Transportes de Lisboa

Report and accounts 2012

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Contents


MARIA KEIL

The Chairman's message

The Annual Report 2012 highlights, with accuracy and precision, the activity of Metropolitano de Lisboa (ML) and the results obtained.

The Management Board appointed in August 2012, which is common to CARRIS, S.A., continued the strategy that was being followed whose positive results have been recognised, reaching the targets set as the report shows.

The Board has a clear mandate to implement the operational merger of METROPOLITANO DE LISBOA and CARRIS, as well as to develop the necessary actions for the opening of the management of concessions to private companies, which led to the adoption of a diverse set of actions whose outcome will have increased visibility in 2013.

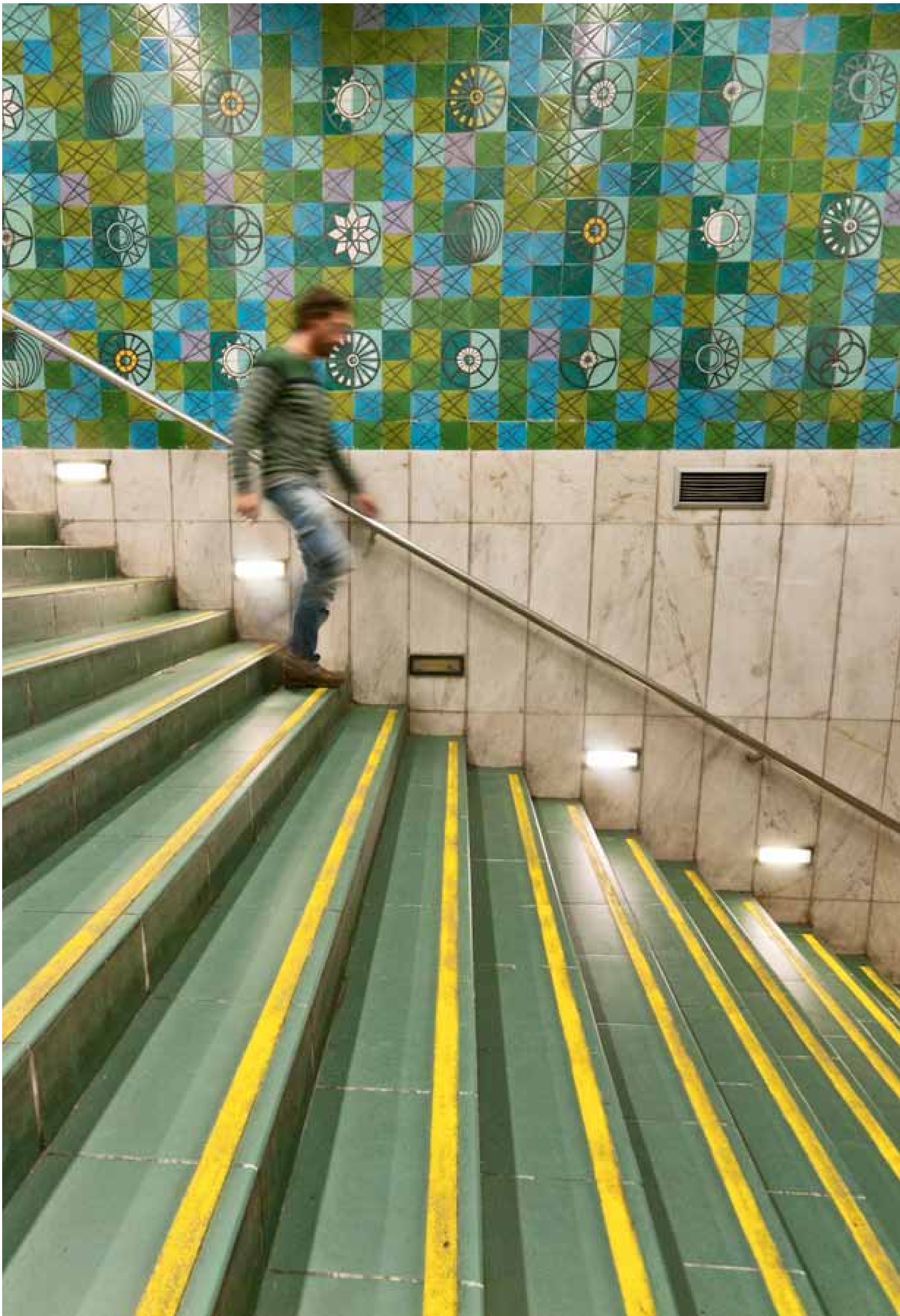
In the new cycle that started in 2012, and the emergence of a new paradigm in the transport sector, it is expected that the ML within a new framework, more flexible and market-focused, will proceed and enhance its competitiveness and sustainability as a transport undertaking.

People and their ability to work as a team with ambition have been the determining factor in building a more sustainable company.

The vast majority of these human resources, with their capabilities, will build the future of Metropolitano de Lisboa.

Lisbon, May 31, 2013

José Manuel Silva Rodrigues



Rossio station

Review of the year 2012

The year 2012 was marked by a very complex economic environment and changes in the paradigm of managing our businesses, particularly in the transport sector.

The results in 2012 materialised the change we live in our society, with varying social structures which affected inevitably our kind of life and mobility, forcing us to think in new ways of management and strategy for our business.

In August 2012, the new governing bodies were appointed for the term 2012/2014, with the particularity of being common to METROPOLITANO DE LISBOA and CARRIS.

In September of the same year, the ML was subject to an organisational adjustment at both operational and corporate services. Also at the level of Company management, a Contract Management was presented to the Line Ministry, based on three fundamental pillars: increased efficiency, operational balance and promotion of intermodal public transport.

In terms of performance, the ML materialised a significant reduction in operating costs and an increase in operating income, which achieved a positive EBITDA of 20.9 million Euros.

The compensation awarded by the State was 44 million Euros, 4.8% more than in the previous year. Operating subsidies stood at 46 million, 2.0% more than in 2011.

The coverage ratio of operating expenses by operating income (without operating subsidies and own work) was 65% in 2012, up 24% year-over-year, thus reflecting the improved operating performance of the Company.

The coverage ratio of operating expenses by fare revenues (without operating subsidies) was 52% in 2012 and 31% in 2011. There was thus a very significant improvement in the Company's operating performance.

The financial result amounted to -75.1 million Euros, slightly improving the results obtained in 2011 (+0.1%).

The financial costs associated with the activity of Durable Infrastructure Investments (ILD) have absorbed the best operational performance achieved in recent years.

Considering the objective of improved payment terms to suppliers, within a framework of great financial constraint, this ratio fell to 113 days.

In December 2012, Standard & Poor's (S&P) revised upwards the rating of ML, from CCC+ to B, with a negative outlook.

The financial results of associated companies include participation in Ferconsult, S.A. and Metrocom, and the Company will prepare and submit separate consolidated accounts of the ML and its subsidiaries.

The expansion / modernisation investment amounted to 16.71 million Euros. In 2012, the Red line extension between Oriente and Aeroporto was completed, totalling 3.6 km and 3 new stations (Moscavide, Encarnação and Aeroporto). With this extension, the ML increased its network structure, allowing access to the Airport and the road rail link to the Oriente Intermodal Station.

The fall in demand in 2012 was 13.9% due to a variety of factors, including those resulting from the economic recession and the fraud rise.

In terms of supply there was a 19.4% reduction, thus allowing an adjustment to the demand to increase efficiency.

Social conflict in the Company worsened and penalised the regular supply of the service, which had a negative impact on the performance and image of the ML.

Concerning fares, in accordance with the guidelines set by the Government in 2011, further restructuring measures were implemented which allowed an increase in the average fare, and with regard to the methodology for the pass revenue split the coefficients relating to the 2007 survey were applied, highlighting the fact that the total of passengers on the system exceeds the total of passenger sales.

Despite the budgetary constraints of the Company, by applying the Law of Commitments and Late Payments (LCPA), Law n. 8/2012 of February 21, with a strong reduction in supplies and external services in the ML management, the Company continued several marketing actions of which we underline the following external campaigns: "The Metro takes you to the whole World" at the inauguration of the Red line – Oriente / Aeroporto, a branding campaign on the slogan "Together on the Same Journey" following the establishment of a Management Board common to CARRIS / METRO. In 2012, there was a growth of 93.4% in non-fare revenue, primarily due to the "Naming Rights" project at the Baixa-Chiado PT Blue Station.

With regard to staff, resulting from the application of the State Budget Law, there was a decrease of 65 employees which represented a decrease of 4.1%.

In 2012, work continued in view of the Company's Environmental Certification according to NP EN ISO 14001:2004, integrating the Quality Management System certified in 2011.

The international relations of the ML, either through direct contacts with similar companies or international organisations of which is a member, has assumed great importance.

The strategy of the new Management Board, also common to CARRIS, composed of 4 elements, is based on the increased efficiency, the growth of the market share of public transport and preparation for the opening of the Company's management to private entities, following Government guidance. It is on these axes that management has strengthened cooperation with CARRIS in view of the goals of integration and intermodality between transport modes metro, trams and buses, which in terms of the external image were materialised with the signature "Together on the Same Journey".

S. Sebastião station

2. Economic and financial management

The following factors have marked the economic and financial management of the ML in the year 2012:

- Integration in the consolidation of the State, with the consequent obedience to LCPA (Law n. 8/2012, of February 21) and the State's budgetary discipline;
- The conferral of the management of the derivatives portfolio to the Portuguese Treasury and Debt Management Agency (IGCP), with the signing of a trustee contract in the last quarter.
- At the same time, the State has maintained the policy adopted in 2011, awarding the status of Reclassified State-Owned Enterprise (EPR), thus financially supporting the ML by providing the necessary funds for the Company to meet its commitments.
- Correction of the fare revenue split from the sales of METRO / CARRIS shared tickets, according to the findings of the traffic survey conducted in 2007.
- These factors, combined with the process of cost containment initiated in the previous year, allowed the Company to record considerable performance improvements in the public transport service operation, with a very significant increase in operating results.

2.1. Economic analysis

In 2012, the result before tax amounted to -77 million Euros, an improvement of 47% compared to the results in the previous year.

This development resulted mainly from the improvement seen in operating results, with EBITDA growing 350% to 20.9 million Euros and a sharp decrease of the negative variations in fair value of financial risk management instruments.

Income and costs

Unit: €

Income and costs	Period 2012	2011
EBITDA	20 878 455	4 637 740
Income before depreciation, financing expenses and taxes	25 562 300	(39 231 186)
Operating income (before financing expenses and taxes)	(2 118 348)	(70 771 381)
Income before taxes	(77 234 666)	(145 935 977)
Net income / costs for the year	(77 332 060)	(146 052 279)

The positive trend in EBITDA is due to the combined effect of increase in operating income (9%) and the reduction in staff costs, and supplies and external services.

The increase in operating income comes mainly from a 22.9% growth in sales of tickets and passes, resulting from the aforementioned correction of the revenue split of passes shared with CARRIS passes, as shown in the table below:

Operating income

Unit: €

Operating income	Period 2012	2011	Variation %
Sales of tickets and passes	78 381 310	63 751 751	22.9%
Passes 4_18@escola.tp / sub23@superior.tp / Social +	1 959 571	3 042 649	-35.6%
PAII - Senior citizen's integrated suport	142 623	136 409	4.6%
Compensatory allowance	44 000 000	42 000 000	4.8%
Public service revenue	124 483 503	108 930 809	14.3%
Non-fare revenue	3 351 744	3 931 029	-14.7%
Own work capitalised	4 464 959	5 113 390	-12.7%
Other income and gains	4 611 385	8 539 201	-46.0%
Provisions and reversals	11 386 823	9 554 245	19.2%
Other income	23 814 911	27 137 865	-12.2%
Total	148 298 415	136 068 674	9.0%

The amount of compensatory allowance increased by 4.8%, in line with the sum agreed for 2012. The amount received as compensation for student reduced fares (4_18 / sub23) decreased in proportion to the reduction in the discount applied, which fell from 50% to 25%, whereby the Government now pays the price difference in the Social+ pass, with two discount levels (25% or 50%) according to the beneficiaries' income level. Overall, the revenue of public transport increased by 14% compared to 2011.

The decrease in operating costs of 4.6% was the result of the containment measures implemented in the Company, with significant impact on the evolution of "Supplies and external services" (-7.4%) and "Staff costs" (- 4.5%). Considering the component of the variations in fair value of financial risk management instruments (IGRF), operating costs decreased by 27.3%.

Operating costs

Unit: €

Operating costs	Period 2012	Period 2011	Variation %
Staff costs	75 297 791	78 836 976	-4.5%
Supplies and external services	35 345 628	38 156 119	-7.4%
Cost of goods sold and materials consumed	2 205 404	2 166 757	1.8%
Other costs and losses	2 346 812	1 615 732	45.2%
Amortisation and provisions	27 768 878	31 590 195	-12.1%
Increases / decreases in fair value	6 614 748	53 373 171	-87.6%
Losses imputed of subsidiaries	837 503	1 101 105	-23.9%
Total	150 416 763	206 840 055	-27.3%

The evolution of staff costs resulted from the wage cuts envisaged in the State Budget Law, but takes into consideration the amount of vacation allowance accrued in 2012 and paid in 2013, in accordance with the ruling of the Constitutional Court. The decrease of 147 staff members between 2011 and 2012 also has an important impact on "Staff costs". In 2012, wages fell 8.3% amounting to 46.3 million Euros.

Costs with "Supplies and external services" also reflect the ongoing efforts to streamline the Company, with some noteworthy initiatives such as energy saving measures and optimisation of surveillance and cleaning services that overall were reduced by 7%. The decrease of 8.8% within "Rents and leases" results from the decrease of interest borne in the leasing contracts for rolling stock.

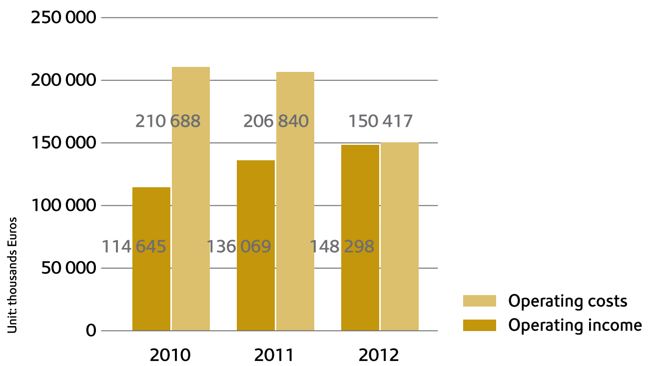
Supplies and external services

Unit: €

Supplies and external services	Period 2012	Period 2011	Variation %
Electricity	7 864 081	8 637 618	-9.0%
Rents and leases	9 342 423	10 242 676	-8.8%
Conservation and repair	5 131 344	4 611 898	11.3%
Cleaning, hygiene and comfort	3 027 963	3 193 976	-5.2%
Surveillance and safety	5 881 152	6 198 377	-5.1%
Specialised work	1 039 670	1 470 136	-29.3%
Other	3 058 995	3 801 438	-19.5%
Total	35 345 628	38 156 119	-7.4%

The following graph compares the evolution of income and operating costs in the last three years, confirming the sustained decrease occurred in recent years:

Evolution of Operating Income / Costs



Consequently, the coverage rate of costs by operating income is very close to balance (98.6%), reflecting the improvement in operation. Excluding the variation in fair value of IGRF, income exceeds operating costs with a coverage rate of 103.1%.

Financial results, although negative, showed a slightly positive trend when compared to the previous year:

Financial results

			Unit: €
	Period		
Financial results	2012	2011	Variation %
Financial investments	-	13 072	-100.0%
Financial operating costs	(50 784 148)	(54 478 698)	6.8%
Financial costs with IGRF - Operating lease	(8 570 460)	(7 596 917)	-12.8%
Income attributed to actuarial study	(15 761 710)	(13 102 053)	-20.3%
Total	(75 116 318)	(75 164 596)	0.1%

The financial costs related to the operation activity improved 6.8% due, on the one hand, to the repayment of short-term debt, through Treasury loans with a more favourable interest and longer terms, and secondly to the positive performance of the operation, which allowed release the funds necessary for current financing.

2.2. Financial management

2.2.1. Total financing needs

In 2012, continuing the process begun in the previous year, the activity of provision of public transport services has improved notably, reaching a balance in operating results. This had significant impact on financing needs, to the extent that the financial flows released by operation were used to cover the costs arising from the financing activities.

Similarly, the investment activity generated positive cash flows by the combined effect of reduced investment, whose payments amounted to 43 million Euros, and increased subsidies from the Central Administration Investment and Expenditure Development Program (PIDDAC) (2.95 million Euros) and the Cohesion Fund (53.4 million Euros), totalling 56.4 million Euros.

The Portuguese State secured funding through loans totalling 648.6 million Euros, meeting the amounts recorded in the Company's budget. This funding enabled the ML to meet its obligations under the debt service, and resulted in an increase of available cash of 24.3 million at year end.

Variation in cash and cash equivalents

			Unit: €
	Period		
Total financing needs	2012	2011	Variation %
Flow of operating activities	23 972 924	8 128 707	194.9%
Flow of investment activities	13 181 070	25 848 740	-49.0%
Flow of financing activities	(12 844 377)	(33 950 914)	62.2%
Variations in cash and cash equivalents	24 309 617	26 533	

One factor contributing to this cash surplus was a lower than budgeted level of operating costs, associated with a more favourable interest rate, in particular for Treasury loans. As noted in the previous table, the flow generated by operation increased approximately 195% as a consequence of the operational balance achieved.

Total financing needs amounted to 654.3 million Euros, of which 436.7 million Euros were used to repay financial liabilities, resulting in a net requirement increase of 187.5 million Euros.

2.2.2. Balance for the year

In 2012, following the Line Ministry guidelines, ML recorded in the balance sheet values of durable infrastructure construction (ILD), clearly showing the impact of investment in infrastructure on behalf of the State and the corresponding funding.

The value of assets amounted to 4,914 million Euros, with the following breakdown:

Total assets

Unit: 10^6 €

Total assets	Period 2012	2011	Variation %
Assets from ILD investment activities	4 414	3 929	12.4%
Operating assets	500	493	1.4%
Total	4 914	4 422	11.1%

In 2012, the ML began operating three new stations in the Red line, thus completing the project to expand the network to the Airport. On the other hand, due to the economic and financial environment, the construction of station Reboleira was suspended and the Company revamped its investment plan, maintaining only the ongoing refurbishment of station Areeiro. Consequently, the value of investment in tangible assets for the State kept the course started the previous year of gradual reduction, with a holding of 30.1 million Euros, down 44% when compared to 2011.

Variations in investment activities with ILD

Unit: €

Variation in investment activities with ILD	2012
Investment activities with ILD :	
Non-current assets	
Tangible fixed assets	30 114 377
Intangible assets	24 508
Subsidies	(56 357 289)
Receivables - State	511 553 275
Total assets	485 334 871
Non-current liabilities:	
Provisions	5 984 262
Financing obtained	31 524 542
Derivatives	345 373 892
	382 882 696
Current liabilities:	
Suppliers	(16 197 360)
Financing obtained	126 989 391
Other payables	8 700 615
	119 492 646
Total liabilities	502 375 342
Total net ILD	(17 040 471)

Interest paid on finance investment in ILD increased significantly due to the combined effect of the growth of debt stock, the rise of the effective interest rate and the cash flow generated by the IGRF. There was also a significant reduction in the amounts owed to suppliers.

Despite the low level of investment, there was an increase in current assets of investment activity in ILD resulting from the increase in the amounts receivable from the State.

The assets allocated to the operation activity had a reduced growth mainly arising from clients and other receivables that on the whole increased by 46%, and the cash balance for the reasons previously mentioned.

In 2012, liabilities totalled 5,829 million Euros, with the following distribution:

Total liabilities

Unit: 10^6 €

Total liabilities	Period 2012	2011	Variation %
Liabilities from investment activities with ILD	4 431	3 929	12.8%
Operating liabilities	1 398	1 333	4.9%
Total	5 829	5 262	10.8%

The growth in liabilities related to the investment activity in ILD derived primarily from the negative variation in fair value of the IGRF, which grew 360 million Euros totalling 1,212 million Euros. Taken together, the responsibilities with IGRF increased 378 million Euros, representing 20% of total liabilities.

Overall, borrowings increased 212 million Euros, representing an increase of 5.1% and the stock of debt represents 60% of the Company's liabilities.

The ML, in the quality of Reclassified State-Owned Enterprise, benefits from Treasury loans to meet its refinancing needs, which allowed reducing the Company's current liabilities by liquidating short-term loans against medium and long-term financing. Thus, it was possible to get a more balanced funding structure, with remunerated liabilities consisting mainly (98.8%) of medium and long-term debt.

Remunerated liabilities

Unit: €

Remunerated liabilities	Period 2012	2011	Absolute variation
Debenture loans	1 340 925 469	1 348 656 837	(7 731 368)
BEI	937 859 103	1 009 361 679	(71 502 576)
Treasury loans	1 262 513 846	613 932 000	648 581 846
Shuldschein	500 000 000	500 000 000	-
Financial leasings	89 809 794	112 446 077	(22 636 283)
Medium and long term debt	4 131 108 212	3 584 396 593	546 711 619
	98.80%	90.30%	
Short term debt	50 000 000	384 887 149	(334 887 149)
	1.20%	9.70%	
Total	4 181 108 212	3 969 283 742	211 824 470

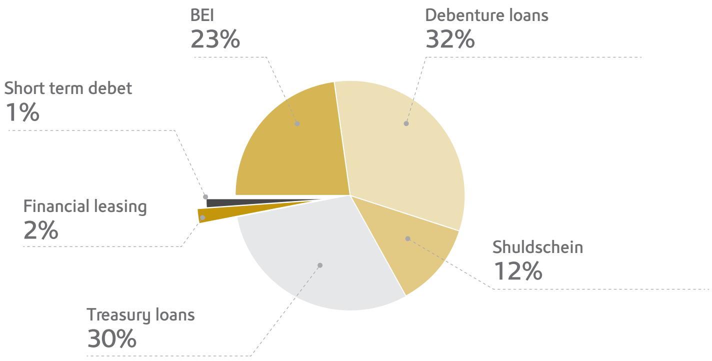
The equity maintained the downward trend, albeit at a slower pace due to the improvement of the income statement. The net impact on equity is partially offset by the recognition in earnings of actuarial gains and derecognising certain costs of loan. Shareholders' equity decreased by 74.8 million Euros.

2.2.3. Evolution of remunerated liabilities

Due to improved operating results and the decrease in investment, ML showed a reduction in financing needs, which translated in a slowdown in the growth of its debt. In 2012, remunerated liabilities increased by 212 million Euros, primarily to pay interest and other financing costs which amounted to 210 million Euros.

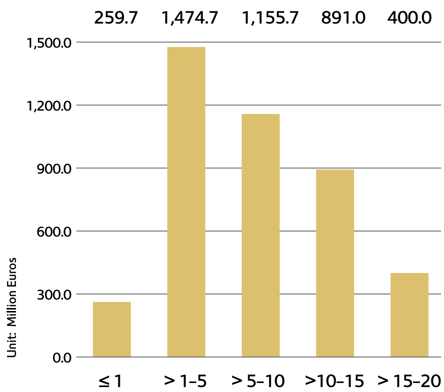
The total amount of loans granted by the State, accounts for 30% of the debt stock of ML.

