



FIFA FINANCIAL REPORT 2006



FOREWORDS



2003-2006 PERIOD



FACTS & FIGURES 2006



2007-2010 PERIOD



SPECIAL TOPICS



ANNEXE

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DEAR MEMBERS OF THE INTERNATIONAL FOOTBALL FAMILY,

Now that our 2003-2006 financial period has ended following the highlight of the FIFA World Cup™ in Germany, we can look back on a chapter that, despite kicking off in the aftermath of the turbulent events of 2001 and 2002, most notably, the collapse of our TV and marketing partners and the withdrawal of World Cup cancellation cover by our insurers, subsequently unfolded in an extremely positive way for FIFA and international football.

A key emblem of the past four years is the Home of FIFA where we took up residence in May 2006. Our new headquarters next to Zurich Zoo are extraordinary not merely because of their architectural elegance but also because of the fact that their construction was financed entirely from FIFA's own coffers.

That is an achievement that cannot be underestimated. Four years ago, FIFA was facing challenges that might have sent another organisation over the edge. But together we have managed not only to head off the difficulties that I have mentioned but actually to lay new foundations that marked a rebirth from which FIFA has emerged stronger than ever before.

One of the pivotal steps we took was to complete a securitisation transaction. By prefinancing a portion of our future marketing revenue on the capital market, we managed to enhance our liquidity, thus allowing FIFA to fulfil its commitments to the member associations in full and without interruption. Since the transaction was based on conservative projected figures, only part of the



anticipated revenue was securitised and FIFA used the funds received in advance with circumspection, caution and restraint. Now, following the completion of the transaction and the ensuing repayment of the loan to the investors concerned, the surplus we recorded has vindicated our innovative approach.

Our cooperation with the 2006 FIFA World Cup Organising Committee Germany was another area of considerable success. Thanks to FIFA's support, the organising committee was able to plan the financial aspects of its numerous activities with confidence. Happily, outgoings were not as high as the hosts had budgeted and as a result FIFA received a net share of EUR 45 million of the surplus recorded in the final accounts for the event.

As we explained last year, the new 2007-2010 period and the 2011-2014 cycle too will ultimately show whether FIFA can reach its objectives. Football "made by FIFA" is a prized product that makes it possible to provide a house for everyone – as embodied by the Home of FIFA.

A handwritten signature in blue ink, appearing to read 'Blatter'.

Joseph S. Blatter

FIFA President

DEAR SIR OR MADAM,

At the end of the 2003-2006 financial period, FIFA once more finds itself on a firm financial footing. Despite the weakness of the US dollar last year, FIFA has recorded an outstanding result with a CHF 303 million surplus that is unprecedented in the organisation's near 103-year history. Equally pleasing for FIFA and even more so for the 207 member associations is the CHF 752 million equity the governing body had at the end of 2006, which far exceeds our original CHF 500 million target. FIFA is intent on securing a strong equity basis to reduce its dependency on the FIFA World Cup™ and to ensure that it is primed for any unforeseen events. There is even more urgency to do this now since it is no longer possible to

insure against the financial losses that would result from the cancellation of the FIFA World Cup™.

For the fourth time in succession, FIFA's expenses were within the budget approved by the Congress, thus leading to increased equity and ever-improving results. Given that the currency for the majority of FIFA's transactions is the US dollar, FIFA switched the currency used for its accounts and budget from the Swiss franc to the US dollar as of 1 January 2007.

Following on from FIFA's payment of a preparation subsidy of CHF 1 million to each of the 32 teams that qualified for last year's FIFA World Cup™ finals as well as a further CHF 300 million in prize money for the event,



an unprecedented purse of USD 6.4 million will be shared among the teams taking part in this year's FIFA Women's World Cup in the People's Republic of China.

On top of prize money and preparation funding, the revenue generated by the sale of rights is also invested in the Financial Assistance Programme and development initiatives such as the *Goal* Programme as well as countless other humanitarian projects, all of which serve as further means of raising standards, strengthening solidarity and ultimately ensuring the ongoing promotion of our game.

On behalf of FIFA's Finance Committee, I would like to thank you for the trust and understanding you have

shown in us. I am presenting you with this report for your perusal and look forward to addressing you and answering your questions in person at the 57th FIFA Congress in Zurich on 30 and 31 May 2007.

A handwritten signature in blue ink, consisting of stylized, overlapping letters that appear to be 'JHG'.

Julio H. Grondona

Chairman of the Finance Committee

DEAR SIR OR MADAM,

It is now four years since the FIFA Internal Audit Committee took up its statutory responsibility to monitor the finances of our organisation. Although it has been an intensive and challenging period, we can be very satisfied with what FIFA has built and achieved since 2003.

No fewer than six separate bodies now supervise how FIFA spends or reinvests the revenue that it generates:

- First of all, every invoice is verified and signed by the relevant department in accordance with the Internal Organisational Rules and Regulations. The accounting department then checks for the signature of the designated person, while the controlling department oversees all incoming and outgoing payments as well as other cash flows, and the internal compliance team is

responsible for analysing, optimising and documenting all the processes and stepping up internal control mechanisms.

- Auditors KPMG, as an external and independent organisation, conduct the audit and analyse the annual financial statements in accordance with internationally recognised standards.
- In addition to ensuring that the financial accounts are complete and give an accurate picture, the Internal Audit Committee that I chair also verifies the auditors' report.
- For its part, the Finance Committee keeps tabs on the management of FIFA's finances and advises the Executive Committee on financial issues.



- The Executive Committee itself is responsible for approving the annual financial statements after they have been examined by both the Finance Committee and the Internal Audit Committee.
- Serving as the final and supreme body, you as the delegates of your respective associations at the annual FIFA Congress bear the responsibility for ratifying the documents concerning FIFA's balance sheet and income statement presented in this financial report.

This brief overview indicates how FIFA has strengthened its structures at every level and why it can therefore consider itself to be leading the way among international sports federations in terms of transparent financial reporting. And for that, it deserves our compliments.

Finally, I wish to thank you once again for the trust and support you have extended to our committee. The Internal Audit Committee will do everything in its power to observe its responsibilities in every respect once again in the new 2007-2010 financial period.

A handwritten signature in blue ink, appearing to read 'Franco Carraro', written in a cursive style.

Dr Franco Carraro

Chairman of the Internal Audit Committee



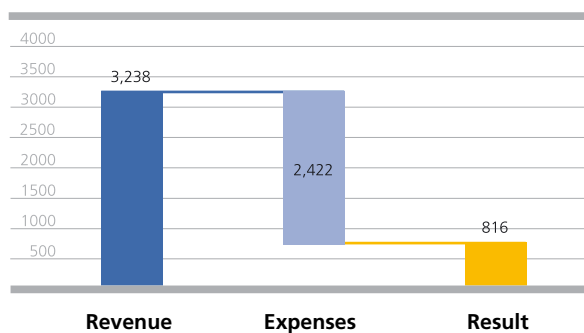
2003-2006 PERIOD





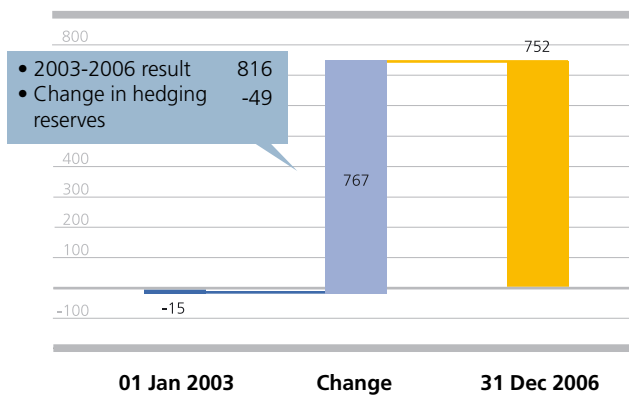
INCOME STATEMENT FOR 2003-2006 (ACCORDING TO IFRS)

CHF MILLION



EQUITY DEVELOPMENT IN 2003-2006 PERIOD (ACCORDING TO IFRS)

CHF MILLION





Overview

In the period from 1 January 2003 to 31 December 2006, FIFA generated revenue totalling CHF 3,238 million. Expenses in this period totalled CHF 2,422 million, leaving FIFA with a net four-year result of CHF 816 million.

FIFA closed the 2003-2006 financial period with a **best-ever overall result** of **CHF 816 million**. FIFA's **equity** of **CHF 752 million** on 31 December 2006 represented the highest figure in the governing body's 103-year history.

FIFA works with a four-year financial period, beginning on 1 January of the year following each FIFA World Cup™.

Article 67 of the FIFA Statutes states that:

- FIFA's **revenue** and **expenditure** shall be managed in such a way that they balance over the financial period;
- FIFA's major duties in the future shall be guaranteed through the **creation of reserves**.

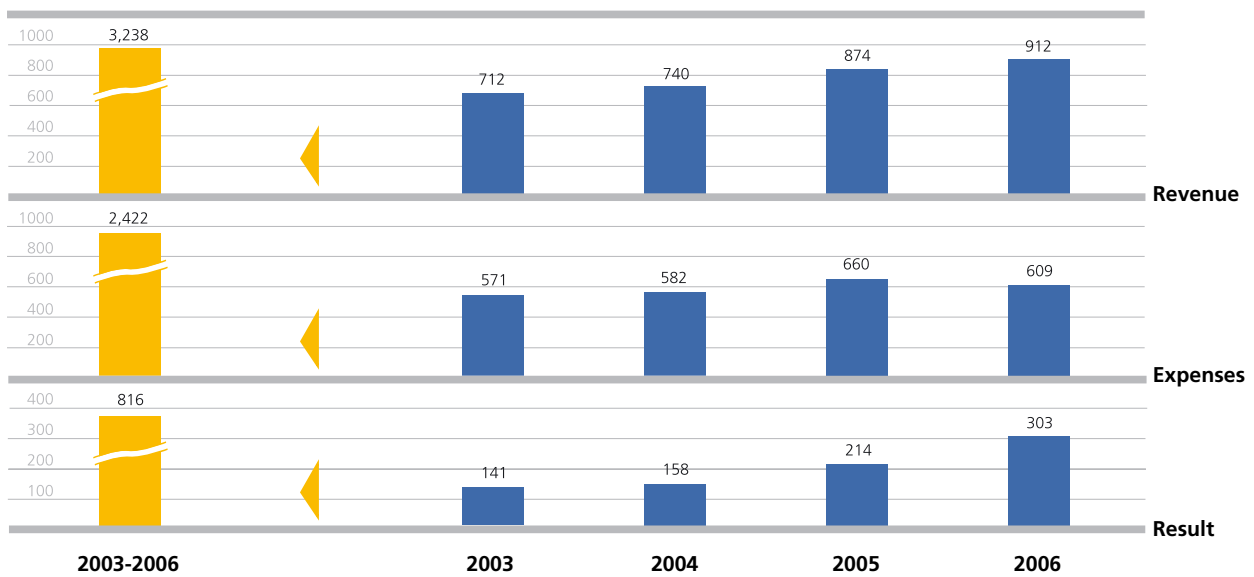
On 1 January 2003, FIFA's equity stood at CHF -15 million. When the four-year result of CHF 816 million was taken into account together with the CHF -49 million change in the hedging reserves, FIFA's equity on 31 December 2006 was CHF 752 million.

FIFA more than met these statutory requirements in the 2003-2006 financial period. From a financial point of view, the entire period, and the year 2006 in particular, was a resounding success. Today, FIFA has **solid financial foundations**. The **creation of sufficient reserves** for the future is of **major strategic importance** to FIFA, particularly given its financial dependency on the FIFA World Cup™ and the fact that today it is virtually impossible to find cancellation insurance to cover an event of such magnitude.



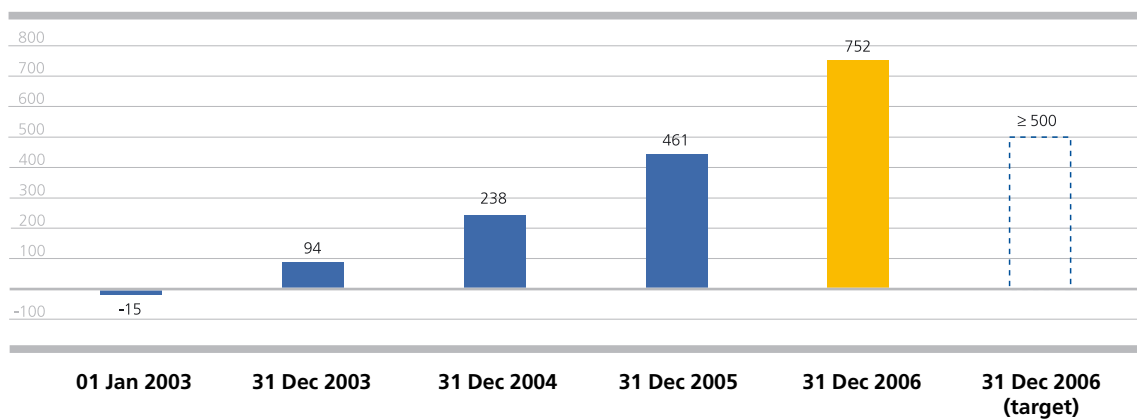
INCOME STATEMENT FOR 2003-2006 (ACCORDING TO IFRS)

CHF MILLION



EQUITY DEVELOPMENT IN 2003-2006 PERIOD (ACCORDING TO IFRS)

CHF MILLION





Income statement and equity development

FIFA recorded a positive result in each year of the 2003-2006 financial period, and the annual results also improved year by year. In general, the introduction of IFRS has resulted in a levelling out of FIFA's annual results over the 2003-2006 financial period, thereby helping to depict FIFA's commercial activities in a more accurate manner. FIFA's net four-year result was CHF 816 million.

Since 2005, all listed companies in the European Union have been obliged to apply **International Financial Reporting Standards (IFRS)** to their financial statements. Even though FIFA is not a listed company, its financial statements have been prepared in accordance with IFRS ever since 2003.

This chapter provides an overview of FIFA's **income statements** for each year in the 2003-2006 period as well as the **development of FIFA's equity** over the same period.

The **detailed financial statement** for 2006 can be found in the annexe on page 67, and the financial statement for the full four-year period on page 114.

On the back of these positive annual results, FIFA's equity also increased in every year of the 2003-2006 period. FIFA's equity increased from a negative figure of CHF -15 million on 1 January 2003 to CHF 752 million on 31 December 2006. This means that the original target of having equity of CHF 350-450 million at the end of 2006 (as set by the FIFA Congress in 2004) and the amended target of over CHF 500 million (as set by the FIFA Congress in 2006) have both been significantly surpassed.

In Doha in 2003, the FIFA Congress decided that renowned international audit company **KPMG** would be asked to audit FIFA's financial statements for the 2003-2006 financial period. KPMG's report can be found in the annexe on page 117. The report from the **Internal Audit Committee** is on page 119.



REVENUE IN 2003-2006 PERIOD

CHF MILLION

100% = CHF 3,238 million

Financial income

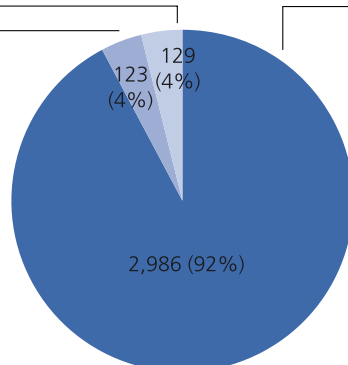
• Foreign exchange effects	82
• Interest	42
• Investments	5

Total 129

Other operating income

• Brand licensing	65
• Quality Concept	27
• Penalties/Appeals	9
• Other (e.g. rental income, film sales)	22

Total 123



Event-related revenue

• TV broadcasting rights	
– 2006 FIFA World Cup™	1,660
– Additional FIFA events	25
• Marketing rights	714
• Hospitality rights	260
• Licensing rights	93
• Other	234

Total 2,986

Official Partners of the 2006 FIFA World Cup Germany™



EXPENSES IN 2003-2006 PERIOD

CHF MILLION

100% = CHF 2,422 million

Financial expenses

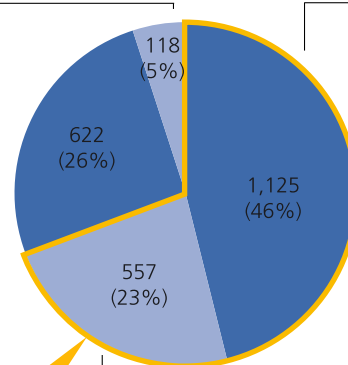
• Foreign exchange effects	79
• Interest	39

Total 118

Other operating expenses

• Personnel expenses	210
• Transportation, travel, accommodation	77
• IT expenses	29
• Depreciation	32
• Audits and external consultancy	45
• Other events	39
• Legal expenses	43
• New media	13
• Rent, maintenance	24
• Other (e.g. office equipment, telecommunications)	110

Total 622



69% for FIFA events and development

Event-related expenses

• Contributions to teams	431
• Contributions to LOC	344
• Compensation for teams/participants	174
• Rights protection/delivery	51
• Other (e.g. IT solution, insurance)	166
• Accrued expenses	-41

Total 1,125

Development-related expenses

• Financial Assistance Programme	311
• Confederations	92
• Goal Programme	100
• Other (e.g. courses)	54

Total 557



Revenue and expenses in 2003-2006 period

Of the total revenue recorded in the 2003-2006 period (CHF 3,238 million), CHF 2,986 million (92%) came from FIFA events. The lion's share of this figure derived from the sale of television rights (CHF 1,685 million) and marketing rights (CHF 714 million). The total revenue generated by the 2006 FIFA World Cup™ was CHF 2,858 million. This figure is broken down in greater detail on pages 20 and 21.

