Annual Report 2008

Metropolitano de Lisboa

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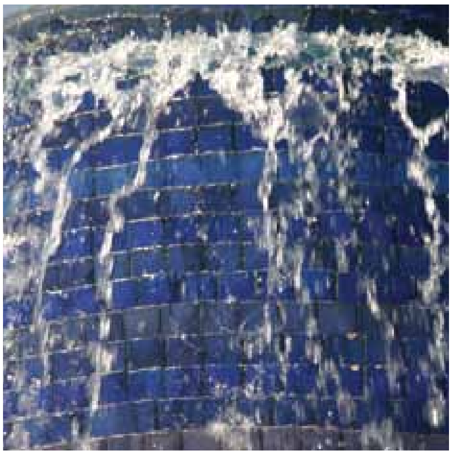
Management indicators and ratios

		2004	2005	2006	2007	2008	Chg. % 2008/07	Chg. % 2008/04
Supply								
Car x km	10^3	22,345	23,104	22,865	22,592	23,477	3.92	5.07
Seat x km	10^6	3,776	3,905	3,864	3,818	3,968	3.92	5.07
Demand								
Passengers	10^3	179,650	185,444	183,975	179,687	178,432	-0.70	-0.68
Passenger x km	10^3	801,210	862,313	855,484	835,545	835,400	-0.02	4.27
Human Resources (average staff)								
Commercial Operation	no.	933	936	939	925	891	-3.68	-4.50
Infrastructure Management	no.	339	328	329	334	279	-16.47	-17.70
Industrial Operation	no.	216	208	206	205	188	-8.29	-12.96
Other areas	no.	229	226	228	221	208	-5.88	-9.17
Total		1,717	1,698	1,702	1,685	1,566	-7.06	-8.79
Costs and Revenues								
Total revenues	10^3 €	82,116	86,691	90,917	99,924	125,293	25.39	52.58
Fare revenue	10^3 €	45,055	46,436	51,026	55,409	62,529	12.85	38.78
Operational subsidy *	10^3 €	19,895	21,237	22,723	24,305	26,122	7.47	31.30
Total costs	10^3 €	238,790	248,693	237,828	244,110	251,969	3.22	5.52
Total costs (without financial costs)	10^3 €	163,683	172,325	168,332	171,935	168,812	-1.82	3.13
Net Profit / Loss	10^3 €	(156,716)	(162,035)	(146,944)	(144,222)	(126,730)	12.13	19.13
Ratios								
Car x km / Average staff	10^3	13.01	13.61	13.43	13.41	14.99	11.82	15.20
Passenger x km / Car x km		35.86	37.32	37.41	36.98	35.58	-3.79	-0.76
Total costs / Passenger x km	€	0.30	0.29	0.28	0.29	0.30	3.24	1.20
Total costs (without financial costs) / Passenger x km	€	0.20	0.20	0.20	0.21	0.20	-1.80	-1.09
Total revenue / Total costs (without financial costs)	%	50.17	50.31	54.01	58.12	74.22	27.71	47.94
Fare revenue / Total costs (without financial costs)	%	27.53	26.95	30.31	32.23	37.04	14.94	34.57

* Includes VAT.



Highlights

Public Transport promotion and development of intermodality:

- Launching, in January, of the "viva viagem" cards which have been replacing the "7 colinas" cards throughout the year. Progressively, this measure has been implemented by the other public transportation operators in Lisbon area;
- Elimination of all magnetic tickets. From February, ML customers have at their service a contactless ticketing system, "Lisboa viva" and "viva viagem" cards;
- In December, extinction of all the occasional tickets, in order to simplify the pricing system and the introduction of additional discounts within "Zapping", when used in more than one operator;
- Celebration of the 60th anniversary of ML's foundation. To commemorate this occasion, ML deployed several cultural and entertainment activities in the stations;
- Extension of operating hours in special occasion to support events such as Rock in Rio, "marchas populares" and Madonna concert;
- Capacity increase in the lines providing access to the football stadiums on match days;
- Ranked in the first place, for the third consecutive year, in 2007 Customer Satisfaction Index;
- Tender launching for the acquisition of software enabling the display of waiting time in the "Public Address";
- Elaboration of an economic and financial feasibility study for the automation of one of the network lines;
- Creation of the Marketing Department;
- Start of the Commercial Operation Certification according to NP ISO 9000:2001 standard.