Debt structure



The 5-year maturity of Treasury loans had a significant impact on the average maturity of debt, concentrating 35% of the debt in the 1-5 years range. The average maturity dropped to 7 years.

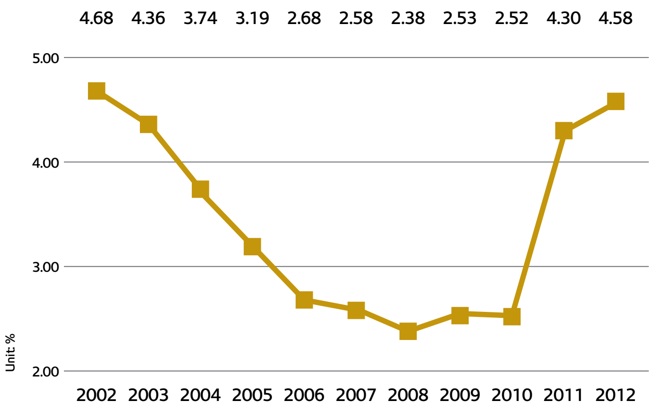
Average debt term



Besides the direct financing, the Portuguese State endorses through personal guarantee loans of 2,683 million Euros. Thus, the State secured or made directly available a volume of 3,945 million Euros in funds, while the commercial debt without specific guarantee of the State, amounted to 236 million Euros (5.6% of total).

The following graph shows the evolution of the implicit interest rate on debt over the past 11 years, which as shown kept an increasing trend, with an average of 4.58% in 2012, falling almost to 2002 levels. However, the decrease in the interest rate charged from the Treasury in the last quarter of 2012, anticipates a decrease in the growth rate of this variable.

Implicit interest rate



2.2.4. Rating of Metropolitano de Lisboa

ML Rating

	Standard & Poor's	
ML Rating	Rating	Outlook
07 December 2009	A+	Negative
27 April 2010	A-	Watch negative
29 September 2010	BBB+	Negative
03 December 2010	BBB	Watch negative
04 March 2011	BB	Watch negative
31 March 2011	B +	Watch negative
30 December 2011	B -	Watch negative
17 January 2012	CCC +	Negative
19 December 2012	B	Negative

In December 2012, Standard & Poor's revised upwards the rating of the Metro, by assigning the notation B but keeping the negative outlook. For this upgrade revision Standard & Poor's has considered the following strengths:

1. The fact that Metropolitano de Lisboa is a Reclassified State-Owned Enterprise, with a high proportion of debt guaranteed by the State and with appropriate cross-default clauses on unsecured debt;

2. The support and effort revealed by the State to honour debt service commitments with funds provided for this purpose in the State Budget of 2013.

Moreover, in 2013 Standard & Poor's has already revised upwards the Company's outlook assigning the notation "stable", in line with the revision of the Republic's outlook.

2.2.5. Proposed application of results

For the purposes of compliance with paragraph e) n. 2 of article 7 of the By-laws of Metropolitano de Lisboa, E.P.E., the Management Board proposes that the loss reported for the year ended December 31, 2012, amounting to 77,332,060 Euros be fully transferred to retained earnings.

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Anjos station

6. Financial statements

Balance as at December 31, 2012 and 2011

Unit: €

Assets	Notes	2012	2011
Non-current assets			
Durable infrastructure investments	2.1 e 5	4 414 234 514	3 928 899 643
Tangible fixed assets	6	287 272 796	313 674 776
Investment properties	8	366 891	399 796
Financial holdings - equity method	9	20 144 909	15 935 246
Other receivables	13	12 433 723	12 445 631
Derivatives	10	48 535 668	36 525 070
Other financial assets	11	17 539 253	24 351 216
Total non-current assets		4 800 527 754	4 332 231 378
Current Assets			
Inventories	12	1 222 618	1 845 086
Clients	13	8 007 952	5 083 804
Advances to suppliers		-	11 483
State and other public bodies	21	4 173 639	3 797 633
Other receivables	13	18 400 998	21 440 527
Deferrals	14	57 167 476	57 067 206
Cash and bank deposits	4	24 420 301	110 684
Total current assets		113 392 984	89 356 423
Total assets in durable infrastructure investments		4 414 234 514	3 928 899 643
Total assets linked to operation (ML)		499 686 224	492 688 158
Total Assets		4 913 920 738	4 421 587 801

This annex is an integral part of the balance as at December 31, 2012.

Equity and liabilities	Notes	2012	2011
Equity			
Paid-up capital	15	603 750 000	603 750 000
Legal reserve		21 597	21 597
Other reserves		1 501 878	1 501 878
Retained earnings		(1 466 173 836)	(1 325 608 309)
Other variations in equity	16	22 824 584	25 730 815
		(838 075 777)	(694 604 019)
Net result for the year		(77 332 060)	(146 052 279)
Total equity		(915 407 837)	(840 656 298)
Liabilities			
Non-current liabilities			
Durable infrastructure investments	2.1 e 5	4 189 773 808	3 806 891 112
Provisions	17	522 537	1 565 994
Borrowings	18	753 124 597	399 130 629
Derivatives	10	230 338 909	211 713 563
Obligations for post-employment benefits	19	262 739 100	262 695 165
Total non-current liabilities in durable infrastructure investments		4 189 773 808	3 806 891 112
Total non-current liabilities linked to operation (ML)		1 246 725 143	875 105 351
Total non-current liabilities		5 436 498 951	4 681 996 463
Current liabilities			
Durable infrastructure investments	2.1 e 5	241 501 175	122 008 531
Suppliers	20	1 444 281	9 794 472
State and other public bodies	21	4 106 305	3 866 933
Borrowings	18	103 493 601	404 172 531
Other payables	23	38 966 622	36 726 075
Deferrals	24	3 317 640	3 679 094
Total current liabilities in durable infrastructure investments		241 501 175	122 008 531
Total current liabilities linked to operation (ML)		151 328 449	458 239 105
Total current liabilities		392 829 624	580 247 636
Total liabilities in durable infrastructure investments		4 431 274 983	3 928 899 643
Total liabilities linked to operation (ML)		1 398 053 592	1 333 344 456
Total liabilities		5 829 328 575	5 262 244 099
Total equity and liabilities		4 913 920 738	4 421 587 801

The Chief Accountant

Carlos Emério Ferreira Mota

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Income Statement by Nature for the years ended December 31, 2012 and 2011

Unit: €

Income and Costs	Notes	2012	2011
Sales and services provided	25	81 733 054	67 682 780
Operating subsidies	26	46 102 194	45 179 058
Gains / losses imputed to subsidiaries, associates and joint ventures	9	(837 503)	(1 101 105)
Own work capitalised		4 464 959	5 113 390
Cost of goods sold and materials consumed	12	(2 205 404)	(2 166 757)
Supplies and external services	27	(35 345 628)	(38 156 119)
Staff costs	28	(75 297 791)	(78 836 976)
Impairment of inventories (losses / reversals)	12	(50 000)	(50 000)
Impairment of debt receivables (losses / reversals)	13	73 712	160 464
Provisions (increases / decreases)	17 e 19	11 274 881	9 393 781
Increases / decreases in fair value	10	(6 614 748)	(53 373 171)
Other income and gains	29	4 611 385	8 539 201
Other costs and losses	30	(2 346 811)	(1 615 732)
Income before depreciation, financing costs and taxes		25 562 300	(39 231 186)
Costs / reversals of depreciation and amortisation	6 e 8	(27 718 878)	(31 373 677)
Impairment of depreciable / amortisable assets (losses / reversals)	8	38 230	(166 518)
Operating results (before financing costs and taxes)		(2 118 348)	(70 771 381)
Interest and similar income received	31	-	13 072
Interest and similar costs borne	31	(75 116 318)	(75 177 668)
Result before taxes		(77 234 666)	(145 935 977)
Income tax for the year	22	(97 394)	(116 302)
Net profit / loss for the year		(77 332 060)	(146 052 279)

The annex is an integral part of the income statements by nature for the year ended December 31, 2012.

The Chief Accountant

Carlos Emério Ferreira Mota

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Cash Flow Statements for the years ended December 31, 2012 e 2011

Unit: €

	Notes	2012	2011
Operating activities			
Sales of tickets and passes		84 864 044	80 119 941
Operating subsidies	3.18	46 480 470	46 694 180
Clients receivables		12 363 933	8 859 850
Payments to suppliers		(53 405 680)	(39 151 126)
Payments to staff		(56 247 350)	(66 785 940)
Cash generated by operations		34 055 417	29 736 905
Tax payments / receivables		(5 441 903)	(12 159 504)
Other payments / receivables from operating activities		(4 640 590)	(9 448 694)
Cash flows from operating activities (1)		23 972 924	8 128 707
Investment activities			
Receivables from:			
Financial investments		–	21 289 146
ILD investment activities – Financing subsidies	5	56 357 289	69 195 103
Interest, dividends and other similar income		–	362 792
Total received		56 357 289	90 847 041
Payments relating to:			
Tangible fixed assets		(2 188 713)	(5 276 650)
ILD investment activities – Tangible fixed assets		(40 987 506)	(59 721 472)
Other payments		–	(179)
Total payments		(43 176 219)	(64 998 301)
Cash flow from investment activities (2)		13 181 070	25 848 740
Financing activities			
Receivables from:			
Bank loans – IGCP / DGTF	18	410 833 969	105 974 436
ILD investment activities – Bank loans – IGCP / DGTF	5	237 747 877	507 957 564
ILD investment activities – Debenture loans	5.5	–	25 000 000
Total loans		648 581 846	638 932 000
Payments relating to:			
Bank loans		(334 888 539)	(384 308 142)
ILD investment activities – Bank loans		(71 502 576)	(71 502 576)
Operating lease transactions		(12 924 985)	(9 363 996)
Finance lease transactions		(22 608 703)	(18 308 351)
ILD investment activities – Debenture loans	5.5	(7 731 367)	(7 731 367)
ILD investment activities – Interest and similar costs		(153 477 168)	(138 048 742)
Interest and similar costs		(52 606 599)	(37 809 528)
Term deposits (escrow)		(634 077)	(671 566)
Loans granted	9	(5 052 209)	(5 138 646)
Total payments		(661 426 223)	(672 882 914)
Cash flow from financing activities (3)		(12 844 377)	(33 950 914)
Variations in cash and cash equivalents (4)=(1)+(2)+(3)		24 309 617	26 533
Cash and cash equivalents at beginning of period	4	110 684	84 151
Cash and cash equivalents at end of period	4	24 420 301	110 684
Cash	4	24 634	18 723
Bank deposits	4	24 395 667	91 961
Cash and cash equivalents at end of period		24 420 301	110 684

The annex is an integral part of the cash flow statement for the year ended December 31, 2012.

The Chief Accountant

Carlos Emério Ferreira Mota

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Statement of Variations in Equity for the years ended December 31, 2012 and 2011

Unit: €

	Notes	Paid-up capital	Legal reserve	Other reserves	Retained earnings	Other variations in equity	Net result for the year	Total equity
Position as at January 1, 2011		603 750 000	21 597	1 501 878	(1 144 011 150)	28 637 046	(148 337 248)	(658 437 877)
Variations within the period:								
Application of net result for the year ended December 31, 2010	15	–	–	–	(148 337 248)	–	148 337 248	–
Recognition of subsidies	16	–	–	–	–	(2 906 231)	–	(2 906 231)
Defined benefits plan – actuarial losses	19	–	–	–	(30 766 709)	–	–	(30 766 709)
Cancellation of expenses with financing set-up		–	–	–	(2 493 504)	–	–	(2 493 504)
Other		–	–	–	302	–	–	302
		603 750 000	21 597	1 501 878	(1 325 608 309)	25 730 815	–	(694 604 019)
Net result for the year							(146 052 279)	(146 052 279)
Overall result							(146 052 279)	(146 052 279)
Position as at December 31, 2011		603 750 000	21 597	1 501 878	(1 325 608 309)	25 730 815	(146 052 279)	(840 656 298)
Position as at January 1, 2012		603 750 000	21 597	1 501 878	(1 325 608 309)	25 730 815	(146 052 279)	(840 656 298)
Variations within the period:								
Application of net result for the year ended December 31, 2011	15	–	–	–	(146 052 279)	–	146 052 279	–
Recognition of subsidies	16	–	–	–	–	(2 906 231)	–	(2 906 231)
Defined benefits plan – actuarial gains	19	–	–	–	5 486 752	–	–	5 486 752
		603 750 000	21 597	1 501 878	(1 466 173 836)	22 824 584	–	(838 075 777)
Net result for the year							(77 332 060)	(77 332 060)
Overall result							(77 332 060)	(77 332 060)
Position as at December 31, 2012		603 750 000	21 597	1 501 878	(1 466 173 836)	22 824 584	(77 332 060)	(915 407 837)

The annex is an integral part of the statement of variations in equity for the year ended December 31, 2012

The Chief Accountant

Carlos Emério Ferreira Mota

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Martim Moniz station

Notes to the financial statements as at December 31, 2012

(Amounts in Euros)

1. Introduction

Metropolitano de Lisboa E.P.E. (Corporate Public Enterprise) took over on June 26, 2009, with the entry into force of the relevant Decree-Law, its new name, hereinafter "Company".

This is in accordance with Decree-Law n. 148-A/2009, DR n. 122, Supplement, Series I of June 26, 2009, by which the Ministry of Public Works, Transport and Communications approves the legal regime applicable to the Metropolitano de Lisboa, E. P. E., as well as the respective Statutes and repealing Decree-Law n. 439/78 of 30 December.

The previous name, Metropolitano de Lisboa, E.P., was a result of the nationalisation in 1975, through the Decree-Law n. 280-A/75, June 5, of the limited liability Company Metropolitano de Lisboa, S.A.R.L.

The Company's main object is the operation, in exclusivity and subject to a public service regime, of the passenger transport service, based on the exploitation of the subsoil of the city of Lisbon and the neighbouring municipalities of Greater Lisbon and the maintenance and development of the underground network.

The Company operates within the legal framework created by the general laws governing the existence and activities of corporate public enterprises, by specific laws and governmental regulations relating to the transport sector and the Company itself.

The provision of services is conducted in accordance with the fare policies set by the Line Ministry benefiting the Company's allocation of official funds, including through allocation to statutory capital and investments, compensation and other allowances.

These financial statements relate to the Company on an individual basis and have been prepared in accordance with the law for approval by the Management Board, and the investments were accounted for under the equity method, as explained in Note 9. The Company will prepare and present separately the financial statements which will include the financial statements of the companies in which it holds a majority or management control. Thus, these individual financial statements were considered in equity on December 31, 2012 and net income ending on that date, the effect of consolidation of the equity and results of subsidiaries based in the respective financial statements, but not the effect of full consolidation of assets, liabilities, expenses and income.

The attached financial statements are presented in Euros and were approved by the Management Board at the meeting on May 31, 2013. However, they are still subject to approval by the Portuguese government, holder of the statutory capital, in accordance with the specific Portuguese legislation in force concerning public companies.

The Management Board believes that these financial statements reflect fairly the Company's operations, as well as financial position and performance and cash flows.

2. Accounting standards for financial reporting

The consolidated financial statements have been prepared under the provisions in force in Portugal, in accordance with Decree-Law n. 158/2009, of July 13, and in accordance with the conceptual framework, Accounting and Financial Reporting Standards (NCRF) and Interpretive Standards (NI) applicable to the year ended December 31, 2012.

2.1. Changes in accounting policies and restatements

During the year ended December 31, 2012, the Management Board of the Company has changed the accounting policy for recognition of the Durable Infrastructure Investments (ILD), based on the Order n. 1491/12-SETF of September 18, 2012, from the Directorate General of Treasury and Finance, which recommended that the Company reflected separately in the balance sheet assets and liabilities related to ILD.

As a result of this change, the Company no longer presents in its balance sheet at net, amounts to ILD affections, as it used to do until December 31, 2011 as a result of the accounting policy adopted by that date, thus recognising in the balance sheet headings: (i) assets, investments made and entitlements (e.g., accounts receivable and expenses incurred in connection with financing affections to ILD), and (ii) liabilities, the liabilities assumed (in particular, the borrowings for execution of investment linked to the public domain, considering the breakdown between current and non-current, and which are to be operated in exclusivity by the Company, as stated in the Introduction.

As a consequence of the facts described above, the Company proceeded with the restatement of amounts presented for comparative purposes.

The detail of reclassifications in the balance sheet under "Durable Infrastructure Investments", with reference to December 31, 2011 was as follows:

	December 31, 2011	Reclassifications							December 31, 2011 (restatement)
		Tangible fixed assets; intangible assets and subsidies	Financing expenses	Derivative financial instruments	Legal proceedings in progress	Borrowings	Payables to suppliers	Other payables (interest and surety)	
Non-current asset:									
Tangible fixed assets	–	3 039 605 282	–	–	–	–	–	–	3 039 605 282
Intangible assets	–	6 883 717	–	–	–	–	–	–	6 883 717
Subsidies	–	(870 738 640)	–	–	–	–	–	–	(870 738 640)
Receivables – State	–	–	1 033 000 310	718 457 722	1 691 252	–	–	–	1 753 149 284
	–	2 175 750 359	1 033 000 310	718 457 722	1 691 252	–	–	–	3 928 899 643
Total assets	–	2 175 750 359	1 033 000 310	718 457 722	1 691 252	–	–	–	3 928 899 643
Non-current liabilities:									
Provisions	–	–	–	–	1 691 252	–	–	–	1 691 252
Borrowings	–	–	–	–	–	3 086 742 138	–	–	3 086 742 138
Derivatives	–	–	–	718 457 722	–	–	–	–	718 457 722
	–	–	–	718 457 722	1 691 252	3 086 742 138	–	–	3 806 891 112
Current liabilities:									
Suppliers	–	–	–	–	–	–	23 316 413	–	23 316 413
Borrowings	–	–	–	–	–	79 233 942	–	–	79 233 942
Other payables	–	–	–	–	–	–	–	19 458 176	19 458 176
	–	–	–	–	–	79 233 942	23 316 413	19 458 176	122 008 531
Total liabilities	–	–	–	718 457 722	1 691 252	3 165 976 080	23 316 413	19 458 176	3 928 899 643
Net effect of ILD	–	(2 175 750 359)	(1 033 000 310)	–	–	3 165 976 080	23 316 413	19 458 176	–

3. Main accounting policies

The main accounting policies adopted in preparing the consolidated financial statements are as follows:

3.1. Basis of presentation

The consolidated financial statements have been prepared on a going concern basis and in accordance with the accrual basis of accounting, from the books and records of the Company maintained in accordance with the Accounting and Financial Reporting Standards (NCRF).

3.2. Durable infrastructure investment activities (ILD)

The Company over the years has had the responsibility for building and renovating durable infrastructures for the regular operation of the public transport of passengers, based on the exploitation of the subsoil of the city of Lisbon and surrounding areas. This activity is developed in accordance with the directives of the State, whose funding is provided through grants and loans mainly backed by the State, the Company assuming the role of "agent" in this activity.

Thus, all flows resulting from this activity are disclosed in the balance sheet under "Durable infrastructure investments" and include the following items:

In assets:

- The durable infrastructures (ILD) in the public domain and built by the Company, over which it has the right of access, to provide the services of "Passenger transport" and "Infrastructure management", which include the revaluations made in previous years;
- The materials purchased under construction / repair of ILD, with the nature of inventories;
- The amounts of subsidies received for co-financing the construction of ILD, to be deducted from the investments in ILD;
- Financial expenses directly incurred with the borrowings to fund the construction and repair activity of ILD, corresponding to the interest, guarantee fees and stamp duty arising out of the activity for the State, which have not been capitalised in the amount of cost of ILD during its construction;
- Derivative financial instruments contracted by the Company to hedge the risk of variations in interest rates on loans obtained to finance the activity of ILD, which are recognised at fair value as assets where their fair value is negative.

In liabilities:

- The balances payable to suppliers of construction services of ILD;
- The balances receivable from co-investments of other entities in ILD;
- Borrowings to finance the construction and repair activities of ILD, particularly those backed by the State;
- Derivative financial instruments contracted by the Company to hedge the risk of variations in interest rates on loans obtained to finance the activity of ILD which are recognised at fair value a liability, in cases where the fair value is positive.

Expenditures for maintenance and repairs that do not extend the useful life of these assets are recorded in the income statement as expenses in the period in which they occur, as these arise from infrastructure management activity performed by the Company.

Under Decree Law n. 196/80 of June 20, the Government assumed the principle that competed to the Portuguese State to finance the durable infrastructure construction investment built by the Company, including the following types of investments:

- Studies for the development of the network;
- Galleries, stations and other ancillary or complementary buildings;
- Railway track;
- Networks of high and low voltage;
- Telecommunications and control systems;
- Ventilation and pumping;
- Mechanical accesses.

This commitment was reflected through non-refundable subsidies granted by the Portuguese State for investments up to December 31, 1980 and for the finance charges incurred with these investments until then. On that date, the amount of investments made and the value of the subsidies were coincident and were stated in the assets financed by the State and investment reserves, respectively.

The Decree-Law mentioned above contained a clause calling for its revision before its expiry on December 31, 1980. However, this did not occur. Hence, and from that date, funds have been allocated on the basis of ad hoc legislation included in the Investment Plans of the State-Owned Enterprise Sector, and in the form of appropriations to statutory capital and general subsidies for investments and financial restructuring, and as a result there is no coincidence between investments and subsidies.

As a consequence of the change in policy recognition in the transition to the Accounting Standards System, the Company proceeded to quantify the financial costs of borrowing, stamp duties, fees and structuring costs of financing incurred in previous years, and not borne by the State, and allocated them to the caption "Durable infrastructure investments". However, this quantification only considered such charges from the year ended December 31, 1995.

3.3. Tangible fixed assets

Related to infrastructure management:

Tangible fixed assets are stated at cost of acquisition or production, which includes the cost of purchasing, finance charges and any costs directly attributable to the activities necessary to place the asset to the location and condition necessary to operate as intended, and when applicable, the initial estimate of the costs of dismantling and removing the asset and restoring the respective area of installation / operation thereof which the Company expects to incur, less accumulated amortisation and accumulated impairment losses (if applicable).

Amortisation is calculated after the time the goods are in a position to be used, according to the straight line method on a monthly basis, in accordance with the period of estimated useful lives for each class of assets:

Class of Assets	Years
Buildings and other constructions	10 - 50
Basic equipment:	
Rolling stock in operation	14 - 28
Rolling stock in Company service	10 - 30
Control system and telecommunications	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Office equipment	7 - 10
Other tangible assets	4 - 10

The Board believes that, at any time, the book value of the assets will be realisable either through its sale or its use, assuming the continuity of operations.

The useful life and amortisation method of the various assets are reviewed annually. The effect of any variations to these estimates is recognised prospectively in the income statement.

Maintenance and repair costs (subsequent expenditure) that are unlikely to generate additional future economic benefits are recognised as costs in the period they are incurred.

Major repairs are recorded under "Tangible fixed assets" and depreciated in the same respective period of years of investment to which they relate.

The main spare parts are recognised as tangible fixed assets when expected to be used for more than one period.