Other operating income totalled CHF 123 million (4%) and was generated primarily by the licensing of marks (CHF 65 million).

FIFA's financial income of CHF 129 million (4%) came mainly from currency and interest effects.

FIFA's competitions, and especially the **2006 FIFA World Cup Germany™**, had a significant impact on the 2003-2006 financial period. FIFA's competitions generated 92% of the total revenue of CHF 3,238 million. Conversely, 46% of the total expenses were absorbed by FIFA competitions.

In all, CHF 557 million was expended on **FIFA's development projects**, corresponding to 23% of the total expenses. Apart from the Financial Assistance Programme (FAP) and the *Goal* Programme, the development projects included various courses, the humanitarian fund, CIES, Com-Unity, F-MARC, UNICEF and SOS Children's Villages. Other focal points were the development of refereeing and women's football.

With expenses for **FIFA's competitions** and **development projects** amounting to **CHF 1,682 million**, 69% of the total expenses for the 2003-2006 period thus **flowed directly back into football**.

Of the overall expenditure in the 2003-2006 period (CHF 2,422 million), CHF 1,125 million (46%) was spent on FIFA events, primarily comprising total contributions of CHF 431 million to the teams and total payments of CHF 344 million to local organising committees. Expenditure relating to the 2006 FIFA World Cup™ totalled CHF 881 million. This figure is broken down in greater detail on pages 20-21.

CHF 557 million (23%) was spent on FIFA's development programmes.

The remaining operating expenses totalled CHF 622 million (26%).

The financial expenses of CHF 118 million (5%) consisted of unrealised, financial currency effects caused by the devaluation of the USD against the CHF on the balance sheet date, as well as interest effects.



2006 FIFA WORLD CUP™ REVENUE

CHF MILLION

Revenue in 2003-2006 period	2,858
• TV broadcasting rights	1,660
– USA	176
– Europe	751
– Rest of the World	733
• Marketing rights	714
• Hospitality rights	260
• Licensing rights	92
• Accommodation and ticketing	31
• Profit share OC 2006 FIFA World Cup *	79
• Other	22

* Taking into account the deficit offset for the 2005 FIFA Confederations Cup, FIFA effectively received a net share of CHF 72 million (EUR 45 million)

2006 FIFA WORLD CUP™ EXPENSES

CHF MILLION

Expenses in 2003-2006 period	881
• Contributions to teams (prize money)	332
• Contributions to the OC 2006 FIFA World Cup	250
• Compensation for teams and participants	104
• Information technology	46
• Rights protection	35
• Insurance expenses	16
• Referees	16
• fifaworldcup.com	13
• Fan-related expenses	13
• Other	56

Prize money	
Winners	24.5
Runners-up	22.5
Third	21.5
Fourth	21.5
Places 5-8 (each)	11.5
Places 9-16 (each)	8.5
Places 17-32 (each)	6.0
Preparation (each)	1.0
Total	332.0



2006 FIFA World Cup™ revenue and expenses

FIFA's income from the 2006 FIFA World Cup™ totalled CHF 2,858 million, which came predominantly from the sale of television rights (CHF 1,660 million). The income generated by marketing rights (CHF 714 million) included the sponsorship payments from FIFA's 15 Official Partners. The hospitality programme, i.e. the sale of VIP packages, generated CHF 260 million, while product licensing brought in CHF 92 million. Last but not least, the 2006 FIFA World Cup Organising Committee Germany recorded a profit, out of which FIFA received a net share of CHF 72 million (EUR 45 million). Further details on this can be found on pages 22 and 23.

The **2006 FIFA World Cup Germany™** was a huge success, a fact that was reflected by its financial result.

The figures shown here refer to **FIFA's income statement** for the entire 2003–2006 financial period. The income statement of the 2006 FIFA World Cup Organising Committee Germany (OC 2006 FIFA World Cup) is shown on pages 22 and 23.

The 2006 FIFA World Cup™ generated **total revenue** of CHF 2,858 million for FIFA, and incurred **total expenses** of CHF 881 million.

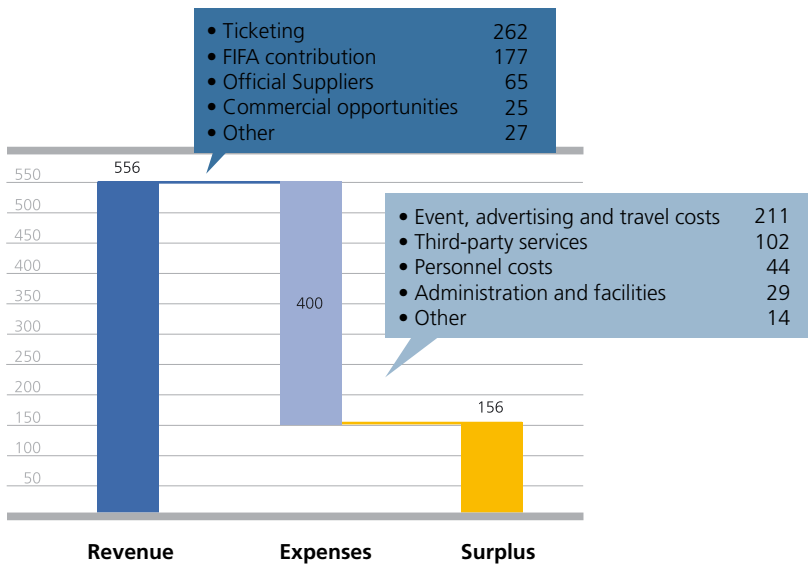
A **budget** of **CHF 871 million** had been earmarked and approved for the 2006 FIFA World Cup™. The total expenses amounting to CHF 881 million were slightly higher (1%) than this budget so, all in all, the targets were reached.

Expenditure on the 2006 FIFA World Cup™ totalled CHF 881 million. Most of these expenses took the form of prize money, including preparation payments to the participating teams (CHF 332 million). The 2006 FIFA World Cup Organising Committee received CHF 250 million in subsidies from FIFA. Compensation for the teams and participants (e.g. travel and hotel costs) totalled CHF 104 million. The IT solution for the event cost CHF 46 million, while CHF 35 million was spent on rights protection and promotion. Further expenses included insurance, refereeing, fifaworldcup.com and fan-related projects.



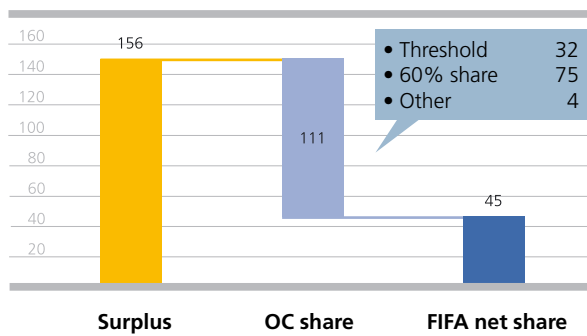
OC 2006 FIFA WORLD CUP INCOME STATEMENT

EUR MILLION



PROFIT SHARE

EUR MILLION





OC 2006 FIFA World Cup

The OC 2006 FIFA World Cup generated overall income of EUR 556 million, consisting mainly of revenue from ticketing (EUR 262 million), FIFA's contribution (EUR 177 million, approximately CHF 250 million) and sponsorship payments from the six Official Suppliers (EUR 65 million).

The local organising committee's expenses totalled EUR 400 million, primarily due to event, advertising and travel costs (EUR 211 million) as well as services provided by third parties (EUR 102 million).

This resulted in a surplus of EUR 156 million.

The **OC 2006 FIFA World Cup** produced very good financial results for the World Cup. The final accounts, drawn up in euros and verified first by local auditors and later by KPMG at FIFA's request, revealed revenue of EUR 556 million and expenses of EUR 400 million, leaving a **surplus** of **EUR 156 million**.

This surplus was split in line with an official agreement between **FIFA** and the organising committee. FIFA thus received a **net share** amounting to **EUR 45 million**.

In accordance with a prior agreement regarding any surplus recorded, the local organising committee was entitled to a profit share of EUR 111 million of the EUR 156 million total. This consisted of a threshold amount of EUR 32 million, a 60% share of EUR 75 million and an additional EUR 4 million.

This left FIFA with a net share of EUR 45 million.

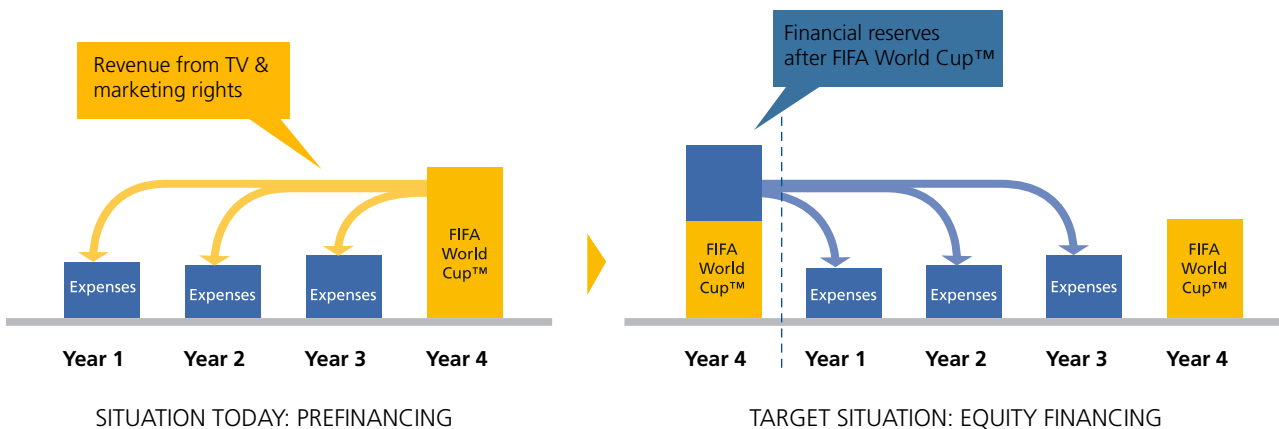


BALANCE SHEET

CHF MILLION

	01 Jan 2003	31 Dec 2006		01 Jan 2003	31 Dec 2006
ASSETS	775	1,457	LIABILITIES AND EQUITY	775	1,457
Current assets	537	847	Current liabilities	438	692
• Cash & cash equivalents	361	460	• Payables	72	62
• Receivables	122	272	• Income tax liabilities	2	1
• Prepaid expenses and accrued income	54	115	• Interest-bearing liabilities	113	18
			• Derivative financial liabilities	48	7
			• Accrued expenses and deferred income	203	604
Non-current assets	238	610	Non-current liabilities	352	13
• Property, plant, equipment	76	282	• Interest-bearing liabilities	344	0
• Investment properties	0	27	• Provisions	8	13
• Intangible assets	6	4			
• Financial assets	156	297	Equity	-15	752

NEED FOR RESERVES





Balance sheet and reserves

As at 31 December 2006, FIFA's current assets consisted of liquid assets of CHF 460 million. Receivables amounted to CHF 272 million whereas prepaid expenses and accrued income totalled CHF 115 million. Non-current assets amounted to CHF 610 million of which CHF 297 million were financial assets.

As at 31 December 2006, liabilities contained accrued expenses and deferred income amounting to CHF 604 million, consisting largely of income from the 2010 FIFA World Cup™ already received in the 2003-2006 period.

Equity amounted to CHF 752 million.

As at 31 December 2006, FIFA's balance sheet totalled CHF 1,457 million and **equity** amounted to **CHF 752 million**. The projected value of over CHF 500 million was therefore surpassed by a significant amount.

Creating reserves is not only one of FIFA's **statutory obligations** (FIFA Statutes, art. 67) but is also a basic **strategic necessity**. FIFA currently funds its four-year financial period from revenue generated by the World Cup, which is always staged in the last year of the period. This system of prefinancing creates a major dependency on the World Cup.

FIFA's **aim** is to change this principle so that after every World Cup, there is enough equity to finance the first three years of the next financial period. FIFA would then be able to **reduce its economic dependency on the World Cup** and be better prepared for unexpected contingencies.

The equity base of CHF 752 million at the end of 2006 is the **first step in the right direction** but is not sufficient. Expenses in the three pre-World Cup years of 2003 to 2005, for example, amounted to CHF 1,813 million.

Since the 11 September 2001 attacks, it has become very difficult to insure a major event such as the FIFA World Cup™ against cancellation. Not only are the costs of insurance prohibitive but the available policies also contain many exclusion clauses and can often be concluded only on an annual, renewable basis.

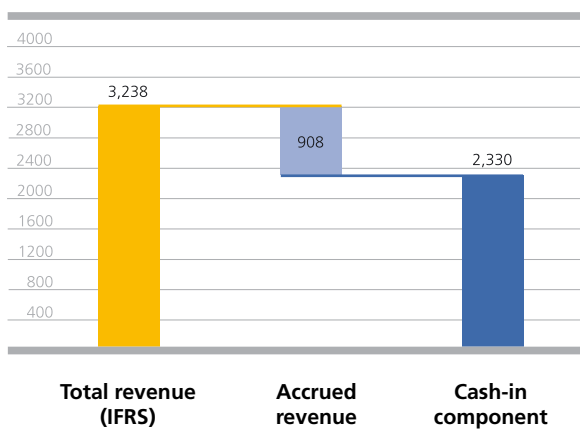
It is therefore FIFA's aim to accumulate enough reserves after each World Cup in order to be able to fund the first three years of the next financial period without having to use the revenue from the subsequent World Cup.

This means changing from a prefinancing to an equity financing situation.



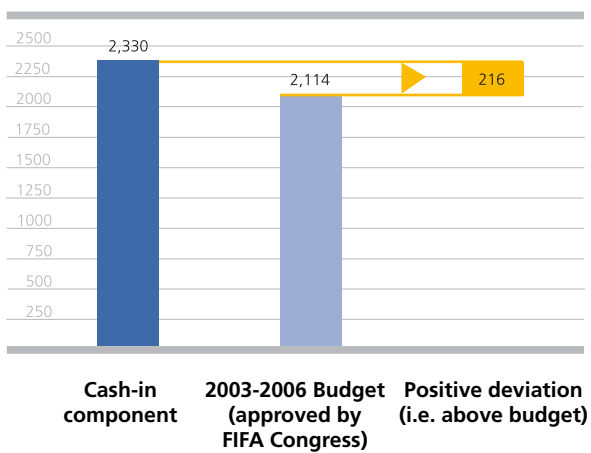
REVENUE IN 2003-2006 PERIOD: COMPONENTS

CHF MILLION



REVENUE IN 2003-2006 PERIOD: BUDGET COMPARISON

CHF MILLION





Revenue analysis for 2003-2006

In order to carry out a budget comparison, CHF 908 million had to be adjusted from the overall revenue of CHF 3,238 million for the 2003-2006 period, resulting in a cash-in component of CHF 2,330 million.

The amount adjusted consisted primarily of revenue from marketing rights, the FIFA World Cup™ hospitality programme, the FIFA Club World Cup and from foreign currency gains.

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

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

A budget comparison shows that, for the 2003-2006 financial period, the **revenue budget** approved by the Congress was **surpassed by** a total of **CHF 216 million**.

