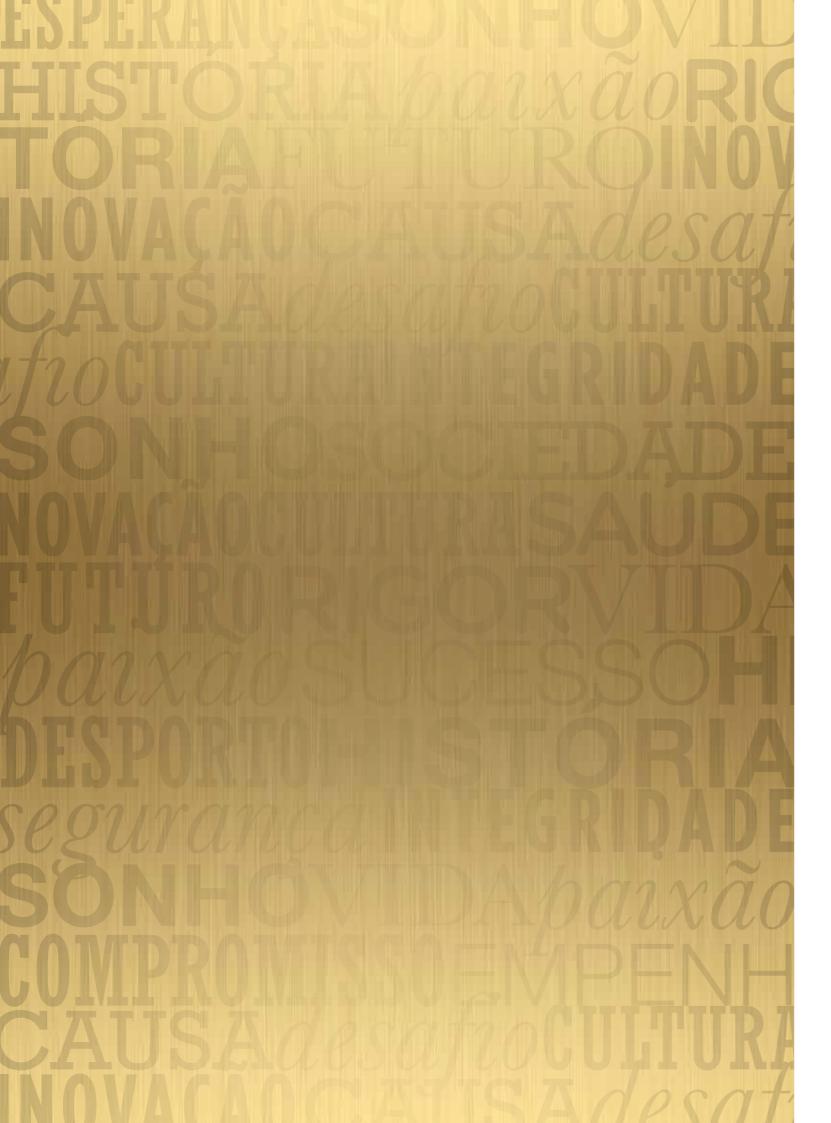




HISTORY Solidarity commitment INTEGRITY SECURITY RESPONSIBILITY





2015 ANNUAL REPORT



OPENING REMARKS FROM THE PRESIDENT OF SANTA CASA DA MISERICÓRDIA **DE LISBOA**

Looking back on 2015 we see a year that was particularly demanding for the Santa Casa Gaming Department. It was a year of substantial challenges, especially with the new Gambling Law and the expansion of the Jogos Santa Casa portfolio, which involved the introduction of landbased sports betting, i.e. PLACARD

Our work concentrated on the idea of balance, in all its forms, particularly related to responsible gaming, where we aimed to play an important role in fostering moderation in gaming habits and preventing of problem gaming in Portuguese society.

Our achievements in 2015 give us good reason to be happy with our excellent results, while remaining aware of the concept of balance in all fields.

The Santa Casa Gaming Department is responsible for managing state gaming but does not try to launch games into the market until they have been adopted. It is a balance that we try to achieve in providing access to our games in a safe, controlled setting.

higher incomes.

Today Santa Casa games are a considerable source of funding for the state and Santa Casa da Misericórdia de Lisboa (SCML) contribute to many walks of life , such as health, social work, culture, entrepreneurship and heritage.

It is fair to say that gaming today is a source of revenue that can be used to help more and more people.

At this point, I would like, I would like to say a word about Fernando Paes Afonso, Executive Director of the Gaming Department, who stepped down in 2016. In his first term of office at SCML, he was responsible for taking on the Europe-wide Euromillions project. In this term, thanks also to the continuation of the work of many years, SCML achieved a progressive, solid increase in income from game sales right from the Board's first year of office, resulting in an increase in the net profits distributed to beneficiaries.

We have every right to be pleased with the results achieved, though we must remain aware of the new dynamics in our society, such as the new Gambling Law, which legislates on the online market, and the appearance of new private operators. These are challenges that we have to bear in mind at all times.

I would like to end with a word of thanks and acknowledgement, on my own behalf and that of the entire SCML Board, to our employees in the Gaming Department for the commitment, professionalism and enthusiasm with which they faced up to all the year's challenges. On behalf of the Gaming Department, I would like to thank all our players for the trust that they have placed in us.

It is for good causes that SCML works every day and uses the profits from gaming.

ledro fontana topes

President of Santa Casa da Misericórdia de Lisboa and Executive Director of DJSCML Pedro Miguel de Santana Lopes

OPENING REMARKS FROM THE EXECUTIVE DIRECTOR OF DJSCML



The ultimate targets of our games are the beneficiaries who directly or indirectly enjoy

CONTENTS

OPENING REMARKS FROM THE PRESIDENT OF SANTA CASA DA MISERICÓRDIA DE LISBOA

CO

1.

D	A MI	SERICO	JRDIA DE LISBOA	6
CO	ONTI	ENTS		
1.		-	NG DEPARTMENT OF SANTA CASA CÓRDIA DE LISBOA	13
	1.1.	Missior	n, vision and values	14
	1.2.	Units o	f the Gaming Department	18
	1.3.	Games	portfolio	_20
	1.4.	Timelin	e	26
	1.5.	Stakeh	olders	_28
2.	SAN	NTA CA	SA GAMES IN FIGURES	
	2.1.	Key fig	ures	34
	2.2.	Sales o	f state-run games	36
	2.3.	Safegu	arding families' assets	40
	2.4.	Amour	ts given back to society	42
		2.4.1.	Good causes	44
		2.4.2.	Social return	
			Social cohesion	
		2.4.4.	Total return	60
3.	GR	EAT MI	LESTONES FOR GREAT RESULTS	65
	3.1.		ove to new premises: preparing the organisation ew setting	66
	3.2.	Expand	ling our Retailers' network	70
	3.3.	Launch	of Placard, the new state-run game	72
	3.4.	Steppir	ng up security and business risk management	
		3.4.1.	Combating match fixing	
		3.4.2.	Re-certification of security and information management system	
		3.4.3.	New contractual powers	
		3.4.4.	Claim management	81

A MID	SERICO	JRDIA DE LISBOA	6
ONTI	ENTS		8
	-	NG DEPARTMENT OF SANTA CASA CÓRDIA DE LISBOA	13
1.1.	Missior	n, vision and values	14
1.2.	Units o	f the Gaming Department	18
1.3.	Games	portfolio	_20
1.4.	Timelin	e	26
1.5.	Stakeh	olders	_28
SAN	NTA CA	SA GAMES IN FIGURES	33
2.1.	Key fig	ures	_34
2.2.	Sales c	f state-run games	36
2.3.	Safegu	arding families' assets	40
2.4.	Amour	its given back to society	42
	2.4.1.	Good causes	44
	2.4.2.	Social return	
	2.4.3.	Social cohesion	58
	2.4.4.	Total return	60
GR	EAT MI	LESTONES FOR GREAT RESULTS	65
3.1.		ove to new premises: preparing the organisation ew setting	66
3.2.	Expand	ling our Retailers' network	70
3.3.	Launch	of Placard, the new state-run game	
3.4.	Steppir	ng up security and business risk management	
	3.4.1.	Combating match fixing	
	3.4.2.	Re-certification of security and information management system	79
	3.4.3.	New contractual powers	
	3.4.4.	Claim management	81

JOGOS SANTA CASA

	3.5.	State-run games closer to the public	
	3.6.	JSC An international benchmark	.94
4.	RES	SPONSIBLE GAMBLING: FOCUS ON ONGOING IMPROVEME	ENT <u>.</u> 97
5.	MA	RKET SETTING AND OPERATING PROFIT	103
	5.1.	Socioeconomic framework and gambling market	104
	5.2.	Analysis of operations	108
6.	FIN	ANCIAL STATEMENTS	121
	6.1.	Balance sheet	122
	6.2.	Income statement by nature	124
	6.3.	Statement of changes in equity	126
	6.4.	Cash flow statement	128
N	OTES	S TO THE FINANCIAL STATEMENTS	130
	1.	Introduction	131
	2.	Accounting references in the preparation of the financial statements	132
	3.	Main accounting policies	133
	4.	Cash flows	150
	5.	Accounting policies, changes in accounting estimates and errors	151
	6.	Tangible fixed assets	152
	7.	Intangible assets	154
	8.	Shareholdings - other Methods	155
	9.	Other financial assets	155
	10.	Inventory	162
	11.	Retailers	
	12.	State and other public entities	164
	13.	Other receivables	165
	14.	Deferrals – Expenses to be recognised	167
	15.	Social fund	167
	16.	Profits	167
	17.	Other changes in equity	170

18.	Provisions	172
19.	Liability for post-employment and other benefits	
20.	Winnings payable	176
21.	Trade payables	
22.	Other accounts payable	179
23.	Deferrals – income to be recognised	
24.	Revenue	182
25.	Operating grants	
26.	Cost of goods sold and materials consumed	185
27.	Supplies and services	
28.	Personnel costs	186
29.	Interest and similar income	187
30.	Other income and gains	187
31.	Other expenses and losses	187
32.	Interest and similar expenses	188
33.	Commitments	188
34.	Environmental matters	_188
35.	Related parties	

CONTENTS

THE GAMING DEPARTMENT SANTA ÇASA A MISERICÓRDIA DE LISBOA

HISTORY SOLIDARITY commitment INTEGRITY SECURITY RESPONSIBILITY



1.1 MISSION, VISION AND VALUES

The Gaming Department is a statutory unit of Santa Casa da Misericórdia de Lisboa (SCML). It handles Jogos Santa Casa brand state-run games on behalf of the state exclusively nationwide and distributes net earnings to beneficiaries, as required by law. The Gaming Department (DJSCML) has its own budget and accounts, which are attached to the budget and accounts of Santa Casa da Misericórdia de Lisboa.

MISSION

The Gaming Department's mission is to create the right conditions for channelling demand for gaming to the state-run games within the guidelines set out by the state, in order to ensure the defence of public order, preservation of families' assets and the prevention of excessive gambling.

As the body that operates state-run games and, as its operations are strictly regulated by the state, the Gaming Department is a highly responsible body that plays a crucial role in fostering moderate betting habits and preventing gambling problems. By providing its players with a moderate range of games that are accessible to everyone at low stakes with simple mechanisms and different levels of winnings, the Gaming Department ensures an attractive range that also fosters responsible betting habits.

VISION

After regulation of betting in Portugal, the logistics and technical challenge of moving the Gaming Department to premises in Avenida da Liberdade, one of Lisbon's most emblematic avenues, the complete renovation of the Prior Velho warehouse and the launch of the first fixed odds sport betting game, it is with great optimism that Jogos Santa Casa continues its ambition to make a difference with the public and be an integral part of their everyday lives. They may be players, whose dreams come true thanks to the many, good prizes, the beneficiaries, who are able to continue their work and play their role in society with the sums allocated to them by law or even other stakeholders, with whom partnerships and relationships of trust are formed.

The sound size and good name that DJSCML has achieved in Portugal mean that it can continue to look forward to growth in profits from gaming, thereby resulting in an even greater financial return for Portuguese society. As the number of retailers all over mainland Portugal and the islands is reaching almost 5,000 the DJSCML also plans to take full advantage of these points of sale.

The success of Santa Casa games is based to a large extent on achieving targets and a strong ability to innovate and study and anticipate challenges with the attitude of anyone wishing to do more and better. It is, however, also based on the serenity with which we handle the challenges that we are sometimes faced with by those who want to change the operation model of the games for which we are responsible.

Indeed, only if we all stick together - employees, players, beneficiaries, suppliers and partners - will we be able to consolidate the success of the Jogos Santa Casa brand. Although relatively new, Santa Casa da Miserciórdia de Lisboa, still represents a venerable Institution recognized by everyone due to its commendable work in our society.

The main challenge is therefore continuing to achieve excellent results so that we can fulfil our enshrined mission of supporting good causes.

THIS IS THE STAKE OF THE SCML GAMING DEPARTMENT!

VALUES

INTEGRITY

COMMITMENT

SOLIDARITY

THE GAMING DEPARTMENT AT SANTA CASA DA MISERICÓRDIA DE LISBOA

SECURITY

RESPONSIBILITY

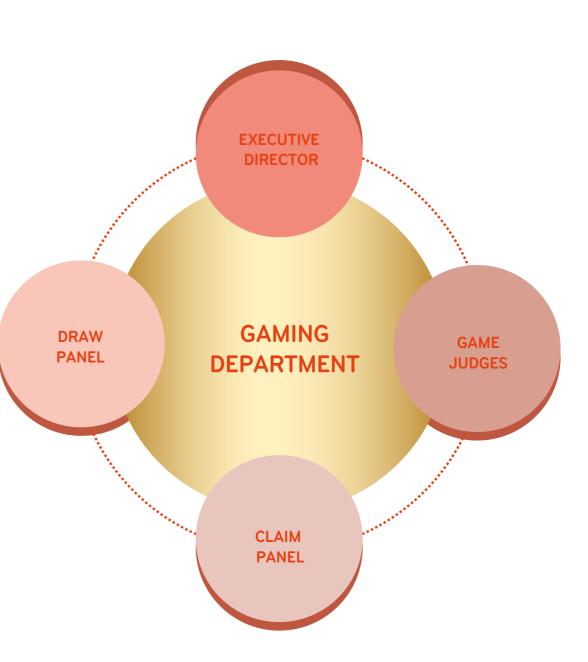
HISTORY

17

2015 ANNUAL REPORT

1.2 GAMING DEPARTMENT BODIES

THE GAMING DEPARTMENT'S BODIES ARE THE EXECUTIVE DIRECTOR, THE GAME JUDGES, THE DRAW PANEL AND THE CLAIM PANEL.



THE GAMING DEPARTMENT AT SANTA CASA DA MISERICÓRDIA DE LISBOA



1.3 GAME PORTFOLIO



The **Traditional Lottery** is one of the national lotteries. It was founded by Royal Decree of 18 November 1783 and was originally called the Portuguese National lottery. It was the first game run by Santa Casa da Misericórdia de Lisboa and the first draw was on 1 September 1784. The Traditional Lottery takes the form of numbered tickets, which may be physical or dematerialised, entitling players to take part in draws. The categories, quantities and amounts of prizes are predetermined on the basis of total tickets issued. Each draw and the tickets and fractions are associated with special seasons, commemorations or events and the price of a fraction depends on the type of draw: Ordinary – \leq 5.00, special – \leq 10.00 and extraordinary – \leq 15.00. The prize for each fraction is 1/5 of the prize for a whole ticket. The largest ever prize in this lottery was \leq 12.5 million, which was the total prize of the 10 Christmas lottery series.

The Traditional Lottery is drawn every Monday.



The **People's Lottery** is another type of national lottery. Like the Traditional Lottery, the People's Lottery consists of numbered tickets that players buy to participate in the draws. The categories, quantities and amounts of prizes are predetermined on the basis of total tickets issued. The price per fraction in the People's Lottery also varies on the basis of the type of draw: Ordinary – \pounds 2.00, special – \pounds 3.00 and extraordinary – \pounds 5.00. The largest ever prize in this lottery was \pounds 150,000, which was the total prize of the six series. The first People's Lottery was drawn on 10 March 1987. It was introduced to meet the need to provide a more affordable game and combat the proliferation of illegal gambling, including the numbers racket.

The People's Lottery is drawn every Thursday.

JOGOS SANTA CASA



The Instant Lottery was introduced to the physical network on 31 July 1995 to fund government social work, particularly for disadvantaged children and young people. In March 2010, this game was given a new identity with the Raspadinha brand, a name that players were already using for these scratch cards. An online version of this game was introduced (www.jogossantacasa.pt) on 1 July 2013, in order to expand the range of physical betting games available on the Jogos Santa Casa portal.

Raspadinha scratch cards are a type of lottery. Each game abides by a predefined prize plan, which is set out on the back of the card and indicates the categories, guantities and amounts of the prizes on the basis of total tickets issued. Another characteristic of our scratch cards is that independent games are issued with different themes, mechanisms and prize plans. Another feature is that players find out immediately whether they have won. There are different Raspadinha prize categories. The minimum is the cost of the card (€0.50 online and €1.00 in the physical network) and the maximum is €500,000, depending on the game's prize plan. It is also possible to win prizes that are paid monthly over time, which is the case of the "Pé-de-Meia" (nest egg) family games, whose maximum prizes vary from €1,800 to €504,000.



Totobola was the first football pool game introduced in Portugal, based on bets on the results of sporting events. The first Totobola game was launched on 24 September 1961. It was originally introduced to fund the construction and maintenance of Centro de Medicina de Reabilitação de Alcoitão, the first medical rehabilitation centre in Portugal. The game's net profits are currently shared among other bodies in Portugal, after the law was amended in March 1985.

The current Totobola football pools model is based on a grid of 13 matches, in which players predict a win by the home team ("1"), a draw ("X") or a win by the away team ("2"). They also play the "Super 14" game by predicting the number of goals scored by each of the two teams playing ("0", "1" or "M", for more goals). The minimum bet is €0.80. The full Totobola results are usually published on Sunday evening (regular games) or for extra games on Tuesday, Wednesday or Thursday evening, depending on the competition to which the matches in question belong.



Totoloto was the second betting game introduced in Portugal and the first draw took place on 31 March 1985.

This is a lotto-type game in which players bet on numbers drawn for a cash prize. In the current Totoloto game, players have to pick five out of 49 possible numbers plus one number from a possible 13, the "bonus ball". The minimum bet is \pounds 0.90 and the first prize is at least €1,000,000. The Totoloto draws are held twice a week, on Wednesdays and Saturdays.



PLACARD is the most recent state-run game and was introduced on 9 September 2015.



The first **Euromillions** draw was held in Paris on 13 February 2004. The organising countries were Spain, France and the United Kingdom. The first Euromillions draw in Portugal took place on 8 October 2004, when another five countries, Ireland, Austria, Belgium, Switzerland and Luxemburg joined the original group.

Euromillions is a lotto game in which players choose five out of 50 numbers and two out of a possible 11 Lucky Star numbers. The minimum bet is €2.00, 50% of which goes towards winnings. The Euromillions currently offers a first prize of at least €15 million and the maximum Jackpot is €190 million.

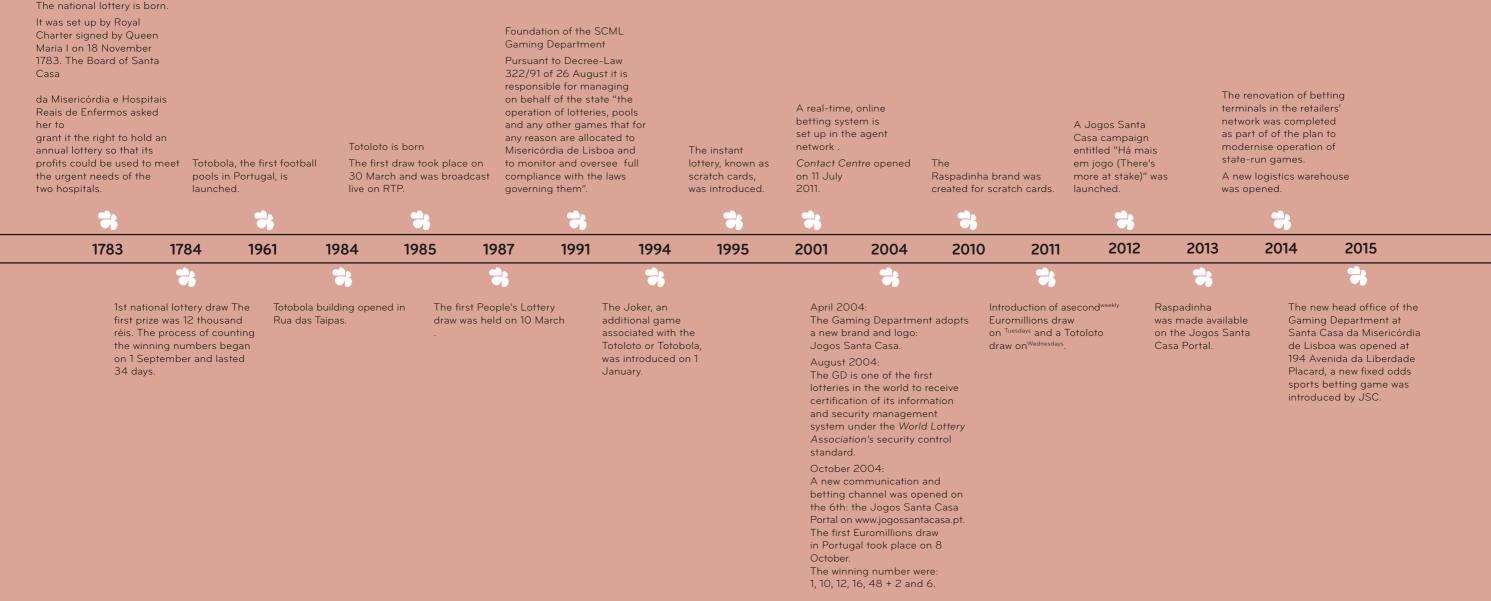
Euromillions draws are held twice a week on Tuesdays and Fridays.



The **Joker** is an add-on game in which seven numbers from 0 to 9,999,999 are drawn. The single prize goes to the player matching the same order. It is called an *add-on* game, as it is only available to players betting on the Totobola, Totoloto and Euromillions. The first Joker draw took place on 1 January 1994. It is now held every Sunday. Each Joker bet costs €1.00 and the minimum first prize is currently €500,000.

It is a fixed odds sports betting game operated by the Gaming Department, which has exclusive rights for the whole country. It tests players' knowledge of three sports (football, tennis and basketball) in different matches and events. Players can place simple, combined or multiple bets with different forecasts for each event. Each bet is associated with odds that, multiplied by the amount of the bet, dictate the possible winnings. The basic stake varies between €1.00 (simple bet) and €1,000 (multiple bet). The winnings vary on the basis of the type of bet, if the player's forecast is right, and reach a maximum of €100,000.

1.4 TIMELINE



1.5 STAKEHOLDERS



People betti driving force is for them and integrit and trust. Santa Casa (from over 18 prevalence of

numbers of male and female players. Around 33% of our players come from the Greater Lisbon area, followed by 18% in the northern coastal area. The DJSCML plays a crucial role in fostering moderation in gaming habits and preventing problem gaming in order to defend public order and preserve families' assets. The role

of the retailers' network is essential in fulfilling this commitment. The DJSCML gives them official authorisation to act as agents and they assist players in entering into a gaming contract.

The network of 4,818 retailers covers the whole mainland and islands and consists mainly of two types of business: catering and newsagents or tobacconists.

Every day, the 317 DJSCML employees do their jobs in strict compliance with the mission with which the state has entrusted the DJSCML. Their work is based on the responsibility and attention to detail required by the growing complexity of the gambling market and its business.

employees

People betting on Santa Casa games are the driving force behind the DJSCML's mission. It is for them that we work with the utmost care and integrity and commitment to honesty

Santa Casa players come from all age groups (from over 18s to over 65s), though there is a slight prevalence of the 35 - 44 segment. There are equal Around 33% of our players come from the Greater rthern coastal area.





The beneficiaries of state-run games are public bodies working in areas such as health and disease prevention, combating poverty and social exclusion, civil defence, social security, culture, policing of sporting events, school sports and social and senior tourism. All the net profits from state-run games are used exclusively to fund the state's social policies on the basis of a list of beneficiaries set out in Decree-Law 56/2006 of 15 March, later amended by Decree-Law

44/2011 of 24 March and Decree-Law 106/2011 of 21 October.

The organisation of betting games is exclusive to the state, which has historically and consistently justified the restrictions placed on gambling with the pursuit of public order



and reasons of general interest, such as consumer protection, especially in terms of vulnerable groups and the war on crime. The state therefore saw fit to grant the exclusive right to operate gaming to Santa Casa da Misericórdia de Lisboa and its Gaming Department, in recognition of the institution's capacity, integrity and suitability in handling this

activity on its behalf and account.

It is an institution dating back 517 years to which the state has granted the exclusive right in Portugal to operate gaming. This mission is the responsibility of its Gaming Department. Misericórdia de Lisboa is also on the list of beneficiaries of revenue from state-run

games. Its well-known social work receives expired unclaimed winnings from the Euromillions, national lottery (Traditional Lottery and People's Lottery) and PLACARD.





External partners and suppliers of goods and services to the Gaming Department are selected in compliance with the Public Procurement Law. They are all bound by contract to meet the standards of the DJSCML's certification systems, including its security and information management system. The DJSCML's activity is regulated by the government

and the minister in charge of social security oversees Santa Casa da Misericórdia de Lisboa.

The close relationship that the Portuguese lottery has with a large number of counterpart lotteries



and non-profit institutions operating on behalf of the state. Santa Casa da Misericórdia de Lisboa has been a member of the EL since it was founded in 1983.

CIBELAE (Corporación Iberoamericana de Loterías y Apuestas de Estado) was founded in 1988 to foster contact and the exchange of experiences of use in the management and sale of games among state lotteries in Iberian and Latin American countries. Santa Casa da Misericórdia de Lisboa has played an active part in this forum since 1993.

The WLA (World Lottery Association) was set up in 1999. It is an association of state lotteries from over 80 countries and works to defend and promote the sector's interests. Misericórdia de Lisboa has been a member since the association was founded in 1999.



on different continents results in the sharing of knowledge and adoption of best market practices. The DJSCML is considered a role model for good practices in the lottery market.

