



## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

€ THOUSAND	NOTE	2016/2017	2015/2016
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Membership fees, ticket sales and other stadium revenue		166,569	153,730
International and friendly matches		85,858	86,039
Broadcasting		165,299	167,577
Marketing		254,138	212,364
	17.1	<b>671,864</b>	<b>619,710</b>
<b>Supplies</b>			
Raw materials and other consumables used	17.2	<b>(26,347)</b>	<b>(22,252)</b>
<b>Other operating income</b>	17.1	<b>1,030</b>	<b>229</b>
<b>Players and other personnel expenses</b>	17.3	<b>(406,109)</b>	<b>(306,877)</b>
<b>Other operating expenses</b>			
Losses, impairment and changes in trade provisions	17.4	(1,841)	755
Other operating expenses	17.4	(154,241)	(128,596)
		<b>(156,082)</b>	<b>(127,841)</b>
<b>Depreciation and amortization</b>	4,5,6,7	<b>(110,157)</b>	<b>(123,574)</b>
<b>Non-financial and other capital grants</b>	12	<b>192</b>	<b>193</b>
<b>Provision surpluses</b>	13.1	<b>1,539</b>	<b>-</b>
<b>Impairment, gains/(losses) on disposal of non-current assets and other exceptional gains/(losses)</b>			
Impairment and losses	17.5	22	(1,913)
Gains/(losses) on disposal and other	17.5	51,667	1,633
		<b>51,689</b>	<b>(280)</b>
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>27,619</b>	<b>39,308</b>
<b>Finance income</b>			
Marketable securities and other financial instruments	17.6	1,657	9,158
<b>Finance expenses</b>	17.6	<b>(3,011)</b>	<b>(5,123)</b>
<b>NET FINANCE INCOME/(EXPENSE)</b>		<b>(1,354)</b>	<b>4,035</b>
<b>PROFIT BEFORE TAX</b>		<b>26,265</b>	<b>43,343</b>
<b>Income tax expense</b>	16.1	<b>(4,893)</b>	<b>(13,063)</b>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>21,372</b>	<b>30,280</b>
<b>PROFIT FOR THE YEAR</b>		<b>21,372</b>	<b>30,280</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

A) Statement of recognized income and expense for the years ended June 30, 2017 and 2016.

€ THOUSAND	NOTE	2016/2017	2015/2016
Profit for the year		21,372	30,280
Income and expense recognized directly in equity		-	-
Amounts transferred to the income statement			
Grants, donations and bequests received	12	(192)	(193)
Tax effect	12	48	48
Total amounts transferred to the income statement		(144)	(145)
<b>Total recognized income and expense</b>		<b>21,228</b>	<b>30,135</b>

B) Statement of total changes in equity for the years June 30, 2017 and 2016.

€ THOUSAND	RESERVES	REVALUATION RESERVE RD 7/96	REVALUATION RESERVE LAW 16/2012	CAPITALIZATION RESERVE	PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY	GRANTS, DONATIONS AND REQUESTS RECEIVED	TOTAL EQUITY
<b>Balance at June 30, 2015</b>	336,417	8,548	20,277	-	42,018	407,260	4,853	412,113
Total income and expense for the year ended June 30, 2016	-	-	-	-	30,280	30,280	(145)	30,135
Distribution of prior year profit	42,018	-	-	-	(42,018)	-	-	-
<b>Balance at June 30, 2016</b>	<b>378,435</b>	<b>8,548</b>	<b>20,277</b>	<b>-</b>	<b>30,280</b>	<b>437,540</b>	<b>4,708</b>	<b>442,248</b>
Total income and expense for the year ended June 30, 2017	-	-	-	-	21,372	21,372	(144)	21,228
Distribution of prior year profit	26,078	-	-	4,202	(30,280)	-	-	-
<b>Balance at June 30, 2017</b>	<b>404,513</b>	<b>8,548</b>	<b>20,277</b>	<b>4,202</b>	<b>21,372</b>	<b>458,912</b>	<b>4,564</b>	<b>463,476</b>



### 3.19 FOREIGN CURRENCY TRANSACTIONS

The Club's functional and presentation currency is the euro.

Foreign currency transactions are translated into euros at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the reporting date.

Exchange gains or losses arising on this process and on settlement of these assets and liabilities are recognized in the income statement for the financial year or reporting period in which they occur.

### 3.20 ENVIRONMENTAL ASSETS AND LIABILITIES

Expenses relating to decontamination and restoration work in contaminated areas, as well as the elimination of waste and other expenses incurred to comply with environmental protection legislation, are recognized in the year in which they are incurred, unless they correspond to purchases of assets incorporated in equity to be used over an extended period. In this case, in which case they are recognized in the corresponding line of "Property, plant and equipment" and depreciated using the same criteria as described in Note 3.3 above.

At June 30, 2017 and 2016, the Club had not incurred any such environmental expenditure or recognized any property, plant or equipment of this kind in the balance sheet.

### 3.21 RELATED PARTY TRANSACTIONS

Related party transactions are measured using the same criteria described above.

The Club considers members of the Club's Board, key managers and the Real Madrid Foundation as related parties.