Projects / constructions:

- Signature, in August, of a contract for the design and construction of the carcase works for the extension of Metro Blue line up to CP Sintra railway (Reboleira), following the launching of the international public tender, in January;
- Conclusion of the reconstruction works in Cais das Colunas, Terreiro do Paço.

Human Resources:

- Slight decrease in the absenteeism, settled in 7.93%;
- Reduction in the active staff (-4.8%), with 114 exits, 104 of which for early retirement, and only 35 new admissions;
- Improvement in the accident rate in the working sites where ML is operating.

Economic and financial level:

- Achievement of a net loss of € 126,730 thousand, some 12% lower than in the previous year, mostly justified by an improvement on the operating income and exceptional earnings;
- Ongoing effort in the improvement of the operating income, mainly justified by the increase of 21.4% of the operating revenues;
- Total profits covered 49.7% of total costs, an improvement of 21.5% when compared to the previous year;
- Standard EBITDA decreased from € -29,310 thousand in 2007 to € -19,308 thousand in 2008, a 34.1% growth resulting from the restructure which began in 2007 and was carried on throughout 2008, and deducting other restructuring costs.



Chairman's Statement

As a balance of the present year, I am pleased to state that the improvement trend of Metropolitano de Lisboa operating results was confirmed in 2008.

This evolution, noticed since 2006, was based on a radical cut with previous policies. The (re)centring on the business core - the customer – and on the promotion of intermodality among the different means of transport, materialised in the contactless ticketing system, in the interface improvement, and in the offer quality, turned possible the achievement of historically important economical results.

Indeed, the operating losses have decreased 36%, to € -47 million, and the net profit/loss for the year amounted to € -126.7 million, meaning a 12% improvement. The € -19 million operating cash-flow, when compared to the € -29 million of 2007, using a standard basis, enhances the possibility of attaining break-even at this level by 2012, one of the goals defended by the Metro near the international rating bodies.

As a matter of fact, if the sharing of the multimodal pass revenues were the one resulting from the IMTT 2007 Survey (which determined an additional € 10 million for ML), and if the Pension Fund had already been established, a positive EBITDA would have been possible today. This was unthinkable a few years ago.

The positive evolution of the results is based on the evolution of the ticket revenues, the operational subsidies, the reduction in operating costs regarding supplies and external services, and the rolling stock operational lease rents. It is also worth to point out that staff costs increased 1%, only.

On the other hand, the ongoing increase of paying ticket passengers, which reached 166 million in 2008, was a result of the continuous increase of fuel prices during the first 10 months of the year, as well as of the quality offer provided by ML, based on speed, reliability and service quality.

Precisely, this quality was once again stated by the results of the Survey to Lisbon Metropolitan Area public transport customers, carried out by an independent agency, which ranked ML in the first place of Lisbon Metropolitan Area, as regards service quality and preferred choice.

Presently, with an extension of 37.8 km and 50 stations, Metropolitano de Lisboa has awarded the public tender for the extension and construction of Reboleira interface. The works related with the extension of the Red line up to S. Sebastião have continued at the expected pace, and operation start is forecasted for the 3rd quarter of 2009. The extension of this same line towards east, connecting to Portela Airport, is also under schedule and operation start is expected to occur during the 1st quarter of 2011.

Keeping its tradition to return to the city the urban elements and artwork which necessarily have been temporarily removed during construction of the network extensions, Metropolitano de Lisboa has put back on the due date – December 2008 – the "Cais das Colunas", as in February the same had already occurred with Cais do Sodré square. These are, clearly, good examples of urban quality.

The same happened with Rossio and Restauradores squares, Rotunda do Marquês and the exterior refurbishment of Sta. Apolónia, among others. Indeed, improving and providing Lisbon city with public quality spaces which are, still today, local and national flags has been Metropolitano de Lisboa policy.

The management strategy carried out along the last 26 months has been focused on the fight against the Metro economic deficit. Being both operator and infrastructure manager, a situation less and less frequent in this sector, ML has stated a systematic operating deficit along with the enormous weight of the charges generated every year by its debt – around € 80 million.

The reduction of the operating deficit in 36% and of EBITDA in 46% set the operating revenues ratio over the operating costs in 56.4% (before operational subsidies), one of the best ratios among the European records. Should the operational subsidy be included, that rate would reach 71.5%.

