These are the coordinates of the modern FC Porto. And the triangle only makes sense with triumphs, celebrations, repeated joys to the size of our flame. The Dragon that we redesign daily is voracious, but it is equally pragmatic. It forms, harnesses and projects. It does not live of the past nor has it fear of the future.

And the future is made of ambitions, purposes such as the Vitalis Park, that we saw growing throughout a year and that now appears as an anchor to the Dragon Force Football School and a “????” for the athletes for we want, of the players “Porto Style” who, decade after decade, push us forward, are reborn in each generation and who serve as incentive to the youngest.



Jorge Nuno Pinto da Costa



GOVERNING BODIES

BOARD OF THE SHAREHOLDERS' GENERAL MEETING

Chairman – José Manuel de Matos Fernandes

Secretary – Rui Miguel de Sousa Simões Fernandes Marrana

BOARD OF DIRECTORS

Chairman – Jorge Nuno Lima Pinto da Costa

Adelino Sá e Melo Caldeira

Fernando Soares Gomes da Silva

Reinaldo da Costa Teles Pinheiro

Jaime Eduardo Lamego Lopes

STATUTORY AUDIT BOARD

Armando Luís Vieira de Magalhães

Filipe Carlos Ferreira Avides Moreira

José Manuel Taveira dos Santos

STATUTORY EXTERNAL AUDITOR

Deloitte & Associados, SROC SA, representada por Jorge Manuel Araújo de Beja Neves

COMPANY'S SECRETARY

Daniel Lorenz Rodrigues Pereira

Substitute : Urgel Ricardo Santos Brandão Horta Martins

ADVISORY BOARD

Chairman – Alípio Dias

Álvaro Pinto

Álvaro Rola

Américo Amorim

António Gonçalves

António Lobo Xavier

Armando Pinho

Artur Santos Silva

Elisa Ferreira

Fernando Pimenta

Fernando Póvoas

Ilídio Pinho

Ilídio Pinto

João Espregueira Mendes

Pôncio Monteiro

Jorge Armino

Jorge Nuno Pinto da Costa

Ludgero Marques

Rui Alegre

SHAREHOLDERS' EARNINGS COMMITTEE

Chairman – Alípio Dias

Joaquim Manuel Machado Faria de Almeida

Fernando Freire de Sousa





EVOLUTION OF COMPANY BUSINESS

F.C.Porto – Futebol, SAD is thereby pleased to fulfill its duty as to give economical and financial information, about the accounts for the financial year of 2007/2008, the period between July 1st, 2007 and June 30th, 2008.

This document was elaborated according to the present statutory law, indicated in the “Código das Sociedades Comerciais”, “Código dos Valores Mobiliários” and “Regulamentos da Comissão do Mercado de Valores Mobiliários (CMVM).”

As stated in the European Parliament’s Regulation, the societies with real estate values in regulated markets inside the European Union (EU) must use, in its consolidated financial statements, the International Financial Reporting Standards (IAS/IFRS) adopted by the EU, for all financial statements started on, or after the January 1st, 2005.

In the case of F.C. Porto – Futebol, SAD, these rules were adopted for the first time in financial year 2005/2006. Financial statements presented in all quarters, as well as this report of annual statements, are presented according to the International Financial Reporting Standards.

SPORTS ACTIVITY

Bold, but consistent, the performance of F.C. Porto during the 2007/08 season brought together several elements of impeccable competence, which enabled it to renew and strengthen the sportive successes and reinforce its’ highest condition in the national football. The F.C. Porto image to model performances in internal competitions, added obvious signs of vitality across borders revealing levels of excellence in the area of training.

Consolidating a journey closely marked by success, the main blue and white team once again revealed full hegemony in the Portuguese championship, obtaining the third consecutive national title with pragmatism, effectiveness and unquestionable superiority as in the previous seasons. The points of advantage against the second runner recorded at the end of the season are the mirror of the dominance of FC Porto that has been felt in a progressive and unquestionable way since the start of the season.

The triumphal route achieved in the main competition of the Portuguese football has highlighted several players as exponents of the sport in Portugal and in Europe, such as Lucho Gonzalez, Bruno Alves, José Bosingwa, Quaresma and Lisandro Lopez, the main striker of the championship, who have confirmed their status as central figures in the remarkable Porto performance. Also the coach Jesualdo Ferreira repeated triumphs, redesigned strategies and regained titles, specially the second as national champion in the service of the Dragons, while maintaining a rigorous and responsible approach to work, which combines experience and modernity, trailing the goal path to a sustainable future.

The blue and white performance in international interventions confirmed the leader’s position of FC Porto in the biggest test of European football, leading the team to the First knockout round of the competition, after a journey along the peaceful group stage. FC Porto reached the first place in the group, leaving on the way teams such as Liverpool, Marseille and Besiktas. Undeservedly held by the German Schalke 04, the Dragon drew increasingly high levels of capacity and audacity, which could have guaranteed an even more prominent place; had not the turns of fortune dictated its early departure on penalties, with an amazing exhibition of the goalkeeper of the opponent team.

Porto’s performance, however, made justice to the condition of the blue and white record breaking number of participations in the UEFA Champions League and obtained more points for the positioning of Portugal under the competitive Europe.



Another relevant factor, though not always properly valued, is related with the integration of some players trained in the young core team of FC Porto during the 2007/08 season, renewing the aim that gradually opens new horizons for the future of football in the club. Ventura, Rui Pedro and Castro repeated previous experience, while André Pinto and Hélder Barbosa, arrived in the reopening of the transfer market in January, experienced new emotions by the side of the most experienced and respected team-mates, thus adding a new and crucial step in the evolutionary process as high competition athletes.

The note of boldness and innovation is not limited, however, to the triumphs and interventions at the top of the training journey of the Porto players. Also at the basic, level in pursuing the first football steps, the indelible mark of FC Porto cleared horizons and led expectations. The Dragon Project Force represents, in this chapter, a pioneering example of a diverse and comprehensive action, which seeks to meet the conditions set for the gradual development of potential of young talents, with them the central role as bearers of right of the mystique of the past and the novelty of the future.

ECONOMIC ACTIVITY

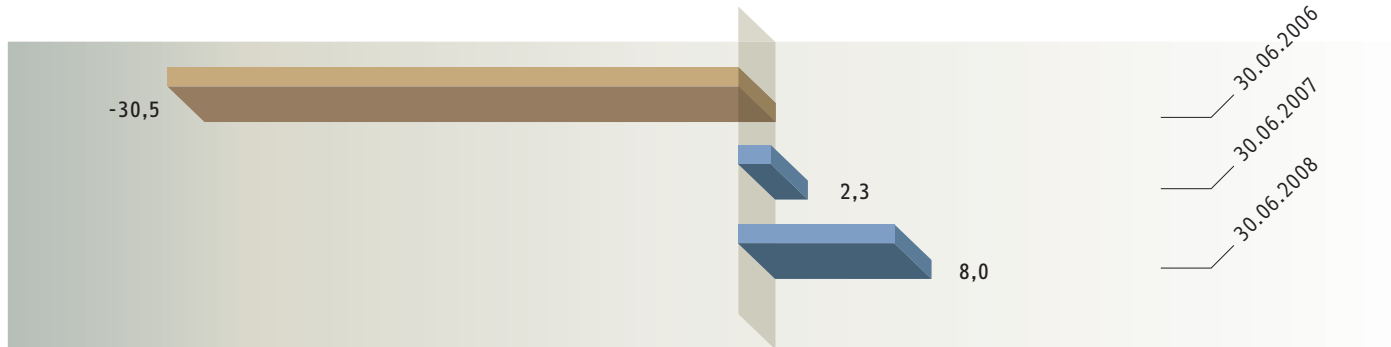
Analyzing now the economic and financial situation it is possible to verify that the company consolidated its equity structure. After the negative results obtained in the financial year of 2005/2006, this is already the second consecutive period with the achievement of positive results, the result of a combination of greater concern in the sporting success with economic efficiency.

This is the consolidated result, obtained through the participation of individual group companies included in the consolidation, net of transactions carried out between them. The financial year under review considers for the first time, with the contribution of the operating business activity of PortoSeguro for the consolidated results, a company acquired in the percentage of 90% in June 28, 2007,

If we take into consideration each of the individual financial statements, we verify that three out of five companies included in the consolidation perimeter achieved positive results. Apart from FCPorto - Futebol, SAD, PortoComercial and PortoEstádio contributed positively to the results presented, and PortoComercial reached an individual net result of 1.6 M€. Later in this report is shown an overview of the results achieved by each company individually.

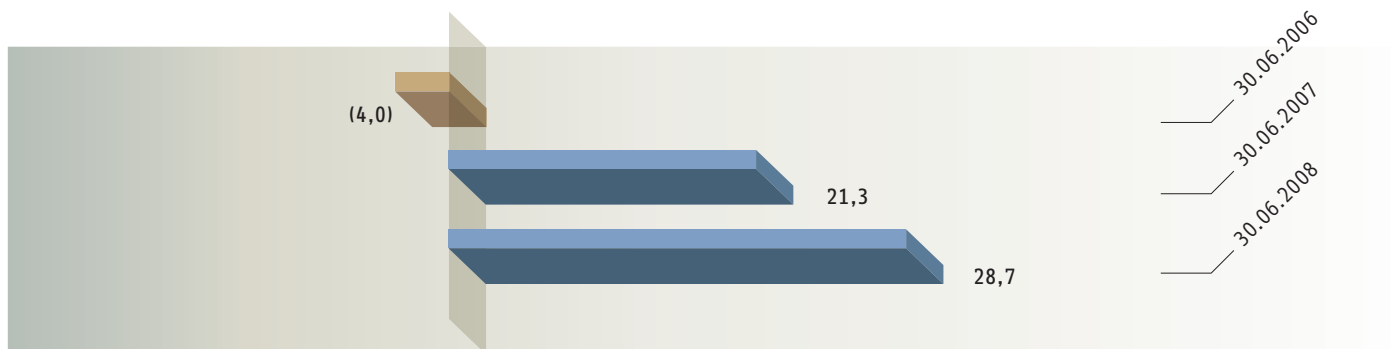
Again analyzing the consolidated results, it is possible to show the turning point, which is expected definite, towards surplus of exploration, with the achievement of a Net Profit of €8M this year, noting that in the previous corresponding period this indicator had reached 2.3 M €.

NET RESULT



This positive evolution of net profit becomes more significant if we focus on Cash Flow, which reflects the resources freed by the firm's business and is obtained by the operating result, net of amortizations, impairment losses and provisions. The strong growth in cash flow, around 35%, allows the company to increase its capacity to self finance..

CASH-FLOW



The following table reflects the structure of the operational income of FCPorto - Futebol, SAD in the last two years.

Profit	2006-2007	%	2007-2008	%
Ticket office	14,1	17%	12,5	13%
TV	7,2	9%	7,1	8%
UEFA Games	12,6	15%	11,6	12%
Sponsorship and advertisement	11,4	14%	13,0	14%
Transferences and Loans	26,4	32%	38,6	41%
Corporate Hospitality	2,4	3%	2,0	2%
Other Operational	7,3	9%	8,8	9%
TOTAL OPERATIONAL INCOME	81,4	100%	93,6	100%

A change is visible in absolute value and in percentage of the various items that makes up the total of operational income, which in total had an increase of 12.2 M€, which represents a growth of 15% compared to the previous year. This increase was due to revenue generated from loans and transfers of players who, in the year under review, reached the € 38.6 M, representing an increase of 46% over the previous season.

On the table below a certain stabilization of traditional income, essential to the financial equilibrium of the company is still visible:

Ticket;
 Television Revenue;
 Publicity and sponsorship.

If on one hand the revenue of box office declined, the increase in the line of advertising and sponsorship, allowed the maintenance of the level of income of these items.

In what concerns the box office, including the marketing of Dragon Seats (annual seats), the tickets sold per game play and the share (80%) of quotas paid by associates of FCPorto, dropped about 11%. This decrease was due in great part to the decrease in income earned through the sale of individual game tickets, with a negative emphasis for the game with Schalke 04 that had a significant drop in revenue, compared with the other first knockout round games of the Champions League, where F. C. Porto faced teams of leading European football. In addition, there was a decline in revenue resulting from the quotas of the associates of F. C. Porto.

With regard to television revenues, which most significant result of the sale of broadcasting rights of the Portuguese League' games, the slight decrease stems from the sole of a decrease in revenue from the sale of broadcasting rights of the games of the pre-season.

Income inherent in contracts for advertising and sponsorship stem, in essence, from advertising made in the equipment's official F. C. Porto, by its main sponsors: PT, Nike, and BES. However, an increase of 14% in this line, which represents a total of 1.6 million €, results, almost exclusively, from the commercial success of PortoComercial in selling Futebol Clube do Porto media solutions.

However when it comes to participation in the UEFA Champions League, the team's performance was similar to that of the previous season. After overcoming the group stage with three wins and two draws, where they defeated Liverpool, the Olympique of Marseille and Besiktas, they were eliminated in the first knockout round, this time by Schalke 04. Thus, the decline in revenue earned is due solely to the fact that in the previous year, UEFA had distributed an extraordinary amount valued at € 1M.

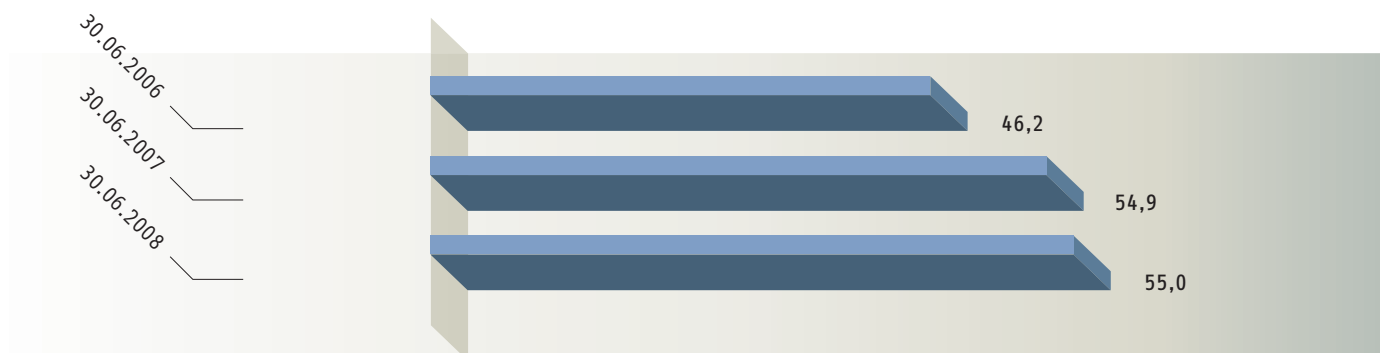
The results of the management of the business Corporate Hospitality, which attaches to FCPorto - Futebol, SAD the excess amount resulting from the management of corporate business (rights to use cabins and seats for companies in the Dragon Stadium to watch the matches of FCPorto), after honored all commitments under the project finance for the construction of the stadium, was of 2M € this year. The decrease in this item is not related to the failure in the marketing of this business, but rather to the fact that this year there has been an extraordinary cost related with the IMI of 2004 and 2005, consequently, reduce the net result of this business.

The "Other Operations" includes revenues for the participation of FCPorto in the Cup of Portugal, SuperCup Cândido de Oliveira and friendly tournaments held in pre-season. Also included are income results from PortoComercial other than advertising and sponsorship, including the licensing and royalties collected under the contract with TBZ. This item also covers operational income from other companies such as PortoEstádio through the disposal of commercial exploitation of space and the organization of events, the PortoMultimédia and PortoSeguro. A total of 8.8 million € presented also includes an amount of 600 thousand euro relating to the financial compensation given to FCPorto - Futebol, SAD, for the participation of seven of its players at Euro 2008.

All the positive and negative changes occurring in each of the items presented, which represent the total operating income excluding Transactions on registrations of players, have an almost zero impact on its total, as can be seen in the chart below:



PROFITS EXCLUDING PLAYER'S PASSES



Therefore, it is clear the influence that the income generated from the transaction of registrations of players in total operating income obtained. Despite some existing restraint in the transfer market in Europe, the bet on investing in good players, in addition to contributing to the sports success, still allows the taking of capital gains important for the partnership.

The capital gains arising from the sale of sports rights of players have represented a substantial part of income of FCPorto - Futebol, SAD and allowed to balance the company results, something that happens in many companies in the same business. The 38.6 million _ of net capital gains that result from transfers (to the value of the sale must be subtracted the costs to each business and the net book value of its sports rights) and loans are derived in large part, from sales of sports rights of the players' Pepe to Real Madrid (held at the beginning of the sports season), José Bosin-gwa to Chelsea and Helder Postiga to Sporting C. P.

Looking into the company's cost structure, there is an increase of about 12% in relation to 2006/2007. Observing the table below, can be seen that this increase is based largely on an increased level of staff-related costs and other costs included in 'other operating'.

Operational Costs	2006-2007	%	2007-2008	%
FSE's	16,1	22%	16,9	21%
Costs with Staff	34,0	47%	38,7	48%
Depreciations, including player's registrations	19,1	26%	19,8	24%
Costs related to registration' transfers	5,6	8%	4,5	6%
Other Operational Costs	-2,8	-4%	1,0	1%
TOTAL OF OPERATIONAL COSTS	72,0	100%	80,9	100%

The costs with staff and amortization of intangibles remain as the largest contributors for the Company's cost structure, as it is typical of this business.

Labor costs grew about 14% comparing with the same period of the previous year, which was due to the investment made in key players for the squad. In order to ensure their permanence, and to safeguard the "Law Webster" (Article 17 of 'Regulations on the Status and Transfer of Players', which allows a player to unilaterally terminate contract after three years in a club, or only two if over 28 years old, to represent a foreign club, having to compensate the club for the value of salaries which it would have been entitled to receive over the years that have lasted the contract), FC Porto - Futebol, SAD renewed the contracts of employment with several athletes, and their pay conditions were improved.

Depreciation, which suffered an increase of around 4%, refer, almost exclusively to depreciation of intangibles arising from contracts agreed with the players and investments in the acquisition of sports rights. In this sports season, in addition to the investments made with new players, it was also acquired the remaining 50% share in the economic rights of two players already in the squad, but of whom F.C.Porto - Futebol, SAD had only half of the economic rights, Lucho Gonzalez and Lisandro Lopez.

Moreover, there was a decrease of 1.1€ million in costs related to the transactions of registrations, because of reduced economic costs of slaughtering the passing of the players as since the in previous season there was a big adjustment in the value of the lent players which were on their final year of the contract.

The costs included in 'Other Operations', shown in the table above, suffer an increase of 3.8 M €. This item last year had a negative value, reflecting the reversal of the impairment loss amounting to 5.35 M € which was recorded in 2005/2006 as a result of the failure of completing the deadline for receipt of payment of claims for the FC Dynamo of Moscow. In the opposite direction, and still in 2006/2007, there was also a provision to cope with the additional settlements in the VAT and IRC received by FCP, SAD, following the tax inspections carried out. In this exercise, though some adjustments have been accounted for the debts of customers, was also annulled the provision made in the previous year, relating to VAT of May 2005 and the IRC for the year 2004/2005. The company was notified that, following the complaints made reason was given to FC Porto - Futebol, SAD, thus having been canceled due to the liquidation carried out and therefore reversed the provision.

Despite the rise recorded in cost, the large increase in operating income allowed to obtain an operating profit of 12.7 million €, which proves the efficiency of this period.



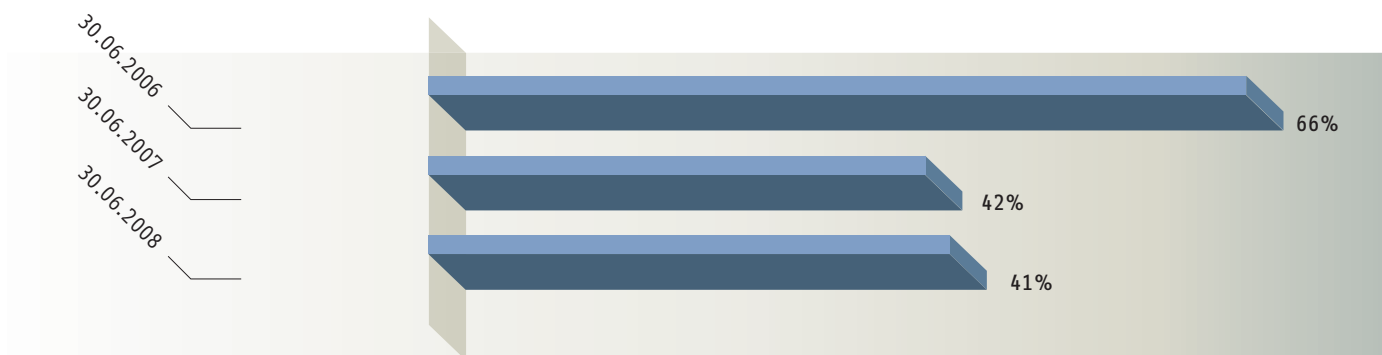
OPERATIONAL RESULTS



Furthermore than these operational results, the improvement of financial results in over 2M_ contributes to the positive evolution of the net result. To such growth, around 35%, has contributed the reduction of costs as well as the increase of financial incomes related with the demanded adjustments from the international accounting rules.