The gain (or loss) from the disposal or write-off of a tangible fixed asset is determined as the difference between the fair value of the amount received or receivable in the transaction, and the net amount of accumulated amortisation of the asset and is recognised in the income the period in which the write-off or sale as "Other income and gains" or "Other costs and losses".

Related to durable infrastructures (ILD):
Tangible fixed assets related to ILD are recorded under "Durable infrastructure investments" at cost of acquisition or production, which includes the cost of purchasing, finance charges and any costs directly attributable to the activities necessary to place the asset to the location and condition necessary to operate as intended and, where applicable, the initial estimate of the costs of dismantling and removing the asset and restoring the respective areas of installation / operation thereof which the Company expects to incur.

The accumulated amortisation related to these assets was determined based on the above criteria for tangible fixed assets affected to the management of infrastructure, but only until December 31, 1997. Amortisations calculated and recorded up to that date, were credited directly to cost and charged to the respective revaluation reserves as a corrective factor of the same, which are considered under "Durable infrastructure investments". After January 1, 1998, these assets have not been amortised.

Grants obtained for financing the activities of ILD are deducted from the value of tangible assets related to durable infrastructures.

3.4. Intangible assets

Intangible assets affected to ILD are recorded under "Durable Infrastructure investments" and include primarily studies for the development of the network, and are not being amortised.

3.5. Leases

Leases are classified as finance whenever their terms transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The classification of leases is based on the substance rather than the form of the contract.

Leases in which the Company acts as lessor:
The situations in which the Company acts as lessor regard rental contracts with the tenants of the buildings and floors held by the Company.

These leases have no term in accordance with the Law on Urban Leases, and were signed following the relocation conducted by the Company as a result of metro expansion works completed.

According to the respective conditions, these contracts are classified as operating leases and the resulting remuneration recognised in the income statement for the year to which they relate.

Assets acquired through finance lease contracts, as well as the corresponding responsibilities are recorded at the beginning of the lease at the fair value of assets or the current value of minimum lease payments, whichever is less. Payments of finance leases are divided between financial charges and reduction of responsibility, in order to obtain a constant interest rate on the pending balance of responsibility and asset amortisation. It is calculated as set out in Note 3.3 and recognised in the statement of income for the year it refers to.

Operating lease payments are recognised as costs on a straight-line basis during the lease period.

Contingent rents are recognised as costs for the period in which they are incurred.

3.6. Investment properties

Investment properties comprise mainly of real estate held to earn rentals or capital appreciation or both, and are not intended for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Investment properties are measured at cost less the related accumulated depreciation and impairment losses.

Depreciation is calculated after the time the goods are in a position to be used, according to the straight line method on a monthly basis, in accordance with the period of estimated useful lives for each class of assets.

The depreciation rates used correspond to the following estimated useful lives:

Class of Assets	Years
Buildings and other constructions	10 – 50

Costs incurred related to investment property such as maintenance, repairs, insurance and taxes, are recognised as an expense in the period to which they relate. Improvements or repairs in investment properties for which there are expectations that will generate additional future economic benefits are capitalized under "Investment properties".

Where, at the reporting date, the recoverable amount of the investment property is lower than their carrying amount, the corresponding impairment loss is recognised in the income statement for the corresponding period in the caption "Impairment of depreciable / amortisable assets (losses / reversals)".

The recoverable amount of the asset (or cash-generating unit) is the greater of (i) the fair value less costs to sell and (ii) the value of use. In determining the value of use, the estimated future cash flows are discounted using a discount rate that reflects market expectations about the value of money (which in the case of the Company was found not to exist) and the risks specific to the asset (or the cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Reversal of impairment losses recognised in prior years is recorded when there is evidence that previously recognised impairment losses no longer exist or have decreased. A reversal of an impairment loss is recognised in the income statement under "Impairment of depreciable / amortisable assets (losses / reversals)". The reversal of the impairment loss is made up to the amount that would be recognised (net of depreciation) if the loss had not been recorded.

The gain (or loss) from the disposal or write-off of any component of investment property is determined as the difference between the amount received in the transaction and the book value of the asset and are recorded on a net basis in the income statement as "Other income and gains "or" Other costs and losses ".

3.7. Impairment of tangible fixed assets

At each reporting date is carried out a review of the carrying amounts of the Company's tangible fixed assets to determine whether there is any indication that they may be impaired. If there is any indicator, it is estimated the recoverable amount of the respective asset (or cash-generating unit) in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset (or cash-generating unit) is the greater of (i) the fair value less costs to sell and (ii) the value of use. In determining the value of use, the estimated future cash flows are discounted using a discount rate that reflects market expectations about the value of money (which in the case of the Company were found not to exist) and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of the asset (or cash-generating unit) exceeds its recoverable amount, is recognised as an impairment loss. The impairment loss is recognised immediately in the income statement under "Impairment of depreciable / amortisable assets (losses / reversals)", unless such loss offsets a revaluation surplus recorded in equity. In the latter case, such loss is treated as a decrease of that revaluation.

Reversal of impairment losses recognised in prior years is recorded when there is evidence that previously recognised impairment losses no longer exist or have decreased. A reversal of an impairment loss is recognised in the income statement under "Impairment of depreciable / amortizable assets (losses / reversals)". The reversal of the impairment loss is made up to the amount that would be recognised (net of depreciation) if the impairment loss had not been recorded before.

3.8. Financial investments in subsidiaries, associates and affiliates

Investments in subsidiaries, associates and affiliates are accounted for using the equity method. Under the equity method, financial investments are initially recorded at their acquisition cost and subsequently adjusted for the variations in the Company's share in the net assets of the corresponding entities, after the acquisition.

The results of the Company include its share within the results of these entities.

When there are indications that the asset may be impaired, an evaluation of financial investments is made, where the impairment losses that are shown to exist are recorded as costs in the income statement.

When the ratio of the Company in the accumulated losses of the subsidiary, associate or affiliate, exceeds the recorded value of the investment, then the investment is reported at nil value, except when the Company has agreed to cover losses of the associate or affiliate, in which case additional losses determine the recognition of a liability. If the associate or affiliate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions with subsidiaries and associates are eliminated in proportion to the Company's interest therein, against the relevant investment caption. Unrealised losses are eliminated similarly but only to the extent that the loss does not result in a situation in which the transferred asset is impaired.

The remaining financial investments are recorded at purchase cost, which is lower than the market value.

3.9. Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of raw materials, subsidiaries and consumables are valued at acquisition cost, which does not exceed the respective market value. The inventories of the Company as at December 31, 2012 consist essentially of transport tickets, maintenance and cleaning equipment.

The net realisable value represents the estimated selling price less all estimated costs necessary to complete the inventories and to make the sale. In situations where the cost value is higher than the net realisable value, an adjustment (impairment loss) is recorded for the respective difference.

Variations of the year in impairment losses of inventories are recorded under results "Impairment of inventories (losses / reversals)".

The inventory costing method adopted by the Company consists of the average cost.

3.10. Financial assets and liabilities

Financial assets and liabilities are recognised in the balance when the Company becomes party to the contractual provisions relevant, being used for this purpose the provisions of NCRF 27 – Financial instruments.

Financial assets and liabilities are thus measured according to the following criteria: (i) at cost or amortised cost and (ii) at fair value with variations recognised in the income statement.

(i.) At cost or amortised cost

Financial assets and liabilities that have the following characteristics are measured "at cost or amortised cost":

- Be on demand or have defined maturity;
- Have an associated return fixed or determinable; and
- Are not derivative financial instruments or not incorporating a derivative financial instrument.

Amortised cost is determined using the effective interest method. The effective interest is calculated using the rate that exactly discounts estimated future cash payments or receivables through the expected life of the financial instrument in the net carrying amount of the financial asset or liability (effective interest rate).

Consequently, this category includes the following financial assets and liabilities:

a) Clients and others receivables

The balances of clients and other receivables are recorded at amortised cost less any impairment losses. Usually, the amortised cost of these financial assets does not differ from its nominal value.

b) Cash and bank deposits

The amounts included under "Cash and bank deposits" correspond to cash, bank deposits and term deposits and other treasury applications which mature within twelve months and for which the risk of variation in value is insignificant.

These assets are measured at amortised cost. Usually, the amortised cost of these financial assets does not differ from its nominal value.

c) Other financial assets

Other financial assets include bank deposits held as collateral for a loan fulfilment. These assets are recorded at cost.

d) Suppliers and other payables

The balance for suppliers and other payables are recorded at amortised cost. Normally, the amortised cost of these financial liabilities does not differ from the nominal value.

e) Borrowings

The borrowings are recorded as liabilities at amortised cost.

Any costs incurred in obtaining such financing, including bank charges and stamp duty as well as interest charges and similar expenses, are recognised using the effective interest in the income statement over the period of the financing. Those costs incurred while they are not recognised, are presented to deduct the caption "Borrowings". Interests accrued but not yet paid are shown under "Other payables".

(ii.) At fair value with variations recognised in the income statement

All financial assets and liabilities not classified as "at cost or amortised cost" are included under "at fair value with variations recognised in the income statement."

Such financial assets and liabilities are measured at fair value with variations in fair value recorded in the appropriate results under "Increases / decreases in fair value".

In the case of the Company, this category includes only those derivatives which do not qualify for hedge accounting purposes in accordance with the provisions of NCRF 27 – Financial instruments.

(iii.) Impairment of financial assets

Financial assets included in the category "at cost or amortised cost" are tested for impairment at each reporting date. These financial assets are impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition, its estimated future cash flows are affected.

For financial assets measured at cost, the impairment loss recognised is the difference between the asset's carrying amount and the best estimate of the fair value of the asset.

Impairment losses are recorded in the caption "Impairment losses" in the period they are determined.

Subsequently, if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, it must be reversed for results. The reversal should be made up to the amount that would be recognised (amortised cost) if the loss had not been initially registered. A reversal of an impairment loss is recorded in the caption "Reversals of impairment losses".

(iv.) Derecognition of financial assets and liabilities

The Company derecognises financial assets only when the contractual rights to the cash flows expire for charging, or when transferred to another entity control of these financial assets and all significant risks and rewards associated with ownership of the same.

The Company derecognises financial liabilities only when the underlying obligation is settled, cancelled or expires.

According to the described financial assets and liabilities were classified as follows:

		2012		2011	
Financial assets	Notes	Derivatives (fair value)	Cost or amortised cost	Derivatives (fair value)	Cost or amortised cost
Non-current:					
Other receivables	13	–	12 433 723	–	12 445 631
Derivatives	10	48 535 668	–	36 525 070	–
Other financial assets	11	–	17 539 253	–	24 351 216
		48 535 668	29 972 976	36 525 070	36 796 847
Current:					
Clients	13	–	8 007 952	–	5 083 804
Advances to suppliers		–	–	–	11 483
Other receivables	13	–	18 400 998	–	21 440 527
Cash and bank deposits	4	–	24 420 301	–	110 684
		–	50 829 251	–	26 646 498
		48 535 668	80 802 227	36 525 070	63 443 345

Financial liabilities	Notes	2012 Derivatives (fair value)	2012 Cost or amortised cost	2011 Derivatives (fair value)	2011 Cost or amortised cost
Non-current:					
Borrowings	18	–	753 124 597	–	399 130 629
Derivatives	10	230 338 909	–	211 713 563	–
		230 338 909	753 124 597	211 713 563	399 130 629
Current:					
Suppliers	20	–	1 444 281	–	9 794 472
Borrowings	18	–	103 493 601	–	404 172 531
Other payables	23	–	38 966 622	–	36 726 075
		–	143 904 504	–	450 693 078
		230 338 909	897 029 101	211 713 563	849 823 707

3.11. Financial costs on loans obtained

Financial charges related to borrowings are recognised as costs as they are incurred.

Financial charges on loans obtained directly related to the acquisition and construction of assets, are capitalised as part of the cost of the asset. The beginning of the capitalisation of these costs starts after beginning of the preparation of construction activities of the asset, and is interrupted after the start of use, or the final construction of the asset or when the asset in question is suspended. Any income generated by loans obtained in advance related to a specific investment is deducted from the borrowing costs eligible for capitalisation.

Under Decree-Law n. 196/80 of June 20, the Government assumed the principle that the funding of ILD in Metro was a responsibility of the Portuguese State. This commitment was put into practice through non-refundable grants awarded by the Portuguese State for investments up to December 31, 1980 and for the finance charges incurred up until then with these investments. Due to this principle, the Company as mentioned in Note 3.2, proceeded to quantify the financial costs incurred since December 31, 1995, inclusive, and held them under " Durable infrastructure investments " as a receivable.

3.12. Income tax

The Company is subject to Corporate Income Tax at the rate of 25%.

The current tax payable is calculated based on taxable income. Taxable profit differs from accounting income as it excludes many expenses and income that will only be taxable or deductible in other years, as well as costs and income that are never taxable or deductible. In the case of the Company, the current tax calculated corresponds to autonomous taxation payable, mainly originated by costs incurred in the year with passenger cars and mixed use vehicles, and others with travel, representation expenses or public relations.

The Company has recorded no deferred taxes which, today, are not fully quantified. The deferred tax assets correspond to tax losses and non tax deductible provisions, and deferred tax liabilities correspond to non-tax deductible amortisation of revalued assets, and capital gains tax with deferred taxation.

In the years ranging from December 31, 2007 to 2012, there were situations that led to record deferred tax assets, totalling approximately 155 million Euros relating to tax losses and non tax deductible provisions, which were not recognised because there was no reasonable expectation of sufficient future taxable profits to use these deferred tax assets.

3.13. Government grants

Government grants are recognised only when there is reasonable certainty that the Company will comply with the conditions for granting such subsidies and that they will be received.

Government grants related to the acquisition or production of non-current assets are initially recognised in equity under "Other variations in equity" and subsequently allocated on a systematic basis (in proportion to the amortisation of the underlying assets) as income for the year during the useful lives of the assets to which they relate.

Other government grants are, in general, recognised as income on a systematic basis over the periods necessary to balance with spending they are supposed to compensate. Government grants that are intended to compensate for losses already incurred or that have no associated future costs are recognised as income in the period in which they become receivable.

3.14. Provisions, contingent assets and liabilities

Provisions are recognised when the Company has a present obligation (legal or implicit) arising from a past event and it is probable that the settlement of this obligation will require an outflow of resources and the amount of the obligation can be reasonably estimated. Provisions are reviewed on each balance sheet date and are adjusted to reflect the best estimate at that date.

Contingent liabilities are not recognised in the financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is not remote. Contingent assets are not recognised in the financial statements but are disclosed when it is probable there will be an inflow of future economic resources.

3.15. Post-employment benefits

Benefit plan

The Company has a benefit plan defined as supplement retirement (old age, disability and survival) paid by Social Security. The obligations related to this plan are determined by the method of projected credit unit, the respective actuarial valuations being carried out at each reporting date, which is done in accordance with actuarial methods and assumptions internationally accepted, in order to meet the value of the liabilities at the balance sheet date and the pension spending to record for the year.

The responsibilities associated with the guaranteed benefits recognised in the balance sheet represent the present value of the corresponding obligation, adjusted for actuarial gains and losses and the cost of unrecognised past services and less the fair value of plan assets.

Actuarial gains and losses are recognised directly in equity in the year in which they are determined.

The benefit plans that have been identified by the Company to discharge these responsibilities are:
a) Supplementary retirement, disability and survival pensions;
b) Early retirements.

Health care

The Company also assumed certain responsibilities to pay employees, up to the retirement age, benefits related to health care, which are not recorded in the balance sheet as at December 31, 2012. To meet these responsibilities, the Company secured its active staff with collective health insurance that gives them access to medical services subsidised by the Company. These costs are recorded in the income statement in the year they are paid.

3.16. Derivatives

The Company uses derivatives as part of its risk management policy of hedging interest rate, for loans contracted to finance activities related to the management of infrastructures and affections to ILD.

Derivative financial instruments are initially recorded at fair value on the date they are hired. At each reporting date they are remeasured at fair value, with the corresponding gain or loss from remeasuring recorded immediately in the income statement, unless such instruments are designated as hedging instruments. When this is the case, the corresponding gain or loss remeasurement should be recognised in profit when the hedged affects the results.

With respect to derivative financial instruments that, although contracted in order to make the economic coverage in accordance with the risk management policies of the Company, do not meet all the requirements of NCRF 27 – Financial Instruments to be applied to accounting coverage, are considered speculative.

The valuation of these derivative financial instruments is, at the end of each exercise, carried out by an external evaluator (other than the one with whom they were hired), considering assumptions and estimates in determining the fair value, as a result of any information not available.

On December 31, 2012 and 2011 the Company did not classify any financial derivative instruments as hedges, as a result of not complying with the requirements of NCRF 27.

In the case of derivative financial instruments contracted by the Company to hedge the risk of interest rate on the financing activity associated with infrastructure management, if the fair value is positive it is recognised as a financial asset under "Derivatives", if the fair value is negative, it is recognised as a financial liability under "Derivatives". Variations in fair value of these derivative financial instruments are recognised in the income statement in the period to which they relate under "Increases / decreases in fair value".

In the case of financial instruments contracted by the Company to hedge the risk of interest rate on loans contracted to finance the activity of ILD, these are recognised under "Durable infrastructure investments" in assets or liabilities depending on the fair value at the reporting date is negative or positive respectively, with variations in fair value recognised in these headings at each balance sheet date, and the effect of variations in fair value is nil in this case.

3.17. Balance sheet classification
Assets realisable and liabilities payable in more than one year from the balance sheet date are classified as non-current assets and liabilities, respectively.

3.18. Revenue
Revenue is measure at the fair value of the consideration received or receivable. Revenue is recognised net of the amount of returns, discounts and other write-offs and does not include VAT and other taxes paid related to the sale.

Revenue from the rendering of services is recognised on the percentage of completion of the transaction / service, provided that the following conditions have been met:
- The amount of revenue can be reliably measured;
- It is probable that future economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred on the transaction can be reliably measured;
- The stage of completion of the transaction / service can be reliably measured.

Revenue from the rendering of services comprises revenue from the sale of Metro own tickets and a share of revenue from the sale of multimodal passes, valid for the Metro and other urban and suburban public transport services provided by other operators, where fares are set by the State.

The Company records revenue related to the provision of services as follows:
- Multimodal passes – The revenue from multimodal passes sold by the Company and other transport operators is split among the operators based on a monthly distribution determined by the Institute for Mobility and Transport, I.P. (IMT, I.P.).

This distribution is calculated according to statistical indexes that take into account the level of use of the Company's services and each of the other operators.
- Tickets and pre-paid tickets - The Company records this revenue at the time of ticket sales.

Interest revenue is recognised using the effective interest method provided that it is probable that economic benefits will flow to the Company and the amount can be reliably measured.

Non-refundable compensatory allowances are allocated by the State to the Company, to partially finance its operations in compliance with the public service obligations, which are recorded under the caption "Operating subsidies" in the year they are allocated.

3.19. Departmental costs
The internal running costs of the various management services not working exclusively for the investment are recorded at 2% of the value of current investments.

These costs are recorded under durable infrastructure investments – ILD (assets financed by the State), equipment and studies for operating rolling stock and depot and workshops (assets financed by the Company) (Notes 5 and 6), for these are the longest term, most technically complex and hence require a more intense manpower management.

3.20. Transactions and balances in foreign currency
Transactions in foreign currency (currency other than the functional currency of the Company) are recorded at the exchange rates at the dates of the transactions. At each reporting date, the carrying amounts of monetary items denominated in foreign currency are restated at the exchange rate of that date.

Exchange differences arising on the date of receipt or payment of foreign currency transactions and the resulting updates mentioned above are recorded in the income statement for the period in which they are generated.

3.21. Accruals
The Company records its income and costs in accordance with the accrual principle, by which income and costs are recognised as they are generated, irrespective of when received or paid. The difference between the amounts received and paid and the corresponding income and costs are recorded as assets or liabilities.

3.22. Critical value judgments and main sources of uncertainty associated with estimates

In the preparation of the financial statements, valued judgements and estimates were made, as well as various assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and costs for the period.

The underlying estimates and assumptions were determined by reference to the reporting date based on the best information available at the date of approval of the financial statements of events and transactions in progress, as well as the experience of past and / or current. However, situations may occur in subsequent periods that are not foreseeable at the date of approval of the financial statements and therefore were not considered in these estimates. Variations to the estimates that occur after the date of the financial statements will be adjusted prospectively. For this reason and given the degree of uncertainty associated with the actual results of the transactions in question may differ from the corresponding estimates.

The main value judgements and estimates made in the preparation of the financial statements were as follows:

a) Useful lives of tangible fixed assets;
b) Impairment tests for tangible fixed assets;
c) Loss on impairment of receivables – these are calculated taking into account the overall risk for the collection of accounts receivable;
d) Determination of fair value of derivative financial instruments – which at each balance sheet date are determined by an independent entity that does not match the entity with which they were hired;
e) Determination of liabilities for retirement benefits – at the end of each year, an actuarial valuation of pension liabilities is obtained prepared by the actuary.

3.23. Subsequent events

Events after the balance sheet date that provide additional information about the conditions that existed at the balance sheet date ("adjusting events") are reflected in the financial statements. Events after the balance sheet date that provide information about conditions that occurred after the balance sheet date ("non adjusting events") are disclosed in the financial statements, if considered relevant.

4. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes cash, bank deposits mobilised immediately (term not exceeding three months) and cash investments in money market instruments, net of bank overdrafts and other short-term financing equivalent. Cash and cash equivalents as at December 31, 2012 and 2011 are as follows:

Cash flows	2012	2011
Cash	24 634	18 723
Bank deposits available on demand	24 395 667	91 961
	24 420 301	110 684

5. Durable infrastructure investments

The balance shown under "Durable infrastructure investments" stems from the activity of infrastructure investments made by the Company, and is broken down by items of assets and liabilities as follows:

	Notes	2012	2011
Investment activities with ILD			
Non-current assets:			
Tangible fixed assets	5.1	3 069 719 658	3 039 605 281
Intangible assets	5.2	6 908 225	6 883 717
Subsidies	5.3	(927 095 929)	(870 738 640)
Receivables - State	5.4	2 264 702 560	1 753 149 285
Total assets		4 414 234 514	3 928 899 643
Non-current liabilities:			
Provisions	5.4.1	7 675 514	1 691 252
Borrowings	5.5	3 118 266 680	3 086 742 138
Derivatives	5.6	1 063 831 614	718 457 722
		4 189 773 808	3 806 891 112
Current liabilities:			
Suppliers	5.7	7 119 053	23 316 413
Borrowings	5.5	206 223 333	79 233 942
Other payables	5.8	28 158 790	19 458 176
		241 501 175	122 008 531
Total liabilities		4 431 274 983	3 928 899 643
Total net ILD		(17 040 471)	-

5.1. Tangible fixed assets

During the years ended December 31, 2012 and 2011 variations in the carrying amount of tangible fixed assets were as follows:

	December 31, 2012					
Gross assets	Initial balance	Revaluations	Initial balance (historic cost)	Increases	Transfers/ Write-offs	Final balance
Tangible fixed assets – ILD	2 949 856 076	(199 062 008)	2 750 794 068	4 238 086	186 049 838	2 941 081 992
Land and natural resources	15 986 399	(2 388 442)	13 597 957	–	111 983	13 709 940
Buildings and other constructions	2 522 676 353	(176 310 029)	2 346 366 324	2 660 695	167 648 813	2 516 675 832
Basic equipment	411 193 324	(20 363 537)	390 829 787	1 577 391	18 289 042	410 696 220
Tangible fixed assets in progress	285 515 682	–	285 515 682	26 460 146	(186 048 974)	125 926 854
Land and natural resources	143 997	–	143 997	97	(111 983)	32 112
Buildings and other constructions	251 305 582	–	251 305 582	18 704 893	(167 647 949)	102 362 526
Basic equipment	34 066 103	–	34 066 103	7 755 156	(18 289 042)	23 532 217
Advance payments for tangible fixed assets	3 295 531	–	3 295 531	–	(584 719)	2 710 812
Total gross tangible fixed assets – ILD	**3 238 667 289**	**(199 062 008)**	**3 039 605 281**	**30 698 232**	**(583 855)**	**3 069 719 658**

The additions in the year ended December 31, 2012 under "Tangible fixed assets in progress – buildings and other constructions" and "Tangible fixed assets in progress – basic equipment" in the amount of 26,460,146 Euros refer essentially to undertakings Oriente / Aeroporto with 18,792,432 Euros, Saldanha / S. Sebastião with 1,587,152 Euros and 2,282,516 Euros in the refurbishment of the network.