The **EL** (*European State Lotteries and Toto Association*) is a state-lottery organisation based in Lausanne, Switzerland. Its members include profit





2.1 KEY FIGURES

2015

GROSS SALES (EUR BILLION)

GROSS SALES PER CAPITA (EUR)

NUMBER OF BETS (MILLION)*

TOTAL AMOUNT OF WINNINGS (EUR BILLION)

NUMBER OF PRIZES PAID OUT (MILL

NO. OF POINTS OF SALE

RESIDENT POPULATION PER POINT

NUMBER OF USERS REGISTERED ON THE JSC PORTAL

USERS REGISTERED ON THE JSC PO AS A PERCENTAGE OF THE RESIDENT

PROFIT DISTRIBUTED TO BENEFICIAI (EUR MILLION)

FUNDING OF GOOD CAUSES (EUR MILLION)

SOCIAL RETURN (EUR MILLION)

SOCIAL COHESION (EUR MILLION)

TOTAL RETURN (EUR BILLION)

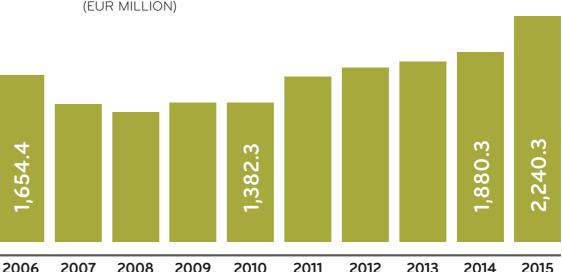
* bets placed + national lottery fractions + scratch cards + fixed odds sports bets

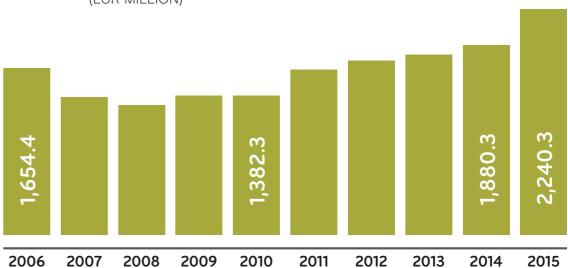
	2.24
	217
	913
	1.296
.ION)	185
	4,818
OF SALE	2,144
	653,000
RTAL T POPULATION	653,000 6.5%
T POPULATION	6.5%
T POPULATION	6.5% 602
T POPULATION	6.5% 602 608

2.2 SALES OF **STATE-RUN** GAMES

For the first time, last year sales of state-run games exceeded €2 billion and totalled €2.2403 billion. This shows another successful year in the implementation of our strategy to increase demand for legal gaming based on progressive expansion of our players' base. Gross sales grew 19.1%, which was €360 million more than in 2014, while the number of bets went from 765 million to 913 million.

Our strategy took three directions in 2014: introduction of a new game, PLACARD, expansion of our commercial network of JSC agents and diversification of our range of products. These measures made it possible to attract a new target population, achieve full coverage of the country, thereby reaching places where demand for games was not being met, and offer a range of products more suited to players' preferences. 2015 was therefore an important milestone in the growth of JSC, which was particularly prominent in recent years, especially if we consider the market conditions, which were especially adverse from an economic standpoint.





JSC has been able to go against the trend in the Portuguese economy and the gaming market, which is generally procyclical and has shown ongoing growth since 2009. Among other factors, this is due to JSC's ability to adapt to a new, very different demand profile, which focuses more and more on recreational and entertainment aspects of games in addition to the hope of winning.

The largest growth in sales occurred in scratch cards, which increased 55% year on year. Although they cannot be compared in terms of sales volume, there was also growth in the Totobola, Totoloto and traditional lottery, as they went against the trend of recent years. This can be partly explained by an exceptional accumulation of *jackpots* last year, a number of effective advertising campaigns and improvements made in placing games at points of sale.

The growth in sales of these games and the volume of sales achieved by our fixed odds

CHART 1: GROSS JSC SALES OVER THE LAST 10 YEARS

sports betting in only four months offset the ongoing falls in sales of the Euromillions, Joker and People's Lottery.

SPREADSHEET 1: GROSS SALES PER GAME: 2015 AND CHANGES AGAINST 2014 (EUR MILLION, %)

	GROSS SALES 2015	VARIATION 2014/2015
TOTAL	2,240.3	19.1%
Totobola	11.3	10.8%
Totoloto	129	2.3%
Joker	35.6	-9.5%
Euromillions	820.5	-10.5%
Traditional Lottery	51.8	1.5%
People's Lottery	25.1	-2.6%
Raspadinha	1,101.5	55%
Placard	65.4	-

Changes made to the JSC's games portfolio have had substantial effects on their sales structure, with a particular impact in 2015.

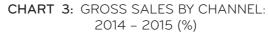
While until a few years ago, the Euromillions was by far the most popular game, today bettors are tending to choose scratch cards, which last year exceeded 50% of total sales. Indeed, if we go back to 2010, these games accounted for 63.9% and 7.6% of total sales. In 2014 their weight was 48.8% and 37.8%, though the tables were turned in 2015, with Euromillions sales accounting for only 36.6% and the Raspadinha scratch cards 49.2% of total sales of state-run games.

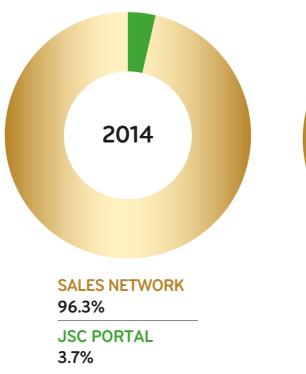
2010 - 2015 (%) 7.6% 12.6% 21.8% 33.0% 37.8% 64.5% 60.6% 52.5% 48.8% 63.9% 2010 2011 2012 2013 2014

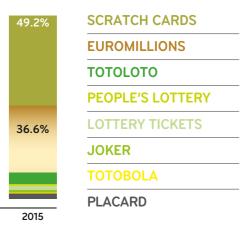
CHART 2: JSC SALES STRUCTURE:

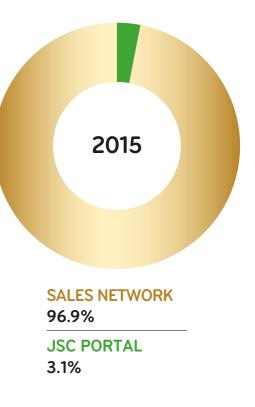
The growing predominance of scratch cards slowed down with the introduction of fixed odds sports betting. From its start in September to the end of the year it attracted a considerable number of players and accounted for 10.3% of sales in December.

The introduction of this game only in the physical network and the fact that scratch cards are almost all sold face to face were factors that impacted gross sales by channel. The percentage of sales on the Jogos Santa Casa Portal fell slightly. They accounted for 3.7% of total turnover from 2012 to 2014, but fell to 3.1% in 2015.









2.3 SAFEGUARDING FAMILIES' ASSETS

The preservation of families' assets and the prevention of excessive gaming is an integral part of the Gaming Department's mission when operating games. The way in which the business has been expanded has made it possible to reconcile these concerns with visible growth in sales.

This is true to the extent that the size of growth in gross sales has nothing to do with the growth in families' spending on gaming.

For example, there is the fact that games in which the largest percentage of sales goes to winnings are responsible for more than half of JSC's turnover.

In fact, compared to the 19.1% increase in gross sales, families' net expenditure on gaming measured by the amount spent on bets less winnings net of stamp duty grew only 7% from 2014 to 2015, which totals €61 million.

This increase can be almost completely explained by the effect of a larger player base due on the one hand to new players attracted by fixed odds sports betting and the diversification of scratch card games and one the other hand to the expansion of the physical landbased sales network. We estimate that only a small part of this increase in spending on gaming is a result of a rise in the amount spent by individual players. 2015 ANNUAL REPORT

2.4 AMOUNTS RETURNED **TO SOCIETY**

Winnings paid (net of stamp duty) 1.213,7 BILLION EUROS

Investment in fighting crime and promoting responsible gaming: 1 MILLION EUROS

paid to retailers by bettors: 171 MILLION EUROS

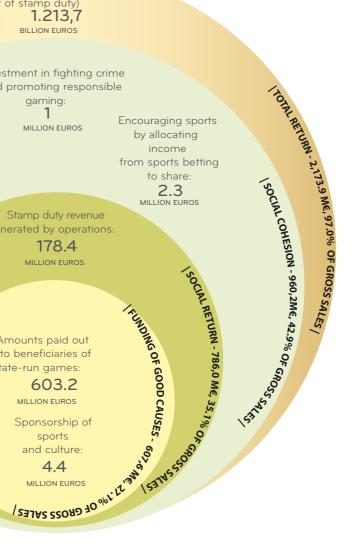
Amounts

Stamp duty revenue generated by operations: 178.4 MILLION EUROS

Amounts paid out to beneficiaries of state-run games:

THE MONEY RETURNED TO SOCIETY IN 2015 REPRESENTED 97% OF REVENUE FROM THE SALE OF GAMES, WHICH TOTALLED €2.1739 BILLION.

The state's operation of gaming generated €355.6 million more in 2015 than in 2014, which corresponds to almost the entire increase in gross sales. Society benefits from the money returned by the JSC in the form of winnings, payment of retailers by players, stamp duty, profits distributed, deductions from gross sales, sponsorships and investment in promoting legal, responsible gaming. This return is ordered in accordance with the purpose of the amounts generated and redistributed. In short, for each euro spent on Santa Casa games in 2015 by families in Portugal, 94 cents were redistributed mainly to reinforce social cohesion in Portugal.



2.4.1 GOOD CAUSES

IN 2015, €607.6 MILLION WENT TO FUND GOOD CAUSES. THIS WAS €70.5 MILLION MORE THAN IN 2014, AN INCREASE OF 13.1%.

PROFITS DISTRIBUTED

In 2015, €603.2 million was paid to the direct beneficiaries of JSC games. The money came from operating profits and a part (€1.3 million) of the new amounts that were distributed in accordance with 2015 legislation that approved fixed odds sports betting.

The recipients of the profits from JSC games are responsible for using the amounts for purposes in line with state social policies. These include social support for the elderly, families, disadvantaged children and young people, the disabled and victims of violence and the promotion of culture, improvements in education quality, encouragement of sports and fight against addiction.

The amounts in guestion were distributed to the following main social areas in 2015:

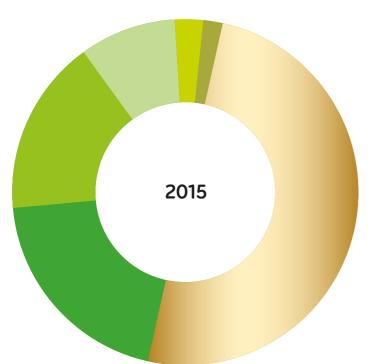


CHART 4: DISTRIBUTION OF PROFITS BY MAIN AREA: 2015 (%)

SOCIAL WORK 63.2%	
HEALTH 16.1%	
SPORTS 11.2%	
CULTURE 4.6%	
CIVIL DEFENCE 2.7%	
OTHERS 2.2%	

BENEFICIARIES' COMMENTS

Fernanda Soares Heitor, Chairman of the Board of Fundo de Fomento Cultural

66 In the pursuit of its mission, the FFC works in the sphere of Portuguese culture, where it funds institutions and initiatives of high cultural value. The incomes from Santa Casa games and the state budget make a substantial contribution to our work. In 2015, the FFC focused on spreading culture within the scope of the government's goals. It placed particular emphasis on people's right to enjoy the national culture as provided by institutions in different areas, especially foundations and Ministry of Culture bodies. We supplied regular funding in order to maintain their artistic programmes and the international dissemination of Portuguese culture, including a substantial presence at international fairs and festivals. The most important support provided by the FFC went, with special affection, to funding under Decree-Law 415/82 of 7 October - Cultural Merit Subsidies, which is for financially disadvantaged artists whose work has shown merit on the Portuguese cultural scene. The subsidy had 126 beneficiaries in 2015. 77

in Correio da Manhã domestic violence

Over half a million to help victims

The government is going to allocate half a million euros from Santa Casa games to improve the service provided to victims of domestic violence. The letters of commitment were signed yesterday by Teresa Morais, Secretary of State for Equality and Parliamentary Affairs and the nine bodies that run victim care units and residential and emergency shelters. S.A.V.

SPONSORSHIPS

Sponsorships totalled €4.4 million.

Pursuant to its mission, Jogos Santa Casa funded a number of projects encouraging sports with a view to developing healthy programmes and lifestyles, rewarding effort and merit in sports on the part of Portuguese talent and, very importantly, supporting sports as a driving



and integration. Jogos Santa Casa is

force for social cohesion

aware of the concerns of young sportsmen and women today and has working actively been with the Olympic and Committees Paralympic and sports federations and associations to help improve the lives of those

who are striving to achieve excellence.

Because hard work is not always enough to overcome obstacles, Jogos Santa Casa wanted to make a difference and help create the right conditions for that victory – in studies, sports, music and life

It was in this context that, in 2014, it formed partnerships with the Portuguese Olympic Committee and Portuguese Paralympic Committee with whose social responsibility policies Jogos Santa Casa identifies, not only in the promotion of the values and spirit of the Olympic Committee but also in the defence of equality and inclusion in sports upheld by the Paralympic Committee.

In 2015 22 study grants worth €3,000 a year were awarded to athletes in honours and master's degree programmes in the 2014/2015 academic year. This important incentive to reconcile academic and sporting careers helped to prevent these students from giving up high-performance sports or dropping out of university, which often happens due to difficulty in combining studies and sports.

in Record Olympic athletes

Grants "educate" athletes

Yesterday, Jogos Santa Casa paid out €66,000 in study grants to 22 athletes in higher education and also part of programmes preparing them for the 2016 Olympics and Paralympics and 2017 Deaflympics. "The good thing about the initiative is that it makes sure that athletes do not neglect their education. A year ago, it helped me to study for a master's degree," said the Paralympic swimmer Nelson Lopes, who was studying Economics and Public Policies at ISEG. The gymnast Sílvia Saiote, the canoeist Teresa Portela and the judokas Telma Monteiro and Joana Santos were among the beneficiaries of the project.

João Paulo Fernandes, boccia player in the Rio 2016 paralympic training programme

6 The effort to reconcile high-performance sports and an academic career is not easy due to the considerable demands that it places on us. But there is nothing better than reaching the end with your goals achieved. It is the biggest prize that I can give myself, as it was worth all the struggles, sacrifices and commitment. ??

Nelson Lopes,

swimmer, one of the JSC grant students, who graduated with a master's degree in Economics and Public Policies (ISEG-UL) with a final average of 15 out of 20

6 *I* would like to express my gratitude (...), for the contribution to my academic success made by the Jogos Santa Casa grants, without which it would certainly have been much more difficult for me to achieve my goal.

After sponsoring the first initiative of Federação Académica de Desporto Universitário in order to distinguish the student who, in 2015, skilfully managed to reconcile his academic life and sporting career, JSC strengthened its strategic position in support for Portuguese talent on being invited to present the **Best Student Athlete award** at the gala celebrating the 25th anniversary of the FADU at the Lecture Hall of Universidade de Lisboa on 1 October 2015. The award was given for the first time in Portugal and covered a year's tuition fees for:

Tiago Gomes a taekwondo and football player in the fifth year of medical school

66 Winning an award like this is naturally extremely motivating and highlights the effort and discipline that a student athlete needs to be successful in both sports and his/her studies. I feel that it was a special, unique moment in my life that provided me with extra help along the way to achieving my two goals, which was not always easy. As it was, the award signified recognition of the winning choices that I have made in my life as I tried to reconcile football and medicine and achieve positive results in both fields. This type of initiative deserves attention and I think that this new category of merit "dual career" was a successful choice and certainly an asset to Portuguese sports and education. ??

A number of sponsorships in 2015 continued the strategy that we have been following since 2013. It is based on support for Portuguese sporting talent in order to consolidate JSC's image as a brand that sponsors sports in Portugal, with special focus on funding for federations with athletes who have shown merit and will represent Portugal in the Olympics and Paralympics in Rio de Janeiro.

It was with this aim that JSC broadened the spectrum of its sponsorship to another three sporting federations in 2015, thereby making an unequivocal contribution to the results achieved by Federação Portuguesa de Ténis de Mesa (table tennis), Federação Portuguesa de Judo and Federação Portuguesa de Remo (rowing).

PORTUGUESE TABLE TENNIS ASSOCIATION

Thanks to the work done and results achieved, sponsorship of the FPTM was another winning choice made by JSC.

Thanks to this new partnership, in 2015, the FPTM was able to develop the sport and achieve excellent results: 5th in the *team world rankings* and 2nd *in the European rankings* and four athletes qualified for the Olympics (three men and one woman, plus the men's senior team). Promoting "Sports for Everyone", the adapted table tennis project resulted in

JSC funding also made it possible to bring to Portugal key table tennis events. For example, the FPTM organised the Final of the 2015 World Tour, which is considered one of the most prestigious events in the world.

the first national championship.



PORTUGUESE ROWING FEDERATION

JSC guaranteed its support for the FPR in 2015 in a project to restructure high performance and achieve recognition for a federation that will be celebrating its 100th anniversary in 2020. The project included support for the 28 clubs in Portugal by means of incentives. A number of contributions were made to rowing by the JSC, such as rewards for athletes enrolling and taking part in Portuguese races and championships and continuing to row, greater support for clubs organising tournaments, development of offshore rowing and the purchase of new boats and special boats for offshore and adaptive rowing, support for organisers of important national and international events and the development of rowing for the disabled. The JSC was responsible for baptising three new offshore rowing boats with the names **Sonho (Dream), Sorte (Luck)** and **Esperança (Hope)**.



PORTUGUESE JUDO FEDERATION

Judo is recognised by UNESCO as a sport recommended for children and young people, not only because of its contribution to physical development but also for the values that it teaches. It is also one of the sports played most in Portugal, with more than 12,200 athletes belonging to around 270 clubs.

In 2015, the JSC confirmed its support for the federation in its capacity as main sponsor in order to enable more judokas to take part in the 2016 Olympics and Paralympics, increase the number of training periods and participants in international events, develop adaptive judo and revitalise national teams and their results.



A number of excellent results were achieved in 2015: first place *world rankings* in the -57kg category for Telma Monteiro, 66 medals won in international competitions (16 gold, 17 silver and 33 bronze), 38 judokas with high performance status at Instituto Português do Desporto e Juventude and inclusion of 10 judokas in the Rio 2016 Olympic and Paralympic project, six of whom managed to qualify.

The FPJ also attracted international events to Portugal, including the 2015 European Judo Championship for the Blind and Visually Impaired, which counted for qualification for the Paralympic Games. In 2016, Portugal will be represented for the first time in the Paralympics by the blind judoka Miguel Vieira.

PORTUGUESE CANOE FEDERATION

In the last three years, the JSC has funded the FPC, which has been doing excellent work. In 2015, it asserted canoeing as one of the most important sports at national and international level. The 11 medals in European and world championships included a bronze medal won by Fernando Pimenta for the 1,000 metres K1 in the Milan World Championship and a silver in the European Games in Baku and the important qualification of the K1 and K4 boats for the Rio 2016 Olympics. The promising young canoeist João Amorim was C1 Junior champion in the World Marathon. The 1,000 metres K4 team won a silver medal in the World Under-23 event and a bronze in the 200 metres K1 European championship.



These excellent results culminated in the qualification of six canoeists for Rio 2016. 2015 was also the year in which the federation had the most members, at 2,800.







The JSC has been official sponsor of the FPRBY since 2013. Rugby is the team sport played most in the world, after football. Rugby's popularity has reached its height in Portugal in recent years and the numbers of clubs and players has risen exponentially.

In 2015, JSC's sponsorship made it possible to build a high performance centre in Jamor, which provides better conditions for athletes to train.

Although the national rugby team did not qualify for

the Rio 2016 Olympics, the FPRBY maintains its plans to develop the sport in Portugal by fostering renewal of athletes, encouraging women's rugby and organising social rugby (giving disadvantaged people the chance to play in classes) and school rugby.



JOÃO CARDIGA'S EQUESTRIAN ACADEMY

The AEJC is a private charity that the JSC has been sponsoring in the last three years. JSC continued its support for this riding academy in 2015, which was a particularly difficult year for the Paradressage team, due to the death of its two main international horses, which were ridden by Paralympic horsewomen Sara Duarte and Ana Mota Veiga. In spite of the setbacks, the AEJC won national champion and vice-champion in the categories in which it competes. The number of Paradressage riders in international competitions increased from five to seven and there was also a substantial increase in riders in the Riding for Everyone project.



FORM OF DIRECT FUNDING FOR 27,614 SPORTSMEN AND WOMEN AND OVER 50 ATHLETES IN THE RIO 2016 OLYMPIC AND PARALYMPIC PROJECTS.

NOW THE PORTUGUESE CUP IS PLACARD

Under the slogan "Now the Portuguese Cup is PLACARD", the new JSC fixed odds sports betting game has given its name to the Portuguese Cup, the star of Portuguese football. Everyone in Portugal knows it for its spirit of competition, in which small clubs play against the big ones in an environment of fair play, equal opportunities, challenge and great excitement, which are values that PLACARD upholds.



PLACARD was advertised in the fourth round of the cup, on the eve of the Sporting v Benfica derby in a multimedia campaign (TV, press, radio and internet) and ads in stadiums. It became the naming sponsor of the most popular, traditional and emblematic football competition in Portugal. Football is the sport that accounts for 90% of bets placed.

In 2016, PLACARD will pursue its strategy of being the main sponsor of the most newsworthy sporting events featuring in its range.

THE FIRST EUROPEAN SPORTS WEEK

In response to a request from the European Lotteries Association to its members to organise campaigns highlighting the important role that sports play in their countries, following the first European Sports Week organised by the European Commission, DJSCML was guick to respond by getting involved in the Rise to Glory event in Lisbon. Lisbon hosted a bicycle race that was open to all on one of the most emblematic hill climbs in the city, Calçada do Elevador da Glória. The event was organised by Podium, in collaboration with Federação Portuguesa de Ciclismo and Lisbon City Council. JSC activated its brand in partnership with sponsored sports federations and associations and developed a model of interaction with the public that enabled people to try out different



sports. The idea was to foster healthy lifestyles and positive changes in society strategically associated with sports.

IN A NEW ASPECT OF SUPPORT FOR PORTUGUESE TALENT

2015 was the year for broadening support for national talent in culture and music. By sponsoring Portuguese artistic talents, JSC contributed to more good causes and gave hope to many people.

DJSCML sponsored the final prize in the RTP programme "Got Talent", thereby associating the JSC brand with the promotion of Portuguese talent in different areas and for different age groups. All the competitors who took part in the programme were thus able to believe that their dreams could come true. The brand was present at the eight live galas every Sunday and the Final Gala on 12 April. The participants in the programme included trainees from the SCML Training and Certification Centre and Santa Casa service users, who had the chance to attend the galas.

The JSC brand also sponsored the SIC programme "Ídolos", a contest open to everyone that associated the values of talent and being Portuguese to give it a national dimension. The aim was to cement the JSC's association with this new territory that the brand has included in its strategy, support for Portuguese musical talent.

The main Portuguese music festivals were also considered stages for new home-grown talents. The JSC sponsored four music festivals at different venues in 2015 in order to make the most of the Santa Casa brand's presence at the main summer events. We considered this yet another opportunity for the JSC and Santa Casa to cement their brand's reputation



sports, and come into contact with professional athletes in an effort to encourage them to play with the public, with the following goals:

- To publicise the good causes for which the DJSCML works every day in support of Portuguese merit and talent
- To raise awareness of SCML's social responsibility in the fields of health, education and social work, with special focus on people with reduced mobility
- To benefit the people assisted by SCML, particularly young people, with cultural initiatives and events.

150 YEARS OF DIÁRIO DE NOTÍCIAS NEWSPAPER



two centuries-old Portuguese institutions in an endeavour to create perfect symbiosis between the past and present. It went through 150 years of pages and events that marked the history of Portugal and the world with a large social and historical component and so much to show. It illustrated what the past was, what was news, what changed the world, thinking, life and the daily routine of the Portuguese people. The exhibition was visited by thousands of people in the three weeks that it was open and Jogos Santa Casa exhibited historical pieces from its 231 years' history. It was a unique display that illustrated progress from the first lottery draw in 1784 to the present day alongside the 150-year path of Diário de Notícias.



The exhibition "Da Alma de Portugal (Portugal's Soul)" was organised by Diário de Notícias newspaper and opened at the Portugal Pavilion on 7 May. It enjoyed the exclusive sponsorship of Jogos Santa Casa. This exhibition brought together deavour to create perfect symbiosis ears of pages and events that marked cial and historical component and so twas news, what changed the world, people



2.4.2 SOCIAL RETURN

In addition to direct funding of good causes, Santa Casa also paid stamp duty to the state, meaning that the funds making up the social return in 2015 totalled €786 million.

The stamp duty generated by the JSC last year came to €178.4 million. The tax revenue from sales (4.5% included in the amount of each bet) and winnings (20% of the part of winnings exceeding €5,000) accounted for 13.1% of the state's total tax revenue from stamp duty, the highest weight ever.

SPREADSHEET 2: IMPORTANCE OF TAX REVENUE FROM JSC STAMP DUTY IN STATE REVENUE: 2014 - 2015 (FUR MILLION, %)

	2014	2015
Stamp duty on sales	81	96.5
Stamp duty on winnings	64	81.9
TOTAL	145	178.4
Weight in state revenue from stamp duty	11.1%	13.1%

The increase in the importance of tax revenue generated by JSC was due not only to an increase in sales volume but also to a very favourable year in terms of winnings in Portugal.

2.4.3 SOCIAL COHESION

THE OVERALL CONTRIBUTION FROM JOGOS SANTA CASA TO THE PROMOTION OF SOCIAL COHESION IN PORTUGAL WAS €960.2 MILLION IN 2015.

In addition to funding for state social policies, the following are also included:

• An investment of €1 million in defending legal gambling, combating tax fraud and money laundering as phenomena potentially associated with gaming and promoting responsible play as a way of protecting families' assets and public order

• Allocation of €2.3 million in revenue from fixed odds sports betting to clubs, athletes and organisers of sporting events resulting from legal approval of the operation of fixed odds sports betting in 2015

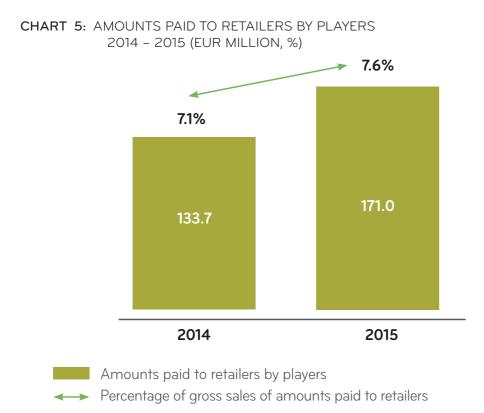
Fernando Gomes, President of Federação Portuguesa de Futebol

66 While it is true that football has always sought to contribute to the economic sustainability of an absolutely unique institution in the construction of a socially responsible society, through bets on the Totobola and more recently Placard, it is also fair to underscore the decisive role that the SCML plays in the development of Portuguese sports in general and football in particular. More than 60 sports federations receive indirect funding from the SCML in the form of income from gaming and this revenue is vital to their survival.