A fundamental analysis in this activity's sector must be related to the importance that the expenses with staff have over the income structure. In this exercise, only 41% of the operational results, including player's registrations' transactions made by the group, were used to pay salaries.

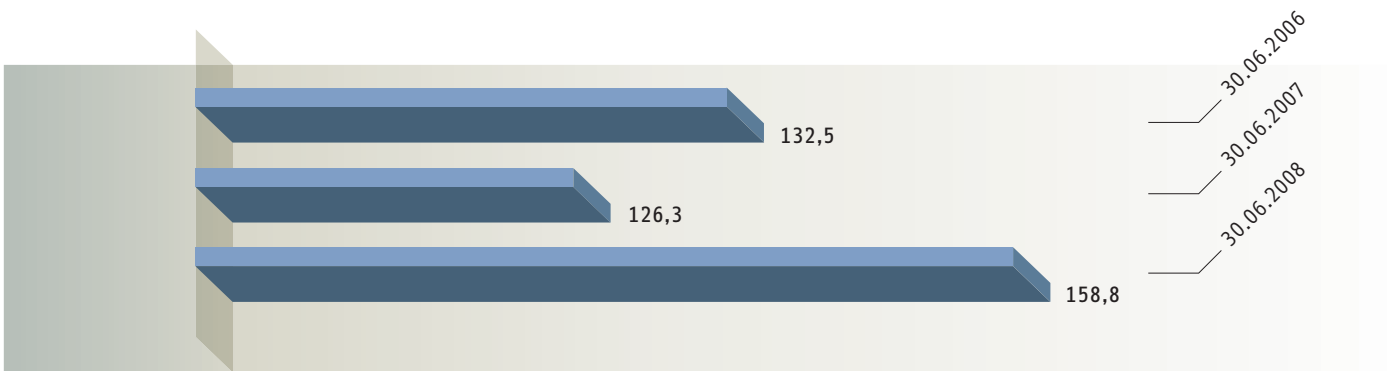
SALARIES VS OPERATIONAL INCOME



Considering the above graphic, one can prove the tendency towards this indicator's stabilization in values under 50%.

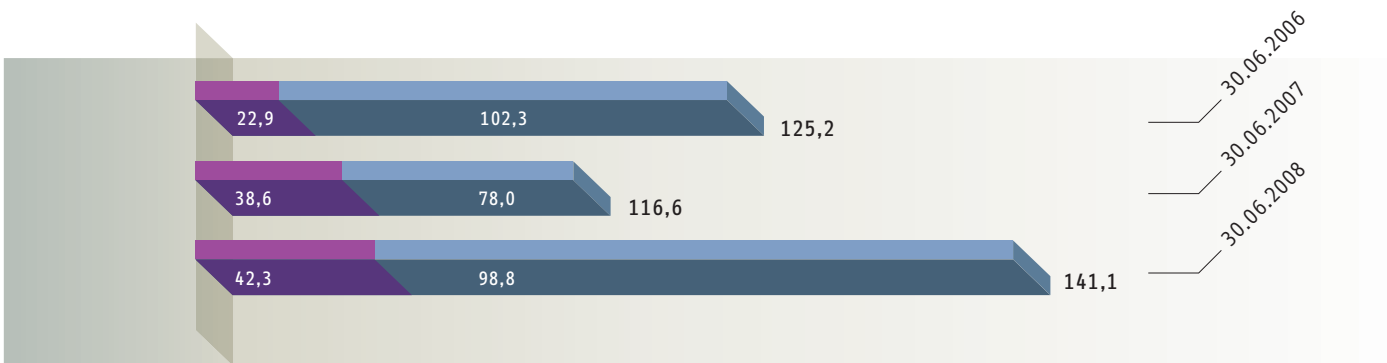
Taking under consideration the patrimonial situation of the enterprise on the 30th of June 2008, one can detach the fact that the total accounting asset rises up to 158,8M€, which corresponds to an increase of 26% as compared to the 30th of June 2007. This increase is sustained by an increase on the player's sportive rights' accountant value, as opposed to the investment made on the squad, and also by the fact that the amount received from the sale of players was prolonged in time, as set by its conditions.

ASSET



The total liabilities of the society rise up to, on the 30th of June 2008, 141,1M€, with a strong component related to bank loans that, due to the fact that, as the accounts must be shared according to the international accountancy rules (IAS/IFRS), they gather the full amount of discounted bills. The contracted financial operations are secured by value warranties to collect by the society. Despite its growing in relation to the score presented on the 30th of June 2007, the liabilities' total structuring stayed almost the same, with the short-term debts representing 70% of the total. One should emphasize that, in relation to the short-term liabilities presented on the 30th of June 2008, 31,2M€ were paid when this report was made.

LIABILITIES

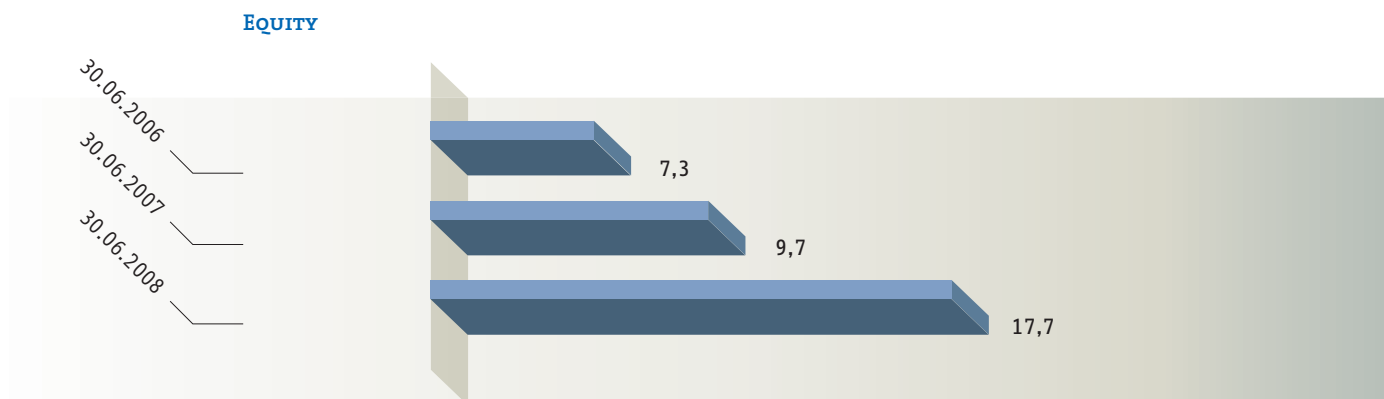


■ Noncurrent Liabilities ■ Current Liabilities



In relation to the society's equity one can verify that the results obtained on the last two periods allowed increasing the structure.

In this analysis one should not ignore the fact that the fixed assets are registered by the net accounting costs of depreciation, such values are significantly inferior to those market values. This is seen, for example, on players coming from within the club who have a close to 0 asset value but have a logic market value.



However, since the capital is less than half the capital, the FCPorto - SAD can be found under the provisions of Article 35 of the Code of Commercial Companies.

The Board of Directors of the Company believes that in light of the positive results presented in the year 2007/2008 and the budget estimates for the year 2008/2009 to present on the Annual General Assembly, the capital structure of society will emerge naturally enhanced.

Even without reaching the goal of meeting the referred to in Article 35 of the Code of Commercial Companies, this administration is convinced that the improvement of the economic and financial performance will continue in the coming years, and thus give comply with the provisions of that article.

Still, with the assumption of fulfilling this obligation sooner, the Board has been studying other ways to strengthen the equity of the company.

The Board, looking beyond the analysis of this matter in the Annual General Meeting for the approval of the this year's accounts, also intends to convene an Extraordinary General Meeting for discussion and approval of proposals to be presented, which could pass the following alternatives:

- * Reducing the capital to amounts not less than the equity of the company;
- * Output by members of entries for strengthening the coverage of the capital; and
- * The conjunction of both alternatives.

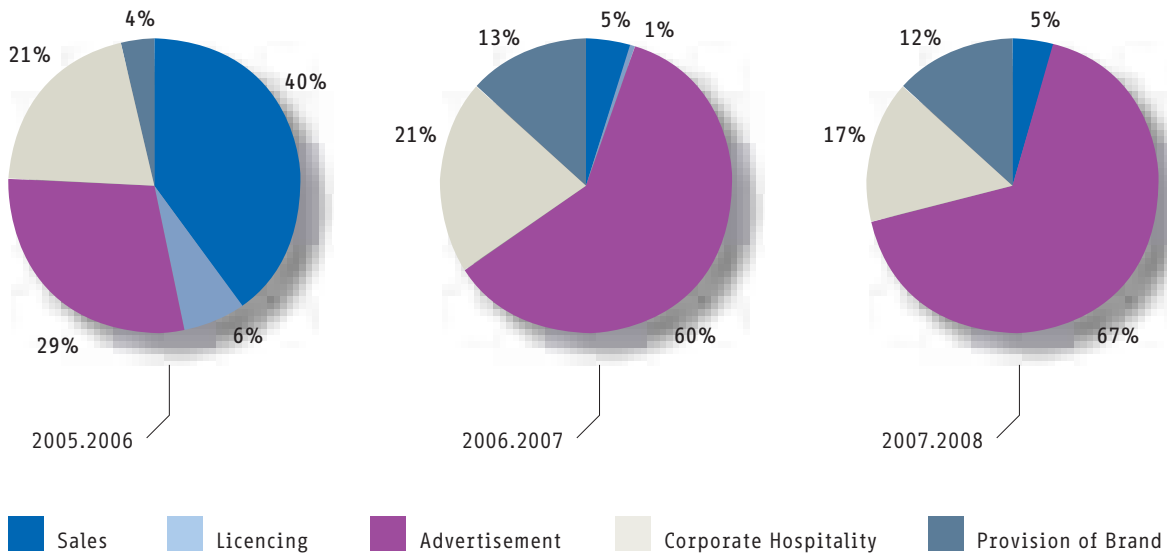
OVERVIEW OF THE INDIVIDUAL ACCOUNTS OF COMPANIES WITHIN THE CONSOLIDATION PERIMETER

PortoComercial

The PortoComercial is the company that operates the brand FCPorto developing the trade component of this activity in its various areas, namely, merchandising, sponsorship and licensing, and is held at 93,5% by FCPorto - Football, SAD.

As shown in the chart below, the structure of the income of PortoComercial suffered a significant change from the year 2006/2007, as a result of the disposal of commercial exploitation of the brand FC Porto, as well as the exploitation of merchandising, until now under the management of the company, to the TBZ, causing a negative impact on the total income of these specific areas. However, this effect was compensated by the revenue guaranteed by the contract and, above all, by the successful marketing of Futebol Clube do Porto.

EVOLUTION OF THE STRUCTURE OF INCOME OF PORTOCOMERCIAL



The success of the marketing concepts related to the company’s cabins of Estádio do Dragão still has an important impact on the income structure of this society, since their trade once again led to an occupancy rate close to 100%.

However, it was the consolidation of all commercial advertising media that over the last few seasons have been worked out, which allowed the large increase recorded in earnings. The income with the new “Cartão de Sócio”, for the second year of commercial operation, now without the high cost of implementation, had a major impact on the result displayed.

Other advertising media as the “Video Screen” and stands of Estádio do Dragão, the Revista Dragões, the Center Stage and the press room, exhausted and overcame the income they were expecting.



In a new company, which took the name of “Corporate Member”, joined many companies which now enjoy a wide range of advantages in the awarding of services provided by various companies in the universe of FC Porto.

Thus, the activity of PortoComercial throughout this year allowed a turnover of 8.4 M€, which represents an increase of 25% compared to the season past.

PortoComercial	2005.2006	2006.2007	2007.2008
Volume Business	6,72	6,75	8,44
Total Income	6,99	6,81	8,55
Total pre-tax costs	6,95	6,66	6,38
Net income of the year	0,03	0,10	1,60
Cash-Flow	0,40	0,40	1,73

figures in millions of euros

In total correspondence with the expectations created in the early period, the costs showed a decrease of 4%, originated from a general decrease in all cost items, with the exception of the expected increase in the cost of staff.

The combination of these factors enabled the acquisition by PortoComercial, of a net profit of 1.6 million €.

PortoEstádio

The PortoEstádio, held in its entirety by FCPorto - Futebol, SAD, is a company specially designed and targeted to the management and operation of the sports infrastructure of the Group FCPorto. Currently, the PortoEstádio is responsible for managing the Estádio do Dragão and the Centro de Treinos e Formação Desportiva, but also by Vitalis Park (Campo da Constituição) and the Lar Futebol Juvenil, and also for the operation of the Estádio do Dragão from which derives a considerable part of their turnover.

PortoEstádio	2005.2006	2006.2007	2007.2008
Volume Business	4,62	5,99	6,67
Total Income	4,96	6,22	6,88
Total pre-tax costs	4,69	5,93	6,77
Resultado income of the year	0,25	0,19	0,07
Cash-Flow	0,57	0,52	0,87

figures in millions of euros

As borne out by the table above, the PortoEstádio showed a significant increase in the volume of business in the order of 11% compared to the previous corresponding period.

This increase was due to the general rise in all areas of the company's business. There was a greater profitability of commercial spaces, which in prior periods were not busy; an increase in the provision of specialized services, including technical assistance for the construction of the new sports area, and also of revenue arising from the conduct of events. The structure of the income of PortoEstádio continues to have as main piece its event service role, namely football matches, which represent a significant portion of turnover. No exercício em análise, assumiu especial importância a realização de um jogo da selecção nacional, o "Portugal - Finlândia", relativo à fase de qualificação para o Euro2008. In the year under review, assumed a particular importance on carrying out a national team game, "Portugal - Finland" on the stage of qualification for Euro2008.

In terms of costs, there was an extraordinarily high increase, taking into account the evolution of the business. Besides the natural growth of supplies and services to address the achievement of the events held, and staff-related costs, which ensure the daily functioning of society and its infrastructures, are reflected in these accounts, an adjustment of debts of clients that are expected of difficult recovery, and a provision made to respond to a possible compensation for the cancellation of the 'Festival do Dragão', which is due to take place in 2005.

PortoMultimédia

The PortoMultimédia is held directly and indirectly by 70% by FCPorto - Futebol, SAD. The main activity of this company is the editing, production and marketing of multimedia, management and commercial exploitation of products and services of the club through channels at a distance, including the Internet, Telephone and Mobile and the production of periodical and non periodical journals in digital format.

In carrying on the season 2007/2008, the PortoMultimédia continued to develop its strategy of innovation with the bet on increasing the quality of online services to their members and supporters. Thus, at the beginning of 2008 the sale of tickets for the games taking place in Estádio do Dragão is now fully integrated with the information system of the club, as did the annual renewal of seats in the final season of sports. Also, the provision of content of the website has been enriched with the introduction, in October 2007, of an area of videos, where any visitor can view the summaries of the matches of the main football team, including a file since the season 2002/2003.

For the sales of merchandising, highlight was a significant increase in sales, the fruit of success with the launch of the new equipment of the main football team. In the area of advertising, it began building a new commercial approach to media agencies, but that still was not enough to offset the drop in revenue from customers of the betting industry. In mobile services, the F. C. Porto launched on the market at the end of 2007, a virtual mobile operator with the trade name "Dragão Mobile", in which the PortoMultimédia contributes content, including SMS alerts, in addition to providing on the site the acquisition of terminals and SIM cards with a balance pre-loaded. The distribution of video content, with the inclusion of live broadcasts for several territories and multimedia platforms, continues to be an expansion in service and with good future prospects.



PortoMultimédia	2005.2006	2006.2007	2007.2008
Volume Business	0,43	0,43	0,43
Total Income	0,43	0,44	0,43
Total pre-tax costs	0,53	0,47	0,48
Net income of the year	-0,10	-0,03	-0,05
Cash-Flow	-0,09	-0,02	-0,04

Turning to the analysis of the results, it appears that there isn't great variation over the years, which stems from the fact that the accounts presented above reflect the accounting movements involved in contractual structuring of the company's activities.

The structure of income, which represents a total of 0.43 M €, reflects the specialization in the exercise of the advance received by the transfer to Sportinveste Multimedia on an exclusive basis and for a period of 10 years, a number of rights likely to trade online. With regard to costs, there is a slight increase, given by the increase in supplies and external services. The net result was, in this exercise; negative approximately forty-six thousand euro.

PortoSeguro

In June 28 2007, the FCPorto - Futebol, SAD acquired from Futebol Clube do Porto a share of 90% of the share capital of PortoSeguro, Ltd. This company conceived with a focus on the activity of insurance mediation was assessed, by a foreign entity, in 1.4 M €.

Despite the purchase price is already reflected in the stock of FCPorto - Futebol, SAD in the year 2006/2007, the activity of exploitation of PortoSeguro for that year was not included in the consolidation. So this is the first economic year in which the FCPorto - Futebol, SAD consolidates their accounts with four of the group's societies.

The PortoSeguro represents a wide array of Insurance Companies, particularly larger ones in the market, in classes of life and other, and its portfolio of business consists mainly of individual customers, especially in terms of representing the group itself.

With regards to the economic and financial situation of the society, there was, during the period under review, a fall in turnover of around 14%, which derives, not from reducing the amount of the portfolio of prizes, but from the margins earned. For this reason, there wasn't a proportional reduction in costs, which only decreased by 2%, which led to obtaining a negative net result of around 52 thousand euro.





OTHER DEVELOPMENT DURING THE YEAR

On the 25th of October 2007, the FC Porto - Futebol, SAD and Nike signed the renewal of the partnership, valid for four years 2008-2012. The conceptualized brand of sports will continue to wear all teams and pay around 11,1 M € during the contract period. This figure could climb to 14,8 M €, depending on the success of the team of F. C. Harbor.

In early January 2008, the Company was informed by FIFA on the resolution of December 11, 2007, which was given partly reason to FC Porto - Football, SAD in the dispute between the company and the professional football coach Co Adriaanse, having ordered him to pay 1,150 M €, within 30 days, also removing the right for the premium on winning the National Championship. The company appealed the sentence, because they want to include in the amount of damages, all costs associated with hiring the new coach.

On January 22nd, 2008, FC Porto - Futebol, SAD agreed with First English Football Players Fund, SA (fund) the ending of the association of economic interests which resulted in a strategic partnership for investment in sports rights and image rights of football players. This agreement took the form of repurchase by Futebol Clube do Porto - Futebol, SAD, of the percentage of registrations' held by the Fund, of the players, Ricardo Quaresma (9%), Paulo Machado (16.7%), Ivanildo (16.7 %) And Vieira (16.7%), for the total value of 1.6 million.

The Futebol Clube do Porto - Futebol, SAD decided in April 2008, to extend for another sports season, which runs until June 30, 2009, the employment contract that binds the company to the main football team's coach, Jesualdo Ferreira.

The FC Porto - Futebol, SAD and the chairman of its Board of Directors were notified on May 9, 2008, by the Portuguese Professional Football League, of disciplinary proceedings arising out of two games of the season 2003/2004, has been sanctioned:

- a) The Futebol Clube do Porto - Futebol, SAD in the only penalty of removing six points in the standings and a fine of € 150,000;
- b) Jorge Nuno Pinto da Costa the only penalty of two years' suspension on the exercise of Office leader within the sporting competitions and a fine of 10,000€.

By unanimous decision of the Administration, the FC Porto - Futebol, SAD did not appeal the sanction applied to it, but it did so its chairman.

On June 4 2008 to FC Porto - Futebol, SAD has been notified by the Control and Disciplinary Body of UEFA, of its decision, in the 1st instance, the non-admission of FC Porto - Futebol, SAD in the 2008/2009 edition of the UEFA Champions League. After an appeal to higher authorities it was decided the participation of Futebol Clube do Porto - Futebol, SAD in this competition.

In relation to bond issues by the company, it proceeded to the payment of interest on the coupon No 2 and No 3 of the "Empréstimo Obrigacionista 2006-2009", on the 15th of December 2007 and the 15th of June 2008, respectively, the repayment of the operation on the 15th of December 2009, as defined in the prospectus of the public offering.





MAJOR EVENTS OCCURRED AFTER THE END OF THE YEAR

On June 22nd 2008 FCPorto - Futebol, SAD formalized the acquisition of 70% of the player's registration rights - Cristián Rodríguez, for _ 7M. The athlete has signed an employment contract with the duration of 4 seasons. The economic and financial effects of this acquisition's vesting will be the year 2008/2009.

On the 30th of June 2008, the company PortoComercial, which is incorporated in the consolidation of FCPorto - Futebol, SAD, and TBZ - Stocks Promotional Marketing, SA changed the contract for the transfer of commercial exploitation of brand and commercial areas of FCPorto concluded on March 31st, 2006, the latter failed to include the management and operation of commercial areas, becoming this activity to be managed directly by the Group FCPorto. As a result of this contract amendment, the minimum defined revenue was reduced by 22.5%, still, PortoComercial will ensure until June 2016 minimum total revenue of 8.9 million.