The write-offs during the year 2012 relate primarily to the reduction of advances granted in respect of undertakings Oriente / Aeroporto and Alameda / S. Sebastião, in the amount of 533,127 Euros, 404,170 Euros and 128,957 Euros respectively.

The transfers occurred during the year 2012 for the captions "Tangible fixed assets – buildings and other constructions" and "Tangible fixed assets – basic equipment", amounting to 167,648,813 Euros and 18,289,042 Euros respectively, refer essentially to the transfer from "Tangible fixed assets in progress" of costs related to the undertaking Oriente / Aeroporto, due to the opening of the station during the year ended 2012.

On December 31, 2012, the amount of 125,926,854 Euros recorded in the caption "Tangible fixed assets in progress" mainly includes 52,288,527 Euros for the expansion project of the Amadora Este / Reboleira undertaking and 30,966,357 Euros for the undertaking Oriente / Aeroporto.

	December 31, 2011					
Gross assets	Initial balance	Revaluations	Initial balance (historic cost)	Increases	Transfers/ Write-offs	Final balance
Tangible fixed assets – ILD	2 943 300 377	(199 062 008)	2 744 238 369	4 490 839	2 064 860	2 750 794 068
Land and natural resources	15 989 979	(2 388 442)	13 601 537	–	(3 580)	13 597 957
Buildings and other constructions	2 516 688 119	(176 310 029)	2 340 378 090	4 262 341	1 725 893	2 346 366 324
Basic equipment	410 622 279	(20 363 537)	390 258 742	228 498	342 547	390 829 787
Tangible fixed assets in progress	231 952 414	–	231 952 414	55 631 708	(2 068 440)	285 515 682
Land and natural resources	143 926	–	143 926	71	–	143 997
Buildings and other constructions	221 184 704	–	221 184 704	31 846 771	(1 725 893)	251 305 582
Basic equipment	10 623 784	–	10 623 784	23 784 866	(342 547)	34 066 103
Advance payments for tangible fixed assets	9 283 871	–	9 283 871	–	(5 988 340)	3 295 531
Total gross tangible fixed assets – ILD	**3 184 536 662**	**(199 062 008)**	**2 985 474 654**	**60 122 547**	**(5 991 920)**	**3 039 605 281**

The additions in the year ended December 31, 2011 under "Tangible fixed assets in progress - buildings and other constructions" and "Tangible fixed assets in progress - basic equipment" in the amount of 55,631,637 Euros refer essentially to the undertakings Oriente / Aeroporto and Amadora Este / Reboleira with 33,512,134 Euros and 13,127,553 Euros, respectively.

The write-offs during the year 2011 relate primarily to the reduction of advances granted in respect of the undertakings Oriente / Aeroporto, Alameda / S. Sebastião and Amadora Este / Reboleira, amounting to 3,513,638 Euros, 1,706,658 Euros and 452,601 Euros respectively.

The transfers occurred during the year 2011 for the captions "Tangible fixed assets – buildings and other constructions" and "Tangible fixed assets – basic equipment", amounting to 1,725,893 Euros and 342,547 Euros respectively, refer essentially the transfer of tangible fixed asset ongoing costs related to the undertaking Oriente / Aeroporto.

On December 31, 2012 and 2011, there are claims for compensation from the Company in the amount of 55,332,634 Euros and 40,448,593 Euros respectively, which relate primarily to suits filed to contest the award of a contract, expropriation and damages caused by works related to the network expansion plan.

On December 31, 2012, the Company was in the process of clearance of total expropriation, having been recorded a provision for claims whose outcome was known at the date of approval of the financial statements (Note 5.4.1.). For the remaining cases, no provision relating to the same was not recorded on December 31, 2012, as if such claims are paid, they will be recorded as expropriation costs under the ILD "Tangible fixed assets".

During the year ended December 31, 2012, the Company took over the payment of compensation for damage caused by the network expansion works through cash benefits in the amount of 186,791 Euros (234,727 Euros at December 31, 2011).

On December 31, 2012 the tangible fixed assets in progress under "Land and natural resources", "Buildings and other constructions" and "Basic equipment", amounting to 32,111 Euros, 102,362,526 Euros and 23,532,217 Euros, respectively, are as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment
Network refurbishment	–	14 434 991	2 843 581
Rato / Estrela extension	–	1 456 432	–
Amadora Este / Reboleira extension	–	51 203 682	839 353
S. Sebastião / Campolide extension	–	2 759 030	389 360
Cais do Sodré Interface	–	12 994 391	1 264 810
Oriente / Aeroporto extension	–	12 826 811	17 096 849
Promotion of accessibility	–	1 619 483	–
Other	32 111	5 067 706	1 098 264
	32 111	102 362 526	23 532 217

Cost value of tangible fixed assets (including those that are in progress) as at December 31, 2012 and 2011, includes the following additional expenses:

	2012			2011		
Capitalised costs	Tangible	Tangible in progress	Total	Tangible	Tangible in progress	Total
Departmental costs	66 480 672	5 539 415	72 020 087	56 178 659	11 550 009	67 728 668
	66 480 672	5 539 415	72 020 087	56 178 659	11 550 009	67 728 668

5.2. Intangible assets

During the years ended 2012 and 2011, the movements in the carrying amount of intangible assets were as follows:

	December 31, 2012			
Gross assets	Initial balance	Increases	Transfers / Write-offs	Final balance
Intangible assets – ILD				
Research and development expenses	1 437 156	333	1 713 976	3 151 465
Set up expenses	2 019 827	–	–	2 019 827
Intangible assets in progress	3 426 734	24 175	(1 713 976)	1 736 933
Total gross intangible assets – ILD	6 883 717	24 508	–	6 908 225

The sum of 1,713,976 Euros transferred to the heading "Research and development expenditure" pertains mainly to: (i) the executive project for Geotechnical and Geological prospection on the Red line in the amount of 558,763 Euros; (ii) the Red line Oriente / Aeroporto extension project in the amount of 451,370 Euros; and (iii) the demand analyses carried out for the extension of the Red and Green lines totalling 110,000 Euros.

Gross assets	December 31, 2011 Initial balance	Increases	Transfers / Write-offs	Final balance
Intangible assets – ILD				
Research and development expenses	1 437 156	–	–	1 437 156
Set up expenses	2 019 827	–	–	2 019 827
Intangible assets in progress	3 414 639	12 095	–	3 426 734
Total gross intangible assets – ILD	6 871 622	12 095	–	6 883 717

The cost value of intangible assets as at December 31, 2012 and 2011 includes the amount of 16,458 Euros and 10,345 Euros, respectively, relating to departmental costs capitalised in the asset value.

5.3. Subsidies

The movement in subsidies for the year ended December 31, 2012 was as follows:

Subsidy	December 31, 2012 Initial balance	Increases	Decreases	Final balance
FEDER	229 464 397	–	–	229 464 397
PIDDAC	166 664 860	2 950 255	–	169 615 115
Cohesion Fund	270 091 987	53 407 034	–	323 499 021
Other subsidies	204 517 396	–	–	204 517 396
Total subsidies	870 738 640	56 357 289	–	927 095 929

The increase in the year ended December 31, 2012 amounting to 56,357,289 Euros related mainly to subsidies under: (i) the Cohesion Fund, in respect to reimbursement costs for the extension S. Sebastião / Alameda in the amount of 8,671,203 Euros and the Oriente / Aeroporto extension, totalling 40,464,836 Euros; (ii) PIDDAC, amounting to 2,950,255 Euros for the Oriente / Aeroporto extension.

5.4. Receivables from the State

This heading refers to the receivables from the Portuguese State in respect of durable infrastructure investment activities, broken down as follows:

Description	Notes	2012	2011
Financial instruments	5.6	1 063 831 614	718 457 722
Provisions for legal proceedings in progress	5.4.1	7 675 514	1 691 252
Interest, guarantee fees and stamp duty	5.4.2	883 409 981	723 214 860
Issue expenses	5.4.2	20 230 150	20 230 150
Initial balance corrected on transition to the NCRF	5.4.2	289 555 301	289 555 301
		2 264 702 560	1 753 149 285

5.4.1. Provisions for legal proceedings in progress

The amount of 7,675,514 Euros on December 31, 2012 (1,691,252 Euros on December 31, 2011) concerns the provision to deal with legal cases that were brought into the resolution phase as a result of the investments made.

5.4.2. Loan costs

The balance of loan costs refers to expenses incurred by the Company with borrowings to finance the durable infrastructure investment activity that were not subject to capitalisation in the ILD built.

As mentioned in Note 3.11, the Company proceeded to quantify the financial costs incurred with ILD that were not able to be capitalised therein. However, given the difficulty in quantifying the amount, the Company reflected only the financial costs incurred from 1995, which were previously recorded under "Retained earnings" for the caption "Durable infrastructure investments – Loan costs", and the Management Board opted to reflect in this heading the amount of 289,555,301 Euros for interest and other charges incurred by the Company prior to 1995, against "Retained earnings", which were used to pay off the balance of ILD.
On December 31, 2012 and 2011 spending on loans was made up of:

Description	2012	2011	Year variation
Interest, surety and stamp duty	883 409 981	723 214 860	160 195 121
Issue expenses	20 230 150	20 230 150	-
Initial balance corrected on transition to the NCRF	289 555 301	289 555 301	-
Total loan costs	1 193 195 432	1 033 000 311	160 195 121

In addition, on December 31, 2012 and 2011 the cost capitalised under "Intangible assets", "Tangible fixed assets" and "Tangible assets in progress" is detailed as follows:

	December 31, 2012				December 31, 2011			
Description	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Loan costs	139 258	297 349 532	9 457 371	306 946 161	139 257	289 763 990	11 411 104	301 314 351
	139 258	297 349 532	9 457 371	306 946 161	139 257	289 763 990	11 411 104	301 314 351

5.5. Borrowings

The breakdown of borrowings for ILD activities on December 31, 2012 and 2011 is as follows:

		2012				2011					
	Bank	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total	Maturity	Type of amortisation
Debenture loans:											
"Private placement" Issue	Merrill Lynch	77 313 674	7 731 367	23 194 102	30 925 469	77 313 674	7 731 367	30 925 470	38 656 837	15/Oct/2016	Maturity
Metro 2019 Issue	JP Morgan	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000	04/Dec/2026	Maturity
Metro 2026 Issue	BNPP	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000	07/Dec/2027	Maturity
Metro 2027 Issue	Barclays	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000	04/Feb/2019	Maturity
Metro 2025 Issue	DBI, AG	110 000 000	-	110 000 000	110 000 000	110 000 000	-	110 000 000	110 000 000	23/Dec/2025	Maturity
			7 731 367	1 333 194 102	1 340 925 469		7 731 367	1 340 925 470	1 348 656 837		
Bank loans:											
ML A	BEI	57 193 405	3 087 708	12 734 442	15 822 150	57 193 405	3 000 000	15 822 150	18 822 150	15/Dec/2017	Semester
ML B	BEI	-	-	-	-	124 699 474	8 949 737	-	8 949 737	15/Sep/2012	Semester
ML I/2	BEI	234 435 012	18 000 000	101 579 594	119 579 594	234 435 012	18 000 000	119 579 594	137 579 594	15/Sep/2019	Semester
ML II	BEI	74 819 685	4 987 979	29 927 874	34 915 853	74 819 685	4 987 979	34 915 853	39 903 832	15/Sep/2019	Semester
ML III	BEI	54 867 769	5 584 000	36 287 084	41 871 084	54 867 769	5 584 000	41 871 084	47 455 084	15/Jun/2020	Semester
ML II/B	BEI	99 759 579	6 650 639	46 554 471	53 205 110	99 759 579	6 650 639	53 205 109	59 855 748	15/Dec/2020	Semester
ML II/C	BEI	54 867 769	3 657 851	31 091 736	34 749 587	54 867 769	3 657 851	34 749 587	38 407 438	15/Jun/2022	Semester
ML IV	BEI	169 591 285	22 400 000	107 504 090	129 904 090	169 591 285	18 964 847	129 904 090	148 868 937	15/Sep/2018	Semester
ML I/3	BEI	124 699 474	7 134 398	115 857 552	122 991 950	124 699 474	1 707 523	122 991 951	124 699 474	15/Sep/2021	Semester
ML I/3B	BEI	74 819 685	-	74 819 685	74 819 685	74 819 685	-	74 819 685	74 819 685	15/Jun/2022	Semester
ML V/A	BEI	150 000 000	-	150 000 000	150 000 000	150 000 000	-	150 000 000	150 000 000	15/Dec/2020	Semester
ML V/B	BEI	80 000 000	-	80 000 000	80 000 000	80 000 000	-	80 000 000	80 000 000	15/Jun/2021	Semester
ML V/C	BEI	80 000 000	-	80 000 000	80 000 000	80 000 000	-	80 000 000	80 000 000	15/Jun/2022	Semester
Loan LP 613,9 M EUR	DGTF (partial)	507 957 564	126 989 391	380 968 173	507 957 564	507 957 564	-	507 957 564	507 957 564	30/Nov/2016	Semester
Loan LP 648,6 M EUR	DGTF (partial)	237 747 877	-	237 747 877	237 747 877	-	-	-	-	30/Nov/2017	Semester
			198 491 966	1 485 072 578	1 683 564 544		71 502 576	1 445 816 667	1 517 319 243		
Other loans obtained:											
Schuldschein	ABN AMRO	300 000 000	-	300 000 000	300 000 000	300 000 000	-	300 000 000	300 000 000	22/Jul/24	Maturity
			-	300 000 000	300 000 000		-	300 000 000	300 000 000		
Total loans obtained			206 223 333	3 118 266 680	3 324 490 013		79 233 942	3 086 742 138	3 165 976 080		

The debenture loan "Private Placement" was contracted on October 7, 1996 for a period of 20 years, with SWAP / PTE for the final total amount of the issue. Repayment is made in equal instalments from the tenth year onwards.

The debenture loan "Metro 2019" was contracted in February 4, 2009, for a period of 10 years at a fixed rate and with a personal guarantee of the State. The applicable law is the Portuguese Law.

The debenture loan "Metro 2027" was contracted in December 7, 2007, for a period of 20 "bullet" years at a fixed rate, with the personal guarantee of the State. The applicable law is the Portuguese Law, except for the subscription agreement in which the English Law applies.

The issue was admitted to trading on Euronext Lisbon.

In the year ended December 31, 2010, the Company contracted a debenture loan in the amount of 85 million Euros for a period of 15 years, with the personal guarantee of the State, which during the year ended December 31, 2011 received an increase of 25 million Euros. The applicable law is the Portuguese Law.

During the year ended December 31, 2011, given the condition of the financial markets, including the stock market, it was not possible to issue long term bonds, whereby the Company contracted with the Directorate General of Treasury and Finance (DGTF) funding in the amount of 613.932 million Euros, of which 507,957,564 Euros are the responsibilities associated with durable infrastructures (ILD), for a period of five years, repayable in eight equal instalments at half yearly, the first in May 2013.

During the year ended December 31, 2012, given the condition of the financial markets, including the stock market, it was not possible to issue long term bonds, whereby the Company contracted with the DGTF funding in the amount of 648,581,846 Euros, of which 237,747,877 Euros are the responsibilities associated with durable infrastructures (ILD), for a period of five years, repayable in eight equal instalments at half yearly, the first in May 2014.

On December 31, 2012, these loans classified as non-current liabilities, have the following amortisation schedule:

Years	Amount
2014	7 731 367
2015	7 731 367
2016	7 731 368
2017	-
2018 and following	1 310 000 000
	1 333 194 102

The share of bank loans and other loans classified as non-current has the following repayment schedule:

Years	Amount
2014	257 928 936
2015	257 928 936
2016	257 928 936
2017	130 939 545
2018 and following	880 346 225
	1 785 072 578

On December 31, 2012 and 2011, the obtained financing with associated covenants, including those that are associated with the Portuguese Republic rating or that include custody clauses, are broken down as follows:

Contract	Amount owed on 31/Dec/2012	Term	Guarantees	Pari Passu	Custody clause	Rating	Cross default	Other relevant clauses
BEI – ML A	15 822 150	05/Dec/2017	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML B	–	15/Sep/2012	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/2	119 579 594	15/Sep/2019	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II	34 915 853	15/Dec/2019	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML III	41 871 084	15/Jun/2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II/B	53 205 109	15/Dec/2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/3	122 991 951	15/Sep/2021	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/3B	74 819 685	15/Sep/2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II/C	34 749 587	15/Jun/2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML IV	129 904 090	15/Sep/2018	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/A	150 000 000	15/Dec/2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/B	80 000 000	15/Jun/2021	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/C	80 000 000	15/Jun/2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
Schuldschein Loan Agreement signed with ABN Amro Bank, NV on July 20, 2004, subject to German Law and the Courts of Frankfurt am Main	300 000 000	20/Jul/2024	Yes	Yes	No	No	Yes	Guarantee of Portuguese Republic / Non-substancial change of nature or object of the company
Merrill Lynch – Private Placement	30 925 469	17/Oct/2016	No	Yes	Loss of State – Owned status	No	Yes	Non-substancial change of nature or object of the company
Metro 2019 issue	400 000 000	2026	No	Yes	Loss of State – Owned status (State participation less than 51%)	No	Yes	Guarantee of Portuguese Republic / Non-substancial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro 2026 issue	400 000 000	2027	No	Yes	Loss of State – Owned status (State participation less than 51%)	No	Yes	Guarantee of Portuguese Republic / Non-substancial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro 2025 issue	110 000 000	2025	No	Yes	Loss of State – Owned status (State participation less than 51%)	No	Yes	Guarantee of Portuguese Republic / Non-substancial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro 2027 issue	400 000 000	2019	No	Yes	Loss of State – Owned status (State participation less than 51%)	No	Yes	Guarantee of Portuguese Republic / Non-substancial change of nature or object of the enterprise / Traded on Euronext Lisbon

5.6. Derivative Financial Instruments

As described in Note 3.16, to cover the financial risk of variations in interest rates, the Company hired interest rate SWAPS with several banks in respect of bank loans that are affected to ILD. It is the Company's Management Board understanding that, although these have not been endorsed by the Portuguese State, they were contracted under the scope of the durable infrastructure management policy, wherefore they are recorded in the caption "Durable infrastructure investments".

On December 31, 2012 SWAP contracts that are affected to the ILD and the fair value thereof as determined by an independent entity, different from that with which they were contracted, are detailed as follows:

Bank loans			Date			Capital covered 31/Dec/2012			Fair value		
Name		Bank	SWAP	Initial	Final	Capital	Inc. Capital (BEI)	Total associated financing	31/Dec/2012	31/Dec/2011	Variation
B E I (ML A)		BBVA	02/02/2006	05/12/2005	15/12/2017	–	–	–	–	–	–
B E I (ML A)		M LYNCH	16/07/2010	15/06/2010	15/12/2017	–	–	–	–	–	–
						18 061 075	761 075	18 822 150	(762 649)	(451 271)	(311 378)
B E I (ML B)	1°, 2°, 3°, 4°, 5° DISBURSEMENTS	BST	18/10/2005	15/09/2005	15/09/2012	–	–	–	–	38 700	(38 700)
B E I (ML B)	1°, 2°, 3°, 4°, 5° DISBURSEMENTS	BARCLAYS	11/07/2008	15/09/2007	15/09/2012	6 234 974	–	–	–	(23 340)	23 340
B E I (ML B)	6° DISBURSEMENT	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	–	(12 660)	12 660
B E I (ML B)	6° DISBURSEMENT	BARCLAYS	18/02/2011	15/03/2011	15/09/2012	2 672 131	–	–	–	(28 497)	28 497
						8 907 105	42 632	8 949 737	–	(25 797)	25 797
B E I (ML I/2)	1°, 4°, 5°, 7°, 8° DISBURSEMENTS	DBI	26/03/2010	15/03/2010	15/09/2019	78 477 536	–	–	(19 045 304)	(22 131 566)	3 086 262
B E I (ML I/2)	2°, 3° and 6° DISBURSEMENTS	BST	30/03/2006	15/03/2006	15/09/2019	46 554 470	–	–	(18 359 146)	(4 930 663)	(13 428 483)
						125 032 006	12 547 588	137 579 594	(37 404 450)	(27 062 229)	(10 342 221)
B E I (ML II)	4° DISBURSEMENT	JP MORGAN	12/02/2009	15/06/2008	15/12/2019	15 961 533	–	–	(709 909)	(183 183)	(526 726)
B E I (ML II)	2° and 3° DISBURSEMENTS	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	–	(110 248)	110 248
B E I (ML II)	2° and 3° DISBURSEMENTS	RBS	16/01/2009	15/12/2008	15/12/2019	15 961 533	–	–	129 744	269 638	(139 894)
B E I (ML II)	1° DISBURSEMENT	BNPP	26/11/2008	15/09/2008	15/12/2019	7 980 766	–	–	(588 493)	(399 192)	(189 301)
						39 903 832	–	39 903 832	(1 168 658)	(422 985)	(745 673)
B E I (ML III)	1° and 4° DISBURSEMENTS	M LYNCH	26/09/2003	15/12/2003	15/06/2011	–	–	–	(1 073 402)	(400 336)	(673 066)
B E I (ML III)	1° and 4° DISBURSEMENTS	BBVA	02/02/2006	15/12/2005	15/06/2020	–	–	–	–	–	–
B E I (ML III)	1° and 4° DISBURSEMENTS	M LYNCH	16/07/2010	15/06/2010	15/06/2020	19 785 650	–	–	–	–	–
B E I (ML III)	2° and 3° DISBURSEMENTS	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	–	(77 388)	77 388
B E I (ML III)	2° and 3° DISBURSEMENTS	BARCLAYS	18/02/2011	15/03/2011	15/06/2020	11 306 086	–	–	(1 540 599)	(1 820 408)	279 809
						31 091 736	16 363 348	47 455 084	(2 614 001)	(2 298 132)	(315 869)
B E I (ML II/B)	1°, 2°, 3°, 4°, DISBURSEMENTS	DBI	11/02/2008	15/12/2007	15/12/2020	59 855 748	–	59 855 748	(4 973 459)	(3 361 654)	(1 611 805)
B E I (ML I/3)	1°, 2°, 3°, 4°, 5° DISBURSEMENTS	SG	14/09/2010	15/03/2010	15/09/2021	83 132 983	41 566 491	124 699 474	(23 197 067)	(18 104 607)	(5 092 460)
B E I (ML I/3-B)	1°, 2° DISBURSEMENTS	BNPP	19/05/2009	15/03/2009	15/06/2022	24 441 097	–	–	(6 674 285)	(7 630 399)	956 114
B E I (ML I/3-B)	3° DISBURSEMENT	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	–	(275 704)	275 704
B E I (ML I/3-B)	3° DISBURSEMENT	BARCLAYS	18/02/2011	15/03/2011	15/06/2022	27 932 682	–	–	(4 848 956)	(5 459 346)	610 390
						52 373 779	22 445 905	74 819 684	(11 523 241)	(13 365 449)	1 842 208
B E I (ML II/C)	1°, 2° DISBURSEMENTS	BNPP	19/05/2009	15/03/2009	15/06/2022	38 407 438	–	38 407 438	(10 717 358)	(12 344 897)	1 627 539
B E I (ML IV)	1°, 2°, 3°, 4° and 5° DISBURSEMENTS	BES INV	11/02/2010	15/12/2009	15/09/2018	118 713 900	30 155 038	148 868 938	(9 875 764)	(15 412 249)	5 536 485
B E I (ML V/A)	1°, 2°, 3° and 4° DISBURSEMENTS	DBI	27/04/2009	15/03/2009	15/12/2020	140 000 000	10 000 000	150 000 000	(30 629 344)	(22 161 604)	(8 467 740)
B E I (ML V/B)	1°, 2°, 3° DISBURSEMENTS	BARCLAYS	10/07/2008	15/06/2008	15/06/2021	77 333 333	2 666 667	80 000 000	(3 456 422)	7 902 075	(11 358 497)
B E I (ML V/C)	1° DISBURSEMENT	BST	26/05/2003	16/06/2003	15/06/2022	–	–	–	(7 558 349)	(5 537 448)	(2 020 901)
B E I (ML V/C)	1° DISBURSEMENT	BNPP	14/02/2006	15/12/2005	15/06/2022	–	–	–	3 243 997	1 069 553	2 174 444
B E I (ML V/C)	1° DISBURSEMENT	JP MORGAN	31/05/2007	15/12/2006	15/06/2022	40 000 000	–	–	1 211 722	2 800 083	(1 588 361)
B E I (ML V/C)	2° DISBURSEMENT	BNPP	26/11/2008	15/09/2008	15/06/2022	40 000 000	–	–	(4 092 389)	(1 764 853)	(2 327 536)
						80 000 000	–	80 000 000	(7 195 019)	(3 432 665)	(3 762 354)
BEI (REEST-REVISABLE FIXED RATES)		BST	09/03/2006	15/03/2006	15/09/2012	6 234 974	–	6 234 974	–	(4 251)	4 251
BEI (REEST-INC CAPITAL)	TRANCHE A	C SUISSE	03/06/2008	15/03/2008	15/06/2022	68 274 372	–	–	(43 639 184)	(50 271 813)	6 632 629
BEI (REEST-INC CAPITAL)	TRANCHE B	BST	31/05/2007	15/03/2007	15/06/2022	–	–	–	(328 218 600)	(106 757 476)	(221 461 124)
BEI (REEST-INC CAPITAL)	TRANCHE B	JP MORGAN	15/07/2009	15/03/2010	15/06/2022	–	–	–	2 319 737	(225 484)	2 545 221
BEI (REEST-INC CAPITAL)	TRANCHE B	CAIXA BI	16/07/2009	15/03/2010	15/06/2022	34 137 186	–	–	2 319 737	(225 484)	2 545 221
BEI (REEST-INC CAPITAL)	TRANCHE C	DBI	26/03/2010	15/03/2010	15/06/2022	34 137 186	–	–	(3 155 482)	(1 221 344)	(1 934 138)
						136 548 744	(136 548 744)	–	(370 373 792)	(158 701 601)	(211 672 191)

Bank loans			Date			Capital covered 31/Dec/2012			Fair value		
Name		Bank	SWAP	Initial	Final	Capital	Inc. Capital (BEI)	Total associated financing	31/Dec/2012	31/DEc/2011	Variation
A B N (SCHULDSCHEIN)	TRANCHE A	MORGAN STANLEY	08/07/2008	22/07/2010	22/07/2024	–	–	–	(29 741 487)	(24 580 849)	(5 160 638)
A B N (SCHULDSCHEIN)	TRANCHE A	C SUISSE	18/04/2011	22/07/2006	22/07/2024	100 000 000	–	–	10 206 827	7 998 540	2 208 287
A B N (SCHULDSCHEIN)	TRANCHE B	SG	10/09/2010	22/07/2010	22/07/2024	100 000 000	–	–	(48 734 952)	(38 130 245)	(10 604 707)
A B N (SCHULDSCHEIN)	TRANCHE C	BST	25/02/2005	22/07/2005	22/07/2024	–	–	–	(29 305 648)	(24 136 994)	(5 168 654)
A B N (SCHULDSCHEIN)	TRANCHE C	C SUISSE	03/03/2010	22/07/2006	22/07/2024	100 000 000	–	–	(13 393 372)	24 807 622	(38 200 994)
						300 000 000	–	300 000 000	(110 968 632)	(54 041 926)	(56 926 706)
MERRILL LYNCH		M LYNCH	16/07/2010	15/04/2010	15/10/2016	46 388 204	–	46 388 204	(1 576 363)	(1 441 825)	(134 538)
						–	–	–	4 018 138	5 293 389	(1 275 251)
						46 388 204	–	46 388 204	2 441 775	3 851 564	(1 409 789)
DEBENTURE LOAN 2026		BARCLAYS	16/05/2008	04/12/2007	04/12/2026	100 000 000	–	100 000 000	(4 680 152)	(996 861)	(3 683 291)
DEBENTURE LOAN 2026		JP MORGAN	29/11/2010	04/12/2009	04/12/2026	100 000 000	–	100 000 000	(8 137 557)	(15 401 670)	7 264 113
DEBENTURE LOAN 2026		BBVA	15/12/2006	04/12/2006	04/12/2026	70 000 000	–	70 000 000	(23 084 110)	(11 628 863)	(11 455 247)
DEBENTURE LOAN 2026		M LYNCH	16/07/2010	04/12/2009	04/12/2026	30 000 000	–	30 000 000	13 826 290	3 417 284	10 409 006
DEBENTURE LOAN 2026		CGD	16/07/2010	04/12/2009	04/12/2026	30 000 000	–	30 000 000	5 270 862	5 252 042	18 820
DEBENTURE LOAN 2026		C SUISSE	09/08/2011	04/12/2010	04/12/2026	70 000 000	–	70 000 000	5 270 862	5 252 042	18 820
DEBENTURE LOAN 2026		BARCLAYS	17/05/2007	04/12/2006	04/12/2026	200 000 000	–	200 000 000	(9 340 360)	(962 533)	(8 377 827)
DEBENTURE LOAN 2026		JP MORGAN	06/07/2010	04/12/2009	04/12/2026	170 000 000	–	170 000 000	(43 785 452)	(46 936 341)	3 150 889
DEBENTURE LOAN 2026		JP MORGAN	29/11/2010	04/12/2009	04/12/2026	30 000 000	–	30 000 000	4 878 720	4 848 207	30 513
DEBENTURE LOAN 2026		BARCLAYS	15/05/2009	04/03/2009	04/12/2026	100 000 000	–	100 000 000	(156 215 611)	(145 874 013)	(10 341 598)
DEBENTURE LOAN 2026		CAIXA BI	28/04/2010	04/12/2009	04/12/2026	100 000 000	–	100 000 000	(3 380 446)	(5 556 592)	2 176 146
DEBENTURE LOAN 2026		DBI	26/03/2010	04/12/2009	04/12/2026	70 000 000	–	70 000 000	(63 726 402)	(63 136 898)	(589 504)
DEBENTURE LOAN 2026		DBI	27/07/2009	04/12/2008	04/12/2026	70 000 000	–	70 000 000	21 392 307	24 639 744	(3 247 437)
						1 140 000 000	–	1 140 000 000	(261 711 049)	(247 084 452)	(14 626 597)
DEBENTURE LOAN 2027		BARCLAYS	20/12/2007	07/12/2007	07/12/2022	200 000 000	–	200 000 000	(23 026 330)	(18 392 382)	(4 633 948)
DEBENTURE LOAN 2027		JP MORGAN	07/12/2007	07/12/2007	07/12/2027	100 000 000	–	100 000 000	(57 586 032)	(57 204 517)	(381 515)
DEBENTURE LOAN 2027		BNPP	28/04/2010	07/12/2009	07/12/2027	100 000 000	–	100 000 000	9 914 102	1 266 744	8 647 358
						400 000 000	–	400 000 000	(70 698 260)	(74 330 155)	3 631 895
DEBENTURE LOAN 2019		BARCLAYS	28/01/2009	04/02/2009	04/02/2019	400 000 000	–	400 000 000	63 929 887	38 880 099	25 049 788
DEBENTURE LOAN 2019		CITIBANK	15/01/2010	04/02/2010	04/02/2019	100 000 000	–	100 000 000	(27 243 001)	(20 802 592)	(6 440 409)
DEBENTURE LOAN 2019		GSI	11/03/2011	04/08/2012	04/02/2019	300 000 000	–	300 000 000	(51 351 417)	(27 125 777)	(24 225 640)
						800 000 000	–	800 000 000	(14 664 531)	(9 048 270)	(5 616 261)
DEBENTURE LOAN 2030		BARCLAYS	30/12/2010	30/12/2010	30/12/2030	300 000 000	–	300 000 000	(94 339 693)	(68 557 167)	(25 782 526)
						4 001 984 857	–	4 001 984 857	(1 063 831 614)	(718 457 722)	(345 373 892)

The methodology used by the independent evaluator to quantify the value of those contracts is the projection of cash flows expected in the future, updated to the present time, using the current zero coupon curve in order to project the reference rates payable and receivable by the Company, as stated in the contracts made with the various banks.

The fair value of derivative financial instruments has no impact on the balance of the caption "Durable infrastructure investments", since the corresponding asset is intrinsically considered in this caption, offsetting the net loss effect of these SWAP at December 31, 2012 and 2011.

5.7. Suppliers

The caption "Suppliers" comprises mainly current liabilities arising in connection with works carried out in the expansion and modernisation / refurbishment of the network.

5.8. Other payables

The balance of "Other payables" is composed mainly by interest expense on loans, interest rate derivatives and surety payable during the year 2013. Additionally, on December 31, 2012, this caption includes the sum of 2,419,256 Euros related to investment expenditures made in ILD which to date were not yet billed by Ferconsult.

6. Tangible fixed assets

During the years ended December 31, 2012 and 2011, the movements in the carrying amount of the tangible fixed assets of the Company and in the respective accumulated amortisations and accumulated impairment losses, were as follows:

2012	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Total
Assets:								
Initial balance	24 287 679	251 251 764	497 505 520	1 236 442	26 205 594	24 829 596	5 892 580	831 209 175
Purchases	–	1 776	641 895	13 980	214 681	494 051	694 456	2 060 839
Sales	–	–	(813)	(638 069)	(4 779)	–	–	(643 661)
Transfers	–	–	635 566	–	2 179 814	–	(3 610 960)	(795 580)
Write-offs	–	–	(1 021)	–	(336 909)	(1 910)	–	(339 840)
Final balance	24 287 679	251 253 540	498 781 147	612 353	28 258 401	25 321 737	2 976 076	831 490 933
Acumulated amortisation and impairment losses:								
Initial balance	–	159 550 362	322 595 264	1 080 388	24 937 809	9 370 576	–	517 534 399
Amortisation during the year	–	10 816 426	15 333 887	68 157	548 319	880 955	–	27 647 744
Sales	–	–	(813)	(620 914)	(3 228)	–	–	(624 955)
Write-offs	–	–	(912)	–	(336 439)	(1 700)	–	(339 051)
Final balance	–	170 366 788	337 927 426	527 631	25 146 461	10 249 831	–	544 218 137
Net assets	24 287 679	80 886 752	160 853 721	84 722	3 111 940	15 071 906	2 976 076	287 272 796

The increase in the year ended December 31, 2012 in the caption "Basic Equipment" totalling 641,895 Euros reflects mainly the purchase of traction transformers in the amount of 310,764 Euros and the expansion of the telephone network in the amount of 233,661 Euros.

The transfers occurred during the year 2012 to the captions "Basic equipment" and "Office equipment" in the amount of 635,566 Euros and 2,179,814 Euros, relate essentially to the purchase of TETRA mobile and portable radios for rolling stock which enable private communications within the Integrated System of Portugal's Emergency and Security Networks (SIRESP) and the Resource Optimal Planning and Real-Time Operation Management System (PLAGO).

2011	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Total
Assets:								
Initial balance	24 287 545	251 246 724	497 529 500	1 218 093	25 642 153	24 626 564	2 432 361	826 982 940
Purchases	134	5 039	65 486	93 319	696 281	207 336	3 488 159	4 555 754
Sales	–	–	(62 100)	(74 970)	–	–	–	(137 070)
Transfers	–	–	–	–	27 940	–	(27 940)	–
Write-offs	–	–	(27 365)	–	(160 780)	(4 304)	–	(192 449)
Final balance	24 287 679	251 251 764	497 505 520	1 236 442	26 205 594	24 829 596	5 892 580	831 209 175
Acumulated amortisation and impairment losses:								
Initial balance	–	148 729 213	303 643 014	1 053 452	24 610 959	8 503 418	–	486 540 056
Amortisation during the year	–	10 821 149	19 030 143	92 713	487 289	871 250	–	31 302 544
Sales	–	–	(51 462)	(65 777)	–	–	–	(117 239)
Write-offs	–	–	(26 431)	–	(160 439)	(4 092)	–	(190 962)
Final balance	–	159 550 362	322 595 264	1 080 388	24 937 809	9 370 576	–	517 534 399
Net assets	24 287 679	91 701 402	174 910 256	156 054	1 267 785	15 459 020	5 892 580	313 674 776

The increase for the year ended December 31, 2011 under the heading "Tangible fixed assets in progress" includes: (i) 1,571,836 Euros for the purchase of vending equipment, gate access control and surveillance for new stations; (ii) 714,526 Euros for the purchase of electronic payment modules for ticket vending machines; (iii) 578,333 Euros for the purchase of BACKBONE communications equipment; (iv) 294,461 Euros for expenses associated with the PLAGO system; and (v) 52,009 Euros for the purchase of mobile radio dock stations and TETRA portables for rolling stock.

During the years ended December 31, 2012 and 2011, the Company capitalised financial expenses related to loans to finance assets under construction and departmental expenditures, as follows:

Capitalised costs	2012	2011
Loan Costs	10 928	67 433
	10 928	67 433

Amortisations amounting to 27,647,744 Euros (31,302,544 Euros in 2011) were recorded under "Costs / reversals of depreciation and amortisation" in the income statement.

7. Leases

Finance leases

As mentioned in Note 3.5, the Company records in its tangible assets (Note 6), assets acquired under finance lease. On December 31, 2012 and 2011, the Company is the lessee in finance lease contracts related primarily to the purchase of 55 triple traction units, three passenger vehicles and a photocopier, recorded under "Tangible fixed assets – basic equipment" and "Tangible fixed assets – office equipment", respectively.

Assets held under finance leases for the year ended December 31, 2012 and 2011 are as follows:

	2012			2011
Finance leases – Equipment	Gross amount	Accumulated amortisation	Net amount	Net amount
Basic equipment	305 858 686	167 602 380	138 256 306	149 179 914
Transport equipment	77 399	37 322	40 077	24 896
Office equipment	8 956	8 956	-	1 636
	305 945 041	167 648 658	138 296 383	149 206 446

Income from leasing the triple traction units bear interest at annual rates ranging between 3.328% and 14.738%.

The outstanding finance leases as at December 31, 2012 and 2011 have the following detail:

	Capital owed (Note 18)	
Finance leases	2012	2011
Up to 1 year	26 999 992	19 289 884
Between 1 and 5 years	47 534 578	70 443 178
More than 5 years	15 275 224	22 713 015
	89 809 794	112 446 077

Operating leases

On December 31, 2012 the Company has responsibilities with 10 operating lease contracts with TREM, A.C.E. and TREM II, A.C.E. (Note 9) and Hewlett-Packard International Bank not recognised in the balance sheet (Note 3.5) in the amount of 235,410,226 Euros (Note 17).

The minimum lease payments of operating leases in 2012 and 2011 are as follows:

	Minimum payments	
Operating leases	2012	2011
Up to 1 year	7 220 379	10 141 441
Between 1 and 5 years	59 265 912	59 265 912
More than 5 years	168 923 935	173 842 531
	235 410 226	243 249 885

8. Investment properties

The changes in the caption "Investment properties" on December 31, 2012 and 2011 were as follows:

	31/Dec/2012				
	Gross amount	Accumulated amortisation	Accumulated impairment losses	Net amount	Fair value
Property rented to third parties	3 555 595	1 282 735	1 905 969	366 891	366 891
	3 555 595	1 282 735	1 905 969	366 891	366 891

	31/Dec/2011				
	Gross amount	Accumulated amortisation	Accumulated impairment losses	Net amount	Fair value
Property rented to third parties	3 555 595	1 211 601	1 944 198	399 796	399 796
	3 555 595	1 211 601	1 944 198	399 796	399 796

The investment properties held by the Company refer to 35 buildings in the Lisbon metropolitan area, for relocation of low-income families affected by the network expansion programme, which are being amortised over a period of 50 years.

The fair value of the investment properties was determined by the difference between the expected cash flows from rents on lease contracts signed, as described in Note 3.6, and the estimated costs (including the Property Tax and condominium and maintenance spending) until the end of the contracts. On December 31, 2012 and 2011, the following income and costs related to investment property were recorded:

	31/Dec/2012			
	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income
Property rented to third parties	24 726	20 862	71 134	(67 270)
	24 726	20 862	71 134	(67 270)

	31/12/2011			
	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income
Property rented to third parties	24 288	24 796	71 133	(71 641)
	24 288	24 796	71 133	(71 641)

During the year ended December 31, 2012 the Company derecognised the previously recognised impairment losses amounting to 38,230 Euros, which was recorded in the caption "Impairment of depreciable / amortisable assets (losses / reversals), in the statement results.

The amortisation for the years ended December 31, 2012 and 2011, in the amount of 71,134 Euros, were recorded under "Costs / reversals of depreciation and amortisation".

9. Financial investments

On December 31, 2012 and 2011 the Company showed the following investments in subsidiaries, associates and other companies:

2012	Head Office	Assets	Liabilities	Equity	Total income	Net result	% held	Proportion in the result	Amount recorded	Share held
Subsidiaries:										
Ferconsult, S.A.	Lisboa	13 746 786	10 337 175	3 409 610	4 986 425	(1 203 124)	100,00%	(1 203 124)	(1 203 124)	3 409 610 b)
Ferconsult, S.A. – loans (Note 32)	Lisboa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1 031 836
Metrocom, S.A.	Lisboa	2 480 910	949 275	1 531 635	2 944 824	443 758	100,00%	443 758	443 758	1 531 635 b)
Associated companies:										
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisboa	4 145 816	4 148 684	(2 868)	1 614 964	–	40,00%	–	–	(1 147)
Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E.	Lisboa	3 845 496	3 560 790	284 707	5 622 283	284 707	5,00%	14 235	14 235	14 235
Total investments in subsidiaries and associated companies										5 986 169
Investments in other companies:										
Edel – Empresa Editorial, Lda.	Lisboa	c)	c)	c)	c)	c)	c)	c)	c)	20 a)
GIL – Gare Intermodal de Lisboa, S.A.	Lisboa	75 923 772	86 963 811	(11 040 038)	4 743 005	(583 802)	16,00%	(93 408)	312 346	–
GIL – Gare Intermodal de Lisboa, S.A. – loans (Note 32)	Lisboa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14 050 474
Otlis, A.C.E.	Lisboa	2 292 320	1 534 599	757 721	2 911 556	277 889	14,29%	39 710	108 246	108 246
TREM, A.C.E.	Lisboa	8 770 789	72 731 710	(10 702 242) d)	3 052 086	(1 250 205) d)	0,01%	(119)	–	–
TREM II, A.C.E.	Lisboa	39 607 401	163 070 291	(20 264 309) d)	6 145 276	(2 976 660) d)	0,01%	(282)	–	–
Total investments in other companies										14 158 740
Total										20 144 909

a) Financial information not audited as at December 31, 2012.
b) Consolidation of the entities by comprehensive method in the Company's consolidated financial statements.
c) Information not available.
d) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

2011	Head Office	Assets	Liabilities	Equity	Total income	Net result	% held	Proportion in the result	Amount recorded	Share held
Subsidiaries:										
Ferconsult, S.A.	Lisboa	16 380 599	11 767 865	4 612 734	8 916 509	(1 482 371)	100,00%	(1 482 371)	(1 482 371)	4 612 736 b)
Ferconsult, S.A. – loans (Note 32)	Lisboa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	973 698
Metrocom, S.A.	Lisboa	1 990 419	902 542	1 087 877	2 944 297	394 821	100,00%	394 821	394 821	1 087 877 b)
Associated companies:										
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisboa	2 595 705	3 598 573	(2 868)	1 781 984	(143 333)	40,00%	(57 333)	–	(1 147)
Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E.	Lisboa	6 848 653	6 563 257	285 396	6 153 853	285 396	5,00%	14 270	14 270	14 270
Total investments in subsidiaries and associated companies										6 687 434
Investments in other companies:										
Edel – Empresa Editorial, Lda.	Lisboa	c)	c)	c)	c)	c)	c)	c)	c)	20 a)
GIL – Gare Intermodal de Lisboa, S.A.	Lisboa	77 479 614	87 169 956	(9 690 342)	5 042 609	(874 806)	16,00%	(139 969)	312 346	
GIL – Gare Intermodal de Lisboa, S.A. – loans (Note 32)	Lisboa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8 998 267
Otlis, A.C.E.	Lisboa	3 476 800	1 730 125	1 746 675	3 279 937	495 176	14,29%	70 736	70 736	249 525
TREM, A.C.E.	Lisboa	12 996 751	75 633 011	(9 120 438) d)	3 299 951	(351 798) d)	0,01%	(32)	–	–
TREM II, A.C.E.	Lisboa	39 567 732	168 896 357	(16 221 698) d)	6 687 979	(2 776 371) d)	0,01%	(250)	–	–
Total investments in other companies										9 247 812
Total										15 935 246

a) Financial information not audited as at December 31, 2012.
b) Consolidation of the entities by comprehensive method in the Company's consolidated financial statements.
c) Information not available.
d) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

The investment held by the Company in the subsidiary Ferconsult, S.A. is on December 31, 2012 recorded by the equity method, and appropriate a loss during the year ended 2012 in the amount of 1,203,124 Euros, which was recognised in the income statement under "Gains / losses charges to subsidiaries, associates and affiliates".