The debt curbing will continue to be a major issue in the ML daily management. Presently, the approximately € 3.3 thousand million of accumulated bank liabilities represent an important charge in the global cost structure – about € 80 million (after the active intervention of structured products, which up to now resulted in a real saving of € 165 million). Since we are strongly believe that the global macro-economic adjustment trend will, in the medium term, result in an increase of both inflation and interest rates, and considering that our indebtedness average term is 11 years, we expect that gains from this type of intervention will grow even more.

As a consequence of the termination of the Company Agreement, decided in September 2007, and of further negotiations, a new Company Agreement has been signed in March 2009.

This new collective agreement leads to important gains of productivity for the company and, also, for the staff, reinforcing the principle that the profits achieved will be shared among the company, its shareholder (the State) and the staff. We believe it will have a positive impact on the service quality provided to the passengers and to the community served by ML.

It is my duty, for the sake of the accuracy and truth, to thank the collaboration of the audit committee, of our External Auditors and of our Statutory Auditor.

Finally, a word of recognition to ML structure and its staff for the commitment shown during this difficult situation of adjustment to a new economic paradigm launched by the Management. Without them, these results wouldn't have been possible.

We are well aware that Metropolitano de Lisboa has been, from 50 years ago, a key element in Lisbon area mobility. From here on, it will certainly continue to play this role even more efficiently, providing quality, fast and accessible transport solutions, thus contributing to a better management of the city and of the area it serves.

Joaquim Reis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1. Corporate Governance

This chapter presents clear and briefly the ML contribution during 2008 to the national economy, thus complying with the Cabinet Decision no. 49/2007 of March 28th, which determines the public companies' obligation to include "... in their management reports one item concerning the corporate governance...".

1.1 Mission, goals and company policies

Mission

Metropolitano de Lisboa (ML) mission is to provide public underground transportation service, according to principles of economical and financial rationality and social and environmental sustainability.

To comply with that mission, ML provides to its customers:

- A network of 37.8 km with 50 stations distributed along 4 different lines throughout the city of Lisbon;
- A rolling stock fleet composed by 338 cars (225 driving motor and 113 trailers);
- Four commuting stations (Campo Grande, Marquês de Pombal, Alameda and Baixa-Chiado) and several interfaces to other means of transport. Here, it should be mentioned the inauguration, in March 2009, of the refurbishment and improvement of Cais do Sodré interface.

Objectives and company policies

- Anticipate and meet, in due time, the market demands and customer expectations with the improvement of the capacity, quality and reliability of the provided service and the timely achievement and development of the Network within the principle of an economical and financial rationality.
- Ensure the provided service granting social, economical, financial and environmental sustainability, through the rationalisation of the operating costs, the improvement of energetic efficiency and environmental sustainability and conducting a management focused on the customer and the promotion of mobility.
- Contribute for the sustained development of the transportation system in the Lisbon Metropolitan Area (AML):
    - Promoting solutions for a more efficient public transportation system management;
    - Promoting an adequate articulation with other collective transportation systems, aiming at a better operational planning, a better tariff balance, the definition of policies for a better management of resources and methods, and the joint promotion of Collective Transportation.

1.2 Internal and external regulations with which the company must comply

Internal regulations

ML is a Public Company (EP), belonging to the Public Business Sector. Although the provision of a public service is still undefined in contractual terms, it is, in general terms, established in the Company Statutes.

Internally, and besides its Statutes, the company must comply with the following acts:

- **Collective Company Agreements – AE I** [1] **and AE II** [2]: these are instruments which regulate the work relationships – rights and duties – between employer and employees. These agreements are freely signed by both parties – Unions and Company Management – and are based on the principle of an harmonious Company development and achievement of the settled targets, with well defined rules.
- **Ethics and Conduct Code**: document applicable to the whole ML staff, who within the scope of their functions and skills, shall comply with the principles, behaviour rules and values thereof.

Besides the above mentioned principles, there is, additionally, a significant number of internal standards ruling ML activity namely:

- Safety regulation;
- Train circulation regulation;
- Blood alcohol level control regulation;
- Work clothing regulation;
- Signalling regulation;
- Network and telecommunication use regulation;
- Internal rules on conditions and procedures of access to electrified tracks;
- Internal rules on the establishment of voltage free zones;
- Service transit areas for night works;
- Sales and supervision manual.