In the case of football, which is less dependent on outside funding, I would like to stress the importance of the revenue from Placard. The FPF has placed considerable focus on amateur and women's football, futsal and beach soccer and recognises the vital role of SCML in furthering these structural aspects of its development, for which it is extremely grateful.

This partnership is essential in the construction of the identity of two of the country's most important institutions in Portugal and FPF would like to reassert its huge pride in the common heritage they have built over the years. We know that, right from the start, the Totobola and Placard have recorded gross sales of close to €1 billion. It is a privilege to part of this history and to know that, albeit indirectly, we have also played our part in building a fairer, more egalitarian society. You can count on us! 77

• The amounts paid by betters to state-run game agents totalled €171 million in 2015. The amounts paid to our agents constitute often decisive financial support for a considerable number of businesses, most of which are small or medium enterprises, all over the country and are therefore incentives to business activity and employment in many local economies. The amount received per point of sale in 2015 averaged €35,500 and these payments are estimated to have guaranteed around 12,000 jobs.



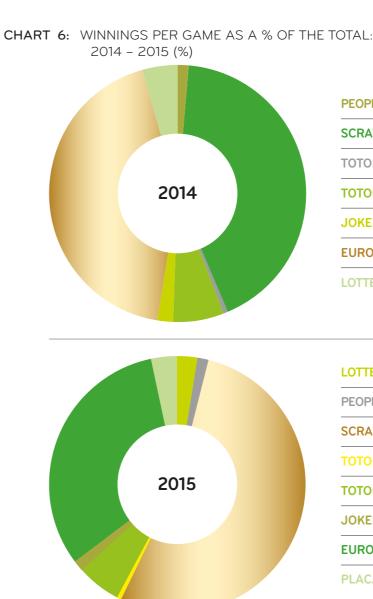
In recent years, the absolute amounts received by retailers and their relative weight in total gross sales have been growing. This was essentially due to an increase in scratch card sales, for which retailers receive more than other games. Last year, there was substantial growth (27.9%) in income against 2014

2.4.4 TOTAL RETURN

THE RETURN GENERATED FOR SOCIETY BY JOGOS SANTA CASA IN 2015 TOTALLED 2.1739 BILLION.

In addition to this amount of money returned to society, there were players' winnings, which came reached to 1.2956 billion in 2015¹, 21.6% more than in 2014.

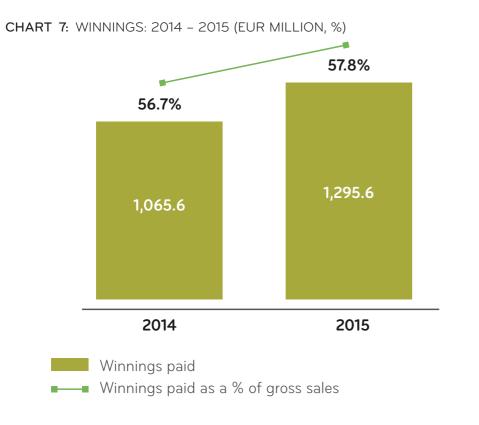
Just like it happened with the sales structure sales structure, the winnings from scratch cards accounted for the lion's share of prizes, at 53.4%, in 2015.



In turn, as with amounts paid to retailers, in recent years growing sums have been allocated to winnings in terms of value and as a proportion of gross sales. The part of gross sales set aside for winnings was 57.8% in 2015, as opposed to 56.7% in 2014.

PEOPLE'S LOTTERY	1.6%
SCRATCH CARDS	42%
TOTOBOLA	0.6%
ΤΟΤΟLΟΤΟ	6.5%
JOKER	2.0%
EUROMILLIONS	43.0%
LOTTERY TICKETS	4.2%

LOTTERY TICKETS	2.7%
PEOPLE'S LOTTERY	1.3%
SCRATCH CARDS	53.4%
TOTOBOLA	0.5%
ΤΟΤΟLΟΤΟ	5.5%
JOKER	1.5%
EUROMILLIONS	31.7%
PLACARD	3.3%



2015 witnessed the payout distribution of many large prizes to people who tried their luck in the range of games offered by Jogos Santa Casa.

LARGEST PRIZES WON IN 2015

GAME	GROSS WINNINGS	COST OF BET/ TICKET/FRACTION
Euromillions	€163,553,041	€10
Totoloto	€18,957,598.20	€3.60
Totobola	€621,403.98 (1)	€102.40 €4
Joker	€7,366,413.66 ⁽²⁾	€1 €1
Traditional Lottery	€250,000	€15
People's Lottery	€100,000	€5
Raspadinha	€504,000	€10
Raspadinha online	€80,000	€2
Placard	€17,020	€100

⁽¹⁾ Winnings of €310,701.99 each paid out to two bettors

⁽²⁾ Winnings of €3,683,206.78 each paid out to two bettors

The Euromillions stood out from the other games with five first prizes won in Portugal, totalling around €320 million. This was more than double the €150 million paid out to the seven first prizes won in Portugal in 2013, an exceptional year in terms of "Portuguese luck". Even so, the largest Euromillions prize won in Portugal is still the €190 million that went to a

player in Castelo Branco in 2014.

>From its introduction in 2004 to the end of 2015, Portugal totalled **58 first prizes** in the Euromillions. This puts the country in third place among those where most of the Euromillion prizes were distributed, after Spain (2nd) and France (1st). Portugal came fourth in sales, after the United Kingdom in first place, France in second and Spain in third. The Euromillions was the players' favourite for practically the whole year. And it generated more than 6,000 news items!

Marçal Mendonça, 65, Loulé Euromillions player

66 Five been betting on the Euromillions every week since it first came to Portugal! I like this one more than the other Santa Casa games because it's easy and affordable and has a really attractive first prize that certainly gets everyone's attention... I always place my bet on Friday. It's part of my daily routine. I always choose a lucky dip in the hope that one day my numbers will be the lucky winners, as the TV presenters say! Five won a few times, but only small prizes... Even so, I carry on in the hope that one day Fll win and, who knows, be Portugal's next eccentric. I wish! ??

This was a lucky year for the faithful **Totoloto** players too. It not only celebrated its 30th anniversary but also paid out the biggest prize ever. It went to a single player in the Setúbal area, who bet €3.60 and won €19 million in draw 086/2015 on 28 October. The last big Totoloto prize before that was in 2011 and totalled around €15 million. The **Raspadinha** scratch cards paid out the largest winnings ever, to a total of 504,000 each in the "Mega Pé-de-Meia (Mega Nest Egg)" game. The lucky winners were entitled to

each in the "Mega Pé-de-Meia (Mega Nest Egg)" ga a €3,000-a-month nest egg for the next 14 years.

Last year, the "luckiest" districts were Lisbon (1st), Porto (2nd) and Setúbal (3rd), as they had the most winners of state-run games. The Lisbon district was the one with most winners in practically all the JSC games, with the exception of traditional lottery, in which Porto came first.



3.1 MOVETO NEW **PREMISES:** PREPARING THE ORGANISATION FOR A NEW SETTING

NEW HEAD OFFICE IN LISBON

The move to the Gaming Department's new head office building was completed in 2015. The DJSCML moved from the old Totobola building, where it had been since 1984, to no. 194 Avenida da Liberdade in Lisbon.

Thirty-one years later, on 11 May the DJSCML's work and that of all its employees gained new momentum. This move has improved the physical working conditions of each and every employee. The new communal areas in the buildings include Sala da Sorte (Luck Room) to be used for press conferences, draws, training and other purposes, the agent training room, the courtyard for meals and socialising and small meeting rooms on all floors. In-house communication played an important role in the entire process, as it kept employees up to speed on the stages of the move and set out guidelines on what to do, meaning that everything went smoothly. This regular communication addressed matters such as rules on preparation for the move, the location of work stations and materials to be transferred, a map of accesses and services in the vicinity of the new building, rules on use of the new facilities and a directory of all units per floor and building. All the materials and equipment of over 200 DJSCML employees were transferred to the new head office in a single weekend, as planned. On 11 May everything was ready to welcome the new tenants of the DJSCML buildings in Rua Rodrigues Sampaio and Av. da Liberdade in Lisbon.

After completion of the move, the premises were blessed by Father António Vaz Pinto, Rector of S. Roque Church and private chaplain to Santa Casa da Misericórdia de Lisboa,

in a ceremony attended by the SCML President and Vice-Ombudsman and the other members of the Board.



JOGOS SANTA CASA

RENOVATION OF THE PRIOR VELHO WAREHOUSE

2015 also witnessed the renovation of the logistics, graphics and warehouse of the Gaming Department's support services.

The warehouse in Prior Velho was completely refurbished and special areas were set up to house the graphics unit, ticket personalisation unit and sales unit, which were previously located at SCML's central premises.

These in-depth changes substantially improved working conditions for the employees who were transferred there and the logistics staff, who already worked there. For example, HVAC was installed, control and security mechanisms were set up throughout the complex and the capacity of the communal area (canteen and locker rooms) was expanded to accommodate 60 employees. After three days for the move, on 21 December the units were ready to begin work.

Sofia Duarte Caetano,

Director, Control and Risk Management Department

66I was very proud to accept the challenge of joining the SCML, an institution that has spent more than five centuries doing good works. Knowing that around 72% of revenue from games will be returned to society is another reason for us to do our best every day. This feeling is experienced by everyone throughout the organisation.

Risk management has been playing an increasingly strategic role in companies. It is a fundamental management and decision making tool, especially in an unstable, complex macroeconomic situation. A better understanding of the risks affecting our business activity and of control systems and their response to these risks enables us to reduce costs and improve performance. This, in turn, enables us to increase what we give back to society. The Control and Risk Management Department was set up to meet this challenge of ongoing improvement and the need to create an optimal, across-the-board risk management process. ??

Magna Monte, Director, Quality and Security Department

66The DJ's move to new premises was prepared in advance. It took account of the guidelines and principles set out in the security and information management system and took measures to safeguard the integrity, availability and confidentiality of the assets needed to operate our games, including information. The communication plan was drafted in phases prior to the move and was an essential tool in facilitating the process and ensuring that it ran smoothly:

The efficiency of the move was also reflected in the availability of information and other requirements for business operations. There were no interruptions in work activities. The security and information management system is an integrated tool that cannot be dissociated from the organisation's overall management and naturally contributed to success of the move. ??

GREAT MILESTONES FOR GREAT RESULTS

3.2 ENLARGEMENT OF THE RETAILERS' NETWORK

The DJSCML is focused on the mission of state-run gaming, which is to channel demand for gambling to the state's legal games, and continued to expand its network of retailers' network all over the country in 2015. As a result, the physical state-run gaming network grew by around 9%. With more than 464 new terminals, 4,818 businesses were authorised to sell all the games in the JSC portfolio to Portuguese players. The network is an effective tool in stepping up

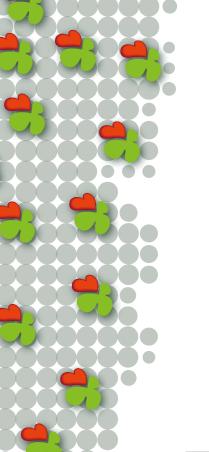
In a year that witnessed a renewal of the range of JSC games, the preparation and introduction of a new game mobilised the entire commercial team. It held 318 training sessions about the product and the processes and procedures involved in selling it to players. They provided over 57,500 hours of training involving around 14,500 trainees. In compliance with its obligation to provide the latest information to players in Portugal at all times, the DJSCML took around 700 measures to improve its image at points of sale. It provided the Retailers' network with new compulsory information channels, especially taking account of the introduction of a new game whose success depended a lot on the acceptance and involvement of the retailers. Abiding by best practices in responsible gaming, the DJSCML stepped up communication on the legal obligations of players and retailers, such as the prohibition of the sale of games to minors and the sale of games on credit. It also used the retailers' network to distribute more than two million leaflets on the new game to players.

It was a very demanding year for the Retailers and the entire DJSCML commercial department, which monitored the dynamics and needs of Portuguese consumers, improved the distribution of games around the network, harmonised the opening hours of almost 5,000 points of sale all over the Portuguese mainland and islands and stepped up training for its physical land-based network.

the fight against illegal gambling in Portugal.







3.3 THE NEW STATE RUN GAME: PLACARD

In 2015, changes were made to the rules on the operation of games of chance, which is exclusive to the state in Portugal. There had long been a need to combat illegal gambling and guarantee balanced, transparent operation of gaming. It required the creation of a new online model in Portugal, in view of the regulation of online gaming all over Europe. In compliance with European Commission and best practices followed in other countries, *online* gaming was regulated by Decree-Law 66/2015 of 29 April approving the legal framework on online betting. By making it possible to increase the number of games in order to make the Portuguese market more competitive, this law was also intended to reduce illegal *online* gambling on the part of operators selling games in Portugal and the players buying them.

The new regulations required operators to obtain a licence from the regulator, the Gaming Regulation and Inspection Department at Turismo de Portugal, and accept certain obligations. In addition, the illegal operation of *online* gaming and betting was now a crime. Until the regulations were passed, fixed odds sports betting was not allowed in Portugal. This meant that the operation of football pools was illegal, in violation of the SCML's exclusive right, punishable under Law 30/2006 of 11 July.

Decree-Law 67/2015 of 29 April, which came into force on 28 June 2015, also approved **the legal framework on fixed odds sports betting**. This framework laid down that, for reasons of public order, consumer protection and prevention of crime and fraud, the state granted the SCML Gaming Department the exclusive right to organise and operate these games in Portugal.

Special care was required in the way they would be provided and monitored to ensure that the state's legal games were channelled to existing demand for this type of betting and brought as close as possible to players. The state therefore saw fit to take advantage of the experience of the JSC retailers' network consisting of almost 5,000 points of sale all over the country to offer safe, controlled fixed odds sports betting to all adults, as a solution that best protected players and the public interest.

In view of the complexity of a project of this type and the DJSCML's commitment to the security and integrity of its games, its investment focused particularly on in-house training, adaptation of game systems, reinforcement of communications for players and training of all its retailers. 2015 was therefore a year of long preparation and adaptation of DJSCML technological and business processes for this new type of game. Four main areas of action were defined for it:

- Focus on player security and protection, with compulsory indication of **the player's tax number** when placing bets and receiving winnings of over €150
- Availability of the new game throughout the JSC retailers' network, which had been properly trained, as the main contact with players
- A broad range of sports events in football, tennis and basketball
- Different channels of communication for sporting events in the Retailers' network,

sports press, JSC Portal and a special mobile app.

9 September 2015, 11 years after the introduction of the Euromillions, marked the beginning of bets on **PLACARD**, the new state-run fixed odds sports betting game, which is available only at points of sale in the JSC retailers' network.

Challenging but with a high entertainment factor, the new game tests players' knowledge of the three sports in different events. Bets are made at fixed odds that, when multiplied by the amount of the bet, determine the players' maximum possible winnings. With bets ranging from ≤ 1 to ≤ 100 , the winnings vary in accordance with the type of bet if the player gets it right.

This is a more complex game than the other JSC's. As a result, in order to reduce players' learning curve, a strategic communication plan was based on a multimedia advertising campaign and an exclusive PLACARD microsite on the JSC Portal. A mobile app (PLAC-ARD APP) was also introduced. In both cases, players can simulate bets and possible winnings by filling in a virtual slip.

As we were aware that points of sale were the most strategic places for constant com-

PLACARD

APOSTA NA DESPORTIVA

munication with players, we developed special PLACARD channels for communication of events. They included a tutorial video on game terminals with information for players, also available on the JSC Portal.

Although the learning curve of this game is longer than for the other JSC games, the first

figures were a pleasant surprise. It took less than 30 days for the game to catch on with sports-fan players, as proven by the more than 1.7 million bets placed up to 30 September. After only four months, it was the third most popular JSC product. It exceeded all expectations in terms of amounts and totalled over \pounds 65 million, as opposed to the expected \pounds 50 million, more than 467,000 new players and almost 300,000 *downloads* of the mobile app.



PLACARD's extremely positive outcome showed that most players find what they want among Santa Casa games, in a secure, trustworthy, controlled environment. This was an important step in the rejuvenation of our game portfolio and an essential step in broadening our base of JSC players.

Vicente Braga, 29, Vila Nova de Gaia | PLACARD player

66 PLACARD was a nice surprise, as I've always been a fan of sports and when you've got this type of passion you like to put your knowledge to the test. I had already heard of this kind of game but I'd never played. Now I bet an average of three times a week, especially on big football derbies. The thrill is inevitable and I soon went from being a mere couch coach to become quite an expert. I use the app to get information and simulate my bets. ??

3.4 STEPPING UP MANAGEMENT OF SECURITY AND THE BUSINESS RISK

Our awareness that we are progressing to a new paradigm associated with the introduction of PLACARD and size of our business meant that we had to reconsider the contours and risks of gaming and rethink our organisational structure. It was necessary to set up a special unit to handle and manage risk (like our French counterpart, which has been our partner since 2012 in the preparation of our new fixed odds sports betting). The initial focus was on the risk of corruption, financial fraud and money laundering associated with sports betting, due to the urgent need to start up PLACARD. One of the aims was to implement and coordinate across-the-board risk management and internal control in the Gaming Department. This increase in security and risk management was based on internationally recognised best practices and frameworks (COSO/ISO 31000). It was designed to take measures to fight money laundering and terrorist financing and introduce policies aimed at preventing and fighting fraud (including corruption). The need to set up this new unit was also based on the future impact of measures stemming from the publication in the Official Journal of the European Union on 5 June of Directive 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, which amended Regulation (EU) 648/2012 of the European Parliament and of the Council and revoked Directive 2005/60/EC of the European Parliament and of the Council and Directive

The principles and obligations set out in the Directive must be transposed by all Member States by 26 June 2017, after a national and supranational analysis of the risks of money laundering in each sector and the suitability of prevention measures. The Directive is of considerable importance to the DJSCML and has changed the rules on players' identification in order to prevent money laundering. It lays down that Member States must approve legislation that obliges gaming operators to undertake*due diligence*of their customers when they win prizes and/or place bets if transactions are, separately or jointly, worth €2,000 or more.

2006/70/EC of the Commission.

On the same subject, Law 62/2015, which was published on 24 June, amended Law 25/2008 of 5 June on the prevention of laundering of illegal gains and the financing of terrorism.

3.4.1 FIGHTING MATCH FIXING

Portugal's approval of the Council of Europe Convention on the Manipulation of Sports Competitions dated 18 September 2014 was published in Diário da República official gazette in August 2015. The aim of the convention is to combat match fixing in order to protect the integrity of sports and sports ethics, in accordance with the principle of independent sports. These are values broadly upheld by the DJSCML.

With the massive growth of sports betting and sponsorship of major events, sports have achieved an immeasurable size and the amounts transacted in this sector have grown enormously in recent decades. This growth also resulted in problems that affected the credibility of a number of sports. In addition to corruption, which was widely covered by the media, clubs, federations and betting operators watched the *match fixing* phenomenon grow larger and jeopardise the integrity of sports.

This problem has negative effects on sports and all entities directly or indirectly associated with them. They include the Gaming Department (because of its exclusive right to operate fixed odds sports betting and its sponsorship of sports federations and competitions). As a result, it was decided in 2015 to recognise the need to discuss the issue.

The DJSCML attended European Commission workshops on the issue of match fixing and also took action that the matter was discussed and that the most important stakeholders were identified. One example was the 23rd Assembly of the ENGSO, where the integrity of sport was widely discussed, while another was a number of meetings held regarding the creation of special communication channels with Federação Portuguesa de Futebol, Comité Olímpico de Portugal and the International Centre for Sport Security (ICSS).

The Gaming Department, Comité Olímpico de Portugal and ICSS began to draw up an action plan aimed at the integrity of sports and sporting sports betting..

It has tools to monitor sports betting and is connected to the *Global Lottery Monitoring System for Sports Betting*, which promptly informs the authorities of any irregular betting patterns detected so that they can be investigated. National and international cooperation agreements will also be concluded to handle this type of case.

3.4.2 SECURITY AND INFORMATION MANAGEMENT SYSTEM RECERTIFIED

Our security and information management system, which was set up and certified in 2004, is an integral part of the running of the SCML and DJSCML. It makes decisive contribution to achieving the organisation's goals in the operation of state-run gaming, especially the transparency and integrity of all gaming operations in accordance with applicable legislation and globally accepted best practices for lotteries.

In 2015, the DJSCML monitored international standards and adapted its security and information management system to organisational changes resulting from start of the new fixed odds sports betting game. It adapted the system to the 2013 version of ISO/IEC 27001 and also included security controls for fixed odds sports betting set out in standard WLA – SCS. In June, the DJSCML obtained successful certification after an audit conducted by an independent, internationally recognised external body. All departments' commitment to security and the good performance of the system as a management tool were both very clear.

A context analysis considering internal and external issues that might affect the SCML's operation of gaming was performed in order to achieve this milestone. It analysed threats and opportunities and controls in place to reduce the business risk. Consideration was also given to interfaces and dependences between the activities of the DJSCML and other stakeholders identified by the organisation's different departments and formally set out in legal, regulatory and contractual requirements.

The system's standards and policies were adapted and, at the same time, all the departments covered by the certification drafted or updated procedures to meet business continuity needs.

We also began a formal assessment of security techniques as required by ISO 27001:2013. It focused on the necessary commitment that all employees make to the organisation's security culture by learning, complying with and enforcing policies, standards and procedures, including our Code of Conduct. DJSCML recognises the importance of human assets as a means of guaranteeing the integrity of operations and now gives a copy of its Code of Conduct to all employees on admission or when they join a department covered by the security and information management system, thereby binding them to the organisation's rules and good practices.

Training courses were also given to teach all employees about their obligations when it comes to security. In line with our security policies and standards, in 2015 we organised 27 training courses. They were divided into initial training on the security and information management system (12) and development of the security and information management system (15) and reached around 540 employees from the Gaming Department and other

units in the system.

We continued our practice of conducting business continuity tests in 2015 with a view to ongoing improvement. They involved external bodies and internal audits and covered business processes supported by different units in the DJSCML.

3.4.3 NEW CONTRACTUAL POWERS

Under a new organisational model, which was approved by the SCML Board in 2015 and resulted in the decentralisation of procurement and contract management departments, the DJSCML's Administrative Division and Procurement Management Unit were given new powers in terms of simple, direct agreements, direct agreements and public and restricted tenders for the categories of goods and services associated with the DJSCML.

Contractual powers were also increased, with a view to greater autonomy in process management. The following were the most important:

- Preparation of the approval of all the Gaming Department's draft contracts
- Assessment of the department's contract and suppliers
- Monitoring of the performance of contracts.

3.4.4 CLAIM MANAGEMENT

The Gaming Department's **claim management system** was optimised in 2015 so that it could provide an excellent service based on ongoing improvement. This benefited the handling of claims and made the process more efficient and effective, thereby making it possible to prevent dissatisfaction in the future and increasing the organisation's competences. Only 1% of contacts were considered to represent dissatisfaction and the department's response rate on the Complaint Portal was 100%.

GREAT MILESTONES FOR GREAT RESULTS

3.5 STATE-RUN GAMING CLOSER TO THE PUBLIC

There were around 11,000 news items about Jogos Santa Casa and its products in 2015, which was an average of 30 a day, equivalent to an investment of over \notin 36 million in the *media*.

The internet was the medium with most reference to the JSC brand and products (48% of news items), followed by the press (36%) and radio and television (8% each). Correio da Manhã newspaper published the most news items (574) referring to the JSC brand, followed by Antena 1 radio and Público newspaper. Many media published news about Jogos Santa Casa and the general press generated the most during the year, followed by sports newspapers. Two main subjects associated with JSC games stood out among the vast number of news items published in the different media. They were the Euromillions, with 6,191 items and Totoloto with 2,167, focusing particularly on the results of draws, winning numbers, *jackpots* and even winners in a year that was especially rich in prizes. Other equally important subjects, such as online gaming and sports bettinggenerated a considerable buzz in the media in February, as a result of measures announced by the government on the control of betting, not long before the approval in April of the legal framework on the operation of fixed odds sports betting. 2015 was indeed a very important, newsworthy year for the Jogos Santa Casa brand and its products.

OVERVIEW OF THE Maior prémio

1995

985

747

625

Alleger is a set of

`

de sempre

do Totoloto saiu na Baixa

da Banheira

Totoloto sorteia

o maior prémio

da história



em busca de fortuna já deu 2,2 mil milhões de euros aos portugueses



Santa Casa do desporto olímpico

balde to millenemi: Permi



CAR em Gaia

And an and a second sec

Taken .



4

Star Bergete





anarconologia ha Taga, ha observa de dista dostro y el Anero, a Naciona de unas como en actividad de la Carlo de La Carlo de Carlos Españos de carlos como entre a desta al desta de 2012 el Carlos de Carlos comunitos da la Carlo de como entre a desta el Taga de La Carlo de Carlos comunitos da la Carlo de Carlos de C

EUROMILHÕES JACKPOT DE **100 MILHÕES SAI EM PORTUGAL**

tador pertuguie è o único tota sorteto do Euromilhifeci de en actinita um jacigos do toto mi-si, confirmos ao CM fonte da a Muericoledia de Laboa, Ficar Acincomu energy CM



on Dottund and ditte outubro de 2014, uma apostado lou o seu bolctim em Castelo Br. socientificões, igualando ormaier nilhöen. Dende a ci logo no nosse puis, há onna mos, os pottu-jarasse lá utrocadatam 4,3 mil milhões em prémios, repartidos por 284 mil boletino.

e ágon vai ler ceirca de 2100 enves darame 11 arsos graças à "Mega Pé de Mena" Venderam a sorte com 504 mil euros a cliente habitual

Homent de 50 anove comptu today as semueras de es negacións









Vende Joker milionário

Lisboa.

O primeiro prémio de 1.6 milhões foi registado numa papelaria no concelho de Cascais

. HUGO MESQUITA/ /EDGAR NASCIMENTO

S amira Corto, de 28 anos, estava longe de acteditar que tinha vendido om elaría, nem que sejapor corio-sidade? Jokerno valor de 1,6 milhões de euros quando a Santa Catalhe denanotí-do primeiro cia. A funcionària da papelaria Palpiprémio ainda te Doutado, em não está identificado Trajouce (Cascais), conseguiu vender o málor prêmio de

mies, no valor unisempre a loja, que conta com 15 anos de atividade, mas ape-sorteio é domingo, com un 19 nas quatro a receber os jogos da prémio de 500 mil euros.