The financial contribution that the Company holds in the affiliate GIL – Gare Intermodal de Lisboa, S.A., is recorded at nil value, because the Board understands that despite the current economic situation of that associate, which according to financial information on December 31, 2012 has accumulated losses of 11,040,038 Euros, there will be no further losses for the Company.

In addition, during the year ended December 31, 2012, the Company granted loans to GIL – Gare Intermodal de Lisboa, S.A., in the amount of 5,052,207 Euros, and in December 31, 2012, the total grants amount to 14,050,474 Euros. The Company did not recognise any impairment losses on that amount, as the Board understands that they will be realised in the future.

In the year ended 2011, the Company increased by 20% its financial stake in Metrocom, S.A., the acquisition cost amounting to 368,825 Euros. As a result of this acquisition, the Company recognised an impairment loss in the caption "Impairment of depreciable / amortisable assets (losses / reversals)" for an amount of 230,214 Euros, which corresponds to the difference between the purchase price and the value of the equity of interest acquired.

Additionally, on December 31, 2011, the Company recognised its share in the accumulated losses presented by the subsidiary Publimetro, S.A., in the amount of 1,147 Euros.

Entries in investments held by the Company during the year 2012 and 2011 were as follows:

	2012		
	Equity method	Cost	Total
Financial investments:			
Initial balance	5 964 428	10 284 311	16 248 739
Application of the equity method	(705 421)	–	(705 421)
Dividends	(63 581)	–	(63 581)
Other variations in equity – subsidies	(131 633)	–	(131 633)
Loan increases – GIL	–	5 052 207	5 052 207
Loan interest – Ferconsult	–	58 138	58 138
Other variations	(47)	–	(47)
Final balance	5 063 746	15 394 656	20 458 402
Impairment losses:			
Initial balance	(313 493)	–	(313 493)
Final balance	(313 493)	–	(313 493)
Net assets	4 750 253	15 394 656	20 144 909

2011

	Equity method	Cost	Total
Financial investments:			
Initial balance	6 985 942	5 131 967	12 117 909
Application of the equity method	(1 058 698)	–	(1 058 698)
Dividends	(59 035)	–	(59 035)
Purchase of 20% of Metrocom	368 825	–	368 825
Derecognition of goodwill	(230 214)	–	(230 214)
Other variations in equity – subsidies	(42 407)	–	(42 407)
Loan increases – GIL	–	4 178 646	4 178 646
Loan increases – Ferconsult	–	960 000	960 000
Loan interest – Ferconsult	–	13 698	13 698
Other variations	15	–	15
Final balance	5 964 428	10 284 311	16 248 739
Impairment losses:			
Initial balance	(312 346)	–	(312 346)
Impairment losses for the year – Publimetro	(1 147)	–	(1 147)
Final balance	(313 493)	–	(313 493)
Net assets	5 650 935	10 284 311	15 935 246

10. Derivatives

The balance of the caption "Derivatives" on December 31, 2012 and 2011 corresponds to the fair value of the SWAP contracts, as determined by an independent entity, other than that with which they were hired, and are broken down as follows:

Loans		Date				Fair value				
						31/Dec/2012		31/Dec/2011		
Name	Bank / Financing Entity	Swap	Initial	Final	Capital	Assets	Liabilities	Assets	Liabilities	Variation
GOLDMAN SACHS (SCHULDSCHEIN)	GSI	11/03/2011	21/07/2010	21/07/2016	71 042 080	16 260 790	–	8 648 218	–	7 612 572
GOLDMAN SACHS (SCHULDSCHEIN)	GSI	11/03/2011	24/07/2010	24/07/2016	50 000 000	11 573 189	–	6 203 110	–	5 370 079
DB EXPORT/95	BST	26/02/2003	15/06/2003	30/12/2013	26 199 752	–	(510 593)	–	(1 049 048)	538 455
DB EXPORT/97	BST	26/02/2003	15/06/2003	30/12/2015	29 132 966	–	(1 706 142)	–	(2 008 031)	301 889
BSN-CGD (US LEASE)	BST	22/09/2005	01/07/2005	01/01/2019	57 050 204	–	(48 770 499)	–	(63 505 413)	14 734 914
BSN-CGD (US LEASE)	JP MORGAN	15/07/2009	01/07/2009	01/01/2019	–	4 700 505	–	4 916 378	–	(215 873)
BSN-CGD (US LEASE)	CAIXA BI	16/07/2009	01/07/2009	01/01/2019	–	4 700 505	–	4 916 378	–	(215 873)
TREM I	C SUISSE	16/11/2009	20/03/2007	20/03/2020	75 227 378	–	(1 816 003)	–	(7 369 895)	5 553 892
TREM II	C SUISSE	16/11/2009	24/03/2007	24/09/2021	82 949 743	–	(3 030 532)	–	(11 809 381)	8 778 849
TREM II (2ª TRANCHE)	BST	06/06/2005	23/09/2005	23/09/2022	85 072 763	–	(166 698 901)	–	(119 222 995)	(47 475 906)
TREM II (2ª TRANCHE)	JP MORGAN	08/07/2008	23/03/2008	23/09/2022	–	10 561 546	–	11 495 006	–	(933 460)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2014	150 000 000	–	(5 721 988)	–	(5 393 975)	(328 013)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2016	25 500 000	–	(2 084 251)	–	(1 354 825)	(729 426)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2016	24 500 000	739 133	–	345 980	–	393 153
					676 674 886	48 535 668	(230 338 909)	36 525 070	(211 713 563)	(6 614 748)

The methodology used by the independent appraiser to quantify the value of those contracts consists of the projection of cash flows expected in the future, updated to the present time by using the current zero coupon curve, in order to project the reference rates payable and receivable by the Company as included in the contracts made with the various banks.

The effect of the variation in fair value of derivatives in the year ended 2012, amounting to 6,614,748 Euros, is recorded under "Increases / decreases in fair value".

According to sensitivity analysis reported at December 31, 2012, performed by an independent appraiser, and based on certain assumptions, the impact of 1% variation in interest rates on the fair value of investments portfolio held by the Company, as detail above and in the ILD affections (Note 5.7), would be as follows:

	+1%	-1%
Fair value	332 932 557	332 932 557
	332 932 557	332 932 557

11. Other financial assets – non-current

On December 31, 2012 and 2011, the caption "Other financial assets – non-current" in the amount of 17,539,253 Euros and 24,351,216 Euros, pertains to additional assurance that the Company had to grant in April 2009 in favour of Bank of America Leasing & Capital, LCC, under the operating lease contracted for the purchase of 24 traction units, which was endorsed by the Portuguese State as a result of the cut in the Portuguese Republic's rating.

12. Inventories

On December 31, 2012 and 2011, inventories of the Company were as follows:

	2012			2011		
Inventories	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Raw, subsidiary and consumable materials:						
Materials	1 002 947	(380 000)	622 947	931 921	(330 000)	601 921
Tools	22 722	-	22 722	33 997	-	33 997
Cleaning products	19 668	-	19 668	17 439	-	17 439
Fuel	26 900	-	26 900	19 261	-	19 261
Tickets	130 064	-	130 064	607 796	-	607 796
Other materials	400 317	-	400 317	564 672	-	564 672
	1 602 618	(380 000)	1 222 618	2 175 086	(330 000)	1 845 086

On December 31, 2012 and 2011, the Company had no inventory in the custody of third parties, nor was any in transit or on consignment.

Cost of goods sold and materials consumed

The cost of goods sold and materials consumed recognised in the years ended December 31, 2012 and 2011 is detailed as follows:

	Raw, subsidiary and consumable materials	
Cost of goods sold	2012	2011
Initial balance	2 175 086	1 844 236
Purchases	2 093 143	2 403 145
Adjustments	(460 207)	94 462
Final balance	1 602 618	2 175 086
	2 205 404	2 166 757

Impairment losses

The evolution of impairment losses of inventories for the years ended December 31, 2012 and 2011 is detailed as follows:

	2012				2011			
Impairment losses - Inventories	Initial balance	Increases	Reversals	Final balance	Initial balance	Increases	Reversals	Final balance
Goods	330 000	50 000	-	380 000	280 000	50 000	-	330 000
	330 000	50 000	-	380 000	280 000	50 000	-	330 000

The increases in impairment losses on inventories for the years ended December 31, 2012 and 2011 were recorded in the caption "Impairment of inventories (losses / reversals)" in the income statement.

13. Clients and other receivables

On December 31, 2012 and 2011 accounts receivable of the Company were as follows:

Clients and Other receivables	2012 Gross amount	2012 Accumulated impairment	2012 Net amount	2011 Gross amount	2011 Accumulated impairment	2011 Net amount
Non-current:						
Other receivables	12 433 723	–	12 433 723	12 445 631	–	12 445 631
	12 433 723	–	12 433 723	12 445 631	–	12 445 631
Current:						
Clients	8 008 373	(421)	8 007 952	5 086 559	(2 755)	5 083 804
Other receivables	22 783 806	(4 382 808)	18 400 998	25 894 713	(4 454 186)	21 440 527
	30 792 179	(4 383 229)	26 408 950	30 981 272	(4 456 941)	26 524 331
	43 225 902	(4 383 229)	38 842 673	43 426 903	(4 456 941)	38 969 962

The detail of the accounts receivable and the breakdown between current and non-current are as follows:

Clients	2012 Current	2012 Non-current	2011 Current	2011 Non-current
Simtejo	59 624	–	59 624	–
Ar Telecom	463 383	–	463 383	–
Direcção Geral de Transportes Terrestres	23 644	–	233 649	–
TMN – Telecomunicações Móveis Nacionais, S.A.	180 615	–	190 147	–
C.P. – Caminhos de Ferro Portugueses, E.P.E.	188 309	–	188 309	–
REFER	1 045	–	1 045	–
Soflusa – Soc. Fluvial Transportes	278 650	–	–	–
Group companies, associates and affiliates (Note 32)	3 972 560	–	1 957 207	–
Other	2 840 543	–	1 993 195	–
	8 008 373	–	5 086 559	–
Impairment of receivables	(421)	–	(2 755)	–
	8 007 952	–	5 083 804	–

Other debtors	2012 Current	2012 Non-current	2011 Current	2011 Non-current
Parque Expo' 98	7 980 766	–	7 980 766	–
Transtejo	2 577 739	12 002 602	2 586 074	12 002 602
C.P. – Caminhos de Ferro Portugueses, E.P.E.	491 366	–	963 706	–
Câmara Municipal do Barreiro	151 833	–	2 807 530	–
Câmara Municipal de Lisboa	18 054	413 067	68 766	413 067
Rodoviária de Lisboa	199 177	–	908 999	–
REFER	–	–	114 414	–
Fare revenue	1 230 036	–	743 239	–
Staff	391 122	–	884 097	–
Group companies, associates and affiliates (Note 32)	4 516 571	–	5 045 596	–
Other	5 227 142	18 054	3 791 526	29 962
	22 783 806	12 433 723	25 894 713	12 445 631
Impairment of receivables	(4 382 808)	–	(4 454 186)	–
	18 400 998	12 433 723	21 440 527	12 445 631
	26 408 950	12 433 723	26 524 331	12 445 631

On August 17, 1994, the Company signed a memorandum of agreement with Parque Expo'98, S.A. ("Parque Expo'98") regarding an offset payment to be received by the Company by the anticipation of the construction and operation of the Red line and respective stations Alameda – Oriente. The offset totalling 9,975,957 Euros would be paid by Parque Expo'98 during the years 1995 to 1998 amounting to 1,995,191 Euros, 2,493,990 Euros, 2,493,990 Euros and 2,992,787 Euros, respectively. As a result of this protocol, the Company recorded accounts receivable and recognised income in the amount of 9,975,957 Euros. Until 31 December 2012, of the total offset the Company received an amount of 1,995,191 Euros for the 1995 instalment and registered on that date under the caption "Other receivables" the amount of 7,980,766 Euros.

In 1998, with the conclusion of the construction work and beginning of operations of the Red line and its stations, the Company decided to initiate the recognition of recognisable income related with the offset attributed during the period between May 1998 (the date when the line became operational) and 2003 (date on which the Company would conclude the construction phase and would begin the operation of this line).

On September 29, 1995, the Company signed a Memorandum of Agreement with Parque Expo'98 and the Lisbon Municipality, which stipulated that the Company would pay Parque Expo'98 the amount of 7,082,930 Euros for the expropriation of the area required to the implementation and construction of the metro station Oriente, with no set deadline or plan for this payment. As a result of this agreement, the Company capitalised in the costs of the construction of the Red line Alameda / Oriente and its stations, the amount of 7,082,930 Euros and recorded a payable under the caption "Other payables" by the same amount (Note 23).

During the year ended December 31, 2009 the Company signed a protocol with Transtejo, amounting to 14,502,602 Euros, with a view to transfer to that entity for the works carried out on behalf of that entity in the river terminal Cais do Sodré.

Arising from this agreement, Transtejo was required to pay to the Company, every year, the amount of 1 million Euros, and as contractually, it can be reduced to 500,000 Euros if that entity so notifies the Company. During the years ended December 31, 2012 and 2011 Transtejo did not pay any amount to the Company.

This receivable bears interest at prevailing market rates. However, the Company as a matter of prudence did not recognise the interest for the years 2011 and 2012. The amount classified as non-current has the following payment schedule:

Year	Amount
2013	1 000 000
2014	1 000 000
2015	1 000 000
2016	1 000 000
2017 and following	8 002 602
	12 002 602

The Management Board believes that the value of the accounts receivable in the year ended December 31, 2012 is close to its fair value.

The movement of impairment losses during the years 2012 and 2011 was as follows:

	2012				2011			
Impairment	Initial balance	Increases	Reversals	Final balance	Initial balance	Increases	Reversals	Final balance
Of client receivables	2 755	–	(2 334)	421	2 755	–	–	2 755
Of other receivables	4 454 186	–	(71 378)	4 382 808	4 614 650	–	(160 464)	4 454 186
	4 456 941	–	(73 712)	4 383 229	4 617 405	–	(160 464)	4 456 941

14. Deferred assets

On December 31, 2012 and 2011, the balance of current assets "Deferrals" comprises the following:

Deferred assets	2012	2011
Insurance	300	3 536
Costs with lease contracts	2 048 687	2 356 969
Financing costs	1 198 563	1 600 617
Work for third parties	53 562 488	52 864 466
Other	357 438	241 618
	57 167 476	57 067 206

The caption "Deferred assets – costs with lease contracts" in the amount of 2,048,687 Euros, relates to costs incurred with operating lease contracts in 1995, 1997, 1999, 2000, 2001 and 2002, which are recorded in the income statement over the period of the respective contracts.

The caption "Deferred income assets - work for third parties" includes mainly the amount of 33,865,383 Euros (which includes the amount of 1,037,585 Euros on the works carried out in the terminal of Transtejo at Cais do Sodré and the amount of 32,827,798 Euros on the works carried out by the Company in Terreiro do Paço square, which the Management Board believes should be the subject of a protocol to rectify the situation), 9,550,544 Euros and 7,292,390 Euros regarding works carried out by company on behalf of Lisbon Municipality and REFER, respectively.

15. Equity instruments

On December 31, 2012, the Company's share capital subscribed and paid, the value of which is not fixed but at that date amounted to 603.75 million Euros, is wholly owned by the Portuguese State.

The net loss for the years ended December 31, 2011 and 2010, amounting to 146,052,279 Euros and 148,337,248 Euros respectively, was transferred to the caption "Retained earnings" despite the financial statements for the years then ended, have not yet been formally approved by order of the Line Ministry.

16. Government grants

During the years ended December 31, 2012 and 2011 the Company received the following grants not allocated to the ILD:

	2012				
Grant	Total amount	Amount received	Revenue from period (Note 29)	Accumulated revenue	Other variations in equity
Grants related with assets:					
FEDER - PRODAC	10 942 880	10 942 880	494 838	7 273 544	3 669 336
FEDER - QCA	54 528 374	54 528 374	2 411 393	35 373 126	19 155 248
	65 471 254	65 471 254	2 906 231	42 646 670	22 824 584

	2011				
Grant	Total amount	Amount received	Revenue from period (Note 29)	Accumulated revenue	Other variations in equity
Grants related with assets:					
FEDER - PRODAC	10 942 880	10 942 880	494 838	6 778 707	4 164 173
FEDER - QCA	54 528 374	54 528 374	2 411 393	32 961 732	21 566 642
	65 471 254	65 471 254	2 906 231	39 740 439	25 730 815

Grants received by the Company under the ERDF - PRODAC 1993 and QCA 1994 aimed at financing investments made by the Company in respect of prototypes Depot and Workshops II, Depot and Workshops III and the intermediate series of 17 traction units (UT), a supplementary series of 10 tractions units and Depot and Workshops III.

17. Provisions and contingent liabilities

The evolution of the provisions in the years ended December 31, 2012 and 2011 is detailed as follows:

	2012			
Provisions and Contingent liabilities	Initial balance	Increases	Reversals	Final balance
Provisions for risks and costs:				
Legal proceedings in progress	1 143 865	–	1 043 858	100 007
Interest owed	261 881	–	–	261 881
Expenses with staff	142 971	–	–	142 971
	1 548 717	–	1 043 858	504 859
Other provisions:				
Impairment of financial investments	1 572	401	–	1 973
Other	15 705	–	–	15 705
	17 277	401	–	17 678
	1 565 994	401	1 043 858	522 537

	2011			
Provisions and Contingent liabilities	Initial balance	Increases	Reversals	Final balance
Provisions for risks and costs:				
Legal proceedings in progress	347 534	796 331	–	1 143 865
Interest owed	261 881	–	–	261 881
Expenses with staff	142 971	–	–	142 971
	752 386	796 331	–	1 548 717
Other provisions:				
Impairment of financial investments	1 572	15 705	–	17 277
	1 572	15 705	–	17 277
	753 958	812 036	–	1 565 994

The amount of 1,043,858 Euros recorded as reversal of provision for "Legal proceedings in progress" respects the actions brought against the Company for damage caused by the works carried out, which are affected to the ILD.

Contingent liabilities

On December 31, 2012, there are compensation claims from the Company in the amount of 3,694,154 Euros, which mainly refer to a legal action challenging the award of a work, expropriation processes and damages caused by the works related to the network expansion plan. On December 31, 2012, the Company is in the process of assessing the total value of expropriations, having been recorded a provision for those suits whose outcome is not known at the date of approval of these financial statements. For the remaining cases, no provision was recorded on December 31, 2012, since, if those claims are paid, they will be recorded as expropriation charges under "Durable infrastructure investments".

Financial commitments and off-balance

a) Health care liabilities

The Company has been paying health benefits to its active staff, providing them with medical services reimbursed by the Company. These costs are recorded in the income statement in the year they are paid. In the year ended December 31, 2012, health costs were recorded in the amount of 899,778 Euros (Notes 3.15 and 28) corresponding to the health insurance premiums paid during that year with assets.

b) Commitments to suppliers of fixed assets

On December 31, 2012 and 2011, the Company had undertaken commitments to suppliers of fixed assets amounting to 89,809,794 Euros (Note 7 and 18) and 112,446,077 Euros, respectively. These commitments relate primarily to the network expansion. In addition, the Company also signed 10 operating lease contracts in the amount of 235,410,226 Euros (Note 7).

c) Letters of credit

On December 31, 2012 and 2011, the Company signed commitments through two letters of credit with BNP Paribas to finance the purchase of rolling stock, in the amount of 12,029,142 USD and 12,078,049 USD.

18. Borrowings

The breakdown of funding affected to the operation activity at December 31, 2012 and 2011 is as follows:

		2012			2011				
			Amount used			Amount used			
Financing	Banks / Financing Entity	Limit	Current	Non-current	Limit	Current	Non-current	Term	Type of amortisation
Bank loans:									
Emp. CP 50 M EUR	BNP Paribas	–	–	–	50 000 000	50 000 000	–	09/Aug/2012	Maturity
Emp. CP 50 M EUR	BNP Paribas 2014	50 000 000	50 000 000	–	50 000 000	50 000 000	–	08/May/2014	Maturity
Emp. CP 175 M EUR	Barclays Bank	–	–	–	175 000 000	175 000 000	–	24/Jul/2012	Maturity
Emp. LP 100 M EUR	Goldman Sachs Bank	100 000 000	–	100 000 000	100 000 000	–	100 000 000	21/Jul/2016	Maturity
Emp. LP 50 M EUR	Goldman Sachs Bank	50 000 000	–	50 000 000	50 000 000	–	50 000 000	24/Jul/2016	Maturity
Emp. CP/LP 50 M EUR	Deutsche Bank	50 000 000	–	50 000 000	50 000 000	–	50 000 000	18/Aug/2016	Maturity
Emp. LP 613,9 M EUR	DGTF (2011)	105 974 436	26 493 609	79 480 827	105 974 436	–	105 974 436	30/Nov/2016	Maturity
Emp. LP 648,6 M EUR	DGTF (2012)	410 833 969	–	410 833 969	–	–	–	30/Nov/2017	Semester
									Semester
Total bank loans			76 493 609	690 314 796		275 000 000	305 974 436		
Credit lines:									
	Barclays Bank		–	–	25 000 000	24 935 491	–	24/Jul/2012	Rollover
	BNP Paribas		–	–	100 000 000	84 951 658	–		
Total credit lines			–	–		109 887 149	–		
Finance leases:									
Emp. CP/LP M EUR	D.B.Export – Leasing	–	18 365 631	–	–	7 834 121	18 365 631	30/Dec/2013	Semester
Emp. CP/LP M EUR	D.B.Export – Leasing	–	5 243 636	18 946 700	–	4 942 630	24 190 336	30/Dec/2015	Semester
Emp. CP/LP M EUR	Santander Totta	–	3 367 190	43 846 560	–	6 488 890	50 560 858	02/Jan/2019	Semester
Emp. CP/LP M EUR	BMW Bank GmbH – Sucursal Portugal	–	23 535	16 542	–	24 243	39 368	28/Jun/2014	Monthly
Total finance leases			26 999 992	62 809 802		19 289 884	93 156 193		
Finance charges		–	–	–	–	(4 502)	–		
Total			103 493 601	753 124 597		404 172 531	399 130 629		

During the year ended December 31, 2011, in light of the economic situation of the financial markets, including the stock market, it was not possible to issue long-term bonds, whereby the Company has contracted with the DGTF funding in the amount of 613.932 million Euros, of which 105,974,436 Euros are associated with the operation activity, to be repaid in a period of five years in eight equal instalments at half yearly, the first in May 2013.

During the year ended December 31, 2012, in light of the economic situation of the financial markets, including the stock market, it was not possible to issue long-term bonds, whereby the Company has contracted with the DGTF funding in the amount of 648,581,846 Euros, of which 410,833,969 Euros are related to infrastructure management, to be repaid in a period of five years in eight equal instalments at half yearly, the first in May 2014.

During the year ended December 31, 2012, the Company repaid the loans obtained from BNP Paribas and Barclays Bank, in the amount of 50 million Euros and 175 million Euros respectively, as a result of their maturity as stipulated in the contracts. In addition, the Company repaid the credit lines contracted with those two banks, amounting to 109,887,149 Euros, as a result of their termination as stipulated in the contract.