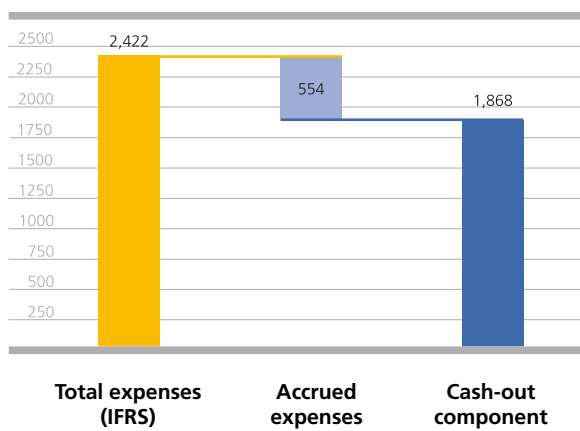
The FIFA Congress passed a revenue budget of CHF 2,114 million for the 2003-2006 period (cf. FIFA Financial Report 2004, page 36). This budget was surpassed by CHF 216 million.

The surplus revenue was due primarily to FIFA's net share from the OC 2006 FIFA World Cup, additional revenue from World Cup ticketing and accommodation as well as from licences. Furthermore, unforeseen revenue was received from the 2004 Olympic Games.



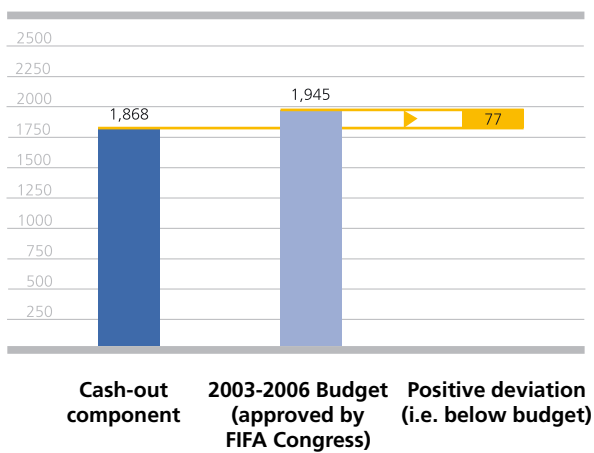
EXPENSES IN 2003-2006 PERIOD: COMPONENTS

CHF MILLION



EXPENSES IN 2003-2006 PERIOD: BUDGET COMPARISON

CHF MILLION





Expense analysis for 2003-2006

In order to carry out a budget comparison, CHF 554 million had to be adjusted from the overall expenses of CHF 2,422 million for the 2003-2006 period, resulting in a cash-out component of CHF 1,868 million.

The amount adjusted consisted primarily of the contribution to the OC 2006 FIFA World Cup, expenses for the FIFA Club World Cup, depreciation expenses and foreign currency effects.

The basic principle described on page 27 also applies to expenses.

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

A budget comparison shows that, for the 2003-2006 financial period, the actual expenses were **CHF 77 million less than the expense budget** approved by the Congress.

The FIFA Congress passed an expense budget of CHF 1,945 million for the 2003-2006 period (cf. FIFA Financial Report 2004, page 36). The actual expenses were CHF 77 million less than the expense budget as a result of cumulative cost reductions made in various areas during the entire financial period and already published in the relevant year (cf. FIFA Finance Reports for the years 2003 to 2005).



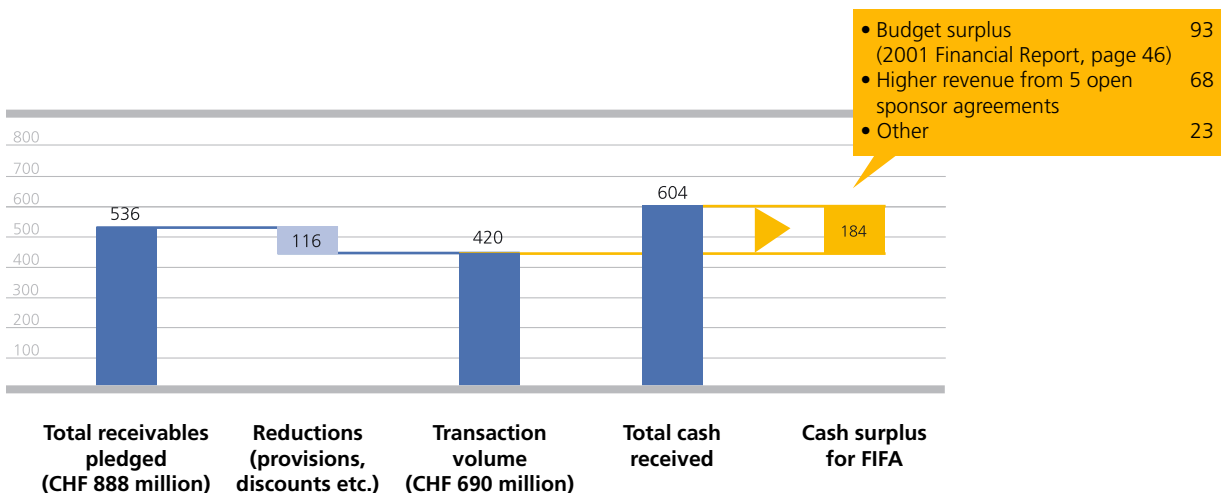
SECURITISATION – PRINCIPLES OF TRANSACTION

(SIMPLIFIED)



SECURITISATION – FINAL ACCOUNTS

USD MILLION





Securitisation – final accounts

Securitisation is the conversion of assets into tradable securities. FIFA first of all sold assets from sponsorship contracts for the 2002 and 2006 World Cups to a Special Purpose Vehicle (SPV) ¹. The SPV then refinanced itself through issuing securities to investors ² and ³. The payments by the sponsorship partners were then directly channelled to the investors through the SPV ⁴ and ⁵. Once the investors had been fully reimbursed, all further payments reverted to FIFA ⁶.

The years 2001 and 2002 were characterised by a series of **unforeseeable events**, such as the insolvency of FIFA's two most important television and marketing partners, 9/11 and the unexpected termination of the cancellation insurance for the World Cup. Nevertheless, during that time FIFA succeeded in **honouring all of its commitments** towards its member associations, including the Financial Assistance Programme (FAP), in full and on time.

Thanks to the **securitisation** transaction, FIFA was able to procure the **necessary liquid assets** to fulfil its obligations without having to depend on banks or third parties.

Conservative estimates set the value of the transaction at USD 420 million. By early 2006, the investors had been fully reimbursed; this enabled FIFA to conclude the transaction with a **total surplus of USD 184 million**.

The actual assets pledged in the transaction, totalling USD 536 million, amounted to USD 420 million once various amounts had been discounted and deducted. FIFA's income totalled USD 604 million, thus leaving it with a surplus of USD 184 million once the transaction volume of USD 420 million had been amortised. This mainly consisted of a budgetary surplus of USD 93 million and additional income of USD 68 million due to a conservative valuation of the five sponsorship slots that had yet to be filled at the time of the transaction.

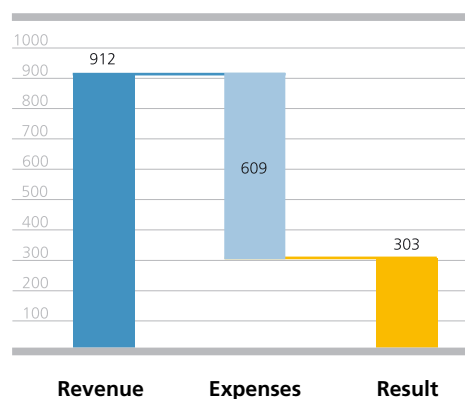






INCOME STATEMENT FOR 2006

CHF MILLION



INCOME STATEMENT FOR 2006

CHF MILLION

Revenue	912
• Event-related revenue	849
• Other operating income	36
• Financial income	27
Expenses	609
• Event-related expenses	239
• Development-related expenses	132
• Other operating expenses*	188
• Financial expenses	50
Result	303

* Includes expenses for personnel, transportation and accommodation, IT depreciation and amortisation (shown separately in the Consolidated Income Statement, page 67)



Income statement for 2006

Revenue of CHF 912 million was generated in the period from 1 January to 31 December 2006, compared with expenses of CHF 609 million, giving a net result of CHF 303 million.

This chapter provides an overview of the income statement for **2006**. The detailed financial statements for 2006 are shown on pages 67 to 111 of the annexe.

FIFA ended the year 2006 with a **net surplus** of **CHF 303 million**. This is the best annual result ever recorded in the history of FIFA.

FIFA's income statement comprises revenue items such as event-related revenue, other operating revenue and financial income whereas the expenditure items included event-related and development-related expenses as well as other operating and financial expenses. These different items reflect FIFA's principal objectives of organising competitions as well as constantly improving and promoting football through youth and development programmes.



REVENUE FOR 2006

CHF MILLION

100% = CHF 912 million

Financial income

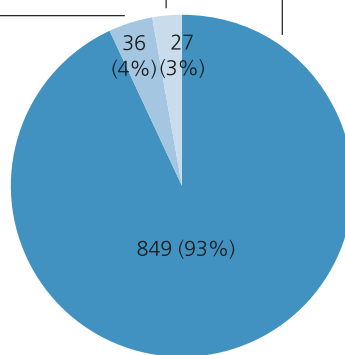
• Foreign exchange effects	5
• Interest	21
• Investments	1

Total 27

Other operating income

• Brand licensing	18
• Quality concept	9
• Penalties/Appeals	1
• Other (e.g. rental income, film sales)	8

Total 36



Event-related revenue

• TV broadcasting rights	410
– 2006 FIFA World Cup™	
– Additional FIFA events	1
• Marketing rights	174
• Hospitality rights	65
• Licensing rights	54
• Other	145

Total 849

Official Partners of the 2006 FIFA World Cup Germany™



EXPENSES FOR 2006

CHF MILLION

100% = CHF 609 million

Financial expenses

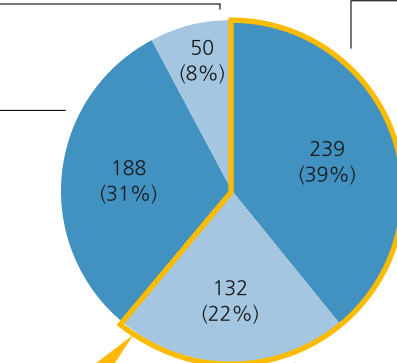
• Interest	3
• Foreign exchange effects	47

Total 50

Other operating expenses

• Personnel expenses	60
• Transportation, travel, accommodation	20
• IT expenses	7
• Depreciation	16
• Audits and external consultancy	14
• Other events	7
• Legal expenses	18
• New media	2
• Rent, maintenance	13
• Other (e.g. office equipment, telecommunications)	31

Total 188



61% for FIFA events and development

Event-related expenses

• Contributions to teams	338
• Contributions to LOC	169
• Compensation for teams/participants	82
• Rights protection/delivery	22
• Other (e.g. IT solution, insurance)	63
• Accrued expenses	-435

Total 239

Development-related expenses

• Financial Assistance Programme	71
• Confederations	21
• Goal/ Programme	25
• Other (e.g. courses)	15

Total 132



Revenue and expenses for 2006

Of the total revenue of CHF 912 million recorded in 2006, CHF 849 million (93%) came from FIFA events. The lion's share of this amount is attributable to the 2006 FIFA World Cup Germany™ and was mainly generated through the commercialisation of television broadcasting rights (CHF 410 million) and marketing rights (CHF 174 million).

Other operating income totalled CHF 36 million (4%).

Financial income amounted to CHF 27 million (3%).

In addition to the 2006 FIFA World Cup Germany™, last year, FIFA also staged the FIFA U-20 Women's World Championship in Russia, the FIFA Beach Soccer World Cup in Rio de Janeiro, the FIFA Club World Cup in Japan as well as the FIFA Interactive World Cup.

The revenue and expenses directly related to the **FIFA World Cup™** are recognised in the income statement using the **percentage-of-completion method** according to IFRS. This means that they are listed by reference to the stage of completion of the event as at the balance sheet date. The stage of completion of the 2006 FIFA World Cup Germany™ is assessed evenly over the four-year 2003 to 2006 period. The application of the percentage-of-completion method requires that revenue and expenses can be estimated reliably. The World Cup accounts were therefore finalised and had been fully settled by the end of the 2006 World Cup year.

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

Expenses for **development programmes** such as FAP and *Goal* are recorded on a straight-line basis over the project period.

Of the overall expenditure of CHF 609 million in 2006, CHF 239 million (39%) was spent on FIFA events. This included contributions to teams, participants and local organising committees.

CHF 132 million (22%) of the expenses related to FIFA development programmes (e.g. *Goal* and FAP).

Other operating expenses of CHF 188 million (31%) included, for example, personnel costs.

Financial expenses amounted to CHF 50 million (8%) and consisted mainly of foreign exchange effects.



Goal Programme

- 1 Paraguay: extension to technical centre in Ypané for youth and women's teams, opened on 1 February 2006
- 2 Syria: association headquarters and auditorium in Damascus, opened on 21 March 2006
- 3 Morocco: technical centre in Rabat, opened on 30 April 2006
- 4 Senegal: association headquarters in Dakar, opened on 1 May 2006
- 5 Cape Verde Islands: technical centre with association headquarters and artificial turf pitch (two projects), opened on 2 May 2006
- 6 Hungary: association headquarters, opened on 7 November 2006
- 7 Tahiti: technical centre in Pirae with natural turf pitches and floodlights (two projects), opened on 15 November 2006
- 8 Israel: artificial turf pitch in Nazareth, opened on 17 November 2006
- 9 Ukraine: association headquarters in Kiev, opened on 29 November 2006
- 10 Mexico: four regional centres (completed)
- 11 El Salvador: multi-purpose facilities and technical building in San Salvador (completed)
- 12 Tonga: expansion and completion of national football academy in Atele, Tonganapu (completed)

Originally the brainchild of **FIFA President Joseph S. Blatter**, the **Goal Programme** was ratified by the 1999 FIFA Congress in Los Angeles. The launch of *Goal* heralded a new era in FIFA's development work. *Goal* sprang from the **vision of the House of Football** – not merely one house, but a house in the country of each of the 207 member associations. In the light of the overwhelming success of the *Goal* Programme, the 2002 FIFA Congress in Seoul voted to continue the scheme for another four years with a **total budget of CHF 100 million**.

By the end of 2006, a total of **187 countries** had benefited from the *Goal* Programme thanks to **294 individual projects**. The House of Football's objective has therefore been reached, with more than 150 projects already completed, while the remainder are well underway and will soon be operating. This innovative programme has been accomplished thanks to staunch support from the associations and government authorities as well as financial contributions from the confederations. Now that the House of Football has been turned into reality, **further facilities will be made available** over the next few years to meet the ever-increasing demands in terms of footballing standards.

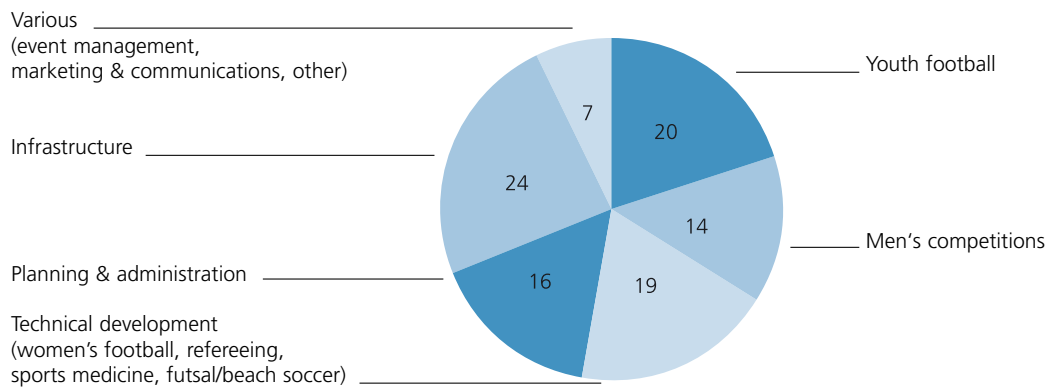
Goal and FAP have played a pivotal role in **making football more professional**. They are not only a source of hope and inspiration for the member associations but also serve as an incentive for investing in the development of football.



FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS

PER CENT*

100% = USD 396 million**

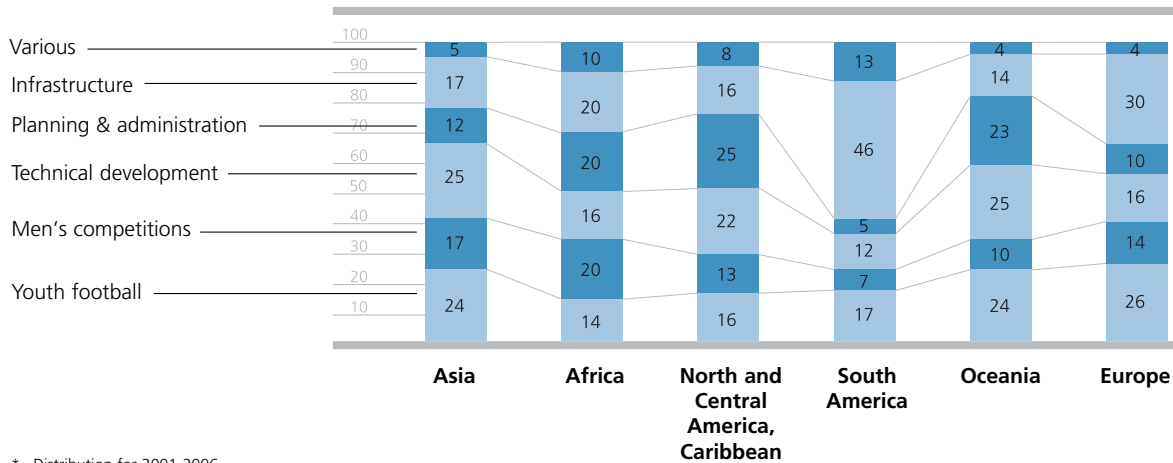


* Distribution for 2001-2006

** Total FAP funds distributed to associations from 1999 to 2006

FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY CONTINENT

PER CENT*



* Distribution for 2001-2006



Financial Assistance Programme

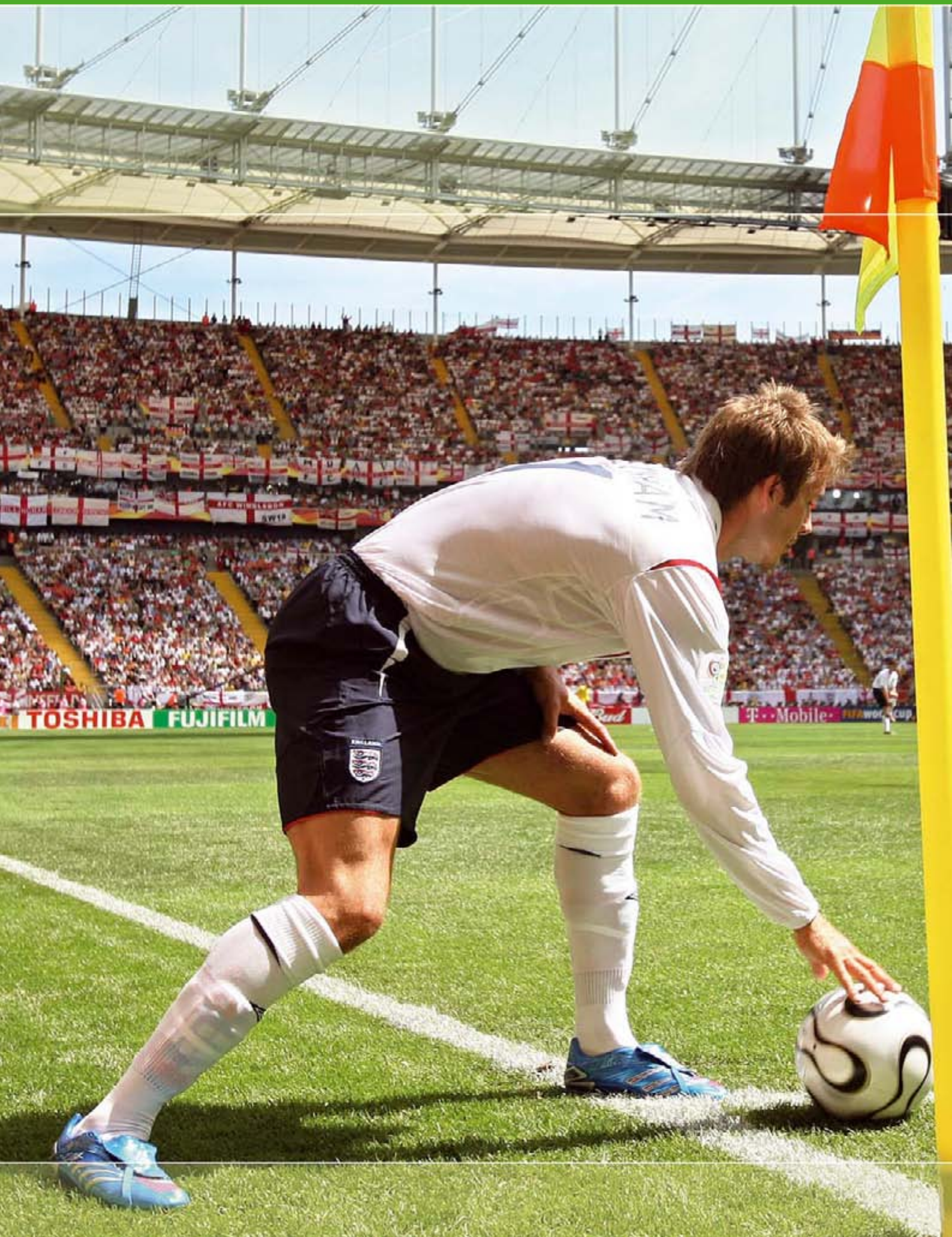
Looking at the way in which spending has changed in the years since 2003, the more striking variations are in four specific areas, namely “Men’s competitions”, “Women’s football”, “Infrastructure” and “Planning & administration”. The change in spending patterns comes largely as a result of improved planning at member association level and strengthened relationships with public and private sector organisations. The increased investment in women’s football has undoubtedly been prompted by FIFA’s strong commitment to this sector of the game, underlined by its decision to increase the minimum share of FAP funding that each association must allocate to women’s football to 10% – a move that has met with a positive response from the associations.

The recruitment of professional staff and the upgrade of equipment has also brought about an increase in the funds allocated to “Planning & administration”. The additional spending on these vital components of the House of Football has been accompanied by a decrease in investment in “Infrastructure” because most member associations now have their own headquarters’ buildings. The other area where spending from FAP has decreased is “Men’s football”. There are two main reasons for this. Firstly, FIFA’s instructions that FAP funds must be used for the development of the game in all areas, and secondly, in many cases, marketing partners and governments are now covering the expenses incurred by an association’s senior men’s national team.

In 1999, **FIFA President Joseph S. Blatter** began to implement the **Financial Assistance Programme (FAP)** that had been launched by his predecessor, Dr João Havelange, for the benefit of member associations. In the four-year cycle from 1999 to 2002, **each association**, regardless of size, received **USD 1 million** for football development, and **each confederation USD 10 million**. The same amounts were distributed to the associations and confederations again during the 2003-2006 cycle to finance worthwhile projects on a long-term basis.

Since 2004, every association and confederation has been obliged to have its use of FAP donations examined by a local auditing company and to submit the reports to FIFA. These local inspections are undertaken alongside central audits conducted by KPMG. It was encouraging to note that not only had the **auditing work improved** compared with the previous year but the entire auditing procedure was completed more quickly and efficiently. This was a clear indication that the associations had invested more time and energy in improving their accounting and financial management procedures.

The audit examinations also revealed flaws that FIFA intends to rectify as part of the programme designed to **upgrade professional administration**. Apart from offering support for day-to-day business management, the accent will be on training existing employees and recruiting professional experts.



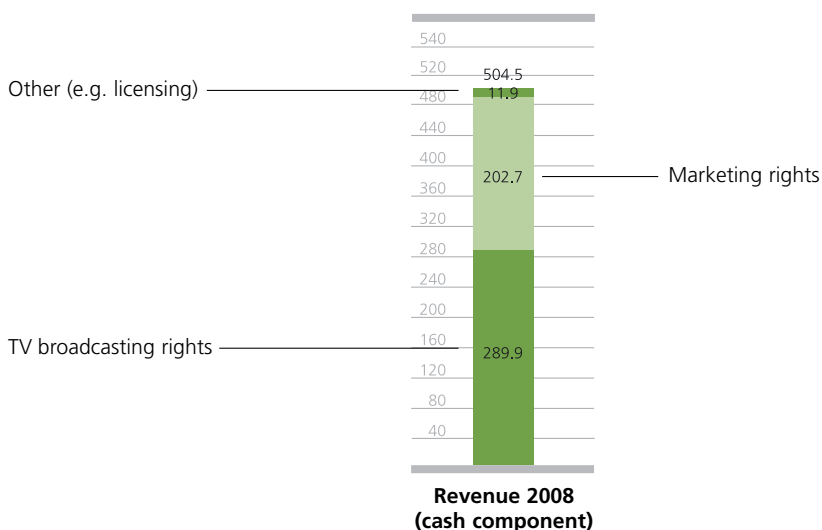
2007-2010 PERIOD





BUDGET FOR 2008: REVENUE

USD MILLION



BUDGET FOR 2008: INVESTMENT

USD MILLION

Competitions

- 2010 FIFA World Cup™ 125.3
- FIFA U-20 Women's World Cup 2008 11.8
- FIFA U-17 Women's World Cup 2008 11.6
- FIFA Futsal World Cup 2008 10.4
- Olympic Football Tournaments 2008 5.1
- Other competitions 26.4

Football governance

- Committees and Congress 34.6
- Legal matters 13.9
- Football administration 1.2
- CIES 2.0

Operational expenses and services

- Presidential Office 3.3
- General Secretary's Office 5.0
- Communications 17.7
- HR & Services 77.7
- Other (e.g. Finance & Controlling) 13.7

190.6

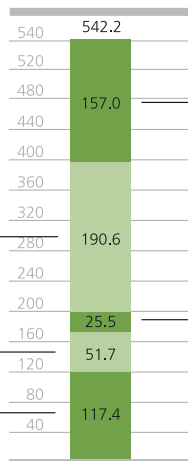
125.3
11.8
11.6
10.4
5.1
26.4

51.7

34.6
13.9
1.2
2.0

117.4

3.3
5.0
17.7
77.7
13.7



Investments 2008 (cash component)

Development

- Financial Assistance Programme 67.3
- Goal/ Programme 30.0
- Football for a Better World 14.3
- Football for Hope 4.8
- Referee development 10.0
- Other (e.g. courses) 30.6

157.0

67.3
30.0
14.3
4.8
10.0
30.6

Exploitation of rights

- Marketing 9.8
- Broadcasting & media rights 7.2
- Licensing 2.4
- Other (e.g. business development) 6.1

25.5

9.8
7.2
2.4
6.1



Revenue and investments in 2008

The detailed budget for 2008 has been approved by the FIFA Finance Committee and the FIFA Executive Committee and now requires ratification from the 2007 FIFA Congress.







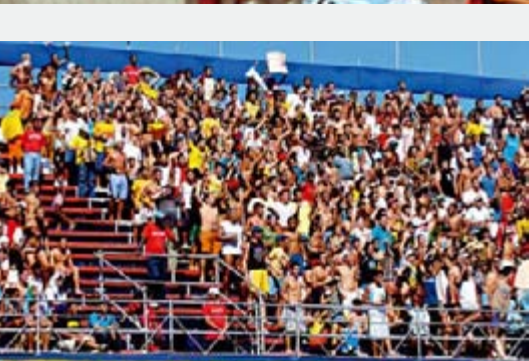
Additional events

In spectacular FIFA tournaments held in locations as varied as Peru, Germany, the USA and Japan, men and women compete for some of the most coveted trophies in world sport.

Thanks to the financial success of the FIFA World Cup™, world football's governing body is able to finance many other tournaments that help it to fulfil its objective of promoting the development of the game of football. In the course of the 2003-2006 World Cup cycle, FIFA was particularly successful in repositioning the women's game.

As a result, expectations for this year's **FIFA Women's World Cup** in China are high and not just because the host nation is tipped to do well in the event. The FIFA Technical Study Group lauded the high quality of football on display during the **FIFA U-20 Women's World Championship** in Russia in August and September 2006, and in an effort to reduce the gulf in standards separating the elite from other nations, FIFA is planning to organise its first ever **U-17 Women's World Cup** in New Zealand in 2008.

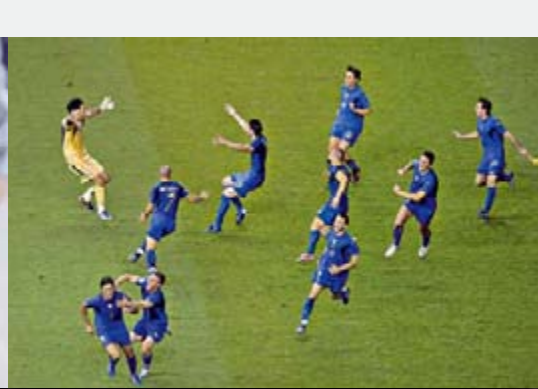
A men's championship in this age group was launched in People's Republic of China in 1985. The most recent **FIFA U-17 World Cup** in Peru in 2005 was won by Mexico. Following the successful trial of artificial turf for games in Finland in 2003, the tournament in the South American nation was the first ever FIFA event where every match was played on this surface. The **FIFA U-20 World Cup** is now a firm fixture in the men's calendar, attracting impressive attendances and serving as a springboard for the stars of tomorrow. The 2005 event in the Netherlands will be remembered for the emergence of Argentina striker Lionel Messi, whose extraordinary performances inspired his team to the title.



Whether it is played as an Olympic sport, indoors or on the beach in Rio de Janeiro, football is a source of fascination for millions of people.

The year 2005 also saw the most recent **FIFA Confederations Cup**. Serving to a certain extent as a dress rehearsal for Germany's hosting of the 2006 FIFA World Cup™, the popularity of the event among the fans exceeded all expectations. The **Olympic Football Tournaments** are also enjoying growing popularity. In Athens in 2004, Argentina won the fiercely contested gold medal in the men's event, while the USA took the laurels among the women. For USA international and two-time FIFA Women's World Player award winner Mia Hamm, the title marked a golden end to a dazzling career.

Ronaldinho may once have honed his ball skills playing the game, but today's kings of futsal are the Spaniards, thanks to their victory over Italy in the final of the last **FIFA Futsal World Championship** in Chinese Taipei in 2004. For fast and furious entertainment in the open air, fans need look no further than the **FIFA Beach Soccer World Cup**, which debuted in Rio de Janeiro in 2005. The Brazilian metropolis hosted the event again in 2006 with the host nation running out victors. Japan has been the setting for the last two **FIFA Club World Cups**. Following on from the achievements of compatriots Corinthians in 2000 and Sao Paulo in 2005, Internacional completed a Brazilian hat trick in 2006 when they emerged triumphant in this clash of the club champions from all six confederations.





2006 FIFA World Cup Germany™

The 2006 FIFA World Cup™ in Germany gave many players reason to celebrate, but it is not just the celebrations of the Italian champions that will live long in the memory.

The 2006 FIFA World Cup™ in Germany was an overwhelming success – many observers even called it the best tournament ever. More than **three million spectators** flocked to the stadiums and that was just a fraction of the vast numbers gathering at Fan Fests across the host nation and the **cumulative worldwide audience of 26.3 billion who watched the event on television.**

Italy won the title for the fourth time, in what was the crowning glory of coach Marcello Lippi's career. The triumph came primarily as a result of what was an exemplary team effort, even though Italy of course have numerous outstanding individual players, including team captain Fabio Cannavaro, a defender with majestic positioning, and goalkeeper Gianluigi Buffon, both of whom were magnificent in Germany.

There is no escaping the fact, however, that the **tournament** was dominated by defensive teams, particularly in the latter stages. Such tactics did little to dampen the enthusiasm of the fans though. Football is a game that fascinates the masses, simply because it is so unpredictable, and because there is always room for dramatic twists and turns. The FIFA World Cup™ is especially attractive as it gives fans the opportunity to “discover” new players. For example, Trinidad & Tobago goalkeeper Shaka Hislop hit the headlines with a wonderful performance to help his country earn an unexpected draw against Sweden. Meanwhile, supporters were captivated by the attacking play of Côte d'Ivoire, captained by star striker Didier Drogba.





“A time to make friends” was the motto for the tournament in Germany, an event that was indeed played in a peaceful, friendly atmosphere.

Many were impressed by the unbridled **passion** of the Australians too, who progressed to the last sixteen under the guidance of coach Guus Hiddink. Spurred on by midfielders Stephen Appiah and Michael Essien, debutants Ghana also made it to the knockout stages.

From Munich to Berlin, from Dortmund to Leipzig: the 2006 FIFA World Cup Germany™ was a tournament that gave birth to a new phenomenon, with **millions of fans** visiting the **Fan Fests**. The entire city of Berlin seemed to turn into one huge living room whenever Germany took the field, with up to a million people congregating at the city’s Fan Fest.

But it was not just the hosts’ games that drew the crowds, as the thrill of watching matches in numbers prevailed for four whole weeks across the nation. The Olympic Park in Munich, where the tournament was also broadcast live on **giant screens**, was on occasions so full that the gates had to be closed.