Ganhou 163 milhões com dez euros

1000 -318 190 pin hip





Santa Casa da Misericórdia de

"Não artedito que seja al-

estava num local onde apenas

vão as pessoas de fora. O vence-

dor ainda é um mistério," teferia Sandra ao CM, acreditando que

oito terceiros pré-

Pai Natal e cauteleiros correm o país pelos Jogos Santa Casa goém daqui de Trajouce. Obole-tim com o número premiado

-)-

O prêmio de 1,6 milhões de euros (1,285 milhões após o imposto de xelo) foi sorteado no do-mingo. Não foram registados segun-dos prêmios e houve

84

GREAT MILESTONES FOR GREAT RESULTS





Os Jogos Santa Casa entrega ram bolsas de educação a 22 atletas dos programas dos Jogos Olimpicos e Paralimpi cos de 2016 e Surdolimpicos de 2017. Os atletas com bolsa (total de 66 mil euros) frequentam o ensino superior, pós-graduações e mestrados. Teresa Portela (canoagem), Silvia Saiote ginastica e na foto). Telma Monteiro (judo) Rui Bragança (taekwondo) são aligunisdes bolsistas.

NUNO BARROS BRONZE NO MUNDIAL

nns, emigrican 36,1 kd nns, feinstein 2,43 min elle mantiel, e hengen

trapogante en ajore en allo productivas, succi al narga trapoganto a segunda medialha nas fuerdinario manamana decertaria profesor, na Hangria. Dasta con, hai ano antificenti ano fesoria

2831-



85



TOTOLOTO CELEBRATED ITS 30TH ANNIVERSARY!

2015 marked the 30th anniversary of the introduction by Santa Casa da Misericórdia de

Lisboa of the Totoloto, a lottery game that soon became popular with many members of the public who had never tried their luck before. The expectations created around the Totoloto were such that, a few days before the first draw, more playslips had to be distributed due to heavy demand. Five million more had to be added to the original 10 million. The first draw was held on 30 March 1985 and an impressive 11 million bets were placed. On that day, millions of people held their breath as they watched the



Totoloto's debut, which was broadcast live on RTP television and presented by Cândida Gerardo, who soon became known as Miss Loto. The numbers drawn were 7-10-13-21-34-39+12 and there were two winners, one from Lisbon and the other from Seia, who shared the first prize of around 19,000,000 escudos.

Its popular slogan, **"It's easy and cheap and pays out millions"**, is part of the brand's historical heritage remembered by a number of generations. It lasted until 2011, when it was replaced by "A million in the hand is worth more".

The year of its 30th anniversary was also that of the largest ever *jackpot*, as €19 million went to a single winner from Baixa da Banheira on 28 October.

Aurora Paixão, 51, Vila Real |Totoloto player

66 I've been betting on the Totoloto for over 30 years, since it was "easy and cheap and paid out millions", as Miss Loto on RTP1 used to say! I won two very nice prizes in the 1990s and this encouraged me to keep trying my luck in this Santa Casa game. These days, I bet at the café in my street every Saturday and sometimes on Wednesdays too! I'll always try my luck for as long as I have hope. I also know that a lot of the money goes to social causes and that's very important too! We should all remember that whenever we bet on Santa Casa games. ??



20 YEARS - CONGRATULATIONS RASPADINHA!

Raspadinha was celebrating. Twenty years after it was first introduced (31 July 1995) it had become the public's favourite Santa Casa game.

The anniversary was commemorated with a media campaign aimed at cementing the public's relationship with Raspadinha scratch cards, attracting more players and increasing loyalty to the game. The campaign's slogan was "Raspadinha, 20 years of giving" and it appeared at all points of sale, in the press, on the radio, bus exteriors, ATMs and outdoor posters.

For the 20 years that it has been in Portugal, Raspadinha has been one of the main sources of funding for state social policies in the areas of health, sports and culture. The beneficiaries of state-run games have already received more than €815 million, while players have won 2.646 billion.



THE LOTTERY CLOSEST TO EVERYONE

The traditional lottery is the most emblematic product in the JSC portfolio. In 2015, it stepped up its strategy of proximity to players by reflecting issues that were most important to the public in its 51 draws. They included the dates of people and traditional celebrations and significant moments for Portuguese society.

Our concern in this strategy was a strong emotional, traditional vibe, not only in the themes of the draws but also in the brand's areas of implementation. An example of this is the format of the TV programme "Hora da Sorte", on which the traditional lottery numbers are drawn. It is broadcast on RTP2 every Monday and associates entertainment with the social responsibility underlying the operation of state gaming. Every week guests chosen from the SCML's fields of action, Gaming Department teams or the countless beneficiaries of profits from the games involve viewers in the good causes undertaken all over the country.

One of the highest points of this proximity strategy was mid-year in the 25th São João draw. The lottery took to the streets during the St John festivities to join one of the most popular, traditional Portuguese celebrations, where thousands of people were outdoors enjoying themselves. This travelling draw was held in Largo do Mosteiro da Serra do Pilar in Vila Nova de Gaia. It was broadcast live on RTP1 and attended by the local mayor.

The JSC took advantage of the opportunity to organise a shop window and interior display competition for its 770 agents covered by the municipal São João Holiday. In recognition of the vital role of JSC agents in communities, the competition perpetuated the popular tradition of decorating shop windows with symbols of the festivities, though this time also using the lottery as part of the decorations.

This strategy of proximity between the lottery and the public gained special momentum at Christmas. A travelling campaign went all over the country between 15 and 23 December. It visited the district capitals in a joint initiative with Diário de Notícias and Jornal de Notícias newspapers. Two decorated vans brought good luck close to the public with plenty of entertainment and togetherness and traditional figures such as the lottery seller and, of course, Father Christmas!

These nine days fostered the tradition that was already a Portuguese habit during the festive season and brought the Christmas lottery to the local inhabitants of each city. It encouraged lottery players to take part in a promotional game that invited them to use web address lotariadenatal2015.jogossantacasa.pt to submit a sentence using the expressions "Christmas lottery" and "lucky number" in the four weeks leading up to 22 December. The first prize was a trip to New York for two while runners-up won €250 shopping vouchers.

66 I have been betting on state-run games since 2001, first in the physical network and later online. My motto is "Nothing ventured, nothing gained", which is why I play JSC games. I believe that 99% are inspired by the same motto. I don't have an exclusive channel for my bets and use both regularly. I think that the Jogos Santa Casa Portal is excellent, as it offers players considerable advantages, such as choosing a joker number or betting (Totoloto and Euromillions) for two, three or more weeks, so that they don't forget. I bet every week (a part at agents and a part online), as I always bet the same numbers on the Totoloto and Euromillions. I love the good old Totobola and often bet on the traditional and people's lottery and scratch cards, but not every week

I always knew that my bets on JSC games were helping social causes and that makes me feel good. Even so, I think that Jogos Santa Casa ought to focus more on publicising the slogan "every bet helps" (some players don't seem to know), because sharing and helping are very important and even more so the way things are at the moment. I admire the professionalism, respect and attention given to players by Jogos Santa Casa employees.

I believe that credibility, trust and professionalism are the words that best define Jogos Santa Casa. Thank you for being there. 77

Rui Nobre,

33, Funchal, winner of the traditional lottery Christmas competition

GREAT MILESTONES FOR GREAT RESULTS

JOGOS SANTA CASA CHRISTMAS MARKET



The JSC continued the tradition that began in 2013 when it held the Traditional Lottery Christmas Fair in Largo Trindade Coelho. Once again we celebrated Christmas in a traditional family environment by offering Lisbon the **Jogos Santa Casa Christmas Market**, which is part of Lisbon City Council's official programme of Christmas festivities.

The market brings families and the city closer together and is based on values such as sharing and solidarity, which represent the Gaming Department's mission.

For two weeks, Praça do Município in Lisbon was dressed up for Christmas and offered visitors special moments of enjoyment. Offering concerts, entertainment, *show cooking* and many other amusements, the Christmas Market, which was jointly organised by the SCML, Cofina Eventos and Lisbon City Council, brought joy and a party atmosphere to every family that visited it. The 30-or-so kiosks included two points of sale for the Christmas traditional lottery, which has always been associated with the festive season.

For the third year running, the fair gave the close to 300,000 visitors the chance to experience Christmas intimately and as a family. Admission was free, welcomed everyone and was on a level with the best Christmas markets in Europe.

The **Christmas lottery draw** was broadcast live by TVI (a private TV Channel) from the draw room at Santa Casa da Misericórdia de Lisboa at 12.30 p.m. on 24 December, as has been the tradition. It is the JSC game that offers the highest probability of winning the first prize. The issue consisted of 10 series of 100,000 tickets, divided into "fifths". The overall amount set aside for winnings was €52.5 million. The first prize, worth €12.5 million was sold in Viseu and Guarda. The winning number was 20496.

To end the year in style, the **draw of the 51st New Year's traditional lottery**, was held in the draw room on 31 December. The New Year's lottery issue consisted of five series of 70,000 tickets divided into "fifths". The first prize of €5 million for the total five series went to Évora.



PEOPLE'S LOTTERY THEMES

The **People's Lottery** was introduced 28 years ago with the idea of extending our range of lotteries and attracting new *targets*. The lottery enhanced its people's feel and proximity to the public with the themes and graphics chosen in the 52 draws. They made it simpler and more "realistic".

Players of the People's Lottery know it for exploring themes over time, normally on a yearly basis. Players often even collect the lottery tickets because of their themes. In 2015, the lottery's draws were based on two three-monthly themes, once more based on the principle of importance and proximity to the public. The theme for the first three months was traditional Portuguese fruits. The theme for the second was "Portugal's Festivities", which portrayed main traditional folk events in Portugal, such as Festa de São Bento, Festa do Emigrante, Festas de Nossa Senhora da Agonia, Festas Nicolinas, Feira de São Mateus, Feira das Mercês, Cante Alentejano and Fado.



In addition to these themes, the People's Lottery often uses a very important one, the signs of the zodiac. During the year, the lottery carries all the star signs, as the public is familiar with them and generally considers them important.



11 YEARS OF GAMING ON THE JOGOS SANTA CASA PORTAL

The online channel for playing state-run games, the Jogos Santa Casa Portal www.jogossantacasa.pt, brought its players closer in the year of its 11th anniversary. The JSC Portal was set up in 2004 and has 179,052 registered players who have placed bets in the last six months. It has offered a lot of advertising and games in order to step up its visibility among current players and also attract new *targets*.

Games and direct advertising to the JSC Portal players database in *e-mail marketing* campaigns were some of the tools used over the year to increase online players' involvement in JSC gaming.



With *newsletters* focusing essentially on new *online* Raspadinha games, the introduction of PLACARD and promotion of minimum guaranteed Super *Jackpots* in the Euromillions, these were some of the main games in 2015:

PORTUGUESE CUP GAME

As the JSC was sponsor of the Portuguese Cup, it posted a game *online* in April and May. It meant that Totobola players had the chance to win 30 twin tickets for the cup semi-finals and final. After placing a Totobola bet on the JSC Portal, players were invited to submit a creative sentence describing the "last minute of the match". There were 741 entrants.

SUMMER FESTIVALS GAMES

A promotion campaign was also organised in July, with the *slogan* "Luck is in your hands", in order to step up support for national talent on the part of Jogos Santa Casa. JSC Portal players were invited to send a *selfie* with a festival *look* in the hope of winning tickets for summer festivals (NOS Alive, MEO Marés Vivas and MEO Sudoeste). The DJSCML handed over 260 tickets to these players.

CÂNDIDO OLIVEIRA SUPER-CUP GAME

Following the Portuguese Cup competition, the JSC organised a game for JSC Portal bettors in which they had the chance to win 30 double tickets to the Super-Cup match between Sporting and Benfica. The idea was to step up publicity of the JSC's renewed sponsorship of the match. The game "Show us that you are a true fan" took place in August and invited Totobola players to send a photo showing their love for their club. The participants in the game totalled 175 "true supporters".

3.6 JSC: AN **INTERNATIONAL** BENCHMARK

- The Vice President of SCML and Executive Director of the Gaming Department was elected first Vice-President of the European Lottery Association and a member of its Executive Committee during the eighth EL Congress in Oslo in June. Its General Assembly was attended by 74 lotteries to elect their president and executive committee.
- A person from our Gaming Department was also elected member of the Executive Committee of the Latin American Corporation of State Lottery and Betting (CIBELAE) during its congress in Mendoza, Argentina in September.
- The SCML sent a representative to the eighth Salon du Cheval in El Jadida, Morocco at the invitation of the Portuguese government, after the Gaming Department was granted the operation of horse betting. Portugal was guest of honour at the event.
- A cooperation agreement was signed with ONCE Organización Nacional de Ciegos Españoles
- The Gaming Department organised a meeting with of the President of the ENGSO (European Non Governmental Sports Organisation), the President and Vice-President of the EL (European Lotteries) and the Executive Director of the Gaming Department, as host, to set out a cooperation agreement between the two bodies.
- The Gaming Department cooperated with the Cape Verde Red Cross, which operates local gaming, by receiving and training an employee from the organisation during an internship offered by the department.

We were members of international working groups

- EL, Legal Working Group
- EL, Public Order & Security
- EL, Public Affairs Coordination
- CIBELAE, Comisión Especial de Prevención del Lavado de Activos y Financiación del Terrorismo
- CIBELAE, Comisión Especial de Responsabilidad Social Corporativa y Juego Responsable
- CIBELAE, Comisión Especial Jurídica
- European Commission, group of experts on online gambling services
- Council of Europe, group for the prevention of manipulation of sports competitions (games regulators subgroup),
- Global Lottery Monitoring System (GLMS)²

² The GLMS is a non-profit organisation mandated by the lottery community worldwide to monitor betting and detect unusual betting patterns in an effort to fight corruption in sport.



For an operator of games of chance like the DJSCML, responsible gaming consists of corporate measures and practices that encourage moderation in players so that they stay within their means and available time and do not jeopardise their wellbeing. Responsible gambling is therefore one of the SCML social responsibility tools that is designed to prevent problem gaming within the sphere of state-run games.

A decision was made in 2014 to add responsible gaming to the SCML's social responsibility as a strategic pillar in the range of Jogos Santa Casa products and services. In 2015, the right conditions were created for this strategy and the first steps were taken to implement it.

JOGOS SANTA CASA RESPONSIBLE GAMING POLICY

In the mid-2000s, the Gaming Department set out on the path to a systematic approach to responsible gaming and began the development of associated practices with the international lottery associations (WLA, EL and CIBELAE).

Gaming Department working groups were set up to study and implement the principles of responsible gambling in strategic and operational management. Their work resulted in the creation of the Responsible Gaming Office, a unit devoted exclusively to organising responsible gambling measures and practices and drafting a code of ethics on the issue.

The JSC also conducted pioneering research into compulsive gambling in Portugal in 2015. International lottery associations took part in forums and working groups and shared ideas and responsible gaming good practices.

The Jogos Santa Casa responsible gaming policy was published, as the fruit of more than 10 years' experience of this systematic approach in conjunction with lotteries in other countries. This public document has been approved by SCML's management and sets out the institution's constant commitment to its stakeholders, as the operator of staterun games, to abide by the principles of responsible gaming and the pursuit of ongoing improvement in this regard. In summary, this policy lays down guidelines on the operation and development of games in the 10 areas of intervention of responsible play. They include studies and research, training of employees and agents, product development, marketing and advertising, analysis of remote gaming channels, information and guidance for bettors, stakeholder engagement, constant monitoring and drafting of reports.

All these areas of intervention are based on top international benchmarks, especially those from international lottery associations.

THE RESPONSIBLE GAMING MANAGEMENT SYSTEM

A management system was also introduced to take regular action in support of our responsible gaming policy and particularly ongoing improvement of all the Gaming Department's measures and practices. This action included:

- · Periodically pinpointing and analysing deviations of these measures and practices from top international standards
- Drafting action plans for eliminating or reducing these deviations
- Monitoring fulfilment of these action plans
- Drafting regular internal and external reports on responsible gaming work and results for submission to stakeholders.

FOUR YEARS LATER, JOGOS SANTA CASA WAS **RECERTIFIED BY WLA**

The DJSCML's certification in responsible gaming, originally granted in 2011, was renewed by the World Lottery Association. Our level of certification was second out of 4. Our responsible gaming policy and management system provide the DJSCML with increasingly demanding standards (ongoing improvement) and enable us to achieve higher levels of certification.



WORLD LOTTERY ASSOCIATION CERTIFIED FRAMEWORK LEVEL 2 / VALID UNTIL 2018

484.5 HOURS OF TRAINING FOR EMPLOYEES AND RETAILERS

The first training course on responsible gaming for all DJSCML employees was given in 2015. Training was provided to 323 employees and service providers in a total of 484.5 hours with an attendance rate of 89.2%. The course went down well with the participants and achieved an average satisfaction rate of 4.1 (on a scale of 1 to 5).

EMPLOYEE TRAINING ON RESPONSIBLE GAMING

	2012	2015
No. of employees receiving training	96	323
Total hours of training	96	484.5

Training of retailers on responsible gaming has been a current practice for some years now. It is normally held nationwide for all retailers.

Initial training of new retailers includes a separate module on responsible gaming issues. There is also other training on business activities, such as the introduction or revamping of products and services.

TRAINING OF RETAILERS ON RESPONSIBLE GAMING

Initial and ongoing training	2013	2014	2015
No. of retailers receiving training	497	211	1,072
Total hours of training	248.5	105.5	536
Nationwide training	2013	2014	2015
No. of retailers receiving training	4,319	4,403	4,794
No. of courses	1	1	2
Total hours of training	2,159.5	2,201.5	4,794

THE RESPONSIBLE GAMING HELPLINE 21 419 37 21 AND LINHADEAPOIO@IAJPT.EU

In October 2015, a responsible retailers helpline was set up for people believing that they have a gaming problem. It can also be used by these people's friends or family members. It is an independent, anonymous, confidential line that is run directly by Instituto de Apoio ao Jogador (Gamblers Support Institute) with no involvement on the part of Jogos Santa Casa. It provides care and counselling by psychologists specialising in gambling addiction. The line is open on business days from 2 p.m. to 6 p.m. on 21 419 37 21 linhadeapoio@iajpt.eu.



5.1 SOCIOECONOMIC FRAMEWORK AND GAMBLING MARKET

In spite of the upheavals in the political and economic environment in 2015, the main estimates for the year point to a continuation of economic recovery, albeit somewhat limited by ongoing restrictions on private spending, as income levels have not yet increased significantly, and by apparent low investment throughout the economy. In terms of the factors that most affect gaming market behaviour, in 2015 GDP is expected to have grown 1.5%, i.e. more than the 0.9% in 2014, and private spending is estimated to have grown 2.6%, which was also more than in 2014 (2.2%). An improvement in the job market situation certainly contributed to this increase, as the unemployment rate was 12.4% (13.9% in 2014). A fall in some prices, especially fuel, and a reduction in interest rates also had their effect. These same factors were also behind an increase in the main confidence indicators.

In spite of a positive trend, households' disposable income rose only very slightly and less than in 2014. It is thought to have increased 0.3%, as opposed to 0.7% in 2014.

SPREADSHEET 1: MAIN ECONOMIC INDICATORS 2

GDP mp (YoY)

Private spending mp (YoY) Households' gross disposable income Unemployment rate

^{a)} Estimated mp: market price, YoY: year-on-year

Sources:

INE – Síntese Económica de Conjuntura – January 2016, Banco de Portugal – Boletim Económico – December 2015; Santa Casa da Misericórdia de Lisboa Gaming Department

2014 -	2015	(%)
--------	------	-----

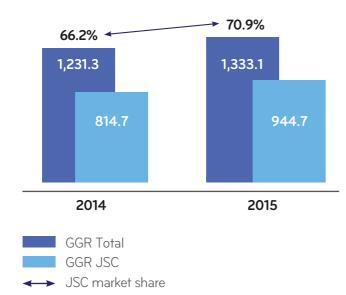
2014	2015 ^{a)}
0.9%	1.5%
2.2%	2.6%
0.7%	0.3%
13.9%	12.4%

Gambling in Portugal is known to be a procyclical market and it is estimated to have grown 8.3% in 2015, thanks to the impetus created by JSC and the albeit moderate growth experienced by casinos and bingo halls, whose revenues increased 8.1% and 2.1% respectively, according to data from the Serviço de Regulação e Inspeção de Jogos [Gaming Regulation and Inspection Service]). This marked a turnaround for casinos after a long cycle of successive annual falls in earnings. Bingo takings had already been growing since 2014.

In comparison with the gross revenues of other operators, JSC is estimated to have grown 16%, measured by the GGR (gross gaming revenue = gross sales - winnings). This seems to indicate that the part that suffered most was illegal gambling. Thanks to the new regulatory framework and gaming operation measures taken by legal operators its field of action is becoming more and more limited.

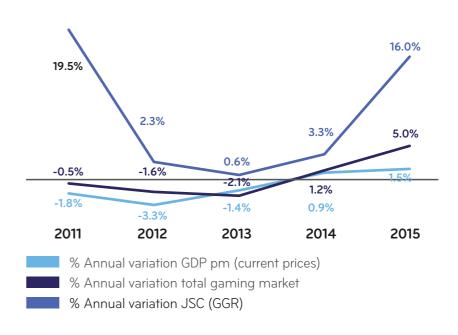
The difference in growth between JSC and the other operators increased JSC's market share of gambling. It was around 70.9% in 2015, as opposed to 66.2% in 2014.

CHART 1: JSC AND THE GAMBLING MARKET 2014 - 2015 (EUR MILLION, %)



As mentioned above, this aspect shows JSC's ability to go against economic trends in general and those of the gaming market in particular. Revenue from the gaming market as a whole recorded growth in more favourable economic circumstances in 2014 and 2015 alone. Thanks to measures aimed at attracting demand, JSC showed consistently positive performances. As a result, its market share grew steadily, without causing an increase in the weight of gambling in families' income, which remained at around 1%. The difference between the JSC and GDP growth rates illustrates this.

CHART 2: GROWTH IN THE ECONOMY V THE GAMBLING MARKET AND JSC: 2011 - 2015 (%)



5.2 OPERATIONS



INCOME

Overall income from JSC's business was €696.4 million in 2015, which was 13.2% more than in 2014.

This is substantial growth, especially if we take account of 2012 to 2014, when it was practically zero.

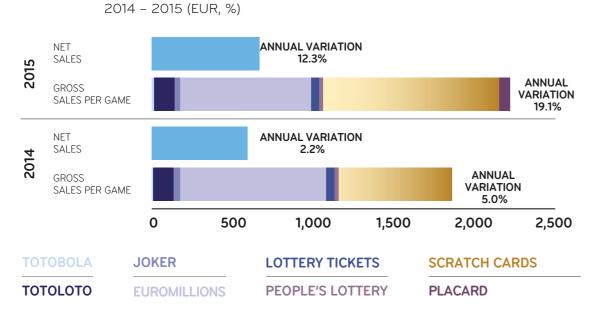
SPREADSHEET 2: JSC INCOME:

2014 - 2015 (EUR, %)

	2014	2015	Variation 2015/2014
Gross game sales (1)	1.8803 bn	2.2403 bn	19.1%
Totobola	10.2 m	11.3 m	10.8%
Totoloto	126.2 m	129 m	2.3%
Joker	39.4 m	35.6 m	-9.5%
Euromillions	917 m	820.5 m	-10.5%
Traditional Lottery	51.1 m	51.8 m	1.5%
People's Lottery	25.7 m	25.1 m	-2.6%
Raspadinha	710.8 m	1.1015 billion	55%
Placard	0	65.4 m	-
Deductions (2)	1.2802 bn	1.5666 bn	22.4%
Winnings	1.0656 bn	1.2956 bn	21.6%
Agents' fees paid by players	133.7 m	171 m	27.9%
Deduction for revenue assignment	0	3.6 m	-
Stamp duty on games	81 m	96.5	19.1%
Net game sales (1)-(2)	600.1 m	673.7 m	12.3%
Expired winnings	9.1	8.6	-5.9%
Other income	6 m	14.1	135.1%
Total	615.2	696.4	13.2%

This much smaller variation than that seen in gross sales can be explained by the fact that the main component of income is net sales, which grew 12.3% in 2015.

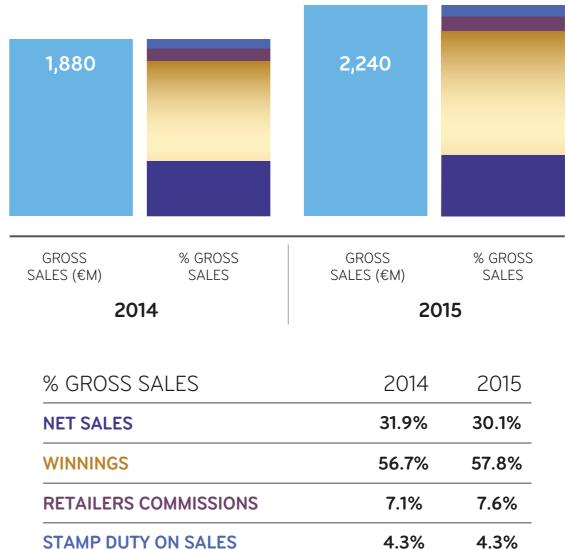
CHART 3: GROSS SALES PER GAME AND NET SALES



Changes in the relative weight of gross sales of the different JSC games are reflected in the growth rate of net sales, meaning that they grow more slowly than overall turnover.

This is mainly due to the increasing importance of scratch cards and the introduction of the new fixed odds sports betting game in 2015, as these games have higher winnings and remuneration paid to agents. A breakdown of gross sales shows the growing importance of these components.





Net sales account for the lion's share of income and made up 96.7% of it 2015. This share was 97.5% in 2014. This reduction was due to one of the components of the remaining income, which includes regularisation of depreciation and investment spending in which use was made of the fund set up to fund renewal of equipment and game operation systems. This was considerable in 2015 due to the amounts involved in the introduction of fixed odds sports betting.

Another component of other income is expired winnings, and they fell once again in 2015. Expired winnings accounted for an average of 0.7% of all winnings in 2015, while they represented 0.9% in 2014.

EXPENDITURE

2014	2015
31.9%	30.1%
56.7%	57.8%
7.1%	7.6%
4.3%	4.3%

The expansion of our business and particularly the introduction of a new game in 2015 obviously involved higher operating costs for JSC. They were 23.2% higher than in 2014 and totalled €95 million.