External regulations

During the year 2008, several acts have been issued, whose respective legal disciplines are reflected in the legal framework applicable to the exercise of the activity developed by ML, in its different aspects, namely:

- Cabinet Decision no. 70/2008 of April 22nd, approving the State strategic guidelines for the Public Business Sector;
- Dispatch no. 14277/2008 (II Series) of May 23rd, regulating the information to be provided by public companies to the Inspecção-Geral de Finanças and the Direcção-Geral do Tesouro e Finanças;
- Cabinet Decision no. 33/2008 February 22nd, approving the delay term reduction program concerning the payment by the state to the suppliers of services and goods, denominated "Pagar a Tempo e Horas (Pay in Due Time)" (applicable to the public companies);
- Cabinet Decision no. 191-A/2008 of October 27th, approving the Exceptional State Debt Settlement Program;
- Decree Law no. 167/2008 of August 26th establishing the judicial system applicable to the assignment of public subsidies (only applicable from January 1st, 2009);
- Decree Law no. 186/2008 of September 19th creating the school pass or "passe 4-18@escola.tp", coming into effect from September 1st, 2008.
- Normative Dispatch no. 2/2008 (II Series) of January 10th, setting a 3.91% maximum average increase for Lisbon and Porto urban transport prices, coming into effect from January 1st;
- Normative Dispatch no. 33/2008 (II Series) of July 17th, setting the maximum average increase percentage for Lisbon and Porto urban transport prices, namely public interurban road transport and railway and river transport;
- Decree Law no. 9/2008 of January 17th, approving the General Noise Regulation, applicable to the transport infrastructures from July 18th 2008 (180 days after being issued);

[1] Applicable to the majority of the Employees.
[2] Applicable to graduate Employees.

- Decree Law no. 46/2008 of March 12th, approving the construction and demolition residues (RCD) management system, stating that, compulsively, the execution plan is accompanied by a RDC prevention and management plan in the contract and public work sites;
- Decree Law no. 220/2008 of November 12th, establishing the judicial system for fire safety in buildings, namely in transport stations;
- Law no. 46/2008 of August 27th, establishing the judicial system for Lisbon and Porto metropolitan areas;
- Government law no. 1532/2008 of December 29th, approving the Safety Technical Regulation against Fire in Buildings (SCIE), as a complement to DL no. 220/2008.

As regards **public contracting**, besides the approval of the DL no. 18/2008, already mentioned in the previous Management Report, the following complementary diplomas should also be referred:

- Decree Law no. 143-A/2008 of July 25th, establishing the terms to be observed in the presentation and reception of proposals, applications and solutions, within the scope of the Código dos Contratos Públicos (Public Contract Code) (CCP), approved by Decree Law no. 18/2008 of January 29th;
- Government Law no. 701-A/2008 of July 29th, establishing the models for notice of pre-contract procedures, included in the Código dos Contractos Públicos (Public Contract Code) (CCP), to be published in Diário da República;
- Government Law no. 701-C/2008 of July 29th, publishing the update of communitarian limits;
- Government Law no. 701-D/2008 of July 29th, approving the statistical data model;
- Government Law no. 701-E/2008 of July 29th, approving the models for the data technical block, for the contract design report, for the annual report, for the contract execution report, for the contracting report and for the end of work report;
- Government Law no. 701-F/2008 of July 29th, regulating the creation, operation and management of the Internet unique portal dedicated to public contracts (Public Contract Portal);
- Government Law no. 701-G/2008 of July 29th, defining the requirements and conditions to which the use of electronic platforms by the awarding agencies during the public contract design phase must obey, and establishing the operation rules for those platforms;
- Government Law no. 701-H/2008 of July 29th, approving the execution program and project mandatory contents, as well as the procedures and standards to adopt in the creation and phasing of the public work projects, designated as "Instruções para a elaboração de projectos de obras (Instructions for the elaboration of work projects)", and the classification of works by category;
- Government Law no. 701-I/2008 of July 29th, establishing and defining the operation rules for the information system designated as Observatório das Obras Públicas (Public Works Observatory);
- Government Law no. 701-J/2008 of July 29th, defining the follow-up and supervision system for the execution of research and development projects and creating the respective commission;
- Decree Law no. 200/2008 of October 9th, approving the judicial system applicable to the constitution, the organic structure and operation of the marketplaces.