On July 4, 2008, FCPorto - Futebol, SAD and Olivedesportos – Publicidade, Televisão e Media, SA prolonged until the 2013/2014 season, the contract release, on an exclusive regime, the rights of audiovisual media, national and international, of the games of FCPorto disputed for the main competition of the Portuguese Professional Football League, as visited team. In return for this agreement, Futebol Clube do Porto - Futebol, SAD ensures an overall income of 51,750 million euro.

On July 14th, 2008, FCPorto - Futebol, SAD bought for 2.5M€, the rights of sports membership and 50% of economic rights of the player Cristian Sapunaru, from Fotbal Club Rapid Bucharest, with the athlete signing a contract with a duration of 5 seasons, with a clause for termination of 25M€.

On July 25th, 2008, FCPorto - Futebol, SAD bought for 5.5 million €, the rights of sports membership and 50% of economic rights of the player Givanildo Vieira de Souza (Hulk), from Club Atletico Rentistas, and the athlete signed a contract valid until the 30th of June 2012. The contract also foresees a termination clause of € 40m.

On August 16th, 2008, FCPorto disputed, at the Estádio do Algarve, the Supercup Cândido de Oliveira against Sporting, having been defeated by 0-2.

On September 1st, FCPorto - Futebol, SAD sold the rights of sports membership of the player Ricardo Quaresma to Inter Milan. The agreement was set at 24.6 million € and provides for the receipt of 18.6 million €, to which plus the value of € 6M, resulting from the acquisition of the rights of sports membership of the player Pele. The overall value to be received by this transfer could reach 30.6 M €, depending on the performance of Ricardo Quaresma and the very club that will represent, Inter Milan, during the next 3 seasons sports.





FUTURE PROSPECTS

The accounts presented, which for the second consecutive year economic show a positive result, allow a glimpse of greater strength and consistency in the ownership structure of society.

The company's budget for the 2008/2009 financial year presents a very positive outlook. The added value of transfers already made, obtained by the sale of the rights of sports membership of the player Ricardo Quaresma to Inter Milan in September, ensured an important revenue for the company.

In parallel with the successes, have emerged a number of athletes who will certainly allow the achievement of many victories in the coming years. These figures are precious assets of the company and will be managed as such.

The goal for the coming years is, as never cease to be in this society, the bet on a sports policy that favors the incessant demand for success, both internally and in the Champions League, proving that it is possible to combine sports success with economic efficiency.

We believe that all the necessary conditions are gathered for that to happen.





INFORMATION ON OWN SHARES

FC Porto - Futebol, SAD has, in terms of consolidated, 100 shares, valued at 500 €. These actions, with a tiny representation in the capital of the company are held by PortoSeguro, society in the consolidation, held by 90% by FC Porto - Futebol, SAD.

PortoSeguro acquired the 100 shares at the time of formation of the SAD in 1997 and since then didn't buy or sold any further action. Thus, the FC Porto - Futebol, SAD held in terms of consolidated, both at the beginning and at the end of the period under review, 100 shares, with the acquisition cost of 500 €.





DECLARATION OF THE SAFETY MANAGEMENT

Pursuant to point c) of paragraph 1 of Article 245 of the Code Securities, the directors of FC Porto - Futebol, SAD, as responsible for the company, say that as far as they know the information contained in the management report, in the annual accounts and other documents of accountability required by law or regulation, even if not yet submitted for approval in general meeting, was prepared in accordance with applicable accounting standards, giving a true and fair view of the asset and liabilities, of the financial position and results of the issuer and of the companies included in the consolidation perimeter, where appropriate, and the annual report accurately describes the evolution of business, the performance and the position of the issuer and companies in the consolidation perimeter, contains a description of the risks and uncertainties they face.

Porto, 10th of October 2008

The Board of Directors,

Jorge Nuno Lima Pinto da Costa

Adelino Sá e Melo Caldeira

Fernando Soares Gomes da Silva

Reinaldo da Costa Teles Pinheiro

Jaime Eduardo Lamego Lopes











Consolidated Balance Sheet

1. CONSOLIDATED BALANCE SHEET OF 30 JUNE 2008 AND 2009

(amounts expressed in euro)

ASSETS	Notes	30.06.2008	30.06.2007
NON-CURRENT ASSETS			
Tangible assets	7	2.941.279	3.389.789
Team cost	8	50.678.865	36.553.001
Players' registrations	7	1.788.139	1.837.996
Investments held for sale	9 and 20	901.226	13.021
Goodwill	10	717.647	717.647
Trade receivables	11	13.659.745	-
Other non current assets	11	14.963.937	14.963.937
Total non current assets		85.650.838	57.475.391
CURRENT ASSETS			
Inventories		43.800	44.703
Trade receivables	12 and 20	56.660.539	47.444.042
Other current assets	12 and 20	12.933.255	14.461.302
Cash and cash equivalents	13	3.518.379	6.827.350
Total current assets		73.155.973	68.777.397
TOTAL ASSETS		158.806.811	126.252.788



1. Consolidated Balance Sheet of 30 June 2008 and 2009

(amounts expressed in euro)

EQUITY AND LIABILITIES

SHAREHOLDERS' FUNDS:

Share capital	15	75.000.000	75.000.000
Own shares		(499)	(499)
Share issue premiums		259.675	259.675
Legal reserve		20.013	15.944
Other reserves		318.051	240.761
Retained earnings		(66.063.620)	(68.237.279)
Consolidated net result for the year		7.964.449	2.260.026
Equity attributable to equity holders of the parent company		17.498.069	9.538.628
Minority interest	16	206.219	125.735
TOTAL EQUITY		17.704.288	9.664.363

LIABILITIES:

NON-CURRENT LIABILITIES:

Bank loans	17	22.124.579	20.308.335
Bonds	17	14.590.771	14.310.156
Trade payables	18	4.331.978	2.172.241
Other non current liabilities	19	1.222.652	1.805.411
Provisions		-	-
Total non current liabilities		42.269.980	38.596.143

CURRENT LIABILITIES:

Bank loans	17	44.949.081	22.536.124
Trade payables	18	23.548.755	25.613.816
Other current liabilities	19	28.728.780	27.261.630
Provisions	20	1.605.927	2.580.712
Total current liabilities		98.832.543	77.992.282
TOTAL LIABILITIES		141.102.523	116.588.425
TOTAL EQUITY AND LIABILITIES		158.806.811	126.252.788





Consolidated Income Statements by Nature

2. CONSOLIDATED INCOME STATEMENTS BY NATURE FOR THE YEARS ENDED 30 JUNE 2008 AND 2007

(amounts expressed in euros)

	Notes	30.06.2008	30.06.2007
Operational income:			
Sales		-	2.094
Services rendered	21	53.411.763	54.104.483
Other operational income		1.561.010	835.429
Total operating income		54.972.773	54.942.006
Operational expenses:			
Cost of sales		-	2.094
External supplies and services		16.871.976	16.063.797
Payroll expenses	22	38.703.730	34.023.246
Amortisation and depreciation excluding amortisation of players' registrations	7	921.140	895.337
Provisions and impairment losses excluding players' registrations	20	(332.678)	(3.469.943)
Other operational expenses		1.338.307	650.803
Total operational expenses excluding expenses with players' registrations		57.502.475	48.165.334
Operational profit/(loss) excluding results with players' registrations		(2.529.702)	6.776.672
Amortisation and impairment losses of players' registrations	23	20.083.602	21.643.653
Income/(expenses) related to players' registrations	23	35.320.259	24.285.998
		15.236.657	2.642.345
Total operational profit/(loss)		12.706.955	9.419.017
Financial expenses	24	5.013.048	6.142.286
Financial income	24	1.140.071	225.327
Investment income		-	-
Profit/(loss) before income tax		8.833.978	3.502.058
Income tax	14	(785.454)	(1.245.195)
Profit/(loss) for the year		8.048.524	2.256.863
Profit/(loss) for the year for discontinued operations		-	-
Consolidated profit/(loss) for the year		8.048.524	2.256.863
Attributable to:			
Equity holders of the parent company		7.964.449	2.260.026
Minority interests		84.075	(3.163)
Earnings per share	26	0,54	0,15
Excluding discontinued operations			
Basic		0,54	0,15
Diluted		0,54	0,15
From discontinued operations			
Basic		n.a.	n.a.
Diluted		n.a.	n.a.





Consolidated Statements of Changes in Equity

3. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 JUNE 2008 AND 2007

(amounts expressed in euro)

	Attributable to equity holders of parent company									
	Share capital	Own shares	Share issue premiums	Legal reserve	Other reserves	Retained earnings	Net profit/(loss)	Total	Minority interest	Total
Balance as at 1 July 2006	75.000.000	-	259.675	15.944	240.761	(37.738.677)	(30.498.601)	7.279.102	66.426	7.345.528
Appropriation of loss of 2005:										
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(30.498.601)	30.498.601	-	-	-
Changes in reserves	-	-	-	-	-	-	-	-	(289)	(289)
Changes in own shares	-	(499)	-	-	-	-	-	(499)	-	(499)
Acquisitions of subsidiaries and change in percentage held	-	-	-	-	-	-	-	-	62.761	62.761
Consolidated profit/(loss) for the year ended 30 June 2007	-	-	-	-	-	-	2.260.026	2.260.026	(3.163)	2.256.863
Balance as at 30 June 2007	75.000.000	(499)	259.675	15.944	240.761	(68.237.279)	2.260.026	9.538.628	125.735	9.664.363
Balance as at 1 July 2007	75.000.000	(499)	259.675	15.944	240.761	(68.237.279)	2.260.026	9.538.628	125.735	9.664.363
Appropriation of profit of 2006:										
Transfer to legal reserve	-	-	-	4.069	-	-	(4.069)	-	-	-
Transfer to other reserves	-	-	-	-	77.290	-	(77.290)	-	-	-
Transfer to retained earnings	-	-	-	-	-	2.178.667	(2.178.667)	-	-	-
Changes in reserves	-	-	-	-	-	(5.007)	-	(5.007)	-	(5.007)
Consolidated profit/(loss) for the year ended 30 June 2008	-	-	-	-	-	-	7.964.449	7.964.449	80.484	8.044.933
Balance as at 30 June 2008	75.000.000	(499)	259.675	20.013	318.051	(66.063.620)	7.964.449	17.498.069	206.219	17.704.288





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(TRANSLATION OF THE NOTES ORIGINALLY ISSUED IN PORTUGUESES - NOTE 32)

1. INTRODUCTION

Futebol Clube do Porto - Futebol, S.A.D. (“FC Porto, SAD”, “the Company” or “the Group”), with head office at Estádio do Dragão Via F.C. Porto, Entrada Poente, 3rd Floor, 4350-451 Porto, was founded on 30 July 1997. The Group’s main activity considers the participation in professional football competitions and the promotion and organisation of sporting events.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accompanying consolidated financial statements are as follows::

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 5), adjusted to reflect International Financial Reporting Standards - “IFRS” (previously referred to as International Accounting Standards - “IAS”), issued by the International Accounting Standards Board (“IASB”) in force on 1 July 2007, as adopted by the European Union.

During the financial year ended 30 June 2008 IFRS 7 - “Financial Instruments: Disclosures” was adopted for the first time, which application is mandatory for the financial years beginning on or after 1 January 2007 and consequential amendments to IAS 1 - “Presentation of Financial Statements”. The impact of the adoption of this standard was to expand the disclosures provided in these financial statements regarding the financial instruments used by the Group.

Additionally, during the financial year ended 30 June 2008 five new interpretations came into effect:

- (i) IFRIC 7 - “Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies”;
- (ii) IFRIC 8 - “Scope of IFRS 2”;
- (iii) IFRIC 9 - “Reassessment of Embedded Derivatives”;
- (iv) IFRIC 10 - “Interim Financial Reporting and Impairment”;
- (v) IFRIC 11 - “IFRS 2: Group and Treasury Share Transactions”.

The adoption of these Interpretations has not led to any material changes in the Group’s financial statements as of 30 June 2008.

At the issuance date of these financial statements, the following Standards and Interpretations were in issue but not yet effective, and therefore have not been applied in these financial statements. For the majority of these the endorsement process by the European Union has not yet been completed:



Amendments to IAS 1 - "Presentation of Financial Statements: a revised presentation" - (effective 1 January 2009);

Amendments to IAS 16 - "Property, Plant and Equipment" - (effective 1 January 2009);

Amendments to IAS 19 - "Employee Benefits" - (effective 1 January 2009);

Amendments to IAS 20 - "Accounting for Government Grants and Disclosure of Government Assistance" - (effective 1 January 2009);

Amendments to IAS 23 - "Borrowing Costs" - (effective 1 January 2009);

Amendments to IAS 27 - "Consolidated and Separate Financial Statements" - (effective 1 January 2009);

Amendments to IAS 28 - "Investments in Associates" - (some amendments will become effective on 1 January 2009 and others amendments only on 1 July 2009);

Amendments to IAS 31 - "Interests in Joint Ventures" - (some amendments effective on 1 January 2009 and others effective on 1 July 2009);

Amendments to IAS 36 - "Impairment of Assets" - (effective 1 January 2009);

Amendments to IAS 38 - "Intangible Assets" - (effective 1 January 2009);

Amendments to IAS 39 - "Financial Instruments: Recognition and Measurement" - (some amendments will become effective on 1 January 2009 and others only on 1 July 2009);

Amendments to IAS 40 - "Investment Property" - (effective 1 January 2009);

Amendments to IAS 41 - "Agriculture" - (effective 1 January 2009);

Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation" - (effective 1 January 2009);

Amendments to IAS 39 and IFRS 7 "Reclassification of Financial Instruments" - (effective 1 July 2008);

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - (effective 1 January 2009);

Amendments IFRS 2 "Share-Based Payment: Vesting Conditions and Cancellations" - (effective 1 January 2008);

Amendments IFRS 3 "Business Combinations", IAS 27 and IAS 31 - (effective 1 July 2009);

Amendments IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" - (effective 1 July 2009);

IFRS 8 "Operating Segments" - (effective 1 July 2009 - endorsed by the European Union on November 2007);

IFRIC 12 - "Service Concession Arrangements" - (effective 1 January 2008);

IFRIC 13 - "Customer Loyalty Programmes" - (effective 1 July 2008);

IFRIC 14 - "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" - (effective 1 January 2008);

IFRIC 15 - "Agreements for the Construction of Real Estate" - (effective 1 January 2009);

IFRIC 16 - “Hedges of a Net Investment in a Foreign Operation” - (effective 1 October 2008);

At 1 July 2007, the above Standards and Interpretations were in issue but not yet effective, and therefore the Group decided not to early adopt. The application of these changes will not produce material changes in the future financial statements of the Group, with the exception of IFRS 8 which will change the disclosures regarding segment reporting.

2.2. BASIS OF CONSOLIDATION

The consolidation methods adopted by the Group in the preparation of the consolidated financial statements are as follows:

a) Investments in Group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at Shareholders’ General Meetings or is able to establish financial and operational policies (definition of control used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption “Minority interests”, in the consolidated balance sheet and in the consolidated income statement. Companies included in the consolidated financial statements using the full consolidation method are listed in Note 5.

Adjustments to the financial statements of Group companies are performed, whenever necessary, and relevant, in order to adapt accounting policies to those used by the Group. Intra-group balances and transactions are eliminated on consolidation.

b) Goodwill

Differences between the cost of acquisition of investments in Group companies and the fair value of the identifiable assets and liabilities of those companies at the date of acquisition, when positive, are shown as Goodwill (Note 10).

Goodwill is not amortised, being subject to impairment tests on an annual basis. Net recoverable amount is determined based on business plans used by the Group management or on valuation reports issued by independent entities. Impairment losses recognized in the period are recorded in the income statement under the caption “Provisions and impairment losses”. Impairment losses related with goodwill may not be reversed.



2.2. MAIN ACCOUNTING POLICIES

The main accounting policies used in the preparation of the consolidated financial statements are as follows:

a) Tangible assets

Tangible assets acquired up to 1 July 2004 (transition date to IFRS) are recorded at deemed cost, which corresponds to the acquisition cost net of accumulated depreciation and impairment losses recorded up to that date.

Tangible assets acquired after that date are recorded at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis, as from the date the assets are first used, over the expected useful life for each group of assets. The expected useful life of the main groups of assets is as follows

Machinery and equipment: 4 to 10 years;

Vehicles: 3 to 8 years;

Office equipment: 3 to 8 years.

Maintenance and repair costs relating to tangible assets which do not increase their useful life nor result in significant benefits or improvements are recorded directly as expenses in the period they are incurred.

Gains or losses arising on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale/disposal; these are recorded in the income statement under either "Other operational income" or "Other operational expenses".

b) Players' registrations

The caption "Players' registrations" includes cost relating with the acquisition of players' registrations, including intermediation service costs and signing-on fees paid directly to the players in accordance with item 4, article 3 of Decree-Law 103/97 of 13 September. When the percentage owned of players' registrations is less than 100% (see Note 8), the Group is entitled to full use of the player's registration, but has entered into an associated financial interests contract with a third party, which consists of an investment partnership in the registration rights, resulting in the proportional sharing of the inherent results in future the transaction of these rights.

If a loss is estimated on realisation of a player's registration ("impairment loss"), the corresponding effect is recorded in the income statement of the financial year under the caption "Amortisation and impairment losses of players' registrations". The identification and quantification of such impairment losses consider the carrying amount of players' registrations as of 30 June 2008, of players whose labour contracts have been terminated up to the approval date of the consolidated financial statements.

Costs associated with securing the extension of a playing contract are also recorded under the caption "Players' registrations", added to the unamortised balance at the date of the amendment and that new book value is amortised over the remaining revised contract life.

Costs included in the caption “Players’ registrations” are amortised over the period covered by contracts celebrated between the players and the Group, in accordance with Decree-Law 103/97 of 13 September.

Players on loan

The acquisition costs of players’ registrations who are on temporary loan to other clubs are maintained in the caption “Players’ registrations” and continue to be amortised over the contract period. If a loss is estimated on the realisable value (“impairment loss”) of the players’ registrations on loan up to the end of the contract period, the corresponding effect is recorded in the income statement of the financial year under the caption “Amortisation and impairment losses of players’ registrations”.

c) Intangible assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Group and if their value can be reliably measured.

Amortisation is charged on a straight-line basis over the estimated useful life of the assets as from the date the asset is first used (Note 7).

d) Lease and long term rental

Tangible assets acquired under finance lease contracts and the corresponding liabilities are recorded in accordance with the financial method, when complying with the requirements of IAS 17 - “Leases”. Accordingly, tangible assets are recorded as assets and corresponding obligations as liabilities in the balance sheet. Both the finance charge and the depreciation expense for depreciable assets, calculated as explained in Note 2.3.a), are taken to the income statement in the period in which they are incurred.

Long term rental instalments on assets acquired under this regime are recognised in full as expenses in the period to which they refer.

Determination of whether contracts relate to finance leases or long term rentals is made based upon the substance rather than the form of the contracts.

Operating lease instalments are recognised as expenses on a straight-line basis over the rental period.

e) Impairment of assets

The Company’s assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss statement caption “Provisions and impairment losses excluding players’ registrations”.



The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable parties, less costs of disposal. Value in use is the present value of estimated future cash-flow from the continued use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for each asset individually.

Impairment losses recognised in prior years are reversed when the Company concludes that the impairment losses previously recognised no longer exist or have decreased. This assessment is made whenever there is an indication that impairment losses previously recognised have been reversed. The reversal is recorded in the income statement caption "Other operating income". However, reversal of the impairment loss is recognised only up to the amount at which the asset would have been recorded (net of depreciation and amortisation) had no impairment loss been recognised for that asset in prior years.

f) Borrowing costs

Borrowing costs are recognised on an accruals basis in the income statement for the period in which they are incurred.

g) Inventories

Inventories are stated at average cost, which is lower than market value

h) Provisions

Provisions are recognised when, and only when, the Group has a present obligation (legal or constructive) as result of a past event, it is probable that a outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

i) Financial

(i) Investments

Investments are classified into the following categories:

- * Held to maturity;
- * Investments measured at fair value through profit or loss;
- * Available-for-sale.

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Group has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that the Group acquires with the purpose of trading in the short term. They are classified in the consolidated balance sheet as current investments.

The Company classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs.

Investments that do not have a quoted price and whose fair value cannot be reliably measured are stated at cost less impairment losses.

(ii) Non-current accounts receivable

Loans and non-current accounts receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Accounts receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, when they are classified as non-current assets. These financial assets are included in the captions presented in Note 11.

(iii) Trade receivables and Other receivables

“Trade receivables” and “Other receivables” are recorded at their nominal value and presented in the consolidated balance sheet net of eventual impairment losses.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each group company takes into consideration market information that indicates:

- * significant financial difficulty of the issuer or counterparty;
- * default or delinquency in interest or principal payments;
- * it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

(iv) Financial liabilities and Equity instruments

Financial liabilities and equity instruments are classified and recorded based upon their contractual substance. Equity instruments are contracts that evidence a residual interest in the assets of the Group after deducting all of its liabilities, and are recorded at the proceeds received, net of direct issue costs.