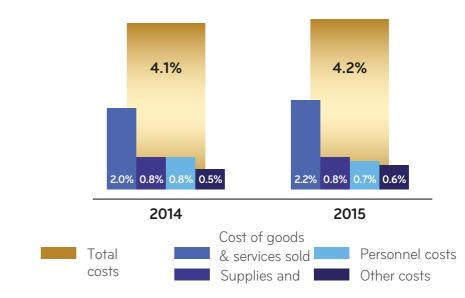
SPREADSHEET 3: JSC EXPENDITURE:

2014 - 2015	(EUR MILLION, %	5)
-------------	-----------------	----

	2014	2015	Variation 2015/2014
Cost of goods sold and materials used	9.2	12.4	34.6%
Suppliers	37.8	48.3	27.7%
Personnel costs	15.4	17.9	16%
Depreciation costs	2.1	2.8	30.7%
Provisions for the period	10.6	10.9	2%
Other costs and losses	1.9	2.8	44.7%
TOTAL	77.1	95	23.2%

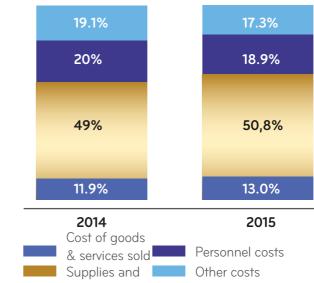
Nonetheless, efficiency levels remained stable and total spending represented 4.2% of gross sales in 2015. This figure was 4.1%, and so the increase was actually insignificant.





The representation of each component of expenditure in total gross sales also remained relatively stable. This was mainly due to the fact that our operating cost structure remained practically unchanged.





There were, however, some changes resulting from the way in which business was done in 2015.

Spending on consumables and thermal paper increased, as scratch card sales rose. In addition, the introduction of fixed odds sports betting resulted in a need to supply all points of sale with betting forms, which also increased costs. The expansion of our network of points of sale meant that considerable amounts of consumables had to be supplied to new outlets for them to start up.

Personnel costs increased in 2015, although their relative weight went down. The rise was due to the fact that further resources had to be allocated in a climate of expansion and the introduction of a new game with considerable functional and monitoring needs. Thirteen employees were admitted in 2015³. There was also the impact of restructuring units in the Santa Casa da Misericórdia de Lisboa central services, which meant a greater need for personnel in the Gaming Department.

Accounts payable were responsible for the greatest increase in operating costs, mainly due to PLACARD *marketing* campaigns.

PROFIT

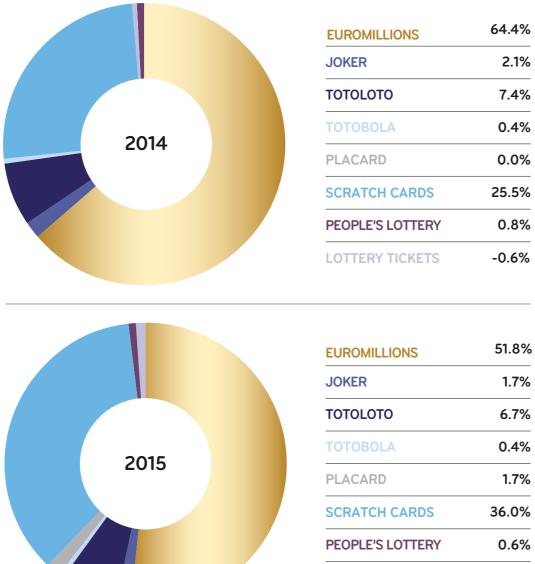
As a result of the performance of JSC's operating income and costs, net operating profit totalled ≤ 601.4 million in 2015, which was 11.8% more than in 2014. This progress in particularly important not only because of the size of the increase (≤ 63.3 million), but because it came after three years of sustained but moderate growth in profit (1.6% in 2012, 1.2% in 2013 and -0.6% in 2014⁴).

SPREADSHEET 4: JSC'S PROFIT: 2014 – 2015 (EUR, %	b)		
	2014	2015	Variation 2015/2014
Operating income	615.2	696.4	13.2%
Operating costs	76.6	93.7	22.3%
EBITDA	540.7	605.5	12%
Operating profit	538.6	602.7	11.9%
Net profit for the year	538.1	601.4	11.8%
EBITDA margin	28.8%	27%	-1.7 p.p.
Operating margin	28.6%	26.9%	-1.7 p.p.
Net margin	28.6%	26.8%	-1.8 p.p.

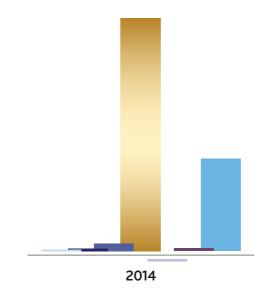
These margins refer to gross games sales.

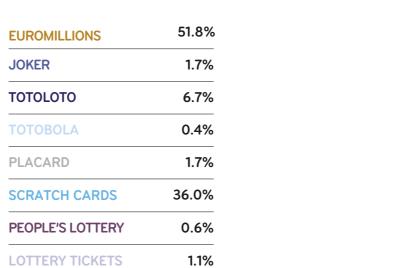
In spite of a decrease, the game that continued to contribute most to profit formation was the Euromillions, which accounted for 51.8% of total profit. Even so, at the end of 2014 net profit from the Euromillions represented 64.4% of the total. The weight of scratch cards has been increasing in the formation of profit. It accounted for 36% in 2015, as opposed to 25.5% in 2014.

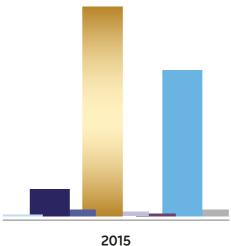
CHART 7: RELATIVE WEIGHT PER GAME IN NET PROFIT FORMATION 2014 – 2015 (%)











The largest year-on-year growth was in scratch cards, thanks to a substantial 57.7% increase in sales. In spite of its low volume, the traditional lottery recovered in comparison to 2014, when it made a loss. This turnaround was due to a rise in sales and reduction in the amount of winnings.

The largest decreases occurred in the Euromillions and Joker, as a result of a reduction in sales.

TOTOBOLA	2.4
ΤΟΤΟLΟΤΟ	39.8
JOKER	11.3
EUROMILLIONS	346.3
LOTTERY TICKETS	-3.2
PEOPLE'S LOTTERY	4.2
SCRATCH CARDS	137.3
TOTOBOLA	2.7
ΤΟΤΟΙΟΤΟ	40.5
JOKER	10.1
EUROMILLIONS	311.3
LOTTERY TICKETS	6.5
PEOPLE'S LOTTERY	3.8
SCRATCH CARDS	216.6
PLACARD	10.0

RETURN

Changes in the relative importance of each game in profit formation, with gains for scratch cards to the detriment of the other games, and the introduction of the new fixed odds betting game were obviously reflected in the performance of JSC's overall return. Gross return on sales was 26.8% in 2015, as opposed to 28.6% in 2014. These factors explain the reductions in both operating and net EBITDA margins.

Nonetheless, an analysis of operating return, in which we correct for expired winnings and take account of net rather than gross sales, shows that it continues to grow sustainably. In the last few years, there has been a clear effort and ability to maintain performance levels and a balance of resources used in our range of games.

CHART 9: JS	SC'S RETUR 2010 - 20					
	84.4%	86.0%	87.2%	88.0%	88.1%	88.2%
	31.4%	32.0%	30.9%	30.2%	28.6%	26.9%
	2010	2011	2012	2013	2014	2015
Net operating return Gross return on sales						

DISTRIBUTED PROFIT

Profits distributed to beneficiaries of state-run games totalled €601.9 million in 2015. This was 12.6% more than in 2014.

Two factors influenced this increase. One part corresponds to the normal distribution of profit, which is calculated by subtracting the amount set aside for the fund for renewing equipment and operating systems from the net profit for the year. This part totalled €596.6 million, which was 11.6% more than in 2014.

The other constituted an exceptional situation in 2015 resulting from a decision to distribute retained earnings that had been kept in equity since 2010 due to adjustments arising from the transition to the current Portuguese accounting standards or SNC. An additional €5.2 million was therefore distributed to beneficiaries.

SPREADSHEET 5: DISTRIBUTED PROFIT: 2014 - 2015 (EUR MILLION, %)

	2014	2015	Variation 2015/2014
Total income	615.2	696.4	13.2%
Total costs	77.1	95	23.2%
Net operating profit	538.1	601.4	11.8%
Equipment renewal fund	3.3	4.7	42.2%
Profit distributed to beneficiaries	534.72	596.6	11.6%
Distribution of retained earnings		5.2	
Total distributed to beneficiaries	534.7	601.9	12.6%



6.1 BALANCE SHEET

	Notes
NON-CURRENT ASSETS	
T	<i>.</i>
Tangible fixed assets	6
Intangible assets	7
Shareholdings - other methods	8
Retailers	10
Liability for post-employment benefits	9
Other financial assets	9
Current	
Inventory	10
Retailers	11
Advances to suppliers	
State and other public entities	12
Other receivables	13
Deferrals	14
Other financial assets	4
Cash and bank deposits	4
Total assets	
EQUITY	
Social fund	15
Retained earnings	16
Other changes in equity	17
Net profit for the year	16
Profit distributed to beneficiaries	16
Profit/loss from constitution of funds	16
Total equity	
LIABILITIES Non-current	
Provisions	18
Liability for post-employment benefits	19
Winnings payable	20
	20
Current	
Trade payables	21
State and other public entities	12
Winnings payable	20
Other accounts payable	22
Deferrals	23
Tatal liabilities	
Total liabilities	
Total equity and liabilities	
Executive Director Exec	cutive Director

Executive Director of the Gaming Department

Redro Pantana Lope

(Pedro Miguel de Santana Lopes)

(Edmundo Emílio Mão de Ferro Martinho)

FINANCIAL STATEMENTS

	(euros)
31/Dec/2015	31/Dec/2014
12 670 527	9 672 5 4 0
12,679,527 2,742,238	8,673,540
94,600	1,172,815 94,600
74,000	
	-
144,258,573	128,400,548
159,774,938	138,341,503
5,601,035	5,503,149
17,355,386	20,483,778
29,648	42,668
157,873	-
23,814,570	26,419,413
956,757	5,432,546
-	-
212,371,303	167,138,984
260,286,572	225,020,536
420,061,510	363,362,039
181,277	181,277
-	5,219,351
34,966,872	44,431,322
35,148,149	49,831,950
601,371,200	538,051,368
(596,636,057)	(534,720,368)
(4,735,143)	(3,331,000)
35,148,149	49,831,950
83,392,469	70,778,097
1,052,200	22,461
41,287,418	28,873,749
125,732,087	99,674,307
12,183,566	4,565,028
19,529,265	14,884,341
26,868,106	29,309,753
194,009,727	157,588,291
6,590,610	7,508,370
259,181,274	213,855,783
384,913,361	313,530,090
420,061,510	363,362,039

of the Gaming Department

Director of Financial Management

(André Casanova Matos Prado Lyra)

6.2 INCOME STATEMENT BY NATURE

Income and costs	Γ
Sales and services	
Operating grants	
Cost of goods sold and materials consumed	
Supplies and Services	
Personnel costs	ć
mpairment of receivables (losses/reversals)	
Provisions (increases/reductions)	
ncreases/reductions in fair value	
nterest and similar income	
Other income and gains	
Other costs and losses	
Profit before depreciation, taxes financing and osts	
Depreciation and amortisation expenses/reversals	
Operating profit (before taxes and financing costs)	
nterest and similar expenses	
let profit for the year	

Executive Director

Executive Director

Redro Pantana Lope

(Pedro Miguel de Santana Lopes)

(Edmundo Emílio Mão de Ferro Martinho)

FINANCIAL STATEMENTS

(euros)

		(euros)
Notes	2015	2014
24	673,709,579	600,107,565
25	4,068	-
26	(12,362,500)	(9,186,639)
27	(48,301,534)	(37,812,196)
28, 19	(17,914,973)	(15,439,230)
11	15,768	(21,704)
18	(10,863,059)	(10,291,449)
9	(194)	1,874
29	1,557,102	3,298,615
30	21,078,592	11,381,870
31	(1,422,681)	(1,307,992)
	605,500,168	540,730,713
6,7	(2,798,403)	(2,141,579)
	602,701,765	538,589,135
32	(1,330,565)	(537,767)
	601,371,200	538,051,368

Director of Financial Management

(André Casanova Matos Prado Lyra)

6.3 STATEMENT OF **CHANGES IN** EQUITY

					(euros)
	Social fund	Retained earnings	Other changes in equity	Net profit for the year	Total
1 January 2014	181,277	5,219,351	42,203,090	-	47,603,718
Changes in period					
Other changes recognised in equity	-	-	2,228,232	-	2,228,232
	181,277	5,219,351	44,431,322	-	49,831,950
Net profit for the year	-	-	-	538,051,368	538,051,368
Comprehensive income	181,277	5,219,351	44,431,322	538,051,368	587,883,318
Other operations					
Distribution	-	-	-	(534,720,368)	(534,720,368)
Other operations	-	-	-	(3,331,000)	(3,331,000)
	-	-	-	(538,051,368)	(538,051,368)
31 December 2014	181,277	5,219,351	44,431,322	-	49,831,950
1 January 2015	181,277	5,219,351	44,431,322	-	49,831,950
Changes in period					
Other changes recognised in equity	-	-	(9,464,450)	-	(9,464,450)
	181,277	5,219,351	34,966,872	-	40,367,499
Net profit for the year	-	-	-	601,371,200	601,371,200
Comprehensive income	181,277	5,219,351	34,966,872	601,371,200	641,738,699
Other operations					
Distribution	-	(5,219,351)	-	(596,636,057)	(601,855,407)
Other operations	-	-	-	(4,735,143)	(4,735,143)
	-	(5,219,351)	-	(601,371,200)	(606,590,550)
31 December 2015	181,277	-	34,966,872	-	35,148,149

Executive Director

Executive Director

ledro Jontana Lopes

(Pedro Miguel de Santana Lopes)

(Edmundo Emílio Mão de Ferro Martinho)

FINANCIAL STATEMENTS

Director of Financial Management

(André Casanova Matos Prado Lyra)

6.4 CASH FLOW STATEMENT

Cash flow from operating activities Receipts from retailers Trade payables Payments to personnel Cash generated from operations Other receipts/payments Receipts other operating activities State Euromillions Other receipts Payments other operating activities State Winnings Distribution of profit to beneficiaries Euromillions Other payments Receipts/payments SC, HOSA, CMRA and ESSA Cash flow net of operating activities Cash flow from investing activities Payments for: Tangible fixed assets Financial investments Receipts: Financial investments Interest and similar income Dividends Cash flow net of investing activities Cash flow from financing activities Payments for: Interest and similar expenses Cash flow net of financing activities Changes in cash and cash equivalents Cash and cash equivalents at year start Cash and cash equivalents at year end

Executive Director of the Gaming Department

fedro Pontana Lopes

(Pedro Miguel de Santana Lopes)

(Edmundo Emílio Mão de Ferro Martinho)

Executive irector

128

FINANCIAL STATEMENTS

	(euros)
2015	2014
1,139,677,923	1,107,734,354
(54,189,825)	(51,912,424)
(10,239,456)	(9,538,022)
1,075,248,642	1,046,283,907
-	333
1,339,449	1,829,691
543,773	402,830
(184,037,890)	(151,759,364)
(266,423,137)	(310,777,536)
(568,662,118)	(530,786,527)
-	(331,112)
(1,106,445)	(1,174,807)
2,371,323	(2,915,042)
59,273,598	50,772,374
(918,916)	(3,960,205)
(30,518,303)	(13,624,258)
17,389,023	5,288,967
5,142	43,947
1,775	2,940
(14,041,279)	(12,248,608)
-	-
-	-
45,232,319	38,523,765
167,138,984	128,615,219
212,371,303	167,138,984

of the Gaming Department

Director of Financial Management

(André Casanova Matos Prado Lyra)

NOTES TO THE FINANCIAL **STATEMENTS**

1. INTRODUCTION

The Gaming Department (referred to in this document as the "Gaming Department" or "the Entity") is a unit of Santa Casa da Misericórdia de Lisboa (referred to in this document as "Santa Casa" or "the Central Services"), as set out in the Entity's articles of association, which were published as an appendix of Decree-Law 235/2008 of 3 December, which was amended by Decree-Law 114/2011 of 30 November and Decree-Law 67/2015 of 29 April. The head office of the Gaming Department is at 194 Avenida da Liberdade, parish of Santo António, municipality of Lisbon.

The Entity's business is the management and operation of lotteries, pools and any other games authorised or in any way granted to Santa Casa with the purpose of effectively obtaining the resources necessary to the pursuit of its ends or other ends of a social nature, throughout the country, as defined by law.

The games currently operated by the Gaming Department are:

- The traditional lottery
- Totobola
- Totoloto
- People's Lottery
- Joker
- Scratch cards
- Euromillions
- Fixed odds sports betting

Under its concession, the Gaming Department has the power to engage in the following activities:

- Drafting its business plan, budget and annual report and accounts
- Defining the essential conditions for being entitled to winnings, to be approved by the overseeing ministry
- Approving lottery draw plans
- Laying down game regulations, including establishing the prices of bets and the percentage of receipts to be reserved for winnings, to be approved by the overseeing ministry
- Defining the number of prizes in each type of game, to be approved by the overseeing ministry
- Structuring its services
- Drafting the general regulations of each game, to be approved by the overseeing ministry;
- Deciding on the sports to be included in pools

- Defining and regulating the nationwide point-of-sale network and setting the prices paid by bettors
- · Providing the Board of Santa Casa with information and opinions on games that Santa Casa is invited to operate
- Examining administrative offence charges made for illegal operation of gaming
- Submitting proposals to the Board of Santa Casa regarding possible membership of international lottery and other gaming associations
- Consulting public databases to obtain information on the name, age and tax number of individuals registering on its website or engaging in fixed odds sports betting, in accordance with agreements signed with public bodies owning said databases, while respecting data protection laws.

As the Gaming Department has its own budget and financial statements, which are attached to the budget and accounts of Santa Casa, it is not included in Santa Casa's consolidated financial statements.

The governing bodies of the Gaming Department are defined in Article 28 of Decree-Law 235/2008 of 3 December. They are the Executive Directors and panels of judges (games, draws and claims). The Executive Directors are the President and Vice President of Santa Casa da Misericórdia de Lisboa. All mentions of the Executive Directors in these notes refer to these officials.

The Board of Santa Casa approved these individual financial statements at its meeting on 17 March 2016. The Board is of the opinion that they give a true, appropriate picture of the Gaming Department's operations, financial position and performance, changes in equity and cash flow.

2. ACCOUNTING REFERENCES USED IN PREPARING THE FINANCIAL **STATEMENTS**

2.1. BASIS OF PREPARATION

These individual financial statements were prepared in accordance with the SNC based on the principle of historical cost, with the exception of a very small number of financial assets measured at fair value.

Preparing the financial statements in accordance with the SNC requires the use of estimates, assumptions and judgements that are critical in determining the Gaming Department's accounting policies and have a significant impact on the book value of assets, liabilities,

income and costs in the period.

Although these estimates are based on substantial experience and best expectations of current and future events and actions, current and future profits or losses may differ from these estimates. Areas that involve a high degree of judgement or complexity or areas in which assumptions and estimates are significant to the individual financial statements are described in Note 5 – Accounting policies, changes in accounting estimates and errors.

2.2. DEROGATION OF SNC PROVISIONS

There were no exceptional cases that directly entailed derogation of any SNC provision during the period to which these financial statements refer.

2.3. COMPARABILITY OF FINANCIAL STATEMENTS

All the information in these financial statements is comparable to that of the previous year.

3. MAIN ACCOUNTING POLICIES

The main accounting policies followed in the preparation of the financial statements are as follows. These policies were uniformly followed for all the periods presented, unless otherwise indicated.

3.1. FOREIGN EXCHANGE

OPERATIONAL AND PRESENTATION CURRENCY

The items included in the financial statements of the Gaming Department are measured in the currency of the primary economic environment in which the entity operates (functional currency), i.e. the euro. The financial statements of the Gaming Department and the notes thereto are presented in euros, the functional currency of Santa Casa, unless otherwise stated.

TRANSACTIONS AND BALANCES

Transactions in currencies other than the euro are translated into the functional currency at the exchange rate on the transaction date. Foreign exchange gains or losses resulting from the payment or receipt of transactions and conversion of monetary assets and liabilities denominated in foreign currencies at the rate of the balance sheet date are recognised in

the income statement as interest and similar income or interest and similar costs, if they are related to financial holdings or loans or financing operations, or as other income and gains or other costs and losses for all other balances and transactions recognised in the income statement.

EXCHANGE RATES USED

The foreign currency rates used for converting balances in foreign currency were as follows:

		(euros)
Currency	2015	2014
USD	1.0887	1.2141

3.2. TANGIBLE FIXED ASSETS

Tangible assets are valued at cost minus accumulated depreciation and any impairment losses. Cost includes the valuation made on the date of transition the POC (former Portuguese accounting standards) to the SNC and the acquisition cost for assets obtained after that date.

Acquisition cost includes the asset's purchase price, expenses directly related to its acquisition and the cost of preparing the asset for use. Costs of loans obtained for the construction of qualifying tangible assets are recognised as part of the asset's construction cost.

The Gaming Department only capitalises tangible fixed assets that cost more than €200. Even so, the entire asset is depreciated in the first period of use whenever the cost price is less than €1,000.

Subsequent costs of renovation and major repairs that increase assets' useful life or their ability to generate income are recognised at the asset's cost.

Costs of current repairs and maintenance are recognised as expenses in the period in which they are incurred.

The costs of dismantling or removing assets installed on third-party property are considered part of the initial cost of the assets, if they are substantial amounts.

The estimated useful lives of the most important tangible fixed assets are as follows:

	Useful life
Buildings	10 to 50 years
Basic equipment	3 to 12 years
Vehicles	6 to 10 years
Computer hardware	1 to 10 years
Signage	1 to 8 years
Other tangible fixed assets	1 to 30 years

Whenever there are signs of the loss of value of tangible fixed assets, impairment tests are carried out to estimate the recoverable value of the asset. An impairment loss is recorded if the recoverable value is lower than the book value (see Note 3.4 – Impairment of non-financial assets).

Assets' useful lives are reviewed in each financial report so that depreciation is in line with the assets' use patterns. Changes to useful lives are treated as changes in accounting estimates and are made prospectively.

Gains and losses on the sale of assets are determined by the difference between selling price and book value and are recognised in the income statement.

3.3. INTANGIBLE ASSETS

The cost of separately acquired intangible assets generally reflects expected future monetary benefits. It includes their purchase price, including costs of intellectual property, charges and any cost directly resulting from preparing the asset for its intended use. Intangible assets generated in-house are recognised at cost, whenever their use is likely to result in future monetary benefits for the Gaming Department and their costs can be reliably measured.

Gaming Department assets falling under this definition are:

- Softwareacquired as an essential support for administrative and accessory operations
- The costs of developing the Jogos Santa Casa Portal, which players use to place their bets
- All internal development costs of software designed to satisfy the Gaming Department's particular needs, provided that all the following conditions are met:
 - The software under development is judged to be technically viable and will be completed.
 - The Gaming Department has expressed its intention to use the resulting software and the necessary in-house skills exist for its use.
 - It has been demonstrated that use of the software will benefit the Gaming Department's operations.
 - The funding and technical resources for conclusion of the project have been guaranteed.
 - The in-house cost allocation system can correctly measure the costs of developing the software.

Whenever an ongoing project does not meet the above criteria, the costs incurred are immediately recognised under profit/loss for the period.

After initial recognition, the Gaming Department uses the cost model to value its intangible assets, i.e. the initial cost minus accumulated depreciation and any accumulated impairment losses.

Intangible assets with definite useful lives are systemically depreciated during their estimated life as of the date on which they become available for use. The most important estimated useful lives for intangible fixed assets are as follows:

	Useful life
Computer software	1 to 8 years

The Gaming Department determines the useful life and depreciation method of intangible assets by estimating use of the monetary benefits associated with the asset. Their reasonability is reviewed annually.

3.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Gaming Department conducts impairment tests whenever events or changes in circumstances indicate that the value at which the assets are recorded in the financial statements is not recoverable.

Whenever an asset's recoverable value is lower than its book value, the Gaming Department records an impairment loss in the income statement

Recoverable value is the fair value of an asset minus selling cost or its usable value, whichever is higher. Assets are allocated to the lowest level for which there are separate, identifiable cash flows (cash-generating units) in order to determine whether they are impaired.

Whenever appropriate, we analyse the possibility of reversing impairment losses considered in previous periods. Depreciation of assets is recalculated prospectively if an impairment is recorded or reversed.

Non-financial assets other than *goodwill* for which impairment losses have been recognised are assessed on each reporting date as to possible reversal of these losses.

Depreciation of assets is recalculated prospectively in accordance with their recoverable value if an impairment is recorded or reversed.

3.5. FINANCIAL ASSETS

Financial assets are classified on the date of their initial recognition.

Financial assets are classified or measured:

- At cost or depreciated cost minus any impairment loss, or
- At fair value with changes to fair value recognised in the income statement.

The Gaming Department classifies and measures financial assets at cost or depreciated cost:

• If they are at sight or have a defined maturity

- If they have a fixed return, fixed interest rate or indexed variable interest rate
- If they have no contractual clause that may result in a loss of face value and accumulated interest.

The interest earned and recognised in each period on assets recorded at depreciated cost is calculated by the effective interest rate method. This corresponds to the rate that exactly discounts estimated future cash receipts during the expected life of the financial instrument. Financial assets in the form of loans granted, receivables (customers, other debtors, etc), equity instruments and any associated derivatives contracts that are not traded on an active market or whose fair value cannot be reliably determined are recorded at cost or depreciated cost.

The Gaming Department classifies and measures the following financial assets at fair value: equity instruments quoted on an active market, derivatives contracts and financial assets held for trading. Changes in fair value are recorded under profit or loss for the period.

On each reporting date, the Gaming Department checks for indicators of loss of value of financial assets that are not measured at fair value through profit or loss. If there is objective evidence of impairment, we recognise an impairment loss in the income statement. Financial assets are derecognised when the rights to receive monetary flows and all the risks associated with ownership of these investments expire or are transferred.

3.6. OFFSET OF BALANCES

Financial assets and liabilities are only offset and net balances in the balance sheet are only reported if there is a binding legal right to offset and an intention of settle balances for their net value or if the asset and liability are realised and paid simultaneously.

3.7. INVENTORY

The Gaming Department inventory comprises game, fixed odds sports betting and scratch card tickets, thermal paper used by agents to take bets (essential in operating the game system equipment) and gaming consumables, such as printing and computer material for tickets.

Inventory is initially recognised at cost, which includes all expenses incurred by the purchase. It is later valued at cost or net resale value, whichever is lower. Inventory is costed at weighted average cost.