This **communal experience** unexpectedly developed a **dynamism all of its own**. Even without the attraction of match action on the big screen, hundreds of thousands turned up in Berlin to pay tribute to the home team when the players bade farewell to their own supporters in the German capital the day after they had won the play-off for third place.





Familiar faces from the worlds of politics, show business and sport: the 2006 FIFA World Cup Germany™ was a meeting place for some famous and popular people.

More than **90% of FIFA's total revenue** comes from the sale of rights relating to the **FIFA World Cup™**. These rights are commercialised in four areas: broadcasting, marketing, hospitality and licensing. The successful commercialisation of these rights is an essential requirement in ensuring that FIFA and the local organising committee have the necessary **private funding** to stage the World Cup, the planet's biggest single-sport event, to the high standards that are now expected.

The commercial revenue from its most popular event is also crucial in guaranteeing that FIFA can fulfil its duty **to promote the ongoing development of football in all its member associations across all of the continents and to organise tournaments** that, although not so high-profile as the FIFA World Cup™, are essential for the future success of the game.



PURPOSE OF THE 2006 FIFA WORLD CUP™ FUND



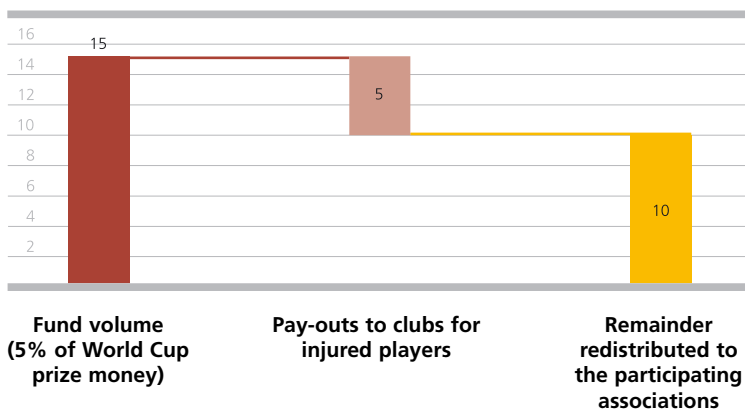
To provide cover for the football players participating in the 2006 FIFA World Cup™ in the event of

- temporary total disablement
- permanent total disablement
- death

as a result of injuries caused by an accident.

FINANCIAL RESULT

CHF MILLION





2006 FIFA World Cup™ Fund

The conditions governing the 2006 FIFA World Cup™ Fund were laid down in a technical bulletin.

The beneficiaries were the clubs in their capacity as the employers of the players who were released to represent their associations at the 2006 FIFA World Cup™.

The fund provided cover against temporary and permanent disablement as well as against death resulting from accidental injury.

For the first time, FIFA set up a player insurance **fund** exclusively for the **2006 FIFA World Cup Germany™**, for the benefit of the clubs who released their players for the tournament.

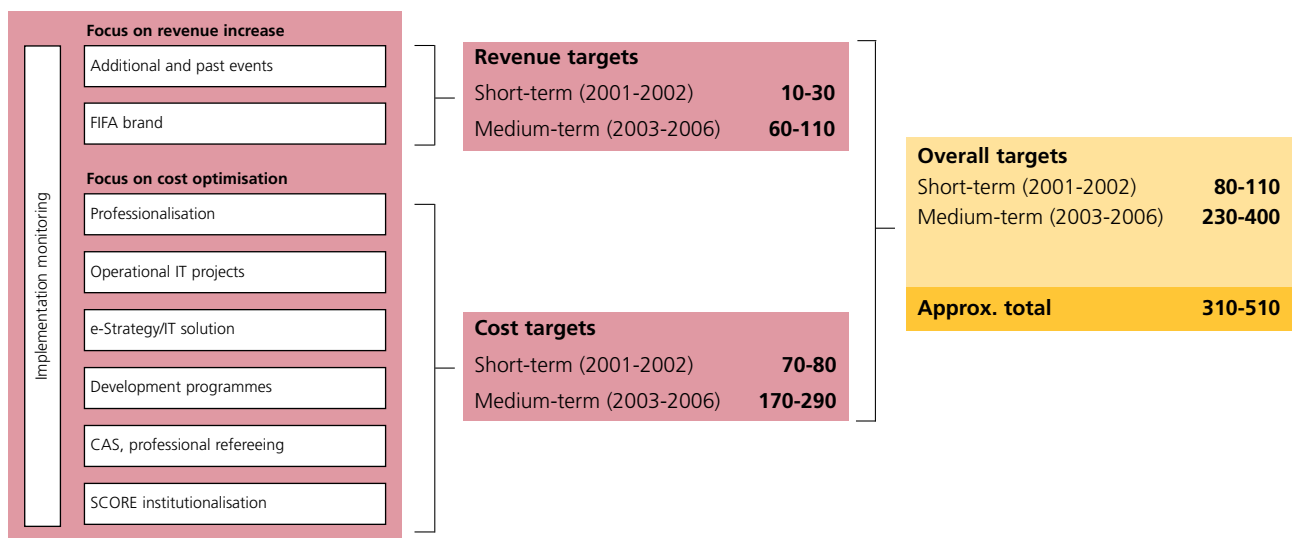
The fund was financed by **retaining 5% of the prize money** for the 2006 FIFA World Cup™. In the end, one third of the money was actually paid out in compensation for player injuries; the other **two thirds** were **distributed** among the participating teams.

A total of CHF 15 million was placed in the fund, which was equivalent to 5% of the total prize money for the 2006 FIFA World Cup Germany™. The actual amount of compensation paid out was CHF 5 million. The remaining CHF 10 million was distributed among the teams taking part in the World Cup, in proportion to the prize money due.



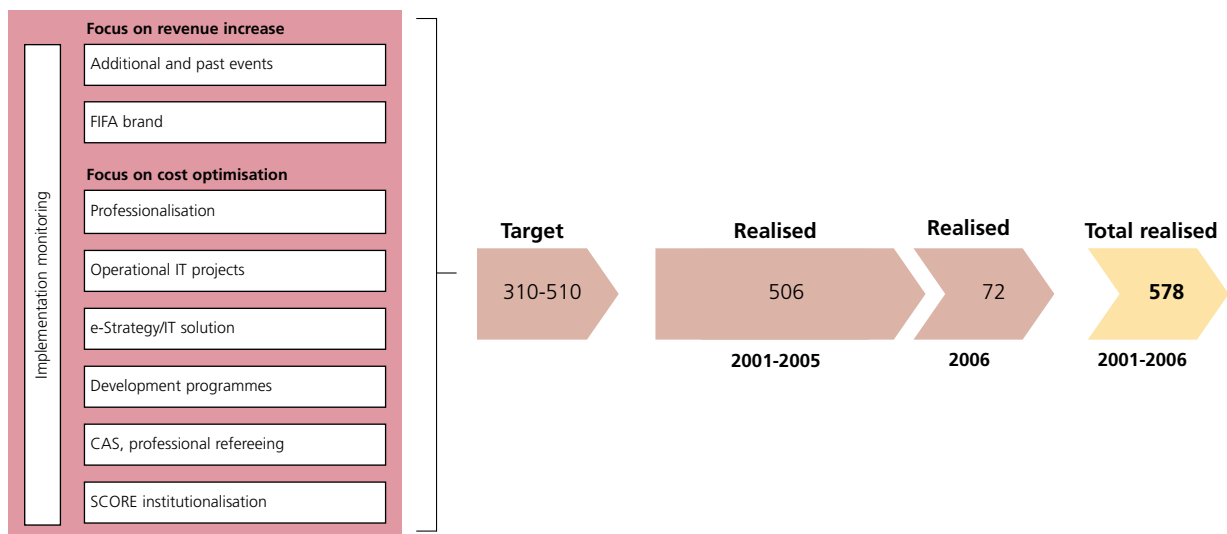
SCORE TARGETS

CHF MILLION



SCORE PROGRESS – END OF 2006

CHF MILLION





SCORE project

The SCORE project is made up of nine modules, of which two focus on increasing revenue and six on optimising expenses. The ninth module (monitoring implementation) strictly supervises the implementation of initiatives on both the revenue and expenditure sides. The short-term objective of SCORE was to bring about a total value of CHF 80-110 million by the end of 2002. In the medium term, the aim was to realise savings of CHF 230-400 million for the 2003-2006 period. The projected overall impact by 2006 was therefore CHF 310-510 million.

SCORE had the ambitious **goal** of generating a **total value of between CHF 310 million and CHF 510 million** from 2001 to 2006. By the end of 2006, **CHF 578 million** had been **realised** and the target was therefore surpassed.

SCORE was launched in 2001. More than 80 initiatives were identified, through which FIFA has so far realised a value of CHF 578 million.





Consolidated financial statements according to International Financial Reporting Standards (IFRS) as per 31 December 2006

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These consolidated financial statements are published in English, German, French and Spanish. In the case of inconsistencies, the English original version is authoritative.

CONSOLIDATED INCOME STATEMENT

in CHF	Note	2006	2005
Event-related revenue			
Revenue from television broadcasting rights	1	411,520,122	434,681,926
Revenue from marketing rights	2	174,134,166	192,831,506
Revenue from licensing rights	3	53,170,888	14,367,549
Revenue from hospitality rights	4	65,000,000	65,000,000
Other revenue	5	144,755,486	45,504,636
Total event-related revenue		848,580,662	752,385,617
Event-related expenses			
	6		
Compensation for teams and participants		-81,780,597	-45,202,147
Contributions to teams		-337,723,808	-73,789,474
Contributions to local organising committees		-169,344,835	-72,525,378
IT solution		-30,035,600	-10,713,341
Rights protection – rights delivery		-22,181,904	-6,303,735
Insurance		-3,709,929	-5,038,911
Other		-29,092,726	-46,141,814
Event-related expenses – accrued		434,680,170	-75,884,398
Total event-related expenses		-239,189,229	-335,599,198
Event-related gross result		609,391,433	416,786,419
Other operating income	7	36,193,463	35,579,895
Development-related expenses	8	-132,329,281	-139,248,940
Personnel expenses	9	-60,403,925	-61,181,113
Transportation, travel and accommodation expenses		-20,430,818	-21,970,668
IT expenses		-6,535,799	-6,255,408
Depreciation and amortisation	18/19	-15,815,870	-5,455,121
Other operating expenses	10	-83,762,097	-78,652,053
Operating result before financial items		326,307,106	139,603,011
Financial income	11	26,943,021	85,809,240
Financial expenses	12	-49,726,218	-10,327,043
Result before taxes		303,523,909	215,085,208
Income taxes	13	-1,065,302	-933,493
Net result for the year		302,458,607	214,151,715

CONSOLIDATED BALANCE SHEET

in CHF	Note	31 December 2006	31 December 2005
Assets			
Cash and cash equivalents	14	460,187,787	680,187,680
Derivative financial assets	15	0	162,706
Receivables	16	272,347,872	113,308,128
Prepaid expenses and accrued income	17	114,497,409	158,166,637
Current assets		847,033,068	951,825,151
Property, plant and equipment	18	282,313,585	244,882,554
Investment properties	18	26,632,725	0
Intangible assets	19	3,960,000	4,620,000
Financial assets	20	296,793,030	238,679,506
Non-current assets		609,699,340	488,182,060
Total assets		1,456,732,408	1,440,007,211
Liabilities and equity			
Payables	21	62,215,871	37,972,791
Income tax liabilities		885,216	791,915
Interest-bearing liabilities	22	18,000,000	90,335,316
Derivative financial liabilities	15	7,006,736	6,243,971
Accrued expenses and deferred income	23	603,938,577	818,424,047
Current liabilities		692,046,400	953,768,040
Interest-bearing liabilities	22	0	12,000,000
Provisions	24	13,148,101	12,493,390
Deferred tax liability	13	0	1,001,370
Non-current liabilities		13,148,101	25,494,760
Total liabilities		705,194,501	979,262,800
Association capital		5,000,000	5,000,000
Hedging reserves		-7,006,736	4,658,375
Retained earnings		451,086,036	236,934,321
Net result for the year		302,458,607	214,151,715
Equity	25	751,537,907	460,744,411
Total liabilities and equity		1,456,732,408	1,440,007,211

CONSOLIDATED CASH FLOW STATEMENT

in CHF	Note	2006	2005
Net result for the year		302,458,607	214,151,715
Depreciation and amortisation	18/19	15,815,870	5,455,121
Non-cash financial items		5,730,367	-43,750,345
Income tax expenses	13	1,065,302	933,493
(Increase) / decrease in receivables		-159,039,744	-80,695,970
(Increase) / decrease in prepaid expenses and accrued income		43,998,462	237,981,936
Increase / (decrease) in payables		24,243,080	13,020,628
Increase / (decrease) in derivative financial assets and liabilities		925,471	-47,749,917
Increase / (decrease) in accrued expenses and deferred income		-214,464,065	390,649,076
Increase / (decrease) in provisions		654,711	12,493,390
Income tax paid		-972,002	-766,856
Net cash provided by operating activities		20,416,059	701,722,271
Purchase of property, plant and equipment	18	-79,219,626	-127,662,072
Investment in financial assets		-76,314,000	-66,078,875
Interest received		21,034,397	13,028,971
Income on investments (dividends/coupons)		1,262,758	2,235,840
Net cash (used)/provided by investing activities		-133,236,471	-178,476,136
Repayment of interest-bearing liabilities		-82,054,850	-178,103,578
Interest paid		-2,983,064	-9,776,835
Net cash used in financing activities		-85,037,914	-187,880,413
Net increase/(decrease) in cash and cash equivalents		-197,858,326	335,365,722
Cash and cash equivalents as at 1 January	14	680,187,680	301,034,935
Effect of exchange rate fluctuations		-22,141,567	43,787,023
Cash and cash equivalents as at 31 December	14	460,187,787	680,187,680

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF	Association capital	Hedging reserve	Retained earnings	Total
Balance at 1 January 2005	5,000,000	-4,102,733	236,934,322	237,831,589
Effective portion of changes in fair value of hedging instruments	0	5,508,364	0	5,508,364
Transferred to income statement	0	3,252,744	0	3,252,744
Net income recognised directly in equity	0	8,761,108	0	8,761,108
Net result for the year 2005	0	0	214,151,715	214,151,715
Total recognised income and expenses	0	8,761,108	214,151,715	222,912,823
Balance at 31 December 2005	5,000,000	4,658,375	451,086,036	460,744,411
Effective portion of changes in fair value of hedging instruments	0	-7,006,736	0	-7,006,736
Transferred to income statement	0	-4,658,375	0	-4,658,375
Net income recognised directly in equity	0	-11,665,111	0	-11,665,111
Net result for the year 2006	0	0	302,458,607	302,458,607
Total recognised income and expenses	0	-11,665,111	302,458,607	290,793,496
Balance at 31 December 2006	5,000,000	-7,006,736	753,544,643	751,537,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

A. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Fédération Internationale de Football Association (FIFA), domiciled in Zurich, Switzerland, is an international non-governmental, non-profit organisation in the form of an association according to Swiss law. FIFA consists of 207 associations affiliated to six confederations. FIFA's principal mission is to promote the game of association football in every way it deems fit. FIFA uses its profit, reserves and funds in pursuit of its principal mission.

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

B. BASIS OF PRESENTATION

The consolidated financial statements are presented in Swiss francs (CHF) and are prepared on the historical cost basis, except that the following assets and liabilities are stated at fair value: derivative financial instruments and financial assets classified as "at fair value through profit and loss".

Several new and revised standards and interpretations came into effect in the 2006 reporting period. The only impact on the consolidated financial statements of FIFA was the amendment to IAS 19 "Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures", which led only to additional disclosures.

FIFA is currently assessing the potential impacts on the new and revised standards that will be effective from 1 January 2007. FIFA does not expect that new and revised standards will have a significant effect on the group's financial position, although they will expand the disclosures in certain areas, notably IFRS 7 "Financial Instruments: Disclosures".

C. BASIS OF CONSOLIDATION

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

Subsidiaries are those enterprises that are controlled by FIFA. Control exists when FIFA has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceased. The individual subsidiaries included in this consolidation are shown in note 33.