(v) Loans

Loans are recorded as liabilities at their nominal value net of transaction costs directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis.

(vi) Trade Payables and Other payables

“Trade payables” and “Other payables” are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

(vii) Discounted bills

Trade receivables represented by discounted bills that have not yet matured at the balance sheet date remain recorded in the balance sheet until they are collected.

(viii) Cash and cash equivalents

“Cash and cash equivalents” include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash-flows, “Cash and cash equivalents” also include bank overdrafts, which are included in the balance sheet caption “Bank loans”.

j) Contingent assets and liabilities

Contingent assets are possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events within the control of the Group.

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are defined by the Group as (i) possible liabilities arising from past events, the existence of which will only be confirmed by the occurrence, or not, of one or more uncertain future events not under full control of the Group, or (ii) present obligations arising from past events, but which are not recognised because it is unlikely that there will be an outflow of financial benefits to settle the obligation or the amount of the obligation cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

k) Income tax

As from the financial year ended 30 June 2007 the following Group companies have been taxed in accordance with the

special regime for taxation of company groups (“Regime Especial de Tributação de Grupo de Sociedades” – “RETGS”):

Futebol Clube do Porto – Futebol, S.A.D.

PortoComercial, S.A.

PortoEstádio, S.A.

Income tax for the year is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

According to existing Portuguese legislation, company’s tax returns included in the consolidation are subject to revision and correction by the Tax Administration during a period of four years (five years for Social Security), unless there were tax losses, have been granted tax benefits, or are ongoing inspections, complaints or dispute, these cases where, depending on the circumstances, the deadlines are elongated or suspended. Thus, the tax situation on the years ended on 30 June 2005 to 30 June 2008 may still be subject to review and possible corrections.

The Board of Directors of the Parent-Company and its subsidiaries believe that any adjustments resulting from review by the Tax Administration and the tax situation for tax-businesses, for the years in open, should not have a significant effect on the consolidated financial statements.

Under Article 81 of the Tax Code the corporate income businesses of the Group, are subject to additional taxation on a separate set of charges at the rates provided for in the referred article.

Deferred taxes are calculated using the balance sheet liability method and reflect the temporary differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. Deferred taxes are calculated using the tax rates expected to be in force at the time the temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used or where there are temporary taxable differences that compensate temporary tax deductible differences in the period they reverse. At the end of each period the Group reviews the deferred tax assets and reduces them whenever their realisation ceases to be likely.

1) Revenue recognition and accrual basis

Revenue from the sales of goods is recognised in the income statement when (i) the significant risks and benefits of ownership of the assets have been transferred to the buyer, (ii) the Group does not retain continued management involvement of the asset sold to a degree usually associated with ownership or effective control over it, (iii) the amount of revenue can be reliably measured, (iv) it is likely that the economic benefits associated with the transaction will flow to the Group, and (v) the costs incurred or to be incurred with the transaction can be reliably measured. Sales are recognised net of taxes, discounts and other costs, including commissions, at the fair value of the amount received or receivable.

Revenue arising from sporting activities is recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date:



(i) Sale of players' registrations

Gains or losses on disposal of players' registrations are recorded in the income statement under the caption "Income/(expenses) related to players' registrations" and are calculated as the difference between the selling price and the carrying amount of the player's registration at the date of the sale and any other costs related directly with the sale, including intermediation service costs. Whenever relevant, the effect of discounting future receipts to its present value is considered in the determination of the transaction result. Gains or losses on sale of players' registrations are recognised in the income statement when the significant risks and benefits of the asset have been transferred.

(ii) Bonuses for participation in European Competitions

Fixed bonuses for obtaining the right to participate in the UEFA Champions League are recognised in the period in which participation is guaranteed, which is independent of the performance in that competition. Variable bonuses depending on sporting performance are recorded in the period the matches are played.

(iii) Other incomes

Income relating to broadcasting rights, advertising and sponsorships is recorded in the income statement in accordance with the duration period of the respective contracts. Income relating to football matches is recognised in the period the matches are played.

Interest and financial income are recognised on an accruals basis at the applicable effective interest rates.

Other income and expenses are recorded in the period to which they relate, regardless of their date of payment or receipt. Differences between the amounts received or paid and the corresponding income and expenses are recognised in captions "Other current assets", "Other current liabilities" and "Other non current liabilities".

m) Foreign currency balances and transactions

All foreign currency assets and liabilities are translated to Euro at the official year-end exchange rates. Exchange gains and losses resulting from differences between the exchange rates in force on the date of the transactions and those in force on the dates of collection, payment or the balance sheet date are recognised as gain or loss in the income statement of the period.

n) Subsequent events

Events after the balance sheet date that provide additional information on conditions existing at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date that provide information about conditions arising after the balance sheet date (non-adjusting events), when material, are disclosed in the notes to the financial statements (Note 30).

o) Judgement and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

- (i) Useful lives of the tangible and intangible assets;
- (ii) Impairment analysis of goodwill and of tangible and intangible assets;
- (iii) Recognition of adjustments on assets and provisions;

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by the Group nor foreseeable, some could occur and have impact on the estimates. Changes to the estimates used by the management that occur after the date of these consolidated financial statements, will be recognised in net income, in accordance with IAS 8, using a prospective methodology.

p) Segment information

Every year, the Group's most adequate applicable segments are identified considering the developed activities.

Information regarding income by business segment is included in Note 27.



3. FINANCIAL RISK MANAGEMENT

The activity of the Group is exposed to a variety of financial risks, such as market risk, credit risk and liquidity risk. These risks are the result of the uncertainty inherent to the financial markets, which is reflected in the capacity to estimate future cash-flows and returns. The Group's risk management policy seeks to minimize any adverse effects arising from these uncertainties characteristic of financial markets.

3.1 Market risk

a) Interest rate risk

The interest rate risk is primarily results of loans indexed to variable interest rates.

The Group's debt is mainly indexed to variable interest rates, exposing the cost of debt to a risk of volatility. The impact of such volatility in the profits and equity of the Group is significant given the high level of indebtedness of the Group.

Although the interest rate risk is significant, the Group does not use, usually, interest rate derivatives for hedging this risk.

As of 30 June 2008 and 2007, the Group presents a debt of approximately 81,664 thousand Euro and 57,154 thousand Euro, respectively, divided between current and non-current loans (Note 17) contracted with various institutions.

Sensitivity analysis of interest rate

The sensitivity analysis presented below was computed on the basis of the Group's exposition to changes in interest rate on financial instruments with reference to the estimate of average indebtedness in the season 2007/2008. For financial instruments indexed to variable interest rates, the analysis was prepared on the understanding that changes in market interest rates only affect interest income or expense of financial instruments indexed to variable interest rates.

The referred analysis pointed out that if the Euribor had been 50 basis points higher and the other variables held constant, the financial charges for the year ended 30 June 2008 would increase by, approximately 200 thousand Euro.

b) Exchange rate risk

Developing its activity, the Group carries out some transactions denominated in currencies other than Euro, namely transactions of players' registrations; nevertheless such transactions in foreign currency have been not significant, being the vast majority contracted in Euro, and residually in U.S. dollars. Thus, the Group does not use derivatives for hedging, including "forwards" of exchange rates.

When exchange rate derivatives, although contracted to hedge exchange risk, do not qualify for hedging accounting treatment according to IAS 39, changes in the derivatives' fair value are recorded directly in the income statement.

3.2 Credit Risk

The Group's exposition to credit risk is mainly related with accounts receivable arising from the sale of players' registrations and other transactions related with the Group's activity, namely the sale of broadcasting rights, advertising and sponsorships. The credit risk refers to the risk of a counterparty defaulting on its payment contractual obligations, resulting in a financial loss for the Group.

The objective of this risk management is to ensure the effective credit collections on established deadlines without affecting the Group's financial stability. This evaluation of this risk is made on a regular basis, and the management goal's is (a) to evaluate the counterparty in order to assess its ability to pay the debt, (b) to monitor the evolution of the amount of trade receivables, and (c) to perform analysis of impairment of accounts receivables on a regular basis.

The Group does not consider there is significant credit risk with any entity in particular, or with a group of entities with similar characteristics, to the extent that accounts receivables are spread across various customers and different geographical areas. The Group asks for credit guarantees, when the financial position of the client recommends so. For customers with higher credit risk, these guarantees should be bank guarantees.

Impairment losses related to accounts receivables are calculated taking into consideration (a) the client's risk profile, (b) the term of collection of each contract, which differs in each line of business, and (c) the customer's financial conditions. Changes in accumulated impairment losses for the years ended 30 June 2008 and 2007 are disclosed in Note 20.

As of 30 June 2008 and 2007, the Group considers that there is no need to book additional impairment losses besides the amounts recorded on those dates and summary disclosed in Note 20.

3.3 Liquidity Risk

Liquidity risk is defined as the risk of lack of ability to settle or accomplish its obligations on stipulated time and reasonable price. The existence of liquidity implies to set management parameters which maximize the return and minimize the opportunity costs associated with the liquidity.

The risk management in the Group aims to:

- * Liquidity - ensure the permanent and efficient access to funds to meet correct payments to the respective due dates;
- * Security - minimize the probability of default in the refund of any application of funds; and
- * Financial efficiency - minimise the cost of opportunity of excessive short term liquidity.

The Group aims to make compatible the due dates of assets and liabilities through an active management of its maturities. As a rule, each contract loan is guaranteed by a receivable account balance (due to player's registration sale or due to receivables amounts related to European competitions bonuses); additionally, the maturity dates of such loans match the due dates of the accounts receivables.

The information considered in the notes to the consolidated financial statements, regarding the maturity analysis of financial liabilities include the due amounts, not discounted, based upon the worst case scenario, which is, the shortest period in which the liability becomes due, assuming the compliance of all requirements set contractually.



4. ACCOUNTING POLICIES CHANGES AND FUNDAMENTAL ERROR CORRECTIONS

During the year there were no changes in accounting policies or material prior period errors.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The companies included in the consolidation by the full consolidation method, their head offices and the percentage of share capital held by the Group as of 30 June 2008 and 2007 are as follows:

Company	Head Office	Percentage participation held 30.06.08	Percentage participation held 30.06.07
Futebol Clube do Porto – Futebol, S.A.D.	Porto	Parent company	Parent company
PortoComercial – Sociedade de Comercialização, Licenciamento e Sponsorização, S.A.	Porto	93,5%	93,5%
F.C.PortoMultimédia - Edições Multimédia, S.A.	Porto	70%	70%
PortoEstádio – Gestão e Exploração de Equipamentos Desportivos, S.A.	Porto	100%	100%
PortoSeguro - Sociedade Mediadora de Seguros do Porto, Lda.	Porto	90%	90%

These subsidiary companies were included in the consolidation by the full consolidation method as explained in Note 2.2 a).

6. CHANGES TO THE CONSOLIDATION PERMITER

During the financial year ended 30 June 2008, there were no changes in the scope of consolidation.

7. TANGIBLE AND INTANGIBLE ASSETS

During the years ended 30 June 2008 and 2007, the movements in Tangible and intangible assets, as well as depreciation and accumulated impairment losses, were as follows:

Tangible assets							
30-06-2008							
	Building and other constructions	Machinery and equipment	Vehicles	Office equipment	Others	Tangible assets progress	Total
Gross cost:							
Opening balance (30-06-2007)	767.588	2.288.142	1.860.590	1.054.484	255.795	-	6.226.599
Additions	3.637	25.723	312.158	147.856	205	-	489.579
Sales	-	-	(235.376)	-	-	-	(235.376)
Write-offs	-	-	-	-	-	-	-
Transfers	-	-	-	22.149	-	-	22.149
Closing balance (30-06-2008)	771.225	2.313.865	1.937.372	1.224.489	256.000	-	6.502.951
Accumulated depreciation and impairment losses:							
Opening balance (30-06-2007)	254.914	944.398	975.909	561.306	100.283	-	2.836.810
Amortization of the year	71.944	267.486	354.479	173.787	30.387	-	898.083
Impairment losses	-	-	-	-	-	-	-
Sales	-	-	(173.221)	-	-	-	(173.221)
Transfers	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Closing balance (30-06-2008)	326.858	1.211.884	1.157.167	735.093	130.670	-	3.561.672
Carrying amount	444.367	1.101.981	780.205	489.396	125.330	-	-2.941.279



Tangible assets

30-06-2007

	Building and other constructions	Machinery and equipment	Vehicles	Office equipment	Others	Tangible assets progress	Total
Gross cost:							
Opening Balance (30-06-2006)	761.467	2.257.164	1.621.188	762.450	3.816	2.100	5.408.185
Additions	-	8.941	674.459	201.298	-	-	884.698
Sales	-	-	(461.543)	-	-	-	(461.543)
Write-offs	-	-	-	-	-	-	-
Transfers	-	2.100	-	-	-	(2.100)	-
Changes in consolidation perimeter	6.121	19.937	26.486	90.736	251.979	-	395.259
Closing balance (30-06-2007)	767.588	2.288.142	1.860.590	1.054.484	255.795	-	6.226.599
Accumulated depreciation and impairment losses:							
Opening balance (30-06-2006)	175.114	661.245	1.011.449	356.970	(264)	-	2.204.514
Amortisation of the year	73.679	263.813	345.598	138.024	477	-	821.591
Impairment losses	-	-	-	-	-	-	-
Sales	-	-	(407.624)	-	-	-	(407.624)
Transfers	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-
Changes in consolidation perimeter	6.121	19.340	26.486	66.312	100.070	-	218.329
Closing balance (30-06-2007)	254.914	944.398	975.909	561.306	100.283	-	2.836.810
Carrying amount	512.674	1.343.744	884.681	493.178	155.512	-	3.389.789

Intangible assets				
30-06-2008				
	Industrial Property and other rights	Others	Intangible assets in progress	Total
Gross cost:				
Opening balance (30-06-2007)	2.339.706	11.488	26.800	2.377.994
Additions	-	-	-	-
Transfers	-	-	(26.800) (*)	(26.800)
Sales and write-offs	-	-	-	-
Closing balance (30-06-2008)	2.339.706	11.488	-	2.351.194
Accumulated amortisation and impairment losses:				
Opening balance (30-06-2007)	532.723	7.275	-	539.998
Amortisation of the year	22.155	902	-	23.057
Impairment losses	-	-	-	-
Sales and write-offs	-	-	-	-
Closing balance (30-06-2008)	554.878	8.177	-	563.055
Carrying amount	1.784.828	3.311	-	1.788.139

(*) Amount reclassified to tangible assets



Intangible assets				
30-06-2007				
	Industrial Property and other rights	Others	Intangible assets in progress	Total
Gross cost:				
Opening balance (30-06-2006)	2.327.623	4.275	-	2.331.898
Additions	11.650	-	26.800	38.450
Transfers	-	-	-	-
Sales and write-offs	-	-	-	-
Changes in consolidation perimeter	433	7.213	-	7.646
Closing balance (30-06-2007)	2.339.706	11.488	26.800	2.377.994
Accumulated amortisation and impairment losses:				
Opening balance (30-06-2006)	459.392	3.423	-	462.815
Amortisation of the year	72.898	848	-	73.746
Impairment losses	-	-	-	-
Sales and write-offs	-	-	-	-
Changes in consolidation perimeter	433	3.004	-	3.437
Closing balance (30-06-2007)	532.723	7.275	-	539.998
Carrying amount	1.806.983	4.213	26.800	1.837.996

The caption "Industrial property and other rights" relates to the right of use of the FCP trademark during a period of 99 years, and is being amortised over that period.

8. PLAYERS' REGISTRATION

During the periods ended 30 June 2008 and 2007, the movements taken place under the caption "Players' registrations" and any depreciation and accumulated impairment losses, were as follows:

	PLAYERS' REGISTRATIONS	
	30-06-2008	30-06-2007
Gross cost:		
Opening balance	76.314.034	84.389.445
Additions	39.872.772	15.738.817
Sales	(12.422.496)	(14.664.352)
Transfers (Note 9)	(4.441.026)	-
Write-offs	(12.459.826)	(9.149.876)
Closing balance	86.863.458	76.314.034
Accumulated amortisation and impairment losses:		
Opening balance	39.761.033	33.352.945
Amortisation of the year (Note 23)	18.927.320	18.172.731
Impairment losses (Note 23)	1.156.282	3.470.922
Sales	(7.647.395)	(6.085.688)
Transfers (Note 9)	(3.552.821)	-
Write-offs	(12.459.826)	(9.149.877)
Closing balance	36.184.593	39.761.033
Carrying amount	50.678.865	36.553.001

Acquisitions

Among the acquisitions made in the year ended 30 June 2008, the following ones represent approximately 82% of acquisitions value:

- a) 50% remainder of Lucho Gonzalez and Lisandro Lopez registrations;
- b) 100% of Stepanov and Farias registrations;
- c) 75% of Tomás Costa registration;
- d) 60% of Bolatti registration.



The remaining charges are related, mainly, with the purchase of Nelson Benitez and Rolando registrations to football clubs, as well as a part of registration of Quaresma and of Ivanildo, Paulo Machado and Vierinha to the First Portuguese Fund, and also other charges taken upon in the renegotiation of the labour contracts of Quaresma, Raul Meireles and Bruno Alves, under which were extended their term.

For the financial year ending 30 June 2007, the acquisition cost of registrations of Anderson, Renteria, Leandro Lima, Kazmierczak, Tarik Sektioui and Lucas Mareque represented about 72% of the total charges with acquisitions made in that year.

The charges for intermediation services related with the purchase of players' registrations in the years ended 30 June 2008 and 2007 amounted to 1,265,000 Euro and 400,000 Euro respectively.

In the year ended 30 June 2008 these services were, essentially, provided by HAZ Sport Agency, SA, KFM, Onsoccer International, Forsoccer SA, Continental Services BV, and the agent Mohamed Afzal Mamadou Sualehe.

In the financial year ended 30 June 2007 intermediation services were provided, mainly, by Onsoccer International, Monte Alto and SFX Sports.

Sales

Sales made during the financial year ended 30 June 2008 generated capital gains of 37,300,237 Euro (net of intermediation service costs in the amount of 2,850,000 Euro and liabilities relating to the "solidarity mechanism" in the amount of 1,093,125 Euro, and considering the effect of recording at their net present value the accounts receivable and payable arising from these transactions, amounting to approximately 1,230,000 Euro (Note 23)), resulted mainly from:

- a) Sale of the registration of Pepe to Real Madrid by the amount of 30 million Euro, net of: (i) the percentage of economic rights held by Marítimo da Madeira - Futebol, SAD; (ii) the costs of intermediation services provided by the entity Gestifute – Gestão de Carreiras de Profissionais Desportivos, S.A.; (iii) the amount related with the "solidarity mechanism"; (iv) the net effect of discounting the accounts receivable and payable in the long term that arose from this transaction to their net present value, and (v) the carrying amount of the player's registration on the date of sale;
- b) Sale of the registration of Bosingwa to Chelsea by the amount of 20.5 million Euro, net of (i) the percentage of economic rights held by International Foot (20%), (ii) the effect of discounting accounts receivable which arose from this transaction in the long term, and (iii) the carrying amount of the player's registration on the date of the sale;
- c) Sale of the registrations of Helder Postiga (Note 9) and Lucas Mareque.

During the year ended 30 June 2008, the cost of intermediation services on the sale of players' registrations were provided, primarily by Gestifute – Gestão de Carreiras de Profissionais Desportivos SA, while during the year ended 30 June 2007 these services were provided by the entities First Artist Scandinavia A/S, Onsoccer International – Gestão e Marketing, Lda. and ExtraTime, SL.

Sales occurred during the year ended 30 June 2007 generated capital gains of 23,537,239 Euro (net of intermediation service costs in the amount of 900,000 Euro and liabilities relating to the solidarity mechanism of 345,000 Euro) of which approximately 76% are related with the net capital gains from the sale of the registration of Anderson to Manchester United. The remaining capital gains are related with the players McCarthy, Ricardo Costa and Hugo Almeida.

Players' registrations

As of 30 June 2008 and 2007 the carrying amount of the players' registrations, considering the different ranges below, is made up as follows:

Carrying amount of players registrations	30-06-2008		30-06-2007	
	Number of players	Accumulated amount (tEuro)	Number of players	Accumulated amount (tEuro)
Greater than 2 million Euro	7	32.887	7	17.269
Between 1 and 2 million Euro	8	10.895	7	9.639
Less than 1 million Euro	20	6.897	24	9.645
		50.679		36.553



The carrying amount of “Players registrations” as of 30 June 2008 and 2007 includes the following players, which represent 86% and 74%, respectively, of the caption balance:

Player	30-06-2008		30-06-2007	
	Players registrations %	End of contract	Players registrations %	End of contract
Helder Postiga	-	-	100%	Jun-09
Lucho Gonzalez	100%	Jun-11	50%	Jun-11
Lisandro	100%	Jun-11	50%	Jun-09
Tomás Costa	75%	Jun-12	-	-
Stepanov	100%	Jun-11	-	-
Farías	100%	Jun-11	-	-
Quaresma	100%	Jun-11	91%	Jun-09
Bolatti	60%	Jun-11	-	-
Nelson Benitez	50%	Jun-12	-	-
Renteria	50%	Jun-11	50%	Jun-11
Leandro Lima	90%	Jun-13	100%	Jun-12
Helton	100%	Jun-12	100%	Jun-12
Ibson	100%	Jun-11	100%	Jun-09
João Paulo	100%	Jun-10	100%	Jun-10
Kazmierczak	100%	Jun-10	100%	Jun-10
Raúl Meireles	100%	Jun-12	100%	Jun-09
Pepe	-	-	100% (1)	Jun-11
Claudio Pitbull	100%	Jun-10	100%	Jun-10
Adriano	100%	Jun-10	100%	Jun-10

(1) Does not consider the economic rights' percentage that Marítimo da Madeira - Futebol SAD owned held relating to the future sale of the registration of Pepe.