3.8. RETAILERS AND OTHER ACCOUNTS RECEIVABLE

Retailers and other accounts receivable are initially recognised at fair value. They are then measured at depreciated cost minus impairment adjustments (if applicable).

indexed variable interest rate Ilt in a loss of face value and accumuRevenue from gaming, scratch cards, the national lottery and fixed odds sports betting for Sunday to Saturday of the previous week is collected every Wednesday. Receipts collected from gaming are for this period, regardless of the date on which the draw occurs. Revenue is collected from scratch cards activated on each agent's terminal. Receipts from the sale of dematerialised national lottery tickets are collected regardless of when the draw takes place. Revenue from fixed odds sports betting is from bets placed, regardless of the date of the events.

Receipts from the sale of physical national lottery tickets by retailers with a special security deposit for this lottery are handed in to the Gaming Department up to 30 days after the eve of the draw. Agents with no security deposit pay for the tickets when collecting them.

Impairment losses from agents and other accounts receivable are recorded whenever there is objective evidence that they are not recoverable on the original terms of the transaction. Impairment losses are recorded in the income statement under impairment of receivables and subsequently reversed under the same item if the impairment indicators decrease or cease to exist.

Serious financial difficulties, likelihood of insolvency and financial restructuring are considered indications that a receivable is impaired. The adjusted value is the difference between the amount originally owed and the current amount of future cash flows.

3.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits and other short-term, highly liquid investments with original maturities of up to three months.

3.10. FINANCIAL LIABILITIES

Financial liabilities are classified on the date they are first recognised.

They are classified or measured:

- · At cost or depreciated cost minus any impairment loss, or
- At fair value with changes to fair value recognised in the income statement.
- The Gaming Department classifies and measures financial liabilities at cost or depreciated cost:
- If they are at sight or have a defined maturity
- If they have a fixed remuneration, fixed interest rate or indexed variable interest rate
- If they have no contractual clause that may result in a change in liability for repayment of the face value and accumulated interest payable.

The interest on liabilities recorded at depreciated cost to be recognised in each period is determined by the effective interest rate method at a rate that exactly discounts estimated future cash payments during the expected life of the financial instrument.

Financial liabilities in the form of loans obtained, payables (suppliers, other creditors, etc) and any associated derivatives contracts that are not traded on an active market or whose fair value cannot be reliably determined are recorded at cost or depreciated cost.

3.11. TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE

Trade payables and other accounts payable constitute obligations to pay for goods or services purchased. They are initially recognised at fair value and afterwards measured at cost or amortised cost by the effective interest method.

3.12. EMPLOYEE BENEFITS

Santa Casa has undertaken to pay monies to its employees by way of supplements to oldage, disability, immediate or deferred survivor's and orphan's pensions. It therefore set up a defined benefit pension plan (hereinafter referred to as the pension plan) on the basis of the Santa Casa and Gaming Department workforce at the time. The Gaming Department is also liable for the payment of early retirement pensions up to the time when employees officially retire. These payments consist of part of the employee's salary up to the date of his/her retirement under Caixa Geral de Aposentações. This period

does not usually exceed two to three months.

As mentioned in Note 19, the fund was set up to finance almost all our liability for said payments.

GAMING DEPARTMENT PENSION PLAN

The Santa Casa pension plan was set up in the first quarter of 2008 to guarantee a part of the benefits set out in the Civil Service Statute, corresponding to the length of time from the date of registration with Social Security to the date of registration with Caixa Geral de Aposentações (also referred to herein as the CGA), plus the retirement supplements provided for in Decree-Law 247/80 of 24 July.

The pension plan guarantees old-age, disability and survivor's pensions. All liabilities have been transferred to a separate fund and the necessary contributions have been made to cover the expenses falling due in each period.

Pensions are enshrined in the following legislation (applicable to the Gaming Department):

• Decree-Law 247/80 of 24 July

It covers personnel who in 31 July 1980 opted for the civil service pension

scheme (Article 2 (2)), who were state employees on that date and therefore now fell under the civil service scheme (Article 3). It also covers personnel that had retired under Caixa de Previdência dos Empregados da Assistência and remained with this scheme, while Santa Casa guaranteed a pension supplement (the difference between the pension that they would receive from the CGA and that which they were being paid at the time). It is a lifelong supplement that is not subject to changes (Article 6 (1) and (2)).

• Decree-Law 94/2000 of 23 May

This law covers Gaming Department employees who met the conditions set out in its Article 1 up to 31 December 2005. The benefits for which Santa Casa is liable are as follows:

- Retirement pension pursuant to Decree-Law 498/72 of 9 December, corresponding to 90% of the retiree's salary, until s/he is eligible for retirement - pension up to normal retirement age
- Contributions to the CGA (10% of employees' salary)

After this period, Santa Casa is only bound by Decree-Law 247/80 of 24 July, for employees admitted before the law came into effect. The CGA is fully liable for employees admitted after July 1980 - post-retirement-age pension.

Pensions supplemented by the plan are:

• Old-age and disability pensions

Pensions paid by the CGA, which is responsible for the share of pensions corresponding to the years of service after registration with it, while any preceding time is the responsibility of Santa Casa and Centro Nacional de Pensões (CNP)

• Immediate survivor's and orphan's pension

In the event of the death of an employee, Santa Casa will pay a survivor's pension to eligible heirs.

• Deferred survivor's pension

In the event of the death of a retired former employee, Santa Casa will pay a survivor's pension to eligible heirs.

In both cases of survivors, the pension payable by the CNP is 60% of the retirement pension, while the share payable by Santa Casa is a little under 50%.

Liabilities for these payments are estimated annually bindependent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting future payments of benefits, using the interest rate of high-rating bonds in the same currency in which the benefits are to be paid and with maturities close to those of the liabilities taken on.

The liabilities for defined benefit plans recognised on the balance sheet are the present value of the benefit obligation defined at the balance sheet date, less the fair value of the assets of the plan, together with adjustments for past service expenses. The gains and losses generated by a cut or liquidation of a defined benefit pension plan are recognised in profits/losses for the period in which the cut or liquidation occurred. A cut is when there is a material reduction in the number of employees or the plan is changed in such a way that its benefits are reduced, thereby resulting in a reduction in liabilities under the plan.

HOLIDAYS AND HOLIDAY SUBSIDIES

Employees are entitled by law to take 22 business days a year for holidays. They have the right to one month's holiday subsidy, said right being acquired the year before it is paid. These liabilities are recorded in the period in which each employee acquires the right, irrespective of when it is paid. The amount payable is disclosed under accrued expense creditors.

3.13. PROVISIONS

Provisions are recognised when:

- The Gaming Department has a present legal or constructive obligation resulting from past events.
- There is a significance probability (over 50%) that payment of the obligation will require an in-house outlay of resources.
- The amount can be reasonably estimated. Provisions for future operating losses are not recognised.

Whenever any of these criteria is not met or the existence of the obligation is subject to the occurrence (or not) of a certain future event, the Gaming Department discloses this as a contingent liability, unless the likelihood of an outlay of resources to pay it is considered remote.

Provisions are measured at the present value of the estimated outlays required to pay the obligation using a discount rate that reflects a market assessment for the discount period and the risk of the provision.

When there is a set of similar obligations, the probability of the need to make an outlay to pay an obligation is determined by taking account of the class of obligations as a whole.

PROVISION FOR CLAIMS AND PAYMENTS OF **WINNINGS**

The Gaming Department is regulated by specific legislation designed to provide a framework for the operation of gaming and based on the obligation to set up funds for the

payment of winnings following justified claims. For fixed odds sports betting, the fund is also for the payment of winnings that exceed the takings in events, in addition to the payment of winnings following claims. The Gaming Department's financial statements must therefore always reflect obligations and update the provision on the basis of total annual takings from games, with the following limits:

Legislation	Game	% Revenue	Maximum limit (euros)
Decree-Law 84/85 of 28 March with the amendments made by Decree-Law 387/86 of 17 November Decree-Law 258/97 of 30 September (republished), Decree-Law 317/2002 of 27 December and Decree-Law 153/2000 of 21 July	Totoloto	0.5%	423,978
	Totobola	0.5%	74,820
Decree-Law 412/93 of 21 December, republished by Decree-Law 153/2009 of 2 July	Joker	2%	1,000,000
Decree-Law 210/2004 of 20 August, republished by Decree-Law 44/2011 of 24 March	Euromillions	1%	150,000,000
Decree-Law 67/2015 of 29 April	Fixed odds sports betting	1%	5,000,000

PROVISION FOR ONGOING LAWSUITS

Provisions for lawsuits essentially due to contractual disagreements with suppliers The Gaming Department recognises this provision if it considers that it is more likely that the company will have to pay.

3.14. FUND FOR PAYMENT OF TOTOLOTO WINNINGS

Following approval of Decree-Law 200/2009 of 27 August and publication of Ministerial Order 102/2011 of 11 March, the Gaming Department is obliged to set up a fund for payment of Totoloto winnings guaranteeing at least 1,000,000 for the first prize. This fund is reinforced at a fixed rate of 10% of Totoloto winnings. When necessary, it also ensures payment of special "Lucky Number" prizes.

3.15. DISTRIBUTION OF GAME PROFITS TO BENEFICIARIES

Distribution of profits to beneficiaries of Gaming Department games is recognised as an obligation in the financial statements of the period in which the Santa Casa Board approves them. Profits are distributed to beneficiaries as required by law, i.e. Decree-Law 56/2006 of 15 March, as amended by Decree-Law 44/2011 of 24 March and Decree-Law 106/2011 of 21 October.

3.16. DISTRIBUTION OF REVENUE FROM FIXED ODDS SPORTS BETTING

Distribution of revenue from these games is recognised as an obligation in the financial statements of the period in which it is generated. Profits are distributed as required by law, i.e. Decree-Law 67/2015 of 29 April and Ministerial Order 315/2015 of 30 October.

3.17. OTHER CHANGES IN EQUITY - GOVERNMENT SUBSIDIES AND SUPPORT

Given the nature of its business, the Gaming Department does not receive subsidies from the government or any similar bodies.

The decrees-law regulating the Gaming Department's business activity determine the obligation to reserve receipts from gaming to fund future, compulsory investment in equipment before profits are distributed to beneficiaries. The aim of this requirement is to guarantee that the Gaming Department has sufficient funds to keep the gaming network up and running.

The amount of receipts reserved every year is determined on the basis of the depreciation of gaming equipment and it therefore takes the form of a non-refundable investment subsidy. The amount of receipts reserved is given the same accounting treatment as subsidies and is therefore recorded under other changes in equity.

3.18. LEASING

The Gaming Department only engages in operational leasing and the rents are recognised as a cost on a linear basis in the income statement for the duration of the lease.

3.19. ACCRUAL OF COSTS AND INCOME

Costs and income are recorded in the period to which they refer regardless of when they are paid or received, in accordance with the accruals system.

Differences between amounts received and paid and the corresponding revenue and costs are recognised as assets or liabilities, as applicable.

3.20. REVENUE

The Gaming Department's revenue comes essentially from the operation of state-run games including lotteries and other betting games, as authorised by the overseeing ministry. Revenue is recorded net of winnings, agents' fees paid by bettors, derecognised returns, stamp duty and deductions from the receipts from fixed odds sports betting as provided for in Article 12 (2) (b) and (c) of the legal framework on the operation of fixed odds sports betting approved by Decree-Law 64/2015 of 29 April.

BETS

• Traditional and people's lotteries

Revenue is recognised on the date of the draw. Up to this date, sales are considered deferrals - income to be recognised.

• Scratch cards

Revenue is recognised on the basis of sales to agents at points of sale and the purchase of tickets on the Jogos Santa Casa Portal in relation to the capital issued and winnings paid.

• Betting games

Revenue is recognised on the dates of the competitions.

• Fixed odds sports betting

Revenue is recognised after confirmation of the results on the date of the last event selected on each betting slip or on an earlier date of an event included in a losing combined bet.

All receipts from games come from mainland Portugal, the Azores Autonomous Region and the Madeira Autonomous Region.

WINNINGS

- Traditional and people's lotteries
 - Winnings are recognised at the time of the draw. Unclaimed winnings expire 90 days after the draw and are recognised as income for the period in which they expire.

Scratch cards

Winnings are accrued in accordance with the percentage set out in the prize plan for each game, pursuant to the scratch card regulations. It has been accrued on the basis of the average, rounded-down prize-sale ratio for the last four years.

• Betting games

Revenue is recognised on the dates of the competitions. Our policy on unclaimed prizes is the same as for the traditional and people's lotteries.

• Fixed odds sports betting

Winnings are recognised after confirmation of the results on the date of the last event bet upon on each betting slip or on an earlier date of an event included in a losing combined bet.

The right to winnings expires on the following terms for all the events selected on the betting slip:

- For winnings of €150 or less, 90 days after confirmation of results
- For winnings of over €150, 90 days counting from two hours after the conis later.

Up to 11 March 2011, prize percentages for the Totobola, Totoloto, Joker, scratch cards, traditional lottery and People's Lottery were regulated by Ministerial Order 973/2009 of 31 August. Ministerial Order 102/2011 of 11 March revoked Ministerial Order 973/2009 (Article 3), while maintaining the prize percentages.

The prize percentage for the Euromillions is set out in Decree-Law 210/2014 of 20 August, which was republished by Decree-Law 44/2011 of 24 March.

The prize percentage for fixed odds sports betting is set out in Decree-Law 67/2015 of 29 April.

Prize percentages refer to gross sales of bets and fixed odds sports betting and the lottery capital issued:

Game	% winnings
Totobola	60%
Totoloto	55%
Joker	55%
Euromillions	50%
National lottery	70%
Scratch cards	50% to 70%
Fixed odds sports betting	55% to 85%

firmation of results or two hours after the latest update of results, whichever

STAMP DUTY

Following approval of Decree-Law 175/2009 of 4 August, effective as of 1 September 2009, gaming has been subject to 4.5% stamp duty on bets placed, as per Item 11 of the general stamp duty table. This duty is payable by the recipient of the income, in this case the Gaming Department. As it is a tax charged on behalf of the state in a transaction that resulted in revenue, it is subtracted from gaming revenue.

Item 11 of the general stamp duty table, which is attached to the Stamp Duty Code, was amended by Decree-Law 67/2015 of 29 April.

RETAILERS' REMUNERATION PAID BY PLAYERS

Our retailers are paid by players for the services they provide, as set out in the retailers' regulations (Ministerial Order 313/2004 of 23 March, amended by Ministerial Order 216/2012 of 18 July).

This payment is a percentage of the amount of the stake paid by players, as per the tariffs approved by the Board of Santa Casa.

The final price of the bet includes this fee.

Game	% remuneration
Totobola	7%
Totoloto	7%
Joker	7%
Euromillions	5%
The traditional lottery	12.7%
Traditional lottery - sale at terminal	7%
People's Lottery	12.5%
People's Lottery – sale at terminal	7%
Scratch cards	10%
Fixed odds sports betting	5%

LEGAL DEDUCTIONS FROM FIXED ODDS SPORTS **BETTING**

Decree-Law 67/2015 of 29 April sets out deductions from receipts as follows:

- 2% for Santa Casa da Misericórdia de Lisboa
- 3.5% for the organisations to which the bet refers to be divided among clubs or players, as the case may be, plus the federation organising the event, including leagues, if any.

OTHERS

The effective interest rate method is used to recognise revenue from financial assets.

3.21. CASH FLOW STATEMENT

Our cash flow statement is prepared using the direct method. The way cash flows are classified in the cash flow statement depends on their nature: i) operating, ii) investing or iii) financing.

Operating activities essentially include receipts from agents, payment of winnings and taxes, distribution of profits to beneficiaries and payments to suppliers and personnel.

Cash flows included in investing activities comprise receipts and payments in the sale and purchase of fixed assets and remuneration of cash equivalents and their settlement at maturity or when sold.

Cash flows included in financing activities do not apply.

3.22. SUBSEQUENT EVENTS

Events occurring between the balance sheet date and the date of approval of the financial statements that affect the value of assets and liabilities are considered in the financial statements, if significant. They may result in adjustments to amounts reported in the balance sheet or disclosed in the notes to the financial statements, depending on their nature.

3.23. ENVIRONMENTAL MATTERS

Provisions are recognised for environmental matters whenever the Gaming Department has a legal or constructive obligation resulting from past events that it will probably be necessary to pay and which can be reliably estimated.

3.24. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

In the absence of a specific accounting standard for a transaction or other event, our financial reporting policy is based on standards and interpretations covering similar transactions or events and on conceptual structure.

3.25. MAIN ESTIMATES AND JUDGEMENTS

Estimates and judgements that have an impact on the Gaming Department's financial statements are assessed continuously and represent the best estimate on the date of each report, bearing in mind historical performance, accumulated experience and expectations

FINANCIAL STATEMENTS

with respect to future events that are believed to be reasonable in the circumstances. The intrinsic nature of estimates can mean that the real impact of situations that have been subject to an estimate may differ from the estimated amounts for the purpose of financial reporting. The estimates and judgements that pose a significant risk of leading to a material adjustment in the book value of assets and liabilities in the following period are:

PROVISIONS

The Gaming Department regularly analyses any obligations arising from past events that must be recognised or disclosed.

The subjectivity inherent in determining the likelihood and amount of internal resources needed to discharge obligations may lead to significant adjustments, either due to a change in these assumptions or future recognition of provisions previously disclosed as contingent liabilities.

Whenever appropriate, the Gaming Department bases its judgements on lawyers' opinions in order to ascertain the need to recognise a possible provision for these contingencies and its amount (Note 18 – Provisions).

ACTUARIAL ASSUMPTIONS

Determining liabilities for retirement pensions requires the use of demographic and financial estimates that may significantly affect the amounts calculated on each reporting date. The most sensitive variables are the update rate of liabilities, the estimated income rate for assets and mortality and disability tables.

Changes in actuarial assumptions will impact the net book value of liabilities. This impact is expressed in profits or losses for the period (Note 19 – Liabilities for post-employment and other benefits).

TANGIBLE AND INTANGIBLE ASSETS

It is essential to determine the useful lives of assets and the depreciation method to be used when calculating depreciation to be recognised in the income statement for each period. These two parameters are defined on the basis of the best judgement for assets in the business activity (Notes 6 and 7 – Tangible fixed assets and Intangible assets).

4. CASH FLOWS

4.1. CASH AND CASH EQUIVALENTS NOT AVAILABLE FOR USE

The Gaming Department has no cash or cash equivalents whose use is restricted. The obligations undertaken by the Gaming Department in its management of gaming and payment of winnings are anchored as a whole by (non-current) term deposits whose use is subject to legal requirements but are not cash or cash equivalents.

4.2. BREAKDOWN OF CASH AND BANK DEPOSITS

As at 31 December 2014 and 2015, the details of cash and cash equivalents set out in the cash flow statement were as follows:

		(euros)
	2015	2014
Cash and cash equivalents		
- Cash on hand	361,156	241,383
	361,156	241,383
Bank deposits		
- Current accounts	15,609,762	11,857,280
- Term deposits < 90 days	167,600,385	143,670,000
- Term deposits > 90 days	28,800,000	11,370,321
	212,010,147	166,897,601
Other financial assets	-	-
Cash and cash equivalents (assets)	212,371,303	167,138,984
Cash and cash equivalents (liabilities)	-	-
Total cash and cash equivalents	212,371,303	167,138,984

There were no overdrafts in Gaming Department bank accounts.

5. ACCOUNTING POLICIES, CHANGES IN AC-COUNTING ESTIMATES AND ERRORS

No errors were detected from previous periods were detected.

6. TANGIBLE FIXED ASSETS

In the periods ending on 31 December 2014 and 2015, the following operations occurred under tangible fixed assets:

	Buildings	Basic equipment	Vehicles	Computer hardware
1 January 2014				
Acquisition cost	2,483,397	42,244,279	181,441	6,538,837
Accumulated depreciation	(1,427,093)	(41,588,698)	(151,882)	(5,083,215)
Net amount	1,056,305	655,581	29,559	1,455,622
Additions	-	190,871	-	692,737
Transfers and write-offs	214,000	3,503,001	-	-
Depreciation – period	(107,990)	(315,888)	(7,950)	(809,190)
Net amount	1,162,315	4,033,565	21,609	1,339,169
31 December 2014				
Acquisition cost	2,697,398	45,938,151	181,441	7,231,574
Accumulated depreciation	(1,535,083)	(41,904,586)	(159,832)	(5,892,405)
Net amount	1,162,315	4,033,565	21,609	1,339,169
1 January 2015				
Acquisition cost	2,697,398	45,938,151	181,441	7,231,574
Accumulated depreciation	(1,535,083)	(41,904,586)	(159,832)	(5,892,405)
Net amount	1,162,315	4,033,565	21,609	1,339,169
Additions	-	-	-	81,785
Transfers and write-offs	-	7,021,831	-	282,030
Depreciation – period	(127,607)	(718,395)	(7,950)	(906,485)
Depreciation - transfers and write-offs	-	-	-	-
Net amount	1,034,709	10,337,001	13,659	796,498
31 December 2015				
Acquisition cost	2,697,398	52,959,982	181,441	7,595,388
Accumulated depreciation	(1,662,689)	(42,622,981)	(167,782)	(6,798,890)
Net amount	1,034,709	10,337,001	13,659	796,498

Investments in improvements to the former Gaming Department head office at No. 1 Rua das Taipas have been recognised under assets in the account for work on rented / borrowed buildings recorded under buildings.

The most significant amounts recorded in basic equipment are for games equipment at agents' points of sale, i.e. terminals and additional printers.

The increases in tangible fixed assets in 2015 refer to €5,967,293 following the purchase of basic equipment (additions 2014: €5,871,158, essentially from the purchase of basic equipment, computer hardware and current equipment).

Signage to the amount of €3,041 was written off in 2015 (there were no write-offs in 2014).

Depreciation of tangible fixed assets is recognised in its entirety under depreciation and amortisation expenses/reversals in the income statement.

	Other Office equipment	Signage	Other tangible fixed assets	Investments in progress	Total
1 January 2014					
Acquisition cost	1,072,357	2,296,362	594,485	466,958	55,878,116
Accumulated				100,200	
depreciation	(833,363)	(2,109,410)	(397,495)	-	(51,591,156)
Net amount	238,993	186,952	196,989	466,958	4,286,960
Additions	90,530	27,853	104,616	4,764,552	5,871,158
Transfers and write-offs	-	-	-	(3,717,001)	-
Depreciation – period	(100,924)	(83,821)	(58,816)	-	(1,484,579)
Net amount	228,600	130,984	242,789	1,514,509	8,673,540
31 December 2014					
Acquisition cost	1,162,887	2,324,215	699,100	1,514,509	61,749,274
Accumulated depreciation	(934,287)	(2,193,231)	(456,312)	-	(53,075,735)
Net amount	228,600	130,984	242,789	1,514,509	8,673,540
1 January 2015					
Acquisition cost	1,162,887	2,324,215	699,100	1,514,509	61,749,274
Accumulated depreciation	(934,287)	(2,193,231)	(456,312)	-	(53,075,735)
Net amount	228,600	130,984	242,789	1,514,509	8,673,540
Additions	37,694	12,828	33,011	5,801,975	5,967,293
Transfers and write-offs	2,826	(3,041)	7,644	(7,314,331)	(3,041)
Depreciation – period	(96,285)	(44,191)	(60,394)	-	(1,961,306)
Depreciation - transfers and write-offs	-	3,041	-	-	3,041
Net amount	172,835	99,622	223,050	2,152	12,679,527
31 December 2015					
Acquisition cost	1,203,407	2,334,002	739,755	2,152	67,713,526
Accumulated depreciation	(1,030,572)	(2,234,380)	(516,705)	-	(55,034,000)
Net amount	172,835	99,622	223,050	2,152	12,679,527

7. INTANGIBLE ASSETS

The amount of intangible assets refers to the Jogos Santa Casa Portal and computer software for the Gaming Department's operating and administrative activities. Changes in the periods in question were as follows:

Computer software consists of programs and the online system.

				(euros)
	Industrial property	Computer software	Investments in progress	Total
1 January 2014				
Acquisition cost	3,442,657	20,684,274	-	24,126,931
Accumulated depreciation	(3,140,969)	(19,413,538)	-	(22,554,507)
Net amount	301,688	1,270,736	-	1,572,423
Additions	-	11,441	245,951	257,392
Transfers and write-offs	-	245,951	(245,951)	-
Depreciation – period	(157,402)	(499,598)	-	(657,000)
Net amount	144,285	1,028,530	-	1,172,815
31 December 2014				
Acquisition cost	3,442,657	20,941,666	-	24,384,322
Accumulated depreciation	(3,298,371)	(19,913,136)	-	(23,211,507)
Net amount	144,285	1,028,530	-	1,172,815
1 January 2015				
Acquisition cost	3,442,657	20,941,666	-	24,384,322
Accumulated depreciation	(3,298,371)	(19,913,136)	-	(23,211,507)
Net amount	144,285	1,028,530	-	1,172,815
Additions	-	1,783,739	622,781	2,406,520
Transfers and write-offs	-	622,781	(622,781)	-
Depreciation – period	(144,285)	(692,812)	-	(837,098)
Net amount	-	2,742,238	-	2,742,238
31 December 2015				
Acquisition cost	3,442,657	23,348,186	-	26,790,842.44
Accumulated depreciation	(3,442,657)	(20,605,948)	-	(24,048,604.35)
Net amount	-	2,742,238	-	2,742,238

8. SHAREHOLDINGS - OTHER METHODS

The balance of this item covers:

- A 5.2% shareholding in SLE Services aux Loteries en Europe, which was set up to manage the Euromillions, in which the Gaming Department has a holding in its capacity as a Euromillions lottery operator
- A 50% shareholding in NLCS National Lotteries Common Services, a simplified limited company under French law set up in 2013 to strengthen relations with other state lotteries and develop cooperation platforms

9. OTHER FINANCIAL ASSETS

As at 31 December 2014 and 2015, the details of other financial assets were as follows:

		(euros)
	2015	2014
Compulsory funds	125,872,567	128,384,669
LI Fund (WFL)	18,370,321	-
Other financial assets	15,685	15,879
TOTAL	144,258,573	128,400,548

The balance of compulsory funds refers mostly to funds set up by the Gaming Department pursuant to obligations taken on when it was granted the concession to operate gaming. It is for claims and payment of winnings and the renewal of material and equipment.