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

D. FOREIGN CURRENCY TRANSLATION

a) Foreign currency transactions and balances

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

b) Financial statements of foreign operations

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

The foreign exchange rates used are as follows:

	31 Dec 2006	Average 2006	31 Dec 2005	Average 2005
USD	1.2182	1.2719	1.3179	1.2380
EUR	1.6075	1.5802	1.5546	1.5585
GBP	2.3864	2.3163	2.2626	2.2736

E. INCOME STATEMENT

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

F. REVENUE RECOGNITION

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

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

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

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

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

G. EVENT-RELATED EXPENSES

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

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

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

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

H. DEVELOPMENT-RELATED EXPENSES

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

For other development projects, such as SOS Children’s Villages, Fair Play, programmes with the International Center for Sport Studies (CIES) at the University of Neuchâtel in Switzerland etc., expenses are recognised as incurred.

I. OPERATING LEASE PAYMENTS

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

J. FINANCIAL EXPENSES AND FINANCIAL INCOME

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

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

K. INCOME TAXES

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

Income tax recognised in the income statement comprises current tax and deferred tax.

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

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

L. CASH AND CASH EQUIVALENTS

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

M. DERIVATIVES

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

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

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

N. HEDGING

Where a derivative financial instrument hedges the exposure to variability in future cash flows or highly probable forecast transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in the hedging reserve as part of equity. The ineffective part of any gain or loss is recognised in the income statement immediately. The same accounting treatment applies to cash balances and other monetary assets and liabilities denominated in foreign currencies and designated as hedging instruments to hedge the variability in cash flows or highly probable forecast transactions, caused by foreign exchange rate fluctuations.

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

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

O. RECEIVABLES

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

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

P. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Q. INTANGIBLE ASSETS

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

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

R. FINANCIAL ASSETS

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

Classification

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

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

Recognition and measurement

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

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

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

Gains and losses on subsequent measurement

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

Offsetting

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

S. IMPAIRMENT

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

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

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit and loss.

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

T. PAYABLES

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

U. INTEREST-BEARING LIABILITIES

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

V. EMPLOYEE BENEFIT OBLIGATIONS

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

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

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

W. PROVISIONS

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

X. EQUITY

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

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

Y. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- Note 9 Personnel expenses: accounting estimates and judgments
- Note 27 Legal matters and contingent liabilities

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in CHF	2006	2005
Revenue from television broadcasting rights – 2006 FIFA World Cup™		
– USA	38,731,537	50,200,688
– Europe	188,595,294	187,500,000
– Rest of the World	183,207,811	185,386,581
Total revenue from television broadcasting rights – 2006 FIFA World Cup™	410,534,642	423,087,269
Revenue from television broadcasting rights – additional FIFA events	985,480	11,594,657
Total revenue from television broadcasting rights	411,520,122	434,681,926

The revenue from the territory “USA” contains the 2006 FIFA World Cup™ as well as additional FIFA events-related revenue. The television broadcasting rights for the territory “USA” are sold in a package that includes the FIFA World Cup™ and additional FIFA events. FIFA is not in a position to allocate the revenue to the corresponding event. Therefore, the full amount is classified as revenue related to the 2006 FIFA World Cup™.

Total contractual revenue for the 2006 FIFA World Cup™ during the 2003 to 2006 period includes revenue of USD 130 million for the territory “USA”, CHF 750 million for the territory “Europe” and CHF 750 million for the territory “Rest of the World”. Part of the revenue for the latter is collected in USD.

Due to the decrease in value of the US dollar, income from the territory “USA” decreased proportionately.

In addition to the guaranteed minimum payments, a profit share of CHF 1 million was received from the territory “Europe”.

Total revenue in 2006 from television broadcasting rights for the 2006 FIFA World Cup™ of CHF 410,534,642 comprises revenue invoiced in 2006 as CHF 458,190,899 subsequently adjusted to take account of the reversal of accrued revenue of CHF 47,656,257.

The revenue from the television broadcasting rights for additional FIFA events is significantly lower in 2006 than in 2005, since only two additional events (FIFA U-20 Women’s World Championship in Russia and FIFA Beach Soccer World Cup in Brazil) took place during the year, whereas the revenue for the previous year had included the broadcasting rights for the FIFA Confederations Cup in Germany.

2 REVENUE FROM MARKETING RIGHTS

in CHF	2006	2005
2006 FIFA World Cup™	174,134,166	192,831,506
Total revenue from marketing rights	174,134,166	192,831,506

Total contractual revenue for the 2006 FIFA World Cup™ during the four-year 2003-2006 period includes revenue of USD 359.8 million and CHF 188.9 million.

The revenue in 2006 from marketing rights comprises revenue collected in 2006 of CHF 147,272,567 adjusted to take account of the reversal of deferred revenues of CHF 13,544,630 and reduced by sales commissions of CHF 639,507. It also includes a transfer of CHF 13,956,476 from the hedging reserve to the income statement.

3 REVENUE FROM LICENSING RIGHTS

in CHF	2006	2005
2006 FIFA World Cup™	52,954,368	14,283,829
Additional FIFA events	216,520	83,720
Total revenue from licensing rights	53,170,888	14,367,549

Total contractual revenue for the 2006 FIFA World Cup™ during the 2003 to 2006 period includes guaranteed minimum payments of CHF 58.9 million.

The revenue in 2006 from licensing rights included cash received in 2006 of CHF 64,367,822 reduced by a CHF 9,465,098 reversal of accrued income as a result of the use of the percentage-of-completion method as well as sales commission of CHF 1,731,836.

The revenue for 2006 is significantly higher than in the preceding year because profit share payments and royalties from licensees are accounted for in the 2006 figures. The revenue includes payments from the licensing representatives for the territories "Europe", "Japan" and "Rest of the World" as well as royalties from event stores, the sale of medals and coins, and product licenses connected to the 2006 FIFA World Cup™.

4 REVENUE FROM HOSPITALITY RIGHTS

in CHF	2006	2005
2006 FIFA World Cup™	65,000,000	65,000,000
Total revenue from hospitality rights	65,000,000	65,000,000

Another important financial element of the 2006 FIFA World Cup™ was the hospitality programme. This involved the sale of VIP packages, i.e. tickets linked to special services such as catering in the stadiums. This programme allowed FIFA to pay a CHF 250 million subsidy to the 2006 FIFA World Cup Organising Committee Germany. In 2003, FIFA appointed International Sports & Entertainment AG (iSe) as the servicer of the hospitality programme. In return, iSe provided FIFA with a minimum payment guarantee of CHF 270 million.

In 2005, iSe transferred the full guaranteed minimum payment of CHF 270 million to FIFA. For the four-year period 2003 to 2006, FIFA has recognised total revenue from the hospitality programme of CHF 260 million. According to a profit-share agreement, the other CHF 10 million received from iSe belongs to the 2006 FIFA World Cup Organising Committee Germany.

5 OTHER EVENT-RELATED REVENUE

in CHF	2006	2005
Profit share of the 2006 FIFA World Cup™	79,352,148	0
Accommodation and ticketing for the 2006 FIFA World Cup™	8,107,500	7,897,500
Additional income relating to the 2006 FIFA World Cup™	21,857,571	0
Revenue from FIFA Club World Championship TOYOTA Cup Japan 2005	848,329	30,244,871
Revenue from FIFA Club World Cup Japan 2006	30,279,175	0
Revenue from Olympic Football Tournaments Athens 2004	0	852,199
Match levies	3,035,482	6,144,865
Other	1,275,281	365,201
Total other event-related revenue	144,755,486	45,504,636

Based on the audited financial statements of the 2006 FIFA World Cup Organising Committee Germany as at 8 August 2006, the FIFA profit share can be calculated as follows (see table with detailed breakdown in millions of EUR):

Profit share of the 2006 FIFA World Cup™

in millions of EUR	from 2001 until 8 August 2006
Ticketing income	261.5
Income from commercial opportunities	24.6
Financial support from FIFA	176.6
Official Suppliers	65.2
Other income	27.8
Total income	555.7
Event, PR and travel costs	-211.3
Personnel expenses	-44.2
Other costs	-144.4
Total costs	-399.9
Total profit of 2006 FIFA World Cup Organising Committee Germany	155.8
LOC threshold (CHF 50 million)	-31.8
LOC profit share (60%)	-74.4
FIFA profit share (40%)	49.6
Other	-4.4
FIFA net share	45.2

Accommodation and ticketing from the 2006 FIFA World Cup™

In 2004, FIFA signed an agreement with the 2006 FIFA World Cup Organising Committee Germany, according to which FIFA received a total of EUR 20 million for accommodation and ticketing for the 2006 FIFA World Cup™. As the percentage-of-completion method has to be applied to the four-year period (2003-2006), the revenue recognised in 2006 was CHF 8.1 million.

Additional income relating to the 2006 FIFA World Cup™

The additional income relating to the 2006 FIFA World Cup™ includes a share of the profit Yahoo! generated from its operation of the fifaworldcup.com website, revenue from a TV preview series and other World Cup-related income. It also incorporates income of CHF 6.8 million from the sponsors of official World Cup "Fan Fests" organised by the tournament's host cities, which was reinvested in full in the infrastructure (TV screens, sound, technical set-up) for the Fan Fests (see also note 6).

Revenue from the FIFA Club World Cup Japan 2006

FIFA has appointed Dentsu Inc. as the exclusive promoter and producer to organise and run the FIFA Club World Cup until 2010 at its own cost and risk. FIFA has registered an amount of CHF 30,279,175 from Dentsu Inc. in order to cover its expenses in relation to this event.

6 EVENT-RELATED EXPENSES

in CHF	2006	2005
2006 FIFA World Cup™	178,931,898	252,809,716
Additional FIFA events	60,257,331	82,789,482
Total event-related expenses	239,189,229	335,599,198

Expenses related to the 2006 FIFA World Cup™

in thousands of CHF	2003	2004	2005	2006	Total
Compensation for teams and participants	4,069	13,476	18,393	67,611	103,549
Contributions to teams	0	0	32,000	300,000	332,000
Contributions to the German Organising Committee	55,000	20,000	65,000	110,362	250,362
IT solution	842	5,299	9,942	29,597	45,680
Rights protection – rights delivery	8,032	4,529	3,314	19,138	35,013
Insurance expenses	2,950	4,729	5,039	3,710	16,428
Referees	0	0	381	15,580	15,961
fifaworldcup.com	1,864	1,196	3,303	6,354	12,717
Fan-related expenses	0	4	33	12,639	12,676
Other	2,035	11,151	34,699	8,679	56,564
Event-related expenses – accrued	151,113	162,920	80,705	–394,738	0
Total expenses related to the 2006 FIFA World Cup™	225,905	223,304	252,809	178,932	880,950

The total costs for the 2006 FIFA World Cup™ over the past four years amount to CHF 881 million, which is CHF 10 million (1%) over budget. The contributions to the 2006 FIFA World Cup Organising Committee Germany include total payments of CHF 244 million plus the CHF 6.4 million deficit recorded by the FIFA Confederations Cup Germany 2005, for which FIFA has assumed the cost.

Contributions to teams include the CHF 300 million in prize money paid to the member associations participating and CHF 32 million in pre-tournament preparation costs.

Expenses related to additional FIFA events

in CHF	2006	2005
FIFA Club World Cup Japan 2006	34,129,782	0
FIFA Club World Championship TOYOTA Cup Japan 2005	4,628,770	29,947,975
FIFA Beach Soccer World Cup Rio de Janeiro 2006	5,840,765	0
FIFA U-20 Women's World Championship Russia 2006	14,760,972	0
FIFA Confederations Cup Germany 2005	50,568	27,904,666
FIFA World Youth Championship Netherlands 2005	655,231	12,216,518
FIFA U-17 World Championship Peru 2005	0	11,703,996
Blue Stars/FIFA Youth Cup	508,035	604,969
Other events	-316,792	411,358
Total expenses related to additional FIFA events	60,257,331	82,789,482

The FIFA U-20 Women's World Championship 2006 was held in Russia (Moscow and St Petersburg) in August. The FIFA Beach Soccer World Cup 2006 was held in Rio de Janeiro (Brazil) in November and organised by the FIFA subsidiary, FIFA Beach Soccer S.L., Barcelona.

7 OTHER OPERATING INCOME

in CHF	2006	2005
Brand licensing	18,187,164	20,904,340
Quality Concept	9,061,780	6,038,213
Rental income	1,221,839	766,530
Penalties / appeals	1,392,242	3,856,478
Income from sale of film and video rights	4,301,684	1,380,492
Commissions	651,808	695,669
Other	1,376,946	1,938,173
Total other operating income	36,193,463	35,579,895

Brand licensing includes the proceeds from an agreement with adidas, Electronic Arts, X-Box and others.

The income from the FIFA Quality Concept has increased from CHF 6.0 million to CHF 9.1 million, comprising CHF 6.1 million from footballs and CHF 3.0 million from artificial turf.

Income from the sale of film and video rights from the FIFA film archive increased significantly in the lead-up to the 2006 FIFA World Cup™.

8 DEVELOPMENT-RELATED EXPENSES

in CHF	2006	2005
Financial Assistance Programme (FAP)	70,613,354	79,328,788
Goal Programme	25,001,102	25,000,000
Contributions to confederations	21,374,557	23,038,239
Other projects	15,340,268	11,881,913
Total development-related expenses	132,329,281	139,248,940

FAP and contributions to confederations

FAP is a financial aid programme, under which USD 1 million was granted to each member association and USD 10 million to each confederation during the 2003-2006 period to improve their administrative and technical infrastructure (see accounting policy H. Development-related expenses).

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

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

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

The total annual FAP awards amount to USD 51 million for the year 2006. The expenses are lower than in 2005 due to the change in the CHF/USD exchange rate.

Goal Programme

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

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

The maximum amount that can be awarded per project is limited to USD 400,000. As at 31 December 2006, funds committed but not yet paid out to *Goal* projects amounted to CHF 41.6 million. These commitments are recognised and stated under accrued expenses.

Other projects

Other contributions primarily include contributions to the development efforts supported by FIFA, such as SOS Children's Villages, the Humanitarian Support Fund, courses, CIES, Daniel Nivel Foundation, Com-Unity, F-MARC, UNICEF and refereeing.

CIES

Together with the International Center for Sport Studies (CIES) at the University of Neuchâtel in Switzerland, FIFA has set up two special programmes: a Masters degree in the business, law and humanities of sport and a scholarship ("João Havelange Scholarship"). FIFA allocates CHF 500,000 to the João Havelange Scholarship every year as well as an annual contribution of CHF 350,000 to the CIES Master programme.

9 PERSONNEL EXPENSES

in CHF	Note	2006	2005
Wages and salaries		36,516,320	31,765,256
Pension expenses		7,372,033	6,015,007
Post-employment benefits for Executive Committee members	24	1,648,567	12,493,390
Other employee benefit costs		4,727,533	2,879,592
Other		10,139,472	8,027,868
Total personnel expenses		60,403,925	61,181,113

The average number of employees during the year ending 31 December 2006 was 265 (2005: 251).

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

Change in benefit obligation

in CHF	2006	2005
Benefit obligation at beginning of year	40,235,703	27,588,796
Current service cost	4,788,749	3,973,431
Interest expenses	1,306,604	908,108
Plan participants' contributions	2,423,406	2,455,882
Actuarial (gain)/loss	-1,623,816	4,603,519
Benefits paid	-65,027	705,967
Benefit obligation at end of year	47,065,619	40,235,703

Change in plan assets

in CHF	2006	2005
Fair value of plan assets at beginning of year	47,052,674	38,861,611
Expected return on plan assets	1,250,751	1,059,895
Actuarial gain on plan assets	246,707	62,814
Employer contribution	3,596,343	3,906,505
Plan participants' contributions	2,423,406	2,455,882
Benefits paid	-65,027	705,967
Fair value of plan assets at end of year	54,504,854	47,052,674

The actual annual return on plan assets for the year ending 31 December 2006 amounted to CHF 1,497,458 (2005: CHF 1,122,709)

Amount recognised in the balance sheet

in CHF	2006	2005
Present value of funded obligations	47,065,619	40,235,703
Fair value of plan assets	-54,504,854	-47,052,674
Surplus for funded plans	-7,439,235	-6,816,971
Unrecognised net actuarial gain	4,341,137	2,470,614
Unrecognised pension fund surplus	3,098,098	4,346,357
Net liability / (asset)	0	0

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

Components of pension expenses

in CHF	2006	2005
Current service cost	4,788,749	3,973,431
Interest on obligation	1,306,604	908,108
Expected return on plan assets	-1,250,751	-1,059,895
Total pension expense	4,844,602	3,821,644

Principal actuarial assumptions

	31 December 2006	31 December 2005
Discount rate	3.25%	3.25%
Expected rate of return on plan assets	3.25%	2.25%
Future salary increases	1.00%	1.00%
Future pension increases	1.00%	1.00%

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

Accounting estimates and judgments

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

10 OTHER OPERATING EXPENSES

in CHF	2006	2005
Audits and external consultancy	14,344,695	9,496,958
Other events	7,291,417	14,992,147
Legal expenses	18,179,323	11,546,935
New media expenses	2,332,259	6,155,235
Rent of properties/Maintenance and running costs	12,594,803	3,509,482
Office equipment and telecommunication costs	6,122,215	3,759,964
PR and promotional costs	6,310,412	7,064,788
Acquisition and production costs	9,158,658	7,094,676
Other	7,428,315	15,031,868
Total other operating expenses	83,762,097	78,652,053

Maintenance and running costs increased due to the move to new headquarters, the Home of FIFA, in May 2006.