First Portuguese Football Players Fund

In November 2003 the Group signed with “First Portuguese Football Players Fund, S.A” (“the Fund”), a contract of association of financial interests which consisted on a strategic investment partnership in the acquisition and image rights of football players (“target players”), resulting in the sharing of the risks inherent to acquisitions and transfers and gains obtained, in proportion to the investment made.

The contractual mechanisms included:

- Determination of a guarantee period during which the player could not be transferred to another club without express agreement of the Group and the Fund;
- Determination of an amount as from which, at the end of the guarantee period, the Group and the Fund could negotiate the transfer of the target player’s registration rights, having FCPorto, SAD preference in the acquisition of the rights of the Fund;
- Determination that the Fund could trade the target players’ registration rights, for an amount equal to or greater than the agreed reference amount, in the second half of the penultimate year of the player’s sporting labour contract, having FCP, SAD preference in the acquisition of the rights of the Fund; and
- Determination of the amount of income on the investment, receivable by the Fund in exchange for use of the player by FCPorto, SAD, which would vary in inverse proportion to the greater projection and value of the target players based on the European competition in which they would be involved.

The contract did not establish the requirement for FCP, SAD to reacquire from the Fund the part of the target player’s registration rights sold. In addition, it defined obligations for FCP, SAD, relating, in substance, to guarantee compliance with responsibilities regarding utilisation of target players.

At 30 June 2007 the Fund’s “investment” amounted to 1,400,000 Euro related to the registrations of four players (Quaresma, Paulo Machado, Ivanildo and Vieira).

On 31 January 2008 was terminated by mutual agreement, the aforementioned agreement with the Fund, which was consubstantiated in the repurchase by FCP, SAD, of the percentage of registrations held by the Fund, of the players Ricardo Quaresma (9%) , Paulo Machado (16.7%), Ivanildo (16.7%) and Vieira (16.7%), for the total amount of 1.6 million Euro.



9. INVESTMENTS HELD FOR SALE

During the years ended 30 June 2008 and 2007, the movements under the caption “Investments” and any accumulated impairment losses, were as follows:

	Investments	
	30-06-2008	30-06-2007
Gross cost:		
Opening balance	1.013.021	1.013.021
Additions	-	-
Transfers (Note 8)	888.205	-
Write-offs	(1.000.000)	-
Close balance	901.226	1.013.021
Accumulated impairment losses:		
Opening balance	1.000.000	1.000.000
Impairment losses	-	-
Transfers	-	-
Write-offs	(1.000.000)	-
Close balance	-	1.000.000
Carrying amount	901.226	13.021

As of 30 June 2008 the caption “Investments” considers 50% of the carrying amount of the registration of Helder Postiga as of that date, corresponding to the economic rights that the Group maintained in relation with that player, whose registration were sold to Sporting, SAD during the year ended on 30 June 2008 (Note 8).

In accordance with the contract, Sporting, SAD has pledged to pay 2.75 million Euro for the acquisition of Helder Postiga’s registration, plus an additional amount of 50% of the economic rights arising from a future transfer of the player. In addition, Sporting, SAD has the right to, upon additional payment of 2.5 million Euro, to extinguish the above right to future claim that the FCPorto, SAD purchased.

Additionally, the balance of the investment made in previous years, relative to economic rights of another player, was annulled, whose impairment loss had already been fully recognized in prior years (Note 20).

10. GOODWILL

During the financial year ended 30 June 2008 there was not any movement under the caption “Goodwill”.

The balance of this caption as of 30 June 2008 is related with the acquisition of 90% of the share capital of PortoSeguro, Lda. during the year ended 30 June 2007.

Goodwill is not amortised, being subject annually to impairment tests..

11. NON CURRENT ASSETS – TRADE RECEIVABLES AND OTHER ASSETS

Trade receivables

As of 30 June 2008, the balance of the caption “Non-current Assets – Trade receivables” considers customers’ accounts receivables related with the transaction of players’ registrations, with maturity over than one year. This balance is mainly consisted of the amount to be received from Real Madrid related with the sale of registration of Pepe.

On the balance sheet date, there are no accounts receivables overdue and no impairment loss was recognized, as there is no indication that trade debtors will not fulfil their obligations.

Other non-current assets

The balance of the caption “Other non-current assets”, amounting to 14,963,937 Euro, regards the amount of future rents paid in advance in the scope of the semi-exclusive use of “Estádio do Dragão”, as mentioned in Note 28.



12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables

This caption's detail as of 30 June 2008 and 2007 was as follows:

	30-06-2008	30-06-2007
Trade receivables - current accounts:		
Transactions of players' registrations	25.561.582	26.538.540
Current operations	14.609.362	11.903.459
	40.170.944	38.441.999
Trade receivables - bills receivable:		
Non-discounted bills	9.407.982	89
Discounted bills (Note 17)	7.223.700	9.937.950
	16.631.682	9.938.039
Trade receivables - doubtful accounts:		
	1.829.730	1.229.805
	58.632.356	49.609.843
Effect of discounting trade receivables (Note 24)	(151.591)	(935.996)
Accumulated impairment losses (Note 20)	(1.820.226)	(1.229.805)
	56.660.539	47.444.042

The caption "Trade receivables – Current accounts - Transactions of players' registrations" as of 30 June 2008 includes the amounts of 16,500,000 Euro to be received from Manchester United, 5,000,000 Euros receivable from Chelsea and 3,025,000 Euros to be received from Sporting SAD.

The caption "Trade receivables – Current accounts – Transactions of players' registrations" as of 30 June 2007 includes 15,000,000 Euro receivable from Manchester United, the remaining balance being receivables from five other football clubs.

The balance of the caption "Trade receivables - Current Accounts - Current operations" includes balances resulting from several operations, with emphasis on the balances to be collected from Futebol Clube do Porto (7,235,802 Euro and 6,040,012 Euro as of 30 June 2008 and 2007, respectively), from Portugal Telecom SGPS SA (2,420,000 Euro and 2,238,500 Euro as of 30 June 2008 and 2007, respectively) and from other entities, such as Banco Espírito Santo, Nike European Operations Netherlands BV, TBZ Marketing – Acções Promocionais, S.A. and TMN – Telecomunicações Móveis Nacionais, S.A., whose aggregate balances amounted to approximately 2,750,000 Euro and 1,840,000 Euro as of 30 June 2008 and 2007, respectively.

The balance of the caption “Trade receivables – bills receivable” as of 30 June 2008 includes bills discounted and not due at the balance sheet date (Note 17). These bills are related with the sale of broadcast rights in the amount of 7,223,700 Euro and with the sale of the registration of Pepe to Real Madrid in the amount of 6,666,666 Euro. As of 30 June 2007 the balance of this caption is related mainly with the sale of television broadcasting rights.

The Group’s exposition to credit risk is attributed to accounts receivable relating with the operating activity of the Group. The amounts present on the face of the balance sheet are net of impairment losses, which were estimated, based upon the Group’s past experience and on the assessment of the actual situation and economic environment. The Group considers that the book value of accounts receivable, net of impairment losses, reflect their fair value.

As of 31 December 2007 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognised.

As of 30 June 2008 and 2007 the ageing of trade receivables are as follows:

30.06.2008	Total	Due date			
		- 90 days	90 - 180 days	180 - 360 days	+ 360 days
Trade receivables - current accounts	40.170.944	29.847.587	4.206.425	2.640.191	3.476.741
Transactions of players’ registrations	25.561.585	23.154.965	1.853.771	284.089	268.760
Current operations	14.609.359	6.692.622	2.352.654	2.356.102	3.207.981
Trade receivables - bills receivable	16.631.682	16.631.682	-	-	-
Trade receivables - doubtful accounts	1.829.730	480.043	162.500	-	1.187.187
	58.632.356	46.959.312	4.368.925	2.640.191	4.663.928

30.06.2007	Total	Due date			
		- 90 days	90 - 180 days	180 - 360 days	+ 360 days
Trade receivables - current accounts	38.441.999	25.926.332	2.075.325	7.136.004	3.304.338
Transactions of players’ registrations	26.538.540	20.275.060	250.980	4.312.500	1.700.000
Current operations	11.903.459	5.651.272	1.824.345	2.823.504	1.604.338
Trade receivables - bills receivable	9.938.039	9.938.039	-	-	-
Trade receivables - doubtful accounts	1.229.805	-	-	-	1.229.805
	49.609.843	35.864.371	2.075.325	7.136.004	4.534.143



As of 30 June 2008 and 2007, the amount due over 180 days of the caption “Trade receivables – current accounts – current operations” is composed, mainly, by the account receivable from Futebol Clube do Porto. Additionally, as of 30 June 2007 the amount due over 360 days of the caption “Trade receivables – current accounts – Transactions of players’ registrations” is related with the account receivable from Fotbal Dinamo Club which was entirely collected during the financial year ended 30 June 2008.

In determining the recoverability of a trade receivable, the Group reviews any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date of the consolidated financial statements. The Group has no significant concentration of credit risks, due to the customer base being large. Management believes the credit risk is not higher than the impairment loss recognised for doubtful accounts, and that the maximum exposition to the credit risk is the amount presented in the consolidated balance sheet.

Other current assets

This caption as of 30 June 2008 and 2007 is made up as follows:

	30.06.08	30.06.07
State and public sector	1.478.653	1.377.813
Other debtors	1.067.756	652.721
	2.546.409	2.030.534
Accrued income:		
Champions league participation bonus	5.400.000	5.400.000
Euro 2008 players participation bonus	616.000	-
“Lugares Euroantas” (Note 28)	3.679.971	4.722.351
Sales of players’ registrations to be invoiced	-	1.500.000
Other accrued income	132.963	355.252
	9.828.934	11.977.603
Deferred costs:		
Insurance	141.357	138.633
Other deferred costs	416.555	314.532
	557.912	453.165
	12.933.255	14.461.302

The caption “Sale of players’ registrations to be invoiced” as of 30 June 2008 relates to the amount not yet invoiced regarding the sale of the registration of Anderson to Manchester United.

13. CASH AND CASH EQUIVALENTS

The caption “Cash and cash equivalents” as of 30 June 2008 and 2007 is made up as follows:

	30.06.08	30.06.07
Cash	556.680	296.486
Bank deposits repayable on demand	2.948.699	6.530.864
Treasury applications	13.000	-
Cash and cash equivalents	3.518.379	6.827.350
Bank overdrafts (Note 17)	(42.048)	(18)
	3.476.331	6.827.332

14. TAXES

The Group has not recognised deferred taxes as there are no significant temporary differences between the amounts of expenses and income recognised for accounting and for tax purposes, except for deferred tax assets relating to tax losses carried forward and non tax deductible provisions and impairment losses, which were not recognised for reasons of prudence.

The tax losses carried forward of the companies included in the consolidation perimeter amount to 49,966,525 Euro and expire as follows:

	Amount	Expiry date
Generated in the year ended:		
30 de June de 2003	21.800.675	30 de June de 2009
30 de June de 2004	88.959	30 de June de 2010
30 de June de 2005	2.001.166	30 de June de 2011
30 de June de 2006	26.004.394	30 de June de 2012
30 de June de 2007	27.100	30 de June de 2013
30 de June de 2008	44.231	30 de June de 2014
	49.966.525	



Following is the reconciliation between profit before income tax and income tax for the year:

	30.06.08	30.06.07	30.06.06
Profit before income tax	8.833.978	3.502.058	(30.445.060)
Impact of transition adjustments to IFRS	473.328	(308.713)	(586.076)
Profit for purpose of calculating income tax	9.307.306	3.193.345	(31.031.136)
Increases:			
Non tax deductible amortisation and depreciation	101.431	99.855	108.477
Non tax deductible provisions (Note 20)	-	2.580.712	
Taxable gains	38.501.391	23.383.240	3.404.355
Adjust. of non tax deductible assets or in excess of the legal limits	389.658	210.257	5.454.857
Other	279.742	106.490	13.597
Decreases:			
Accounting gains	(38.669.740)	(23.620.176)	(3.564.761)
Reversal of adjustments of taxable assets	(1.239.898)	(5.373.397)	(76.458)
Other	(1.420)	(6.465)	-
Taxable profit	8.668.470	573.861	(25.691.070)
Offset of tax losses carried forward	(6.427.036)	(100.851)	
Tax base	2.241.434	473.010	
Income tax rate	25,00%	25,00%	27,50%
Municipal tax rate	1,50%	2,50%	
Calculated tax	700.852	137.530	32.248
Autonomus taxation	84.602	59.271	44.644
Proivision for additional corporate income tax assesments	-	1.048.394	-
Income tax for the year	785.454	1.245.195	76.892

15. SHARE CAPITAL

The Company's fully subscribed and paid for capital as of 30 June 2008 is made up of 15,000,000 nominal shares of 5 Euro each.

As of 30 June 2008 the following entities held more than 20% of the subscribed share capital

- Futebol Clube do Porto – 40%

The financial statements of Futebol Clube do Porto – Futebol, SAD as of 30 June 2008 reflect shareholders' equity of less than half of the share capital, therefore, Article 35 of the Portuguese Commercial Code (Código das Sociedades Comerciais) is applicable. As mentioned in the Board of Director's Report, the Board of Directors has been making efforts to resolve this situation and, in addition to planning to review this matter in the Shareholders' General Meeting held to approve the accounts for the year, intends to hold an Extraordinary Shareholders' General Meeting to discuss and approve the proposals that will be presented which can include the following alternatives:

- * Capital decrease to an amount not less than the Company's shareholders' equity;
- * Capital increase paid up by the shareholders; and
- * A combination of these two alternatives.

16. MINORITY INTEREST

The changes in minority interest during the years ended 30 June 2008 and 2007 were as follows:

Balance as at 1 July 2006	66.426
Net consolidated loss for the year attributable to minority interest	(3.163)
Minority interest - PortoSeguro	62.761
Other changes	(289)
Balance as at 30 June 2007	125.735
Balance as at 1 July 2007	125.735
Net consolidated profit for the year attributable to minority interest	84.075
Other changes	(3.591)
Balance as at 30 June 2008	206.219
	206.219



17. BANK LOANS AND OTHER LOANS

The captions "Bank loans" and "Bonds" as of 30 June 2008 and 2007 are made up as follows:

Nature	30.06.08			
	Amortised Cost		Nominal Value	
	Current	Non-current	Current	Non-current
Bank loans	35.483.333	15.457.913	35.483.333	15.457.913
Credit on current accounts	2.200.000	-	2.200.000	-
Discounted bills (Note 12)	7.223.700	6.666.666	7.223.700	6.666.666
Bank overdrafts (Note 13)	42.048	-	42.048	-
	44.949.081	22.124.579	44.949.081	22.124.579
Bonds	-	14.590.771	-	15.000.000
	44.949.081	36.715.350	44.949.081	37.124.579

Nature	30.06.07			
	Amortised Cost		Nominal Value	
	Current	Non-current	Current	Non-current
Bank loans	12.594.167	20.308.335	12.594.167	20.308.335
Credit on current accounts	3.989	-	3.989	-
Discounted bills (Note 12)	9.937.950	-	9.937.950	-
Bank overdrafts	18	-	18	-
	22.536.124	20.308.335	22.536.124	20.308.335
Bonds	-	14.310.156	-	15.000.000
	22.536.124	34.618.491	22.536.124	35.308.335

As of 30 June 2008 the repayment schedule of the nominal value of non-current loans may be summarised as follows:

	30.06.2008
2009/2010	33.099.999
2010/2011	4.024.580
	37.124.579

The presented nominal value corresponds to the amount due. Amortised cost corresponds to the nominal value less costs incurred with the financing structuring.

Following is information on the loans as of 30 June 2008 and 2007:

- i) In December 2006 FCPorto, SAD concluded a Public Subscription Offering of 3,000,000 “F.C.Porto – Futebol, SAD 2006-2009” bonds amounting to 15,000,000 Euros. The bonds bear interest payable in arrears on 15 June and 15 December of each year, the first payment having been made on 15 June 2007. Interest is at the fixed rate of 6% per annum, calculated based on a 30 day per month basis and 360 days per year. The bonds have a three year maturity, their nominal amount being repayable, in a single payment, on 15 December 2009.
- ii) The caption “Bank loans” as of 30 June 2008 includes the amount of 8,607,914 Euro, of which 5,491,247 Euro, which has a medium and long term maturity, relates to a loan contract signed on 20 February 2003 totalling 23,201,305 Euros that was renegotiated in the first half of the year ended 30 June 2007. This loan bears annual interest at the Euribor 12M rate plus a spread and is repayable in successive equal annual instalments up to August 2012; however, the contract allows advanced amortizations, according to the season tickets’ revenue. This loan is guaranteed by restrictions on specific bank accounts used for amounts collected relating to season tickets, ticketing and quotas of the associates of Futebol Clube do Porto.
- iii) The caption “Bank loans” as of 30 June 2008 includes 4,950,000 Euro, of which 3,300,000 Euro with a medium and long term maturity, relates to a loan contract signed in February 2006 in the amount of 7,950,000 Euro. This loan bears interest at a fixed market rate and is repayable in successive equal half yearly instalments up to January 2011. This loan is guaranteed by the accounts receivable from Portugal Telecom under the multi-annual publicity contract signed with that entity.
- iv) The caption “Bank loans” as of 30 June 2008 includes 15,000,000 Euro related with a facility agreement signed in 13 July 2007. This loan bears monthly interests at the Euribor 1M rate plus a spread and is due in August 2008. This loan has as guarantee 50% of the accounts receivable from Manchester United on the sale of the registration of Anderson. This loan has already been paid as of 10 October 2008.
- v) As of 30 June 2008, the caption “Bank Loans” includes the amount of 13,333,332 Euro, of which 6,666,666 Euro with maturity in the medium and long term relating to a facility agreement celebrated in 22 Octo-



ber 2007. This loan bears semi-annual interests at the Euribor 6M rate plus a spread and is repayable in equal annual instalments until July 2010. This loan has as guarantee the first and third debt securities of Real Madrid concerning the registration of the player Pepe.

- vi) As of 30 June 2008, the caption “Bank Loans” includes the amount of 5,400,000 Euro related with the credit facility agreement signed in 22 April 2008. The loan bears quarterly interests at the Euribor 3M rate plus a spread and is due in October 2008. This loan has as guarantee the revenues from UEFA Champions League 2008/2009 - Note 14.
- vii) As of 30 June 2008, the caption “Bank Loans” includes the amount of 1,950,000 Euro relating to the facility contract celebrated in 31 January 2008. The loan bears half-yearly interests at the Euribor 6M interest rate plus a spread and is due on January 2009.
- viii) As of 30 June 2008, the caption “Bank Loans” includes the amount of 1,700,000 Euro relating to a credit facility agreement signed in 9 August 2007. This loan bears monthly interests at the Euribor 1M rate plus a spread, is due in August 2008 and has as guarantee the registration of Farias. This loan has already been paid as of 10 October 2008.
- ix) The value recorded under the caption “Credit on current accounts” as of 30 June 2008 has as guarantee the accounts receivable arising from the final bend of the registration of some players, with the maximum credit line amounting to 5,000,000 Euro.

The average annual rate of bank loans as of 30 June 2008 is 6,25%.

18. TRADE PAYABLES

Non-current liabilities

The balance of the caption “Suppliers”, considered as non-current liabilities as of 30 June 2008, concerns the acquisition of the registration of one of the athletes mentioned in Note 8, as well as intermediation services and other charges related with the sale of the registration of Pepe, in the total amount of 3,852,247 Euro, and rents of financial leasing contracts amounting to 479,731 Euro.