The share of bank loans classified as non-current has the following repayment schedule:

Years	Amount
2014	179 202 101
2015	129 202 101
2016	129 202 101
2017	102 708 493
2018 and following	150 000 000
	690 314 796

On December 29, 1995 and December 30, 1997, the Company signed two lease contracts with DB EXPORT Leasing Gmbh related to 17 and 14 triple traction units (UT), respectively. On December 31, 2012, payables to that entity amounted to 42,555,967 Euros (18,946,700 Euros classified as non-current and 23,609,267 Euros as current).

On December 31, 1998, the Company signed a lease contract for 24 traction units of the ML95 rolling stock series, amounting to 124,699,474 Euros with a residual value of 3% over the equipment value, for the partial funding of the Expansion and Modernisation Plan of Metro's Network, with a 20 year maturity period and bear interest at EURIBOR 6 months minus 0.71%, and a guarantee provided by the Portuguese State as the sole holder of the Company's capital. The contract was signed on January 6, 1999. On December 31, 2012, the outstanding sum under this leasing contract amounts to 47,213,750 Euros.

As at December 31, 2012, the Company uses 55 triple traction units and three passenger vehicles under financial leasing, and the commitments undertaken to the payment of rent for lease contracts are as follows:

Description	Current	Non-current	Total
55 Traction Units (Note 17)	26 976 457	62 793 260	89 769 717
3 Passenger vehicles (Note 17)	23 535	16 542	40 077
	26 999 992	62 809 802	89 809 794

The portion classified as non-current has the following repayment schedule:

Years	Amount
2014	12 431 276
2015	20 434 554
2016	7 238 201
2017	7 430 547
2018 and following	15 275 224
	62 809 802

Income from financial leasing bear interest at annual rates ranging between 3.328% and 14.738%.

On December 31, 2012, the Company had a credit line of 50 million Euros which has been fully used.

The Company has obtained over the last months, in permanent communication and coordination with its shareholder, additional lines of funding to meet short-term liabilities, not having to date situations of bank debt due and unpaid.

The Management Board believes that the settlement of its liabilities, in particular as regards the borrowings repayable in the short term, will continue to be met mainly by obtaining additional financing lines in coordination with the shareholder.

On December 31, 2012, the borrowings that have associated covenants, including those associated with the rating of the Portuguese Republic or with custody clauses, are broken down as follows:

Contract	Amount owed on 31/Dec/2012	Term	Guarantee	Pari Passu	Holding clause	Rating	Cross default	Other relevant clauses
BNP Paribas	50 000 000	08/May/2014	Yes	Yes	Loss of State-Owned status (State participation less than 51%)	No	Yes	n/a
Schuldschein Loan Agreement signed with Goldman Sachs Bank (Europe) Plc in July 10, 2009, subject to German Law and the Courts of Frankfurt am Main	100 000 000	10/Jul/2016	Yes	Yes	Loss of State-Owned status (State participation less than 51%)	No	Yes	Negative Pledge / Non-substancial change of nature or object of the enterprise
Schuldschein Loan Agreement signed with Goldman Sachs Bank (Europe) Plc in July 22, 2009, subject to German Law and the Courts of Frankfurt am Main	50 000 000	24/Jul/2016	Yes	Yes	Loss of State-Owned status (State participation less than 51%)	No	Yes	Negative Pledge / Non-substancial change of nature or object of the enterprise
Schuldschein Loan Agreement signed with Deutsche Bank AG and Dexia Sabadell, S.A., Portugal in July 24, 2009, modified in January 28, 2011, subject to German Law and the Courts of Frankfurt am Main	50 000 000	18/Jul/2014	Yes	Yes	Loss of State-Owned status (State participation less than 51%)	(2 notches below A+ by S&P or A3 by Moody's) (this clause was eliminated in the 2011 addition)	Yes	Negative Pledge contract with a guarantee from the Portuguese Republic

Due to the downgrade of the Company's rating, and that of an international bank issuing a letter of credit, the Company defaulted on the contractual guarantees of the operation "US Cross Border Lease", relating to the financing of rolling stock .

The resolution of this default will be subject to negotiation with foreign investors, during which the Metro will receive advice from consultants with international experience in negotiating such transactions.

19. Post-employment benefits – defined benefit plans

As mentioned in Note 3.15, the Company is committed to pay its employees supplements to pension plans for retirement, disability and survival pensions. On December 31, 2012, the number of active employees and retirees / pensioners covered, amounted to 1,127 and 1,449 respectively (1,183 and 1,401 on December 31, 2011).

The benefits mentioned above correspond to supplementary pension guaranteed by the Social Security system and are determined based on the number of years of service in the Company, the Social Security contributions and the final salary on retirement time.

In the year ended 2004, the Company decided and agreed with the unions that all employees admitted post December 31, 2003, would no longer benefit from this pension plan.

In the year ended December 31, 2012, an actuarial assessment was carried out on the plan's assets and the present value of the commitment and benefits defined by an independent entity.

According to actuarial studies as at December 31, 2012 and 2011, the current value of the Company's responsibilities for past services of active and retired staff was estimated at:

	2012	2011
Active employees	56 655 595	66 811 180
Retired	206 083 505	195 883 985
	262 739 100	262 695 165

The actuarial study reported on December 31, 2012 was performed using the "Projected Unit Credit" method and considered the following assumptions as well as technical and actuarial techniques:

Projected Unit Credit	2012	2011
Mortality tables	TV88/90 – France	TV88/90 – France
Disability tables	EVK 80 – Switzerland	EVK 80 – Switzerland
Average wage growth rate	2.50%	2.50%
Avegare annual fund revenue rate	3.75%	6%
Average annual pension growth rate	1%	2%
Average annual update rate until normal retirement age for pre-retirement instalments	2.50%	5.00%

During the year ended December 31, 2012, there were recorded actuarial losses arising from variations in the discount rate from 6% to 3.75%, and actuarial gains resulting from the adoption of the benefits scheme against the regime currently in force, including upgrading the pay scales with impact on pensionable salary.

In determining the liability for post-employment benefits with reference to December 31, 2011, the independent body has amended the mortality table used for the determination of these responsibilities, through adopting the TV 88/90, which is best suited to the characteristics of the considered population.

The evolution of the Company's pension liabilities in the year 2012 and 2011 was as follows:

	2012	2011
Total responsibilities at beginning of period	262 695 165	229 032 219
Costs of current services	3 373 150	2 327 075
Cost of interest	15 761 710	13 102 053
Benefits paid during the year	(13 604 173)	(12 532 891)
Actuarial gains/losses during the year	(5 486 752)	30 766 709
Total responsibilities at period end	262 739 100	262 695 165

The current service cost and interest cost for the 2012, amounting to 3,373,150 Euros and 15,761,710 Euros, respectively, were recorded in the income statement.

On December 31, 2012 and 2011, the Company recognised in its financial statements the amount of (5,486,752) Euros and 30,766,709 Euros, respectively, relating to actuarial gains / losses for the year, under the caption "Retained earnings", as described in the accounting policy (Note 3.15).

In the year ended December 31, 2012, the liabilities for the payment of supplemental pension benefits in the amount of 262,739,100 Euros are recorded in the caption "Liabilities for post-employment benefits".

On December 31, 2012 the Company has not provided any funds to meet those responsibilities, and the same are recorded in the balance sheet.

20. Suppliers

The caption "Suppliers" on December 31, 2012 and 2011 is broken down as follows:

Suppliers	2012	2011
2045 Empresa de Segurança	–	1 883 004
Edp Comercial	–	1 676 269
Group Companies (Note 32)	4 143	857 536
Grupo 8 – Vigilância e Prevenção	863	590 594
Efacec Engenharia e Sistemas, S.A.	23 524	461 596
Iberlim, S.A.	109 238	444 825
Emel	290 726	290 986
Companhia Carris de Ferro	158 937	245 864
Iss Facility Services	–	239 327
Safira Facility Services	–	229 915
Eurest, S.A.	65 956	219 416
Thyssenkrupp Elevadores, S.A.	24 521	122 956
Optimus Comunicações, S.A.	10 683	24 653
Polícia de Segurança Pública	–	13 639
Vadeca Ambiente	–	1 244
Other	755 690	2 492 648
	1 444 281	9 794 472

21. State and Other Public Entities

According to current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there are tax losses, tax benefits have been granted, or are in progress inspections, claims and appeals, in which case, depending on the circumstances, the periods are extended or suspended. Thus, the tax returns for the years 2009 to 2012 may still be subject to revision.

Under Article 88 of the Corporate Income Tax (IRC) Code, the Company is also subject to autonomous taxation on a set of reference rates provided for in that article.

The Management Board believes that any adjustments resulting from reviews / inspections by the tax authorities to these tax returns will not have a significant effect on the financial statements at December 31, 2011 and 2012.

On December 31, 2012 and 2011, the caption "State and other public bodies" showed the following composition:

	2012		2011	
State and other public bodies	Assets	Liabilities	Assets	Liabilities
Corporate income tax:				
Payments on account	280 000	–	280 000	–
Tax estimate	–	97 394	–	116 302
Withholding tax	2 232 747	–	2 253 331	–
Personal income tax	–	693 318	–	773 698
Added value tax	1 657 499	–	805 452	1 454 179
Contributions for Social Security	–	1 119 908	–	1 258 483
Other taxes	3 393	2 195 685	458 850	264 271
	4 173 639	4 106 305	3 797 633	3 866 933

On December 31, 2012, amounts relating to Personal Income Tax and contributions to Social Security correspond to the withholding done in wage processing in December 2012, which will be paid in January 2013.

The amount of 2,195,685 Euros recorded under liabilities "Other taxes" includes the amount of 1,893,294 Euros payable to CGA-Caixa Geral de Aposentações (public employees' pension system) arising from 2012 State Budget, pertaining to vacation and Christmas allowance for pensioners which payment has been suspended, this amount being an extraordinary contribution.

22. Income tax

Spending on income taxes at December 31, 2012 and 2011 is broken down as follows:

Income tax	2012	2011
Current tax	97 394	116 302
	97 394	116 302

As a consequence of the amendment of the Corporate Income Tax Code, with effect from the year 2012, the deduction of tax losses to carry on each tax periods cannot exceed the amount equivalent to 75% of the respective taxable income. Arising from this situation the tax authorities will understand that the transition adjustments to the Accounting Standards System (reported on January 1, 2010) could be relevant to the calculation of income tax for the year.

It is the Company's understanding that given the nature of the transition adjustments made, they should not contribute for the calculation of taxable income for the year 2012 and hence the Company's intention to request the tax authorities binding information on this topic.

On December 31, 2012 and 2011 tax losses amounted to 764,173,803 Euros and 826,368,648 Euros, respectively. The expiry date of the existing tax losses on those dates is as follows:

	2012		2011	
Fiscal losses	Amount	Expiry date	Amount	Expiry date
Generated in 2006	–	–	143 790 051	2012
Generated in 2007	118 382 911	2013	118 382 911	2013
Generated in 2008	120 689 141	2014	120 689 141	2014
Generated in 2009	147 456 480	2015	147 456 480	2015
Generated in 2010	155 633 266	2014	155 633 266	2014
Generated in 2011	140 416 799	2015	140 416 799	2015
Generated in 2012	81 595 206	2017	–	–
	764 173 803		826 368 648	

23. Other payables

On December 31, 2012 and 2012, the caption "Other payables" showed the following composition:

Other payables	2012	2011
Other creditors:		
Parque Expo' 98 (Note 13)	7 082 930	7 082 930
Staff	451 681	564 771
Rodoviária de Lisboa	–	142 030
Companhia Carris de Ferro de Lisboa, S.A.	–	3 888 835
Transtejo	–	17 795
Vacation, vacation allowance and associated social charges	8 769 222	4 560 435
Overdue unpaid interest	19 742 062	11 134 331
Accrued expenses creditors	2 920 727	2 729 536
Other	–	6 605 412
	38 966 622	36 726 075

The increase in the caption "Vacation, vacation allowance and associated social charges" pertains to liabilities incurred by the Company as a result of Constitutional Court's decision on the State Budget for the year 2013.

The increase in the caption "Overdue unpaid interest" results from interest payable to DGTF given that during the year ended December 31, 2012 the Company did not settle any amount. On December 31, 2012, the sum payable amounted to 5.744 million Euros (110,849 Euros on December 31, 2011).

The balance of the caption "Accrued expenses" on December 31, 2012 and 2011 related mainly to costs incurred by the Company with investments, for which the respective invoice had not been received at the balance sheet date.

24. Deferred liabilities

The revenue recognised by the Company on December 31, 2012 and 2011 is broken down as follows:

Deferred liabilities	2012	2011
Financial leases – deferred capital gains	2 024 861	2 471 490
Fare revenue	1 290 810	1 205 635
Income from property	1 969	1 969
	3 317 640	3 679 094

Capital gains arising from finance leasing agreements relating to the 14 traction units and 24 traction units are being deferred for periods of the same duration (Note 29).

25. Revenue

The breakdown of operating subsidies received by the Company on December 31, 2012 and 2011 is as follows:

Revenue	2012	2011
Sales:		
Scrap	1 031	1 530
Provision of services:		
Fare revenue	78 381 310	63 751 751
Secondary services	3 350 713	3 929 304
Other	-	195
	81 733 054	67 682 780

26. Operating subsidies

The breakdown of operating subsidies received by the Company on December 31, 2012 and 2011 is as follows:

Operating subsidies	2012	2011
Compensatory allowances	44 000 000	42 000 000
"4_18@escola.tp" pass	539 854	1 012 918
"Sub23@superior.tp" pass	1 017 800	2 029 731
PAII - Senior Citizens' Integrated Support Programme	142 623	136 409
Pass Social+	401 917	-
	46 102 194	45 179 058

On December 31, 2012 the financial compensation granted by the State, by way of non-refundable compensatory allowances, to partially fund its operations in compliance with the public service obligations, amounted to 46.64 million Euros (44 million Euros recognised as revenue after VAT deduction) under the Council of Ministers Resolution n. 53/2012 of 31 May.

During the years ended December 31, 2012 and 2011, the State also awarded financial compensation for the travel passes 4_18@escola.tp and sub23@superior.tp, amounting to 1,651,113 Euros (1,557,654 Euros recognised as revenue after VAT deduction) and 3,225,208 Euros (3,042,649 Euros recognised as revenue after VAT deduction), respectively.

27. Supplies and external services

The caption "Supplies and external services" for the years ended December 31, 2012 and 2011 is broken down as follows:

Supplies and external services	2012	2011
Electricity	7 864 081	8 637 618
Rents and leases	9 342 423	10 242 676
Conservation and repair	5 131 344	4 611 898
Cleaning, hygiene and comfort	3 027 963	3 193 976
Surveillance and security	5 881 152	6 198 377
Specialized work	1 039 670	1 470 136
Other	3 058 995	3 801 438
	35 345 628	38 156 119

In the heading of "Rents and leases", the amount of 9,276,929 Euros relates to operating lease instalments as at December 31, 2012 (10,049,327 Euros at December 31, 2011). The decrease compared to the year 2011 is because of the variable component that makes up the income suffered a decrease compared to year 2011, due to lower interest rate applied to the same.

The decrease under captions "Electricity", "Cleaning, hygiene and comfort" and "Surveillance and security" results from cost containment and reducing the train frequency.

28. Staff costs

The heading "Staff costs" for the years ended December 31, 2012 and 2011 comprises the following:

Staff costs	2012	2011
Wages of the executive bodies	281 419	417 624
Staff wages	47 567 246	50 879 190
Post-employment benefits	13 604 173	12 532 891
Charges with wages	10 384 553	11 461 619
Insurance for work related accidents and occupational diseases (Note 17)	899 778	959 368
Costs with social welfare actions	1 120 133	1 076 686
Other	1 440 489	1 509 598
	75 297 791	78 836 976

The decrease under the heading "Staff wages" for the year ended December 31, 2012, resulted primarily from wage restraint measures imposed by Law n. 64-B/2011 of the "2012 State Budget".

During the years ended December 31, 2012 and 2011, the average number of employees was 1,540 and 1,655, respectively. At year-end employees were in total 1,525 and 1,590, respectively.

29. Other income and gains

The caption "Other income and gains" for the years ended December 31, 2012 and 2011 comprises the following:

Other income and gains	2012	2011
Investment subsidies (Note 16)	2 906 231	2 906 231
Recognition of capital gains	446 629	446 629
Social services	203 299	257 558
Inventory gains - leftover	53 711	337 625
Energy sales	395 010	210 177
Late payment interest	57 334	58 230
Exchange rate differences	-	825 412
Property rents (Note 8)	24 726	24 288
Others	524 445	3 473 051
	4 611 385	8 539 201

The balance of "Recognition of capital gains" relates to the amortisation of capital gains from the 14 and 24 traction units, which on December 31, 2012 amounted to 250,922 Euros and 195,707 Euros, respectively (Note 24).

30. Other costs and losses

The breakdown of the caption "Other costs and losses" for the years ended December 31, 2012 and 2011 is as follows:

Other costs and losses	2012	2011
Donations	231 559	329 596
Municipal property tax	294 481	200 581
Fees / Contributions	107 352	110 470
Inventory losses	88 302	237 844
Late payment interest	536 731	335 441
Unrecoverable debts	2 334	-
Other	1 086 052	401 800
	2 346 811	1 615 732

The caption "Late payment interest" on December 31, 2012 and 2011, relates mainly to interest charged by contractors for late payment of invoices against the investment that was hired.

31. Financial results

On December 31, 2012 and 2011, this caption is made up as follows:

Financial results	2012	2011
Expenses and losses:		
Interest borne on bank loans	43 774 594	54 478 698
Finance leases	8 570 460	13 102 053
Other financial expenses	22 771 264	7 596 917
	75 116 318	75 177 668
Income from interest:		
Interest from financial investments	–	13 072
	–	13 072
Financial results	(75 116 318)	(75 164 596)

The amount of 8,570,460 Euros, recorded under "Finance leases", regards financial cost incurred with leasing contracts concluded by the Company (Note 18).

32. Related parties

On December 31, 2012 and 2011 the Company had the following balances with related parties:

	2012						
	Receivables				Payables		
Related parties	Clients (Note 13)	Loans (Note 9)	IRC – Withholding tax	Other receivables (Note 13)	Suppliers (Note 20)	Other payables	Net effect
Subsidiaries							
Ferconsult, S.A.	–	1 031 836	79 675	4 157 891	–	4 965 198	304 204
Metrocom, S.A.	592 874	–	282 761	3 731	1 951	–	877 415
Associates							
Publimento	3 379 686	–	–	269 499	–	–	3 649 185
Ensitrans A.E.I.E.	–	–	–	85 450	–	125 889	(40 439)
Joint ventures							
Otlis, A.C.E.	–	–	–	–	2 192	–	(2 192)
Related companies							
GIL, S.A.	–	14 050 474	–	–	–	–	14 050 474
	3 972 560	15 082 310	362 436	4 516 571	4 143	5 091 087	18 838 647

	2011						
	Receivables				Payables		
Related parties	Clients (Note 13)	Loans (Note 9)	IRC – Withholding tax	Other receivables (Note 13)	Suppliers (Note 20)	Other payables	Net effect
Subsidiaries							
Ferconsult, S.A.	–	973 698	79 675	4 686 916	–	2 946 168	2 794 121
Metrocom, S.A.	566 331	–	340 876	3 731	61 986	–	848 952
Associates							
Fernave, S.A.	800	–	–	–	–	–	800
Publimento	1 244 251	–	–	269 499	–	–	1 513 750
Ensitrans A.E.I.E.	–	–	–	85 450	–	134 498	(49 048)
Joint ventures							
Otlis, A.C.E.	145 825	–	–	–	601 431	–	(455 606)
Related companies							
GIL, S.A.	–	8 998 267	–	–	194 119	–	8 804 148
	1 957 207	9 971 965	420 551	5 045 596	857 536	3 080 666	13 457 117

The caption "Other payables" is relative to the amounts payable to Ferconsult and Ensitrans on December 31, 2012 and 2011, totalling 5,091,087 Euros and 3,080,666 Euros, respectively, which are recorded under "Durable infrastructure investments" (Note 5.8).

During the years ended December 31, 2012 and 2011, the following transactions were carried out with related parties:

Related parties	2012 Inventory purchase	Fixed assets purchase	Services received	Services rendered
Subsidiaries				
Ferconsult, S.A.	–	432 434	95 876	111 303
Metrocom, S.A.	–	–	6 346	1 820 841
Associates				
Fernave, S.A.	–	–	–	–
Publimento	–	–	–	2 042 354
Ensitrans A.E.I.E.	–	–	–	–
Joint ventures				
Otlis, A.C.E.	131 928	14 050	566 916	1 827 467
Related companies				
GIL, S.A.	–	–	304 234	(51 702)
	131 928	446 484	973 372	5 750 263

Related parties	2011 Inventory purchase	Fixed assets purchase	Services received	Services rendered
Subsidiaries				
Ferconsult, S.A.	–	2 800 065	348 206	344 033
Metrocom, S.A.	–	–	112 978	2 173 491
Associates				
Fernave, S.A.	–	–	1 015	650
Publimento	–	–	–	1 379 122
Joint ventures				
Otlis, A.C.E.	–	–	748 265	1 159 354
Related companies				
GIL, S.A.	–	–	315 641	38
	–	2 800 065	1 526 105	5 056 688

33. Guarantees

On December 31, 2012 and 2011, the guarantees provided by the Company amounted to 61,157,244 Euros and 62,388,012 Euros, respectively, and are primarily related to the financing agreements and legal proceedings in progress.

The breakdown of the responsibilities assumed by the Company related to guarantees given in respect of legal proceedings on December 31, 2012 is as follows:

Bank	Amount	Begin date	Beneficiary
BPI	7 661	17/08/2011	Cm Lisboa
BPI	16 213	19/10/2009	Farmácia Cardeira
BPI	13 087	30/03/2010	Edp – Serv. Universal, S.A.
BPI	1 345	17/03/2011	Edp – Serv. Universal, S.A.
BPI	1 583	30/06/2010	Trib. Tribut. 2.ª Inst. Lis
BPI	7 494	10/03/2006	Trib. Adm. F. Lx – 2.º juízo
BPI	95 482	11/05/2006	Finanças 4.º Bairro Fiscal
BPI	6 940	03/07/2006	Trib. Adm. F. Lx – 2.º juízo
Barclays	17 458	25/05/1994	Petrogal
Barclays	18 256	07/07/1994	Tribunal Cível
BPI	17 500	11/04/2011	5.º Juízo Cível de Lisboa
BPI	924 000	01/02/2012	4.ª Vara Cível Lisboa – 2.ª Secção
BPI	30 226	21/11/2012	Tribunal Trabalho Lisboa
	1 157 245		

34. Disclosures required by law

Fees billed by the Chief Accountant
Total aggregate fees billed by the Chief Accountant for the year ended December 31, 2012 relating to the statutory annual accounts amounted to 12,895 Euros.

35. Events after the balance sheet date

Under the project negotiation and restructuring of derivative transactions pertaining to Reclassified State-Owned Companies, according to guidelines of the Line Ministry, the Portuguese Treasury and Debt Management Agency (IGCP) maintained negotiations with banks all of whose operations were not considered problematic. In this case, the Company reached agreement with the following institutions, in the period between December 31, 2012 and the date of approval of these financial statements, based on the market value of the respective trade date, as follows:

Société Generale (Order n. 548/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
24	Vanilla swap	15/Sep/2021	95 602 930	(23 197 061)
51	Vanilla swap	22/Jul/2024	100 000 000	(48 734 952)
				(71 932 013)

The net amount paid by the Company for the early cancellation of operations (with value date of March 20) was 60.9 million Euros.