Already on January 5th, 2009, Law no. 1/2009, defining the judicial system of Lisbon (AMTL) and Porto (AMTP) Transport Metropolitan Authorities, awarding them the following responsibilities on what concerns passengers' public transport:

- Strategy planning and network integration;
- Coordination among the several public transport operators;
- Supervision over laws and regulations compliance, and monitoring and evaluation of quality and efficiency;
- Financing, prices and ticketing;
- Promotion and development of passenger public transport;
- Creation of the urban travel plan (PDU) and approval of proposal to be submitted to public consultation;
- Approval of the transport operational programme (POT).

Also in 2008, ML, E.P., in compliance with dispositions of DL no. 558/99, with DL no. 300/2007 wording, has submitted to the approval of the relevant Authority a Decree Law project aiming at the change of its Statutes, approved by the DL no. 438/78 of December 30th.

1.3 Relevant transactions with group companies and associates

Hereunder are described some relevant balances with companies in which ML holdings amount at least to 20% of the respective shareholder's equity (note 16):

Unit.: €

Transactions 2007	Services provided	Suplementary revenues	Other debtors and creditors	Exceptional income
Ferconsult, S.A.	2,902,446	98,527	65,412	0
Metrocom, S.A.	1,683,766	17,756	31,312	1,825
Publimetro, S.A.	1,629,541	86,385	0	0
Total	6,215,753	202,668	96,724	1,825

Unit.: €

Transactions 2007	Fixed assets in progress	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets
Ferconsult, S.A.	11,117,729	122,446	644,892	0	500,406
Metrocom, S.A.	0	6,000	1,500	0	0
Fernave, S.A.	0	136,231	1,248	2,146	0
Total	11,117,729	264,677	647,639	2,146	500,406

Unit.: €

Transactions 2008	Services provided	Suplementary revenues	Other debtors and creditors	Exceptional income
Ferconsult, S.A.	1,594,175	73,229	116,973	87,362
Metrocom, S.A.	1,603,058	21,461	49,904	0
Publimetro, S.A.	1,741,140	88,162	0	4,500
Fernave, S.A.	750	0	0	0
Total	4,939,122	182,852	166,877	91,862

Unit.: €

Transactions 2008	Fixed assets in progress	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets
Ferconsult, S.A.	14,381,642	377,772	936,597	0	2,182,257
Metrocom, S.A.	0	6,000	0	0	0
Fernave, S.A.	0	111,291	0	195	0
Total	14,381,642	495,063	936,597	195	2,182,257

1.4 Information about other transactions

Procedures adopted in the acquisition of goods and services

The acquisitions of goods and services by ML are determined by Decree Law no. 59/99 of March 2nd, Decree Law 197/99 of June 8th, Decree Law 223/01 of August 9th, and the Código dos Contratos Públicos (Public Contract Code) (CCP), approved by Decree Law no. 18/2008 of January 29th, establishing the guidelines to be observed in public contracting and the substantive regime of the public contracts, in force from July 30th, 2008 (applicable to all public contracting procedures after that date).

The contracts whose object was additional supplies by original suppliers for the expansion or partial replacement of existing equipment or facilities (originated by technical compatibility issues regarding material with technical characteristics already existing in the Company), were made according to the dispositions of subparagraphs c) and g) of article 18th of Decree Law no. 223/2001 of August 9th, and articles 24th, 26th and 27th of the CCP.

Under the scope of RCM no. 49/2007, the following must be pointed out:

- Transactions that may have occurred outside the market conditions:
  ML transactions have occurred according to market conditions in strict compliance with the laws governing this matter.
- List of suppliers representing more than 5% of the total external supplies and services (above one million euros):

2045 EMPRESA DE SEGURANÇA, S.A.	€ 4,635 thousand
COMPANHIA SEGUROS ALLIANZ PORTUGAL	€ 3,420 thousand
EDP - Serviço Universal, S.A.	€ 6,441 thousand
GRUPO 8 - Vigilância e Prevenção	€ 3,128 thousand
OTLIS - Operadores de Transportes	€ 3,077 thousand

International Public Tenders

During 2008, 21 International Public Tenders have been launched by ML, originating the following contracts:

- SCHNEIDER ELECTRIC, EFACEC ENGENHARIA SYSMAKER, ACE - "Supply, installation and deployment of a supervision system for technical facilities (SSIT) in ML stations and respective centralisation in PCC posts" (€ 2,152,914);
- SATEPOR, SA - "Supply of VSB twin-block concrete sleepers for the sections Alameda/Campolide, Oriente/Aeroporto and Amadora Este/Reboleira" (€ 1,151,370);
- RAILTECH INTERNATIONAL, SA - "Supply of rubber slippers, micro-cells, and insoles for Alameda/Campolide, Oriente/Aeroporto and Amadora Este/Reboleira sections" (€ 761,508);
- MONTEMEÃO, SA - "Supply of 500 retractable passenger seats for traction units" (€ 155,500);
- DIMETRONIC, SA - "Project, supply, installation, testing and deployment of the railway signalling equipment regarding the expansions to S. Sebastião, Campolide and Aeroporto and respective centralisation in PCC" (€ 5,603,483); "Project, supply, installation, testing and deployment of ML's railway circulation automatic control, and calculus and display of waiting time in the station for the next train, in A/B/C" lines CTC (€ 743,690);
- CDM Portugal - "Supply and installation of anti-vibration isolation systems in Alameda II/S. Sebastião II section" (€ 756,916);
- VAMARO, SA - "Cooling of PMOIII restaurant facilities" (€ 41,142);
- EFACEC ENGENHARIA, SA - "Supply and installation of the traction substations, of the medium voltage networks and electrical traction, and of the complementary safety systems on Red line, Alameda/S. Sebastião section" (€ 4,279,947);
- VIA ALAMEDA II – S. SEBASTIÃO II, ACE - "Installing of rails in Alameda II/S. Sebastião II section and integration with the existing network" (€ 4,822,000);
- GRUPO 8, LDA - "Collection and processing of values and change funds" (€ 45,449);
- GSA, LDA - "Supply of isolators for rail support and energy for Alameda/Campolide, Oriente/Aeroporto and Amadora Este/Reboleira sections" (€ 432,830);

- LANDATA INGENERIA, SA – "Preventive and corrective maintenance of the data transmission system via optical fibre cable" (€ 48,950);
- ENA PORTUGAL – "Supply of sealed telephone sets for the stations and galleries under the scope of the network expansion" (€ 95.200);
- SOTÉCNICA, SA – "Supply and assembly of the switching and transforming stations in Alameda/S. Sebastião stations and sections, and of Saldanha I and S. Sebastião I stations" (€ 724,823);
- RARI, LDA – "Supply and installation of locks, ticket booths and A0 and A1 information panels in S. Sebastião I and II and Saldanha I and II stations" (€ 264,106); "Supply and installation of signalling in S. Sebastião I and II and Saldanha I and II stations" (€ 281,024); "Supply and installation of furniture in S. Sebastião I and II and Saldanha I and II stations" (€ 112,078);
- NOVA ESTAÇÃO, ACE – "Design/carcase works of the Amadora Este/Reboleira extension" (€ 39,785,000);
- SOMAGUE, BPC, MOTA-ENGIL, SPIE–SBMS, ACE – "Finishing, low voltage, telecommunication and AVAC works completion in Saldanha I and II stations and of the ventilation shaft (PV 195)" (€ 6,998,000);
- SBMS, ACE – "Finishing, low voltage, telecommunication and AVAC works completion in S. Sebastião I and II stations and ventilation shaft (PV 196)" (€ 11,475,000);
- SPIE BATIGNOLLES EUROPE – "Structural maintenance and rehabilitation of section 2 gallery (Jardim Zoológico /Praça Espanha)" (€ 285,891).

1.5 Members of the corporate bodies and their duties

Management Board (CG)

The present Management Board has been appointed for a 3-year mandate by the Cabinet Resolution no. 101/2006 of November 2nd.