Current Liabilities

This caption as of 30 June 2008 and 2007 was made up as follows:

	Payable to			
	30.06.08	- 90 days	90 - 180 days	+ 180 days
Trade payables - current account	4.082.588	4.082.588	-	-
Trade payables - invoices pending	-	-	-	-
Trade payables - bills payable	-	-	-	-
Suppliers of fixed assets:				
Transactions related to players' registrations	19.088.451	12.729.461	4.389.992	1.968.998
Other	377.716	218.843	54.695	104.178
	23.548.755	17.030.892	4.444.687	2.073.176

	Payable to			
	30.06.07	- 90 days	90 - 180 days	+ 180 days
Trade payables - current account	4.644.441	4.644.441	-	-
Trade payables - invoices pending	82.382	82.382	-	-
Trade payables - bills payable	316.500	316.500	-	-
Suppliers of fixed assets:				
Transactions related to players' registrations	20.193.953	12.455.819	2.840.000	4.898.134
Other	376.540	156.947	73.532	146.061
	25.613.816	17.656.089	2.913.532	5.044.195

As of 30 June 2008 the main balances included in caption "Suppliers of fixed assets – Transactions related to players' registrations" consider accounts payable to the entities Club Atlético Rosário Central, Gestifute – Gestão de Carreiras de Profissionais Desportivos, S.A., International Football – Gestão e Assessoria de Carreiras, Rio Football Services Hungary, KFT, Marítimo da Madeira – Futebol, SAD, IMFC Licensing, L&M Global Rights, União Desportiva de Leiria e Onsoccer which represent 84% of the total balance.

The main balances included in caption "Suppliers of fixed assets – Transactions related to players' registrations" as of 30 June 2007 relate to accounts payable to the entities Gestifute – Gestão de Carreiras de Profissionais Desportivos, S.A., First Portuguese Football Players Fund; Worldwide Soccer Agency and IMFC Licensing which represent 67% of the total balance.

The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and that the impact of updating these amounts is not material in the attached consolidated financial statements.



19. OTHER CURRENT AND NON CURRENT LIABILITIES

The captions “Other non current liabilities” and “Other current liabilities” as of 30 June 2008 and 2007 can be detailed as follows:

	30.06.08	30.06.07
Other non-current liabilities		
Accrued expenses:		
Cost of players' transactions not yet invoiced	444.445	512.824
Deferred income:		
Advertising	778.207	1.292.587
	1.222.652	1.805.411
Other current liabilities		
State and public sector	2.378.308	1.980.252
Other creditors	4.831.810	3.850.430
	7.210.118	5.830.682
Accrued expenses:		
Insurance	-	96.104
Accrued payroll	569.914	559.111
Accrued interest	965.790	962.522
Cost of players' transactions not yet invoiced	7.117.467	2.705.076
Competition prizes subject to processing	4.830.146	3.852.967
Other accrued expenses	68.133	802.116
	13.551.450	8.977.896
Deferred income::		
Deferred broadcasting rights	2.660.000	5.212.500
Sale of season seats	520.867	3.654.138
Advertising	4.627.741	3.291.761
Other deferred income	158.604	294.653
	7.967.212	12.453.052
	28.728.780	27.261.630

The caption “Cost of players’ transactions not yet invoiced” includes commitments assumed by the Group in transactions relating to the registrations of players not yet invoiced as of the balance sheet date. The balance as of 30 June 2008 includes, namely, amounts related with the acquisition of 50% of the registration of Lisandro Lopez, which represents 72% of that balance, as well as “solidarity mechanism” and other costs not yet settled, related with the signing or renewal of the labour contracts of other players. In the balance classification as non-current, which regards the signing-on fees, the agreed payment dates were considered.

As of 30 June 2007 this caption included amounts relating with the acquisition of the registrations and/or the renewal of work contracts of the players Quaresma, Helder Postiga, Pepe, and Tarik Sektioui and the outstanding costs with intermediation services on the sales of the registrations of the players Ricardo Costa and Hugo Almeida.

The caption “Competition prizes subject to processing” includes the amount of prizes attributed to the technical team in the 2005/2006 season not yet paid, as FCPorto, SAD has a litigation process against these members of the technical team, as well as the amounts related with the bonuses granted to the players and technical team for the victory on the Football Championship 2007/2008 (Note 22).

20. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions and accumulated impairment losses in the years ended 30 June 2008 and 2007 were as follows:

	Opening Balance 30.06.07	Increase	Utilisation	Decrease	Closing Balance 30.06.08
Accumulated impairment loss on accounts receivable (Note 12)	1.229.805	655.356	(51.686)	(13.249)	1.820.226
Accumulated impairment loss on investments (Note 9)	1.000.000	-	(1.000.000)	-	-
Provisions	2.580.712	343.260	-	(1.318.045)	1.605.927
	4.810.517	998.616	(1.051.686)	(1.331.294)	3.426.153



	Opening Balance 30.06.06	Increase	Utilisation	Decrease	Closing Balance 30.06.07
Accumulated impairment loss on accounts receivable (Note 12)	6.561.715	358.152	(329.649)	(5.360.413)	1.229.805
Accumulated impairment loss on investments (Note 9)	1.000.000	-	-	-	1.000.000
Provisions	-	2.580.712	-	-	2.580.712
	7.561.715	2.938.864	(329.649)	(5.360.413)	4.810.517

Provisions

In April and June of 2007, following a tax inspection of the year ended 30 June 2005, FCPorto, SAD was notified of additional Corporate Income Tax and Value Added Tax assessments amounting to approximately 1,203,000 Euro and 490,000 Euro, respectively, including compensatory interests.

Additionally, following an inspection of the fiscal year ending 30 June 2004, the Company received in November 2007 an additional settlement with regard to VAT in the amount of 801,021 Euro, and in January 2008 an additional settlement in the IRC in the amount of 2,338,331 Euro, which includes compensatory interests, whose Draft of Tax Inspectorate Report had already been received and reviewed in the closing and approval of accounts process for the year ended 30 June 2007.

The Board of Directors and its legal and tax advisers, consider that the reasons given by the Tax Administration on matters above mentioned are not in accordance with Portuguese law, so they submitted complaints to the additional settlements received.

As of 30 June 2008, the FCPorto, SAD had requested the issuance of bank guarantees in favour of the Tax Administration in the amount of 3,948,775 Euro, related with the additional settlement for the year ended 30 June 2004.

In a cautious view and in relation with the situations mentioned above, in the year ending 30 June 2007, a provision was recorded in the total amount of 2,580,712 Euro.

During the year ending 30 June 2008, the additional settlements of Corporate Tax and VAT received in April and June 2007 were decided in a favourable manner to FCPorto, SAD, and the Company paid only the amount of approximately 87,000 Euro. Therefore, part of the corresponding provision amounting to 1,318,045 Euro was reverted through the income statement under the caption "Provisions and impairment losses excluding players' registrations".

During the year ended 30 June 2008 a provision was also recognised for a judicial process underway brought by a third party against the subsidiary PortoEstádio SA, for an amount of 250,000 Euro, in line with the advice of its legal advisers.

Impairment losses

During the financial year ended 30 June 2008 impairment losses related with accounts receivable were recorded in the amount of 655,536 Euro.

21. SERVICES RENDERED

Services rendered for the years ended 30 June 2008 and 2007 are up made up as follows:

	30.06.08	30.06.07
Sporting income	25.082.266	27.180.582
Advertising	13.025.265	10.958.114
Broadcasting rights	7.050.000	7.235.000
Others	8.254.231	8.730.787
	53.411.763	54.104.483

The balance of the caption “Sporting income” includes essentially: (i) 11,610,990 Euro (12,550,507 Euro for the year ended 30 June 2007) relating to premiums for participating in the UEFA Champions League; and (ii) 12,516,540 Euro (14,070,775 Euro for the year ended 30 June 2007) relating with ticket sales for matches played at “Estádio do Dragão” and season tickets, which includes 3,642,053 Euro (4,360,211 Euro for the year ended 30 June 2007) relating to the Group’s proportion on income from quotas of the associates of Futebol Clube do Porto.

The caption “Others” includes primarily (i) the amount of 1,951,825 Euro (2,381,141 Euro for the year ended 30 June 2007) regarding income relating to “Lugares Euroantas” (Note 28), (ii) the amount of 3,312,334 Euro (3,374,402 Euro for the year ended 30 June 2007) related with services provided by PortoEstádio, namely organization of events, room renting, parking lots, among others, and (iii) the amount of 2,481,702 Euro (2,495,112 Euro for the year ended 30 June 2007) related with the fee charged by PortoComercial to TBZ, Marketing e Acções Promocionais for the merchandising license and also with the commission on the corporate segment charged to Euroantas, under the commercial arrangement contracted between these two entities.



22. PAYROLL EXPENSES

The caption “Payroll expenses” for the years ended 30 June 2008 and 2007 is made up as follows:

	30.06.08	30.06.07
Corporate boards	2.276.632	1.754.938
Football players	24.452.445	20.140.520
Technical and administrative staff	7.794.662	6.757.879
Insurance	1.433.875	1.882.307
Other costs	2.746.116	3.487.602
	38.703.730	34.023.246

Net payroll expenses for the year ended 30 June 2008, of players on loan to other clubs, amounted to approximately 3,500,000 Euro (1,165,000 Euro on 30 June 2007).

Payroll expenses for the year ended 30 June 2008 and 2007 include bonuses granted to players and technical staff for wins in the Portuguese 2007/2008 and 2006/2007 football championships.

The decrease in caption “Other costs” results essentially from the fact that on the season 2006/2007 labour termination indemnities of players and the indemnity incurred by the Company in contracting technical staff at the beginning of the 2006/2007 season.

As of 30 June 2008 and 2007, the number of people working for the Group was as follows:

	30.06.08	30.06.07
Corporate boards	12	11
Administrative staff	91	70
Technical staff	9	7
Auxiliar technical staff	9	10
Football players	47	45
	168	143

23. RESULTS OF TRANSACTIONS RELATING TO PLAYERS' REGISTRATIONS

The results of transactions relating to players' registrations in the years ended 30 June 2008 and 2007 are as follows:

	30-06-2008	30-06-2007
Amortisation and impairment losses of players' registrations		
Amortisation of players' sporting registration rights (Note 8)	18.927.320	18.172.731
Impairment losses of players' sporting registration rights (Note 8)	1.156.282	3.470.922
	20.083.602	21.643.653
Income/(expenses) related to players' registrations		
Losses from the sales of players' registrations	(53.125)	0
Costs relating to players on loan	(1.970.000)	(300.000)
Others expenses relating to players	(1.297.419)	(1.851.936)
	(3.320.544)	(2.151.936)
Gains from the sales of players' registrations	37.353.362	23.537.239
Profits relating to players on loan	1.024.500	1.482.500
Others profits relating to players	262.941	1.418.195
	38.640.803	26.437.934
	35.320.259	24.285.998
	15.236.657	2.642.345

Impairment losses of players' registrations relate to players whose labour contracts were terminated by the Group. The balance of this caption as of 30 June 2008 corresponds essentially to the players Alan, Paulo Assunção, Ezequias and Sonkaya, while as of 30 June 2007 this balance corresponds essentially to the players Sokota, Leandro do Bonfim and Maciel.

The amounts included in caption "Gains from the sale of players' registrations" are net of the carrying amount of the players' registration, intermediation costs incurred with the sale and liabilities under the "solidarity mechanism", and also net from the discount effect of accounts receivable and payable related with these transactions (Note 8).



24. FINANCIAL EXPENSES AND INCOME

Financial expenses and income of the years ended 30 June 2008 and 2007 are made up as follows:

	30.06.08	30.06.07
Financial expenses:		
Interest	4,471,541	3,935,307
Exchange loss	2,031	2,744
Financial discount allowed	-	900,000
Discount effect of accounts receivable (Note 12)	187,199	935,996
Other financial expenses	352,277	368,239
	5,013,048	6,142,286
Net financial expenses	(3,872,977)	(5,916,959)
	1,140,071	225,327
Financial income:		
Interest	16,535	27,236
Exchange gain	60,458	10,892
Financial discount received	-	-
Discount effect of accounts payable (Note 12)	935,996	187,199
Other financial income	127,082	-
	1,140,071	225,327

The balance of the caption "Financial discount allowed" as of 30 June 2007 relates to the financial discount allowed to Fotbal Dinamo Club for payment in advance of amounts receivable from the sale of players' registrations after renegotiation of the terms initially agreed.

The captions "Discount effect of accounts receivable" and "Discount effect of accounts payable" relate to interest for the period between the date of sale of several players' registrations and the agreed payment/receipt dates.

25. RELATED PARTIES

The main net balances with related parties as of 30 June 2008 and 2007 and main transactions with these entities for the years then ended were as follows:

Transactions	30.06.08		30.06.07	
	Sales and services rendered	External supplies and services	Sales and services rendered	External supplies and services
Futebol Clube do Porto	3.936.181	1.826.124	4.502.048	2.167.736
Euroantas (Note 28)	3.377.837	1.514.025	3.841.312	860.090
	7.314.018	3.340.149	8.343.360	3.027.826

Balances	30.06.08			30.06.07		
	Accounts receivable	Accounts payable	Accrued income	Accounts receivable	Accounts payable	Accrued income
Futebol Clube do Porto	7.235.802	330.028	-	6.040.012	(672.778)	-
Euroantas (Note 28)	114.341	(317.377)	3.679.971	42.203	(601.553)	4.722.351
	7.350.143	12.651	3.679.971	6.082.215	(1.274.331)	4.722.351



26. EARNINGS PER SHARE

Earnings per share were calculated considering the following amounts:

	30.06.08	30.06.07
Earnings		
Net profit/(loss) considered for the computation of basic earnings per share	8.048.524	2.256.863
Effect of potencial shares	-	-
Net profit/(loss) considered for computation of diluted earnings per share	8.048.524	2.256.863
Number of shares		
Weight number of shares used to compute the basic earnings per share	15.000.000	15.000.000
Effect of potencial shares	-	-
Weight number of shares used to compute the diluted earnings per share	15.000.000	15.000.000

27. SEGMENT REPORTING

The Group is organised in two major operating segments:

Segment A: operations relating to participation in professional football competitions, and the promotion and organisation of sporting events.

Segment B: activities relating to the sale of image rights, sponsorship, merchandising and product licensing.

Other services: includes activities of the subsidiaries FCPortoMultimedia, S.A., PortoEstádio, S.A. and PortoSeguro, Lda..

Contribution of the main segments to consolidated profit/(loss) for the years ended 30 June 2008 and 2007 was as follows:

	30-06-2008				
	Segm. A	Segm. B	Other services	Eliminat.	Consolid.
Income					
External income	42.880.043	5.888.052	6.204.678	-	54.972.773
Inter-segment income	2.482.754	374.756	3.554.481	(6.411.991)	-
Total income	45.362.797	6.262.808	9.759.159	(6.411.991)	54.972.773
Profit/(loss)					
Segment/operational profit/(loss)	10.464.892	2.133.075	108.988	-	12.706.955
Financial expenses	4.952.596	18.088	42.364	-	5.013.048
Financial income	1.124.534	554	14.983	-	1.140.071
Net profit in associated companies	-	-	-	-	-
Income tax	(163.227)	(576.311)	(45.916)	-	(785.454)
Profit/(loss) of ordinary activities	6.473.603	1.539.230	35.691	-	8.048.524
Minority interests	-	-	-	(84.075)	84.075
Net profit	-	-	-	-	7.964.449
Other information					
Segment net assets	150.579.136	3.645.854	6.557.863	(2.877.268)	157.905.585
Investments	2.792.230	50.100	5.849	(1.946.953)	901.226
Total consolidated net assets					158.806.811
Segmental liabilities	137.917.742	1.862.100	4.199.980	(2.877.299)	141.102.523
Total consolidated liabilities					141.102.523
Investment in fixed assets and team	40.320.744	3.201	38.406	-	40.362.351
Amortisation and depreciation for the year, including players' registrations	19.382.375	111.424	354.661	-	19.848.460



30-06-2007

	Segm. A	Segm. B	Other services	Eliminat.	Consolid.
Income					
External income	69.722.291	6.444.226	3.795.228	-	79.961.745
Inter-segment income	2.361.764	347.636	2.822.893	(5.532.293)	-
Total income	72.084.055	6.791.862	6.618.121	(5.532.293)	79.961.745
Profit/(loss)					
Segment/operational profit/(loss)	8.931.514	130.325	359.512	(2.334)	9.419.017
Financial expenses	6.027.326	19.842	95.118	-	6.142.286
Financial income	225.057	262	8	-	225.327
Net profit in associated companies	-	-	-	-	-
Income tax	(1.096.331)	(46.079)	(102.785)	-	(1.245.195)
Profit/(loss) of ordinary activities	2.032.914	64.666	161.617	(2.334)	2.256.863
Minority interests	-	-	-	3.163	(3.163)
Net profit	-	-	-	-	2.260.026
Other information					
Segment net assets	119.062.195	3.096.809	6.727.625	(2.646.862)	126.239.767
Investments	2.433.345	50.100	5.849	(2.476.273)	13.021
Total consolidated net assets	-	-	-	-	126.252.788
Segmental liabilities	112.001.020	2.910.277	5.496.063	(3.818.935)	116.588.425
Total consolidated liabilities	-	-	-	-	116.588.425
Investment in fixed assets and team	16.453.571	161.195	47.199	-	16.661.965
Amortisation and depreciation for the year, including players' registrations	18.560.671	136.861	370.536	-	19.068.068

28. ESTÁDIO DO DRAGÃO

On 7 July 2003 a Cooperation Agreement was signed between PortoEstádio – Gestão e Exploração de Equipamentos Desportivos, S.A., Euroantas – Promoção e Gestão de Empreendimentos Imobiliários, S.A. (“Euroantas”), Futebol Clube do Porto and Futebol Clube do Porto – Futebol, S.A.D. (“FCP, SAD”) relating to the construction, financing, operation and utilisation of “Estádio do Dragão” (“the Stadium”).

Under that agreement, Euroantas, the present owner of the Stadium, transferred to FCP, SAD the right to operate the Sporting Area of the Stadium for a period of 30 years, in return for an annual, approximately linear, amount charged to FCP, SAD over the period, the total payment being divided into two components:

- i) An amount equal to the debt service borne by Euroantas during the first 15 years on the Loan Contract entered into for the construction of the Stadium and, in the last 15 years, a lower amount indexed to the debt service for the last year (2018) on the Loan Contract; and
- ii) The amount of 14,963,937 Euros, settled in the year ending 30 June 2003 and recorded as “Other non-current assets (Note 11), as a remuneration for the amount of the falling due rents during the 15 year period, determined from 2018. This amount will be recognized as a linear cost over the period of 15 years from 2018.

In accordance with the agreement, FCP, SAD also retains the right to receive from Euroantas, any excess, determined annually, of the income net of the inherent operating expenses, commercialisation of Boxes and Business Seats of “Estádio do Dragão” (“Lugares Euroantas”) over the amount of the “rent” mentioned above. The excess for the year ended 30 June 2008 amounted to 1,951,825 Euro (Note 21) and the accumulated excess up to 30 June 2008, to be collected, amounts to 3,679,971 Euro (Notes 12 and 25).

29. CONTINGENT ASSETS AND LIABILITIES

At 30 June 2008 there was an ordinary lawsuit brought against the Company by a shareholder requiring annulment of the decisions of the Shareholders’ General Meeting held on 28 October 2005 that approved:

- 1.The Board of Directors’ Report and Non-Consolidated Financial Statements of the year ended 30 June 2005;
- 2.The Board of Directors’ Report and Consolidated Financial Statements of the year ended 30 June 2005;
- 3.The proposed appropriation of net consolidated result for the year ended 30 June 2005.

The Company’s Board of Directors and its legal advisers believe that the reasons presented by the shareholder in the ordinary lawsuit are not in accordance with Portuguese legislation and therefore it has been legally contested. The outcome of this matter is not expected to have any impact on the accompanying financial statements.



30. POST BALANCE SHEET EVENTS

The following material events took place after 30 June 2008:

- i) Acquisition of 70% of the registration of Cristian Rodriguez (7 million Euro) and 50% of the registrations of Givanildo Vieira de Souza (5.5 million Euro) and Ionut Sapunaru (2.5 million euros);
- ii) Sale of the registration of Ricardo Quaresma in the amount of 24.6 million Euro, of which, under that contract is included the acquisition by FCP, SAD, of the registration of the player Pele by the amount of 6,000,000 Euro;
- iii) Loan arrangement with Millennium BCP in the amount of 13,400,000 Euro, related with the account receivable from FCInternazionale Milano for the sale of the registration of Ricardo Quaresma; and
- iv) As of 30 June 2008 PortoComercial and TBZ – Marketing Acções Promocionais, SA amended the contract, signed on 31 March 2006, related with the merchandising licensing and exploration of FCPorto' commercial areas; this contract does not include anymore the management and the exploitation of commercial areas, activity now performed by the Group since 1 July 2008.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Company's Board on 10 October 2008.

32. EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IFRS/IAS), some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.