### 4. SPORTS INTANGIBLE ASSETS

The breakdown and movement in this item are as follows:

#### 2016/2017

€ THOUSAND	OPENING BALANCE	ADDITIONS AND ALLOWANCES	DISPOSALS	TRANSFERS	CLOSING BALANCE
<b>Football</b>					
Cost	742,718	126,883	(7,511)	-	862,090
Accumulated amortization	(413,228)	(91,099)	7,018	-	(497,309)
Impairment	-	-	-	-	-
<b>Net carrying amount football</b>	<b>329,490</b>	<b>35,784</b>	<b>(493)</b>	<b>-</b>	<b>364,781</b>
<b>Basketball</b>					
Cost	12,850	358	(2,890)	-	10,318
Accumulated amortization	(8,840)	(1,165)	1,152	-	(8,853)
Impairment	-	-	-	-	-
<b>Net carrying amount basketball</b>	<b>4,010</b>	<b>(807)</b>	<b>(1,738)</b>	<b>-</b>	<b>1,465</b>
<b>TOTAL NET CARRYING AMOUNT</b>	<b>333,500</b>	<b>34,977</b>	<b>(2,231)</b>	<b>-</b>	<b>366,246</b>

#### 2015/2016

€ THOUSAND	OPENING BALANCE	ADDITIONS AND ALLOWANCES	DISPOSALS	TRANSFERS	CLOSING BALANCE
<b>Football</b>					
Cost	711,492	90,522	(59,296)	-	742,718
Accumulated amortization	(349,850)	(96,520)	33,142	-	(413,228)
Impairment	-	-	-	-	-
<b>Net carrying amount football</b>	<b>361,642</b>	<b>(5,998)</b>	<b>(26,154)</b>	<b>-</b>	<b>329,490</b>
<b>Basketball</b>					
Cost	10,918	2,957	(1,025)	-	12,850
Accumulated amortization	(7,297)	(2,336)	793	-	(8,840)
Impairment	-	-	-	-	-
<b>Net carrying amount basketball</b>	<b>3,621</b>	<b>621</b>	<b>(232)</b>	<b>-</b>	<b>4,010</b>
<b>TOTAL NET CARRYING AMOUNT</b>	<b>365,263</b>	<b>(5,377)</b>	<b>(26,386)</b>	<b>-</b>	<b>333,500</b>

of compliance before the current financial period, as at the date of authorisation for issue for the accompanying financial statements, this compliance was still being discussed between the parties.

4. In the 2016/2017 season, once the individual contracts entered into by the clubs concluded, Royal Decree Law 5/2015, of April 30, governing joint exploitation of audiovisual rights of professional football competitions (first and second Spanish football divisions, the King's Cup and the Spanish Supercup) became effective.

The legislation establishes a joint revenue-sharing scheme based on category (first or second division), performance and social acceptance, measured by membership fees and average box office revenue, and the share of the contribution to the generation of income from the marketing of TV broadcasts.

It also establishes a mandatory contribution system (expenditure in accordance with income obtained) to sustain other football categories and associations, and to promote sports in general.

## 17.2 RAW MATERIALS AND OTHER CONSUMABLES USED

The detail of consumption of raw materials and other consumables during the year is as follows:

€ THOUSAND	30/06/2017	30/06/2016
Sports materials used		
Purchases	3,896	3,204
Change in inventories	103	(146)
Other consumables used		
Purchases	22,423	19,186
Change in inventories	(75)	9
<b>Total supplies</b>	<b>26,347</b>	<b>22,252</b>

The breakdown of purchases by geographic area is as follows:

€ THOUSAND	30/06/2017	30/06/2016
Spain	26,066	22,270
Intra-EU	253	119
<b>Total</b>	<b>26,319</b>	<b>22,389</b>

## 17.3 PERSONNEL EXPENSES

The breakdown of "Personnel expenses" is as follows:

### 2016/2017

€ THOUSAND	SALARIES AND WAGES	IMAGE RIGHTS	TERMINATION BENEFITS/ DEPARTURES	GROUP BONUSES	SOCIAL SECURITY	OTHER EMPLOYEE BENEFITS EXPENSE	TOTAL PERSONNEL EXPENSES
Players and coaching staff of first football team	247,148	6,242	-	65,044	436	1,255	320,125
Players and coaching staff of second football team	10,834	188	96	-	375	-	11,493
Players and coaching staff of lower division football teams	4,189	54	337	143	892	1,689	7,304
Non-sports personnel	30,742	-	1,573	1,375	3,998	728	38,416
<b>Total football</b>	<b>292,913</b>	<b>6,484</b>	<b>2,006</b>	<b>66,562</b>	<b>5,701</b>	<b>3,672</b>	<b>377,338</b>
Players and coaching staff Basketball	21,041	3,382	-	1,295	433	851	27,002
Non-sports personnel basketball	1,666	-	-	-	103	-	1,769
<b>Total basketball</b>	<b>22,707</b>	<b>3,382</b>	<b>-</b>	<b>1,295</b>	<b>536</b>	<b>851</b>	<b>28,771</b>
<b>TOTAL PERSONNEL EXPENSES</b>	<b>315,620</b>	<b>9,866</b>	<b>2,006</b>	<b>67,857</b>	<b>6,237</b>	<b>4,523</b>	<b>406,109</b>

The breakdown of personnel expenses in the preceding table below sports staff who can be registered in the LNFP (1st and 2nd division A players and coaches) and those who cannot (other football and basketball divisions) is as follows:

### 2016/2017

€ THOUSAND	SALARIES AND WAGES	IMAGE RIGHTS	TERMINATION BENEFITS/ DEPARTURES	GROUP BONUSES	SOCIAL SECURITY	OTHER EMPLOYEE BENEFITS EXPENSE	TOTAL PERSONNEL EXPENSES
Staff who can be registered in the LNFP	247,148	6,242	-	65,044	436	1,255	320,125
Staff who cannot be registered in the LNFP	36,064	3,624	433	1,438	1,700	2,540	45,799
<b>Total sports personnel expenses</b>	<b>283,212</b>	<b>9,866</b>	<b>433</b>	<b>66,482</b>	<b>2,136</b>	<b>3,795</b>	<b>365,924</b>