The Gaming Department's funds are subject to the following rules:

				(euros)
	% revenue	% winnings	Maximum limit (euros)	Applicable legislation
Funds for claims ar	nd payments	of winnings		
Totobola	0.5%	-	74,820	Decree-Law 84/85 of 28 March with the amendments made by Decree-Law 387/86 of 17 November Decree-Law
Totoloto	0.5%	-	423,978	258/97 of 30 September (republished), Decree-Law 317/2002 of 27 December and Decree-Law 153/2000 of 21 July
Totogolo	0.5%	-	74,820	Decree-Law 225/98 of 17 July (game suspended)
Joker	2%	-	1,000,000	Decree-Law 412/93 of 21 December, republished by Decree-Law 153/2009 of 2 July
Euromillions	1%	-	150,000,000	Decree-Law 210/2004 of 20 August, republished by Decree- Law 44/2011 of 24 March
Fixed odds sports betting	1%		5,000,000	Decree-Law 67/2015 of 29 April
Fund for payment o	of the first pr	ize in the Luc	ky Number	
Totoloto	-	10%	Not defined	Decree-Law 200/2009 of 27 August, regulated by Ministerial Order 102/2011 of 11 March
Equipment and ma	terial renewa	l fund		
Totoloto	2%	-	24,939,895	Decree-Law 84/85 of 28 March, Decree-Law 387/86 of 17 November and Decree-Law 153/2000 of 21 July
Totogolo	1%	-	748,197	Decree-Law 225/98 of 17 July (game suspended)
Totobola	1%	-	748,197	Decree-Law 84/85 of 28 March and Decree-Law 387/86 of 17 November
Euromillions	1%	-	20,000,000	Decree-Law 210/2004 of 20 August
Fixed odds sports betting	0.2%	-	2,000,000	Decree-Law 67/2015 of 29 April

Following a management decision, a fund was set up for the payment of scratch card *win* for life (WFL) prizes.

Decree-Law 153/2000 of 21 July extended the scope of the equipment and material renewal fund to cover the reorganisation of the Gaming Department resulting from the introduction of the *online* system. These funds can now be used to cover any expenses

involved in introducing the real-time betting (*online*) system, such as image, agents, personnel, renovation of premises, renewal of material and equipment, among others. Decree-Law 153/2009 of 2 July made it possible for players to bet on the Joker at the same time as on the other JSC games, such as the Euromillions. When Decree-Law 412/93 of 21 December was republished by Decree-Law 153/2009 of 2 July it changed the fund's limit for payment of Joker winnings from €997,596 to €1,000,000.

Decree-Law 200/2009 of 2 July authorised the constitution of a fund to guarantee a minimum of \pounds 1,000,000 for the first prize in the Totoloto. Its initial amount was \pounds 5,000,000 as the fund was also used for the renewal of material and equipment. This amount has been repaid since 1 January 2012 "at a rate of at least 0.3% of the weekly amount of the fund for the first prize in the Totoloto mentioned in the previous paragraph, until it has been fully repaid".

Pursuant to Ministerial Order 102/2011 of 11 March, the fund was also made responsible for guaranteeing payment of special-category Lucky Number winnings, when necessary.

As at 31 December 2014 and 2015, the details of the compulsory funds were as follows:

		(euros)
	Equipment and material renewal fund	Fund for claims and payments of winnings
TOTOBOLA		
1 January 2014	351,283	74,820
Boosters	186,714	-
Uses	(69,130)	-
31 December 2014	468,867	74,820
Maximum limit	748,197	74,820
TOTOLOTO		
1 January 2014	19,985,564	423,978
Boosters	2,544,740	-
Uses	(2,523,917)	-
31 December 2014	20,006,387	423,978
Maximum limit	24,939,895	423,978
TOTOGOLO		
1 January 2014	29,032	74,820
Boosters	-	-
Uses	-	-
31 December 2014	29,032	74,820
Maximum limit	748,197	74,820
JOKER		
1 January 2014	-	1,000,000
Boosters	-	787,371
Uses	-	(1,028,261)
31 December 2014	-	759,110
Maximum limit		1,000,000
EUROMILLIONS		
1 January 2014	20,000,000	59,592,258
Boosters	620,369	9,170,234
Uses	(620,369)	
31 December 2014	20,000,000	68,762,491
Maximum limit	20,000,000	150,000,000
TOTALS		
1 January 2014	40,365,879	61,165,875
Boosters	3,351,822	9,957,604
Uses	(3,213,416)	(1,028,261)
31 December 2014	40,504,286	70,095,219

	first prize in the Tot and Lucky Numb
TOTOBOLA	
1 January 2014	-
Boosters	-
Uses	-
31 December 2014	-
Maximum limit	
TOTOLOTO	
1 January 2014	14,778,254
Boosters	8,251,193
Uses	(5,244,282)
31 December 2014	17,785,165
Maximum limit	Not defined
TOTOGOLO	
1 January 2014	-
Boosters	-
Uses	-
31 December 2014	-
Maximum limit	
JOKER	
1 January 2014	-
Boosters	-
Uses	-
31 December 2014	-
Maximum limit	
EUROMILLIONS	
1 January 2014	-
Boosters	-
Uses	-
31 December 2014	-
Maximum limit	
TOTALS	
1 January 2014	14,778,254
Boosters	8,251,193
Uses	(5,244,282)
31 December 2014	17,785,165

		(euros
	Fund for payment of the first prize in the Totoloto and Lucky Number	Total
TOTOBOLA		
ary 2014	-	426,103
ers	-	186,714
	-	(69,130)
ember 2014	-	543,686
um limit		
TOTOLOTO		
ary 2014	14,778,254	35,187,797
ers	8,251,193	10,795,932
	(5,244,282)	(7,768,199)
ember 2014	17,785,165	38,215,530
um limit	Not defined	
TOTOGOLO		
ary 2014	-	103,852
rs	-	-
	-	-
ember 2014	-	103,852
um limit		
JOKER		
ary 2014	-	1,000,000
rs	-	787,371
	-	(1,028,261)
ember 2014	-	759,110
um limit		
EUROMILLIONS		
ary 2014	-	79,592,258
rs	-	9,790,603
	-	(620,369)
ember 2014	-	88,762,491
um limit		
TOTALS		
ary 2014	14,778,254	116,310,009
rs	8,251,193	21,560,619
	(5,244,282)	(9,485,959)
ember 2014	17,785,165	128,384,669

	Equipment and	Fund for claims and
	material renewal fund	payments of winnings
TOTOBOLA		
1 January 2015	468,867	74,820
Boosters	125,141	-
Uses	(300,988)	-
31 December 2015	293,020	74,820
Maximum limit	748,197	74,820
TOTOLOTO	110,171	11,020
I January 2015	20,006,387	423,978
Boosters	1,539,300	
Uses	(11,132,176)	
31 December 2015	10,413,511	423,978
Maximum limit		
	24,939,895	423,978
	20.022	74 920
1 January 2015 Boosters	29,032	74,820
	-	-
Uses 31 December 2015	-	74.000
	29,032	74,820
Maximum limit	748,197	74,820
JOKER		750.110
1 January 2015	-	759,110
Boosters	-	603,522
	-	(1,248,687)
31 December 2015	-	113,944
Maximum limit	-	-
EUROMILLIONS	~~~~~	(0 7 (0 1 0 1
1 January 2015	20,000,000	68,762,491
Boosters	2,961,210	-
Uses	(11,285,713)	8,205,616
31 December 2015	11,675,497	76,968,107
Maximum limit	20,000,000	-
FIXED ODDS SPORTS BETTING		
1 January 2015	-	-
Boosters	130,784	3,653,922
Jses	(25,353)	-
31 December 2015	105,432	3,653,922
Maximum limit	2,000,000	5,000,000
SCRATCH CARDS (WIN FOR LIFE)		
January 2015	-	-
Boosters	-	-
Jses	_	-
31 December 2015	-	-
Maximum limit	-	-
TOTALS		
I January 2015	40,504,286	70,095,219
Boosters	4,756,434	4,257,444
Uses	(22,744,228)	6,956,928
31 December 2015	22,516,492	81,309,591

			(eui
	Fund for payment of the first prize in the Totoloto and Lucky Number	Funds for payment of scratch card winnings (win for life)	Total
TOTOBOLA			
l January 2015	-	-	543,686
Boosters	-	-	125,141
Jses	-	-	(300,988)
31 December 2015	-	-	367,839
Maximum limit	-	-	
TOTOLOTO			
l January 2015	17,785,165	-	38,215,530
Boosters	8,249,301	-	9,788,601
Jses	(3,987,982)	-	(15,120,157)
31 December 2015	22,046,485	-	32,883,974
Vaximum limit	Not defined	-	
TOTOGOLO			
l January 2015	-	-	103,852
Boosters	-	-	-
Jses	-	-	-
31 December 2015	-	-	103,852
Maximum limit	-	-	
JOKER			
l January 2015	-	-	759,110
Boosters	-	-	603,522
Jses	-	-	(1,248,687)
31 December 2015	-	-	113,944
Vaximum limit	-	-	
EUROMILLIONS			
I January 2015	-	-	88,762,491
Boosters	-	-	2,961,210
Jses	-	-	(3,080,097)
31 December 2015	-	-	88,643,604
Vaximum limit	-	-	
FIXED ODDS SPORTS BETTING			
I January 2015			
Boosters	-	-	3,784,706
	-	-	(25,353)
Jses 31 December 2015	-	-	
Maximum limit	-	-	3,759,353
SCRATCH CARDS (WIN FOR LIFE)	-	_	
I January 2015	_	-	-
Boosters	_	18,370,321	18,370,321
Jses			10,510,521
31 December 2015		18,370,321	18,370,321
			10,010,021
Maximum limit			
Maximum limit TOTAL S			
TOTALS	17785165	-	128 384 669
TOTALS I January 2015	17,785,165 8,249,301	-	128,384,669
TOTALS	17,785,165 8,249,301 (3,987,982)	- 18,370,321 -	128,384,669 35,633,500 (19,775,282)

FINANCIAL STATEMENTS

Other financial assets refer to a gold bar owned by the Gaming Department, which has been appraised at fair value. The update of fair value for the period ending on 31 December 2015 had a negative impact of €194 (2014: + €1,874).

10. INVENTORY

The details of inventory as at 31 December 2014 and 2015 are as follows:

		(euros)
	2015	2014
Game consumables	431,329	349,253
Scratch cards	3,489,270	2,377,963
Betting slips	29,198	258,358
Fixed odds sports betting slips	130,511	-
Thermal paper	1,501,621	2,498,470
Thermal paper (in transit)	29,871	29,871
Impairment of inventory	(10,765)	(10,765)
Total inventory	5,601,035	5,503,149

The cost of inventory recognised in the period as expenditure and included under cost of goods sold and materials consumed totalled €12,362,500 (2014: €9,186,639).

IMPAIRMENT OF INVENTORY

There were no changes in impairment of inventory recorded in 2015 and the balance remained the same as in 2014, i.e. €10,737 in betting slips and €28 in scratch cards.

11. RETAILERS

As at 31 December 2014 and 2015 details of retailers were as follows:

						(euros)
		2015			2014	
	Current	Non- current	Total	Current	Non- current	Total
Retailers	17,355,386	-	17,355,386	20,483,778	-	20,483,778
Doubtful debtors - retailers	911,558	-	911,558	1,019,797	-	1,019,797
	18,266,944	-	18,266,944	21,503,575	-	21,503,575
Adjustments to retailers	(911,558)	-	(911,558)	(1,019,797)	-	(1,019,797)
Total retailers	17,355,386	-	17,355,386	20,483,778	-	20,483,778

This item contains receivables from Gaming Department agents for betting games (Totobola, Totoloto, Euromillions and Joker), the national lottery (traditional and people's lotteries), scratch cards and fixed odds sports betting.

Our most important agents are Casa da Sorte and Casa Campião, whose gross balances totalled €6,109,447 and €2,491,227 as at 31 December 2015 (2014: €7,652,213 and €2,902,856).

11.1. IMPAIRMENT OF RETAILERS

		(euros)
	2015	2014
1 January	1,019,797	1,134,800
Increases	12,693	66,202
Uses	(92,472)	(136,706)
Reversals	(28,460)	(44,498)
31 December	911,558	1,019,797

11.2. DETAIL OF IMPAIRMENT BY NATURE OF BETTING GAMES

					(euros)
	Betting games	National lottery	Scratch cards	Fixed odds sports betting	Total
1 January 2014	980,217	112,281	42,301	-	1,134,800
Increases	54,235	313	11,654	-	66,202
Uses	(137,016)	(36)	346	-	(136,706)
Reversals	(21,670)	(80)	(22,749)	-	(44,498)
31 December 2014	875,766	112,478	31,553	-	1,019,797
1 January 2015	875,766	112,478	31,553	-	1,019,797
Increases	4,787	240	7,665	-	12,693
Uses	(91,517)	(172)	(783)	-	(92,472)
Reversals	(26,498)	(187)	(1,776)	-	(28,460)
31 December 2015	762,539	112,360	36,660	-	911,558

12. STATE AND OTHER PUBLIC ENTITIES

As at 31 December 2014 and 2015, balances for the state and other public entities were as follows:

				(euros)
	20	015	20	014
	Payable	Receivable	Payable	Receivable
Personal and corporate income tax	-	13,108	-	5,683
VAT	157,873	-	-	-
Stamp duty	-	19,516,157	-	14,878,658
TOTAL	157,873	19,529,265	-	14,884,341

13. OTHER RECEIVABLES

As at 31 December 2014 and 2015 details of other ad

						(euros)
		2015			2014	
	Current	Non- current	Total	Current	Non- current	Total
Personnel	37,130	-	37,130	20,586	-	20,586
Other receivables						
Euromillions - primary insurance	5,219,707	-	5,219,707	5,932,830	-	5,932,830
Euromillions - pre-deposit amount	4,962,879	-	4,962,879	5,603,205	-	5,603,205
Euromillions (opening balance) – booster	3,055,447	-	3,055,447	3,055,447	-	3,055,447
Euromillions - mutual insurance	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Others	327,303	-	327,303	506,482	-	506,482
Accrued income debtors	8,212,104	-	8,212,104	9,300,863	-	9,300,863
Other receivables	23,814,570	-	23,814,570	26,419,413	-	26,419,413

13.1. PERSONNEL

Debts by personnel refer to loans granted and advances of expenses to Gaming Department employees.

13.2. OTHER RECEIVABLES

Euromillions - primary insurance This is a compulsory deposit to be made by Euromillions operators to the financial body that manages game operation assets. It constitutes one third of the weekly average of game sales in the previous six-months
Euromillions - pre-deposit insurance: Financial payment made by the Gaming Department as a Euromillions operator This deposit, which is also called the *relevant deposit amount/ default insurance*, is calculated on the basis of total transfers from all lottery operators that operated the Euromillions in the 12 months prior to the establishment of the amount in question. This amount is divided by the number of draws (excluding any with a guaranteed minimum super *jackpot*) to obtain the weekly average, which is then multiplied by 2.2 times the total sum calculated. The cost sharing percentage will then be applied to this result, i.e. the relative weight of sales of each lottery in the last six months.
Euromillions - opening balance - Prize Guarantee Fund The Gaming Department has to

ccounts	receivable	were	ลร	follows:
ccounts	ICCCIVADIC	VICIC	as	10110113.

make certain deductions to add to the reserve fund for Euromillions winnings. This was the initial amount that the Gaming Department deposited with the financial body, which manages game operation assets. It is set aside from set-up and utilisation operations undertaken since 2004, which are recorded under winnings payable. This fund represents 8.6% of the amount intended for winnings (50% of total sales).

Euromillions - mutual insurance This is the security deposit made by the Gaming Department as the Euromillions operator. It will be withheld for as long as the Gaming Department belongs to the game system.

Others: The €203,510 included in the outstanding balance refers to an advance paid to Instituto de Gestão Financeira da Segurança Social, regarding the transfer of the deeds of the Gaming Department's former head office in Rua das Taipas. The situation is still the subject of negotiations between the two parties. This situation must later be the subject of a legal settlement.

13.3. ACCRUED INCOME DEBTORS

The details of accrued income debtors are as follows:

		(euros)
	2015	2014
Interest earned ^(a)	1,495,593	2,655,720
Other accrued income debtors ^(b)	5,391	5,203
National lottery ^(b)	85,430	68,299
Totoloto ^(b)	910,854	1,009,037
Euromillions ^(b)	5,714,836	5,562,604
TOTAL	8,212,104	9,300,863

a) Balance referring to the accrual of income from the material and equipment renewal funds and short-term cash investments,

b) Accrual of unclaimed national lottery winnings and recognition of sales of the latest Totoloto and Euromillions draws.

There are no differences between the book values and fair value for the periods in question.

14. DEFERRALS – EXPENSES TO BE RECOGNISED

As at 31 December 2014 and 2015, the following balances were recorded under deferrals – expenses to be recognised:

		(euros)
	2015	2014
Accrual of retailers remuneration paid by players	812,348	769,114
Others	144,409	4,663,431
Expenses to be recognised	956,757	5,432,546

The amounts recognised under accrual of retailers remuneration paid by bettors refer to fees for bets sold in advance. These amounts can be broken down by game as follows: €603,000 - traditional lottery, €191,000 - People's Lottery, €7,000 - Euromillions and €11,000 - fixed odds sports betting

The item others contains amounts regarding rents and investments and expenses of developing our *Contact Centre* platform and expanding our range of games.

15. SOCIAL FUND

The Gaming Department is not legally independent from Santa Casa and therefore has no mandatory share capital. The amount recognised as a social fund refers to amounts in cash deposited in it when it was set up.

16. PROFIT/LOSS

All profits generated by the Gaming Department are distributed to game beneficiaries as required by Decree-Law 56/2006 of 15 March, as amended by Decree-Law 44/2011 of 24 March and Decree-Law 106/2011 of 21 October. The amount required for the equipment and material renewal fund is withheld from these profits.

Details of the appropriation of the Gaming Department's net profit in the periods ending on 31 December 2014 and 2015 are as follows:

		(euros)
	2015	2014
Profits distributed	596,636,057	534,720,368
Profit withheld (for equipment and material renewal fund)	4,735,143	3,331,000
	601,371,200	538,051,368

The Gaming Department's profit for the period is distributed in advance to the different beneficiaries on the basis of monthly earnings in accordance with the percentages set out in Decree-Law 56/2006 of 15 March, as amended by Decree-Law 44/2011 of 24 March and Decree-Law 106/2011 of 21 October.

It is distributed to beneficiaries as follows:

		(euros)
Be	2015	
	Autoridade Nacional de Proteção Civil (Civil Defence Authority)	16,187,117
Ministry of Internal Affairs	MIA Secretariat (social risks)	1,753,117
	MIA Secretariat (policing of sports events)	4,032,170
Agência de Gestão da Tesouraria e d Public Debt and Treasury Manageme	a Dívida Pública IGCP, E.P.E. (Agency for nt)	13,323,692
	Fundo de Fomento Cultural (Cultural Development Fund)	20,455,198
Presidency of the Council of	Instituto Português do Desporto e Juventude (Portuguese Sports and Youth Institute)	54,633,011
Ministers -	Gabinete da Secretária de Estado para a Cidadania e Igualdade (Secretary of State for Youth and Citizenship)	2,925,515
Ministry of Labour, Solidarity and	Instituto de Gestão Financial da Segurança Social, IP (Social Security Financial Management Institute)	194,771,341
Social Security	INATEL (social and senior tourism and organisation of leisure activities)	6,954,032
Ministry of Health		96,070,833
	School sports	5,843,725
Ministry of Education	Special projects for upper secondary school students	2,863,425
Madeira Regional Sport and Youth De	epartment	1,168,745
Azores Sports Institute		1,168,745
Santa Casa da Misericórdia de Lisboa	162,221,795	
SUE	584,372,462	
Alcoitão Medical Rehabilitation Centr	e	3,027,036
Santa Casa da Misericórdia de Lisboa	9,236,559	
TOTALS		596,636,057

(a) This amount includes expired winnings from the national lottery, Euromillions and fixed odds sports betting (2015: €7,752,000, 2014: €8,232,000), 4.7% of profit from the national lottery and 0.225% of the capital issued in these lotteries (2015: €1,348,000, 2014: €911,000) and fines – Law 30/2006 (2015: €136,000, 2014: €149,000).

		(euro
В	eneficiaries	2014
	Autoridade Nacional de Proteção Civil (Civil Defence Authority)	14,474,443
Ministry of Internal Affairs	MIA Secretariat (social risks)	1,567,629
	MIA Secretariat (policing of sports events)	3,605,547
Agência de Gestão da Tesouraria e c Public Debt and Treasury Manageme	da Dívida Pública IGCP, E.P.E. (Agency for ent)	11,913,982
	Fundo de Fomento Cultural (Cultural Development Fund)	18,290,940
Presidency of the Council of	Instituto Português do Desporto e Juventude (Portuguese Sports and Youth Institute)	48,852,576
Ministers –	Gabinete da Secretária de Estado para a Cidadania e Igualdade (Secretary of State for Youth and Citizenship)	2,615,981
Ministry of Labour, Solidarity and	Instituto de Gestão Financial da Segurança Social, IP (Social Security Financial Management Institute)	174,163,599
Social Security	INATEL (social and senior tourism and organisation of leisure activities)	6,218,262
Ministry of Health		85,906,077
	School sports	5,225,431
Ministry of Education	Special projects for upper secondary school students	2,560,461
Madeira Regional Sport and Youth Department		1,045,086
Azores Sports Institute		1,045,086
Santa Casa da Misericórdia de Lisboa		145,057,951
SUBTOTAL		522,543,050
Alcoitão Medical Rehabilitation Centre		2,884,904
Santa Casa da Misericórdia de Lisboa ^(a)		9,292,414
TOTALS		534,720,368

17. OTHER CHANGES IN EQUITY

Other changes in equity refer to the following types of operations in the periods ending on 31 December 2014 and 2015:

ST December 2014 and 2015:		(euros)
	2015	2014
TOTOBOLA		
1 January	468,867	351,283
Additions	125,141	186,714
Uses	(300,988)	(69,130)
31 December	293,020	468,867
TOTOGOLO		
1 January	29,032	29,032
Additions	-	-
Uses	-	-
31 December	29,032	29,032
ΤΟΤΟΙΟΤΟ		
1 January	20,006,387	19,985,564
Additions	1,518,008	2,523,917
Uses	(11,132,176)	(2,523,917)
Transfers	21,291	20,822
31 December	10,413,511	20,006,387
EUROMILLIONS		
1 January	20,000,000	20,000,000
Additions	2,961,210	620,369
Uses	(11,285,713)	(620,369)
31 December	11,675,497	20,000,000
FIXED ODDS SPORTS BETTING		
1 January	-	-
Additions	130,784	-
Uses	(25,353)	-
31 December	105,432	-
Total equipment renewal fund	22,516,492	40,504,286
NET INVESTMENTS FINANCED BY THE FUND		
1 January	3,927,036	1,837,210
Investments	10,201,090	3,213,417
Accrual by profits	(1,677,746)	(1,123,590)
31 December	12,450,380	3,927,037
NET EXPENDITURE FINANCED BY THE FUND		
1 January	-	-
Expenditure	9,543,138	-
Accrual by profits	(9,543,138)	-
31 December	-	-
TOTALS		
1 January	44,431,322	42,203,090
Additions	4,735,143	3,331,000
Uses	(22,744,228)	(3,213,416)
Investments	10,201,090	3,213,417
Expenditure	9,543,138	-
Accrual by profits	(11,220,885)	(1,123,590)
Transfers	21,291	20,822
31 December	34,966,872	44,431,322

These amounts are from equipment and material renewal funds, which represent the liabilities set out in the law governing the Gaming Department with regard to funds for restructuring and investing in the system and games equipment (see Note 9 – Other financial assets). These additions result from amounts withheld for the equipment and material renewal fund, whose scope was altered by Decree-Law 153/2000 of 21 July. For games whose fund had already been fully constituted, the amounts were for replenishing the fund as a result of investments made and spending on projects during the period. The amount of accrual by profits is the result of offsetting depreciation of investments and expenditure financed by the fund.

As set out in Decree-Law 200/2009 of 27 August, transfers are to repay the amount used from the equipment and material renewal fund to set up the fund guaranteeing a minimum first prize in the Totoloto (pursuant to Ministerial Order 102/2011 of 11 March, the fund was also made responsible for guaranteeing payment of special-category Lucky Number winnings, when necessary).

Uses correspond to investments made with monies from the fund.

18. PROVISIONS

As at 31 December 2014 and 2015, the details of provisions were as follows:

	Lawsuits	Payr	ments of winnir	ngs
		Joker	Totobola	Totoloto
1 January 2014	423,853	464,497	74,820	423,978
Allocation	691,641	787,371	-	-
Use	-	(492,758)	-	-
Reversal	(357,795)	-	-	-
31 December 2014	757,699	759,110	74,820	423,978
Current balance	-	-	-	-
Non-current balance	757,699	759,110	74,820	423,978
1 January 2015	757,699	759,110	74,820	423,978
Allocation	-	603,522	-	-
Use	-	(1,248,687)	-	-
Reversal	-	-	-	-
31 December 2015	757,699	113,944	74,820	423,978
Current balance	-	-	-	-
Non-current balance	757,699	113,944	74,820	423,978

	Payments of winnings		Other provisions	Total
	Euromillions	Fixed odds sports betting	·	
1 January 2014	59,592,258	-	-	60,979,406
Allocation	9,170,234	-	-	10,649,245
Use	-	-	-	(492,758)
Reversal	-	-	-	(357,795)
31 December 2014	68,762,491	-	-	70,778,097
Current balance	-	-		-
Non-current balance	68,762,491	-	-	70,778,097
1 January 2015	68,762,491	-	-	70,778,097
Allocation	8,205,616	3,653,922	1,400,000	13,863,059
Use	-	-	-	(1,248,687)
Reversal	-	-	-	-
31 December 2015	76,968,107	3,653,922	1,400,000	83,392,469
Current balance	-	-	-	-
Non-current balance	76,968,107	3,653,922	1,400,000	83,392,469

18.1. LAWSUITS

This is a provision set up in accordance with the Gaming Department's assessment of its exposure to legal contingencies, such as civil suits against it.

18.2. PAYMENTS OF WINNINGS

Provisions are set up for payment of game winnings on the basis of the assumptions set out in the laws regulating the operation of gaming. The Gaming Department is obliged to reserve certain percentages of receipts from the Totoloto, Totobola, Joker, Euromillions and fixed odds sports betting for possible claims to winnings (see Note 3.13 – Provisions). The variation was due to an increase in the provision for payment of Euromillions winnings. It had not yet reached the limit established in the republication of Decree-Law 210/2004 in Decree-Law 44/2011 of 24 March and also due to its use in payments of Joker prizes and the resulting booster.

An initial amount of \leq 3,000,000 was set up in the fund for payment of winnings in fixed odds sports betting by use of the equipment and material renewal fund.