CONSOLIDATED CASH FLOW STATEMENTS

Consolidated Cash Flow Statements for the years ended 30 June 2008 and 2007

(amounts expressed in euro)

	30.06.2008		30.06.2007	
Operating activities:				
Cash receipts from trade debtors	48.354.110		58.158.691	
Cash payments to trade creditors	(18.825.930)		(14.770.877)	
Cash payments to employees	(37.665.348)		(36.365.192)	
Other cash receipts/(payments) relating to operating activities	1.797.083		79.695	
Income tax	(21.608)	(6.361.693)	(156.644)	6.945.673
<i>Net cash flow from operating activities (1)</i>		(6.361.693)		6.945.673
Investment activities:				
Cash receipts arising from:				
Investments	-		-	
Tangible assets	142.982		125.418	
Players' registrations	20.397.765		28.722.674	
Interest and similar income	16.535	20.557.282	27.236	28.875.328
Cash payments arising from:				
Investments	-		(500.000)	
Players' registrations	(36.348.840)		(17.362.220)	
Intangible assets	-		(38.450)	
Tangible assets	(549.468)	(36.898.308)	(604.279)	(18.504.949)
<i>Net cash from/(used in) investment activities (2)</i>		(16.341.026)		10.370.379
Financing activities:				
Cash receipts arising from:				
Loans obtained	142.685.823	142.685.823	96.059.499	96.059.499
Cash payments arising from:				
Loans obtained	(118.456.603)		(105.418.452)	
Interest and similar charges	(4.877.502)	(123.334.105)	(4.245.024)	(109.663.476)
<i>Net cash from/(used in) financing activities (3)</i>		19.351.718		(13.603.977)
Cash and cash equivalents at the beginning of the financial year		6.827.332		2.473.944
Variation of consolidation perimeter (Note 5)		-		641.313
Net increase/(decrease) of cash and cash equivalents: (1)+(2)+(3)		(3.351.001)		3.712.075
Cash and its equivalents at the end of the financial year (Note 13)		3.476.331		6.827.332





NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENTS

1. COMPONENTS OF CASH AND ITS EQUIVALENTS

Cash and its equivalents as at 30 June 2008 and 2007, and the reconciliation between those amounts shown in the balance sheets as of those dates, are as follows:

	30.06.08	30.06.07
Cash	556.680	296.486
Bank deposits repayable on demand	2.948.699	6.530.864
Other deposits	13.000	-
Cash and cash equivalents	3.518.379	6.827.350
Bank overdrafts (Note17)	(42.048)	(18)
	3.476.331	6.827.332





STATUTORY AUDIT AND AUDITORS' REPORT

STATUTORY AUDIT AND AUDITORS' REPORT CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. In compliance with the applicable legislation, we hereby present our Statutory Audit and Auditors' Report on the consolidated financial information contained in the Board of Directors' Report and the accompanying consolidated financial statements of Futebol Clube do Porto – Futebol, S.A.D. and subsidiaries (“Company”) for the year ended 30 June 2008, which comprise the consolidated Balance sheet as of 30 June 2008, that reflects a total of 158,806,811 Euro and shareholders' equity of 17,704,288 Euro, including net result of 7,964,449 Euro, the consolidated statements of profit and loss by nature, cash flows and changes in equity for the year then ended and the corresponding notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations and their consolidated cash flows; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) the disclosure of any significant facts that have influenced the operations of the companies included in the consolidation, their financial position or results of operations.

3. Our responsibility is to examine the financial information contained in the documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and an independent report based on our work.

Scope

4. Our examination was performed in accordance with the Auditing Standards (“Normas Técnicas e as Directrizes de Revisão/Auditoria”) issued by the Portuguese Institute of Statutory Auditors (“Ordem dos Revisores Oficiais de Contas”), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. An examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the significant estimates, based on judgements and criteria defined by the Company's Board of Directors, used in their preparation. An examination also includes: verifying the consolidation procedures and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated financial statements, and assessing if, in all material respects, the consolidated financial information is complete, true, timely, clear, objective and licit. Our examination also includes verifying that



the consolidated financial information included in the consolidated Board of Directors' Report is consistent with the consolidated financial statements. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of Futebol Clube do Porto – Futebol, S.A.D. and subsidiaries as of 30 June 2008, the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards as adopted by the European Union and the financial information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. The financial statements referred to in paragraph 1 above, were prepared on a going concern basis, although at 30 June 2008 half the Company's capital had been lost, and consequently the provisions of article 35 of the Commercial Company Code ("Código das Sociedades Comerciais") apply. In addition, the accompanying financial statements reflect a deterioration of working capital in the year ended 30 June 2008, which at that date was negative. As explained in the Board of Directors' Report and Note 15 to the consolidated financial statements, the Board of Directors believes that these situations will be analysed and discussed in the Shareholders' General Meeting in order to adjust equity to the legal requirements, and therefore the accompanying financial statements were prepared on a going concern basis, which depends upon the continued financial support of the financial entities and the success of the Company's future operations, including the result of the sale of players' registrations, as foreseen in its operating and cash-flow budget.

7. As explained in Note 29 to the consolidated financial statements, at 30 June 2008 there was a legal action brought by a shareholder against the Company requiring that the decisions of the Shareholders' General Meeting held on 28 October 2005 regarding approval of the non-consolidated and consolidated financial statements for the year ended 30 June 2005 and proposed appropriation of the results for that year be declared null and be annulled. The Company's Board of Directors and legal consultants believe that the basis presented in the legal action is not in accordance with the applicable Portuguese legislation and so they have legally contested the action, the outcome of this matter being uncertain at this time.

Porto, 14 de October 2008

DELOITTE & ASSOCIADOS, SROC S.A.

Represented by Jorge Manuel Araújo de Beja Neves





**Report and Technical Opinion of the Fiscal Council –
Consolidated Accounts**

Dear Shareholders

In fulfillment of the current legislation and in agreement with the mandate that was conferred to us, we hereby submit to your appreciation the Report and the Technical Opinion that encloses our activity and the documents of individual and consolidated rendering accounts from Futebol Clube do Porto - Futebol, S.A.D., with reference to the period of 1st of July of 2007 to 30 of June of 2008.

We accompanied the activity and the business of the Society as well as the ones from the companies that are also part of the consolidation; we verified with considered necessary extension its accountancy registers, which satisfy the legal and statutory dispositions. All the clarifications that we need to our duty performance were given both by the Administration Board and by the services of the Society and the several companies that are also part of the consolidation.

We examine the consolidated and the individual Balance Sheet on the 30th of June of 2008, the individual and consolidated Demonstrations of results according to its nature; cash flow and the changing of the shareholder equity from the exercise which ended in that date and with the correspondent annexes.

Additionally we proceeded to a revision of the Management report of the exercise ended on the 30th of June, 2008, prepared by the Administration and we analyzed the Legal Certification of the Accounts and Auditing Reports about the individual and consolidated accounts elaborated by the Statutory Auditor on this date and which deserve our approval.

We want to leave a word of satisfaction towards the sportive results achieved during this season by the Football division, professionally and training.

By last we would like to acknowledge our regret for the recent death of our President of this Supervisory Board, Mr. Adolfo Roque, whose disappearance will never be forgotten due to the invaluable services provided to Futebol Clube do Porto.

Accordingly, taking the previously mentioned, we are of the opinion that the shareholders approve the Management Report and Accounts of the Company, consolidated and individual, for the period from July 1 2007 to June 30, 2008, and the proposed implementation of results presented by the Board.

Pursuant to point c) of paragraph 1 of Article 245 of the Code Securities, members of the supervisory board of FC Porto - Futebol, SAD say that as far as they knew the information contained in the management report, in the annual accounts and other documents of accountability required by law or regulation, which have not yet been submitted for approval in general meeting, was prepared in accordance with applicable accounting standards, giving a true and fair view of assets and liabilities, the financial position and results of the issuer and of the companies included in the consolidation perimeter and the annual report accurately describes the evolution of business, performance and the position of the issuer and companies the perimeter of consolidation, contains a description of principal risks and uncertainties they face.

Porto, 27 of October of 2008

The Supervisory Board

Armando Luís Vieira de Magalhães

Filipe Carlos Ferreira Avides Moreira

José Manuel Taveira dos Santos









Corporate Governance Report

Capítulo 0 - Statement of compliance

FC Porto - Futebol, SAD produced this report following the laid down in Article 245-A of the Code of Commercial Companies and annex the CMVM Regulation No. 7 / 2001, as amended by CMVM Regulation No. 11/2003 By CMVM Regulation No. 10/2005 and the CMVM Regulation No. 3 / 2006.

Then we present a detailed indication of CMVM recommendations on corporate governance adopted and not adopted. It is understood, for this purpose, as not adopted the recommendations that are not followed in full.

1. There is no office to support the investor in the. However, the responsibilities inherent to this role are guaranteed by the representative for relations with the capital market. (Recommendation missed)
2. It is imposed a blockade in advance of shares to participate in assembly of more than 5 business days (eight days), which is expected to be correct. It is admitted, in accordance with Article 22 of the Securities Code, the vote by mail, with the statements of votes, addressed to the Chairman of the General Assembly, to enter the headquarters of the Society, set the Stadium Way of the Dragon FC Porto, west entrance, floor 3, in Porto, up to 18 hours of the 5th working day before the day appointed for the General Assembly, in sealed envelope, with the signatures of Shareholders to be recognized or notary certified by the company. (Recommendation missed)
3. The company has an internal department, (the Office for the Control and Management, consisting of two professionals) who has responsibilities to detect risks related to the activity of the company. The risk control system implemented in society aims to support the administration in the detection of relevant financial risks and is mainly in the periodic review and comprehensive information for planning and financial control, including the business plan, the budgets for exploration and treasury and its control, management indicators, among others. These procedures contribute to help the quality of information disclosed to the market. (Recommendation met)
4. The company has no measure taken to prevent bids that violate the interests of the company and shareholders. (Recommendation met)
5. The board of directors is composed of a plurality of members which have an effective guideline for the management of the company and its people. (Recommendation met)
- 5-A. The Board of Directors of the company doesn't include in its composition non executive administrators. (Non Complied Recommendation)
6. The Board of Directors of the company doesn't include in its composition non executive administrators. (Non Complied Recommendation)
7. The company doesn't have any internal control committee with the attribution of specific skills in the evaluation of the structure and the governance. (Non Complied Recommendation)
8. The remuneration of members of the administrative body is not disclosed on an individual basis, as the company considers that analysis of the performance of company management by the shareholders should be carried out on a group basis. The salaries committee is responsible for the analysis of the adequacy of individual remuneration. (Non Complied Recommendation)
- 8-A. It wasn't submitted to the appreciation of the Annual General Assembly of any declaration about the remuneration policy of the social body. (Non Complied Recommendations)



9. The members of the Salaries committee are independent in relation to the members of the Administration body. (Complied Recommendation)
10. The company has no defined plans of attribution of share and/or options of share acquisitions or with base on the variation of the prices of the actions, to members of the body of the administration and/or workers, by which there aren't any participation control mechanisms of the workers in the capital of the company. (Non applicable)
- 10-A The company doesn't have a specifically conceived communication of irregularities allegedly occurred in the company. (Non Complied Recommendation)

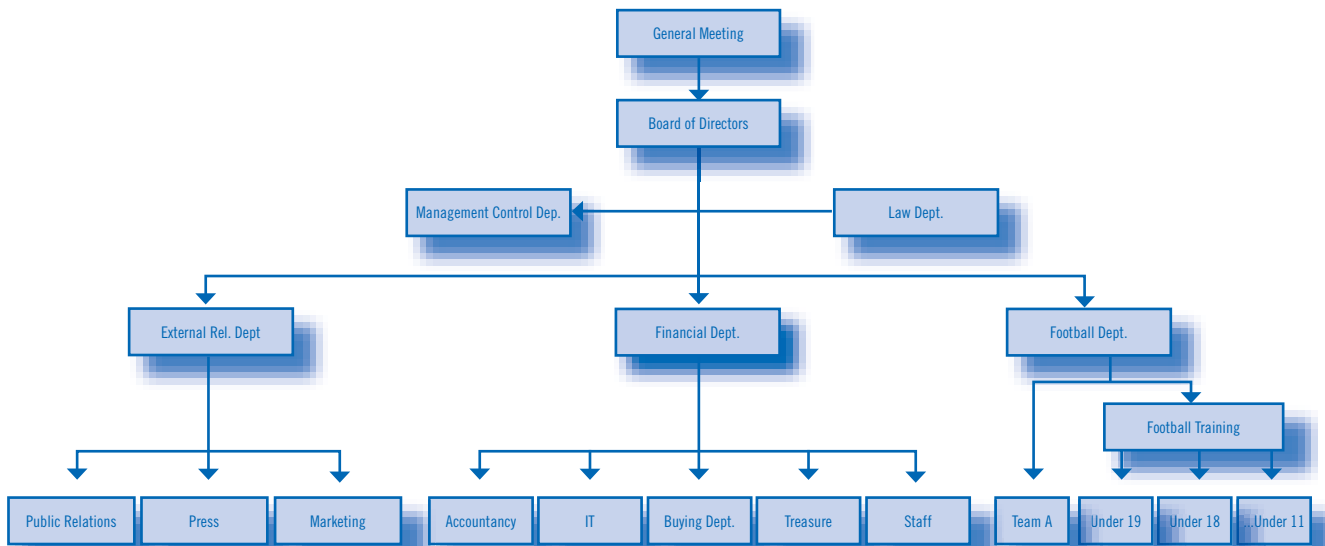




Disclosure

1. Company's Organization Chart

The distribution of responsibilities amongst the various company departments is shown in this chapter by way of the FCP – SAD Departmental Organization Chart.



The Board of the Administration, composed currently by 5 members, is responsible to perform all management acts of the company in the building of inherent operations to the social object (see chapter 4).

The auditing of the company's activity is a responsibility of the Fiscal Council that, according with the company's regulation has the attributions specified by the Law.

The General Assembly composed by all shareholders with vote right, has as function to deliberate about the statutory alterations, to proceed to the general assessment of the administration and auditing of the company, to deliberate about the management report and accounts of the exercise, to proceed to the election of the social bodies which are within its competence and, in a general way, to deliberate about all the terms that may be submitted by the Council of Administration.

According with the convocation to the General Shareholders Assembly the approval of the consolidated accounts of the end of 30 of June of 2007, will be proposed an alteration of the auditing body of the Company following the alterations made to the Code of the Commercial Companies. According with the proposed alterations, the auditing of the Company will now be exercised by:

- * Audit Council, designated by the General Assembly, composed by three effective members and one substitute, having the task of auditing the company; and
- * Statutory Auditor (or Society of Statutory Auditors) to whom competes to audit the company.



The Consultant Committee has as a function to advise the Administration Board, without having a binding nature on the matters that this body wishes to submit to appreciation.

2. Existent Committees in the Company

The company has no specific committees to work on themes such as ethic, structure evaluation and company governance.

3. Description of the risk control system implemented in the Company

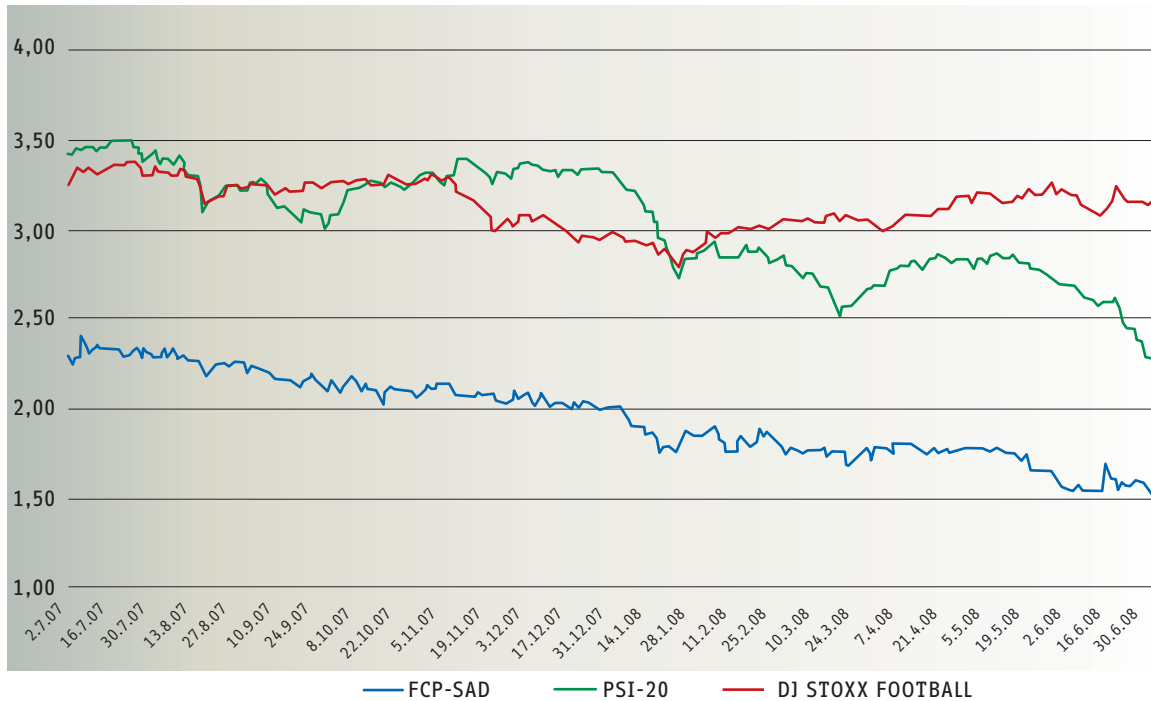
The society has an internal department, (Cabinet of management Control, composed by two professionals) that has responsibilities in the effective detection of risks connected with the company's activity. The risk control system implemented in the Company aims above all to support the administration in the detection of relevant financial risks and consists fundamentally in the periodical and exhaustive analysis of information relating to planning and finance control, namely the business plan, the budgets of exploitation and treasury and the correspondent control, management indicators, among others. These procedures contribute to help the quality of the information promoted in the market.

4. Evolution of the share price of FC Porto - Futebol,

In the period under review there were no relevant fluctuations on the period of dissemination of results, and / or privileged information, as it has been usual standard of behavior of the shares in Arsenal FC - Football, SAD. Even the conquest for the third time of the national championship affected the price of the shares that during this economic performance, despite the success of the sports club, dropped 35%, having closed the June 30, 2008 to quote in euros and 1.5 with a market capitalization of 22,5 million.

However, even with a drop of 35%, the FC Porto - Futebol, SAD presents a performance in the stock market in line with the benchmark of national equity market, PSI-20, which devalued 34% in the same period.

Comparing with the main index of the sector of international football, it appears that the performance of FC Porto - Futebol, SAD is far more negative than that of European football, as the Dow Jones Eurostoxx Football, which the FC Porto - Football, SAD is a part, has suffered a drop of only 3% during the economic period 2007/2008.



5. Policy on the Payment of Dividends

FCP-SAD does not have a defined policy for the payment of dividends, nor have any such payments been made since the commencement of the company.

6. Plans for the allocation of and options for the acquisition of shares

No allocation plan exists for either shares or options of share acquisition.

7. Businesses carried out between the company and members of the social body

In relation to business and transactions carried out between the company and members of the administrative and supervisory bodies, owners of qualifying holdings or parent or group companies, no transactions exist that are economically significant for any of the parties concerned, apart from for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for comparable transactions and are part of the company's current business.



8. Investor Assistance Office

FCP-SAD does not currently have an office of investor assistance, information required by shareholders and investors is dealt with by the Capital Markets representative.

Within the terms and for the purposes of point 4 of article 205 of the Securities Code, the representative of FCP-SAD for Market Relations is Dr. Fernando Soares Gomes da Silva, member of the Board of Directors.

To what may concern the representative of the Market Relations in the exercise of his role, the address, the telephone and number telefax, and the e-mail address are the following:

Address

Estádio do Dragão, Via FCPorto, Entrada Poente, piso 3,
4350-451 Porto
Telephone: 22.5070500
Telefax: 22.5506931
E-Mail: fernandogomes@fcporto.pt

All information directed at the market, such as Material Facts, qualifying holdings, press releases, reports and accounts and other items of a general nature are also available on www.fcporto.pt, in the Investor Relations section.

9. Commission of Salaries

The Commission on Salaries of PPC-SAD aims to fix the remuneration of holders of Directors of the company and sets the policy of remuneration to apply to members of the Board of FCP-SAD. The committee is currently composed by Dr. Alípio Days, Dr. Joaquim Manuel Machado Faria de Almeida and Dr. Fernando Freire de Sousa.

10. Remuneration paid to auditors

During the year ending June 30, 2008, the fees paid by companies belonging to the consolidation of the PPC-SAD to their auditors and external auditors were:

1. Service-audit: 64.300 Euros
2. Other Services: 21.000 Euros

The accountancy titled “other services” includes costs with services of liability guarantee and of economical and financial viability analysis part of which come from the regulation of the activity of the company. These additional services were accomplished in different business areas of Deloitte and recurring to totally separated teams with different technicians from those who are involved in the statutory auditing which in our view grants independence.





Shareholder Representation and Voting Rights

Shareholder Representation and Voting Rights

1. There are no statutory rules that depart from the right to vote by mail.
2. It's admitted, in accordance with Article 22 of the Securities Code, the vote by mail, not existing any model for the exercise of their rights.
3. It's not possible to exercise the right to vote by electronic means.
4. Only those shareholders, who are able to demonstrate that they are in fact shareholders by way of a letter issued by a financial intermediary, may participate in the General Meeting.

There is imposed a anticipated block of the shares to the participation in the assembly of eight days.