11 FINANCIAL INCOME

in CHF	2006	2005
Interest income	21,363,632	13,526,538
Foreign exchange gains	4,062,387	53,339,402
Gains on currency derivatives	254,244	16,705,431
Total foreign currency gains	4,316,631	70,044,833
Gains on investments designated at fair value through profit and loss	1,262,758	2,237,869
Total income from investments	1,262,758	2,237,869
Total financial income	26,943,021	85,809,240

The increase in interest income is due to an increase of both cash balances and interest rates in 2006.

The foreign exchange gains result mainly from the valuation of current assets in EUR due to the higher EUR/CHF exchange rate. In the preceding year, gains from the valuation of the higher USD/CHF exchange rate were recognised.

12 FINANCIAL EXPENSES

in CHF	2006	2005
Interest expenses on loans and mortgages	2,961,661	9,798,237
Loss on interest rate derivatives	0	21,703
Total interest expenses	2,961,661	9,819,940
Foreign exchange loss	46,764,557	507,103
Total foreign currency loss	46,764,557	507,103
Total financial expenses	49,726,218	10,327,043

The interest expenses principally reflect the interest paid on the Footfin funding loan (CHF 0.6 million), which was repaid in February 2006, and FIFA's mortgage loans (CHF 1.7 million).

The foreign exchange loss results from the valuation of the current assets in USD due to a lower USD/CHF exchange rate. FIFA significantly increased its USD assets in 2006 because it changed its functional and presentation currency to the US dollar as from 1 January 2007 (see also note 26).

13 INCOME TAXES

in CHF	2006	2005
Current tax expense	1,065,302	933,493
Total income tax expense	1,065,302	933,493

No income tax was recognised directly in equity.

FIFA is taxed according to the Swiss taxation rules for associations. Pursuant to such taxation rules, the statutory financial statements are the basis for taxation. In FIFA's statutory financial statements, the character of a non-profitmaking organisation, the obligation to spend profits, reserves and funds on the development of football, the long-term perspective of development projects, the four-year accounting cycle and the financial risks inherent to FIFA's core event, the FIFA World Cup™, are duly considered (see also note 26 Risk management / Cancellation insurance). FIFA's subsidiaries are taxed based on the applicable local tax regulations.

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

14 CASH AND CASH EQUIVALENTS

in CHF	31 Dec 2006	Weighted average interest rate	31 Dec 2005	Weighted average interest rate
Cash on hand, post and bank accounts	121,742,122	1.60%	310,759,930	1.85%
Overnight deposits and fixed-term deposits with maturities of up to 3 months	338,445,665	3.84%	369,427,750	2.83%
Cash and cash equivalents	460,187,787		680,187,680	

The fixed-term deposits have an average maturity of 42 days.

UBS AG, Zurich, has guaranteed an amount of CHF 670,000 for IATA, Kloten, on behalf of FIFA Travel GmbH for security services rendered by IATA. Conversely, FIFA has pledged CHF 680,590 from its cash balances to UBS in relation to this guarantee.

To a large extent, cash and cash equivalents are denominated in USD (see note 26). As a result of a fall in the USD/CHF exchange rate during 2006, FIFA incurred a net foreign exchange loss on cash and cash equivalents.

15 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

in CHF	31 Dec 2006			31 Dec 2005		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Fair value hedges						
– Interest rate swap	0	0	0	3,204	0	65,335,316
Cash flow hedges						
– Foreign currency options (EUR)	0	7,006,736	120,655,000	0	0	0
– Forward rate agreements (USD)	0	0	0	0	6,243,971	27,915,000
Other derivative financial instruments						
– Foreign currency put options (EUR)	0	0	0	159,502	0	38,000,000
Total	0	7,006,736		162,706	6,243,971	

These hedging contracts are described in more detail in note 26.

16 RECEIVABLES

in CHF	31 Dec 2006	31 Dec 2005
Receivables from exploitation of rights	235,637,173	88,271,894
Other receivables		
– Due from member associations and confederations	3,975,421	12,286,283
– Due from related parties	52,786	365,647
– Due from third parties	32,682,492	10,866,154
Fixed-term bank deposits with maturity of greater than 3 months	0	805,000
Short-term loans		
– Due from third parties	0	713,150
Total receivables, net	272,347,872	113,308,128

As at 31 December 2006, receivables from the exploitation of rights primarily comprise the profit-share payment from the 2006 FIFA World Cup Organising

Committee Germany and receivables of CHF 151.1 million from television broadcasting and marketing rights for the post-2006 period.

The other receivables due from third parties are ordinary operating receivables. The receivables are shown net of allowances for doubtful debts amounting to CHF 3.4 million (2005: CHF 2.5 million)

17 PREPAID EXPENSES AND ACCRUED INCOME

in CHF	Note	31 December 2006	31 December 2005
Revenue from television broadcasting rights (POC accrual)	1	0	47,656,253
Accrued income from additional FIFA events		7,982,750	33,227,621
Accrued income from 2006 FIFA World Cup™		2,167,869	0
Prepayments to the South African Organising Committee		74,820,114	25,180,000
Prepayments for the 2010 FIFA World Cup™		6,577,445	0
Prepayments for the 2006 FIFA World Cup™		0	16,982,365
Prepaid expenses for additional FIFA events		13,227,943	9,529,564
Revenue from licensing rights (POC accrual)	3	0	9,465,098
Revenue from accommodation and ticketing (POC accrual)	5	0	7,761,500
Other		9,721,288	8,364,236
Total prepaid expenses and accrued income		114,497,409	158,166,637

The prepayments to the 2010 FIFA World Cup Organising Committee South Africa of CHF 74,820,114 reflect the seed capital of USD 20 million, part of the guaranteed profit of USD 20 million and further prepayments of USD 20 million provided by FIFA.

18 PROPERTY, PLANT AND EQUIPMENT

in CHF	Operational buildings	Buildings under construction	Land	Investment properties	Office and other equipment	Total
Cost						
Balance as at 1 January 2005	71,660,265	34,635,177	21,421,254	0	7,442,888	135,159,584
Acquisitions 2005	10,273,933	117,388,139	0	0	0	127,662,072
Disposals 2005	0	0	0	0	0	0
Balance as at 31 Dec 2005	81,934,198	152,023,316	21,421,254	0	7,442,888	262,821,656
Acquisitions 2006	0	79,174,129	0	45,497	0	79,219,626
Reclassifications	171,723,866	-231,197,445	0	33,694,000	25,779,579	0
Disposals 2006	0	0	0	0	0	0
Balance as at 31 Dec 2006	253,658,064	0	21,421,254	33,739,497	33,222,467	342,041,282
Accumulated depreciation						
Balance as at 1 January 2005	7,072,516	0	0	0	6,071,465	13,143,981
Depreciation 2005	4,114,411	0	0	0	680,710	4,795,121
Disposals 2005	0	0	0	0	0	0
Balance as at 31 Dec 2005	11,186,927	0	0	0	6,752,175	17,939,102
Depreciation 2006	9,574,255	0	0	1,980,964	3,600,651	15,155,870
Reclassifications	-5,125,808	0	0	5,125,808	0	0
Disposals 2006	0	0	0	0	0	0
Balance as at 31 Dec 2006	15,635,374	0	0	7,106,772	10,352,826	33,094,972
Carrying amount						
As at 1 January 2005	64,587,749	34,635,177	21,421,254	0	1,371,423	122,015,603
As at 31 December 2005	70,747,271	152,023,316	21,421,254	0	690,713	244,882,554
As at 31 December 2006	238,022,690	0	21,421,254	26,632,725	22,869,641	308,946,310

The acquisitions made in 2005 and 2006 relate mainly to the construction costs for the Home of FIFA, FIFA's new headquarters in Zurich. The total investment in the Home of FIFA amounted to CHF 243.3 million. Construction costs totalled CHF 223.2 million. This represents a deviation of 1.9% from the budgeted figure of CHF 219 million.

The FIFA team moved into the new building in May 2006; the offices of FIFA Marketing & TV AG in Zug were closed thereafter. The Home of FIFA will not only be the workplace for the FIFA team, it will also be used as a conference and sports education centre for FIFA's 207 member associations. The official inauguration of the Home of FIFA will coincide with the 2007 FIFA Congress.

The Sonnenberg building is still partly used by FIFA. Other former office buildings in the Sonnenberg area of Zurich will be renovated and used as apartments in the future. These buildings have therefore been classified as investment properties.

Mortgage loans amounting to CHF 18 million are secured by land and buildings pledged, with a carrying amount of CHF 21,366,046.

19 INTANGIBLE ASSETS

in CHF	Film archive
Cost	
Balance as at 1 January 2005	6,600,000
Balance as at 31 December 2005	6,600,000
Balance as at 31 December 2006	6,600,000
Accumulated amortisation	
Balance as at 1 January 2005	1,320,000
Amortisation 2005	660,000
Balance as at 31 December 2005	1,980,000
Amortisation 2006	660,000
Balance as at 31 December 2006	2,640,000
Carrying amount	
As at 1 January 2005	5,280,000
As at 31 December 2005	4,620,000
As at 31 December 2006	3,960,000

20 FINANCIAL ASSETS

in CHF	31 Dec 2006	31 Dec 2005
Debt securities	284,934,500	226,004,000
Equity securities	742,150	267,734
Other	11,116,380	12,407,772
Total financial assets	296,793,030	238,679,506

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

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

Other receivables include a payment from a broadcasting partner due to a settlement and restatement agreement signed with Infront Sports & Media AG in May 2004. This receivable is recorded at amortised cost.

21 PAYABLES

in CHF	31 Dec 2006	31 Dec 2005
Other payables		
– Due to related parties	671,703	353,920
– Due to member associations and confederations	46,254,253	21,626,666
– VAT payable	0	4,886,582
– Due to third parties	15,289,915	11,105,623
Total payables	62,215,871	37,972,791

22 INTEREST-BEARING LIABILITIES

in CHF	31 Dec 2006	31 Dec 2005
Current:		
Liability towards third-party investors due to securitisation transaction	0	65,335,316
Mortgage loans	18,000,000	25,000,000
Total current interest-bearing liabilities	18,000,000	90,335,316
Non-current:		
Mortgage loans	0	12,000,000
Total non-current interest-bearing liabilities	0	12,000,000
Total interest-bearing liabilities	18,000,000	102,335,316

In 2001, FIFA issued a floating rate note (Libor +0.9%) of CHF 690 million through its special purpose vehicle "SPV" Footfin (Football Finance) AG. The note was secured by future cash flows amounting to CHF 888 million generated by FIFA from the granting of marketing rights packages to Official Partners for FIFA-organised events during the quadrennial periods ending with the 2002 and 2006 FIFA World Cup™ finals.

The loan was repaid in full in February 2006. All additional payments from the Official Partners paid to Footfin (Football Finance) AG were transferred on a quarterly basis to FIFA. The last payments by Official Partners to Footfin (Football Finance) were dated November 2006.

During 2006, mortgage loans of CHF 19 million have been repaid.

Terms and debt repayment schedule

in CHF	Weighted average interest rate	Total	1 year or less	1-5 years
Loans:				
Mortgage loans	3.53%	18,000,000	18,000,000	0
Total		18,000,000	18,000,000	0

The mortgage loans are secured by land and buildings with a carrying amount of CHF 21,366,046.

23 ACCRUED EXPENSES AND DEFERRED INCOME

in CHF	Note	31 Dec 2006	31 Dec 2005
Accrued expenses due to application of the percentage-of-completion method	6	0	394,738,612
Accrued expenses 2006 FIFA World Cup™		29,197,261	0
Accrued expenses 2010 FIFA World Cup™		35,718	0
Deferred revenue from post-2006 television broadcasting rights		345,493,643	167,099,800
Financial Assistance Programme (FAP) / Goal Programme	8	80,397,770	83,519,905
Deferred revenue from hospitality rights (POC accrual)	4	0	65,000,000
Accrued expenses for additional FIFA events		3,463,241	23,687,781
Deferred revenue from post-2006 rights		84,168,707	20,920,400
Deferred revenue from marketing rights (POC accrual)	2	0	13,544,630
Deferred revenue share from hospitality rights	4	10,219,199	10,000,000
Deferred revenue from brand licensing rights		39,266,125	8,568,396
Other		11,696,913	31,344,523
Total accrued expenses and deferred income		603,938,577	818,424,047

The deferred revenue from television broadcasting rights beyond 2006 of CHF 345,493,643 results from the commercialisation of TV rights for the 2010 FIFA World Cup™.

The deferred revenue from marketing rights beyond 2006 of CHF 84,168,707 results from the commercialisation of marketing rights for the 2010 FIFA World Cup™.

24 PROVISIONS

in CHF	Pension plan for members of the Executive Committee
Balance as at 1 January 2005	0
Provisions made during the year	12,493,390
Balance as at 31 December 2005	12,493,390
Balance as at 1 January 2006	12,493,390
Provisions made during the year	1,599,843
Foreign exchange effect	-945,132
Balance as at 31 December 2006	13,148,101

The provisions of CHF 13,148,101 cover the future costs of the pension plan for members of the FIFA Executive Committee. The introduction of this plan was confirmed by the FIFA Executive Committee in 2005. An annual pension payment will be made to all long-serving FIFA Executive Committee members retiring from 2005 onwards. Under this retirement plan, Executive Committee members receive pension payments if they have served as a member of the committee for 8 or more years. The pension is paid for up to a maximum of the number of years that the member served on the committee. Only the FIFA Executive Committee member may benefit from this scheme. Family members or relatives of the Executive Committee member are not entitled to receive any payments. The retirement payments start in the financial year following retirement.

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

25 EQUITY

Association capital

The association capital is CHF 5 million.

Hedging reserve

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

OTHER DISCLOSURES

26 RISK MANAGEMENT AND HEDGING ACTIVITIES

Exposure to currency and interest risks as well as credit and liquidity risks arises in the course of FIFA's normal operations. Derivative financial instruments are used to reduce FIFA's exposure to fluctuations in foreign currency exchange rates and interest rates. While these instruments are subject to the risk of market rate fluctuations subsequent to acquisition, such fluctuations are generally offset by opposite effects on the items being hedged.

Credit risk

FIFA sold the licence to exploit the radio and television rights to the 2006 FIFA World Cup™ to Infront Sports & Media AG and the marketing rights to Official Partners. The radio and television rights in the key markets for the final competitions of the 2010 and 2014 FIFA World Cup™ are being commercialised by FIFA itself.

The FIFA World Cup Partner agreements are made with large multinational groups. In line with FIFA's new marketing strategy, the number of FIFA World Cup Partners has been reduced from 15 in the 2003-2006 period to 6 for the 2007 to 2010 cycle. Additionally, the contracts include a default clause, whereby the contract would terminate as soon as one party is in default. In the event of a FIFA Partner defaulting, FIFA is not required to reimburse any of the services or contributions received. FIFA is also entitled to replace terminated contracts with new marketing or broadcasting agreements.

The FIFA management monitors the credit standing of its marketing and broadcasting partners very closely on an ongoing basis. Given their good credit ratings, the FIFA management does not expect any counter-party to fail to meet its obligations.

Investments and derivative financial instruments are executed only with counter-parties with high credit ratings.

Interest rate risk

Exposure to interest rate risks arises mainly from FIFA financing transactions.

For the 2006 FIFA World Cup™, FIFA entered into an interest rate swap to limit its exposure to interest rate risks in relation to the liability from the securitisation transaction towards third party investors ("Funding Loan"). This funding loan was repaid in February 2006.

FIFA has several mortgage loans with fixed interest rates.

Additionally, FIFA is exposed to fluctuations in interest rates on its short-term placements in fixed-term deposits and mid-term investments in global money market funds.

Foreign currency risk

Exposure to foreign currency exchange rates arises from transactions denominated in currencies other than FIFA's functional currency, which is the Swiss franc. On 1 January 2007, FIFA changed its functional currency from the Swiss franc to the US dollar, since the majority of its future cash flows are denominated in the latter. As a consequence, FIFA has increased its USD cash balance during the year 2006 to reduce future currency fluctuations.