18.3. OTHER PROVISIONS

As a precaution, a provision of \leq 1,400,000 was set up for a possible need to recapitalise our pension fund in 2015.

19. LIABILITIES FOR POST-EMPLOYMENT AND OTHER BENEFITS

The pension fund was set up to guarantee a part of the benefits set out in the Civil Service Statute, corresponding to the length of time from the date of registration with Social Security to the date of registration with Caixa Geral de Aposentações (CGA), plus the retirement supplements provided for in Decree-Law 247/80 of 24 July and Decree-Law 94/2000 of 23 May. The Gaming Department contributes to an independent pension fund to cover liabilities for retirement pension supplements. It transfers to it all liabilities and allocations necessary to cover expenses falling due in each period.

)

In general terms, the impact of these plans on the Gaming Department's financial statements is as follows:

		(euros)
	2015	2014
Impact on balance sheet		
Pension supplements	(1,052,200)	(22,461)
	(1,052,200)	(22,461)
Impact on income statement		
Pension supplements	(1,029,739)	(209,989)
	(1,029,739)	(209,989)

The lower degree of coverage of liabilities by the fund's assets in 2015 than in 2014 had a negative impact on profits in 2015, i.e. a €1,029,739 increase in personnel costs.

An actuarial study conducted by an independent body to calculate accumulated liabilities as at 31 December 2015 maintained the same assumptions as the previous year, as follows:

	2015	2014
Annual discount rate	4.5%	4.5%
Annual salary growth rate	0%	0%
Annual pension growth rate		
То 2020	0%	0%
After 2020	1.25%	1.25%
Mortality table	LT 88/90	LT 88/90
Disability table	EVK80	EVK80

The projected unit credit method was used to determine current defined benefits.

19.1. PENSION PLAN

As at 31 December 2014 and 2015, coverage of the Gaming Department's liabilities for the fund's assets was as follows:

		(euros)
	2015	2014
Present value of obligation	(15,156,084)	(15,604,679)
Fair value of plan's assets	14,103,885	15,582,218
Impact on balance sheet	(1,052,200)	(22,461)

Details of changes in the present value of liability for the pension plan as at 31 December 2014 and 2015 are as follows:

		(euros)
	2015	2014
1 January	15,604,679	16,332,349
Interest costs	666,899	709,888
Payment of benefits	(1,369,778)	(1,421,510)
Actuarial gains/losses	254,285	(16,048)
31 December	15,156,084	15,604,679

The assets of the funds for financing the above liabilities were as follows as at 31 December 2014 and 2015:

		(euros)
	2015	2014
1 January	15,582,218	16,519,878
Actuarial gains/losses	(770,253)	(230,526)
Benefits paid	(1,369,778)	(1,421,510)
Expected return on fund assets	661,698	714,376
31 December	14,103,885	15,582,218

The pension fund consisted entirely of the following assets as at 31 December 2014 and 2015:

		(euros)
	2015	2014
Bonds	54,883,341	57,146,440
Short-term deposits	6,966,524	12,407,946
Structured products	-	500,900
Investment funds	5,353,501	5,957,067
	67,203,366	76,012,352

The plan's impact on the income statement was as follows:

		(euros)
	2015	2014
Interest costs	(666,899)	(709,888)
Actuarial gains and losses	(1,024,538)	(214,477)
Estimated return on plan's assets	661,698	714,376
Total included in personnel costs	(1,029,739)	(209,989)

FINANCIAL STATEMENTS

20. WINNINGS PAYABLE

As at 31 December 2014 and 2015, details of winnings payable were as follows:

			(eur	ros)
		2015		
	Current	Non-current	Total	
Winnings payable	21,837,072	-	21,837,072	
Euromillions – 50%	19,318,914	-	19,318,914	
Euromillions – Prize Guarantee Fund	(14,892,218)	-	(14,892,218)	
Euromillions – Jackpot	(4,426,696)	-	(4,426,696)	
Scratch cards	5,194,201	19,240,933	24,435,135	
Totoloto winnings payment fund	-	22,046,485	22,046,485	
Others	(163,168)	-	(163,168)	
Total winnings payable	26,868,106	41,287,418	68,155,524	

			(euros)
		2014	
	Current	Non-current	Total
Winnings payable	22,557,513	-	22,557,513
Euromillions – 50%	20,279,198	-	20,279,198
Euromillions – Prize Guarantee Fund	(20,279,198)	-	(20,279,198)
Euromillions – Jackpot	-	-	-
Scratch cards	6,799,239	11,088,583	17,887,823
Totoloto winnings payment fund	-	17,785,165	17,785,165
Others	(47,000)	-	(47,000)
Total winnings payable	29,309,753	28,873,749	58,183,501

Winnings payable: balance of winnings payable in betting games, fixed odds sports betting and the national lottery Winnings of less than €150 are paid directly by agents, who are then reimbursed by the Gaming Department. Winnings from €150 to €5000 are transferred into a bank account indicated by the winner to the agent. Any other winnings are paid directly by the Gaming Department;

Euromillions – 50%: 50% of sales intended for winnings

EM – *Prize Guarantee Fund*: a reserve fund for the Euromillions used to pay *jackpots*, serving only for fulfil game obligations

Euromillions – *Jackpot*: balance for payment of *jackpot* winnings These three Euromillions accounts must be analysed together.

Scratch cards: balance for payment of winnings in the "Pé de Meia", "Super Pé de Meia", "Mega Pé de Meia" and "Mini Pé de Meia" games, which involve monthly payments to winners for a maximum of 14 years;

Fund for payment of Totoloto winnings: guaranteeing a €1,000,000 minimum for payment of the first prize, pursuant to Decree-Law 200/2009 of 27 August and, when necessary, the right to payment of special Lucky Number prizes, as set out in Ministerial Order 102/2011 of 11 March.

21. TRADE PAYABLES

As at 31 December 2014 and 2015, details of trade payables were as follows:

						(euros)
		2015			2014	
Description	Current	Non- current	Total	Current	Non- current	Total
General trade payables	12,183,566	-	12,183,566	4,565,028	-	4,565,028
Total trade payables	12,183,566	-	12,183,566	4,565,028	-	4,565,028

As at 31 December 2014 and 2015, the most substantial trade payables balances refer to the following suppliers:

		(euros)
Supplier	2015	2014
Gtech Foreign Holding Corporation	5,687,284	-
Cofina Media, S.A,	912,679	-
Scientific Games International Limited	832,791	471,360
MEO – Serviços de Comunicações Multimédia, S.A.	466,876	737,549
ENERRE Produtos e Representações, LDA	383,760	-
Fuel Publicidade, LDA	378,338	70,886
TVI – Televisão Independente, S.A.	255,566	470,104
Radiotelevisão Portuguesa, S.A	348,574	134,984
Urbanos – Distribuição Expresso, S.A.	319,651	-
Urbanos, Soluções S.A.	13,647	331,250
OliveDesportos	273,333	328,000
Others	2,311,069	2,020,895
TOTAL	12,183,566	4,565,028

As at 31 December 2015, €29,648 was recorded as advances to suppliers (2014: €42,668).

22. OTHER ACCOUNTS PAYABLE

As at 31 December 2014 and 2015, details of other accounts payable were as follows:

						(euros)
		2015			2014	
Description	Current	Non- current	Total	Current	Non- current	Total
Investment suppliers	1,212,766	-	1,212,766	390,577	-	390,577
Other creditors						
Profits - anticipated earnings	128,023,501	-	128,023,501	99,655,784	-	99,655,784
Beneficiaries of legal deductions	3,202,709	-	3,202,709	-	-	-
Beneficiaries through retained earnings	5,219,351	-	5,219,351	-	-	-
Related parties	3,676,058	-	3,676,058	554,926	-	554,926
Agent security deposits (cash)	10,376,039	-	10,376,039	9,613,122	-	9,613,122
Portal cards	3,519,391	-	3,519,391	3,333,481	-	3,333,481
Portal sales	988,259	-	988,259	644,887	-	644,887
Others	93,331	-	93,331	68,711	-	68,711
Accrued expenses creditors	37,698,324	-	37,698,324	43,326,803	-	43,326,803
Other accounts payable	194,009,727	-	194,009,727	157,588,291	-	157,588,291

Investment suppliers: the outstanding balance on 31 December 2015 is for pending billing of tangible and intangible assets purchased.

Profits - anticipated earnings: an account for recording profits to be distributed to games beneficiaries, pursuant to Decree-Law 56/2006 of 15 March, as amended by Decree-Law 44/2011 of 24 March and Decree-Law 106/2011 of 21 October

Beneficiaries of legal deductions: a current account with beneficiaries of legal deductions from receipts from fixed odds sports betting, pursuant to Decree-Law 67/2015 of 29 April and Ministerial Order 315/2015 of 30 September

Beneficiaries through retained earnings: a current account with beneficiaries after a decision to distribute retained earnings resulting from the transition in 2010 from the former official accounting scheme (POC) to the new Portuguese accounting standards (SNC), as required by law. In this transition process resulting from changes in accounting standards, adjustments were made to the Gaming Department's equity and duly disclosed in the 2010 annual report and accounts. These adjustments to the net profits from betting games in previous years are distributed to beneficiaries as follows:

		(euros)
	Beneficiaries	Retained earnings 2010
s a	Autoridade Nacional de Proteção Civil (Civil Defence Authority)	144,576.02
Ministry of Internal Affairs	Ministry of Internal Affairs Secretariat (social risks)	15,658.05
∑fod	Ministry of Internal Affairs Secretariat (policing of sports events)	36,013.52
	tão da Tesouraria e da Dívida Pública IGCP, E.P.E. blic Debt and Treasury Management)	119,001.20
rs rs	Fundo de Fomento Cultural (Cultural Development Fund)	182,696.59
^D residency of the Council of Ministers	Instituto Português do Desporto e Juventude (Portuguese Sports and Youth Institute)	487,957.37
Presi the of N	Gabinete da Secretária de Estado para a Cidadania e Igualdade (Secretary of State for Youth and Citizenship)	26,129.38
Ministry of Labour, Solidarity and Social Security	Instituto de Gestão Financial da Segurança Social, IP (Social Security Financial Management Institute)	1,739,609.63
Mini of La Solid Secu	INATEL (social and senior tourism and organisation of leisure activities)	62,110.27
Ministry of Heal	th	858,061.28
Ministry of Education	School sports	52,193.51
Minis Educ	Upper secondary school students	25,574.82
Madeira Regional Sport and Youth Department		10,438.70
Azores Sports Institute		10,438.70
Santa Casa da I	1,448,891.79	
TOTAL		5,219,350.83

Related parties: an account for transactions on current account between Santa Casa and the Gaming Department

Retailers' security deposits (cash): balance of security deposits made by JSC retailers enabling them to sell games at their points of sale

Portal cards: current account in favour of bettors after crediting gaming cards

Portal sales: balance of recognised gaming sales in the last week of the calendar year

Accrued expenses creditors: this	balance shows sundry	accrued costs	
, which can be summarised as follows:			
		(euros)	
Accrued expenses creditors	2015	2014	
Remuneration payable	2,218,900	1,651,670	
Scratch card winnings	31,238,435 33,837,7		
Other accrued expenses creditors	3,909,325 6,342,6		
National lottery	- 1,162,8		
Totoloto	58,985 65,5		
Euromillions	272,678 266,4		
TOTAL	37,698,324 43,326,8		

Remuneration payable: accrual of employee pay resulting from rights acquired and recognised during the period and payable the following one

Scratch card winnings: accrual on the basis of deviation of actual winnings paid from winnings calculated in accordance with the payout, which varies between 50% and 70% of the capital issued, depending on the game

Other accrued expenses creditors: accrual of sundry operating costs (advertising and servicing of game terminals, among others

National lottery: Accrual of fees paid to agents by bettors, depending on date of draw Totoloto: Accrual of fees paid to agents by bettors, depending on date of draw Euromillions: Accrual of fees paid to agents by bettors, depending on date of draw

23. DEFERRALS – INCOME TO BE RECOGNISED

As at 31 December 2014 and 2015, the following balances were recorded under deferrals income to be recognised

Advance sales Income to be recognised

Advance sales: this balance shows the accrual of sale of betting game, national lottery and fixed odds sports betting whose draws or events will only take place after the balance sheet date, e.g. the Reis lottery.

	(euros)
2015	2014
6,590,610	7,508,370
6,590,610	7,508,370

24. REVENUE

The details of revenue recognised in the income statement are as follows:

			(euros)
		2015	
GROSS GAME SALES			
Totobola		11,346,100	
Totoloto		129,036,866	
Joker		35,632,865	
Euromillions		820,542,070	
The traditional lottery		51,813,984	
People's Lottery		25,057,265	
Scratch cards		1,101,510,844	
Fixed odds sports betting		65,390,867	
	Subtotal	2,240,330,860	
STAMP DUTY			
Totobola		(488,588)	
Totoloto		(5,556,611)	
Joker		(1,534,430)	
Euromillions		(35,334,347)	
The traditional lottery		(2,231,230)	
People's Lottery		(1,079,021)	
Scratch cards		(47,433,481)	
Fixed odds sports betting		(2,815,875)	
	Subtotal	(96,473,583)	
WINNINGS			
Totobola		(6,807,827)	
Totoloto		(70,971,439)	
Joker		(19,598,569)	
Euromillions		(410,280,852)	
The traditional lottery		(35,564,864)	
People's Lottery		(17,106,191)	
Scratch cards		(691,994,055)	
Fixed odds sports betting		(43,279,391)	
	Subtotal	(1,295,603,186)	
RETAILERS' FEES PAID BY PLAYER	RS		
Totobola		(731,349)	
Totoloto		(8,408,104)	
Joker		(2,347,963)	
Euromillions		(38,927,683)	
The traditional lottery		(5,863,536)	
People's Lottery		(2,686,583)	
Scratch cards		(108,723,243)	
Fixed odds sports betting		(3,269,543)	
	Subtotal	(170,958,005)	
LEGAL DEDUCTIONS FROM RECEIF			
Fixed odds sports betting		(3,597,896)	
Subtotal		(3,597,896)	
NET GAME SALES		673,698,190	
Other sales		11,390	
	TOTAL	673,709,579	

		2014	
		2014	
GROSS GAME SALES			
Totobola		10,235,785	
Totoloto		126,190,792	
Joker		39,366,923	
Euromillions		916,971,655	
The traditional lottery		51,061,740	
People's Lottery		25,729,626	
Scratch cards		710,778,866	
Fixed odds sports betting		-	
	Subtotal	1,880,335,387	
STAMP DUTY			
Totobola		(440,775)	
Totoloto		(5,434,053)	
Joker		(1,695,226)	
Euromillions		(39,486,818)	
The traditional lottery		(2,198,831)	
People's Lottery		(1,107,974)	
Scratch cards		(30,607,053)	
Fixed odds sports betting		-	
:	Subtotal	(80,970,731)	
WINNINGS			
Totobola		(6,141,815)	
Totoloto		(69,407,727)	
Joker		(21,652,690)	
Euromillions		(458,511,676)	
The traditional lottery		(45,212,150)	
People's Lottery		(17,027,636)	
Scratch cards		(447,651,645)	
Fixed odds sports betting		-	
	Subtotal	(1,065,605,339)	
RETAILERS' FEES PAID BY PLAYERS			
Totobola		(668,524)	
Totoloto		(8,243,282)	
Joker		(2,598,953)	
Euromillions		(43,516,548)	
The traditional lottery		(5,848,226)	
People's Lottery		(2,800,017)	
Scratch cards		(69,989,816)	
Fixed odds sports betting		-	
	Subtotal	(133,665,366)	
LEGAL DEDUCTIONS FROM RECEIPTS			
Fixed odds sports betting		-	
Subtotal		-	
NET GAME SALES		600,093,952	
Other sales		13,613	
	TOTAL	600,107,565	

FINANCIAL STATEMENTS

Gross game sales: income from sales at points of sale and on the Jogos Santa Casa Portal net of returns up to the date of the draw or event (see Note 3.20 - Revenue)

Stamp duty: effect of 4.5% stamp duty on games borne by the Gaming Department Stamp duty has been included in stakes since September 2009

Winnings: amounts won in games recognised in the period

Retailers' fees paid by players: remuneration included in the stake, as mentioned in Note 3.20 - Revenue

Legal deductions from fixed odds sports betting: amounts deducted, as set out in Decree-Law 67/2015 of 29 April For the purpose of these deductions, we consider the receipts from betting slip sales, regardless of the date of the events.

Decree-Law 67/2015 of 29 April sets out the following deductions from receipts:

- 2% for Santa Casa da Misericórdia de Lisboa
- 3.5% for the organisations to which the bet refers to be divided among clubs or players, as the case may be, plus the federation organising the event, including leagues, if any.

Ministerial Order 315/2015 of 30 September lays down the conditions for allocating the 3.5% of receipts pursuant to Article 12 (2) (c) of the legal framework on the operation fixed odds sports betting approved by Decree-Law 67/2015 of 29 April.

Distribution to beneficiaries of legal deductions from fixed odds sports betting is as follows:

		(euros)
	2015	2014
LEGAL DEDUCTIONS FROM RECEIPTS		
Santa Casa da Misericórdia de Lisboa	1,308,326	-
Federação Portuguesa de Futebol (Portuguese Football Federation)	1,349,795	-
Federação Portuguesa de Ténis (Portuguese Tennis Federation)	44,040	-
Federação Portuguesa de Basquetebol (Portuguese Basketball Federation)	137,896	-
Liga Portuguesa de Futebol Profissional (Portuguese Professional Football League)	757,839	-
TOTAL	3,597,896	-

25. OPERATING GRANTS

Income recognised as operating grants comes from the funding of a vocational internship by Instituto de Emprego e Formação Profissional (Employment and Vocational Training Institute)

26. COST OF GOODS SOLD AND MATERIALS CONSUMED

Details of the cost of goods sold and materials consumed in 2014 and 2015 are as follows:

Scratch cards
Betting slips
Fixed odds sports betting slips
Thermal paper
Game consumables
Cost of goods sold and materials consumed

Reconciliation of the cost of goods sold and materials consumed as at 31 December 2014 and 2015 was as follows:

Opening inventory
Purchases
Settlements
Closing inventory
Cost of goods sold and materials consumed

		(euros)
2015	2014	
9,314,054	6,422,804	
417,742	452,163	
143,085	-	
2,279,495	2,127,139	
208,125	184,532	
12,362,500	9,186,639	

	(euros)
2015	2014
5,503,149	5,145,277
12,460,769	9,631,583
(382)	(87,073)
5,601,035	5,503,149
12,362,500	9,186,639

27. SUPPLIES AND SERVICES

As at 31 December 2014 and 2015, details of supplies and services were as follows:

		(euros)
	2015	2014
Communications	3,435,076	3,871,207
Maintenance and repairs	5,079,355	8,603,011
Advertising and marketing	23,579,683	17,311,287
Transport of goods and valuables	1,918,734	1,920,232
Rent on buildings	1,573,266	1,077,193
Specialised work	8,583,412	1,649,955
Others	4,132,008	3,379,309
Supplies and Services	48,301,534	37,812,196

28. PERSONNEL COSTS

The personnel costs incurred in 2014 and 2015 were as follows:

			(euros)
		2015	2014
REMUNERATION			
Governing bodies and judging panels of draws a claims	and	233,073	230,290
Personnel		13,498,973	11,952,626
	Subtotal	13,732,046	12,182,916
SOCIAL CONTRIBUTIONS			
Retirement benefits		1,029,739	209,989
Payroll expenses		3,007,065	2,687,183
Social welfare expenses		31,021	37,237
Others		115,103	321,904
	Subtotal	4,182,927	3,256,314
Personnel costs		17,914,973	15,439,230

The most important were:

- Recognition of actuarial losses and income expected from the funds, minus the cost of current services and interest, which had a €1,029,739 impact on profits, as described in Note 19
- Personnel costs associated with allocation by services in question totalled €5,662,716 in 2015 (2014: €4,659,407).

The Gaming Department had 308^{employees} as at 31 December 2015 (2014: 304).

29. INTEREST AND SIMILAR INCOME

The details of interest and similar income in 2015 were as follows:

		(euros)
	2015	2014
INTEREST AND SIMILAR INCOME		
Interest earned (current accounts)	5,142	29,795
Interest earned (term deposits)	1,568,812	3,182,810
Others loans granted	-	69,428
Other interest	(16,852)	16,583
	1,557,102	3,298,615

30. OTHER INCOME AND GAINS

Other income and gains are as follows:

		(euros)
	2015	2014
Expired unclaimed winnings	8,551,326	9,088,630
Prior-year corrections	782,418	530,120
Settlement of online expenditure	11,220,885	1,123,590
Others	523,963	639,529
Total other income and gains	21,078,592	11,381,870

Expired unclaimed winnings: income from the expiry of game prizes after the 90 days in which they can be claimed

31. OTHER COSTS AND LOSSES

Other costs and losses are as follows:

	2
Bank fees	
Others	
Total other costs and losses	1

	(euros)
2015	2014
945,791	1,024,386
476,889	283,607
1,422,681	1,307,992

⁴ As at 31 December 2015, the Gaming Department had 308 employees, plus nine on extended leave (over 30 days).

32. INTEREST AND SIMILAR COSTS

Interest and similar costs were as follows in the period:

		(euros)
	2015	2014
Interest and similar costs		
Others	1,330,565	537,767
	1,330,565	537,767

33. COMMITMENTS

The Gaming Department's commitments have to do with operational leasing.

Summary of rents payable under operational leasing agreements in effect on 31 December 2015

				(euros)
Rents payable	< 1 year	1 – 5 years	> 5 years	Total
Vehicles	200,120	185,823	-	385,943
	200,120	185,823	-	385,943

34. ENVIRONMENTAL MATTERS

In 2015, the Gaming Department did not bear any significant environmental expenses in the course of its business.

As at 31 December 2015 the financial statements do not contain any environmental liabilities or contingencies, as the Gaming Department is of the opinion that it had no obligations or contingencies resulting from past events resulting in materially relevant expenses to the department.

35. RELATED PARTIES

The Gaming Department belongs to Santa Casa, which acts under the oversight of the Ministry of Labour, Solidarity and Social Security.

35.1. REMUNERATION OF GOVERNING BODIES

According to NCRF 5, the Gaming Department's governing bodies (executive director and panels of judges for draws and complaints) were considered to be its only key management members. In 2015, the Gaming Department's governing bodies' remuneration totalled €233,073.

Salaries	
Remuneration of judging panels of draws and complaints	
TOTAL	

The Gaming Department bore 49% of the remuneration of the executive director.

35.2. TRANSACTIONS BETWEEN RELATED PARTIES

NATURE OF RELATIONSHIP WITH RELATED PARTIES Accounting entities (with no legal personality) of Santa Casa da Misericórdia de Lisboa: Santa Casa da Misericórdia de Lisboa - Central Services (Santa Casa) Escola Superior de Saúde do Alcoitão (ESSA) Centro de Medicina e Reabilitação do Alcoitão (CMRA)

PENDING TRANSACTIONS AND BALANCES

Accounting entities (with no legal personality) of Santa Casa da Misericórdia de Lisboa: In 2014 and 2015, the Gaming Department carried out the following transactions with these entities:

F	Provision of services
0	Santa Casa
E	ESSA
	TOTAL

	(euros)
2015	2014
38,779	39,736
194,294	190,554
233,073	230,290

		(euros)
2015	2014	
3,348		-
3,749		-
7,097		-

PAYABLES AND RECEIVABLES

At the end of 2014 and 2015, the balances of related parties consisted of the distribution of profits and remunerations, procurement of goods and services from third parties, acquisition of tangible fixed assets and intangible assets, taxes and interest.

	2015		
	Payables	Receivables	
OTHER ACCOUNTS RECEIVABLE AND PAYABLE			
anta Casa			
Remuneration	-	733,865	
Procurement of goods and services	-	2,637,914	
Acquisition of fixed assets	-	27,232	
Taxes	-	234,518	
Interest	-	42,644	
	-	3,676,175	
entro de Medicina de Reabilitação o Alcoitão (CMRA)		-,	
Remuneration	-	-	
Procurement of goods and services	-	-	
Acquisition of fixed assets	-	-	
Taxes	-	-	
Interest	-	-	
—	_	-	
scola Superior de Saúde do Alcoitão ESSA)			
Remuneration	-	-	
Procurement of goods and services	117	-	
Acquisition of fixed assets	-	-	
Taxes	-	-	
Interest	-	-	
	117	-	
OTHER ACCOUNTS RECEIVABLE AND PAYABLE - SUMMARY BY NATURE			
Remuneration	-	733,865	
Procurement of goods and services	-	2,637,798	
Acquisition of fixed assets	-	27,232	
Taxes	-	234,518	
Interest	-	42,644	
	-	3,676,058	
DISTRIBUTION OF PROFITS		, , , , , , , , , , , , , , , , , , , ,	
Santa Casa	_	34,094,770	
Alcoitão Medical Rehabilitation Centre	-	442,651	
Santa Casa through retained earnings		1448 892	
Santa Casa through retained earnings		1,448,892 35,986,313	

		(eur	
		2014	
	Payables	Receivables	
OTHER ACCOUNTS RECEIVABLE A PAYABLE	ND		
Santa Casa			
Remuneration	233,201	-	
Procurement of goods and services	-	167,683	
Acquisition of fixed assets	-	27,232	
Taxes	-	227,796	
Interest	-	132,215	
	233,201	554,926	
Centro de Medicina de Reabilitação lo Alcoitão (CMRA)			
Remuneration	-	-	
Procurement of goods and services	-	-	
Acquisition of fixed assets	-	-	
Taxes	-	-	
Interest	-	-	
		-	
scola Superior de Saúde do Alcoitão (E	SSA)		
Remuneration	-	-	
Procurement of goods and services	-	-	
Acquisition of fixed assets	-	-	
Taxes	-	-	
Interest	-	-	
	-	-	
OTHER ACCOUNTS RECEIVABLE A PAYABLE - SUMMARY BY NATURI			
Remuneration	233,201	-	
Procurement of goods and services		167,683	
Acquisition of fixed assets	-	27,232	
Taxes	-	227,796	
Interest	-	132,215	
	233,201	554,926	
DISTRIBUTION OF PROFITS		001,720	
Santa Casa		24,751,891	
Alcoitão Medical Rehabilitation Centre		497,336	
Santa Casa through retained earnings		T/1,000	
		25,249,227	
OTAL	233,201	25,804,153	
Executive Director	Executive Director	Director of Financial Management	
Redro Pontana Lopes	()	fle).	

(Pedro Miguel de Santana Lopes)

(Edmundo Emílio Mão de Ferro Martinho)

FINANCIAL STATEMENTS

(André Casanova Matos Prado Lyra)