Morgan Stanley (Order n. 549/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
49	CMS Steepener	22/Jul/2024	100 000 000	(29 741 487)
				(29 741 487)

The net amount paid by the Company for the early cancellation of the operation (with value date of March 21) was 23 million Euros.

Crédit Suisse (Order n. 660/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
37	Worst of 2 Spreads	15/Jun/2022	17 364 188	(43 639 184)
50	Floors, Overlay	22/Jul/2024	100 000 000	10 206 827
53	Spread Option, Overlay	22/Jul/2024	100 000 000	(13 393 372)
60	Index linked + Inflation Floor + (EUR10Y- EUR2Y) Digital + (EUR 20Y ia -EUR 10Y ia) Leveraged Floor	04/Dec/2026	70 000 000	(9 340 360)
107	Fly	20/Mar/2020	80 222 338	(1 816 003)
108	Fly	21/Sep/2024	88 007 484	(3 030 532)
				(61 012 624)

The net amount paid by the Company for the early cancellation of the operation (with value date of April 8) was 50.7 million Euros.

Barclays (Order n. 879/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
27	Vanilla, Overlay	15/Jun/2022	77 895 605	(4 848 956)
31	Index linked	15/Jun/2021	80 000 000	(3 456 422)
54	Index linked	04/Dec/2026	100 000 000	(4 680 152)
62	Cap Knock Out	04/Dec/2026	200 000 000	4 878 720
65	Index linked	04/Dec/2026	100 000 000	(63 726 402)
67	Index linked	07/Dec/2022	200 000 000	(23 026 330)
70	Vanilla	04/Feb/2019	400 000 000	63 929 887
124	Vanilla	30/Dec/2030	300 000 000	(94 339 693)
				(125 269 348)

The net amount paid by the Company for the early cancellation of the operation (with value date of May 7) was 144.50 million Euros.

BNP Paribas (Order n. 966/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
19	Callable Swap	15/Dec/2019	11 472 352	(588 493)
25 + 28	Index linked	15/Jun/2022	86 790 834	(10 717 358)
33	Snowball, Overlay	15/Jun/2022	40 000 000	3 243 997
35	Callable Swap	15/Jun/2022	40 000 000	(4 092 389)
69	Vanilla	07/Dec/2027	100 000 000	9 914 102
				(2 240 141)

The net amount paid by the Company for the early cancellation of the operation (with value date of May 16) was 13.78 million Euros.

Goldman Sachs (Order n. 1007/13-SET)

IGCP	Type	Maturity	Notional (original)	Valuation 31/Dec/2012
72	Floor, Overlay	04/Feb/2019	300 000 000	(51 351 419)
73	Bullet Swap	21/Jul/2016	71 042 080	16 260 790
74	Bullet Swap	24/Jul/2016	50 000 000	11 573 188
				(23 517 441)

The net amount paid by the Company for the early cancellation of the operation (with value date of May 20) was 13.10 million Euros.

The Chief Accountant

Carlos Emério Ferreira Mota

The Management Board

José Manuel Silva Rodrigues

Pedro Gonçalo de Brito Aleixo Bogas

Luís Carlos Antunes Barroso

Maria Manuela Bruno de Figueiredo

Parque station

Legal certification of accounts

Introduction

1. We have audited the attached Financial Statements of the Metropolitano de Lisboa, E.P.E., which comprise the Balance Sheet as at December 31, 2012 (showing a total Balance of 4,913,920,738 Euros and negative Equity of 915,407,837 Euros, including a Net Loss of 77,332,060 Euros), the Income Statement by nature, the Statement of Cash Flows, he Statement of Variations in Equity for the year then ended and the corresponding Notes.

Responsibilities

2. The Management Board is responsible for preparing financial statements that fairly and accurately reflect the Company's financial position, the results of operations, cash flows and variations in equity, as well as the adoption of adequate accounting criteria and policies and maintaining a suitable system of internal control.

3. Our responsibility is to state a professional and independent opinion, based on our assessment of the financial statements.

Scope

4. Our audit was conducted in accordance with the Auditing Standards and Technical Recommendations of the Portuguese Chamber of Chartered Accountants, which require the audit to be planned and executed in order to obtain a reasonable assurance as to whether or not the financial statements are free of material misstatement. Accordingly our audit includes:

- Verification, on a sampling basis, of the evidence supporting the amounts and disclosures in the financial statements and assessment of the estimates, based on judgments and criteria defined by the Management Board, used in their preparation;
- The assessment of whether the accounting policies adopted and their disclosure are appropriate in the circumstances;
- Verification of the applicability of the going concern principle; and
- The assessment of whether the presentation of the financial statements is adequate overall.

5. Our audit also included assessing the consistency of the financial information in the management report with the financial statements.

6. Except for the limitations referred to in paragraphs 7-12 below, we believe this audit provides a reasonable basis for our opinion.

Reservations

7. As disclosed in Notes 3.2 and 5 to the financial statements, the Government has taken in the past the principle that competed to the Portuguese State to finance the durable infrastructures (ILD) of Metropolitano de Lisboa E.P.E., whereas the Company, in accordance with to its bylaws, is responsible for managing public domain assets related to its activity, namely to ensure, by State delegation, the construction, installation, renovation, maintenance and management of the affected railway infrastructure (ILD), the State being responsible for safeguarding economic and financial stability of the Company and the debt service established for the construction, installation and renovation of these infrastructures. In the absence of a contractual provision that defines the terms of the performance by the Company and the management of those assets, namely the absence of a concession contract, allowing the frawork in Accounting Standards and Financial Reporting, all investments and respective financing and costs incurred related to ILD are recorded in the Company's balance sheet, separately from the results of the operating activities in captions assets and liabilities, current and non-current, under the heading "Durable Infrastructure Investments", whereas at December 31, 2011, and since the year ended 2009, the affected ILD amounts were recorded in the balance sheet at their net value in heading Assets, designated Durable Infrastructure Investment Activities, which assumed financial nature and showed balance zero on December 31, 2011. As a result of the decision taken by the Management Board of the Company in 2012, to change the recognition policy of ILD in the balance described above, the financial statements for the year ended December 31, 2011, approved by the Management Board, were subject to restatement for comparative purposes, as disclosed in Note 2.1. Therefore, it was not possible to conclude on the amortisation policy to adopt for such assets or the criteria for allocation of different grants that have been awarded by the State and Community programmes, and: (i) if the amounts related to durable infrastructure investments and corresponding equity (subsidies and revaluation reserves) identified by the Company on December 31, 2012 as relating to those investments, of 3,275,689,891 Euros and 1,126,157,937 Euros, respectively (3,245,551,006 Euros and 1,069,800,648 Euros on December 31, 2011), which comprise the balance of "Durable infrastructure investment" in assets as a result of the aforementioned recognition policy, should be recorded in the balance sheet of the company and for which amounts, nor conclude on the reasonableness of the procedure for non-amortisation of these assets; (ii) as to the unequivocal acceptance by the State of the inclusion in the value of those investments of financial and departmental expenditures incurred through December 31, 2012 in the amount of 306,946,161 Euros and 72,036,545 Euros, respectively (301,314,351 Euros and 67,739,013 Euros at December 31, 2011); (iii) regard ing the criteria for the allocation of funding (bank loans, debenture loans and financial leasing) considered by the Company on December 31, 2012 between investment activities in ILD and operational activities, including the management of infrastructure owned by the Company, as reflected in the balance sheet at December 31, 2012 amounting to 3,324,490,013 Euros and 856,618,198 Euros, respectively (3,165,976,080 Euros and 803,303,160 Euros on December 31, 2011); (iv) as to the recognition of derivative financial instruments contracted by the Company in respect of loans raised to finance the activity of ILD, that on December 31, 2012, according to the assessment made under the stated in paragraph 9 below, had a negative fair value of 1,063,831,614 Euros

(718,457,722 Euros on December 31, 2011), which is recorded as a receivable from the State due to the fair value is negative and is registered in liabilities; (v) as to the amount of spending on loans incurred by the Company during the year and in previous years and that, in accordance with the accounting policy mentioned above, were quantified and recorded as assets under ILD and whose accumulated balance at December 31, 2012 amounts to 1,193,195,432 Euros (1,015,233,387 Euros at December 31, 2011); (vi) as to the amount of 289,555,301 Euros (included in the sums of 1,193,195,432 Euros and 1.015.233.387 Euros aforesaid) on any interest and other expenses incurred by the Company prior to 1995 and recorded in ILD against "retained earnings" on January 01, 2009, which resulted in said ILD caption on such date; and (vii) regarding the accounting treatment given by the Company in recognition of assets and liabilities associated with ILD. Given the foregoing, we cannot conclude about the accounting policy adopted by the Company in recognition of assets, liabilities, equity and financial and departmental expenditures related to ILD on December 31, 2012, nor as to reasonableness, time and execution or enforceability of accounts receivable or payable respectively on December 31, 2012.

8. As disclosed in Note 14, the asset as at December 31, 2012 included in the caption "Deferred Assets – Work for third parties" the amount of 53,562,488 Euros (52,864,466 Euros at December 31, 2011) relative to works made by the Company on behalf of other entities, that are not invoiced by Metropolitano de Lisboa, E.P.E. and were not subject to a contract or other type of formalisation between the Company and other parties involved, defining the unbilled amounts and moments and invoice and settlement procedures. From the above, we cannot conclude as to when and for which amount such work will be invoiced, wherefore we cannot conclude as to the respective reasonableness and actual realisation of such assets.

9. In accordance with NCRF 27, the Company recognised in the financial statements the fair value of derivative financial instruments by itself contracted to hedge the risk of fluctuations in interest rates on borrowings to finance the operating activities and durable investments financing (Notes 3.16, 5.6 and 10). The deemed fair value in the financial statements at December 31, 2012, in non-current assets and liabilities, under "Derivatives", in the amounts of 48,535,668 Euros and 230,338,909 Euros, respectively (36,525,070 Euros and 211,713,563 Euros at December 31, 2011), other than those mentioned in paragraph 7 above, was determined by an external consultant based on presumptions and assumptions made because of the information on some of the derivatives is not available, and would be considered if the fair value assessment had been determined by the entities with which the financial instruments were hired. To date, we have not obtained sufficient information to allow us to conclude on the reasonableness of the fair value at which these derivative financial instruments are measured in the balance sheet at December 31, 2012 and 2011, nor as to its nature and classification in the various headings of the balance sheets at those dates, such as assets, liabilities, reserves and retained earnings, and income statements for years ended in the same.

10. As at December 31, 2012, the caption Financial Investments, evidenced by the asset amount of 20,144,909 Euros, includes: (i) The financial stake in the associate company GIL – Gare Intermodal de Lisboa, S.A. representing 16% of its capital, recorded in said caption in accordance with the equity method for a nil value due to that associate present negative equity of 11,040,038 Euros. Additionally, it is recorded in same caption the amount of 14,050,474 Euros relating to loans granted to GIL, S.A. (8,998,267 Euros on December 31, 2011). The Legal Certification of Accounts of the financial statements on December 31, 2012 of such company contains emphases related to the risk of continuing of the entity and the inadequacy of its cash flows from operations to meet its debt service and financial reservations about the realisation of assets in the amount of 1,952,623 Euros; (ii) The financial stake in subsidiary Ferconsult – Consultoria, Estudos e Projectos de Engenharia de Transportes, S.A., representing 100% of its share capital, recorded in said caption in accordance with the equity method in the amount of 3,409,610 Euros. Additionally, it is recorded in the same caption the amount of 1,031,836 Euros on loans granted to Ferconsult, S.A. (973,698 Euros on December 31, 2011).The Legal Certification of Accounts of the financial statements of such company on December 31, 2012 includes non-quantified reserves, whose overall defect was not measured and not taken into account by the company in applying the equity method on that date, and an emphasis related to the risk of continuing operations, by which the realisation of its assets and the enforceability of its liabilities, including the existing balances with the company depends on the continued support of its shareholders; (iii) The financial stake in subsidiary Publimetro – Publicidade em Meios de Transporte e Outros, S.A., representing 40% of its share capital, recorded in said caption in accordance with the equity method at a nil value because of that associate present negative equity of 2,868 Euros, and for which a provision of 1,147 Euros was recognised at December 31, 2012, to the company's obligations according to the percentage held in those reserves. The Legal Certification of Accounts of the financial statements of that company on December 31, 2012, includes an emphasis related to the risk of continuing operations, by which the realisation of its assets and the enforceability of liabilities, including the outstanding balances with the Company, depends on the continued support of its shareholders. Consequently, it was not possible to draw conclusions about the effects of such reserves and emphases, if any, in the Company's financial statements at December 31, 2012, including the measurement of such investments by the equity method nor as to the timing and amount of realisation of the net balance of accounts receivable and payable to such entities, of 18,003,863 Euros at December 31, 2012.

11. On December 31, 2012, the captions "Other receivables – non-current" and "Other receivables – current" include the amounts of 2,577,739 Euros and 12,002,602 Euros owed by Transtejo - Transportes Tejo, S.A. (2,586,074 Euros and 12,002,602 Euros at December 31, 2011, respectively) for the transfer to such company of the Fluvial Terminal Cais do Sodré, as per the protocol signed in the year ended 2009 between the two companies, which provided a plan of payment as mentioned in Note 13 of the attachment that has not been fulfilled by Transtejo. In the light of this non-compliance and the information available on this subject at the present date, it was not possible to conclude on the reasonableness, time and realisable value of those receivables at December 31, 2012.

12. As a result of the change of the Corporate Income Tax Code, with effect from the year ended 2012, the deduction of tax losses to carry in each of the tax periods may not exceed an amount equal to 75% of their taxable income. Considering the above, as well as the transition adjustments to the current Accounting Standards System made by the Company (reported to January 1, 2010) that could be relevant for the purposes of calculating the income tax for the year, may result in a expense for the year of approximately 10.8 million Euros, which is not recognised in the financial statements at December 31, 2012. As disclosed in Note 21 of the attachment, the Company understands that given the nature of the transition adjustments made, they should not compete for the calculation of taxable income for the year 2012, and intends to apply to the tax authorities a request for information binding on this subject. Given the above, we cannot conclude on the possible effect of this matter in the financial statements at December 31, 2012, including the balances of expenses with income tax and accounts payable to the State.

Opinion

13. In our opinion, except for the effects of adjustments that might be if there were no limitations in paragraphs 7-12 above, the Financial Statements referred to above present fairly and accurately, in all material aspects, the financial position of Metropolitano de Lisboa, E.P.E. on December 31, 2012, the results of its operations, cash flows and variations in equity for the year then ended in conformity with accounting principles generally accepted in Portugal.

Emphases

Without qualifying the opinion expressed in the previous paragraph, we draw attention to the following:

14. The Company's activity shows chronic deficit, generating successive losses of significant value, which in 2012 amounted to 77,332,060 Euros (146,052,279 Euros in the year ended December 2011), partially funded by the Portuguese State, through compensatory allowances, insufficient to compensate the Company's operating and financial costs, and capital provisions. The financial statements at December 31, 2012 are prepared on the principle of continuity of operations, although on this date equity was negative at 915,407,837 Euros (840,656,298 Euros on December 31, 2011), a circumstance that requires the adoption of the recapitalisation mechanisms contained in Articles 35 and 171, legal provisions that the Company is not complying with; the insufficiency of its current assets to cover current liabilities; and cash flows generated by the Company remaining negative. Moreover, it is not known what possible effects on the Company's activity and on the recognition and measurement of assets and liabilities arise from the implementation of the Strategic Plan for Transport mentioned in Decree-Law n. 98/2012 of May 3. Thus, it is our opinion that the continuity of operations and consequently the realisation of assets and settlement of its liabilities depend on the continued financial support of the Portuguese State.

15. The financial statements subject to this certification have been prepared on an individual basis for approval and publication in accordance with applicable law, with investments in subsidiary and associate companies in the balance sheet recorded by the equity method, as referred to in paragraph 10 above and Notes 3.8 and 9. The Company will prepare consolidated financial statements, which more suitably present the financial position, the results of operations, the variations in equity and cash flows of the group formed by the Company, its subsidiaries and associated companies in compliance with the Accounting and Financial Reporting Standards for approval and separate publication.

16. The Company's financial statements for the years ended December 31, 2010 and 2011 have not yet been formally approved by the Line Ministry. The Company's Management Board has registered the application of accounting results of those years, according to the proposal included in its Annual Report on the same, considering that these financial statements and those proposed application of results will be subject to approval without significant changes.

17. The financial statements at December 31, 2011 were audited by us and our Legal Certification of Accounts, dated June 11, 2012, includes five reservations due to scope limitation, relating to the matters described in paragraphs 7-12 above.

Report on other legal requirements

18. It is also our opinion that the information contained in the management report is consistent with the financial statements for the year.

Lisbon, May 31, 2013

Caiano Pereira, António e José Reimão
Audit firm
Represented by:

Luís Pedro Caiano Pereira
ROC n. 842

Entre Campos station

Abbreviations and Acronyms

	PT	EN
AE	Acordo de empresa	Company Agreement
AML	Área Metropolitana de Lisboa	Lisbon Metropolitan Area
ANA	ANA Aeroportos de Portugal	ANA Aeroportos de Portugal, S.A. (Portugal Airports)
CCDTML	Centro cultural e desportivo dos trabalhadores do Metropolitano de Lisboa	Cultural and Sports Centre of Metropolitano de Lisboa Workers
CCP	Código dos contratos públicos	Public Contracts Code
CGA	Caixa Geral de Aposentações	Public employees' pension system
CMVMC	Custos das mercadorias vendidas e das matérias consumidas	Cost of goods sold and materials consumed
CO2	Dióxido de carbono	Carbon Dioxide
CP	Comboios de Portugal	CP Comboios de Portugal, E.P.E. (Portugal Railways)
CPC	Conselho de prevenção de corrupção	Corruption Prevention Board
DGO	Direção-Geral do Orçamento	Directorate General for Budget
EBITDA	Resultado operacional sem amortizações e provisões (e ajustamentos, caso existam)	Earnings before Interest, Taxes, Depreciation and Amortisation
ECSI	Índice Europeu de Satisfação dos Clientes	European Customer Satisfaction Index
EDP	Energias de Portugal, S.A.	Energias de Portugal, S.A. (Portugal electricity provider)
EPAL	Empresa Portuguesa das Águas Livres, S.A.	Empresa Portuguesa das Águas Livres, S.A. (Portugal public water company)
EPR	Empresa Pública Reclassificada	Reclassified State-Owned Enterprise
FEDER	Fundo Europeu de Desenvolvimento Regional	ERDF – European Regional Development Fund
FSE	Fornecimentos e serviços externos	Supplies and external services
IGCP	Agência de Gestão da Tesouraria e da Dívida Pública	Portuguese Treasury and Debt Management Agency
IGRF	Instrumentos de gestão de risco financeiro	Financial risk management instruments
ILD	Infraestrutura de longa duração	Durable infrastructures
IMT	Instituto da Mobilidade e dos Transportes	Institute for Mobility and Transport
IPSS	Instituição Particular de Solidariedade Social	Private Social Charity Institution
IRC	Imposto sobre o Rendimento das Pessoas Coletivas	Corporate Income Tax
ISC	Índice de satisfação do cliente	Customer Satisfaction Index
ISCTE	Instituto universitário de Lisboa	University Institute of Lisbon
ISO	Norma internacional	International standard
kWh	Quilowatt-hora	Kilowatt hour
LCPA	Lei dos compromissos e dos pagamentos em atraso	Law of Commitments and Late Payments
MKBF	Quilometragem média entre falhas	Mean kilometres between failures
ML	Metropolitano de Lisboa, E.P.E.	Metropolitano de Lisboa, E.P.E.
ML 79/90/ 95/99	Material circulante das séries de 1979, 1990, 1995 e 1999	Rolling stock of the 1979, 1990, 1995 and 1999 series
MTBF	Tempo médio entre falhas	Mean time between failures
NCRF	Normas Contabilísticas e de Relato Financeiro	Accounting and Financial Reporting Standards
NI	Normas interpretativas	Interpretive Standards
NP	Norma portuguesa	Portuguese standard
NP EN	Norma portuguesa que adopta uma norma europeia	Portuguese standard that adopts a European standard
NP EN ISO	Norma portuguesa que adopta uma norma europeia, que por sua vez adopta uma norma internacional.	Portuguese standard that adopts a European standard that adopted an international standard.
ODS	Substâncias destruidoras do ozono	Ozone Depleting Substances
OS	Órgãos sociais	Executive bodies
OSIRIS	Projeto europeu para a melhoria da gestão de crises ambientais	Optimal Strategy to Innovate and Reduce energy consumption In urban Rail Systems
PIB	Produto interno bruto	Gross domestic product
PIDDAC	Programa de Investimento e Despesas de Desenvolvimento da Administração Central	Central Administration Investment and Expenditure Development Program
PLAGO	Sistema de planeamento e gestão de pessoal, de horários e de material circulante	Resource Planning and Operation Management System
PMO	Parque de material e oficinas	Depot and Workshops
PMP	Prazo médio de pagamentos	Average payment period
POC	Plano oficial de contabilidade	Portuguese official plan of accounts
POCP	Plano oficial de contabilidade pública	Portuguese official plan of public accounting

	PT	EN
QCA	Quadro Comunitário de Apoio	Community Support Framework
RCM	Resolução do Conselho de Ministros	Resolution of the Council of Ministers
REN	Rede Elétrica Nacional, S.A.	Rede Elétrica Nacional, S.A. (Company responsible for the planning, implementation, and operation of the national electricity transmission grid)
SADI	Sistema Automático de Deteção de Incêndios	Automated fire detection system
SAP BW	Módulo do sistema SAP – Business Warehouse	SAP Module – Business Warehouse
SAP PM	Módulo do sistema SAP – Programa da manutenção	SAP Module – Maintenance programme
SEE	Setor empresarial do Estado	State Enterprise Sector
SIRESP	Sistema Integrado das Redes de Emergência e Segurança de Portugal	Integrated System for Emergency and Security Networks in Portugal
SGQ	Sistema de Gestão da Qualidade	Quality Management System
SGQA	Sistema de Gestão da Qualidade e do Ambiente	Quality and Environment Management System
SGR	Sistema de Gestão do Risco	Risk management system
SNC	Sistema de normalização contabilística	Accounting Standards System
SSIT	Sistema de Supervisão de Instalações Técnicas	Technical Facilities Supervision System
SWOT	Forças | Fraquezas | Oportunidades | Ameaças	Strengths | Weaknesses | Opportunities | Threats
ton.	tonelada	Ton
UT	Unidades de tração	Traction units
V.A.R.S.P.	Valor atual das responsabilidades com serviços passados	Current value of liabilities for past services

Intendente Station

Credits

Edition
Metropolitano de Lisboa, E.P.E.
Strategic and Corporate Performance
Coordination
Mariza Motta
Marta Laborinho
Sandra Tavares

Translation
International Relations
Nuno Gonçalves Pereira
Patrícia Matias

Production
Marketing and Commercial
Coordination
Filipe Trigo
Graphic creation
Maria João Rodrigues

Photography
1st Photo Marathon Carris/Metro 2012