Shareholders who are individuals may be represented at General Meetings in the conditions defined by the current law. Companies may be represented by the person designated for this effect by way of a letter, the authenticity of which will be judged by the President of the Board.

5. It's admitted in the terms of the article 22° of the CMVM, the postal vote. Postal votes, addressed to the President of the Board of the General Meeting, should reach the Company's headquarters, Estádio do Dragão Via F.C.Porto, entrada poente, piso 3, Porto by 18:00 of the 5th working day prior to the day of the General Meeting, in a sealed envelope, and the signatures of the shareholders contained in the letter must have been recognized by a notary or certified by the company.
6. The totacapital is seventy five million Euros, and it's divided in fifteen million shares of A and B category (respectively 40% and 60% of the capital), depending on the identity of the respective owner. The shares of A category are only consider as such within the ownership of Futebol Clube do Porto, or the management participation company on which this Club holds a majority of the capital, automatically converting it in B category shares in the case alienation of third parts, of any title. To exercise the right to vote, to each share is matched by a vote. The shares of category A always confer the right to veto the general assembly deliberations that have as a goal the fusion, scission, transformation or dissolution of the company and alteration of its statutes, the augment and reduction of the capital and the headquarters shift to a new location.





Company Regulations

Company Regulations

1. FCP-SAD has a code of conduct that covers the areas of ethics, secrecy and the conflict of interests, as well as a set of internal regulations, specific to its professional football players and respective technical teams, that determine the rules that must be obeyed relating to professional performance. This policy is available for members of the senior squad and their technical teams.
2. A FCP-SAD does not possess bodies specifically dedicated to the carrying out of internal audits. There is, however, a Management Control Office constituted by two professionals who have responsibilities in the detection of risks connected with the company's activities. The risk control system implemented in the Company aims above all to support the administration in the detection of relevant financial risks and consists fundamentally in the periodical and exhaustive analysis of information relating to planning and finance control, namely the business plan, the budgets of exploitation and treasury and the correspondent control, management indicators, among others. These procedures contribute to help the quality of the information promoted in the market.
3. In relation to voting rights, no limits exist to the exercise of these rights apart from the rules outlined in chapter 2 of this report. F.C.Porto, as main company shareholder, has special rights in accordance with company statutes. Shares held by this institution always confer the right of veto in relation to decisions by the General Meeting aiming at the merger, division, transformation or dissolution of the company and the alteration of its statutes, the increase or reduction in share capital and the change in location of company Head Office. There is no shareholders' agreement in existence of the nature of those mentioned in article 19 of the Securities Code in relation to the exercise of rights in the company, or the transmissibility of the shares of FCP-SAD. There does not exist, specifically, any voting syndicate or defensive agreement against takeover bids (Oferta Pública de Aquisição) - OPA.
4. There are no agreements between the company and the holders of the board of directors or employees providing for compensation in case of resignation of the worker, unfair dismissal or termination of the employment relationship in the wake of a takeover bid.





Governing Body

Governing Body

1a. Division of powers between administrators

The current Board of Directors consists of 5 members, and their positions distributed as follows:

Futebol Clube do Porto – Futebol, SAD

Jorge Nuno de Lima Pinto da Costa	President of the Board of Directors
Reinaldo da Costa Teles Pinheiro	Football area
Fernando Soares Gomes da Silva	Finance and Administration, Capital Market
Adelino Sá e Melo Caldeira	Legal, Marketing and Public Relations
Jaime Eduardo Lamego Lopes	Non-executive Director

Members of the Board are not independent, in that all, apart from Lamego Jaime Eduardo Lopes, are part of the Directorate of Futebol Clube do Porto, owner of about 40% of Futebol Clube do Porto - Football, SAD, and that it exerts on a dominant influence. Jaime Eduardo Lopes Lamego belongs to the Board of Chamartin BUILDING, SGPS, SA, which owns 50% of APPLICATION URBAN II - REAL ESTATE INVESTMENT SA, a company holding 18% of the share capital of Futebol Clube do Porto - Futebol, SAD.

1b. Functions performed by members of the Board on other Companies

Jorge Nuno de Lima Pinto da Costa

President of the Board of FCPorto

President of the Board of Directors of “InvestiAntas, SGPS, SA”

President of the Board of Directors of “EuroAntas, Promoção e Gestão de Empreendimentos Imobiliários, SA”

President of the Board of Directors of “PortoEstádio, Gestão e Exploração de Equipamentos Desportivos, SA”

President of the Board of Directors of “Fundação PortoGaia para o Desenvolvimento Desportivo”

President of the Board of Directors of “FCPortoMultimédia - Edições Multimédia, SA”

President of the Board of Directors “PortoComercial, Soc. Comercialização, Licenciamento e Sponsorização, SA”

Adelino Sá e Melo Caldeira

Vice-President of the Board of FCPorto

Member of the Board of Directors of “Investiantas, SGPS, SA”

Member of the Board of Directors of “EuroAntas, Promoção e Gestão de Empreendimentos Imobiliários, SA”

Member of the Board of Directors of “PortoEstádio, Gestão e Exploração de Equipamentos Desportivos, SA”

Member of the Board of Directors of “FCPortoMultimédia - Edições Multimédia, SA”

Member of the Board of Directors of “PortoComercial, Soc. Comercialização, Licenciamento e Sponsorização, SA”

Reinaldo Teles da Costa Pinheiro

Vice-Presidente of the Board of FCPorto



Fernando Soares Gomes da Silva

Vice-President of the Board of FCPorto

Member of the Board of Directors of “EuroAntas, Promoção e Gestão de Empreendimentos Imobiliários, SA”

Member of the Board of Directors of “FCPortoMultimédia - Edições Multimédia, SA”

Member of the Board of Directors of “PortoComercial, Soc. Comercialização, Licenciamento e Sponsorização, SA”

Member of the Board of Directors of “PortoEstádio, Gestão e Exploração de Equipamentos Desportivos, SA”

Jaime Eduardo Lamego Lopes

Member of CA’s Chamartin Residential & Development, SGPS, SA

Chairman of the Board of Urban Space - Real Estate Investments, SA

Chairman of the Board of Encostarrábida - Real Estate Investment S.A

President of CA’s hotel establishments Arrábida - Real Estate Investment, SA

President of CA’s Office of Arrábida - Investment Real Estate SA,

Chairman of the Board of Implementation Xviii Urbana - Investment Real Estate SA,

President of CA’s Application Urban VIII - Investment Real Estate SA

Chairman of the Board of Real Estate Studies - Management and Investment SA

President of CA’s Studio Residence Iberia - Real Estate Investments SA

President of CA’s Highgrove - Investments and Holdings, SGPS, SA

President of CA’s Highgrove - Club Houses, SA

Chairman of the Board of the Lagoon Sailing - Tourist and Sporting Real Estate Ventures, SA

C.A. Member of the Bethlehem Area

Inogi Capital Fund

Member of CA’s Chamartín Corporate Solutions, SGPS SA

Chamartín Corporate Solutions - Company Med.Imobiliária Sa

Member of CA’s Negóciosintra - Property Management, SA

Member of CA’s Espaçosescritórios - From Exploitation Office, SA

Chairman of the Board of Imovalor - Real Estate Investment Company, SA

Member of CA’s Office of the Tagus - Real Estate Ventures, SA

Member of CA’s Morato - Society of Real Estate Investments, SA

Member of CA’s Monucontrol - Society of Real Estate SA Monumental

Member of CA’s Imoalorgest - Heritage Property Management, SA

Member of CA’s Imolisboa - Property projects SA

Member of CA’s Application Urban V - Real Estate Investment SA

Member of CA’s Application Urban XI - Real Estate Investment SA

Member of CA’s Selfstorage - Storage of Dangerous SA

Member of the Chamartin C.A. Retail SGPS, SA

President of CA’s Dolce Vita Tejo-Investment Real Estate SA

President of CA’s Dolce Vita Miraflores - Operation of Shopping Centers SA

Member of CA’s Retailgeste - Society of Real Estate Investment Management SA

President of the C.A. Kidzania Portugal, SA

Chairman of the Board of Retailsmile - Management and Operation of Shopping Centers, SA

Member of the GCC Lisbon CA - Management of Shopping Centers, SA

Chairman of the Board of Sportsforum - Real Estate Development, SA

Chairman of the Board of Cibergradual - Real Estate Investment, SA

President of CA’s Application Urban II - Real Estate Investment SA

President of CA’s Application Urban VI - Investment Property, SA

President of CA's Application VII - Investment Property, S.A
 President of CA's Application Urban XII - Investment Real Estate SA
 Member of CA's Application Urban XII - Investment Real Estate SA
 President of CA's Application Urban XIV - Real Estate Investment SA
 President of CA's Application Urban XIX - Real Estate Investment SA,
 President of CA's Application Urban XX - Real Estate Investment SA
 President of CA's Application Urban XXI - Investment Real Estate SA
 Chairman of the Board of Novantas II - Trade Real Estate SA
 President of CA's Application Urban XVIII - Real Estate Investment, SA
 Chairman of the Board of Novantas - Trade Real Estate SA
 Chamartín projects SGPS, SA
 Member of CA's Real Estate Chamartín SGPS, SA
 President of CA's Application Implementation XVI - Real Estate Investment SA
 President of CA's Application Urban XV - Real Estate Investment SA
 Member of the Inogi C.A., S.A
 Member of CA's Morus - From Mediation Real Estate Company SA.

1c. Professional Qualifications, activities pursued, held shares and mandate
** Professional qualifications and activities carried out in recent years*

Jorge Nuno de Lima Pinto da Costa

Education background: High School Diploma
 Other roles performed at Grupo FCPorto, referred in point 1.b)

Adelino Sá e Melo Caldeira

Law Degree - 1980
 Lawyer since 1980 until present
 Member of the Lawyers Society Graça Moura & Associados from 1996 until 2005
 Member of the Lawyer Society Gil Moreira dos Santos, Caldeira, Cernadas & Associados since 2005
 Other roles performed at Grupo FCPorto, referred in point 1.b)

Fernando Soares Gomes da Silva

Degree in Economy - 1976
 Other roles performed at Grupo FCPorto, referred in point 1.b)

Reinaldo Costa Teles Pinheiro

Education: Primary School
 Other roles performed at Grupo FCPorto, referred in point 1.b)

Jaime Eduardo Lamego Lopes

Master in Science in Management (MSc) by London Business School com thesis about "Real Estate Valuation – Analysis of the Main Methodologies" in 1996/98
 MBA by University of Porto in 1989
 Degree in Economy by Faculty of Economics, University of Porto
 For ten years, responsible for the chair professor of "Analysis of Investment Projects" (Project Analysis and Capital Budgeting) at the Faculty of Economics, University of Porto
 Other roles referred in point 1.b)



** Held Shares and Mandate*

Name	Held shares	Date 1st designation	Mandate finish
Jorge Nuno L. Pinto Costa	159.847	23-Set-1997	31-Dez-2011
Adelino S. M. Caldeira	0	23-Set-1997	31-Dez-2011
Fernando S. Gomes Silva	960	30-Out-2000	31-Dez-2011
Reinaldo C. Teles Pinheiro	9.850	23-Set-1997	31-Dez-2011
Jaime E. Lamego Lopes	0	29-Fev-2008	31-Dez-2011

2. FCP-SAD does not have any type of executive committee.

3. In accordance with company statutes, it is managed by a Board of Directors made up of three, five, seven or nine members, who must be professional managers, elected at the General Meeting. Board members then designate a president, if one has not already been chosen at that Meeting.

Without prejudicing other attributes conferred by the law and these statutes, it is the duty of the Board of Directors to ensure the management of all company business and to carry out all operations relative to the Company's Stated Purpose, for which they are given ample powers, namely:

- a) To represent the company, both in court and out, to propose and contest any action whatsoever, to agree to or desist from those actions and to engage in arbitration. For this effect, the Board of Directors can delegate its powers to one representative;
- b) To draw up the company budget to be approved by the General Meeting;
- c) To acquire, dispose of and encumber or rent goods and chattels, including shares, subscriptions, bonds and the registration rights of players;
- d) To draw up work and training contracts related to sport and to undertake the rescission of these contracts, be the decision unilateral or with the agreement of both parties;
- e) To acquire goods and chattels;
- f) To decide that the company may associate with other people, under the terms of article four of these statutes;
- g) To determine the issue of bonds and to obtain loans on the national or international financial market, and to accept the supervision of the loan issuer;
- h) To designate any other person or persons, both individuals and companies, to carry out positions of responsibility in other companies.

This body is currently composed of 5 members, who have the responsibility of the management of the company.

Subjects discussed by this body are of a private nature, and its members must respect this principle.

There isn't a list of incompatibilities neither defined by the body of the administration, nor there is defined the maximum number of cumulative charges by the administrators of the bodies of the administration of other companies.

This year the Board has met for 14 times.

4. The Chairman of the Board and the other directors of the company are entitled to a compensation variable, depending on the performance of the team's main sports FC Porto, reflected a percentage of their gross annual salary: National Champion (75%); 2 or 3rd place in the National Championships (50%); Winner of the UEFA Cup (100%) and winning the UEFA Champions League (120%). The salaries of holders of the board of directors are not dependent on the evolution of the listing of shares issued or any other variable in addition to the profits made in each year.
5. The fees awarded during the year, the elements of the Boards of Directors of the companies included in the group, amounted to 2,276,632 euro, corresponding to 1,578,954 fixed portion of remuneration to 697,678 and variable part. This earnings in the year under review by all members of the board of directors, deal only with the directors having allocated portfolio.
6. The company still does not have a policy specifically defined for reporting irregularities allegedly occurred within society.

Services to shareholders and investors

All the public information on the PPC-SAD is available on the premises of the company and may be requested through the following contacts:

F.C.Porto - Futebol, SAD
 Estádio do Dragão, Via FCPorto, Entrada Poente, piso 3,
 4350-451 Porto
 Telephone: 22.5070500
 Fax: 22.5070550
 E-mail: futebolsad@fcporto.pt

Information on the Shares of the PPC-SAD

Currently the Capital of the PPC-SAD is represented by 15,000,000 ordinary shares, and word book, with the nominal value of 5 euros each. The market capitalization was about, on June 30, 2008, to 22.5 million.

Ticker Bloomberg: FCP PL

Ticker Reuters: FCPP.LS









According and for the purposes of Articles 16 and 20 of the Securities Code and Article 448 of the Code of Commercial Companies, reports that the company and / or individuals who have a qualified social participation that exceed 2% , 5%, 10%, 20%, a third, 50%, two thirds and 90% of the voting rights, and according to the reports received at the headquarters of the Society to date, are as follows:

Futebol Clube do Porto	N.º of Shares	% Voting Rights
Directly	6.000.000	40%
Through Jorge Nuno de Lima Pinto da Costa	159.847	1%
Through Reinaldo da Costa Teles Pinheiro	9.850	0%
Through Fernando Soares Gomes da Silva	960	0%
Total Attributable	6.170.657	41%

Inmobiliária Chamartín	N.º of Shares	% Voting Rights
Through the company Aplicação Urbana II – Investimento Imobiliário, SA	2.718.185	18,12%

António Luís Alves Oliveira	N.º of Shares	% Voting Rights
Directly	1.650.750	11,01%
Through Francisco António de Oliveira	980	0,01%
Total Attributable	1.651.730	11,01%

Joaquim Francisco Alves Ferreira de Oliveira	N.º of Shares	% Voting Rights
Through the company Sociedade Sportinveste – SGPS, SA	1.502.188	10,01%

Note: The company APPLICATION URBAN II - REAL ESTATE INVESTMENT SA is owned 50% by the Chamartin BUILDING, SGPS, SA The company Chamartin BUILDING, SGPS, SA, is owned indirectly by INMOBILIARIA Chamartin.

Investments held by members of the Board and the Supervisory Board

*Board of Directors**Jorge Nuno de Lima Pinto da Costa*

Held on June 30 of 2007 150.000 shares. During this period bought 9847 shares, held on June 30 of 2008 159.847 shares. According to Article 6. Regulation 24/2000 CMVM we inform you about the operations carried out between July 1, 2007 and June 30, 2008:

Date	Operation	Qtt.	Price	Amount (EURO)	Balance
10-01-2008	Purchase	170	1,93	329	150.170
11-01-2008	Purchase	230	1,87	429	150.400
14-01-2008	Purchase	200	1,75	350	150.600
15-01-2008	Purchase	300	1,72	516	150.900
18-01-2008	Purchase	50	1,80	90	150.950
21-01-2008	Purchase	510	1,71	874	151.460
22-01-2008	Purchase	120	1,72	206	151.580
25-01-2008	Purchase	340	1,89	643	151.920
28-01-2008	Purchase	180	1,88	339	152.100
31-01-2008	Purchase	200	1,87	374	152.300
01-02-2008	Purchase	100	1,86	186	152.400
29-02-2008	Purchase	115	1,78	205	152.515
04-03-2008	Purchase	150	1,75	263	152.665
05-03-2008	Purchase	1000	1,79	1790	153.665
12-03-2008	Purchase	200	1,75	349	153.865
13-03-2008	Purchase	100	1,78	178	153.965
14-03-2008	Purchase	150	1,75	263	154.115
17-10-2008	Purchase	200	1,73	346	154.315
18-03-2008	Purchase	100	1,77	177	154.415
25-03-2008	Purchase	200	1,79	358	154.615
26-03-2008	Purchase	200	1,79	358	154.815
02-04-2008	Purchase	112	1,82	204	154.927
04-04-2008	Purchase	108	1,77	191	155.035
07-04-2008	Purchase	100	1,81	181	155.135
08-04-2008	Purchase	100	1,81	181	155.235
10-04-2008	Purchase	110	1,77	195	155.345



Date	Operation	Qtt.	Price	Amount (EURO)	Balance
14-04-2008	Purchase	20	1,75	35	155.365
18-04-2008	Purchase	105	1,76	185	155.470
23-04-2008	Purchase	100	1,76	176	155.570
24-04-2008	Purchase	100	1,80	180	155.670
30-04-2008	Purchase	100	1,78	178	155.770
02-05-2008	Purchase	100	1,80	180	155.870
05-05-2008	Purchase	130	1,77	230	156.000
08-05-2008	Purchase	110	1,75	193	156.110
09-05-2008	Purchase	5	1,78	9	156.115
12-05-2008	Purchase	100	1,75	175	156.215
13-05-2008	Purchase	200	1,75	350	156.415
15-05-2008	Purchase	200	1,74	348	156.615
16-05-2008	Purchase	160	1,72	275	156.775
19-05-2008	Purchase	140	1,75	245	156.915
20-05-2008	Purchase	505	1,66	838	157.420
23-05-2008	Purchase	150	1,66	249	157.570
26-05-2008	Purchase	115	1,66	191	157.685
27-05-2008	Purchase	105	1,63	171	157.790
28-05-2008	Purchase	140	1,60	224	157.930
02-06-2008	Purchase	310	1,54	477	158.240
03-06-2008	Purchase	100	1,49	149	158.340
04-06-2008	Purchase	130	1,55	202	158.470
05-06-2008	Purchase	115	1,46	168	158.585
06-06-2008	Purchase	115	1,54	177	158.700
11-06-2008	Purchase	100	1,52	152	158.800
12-06-2008	Purchase	80	1,54	123	158.880
16-06-2008	Purchase	100	1,60	160	158.980
18-06-2008	Purchase	110	1,53	169	159.090
19-06-2008	Purchase	160	1,60	256	159.250
23-06-2008	Purchase	100	1,58	158	159.350
25-06-2008	Purchase	100	1,57	157	159.450
26-06-2008	Purchase	136	1,57	213	159.586
27-06-2008	Purchase	111	1,59	176	159.697
30-06-2008	Purchase	150	1,47	221	159.847

Futebol Clube do Porto, of which is the President of the Board, held on June 30, 2008, 6,000,000 shares.

Fernando Soares Gomes da Silva

Held June 30 in 2007 960 shares. Not bought or sold during this period any action, holding on June 30, 2008, 960 shares. The Futebol Clube do Porto, which is Vice President of the Board, held on June 30, 2008, 6,000,000 shares.

Adelino Sá e Melo Caldeira

It has no shares. The Futebol Clube do Porto, of which he is Vice President of the Board, held on June 30, 2008, 6,000,000 shares.

Reinaldo da Costa Teles Pinheiro

Held on June 30 of 2007 9.850 shares. Not bought or sold during this period any action, holding on June 30, 2008, 9850 shares. The Futebol Clube do Porto, of which he is Vice President of the Board, held on June 30, 2008, 6,000,000 shares.

Jaime Eduardo Lamego Lopes

Doesn't hold shares.

Tax Council

Adolfo da Cunha Nunes Roque

Doesn't hold shares.

Filipe Carlos Ferreira Avides Moreira

Held on June 30, 2007 10 shares. Not bought or sold during this period any action, holding on June 30, 2008, 10 shares.

Armando Luís Vieira de Magalhães

Doesn't hold shares.

José Manuel Taveira dos Santos (Substitute)

Doesn't hold shares.

Satutory Auditing Company

Deloitte & Associados, SROC S.A. represented by Jorge Beja Neves

Does not hold any shares.