FIFA receives foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in USD and is subject to foreign currency cash outflows such as certain event-related expenses and expenses for development projects.

FIFA uses forward exchange contracts and currency options to hedge certain foreign currency risks. Options limit the risk of losses from fluctuations in exchange rates.

FIFA also designated cash and cash equivalents denominated in USD as hedging instruments to reduce the foreign currency risk of specified expenses in the four-year period preceding the 2006 FIFA World Cup™.

Additionally, the "Funding Loan" denominated in USD was designated as a hedging instrument for future USD receivables from the exploitation of marketing rights. The "Funding Loan" was repaid in February 2006.

From January 2007 onwards, FIFA will be exposed to risks relating to foreign currencies other than the US dollar. Part of the revenue from the sale of broadcasting rights for the final competitions of the 2010 and 2014 FIFA World Cup™ is denominated in EUR. For the same period, FIFA expects no major cash outflows in EUR. At the same time, no major cash inflows are expected in CHF, but a substantial part of FIFA's expenses, e.g. maintenance, running costs and personnel expenses, have to be paid in CHF. It is therefore FIFA's strategy to hedge its income from broadcasting rights in EUR and cover its expenses in CHF.

The following table shows the balance sheet items that are denominated in a foreign currency as at 31 December 2006.

in thousands	USD	EUR	GBP
Cash and cash equivalents	218,937	7,163	289
Receivables	112,382	82,638	25
Prepaid expenses	22,000	0	0
Financial assets	210,000	15,000	0
Total assets denominated in foreign currency	563,319	104,801	314
Payables	3,963	1,024	113
Accrued expenses and deferred income	20,872	18,359	0
Provisions	10,793	0	0
Total liabilities denominated in foreign currency	35,628	19,383	113

Liquidity risk

Material liquidity risks could potentially arise if several FIFA Partners or broadcasters were unable to meet their contractual obligations and if FIFA was unable to find a replacement in due time.

Cancellation insurance

FIFA covered part of the risks relating to the cancellation, curtailment and abandonment of the 2006 FIFA World Cup™ by means of a capital market transaction. Since it is very difficult and expensive to find adequate insurance cover for future FIFA World Cup™ final competitions, FIFA plans to increase its equity to cover this exposure (see also note 13).

27 LEGAL MATTERS AND CONTINGENT LIABILITIES

MasterCard vs. FIFA case

Following FIFA's completion of a sponsorship contract for the 2007-2014 period with VISA earlier that month, MasterCard (MC) lodged a complaint with the District Court in New York on 20 April 2006, demanding that FIFA complete the unsigned sponsorship contract for the 2007-2014 period with MC that the two parties had already negotiated. MC insisted at the same time that FIFA not be permitted to pursue the contract it had concluded with VISA for the same eight-year term. MC claimed that FIFA had had an obligation to seal a contract with it on account of point 9.2 of its sponsorship agreement for the 2002-2006 period.

The judge upheld MC's claim on 6 December 2006 and thus ordered FIFA to complete the unsigned contract that it had negotiated with MC. At the same time, FIFA was forbidden from fulfilling its contract with VISA. FIFA has since

lodged an appeal against this decision. The appeal process is likely to last between 6 and 12 months. At FIFA's request, the court has agreed to defer the effect of its decision insofar as neither MC nor VISA may order FIFA to fulfil the terms of their respective contracts during the appeal proceedings.

For its part, FIFA instituted arbitration proceedings in accordance with the Swiss rules of international arbitration before a tribunal in Zurich on 21 June 2006, with the objective being to confirm that FIFA had not violated point 9.2 of the MC sponsorship contract dated 26 November 2002 and is therefore not obliged to sign a new contract with MC.

With its decision of 27 November 2006, the Zurich tribunal confirmed its authority to rule on the matter and also indicated that it considered the authority of the District Court in New York to be restricted solely to passing judgement on the award of temporary relief. The case is due to be heard during the first half of 2007 and the tribunal's decision can therefore be expected around the middle of the year.

Assessment

Given the complexity of this case, FIFA is not currently in a position to speculate on the result. Any such prediction is made even more difficult by the fact that tribunals in Zurich and New York are, to a certain extent, passing decision on the same issues.

There is a risk that FIFA may have to pay damages to VISA or MC for failing to fulfil the terms of the respective sponsorship contract. The best outcome for FIFA in this scenario would be for it to have to fulfil one of the two contracts, yet be forced to pay damages to the other party only for the needless expenses incurred in connection with contractual negotiations (negative damages loss suffered), since this would keep the damages payable to a minimum.

FIFA is assuming that it will not have to pay damages for failure to fulfil the terms of contract. Therefore, no provisions were recognised for this purpose as at 31 December 2006.

There are no further material legal matters or any other information to be disclosed.

28 CAPITAL COMMITMENTS

As at 31 December 2006, FIFA had no capital commitments.

29 CONTINGENT REVENUE

FIFA has several profit-share agreements in connection with rights granted in relation to the 2006 FIFA World Cup™. Any profit-share payment received by FIFA is included in the event-related revenue (see notes 1-5).

30 VALUE-IN-KIND REVENUE

Value-in-kind revenue from partners is not recognised in the income statement due to the fact that the fair value of the revenue cannot be measured reliably and local organising committees are the actual beneficiaries of the value in kind.

FIFA has value-in-kind agreements with the following companies: adidas, Anheuser-Busch, Avaya, Coca-Cola, Deutsche Telekom, Fujifilm, Hyundai, Philips and Yahoo! The counter-parties agreed to deliver a predetermined quantity of products or services to local organising committees to be used during the 2006 FIFA World Cup™ or additional FIFA events.

31 OPERATING LEASES

in CHF	31 Dec 2006	31 Dec 2005
Less than 1 year	351,625	776,782
1-5 years	0	200,244
Total	351,625	977,026

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

In 2006, a total amount of CHF 998,716 (2005: CHF 1,406,474) was recognised as an expense in the income statement for operating leases.

32 RELATED PARTY TRANSACTIONS

Identity of related parties

FIFA as an association has 207 members. The member associations affiliated to FIFA and geographically situated on the same continent form confederations. Additionally, from FIFA's perspective, the following persons are regarded as related parties: members of the Executive Committee, the Finance Committee and other key management personnel.

Transactions with related parties

Each member of FIFA must pay an annual subscription fee, currently CHF 300, and for every international match – including friendly matches, tournaments and all the matches of the Olympic Football Tournaments – played between two international "A" teams, the member association of the country in which the match is being played pays a share of the gross receipts from the match to FIFA. Revenue from international matches totalled CHF 3.0 million in 2006 (2005: CHF 6.1 million).

FIFA makes yearly contributions to the member associations and confederations (FAP, Goal Programme) to support their efforts in promoting and developing football in their region (see note 8). These development expenses totalled CHF 132.3 million in 2006 (2005: CHF 122.6 million). The accumulated development expenses accrued as per 31 December 2006 totalled CHF 80.4 million (2005: CHF 83.5 million).

FIFA organises the FIFA World Cup™ and additional FIFA events. In connection with these competitions, FIFA offers financial support to local organising committees and compensates teams for travel and accommodation expenses. For the FIFA World Cup™, the qualifying teams also receive a subsidy to cover the cost of their preparations. In 2006, FIFA paid CHF 110.3 million to the 2006 FIFA World Cup Organising Committee Germany and CHF 300 million in prize money to the participating member associations (2005: CHF 32 million in preparation costs). Additionally, CHF 50.5 million was paid to the 2010 FIFA World Cup Organising Committee South Africa. The total financial support allocated to local organising committees for additional FIFA events amounted to CHF 8.6 million.

FIFA has outstanding receivables from related parties amounting to CHF 4 million (2005: CHF 39 million), while outstanding payables total CHF 46.9 million (2005: CHF 21.9 million).

Key management personnel

Members of the Executive Committee, the Finance Committee and the FIFA management are regarded as key management personnel. In 2006, short-term employee benefits of CHF 20.5 million were paid to the key management personnel (2005: CHF 15.5 million).

In addition to these short-term employee benefits, FIFA contributes to defined post-employment benefit plans. The recognised post-employment benefit expenses in 2006 amounted to CHF 2.6 million (2005: CHF 13.1 million).

33 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2006	Ownership interest 2005
FIFA Marketing & TV AG	Zurich, Switzerland	Exploitation of marketing rights	100%	100%
FIFA Marketing Deutschland GmbH	Germany	Service company	100%	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel agency	100%	100%
FIFA World Cup South Africa (Pty) Ltd	Sandton, South Africa	Service company	100%	0%
FIFA Ireland Ltd	Republic of Ireland	Service company	100%	100%
FIFA Media AG	Zurich, Switzerland	No activity	100%	100%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	70%	70%
FIFA Early Warning System GmbH	Zurich, Switzerland	Service company	100%	100%
Footfin (Football Finance) AG	Zurich, Switzerland	Special purpose vehicle for securitisation transaction	*	*

* In accordance with the requirements of IFRS, FIFA consolidates Footfin because it has retained a residual interest in this special purpose vehicle as well as the credit and interest risks related to the assets transferred to it.

34 POST-BALANCE-SHEET EVENTS

The FIFA Executive Committee authorised the issue of these consolidated financial statements on 22-23 March 2007.

The consolidated financial statements for 2006 will be submitted to the FIFA Congress for approval on 30-31 May 2007.

No events have occurred since 31 December 2006 that would require any adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2006 and/or disclosure.



AUDITORS' REPORT TO THE CONGRESS

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

As group auditors, we have audited the consolidated financial statements of Fédération Internationale de Football Association (FIFA) and subsidiaries, consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements for the year ended 31 December 2006.

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

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

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

KPMG Ltd

Fredy Luthiger
Swiss Certified Accountant

Markus Ackermann
Swiss Certified Accountant

Zurich, 23 March 2007

CONSOLIDATED INCOME STATEMENT FOR THE 4-YEAR PERIOD ENDING 31 DECEMBER 2006

in thousands of CHF	2003	2004	2005	2006	Total
Event-related revenue					
Revenue from television broadcasting rights	428,136	410,835	434,682	411,520	1,685,173
Revenue from marketing rights	174,408	172,403	192,832	174,134	713,777
Revenue from licensing rights	11,968	13,284	14,368	53,171	92,791
Revenue from hospitality rights	65,153	65,000	65,000	65,000	260,153
Other revenue	3,189	40,867	45,505	144,755	234,316
Total event-related revenue	682,854	702,389	752,385	848,581	2,986,210
Event-related expenses					
Compensation for teams and participants	-18,623	-28,530	-45,202	-81,781	-174,136
Contributions to teams	-19,700	0	-73,789	-337,724	-431,213
Contributions to local organising committees	-74,961	-27,230	-72,525	-169,345	-344,061
IT solution	-1,455	-5,880	-10,713	-30,036	-48,084
Rights protection – rights delivery	-16,218	-5,878	-6,304	-22,182	-50,582
Insurance	-2,950	-4,729	-5,039	-3,710	-16,428
Other	-11,323	-14,982	-46,142	-29,093	-101,540
Event-related expenses – accrued	-151,113	-166,737	-75,884	434,680	40,946
Total event-related expenses	-296,343	-253,966	-335,599	-239,189	-1,125,096
Event-related gross result	386,511	448,423	416,786	609,391	1,861,114
Other operating income	17,308	33,636	35,580	36,193	122,717
Development-related expenses	-145,080	-140,459	-139,249	-132,329	-557,117
Personnel expenses	-39,350	-49,373	-61,181	-60,404	-210,308
Transportation, travel and accommodation expenses	-13,303	-21,371	-21,971	-20,431	-77,076
IT expenses	-9,278	-7,317	-6,255	-6,536	-29,386
Depreciation and amortisation	-5,446	-5,549	-5,455	-15,816	-32,266
Other operating expenses	-34,968	-70,902	-78,652	-83,762	-268,284
Operating result before financial items	156,394	187,088	139,603	326,307	809,395
Financial income	11,980	3,604	85,809	26,943	128,336
Financial expenses	-25,831	-32,252	-10,327	-49,726	-118,136
Result before taxes	142,543	158,440	215,085	303,524	819,595
Income taxes	-1,026	-611	-933	-1,065	-3,635
Net result for the year	141,517	157,829	214,152	302,459	815,960

CONSOLIDATED BALANCE SHEET FOR THE 4-YEAR PERIOD ENDING 31 DECEMBER 2006

in thousands of CHF	31 Dec 2006	1 Jan 2003
Assets		
Cash and cash equivalents	460,188	360,763
Derivative financial assets	0	936
Receivables	272,348	122,171
Prepaid expenses and accrued income	114,497	52,800
Current assets	847,033	536,670
Property, plant and equipment	282,314	76,263
Investment properties	26,632	0
Intangible assets	3,960	6,645
Financial assets	296,793	155,907
Non-current assets	609,699	238,815
Total assets	1,456,732	775,485
Liabilities and equity		
Payables	62,216	71,804
Income tax liabilities	885	2,052
Interest-bearing liabilities	18,000	112,403
Derivative financial liabilities	7,007	48,277
Accrued expenses and deferred income	603,939	203,382
Current liabilities	692,046	437,918
Interest-bearing liabilities	0	344,014
Provisions	13,148	7,440
Deferred tax liability	0	1,171
Non-current liabilities	13,148	352,625
Total liabilities	705,194	790,543
Association capital	5,000	5,000
Hedging reserves	-7,007	42,354
Retained earnings	451,086	-62,412
Net result for the year	302,459	0
Equity	751,538	-15,058
Total liabilities and equity	1,456,732	775,485

Basis of Preparation

The financial information for the four-year period ended 31 December 2006 has been compiled as follows:

- Presentation of the consolidated income statements of the years 2003 to 2006 as reported in the audited financial statements 2003, 2004, 2005 and 2006; addition to cumulative income statement of the four-year period
- Consolidated balance sheet as of 31 December 2006 as reported in the audited financial statements for the year ended 31 December 2006; consolidated opening balance sheet as reported in the audited financial statements for the year ended 31 December 2003
- Changes of the International Financial Reporting Standards (IFRS) within this four-year period have not been applied to earlier years of the four-year period.



REPORT ON CONSOLIDATED FINANCIAL INFORMATION OF FIFA FOR THE 4 YEARS ENDED 31 DECEMBER 2006, BASED ON ARTICLE 66 OF THE FIFA STATUTES

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

We have examined the compilation of the consolidated financial information containing consolidated balance sheet and consolidated income statement, which has been prepared for the 4-year period ended December 31, 2006. The consolidated financial information is derived from the annual consolidated financial statements of FIFA for each of the four years ended December 31, 2003, 2004, 2005 and 2006, respectively, which were audited by us.

This consolidated financial information is the responsibility of the Executive Committee of FIFA. Our responsibility is to express an opinion on this consolidated financial information based on our examination.

We conducted our examination in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the consolidated financial information has been properly compiled, in all material respects, on the basis stated and that such basis is consistent with the basis of preparation and the accounting principles set out in the notes to the annual consolidated financial statements for each of the 4 years ended December 31, 2003, 2004, 2005 and 2006, respectively.

In our opinion, the consolidated financial information of FIFA has been compiled, in all material respects, on the basis stated and such basis is consistent with the basis of preparation and the accounting principles set out in the notes to the annual consolidated financial statements for each of the 4 years ended December 31, 2003, 2004, 2005 and 2006, respectively.

KPMG Ltd

Fredy Luthiger
Swiss Certified Accountant

Markus Ackermann
Swiss Certified Accountant

Zurich, 23 March 2007



INTERNAL AUDIT COMMITTEE REPORT TO THE CONGRESS OF

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

In our function as the Internal Audit Committee of FIFA, we have assessed the consolidated financial statements (balance sheet, income statement, statement of changes in equity, the cash flow statement and notes) of the Fédération Internationale de Football Association for the period from 1 January 2006 to 31 December 2006.

Our responsibility is to express an opinion on these financial statements based on our assessment in compliance with the audit charter of 5 March 2003. We have assessed the 2006 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the Management Letter 2006;
- Discussion of the financial statements during the meetings of the Internal Audit Committee held on 2 June 2006 and 27 February 2007 in the presence of the FIFA President, the General Secretary, the Director of Finance & Controlling and the external auditors.

Additionally, we have checked the consolidated income statement and balance sheet for the 4-year period ending 31 December 2006 based on Article 66 of the FIFA Statutes. The statements agree with the IFRS financial statements for 2003-2006, which have been audited by KPMG and approved by the FIFA Congress.

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

On this basis, we recommend that the FIFA Congress approve the consolidated financial statements for 2006.

For the Internal Audit Committee



Dr Franco Carraro
Chairman

Zurich, 27 February 2007