Functions and Responsabilities

Management Board		Election	Mandate
Chairman	Mr. Joaquim José Oliveira Reis	02/11/2006	2006/2009
Member 1	Mr. Luís Filipe Salgado Zenha de Morais Correia	02/11/2006	2006/2009
Member 2	Mr. Jorge Manuel Quintela de Brito Jacob	02/11/2006	2006/2009
Member 3	Mr. Pedro Gonçalo de Brito Aleixo Bogas	02/11/2006	2006/2009
Member 4	Mr. Miguel Teixeira Ferreira Roquette	02/11/2006	2006/2009

Chairman (CEO):

Mr. Joaquim Reis

- ML Institutional Representation
- Safety Executive
- General Administration and Communication
- Economy and Finance
- Studies, Planning, Budget and Controlling (budget and controlling areas)
- Information Systems and Technologies
- Audit
- **Subsidiaries:** Chairman of the BD of Ferconsult, S.A.; Chairman of the BD of Metrocom, S.A.; Chairman of the BD of Ensitrans, A.E.I.E.; Member of the Board of Trem, A.C.E.; Member of the Board of Trem II, A.C.E.

Member of the board (member of the board substitute of the Chairman):

Mr. Morais Correia

- Infrastructure Management
- Project Management, Expansion Works and Network Modernization
- Studies, Planning, Budget and Controlling (on the work project and management side)
- **Subsidiaries:** Member of the Board of Ferconsult, S.A.; Member of the Board of Ensitrans, A.E.I.E.; Member of the Board of Sotrans, S.A.

Member of the board

Mr. Jorge Jacob

- Commercial Operation
- Industrial Operation
- Studies, Planning, Budget and Controlling (on the commercial and expansion side)
- Development of the Strategic and Operational Marketing;
- Artistic and Historical Heritage, jointly with the MB/Mr. Pedro Bogas;
- **Subsidiaries:** Member of the Board of Publimetro, S.A. (till May/2008) *; Chairman of the GM of Metrocom, S.A.

*Replaced, since May of 2008, by the Advisor to the BD - Mrs. Maria Margarida Matos Mota da Silva Carvalho.

Member of the board

Mr. Pedro Bogas

- Human Resources
- Legal and Litigation
- Artistic and Historical Heritage, jointly with the MB/Mr. Jorge Jacob
- **Subsidiaries:** Administrator of Metrocom for the triennial 2008/2010 (since June 2nd, 2008);
  Member of the Board of Publimetro, S.A. (till May/2008) *; Chairman of the GM of Ferconsult, S.A.;
  Chairman of the GM of Sotrans, S.A.

Member of the board

Mr. Miguel Roquette

- Ombudsman
- Assistant to the CEO institutional function regarding the relations with Lisbon Municipality.
- **Subsidiaries:** Administrator of Metrocom for the triennial 2008/2010 (since June 2nd, 2008);
  Chairman of the GM of Publimetro, S.A.; Chairman of the GM of Gil, S.A.

Audit Committee

The present Audit Committee has been appointed by Joint Order from the Secretary of State for Treasury and Finance and the Secretary of State for Transports of October 26th, 1998, for a renewable 3-year period.

Audit Committee		Election	Mandate
Chairman	Mr. Renato Augusto Vieira Campos	26/10/1998	1998/2001
Member 1	Caiano Pereira, António e José Reimão, SROC, represented by: Mr. Luís Pedro Caiano Pereira (ROC no. 842)	26/10/1998	1998/2001
Member 2	Mr. Evaristo da Cruz Branquinho	26/10/1998	1998/2001

Chairman:

Mr. Renato Campos

Members:

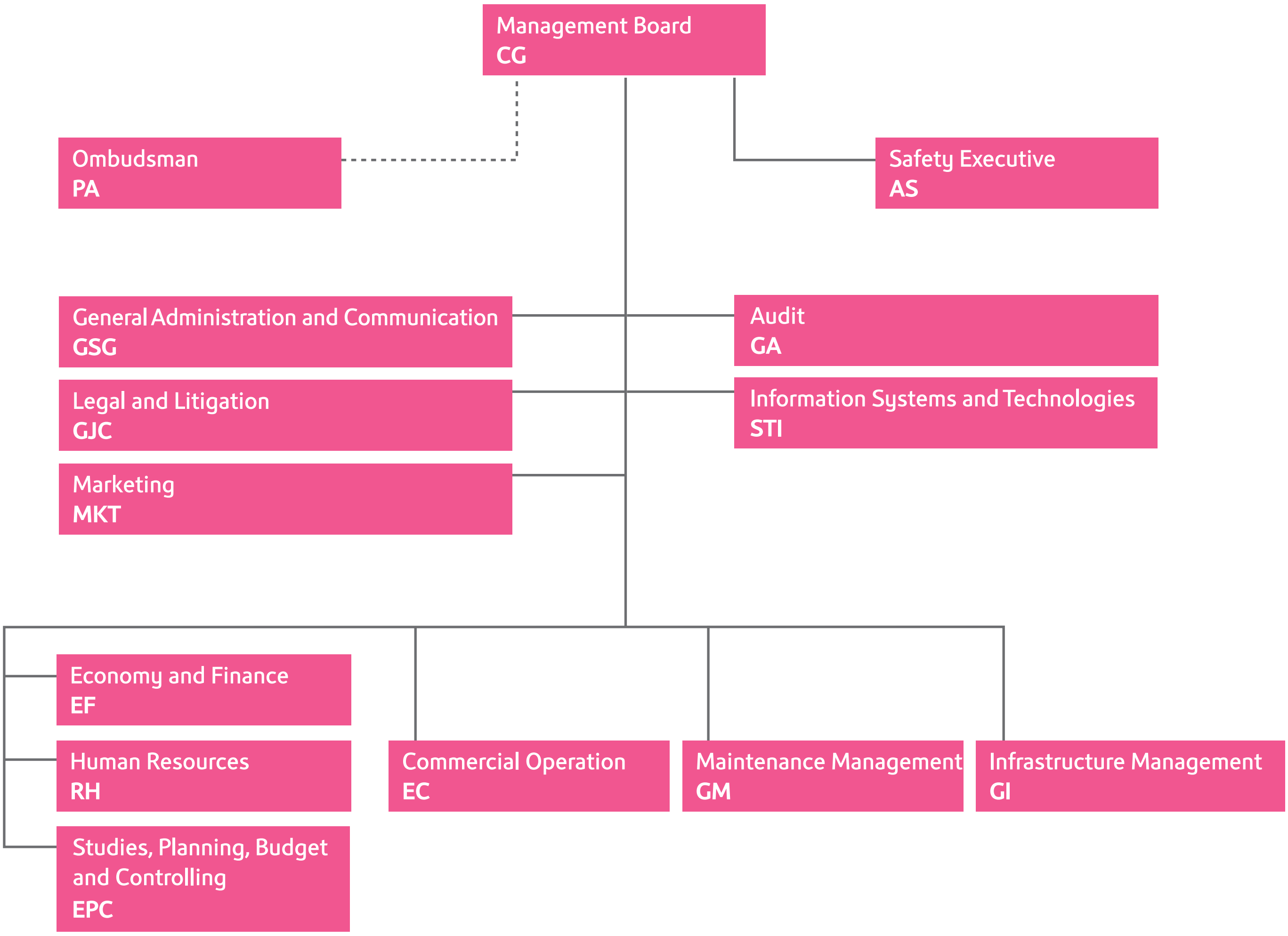
Caiano Pereira, António and José Reimão, SROC, represented by:
Mr. Luís Caiano Pereira on behalf of the firm
Mr. Evaristo Branquinho

Note: By Order of the Secretary of State for Treasury and Finance no. 192/08-SETF of March 18th, the firm Caiano Pereira, António and José Reimão, SROC has thereafter been represented by Mr. Luís Pedro Caiano Pereira (ROC no. 842), replacing Mr. José Jorge da Costa Martins Reimão (ROC no. 309).

1.6 Organisational structure

Aware of the need to communicate more and better with its customers, ML has decided to turn the Marketing function independent. Therefore, in March 2008, the Marketing Department was created and Mr. Miguel Rodrigues was appointed as Department Head.

Already in 2009, the MB has approved the new **Maintenance Management** (GM) Area organisational model integrating staff from the Industrial Operation Area (EI), as well as the infrastructure maintenance from GI (electric power, signalling, railway, communications and facilities). Thus EI was ended and, consequently, the Infrastructure Management Area was restrucutred. Subsequently, given the legislative changes regarding activity reporting and transparency and the Good Governance policies, in March the MB has decided to carry out the EPC restructure, with additional functions, changing it from Department to Direction.



EC – Commercial Operation	Mr. Pedro Machado Vazão de Almeida
GM – Maintenance Management	Mr. José Osvaldo Bagarrão
GI – Infrastructure Management	Mr. João Afonso Monteiro Correia
EF – Economy and Finance	Mr. José Maria Ferreira de Melo
RH – Human Resources	Ms. Maria Paula F. F. Martins Sanchez Jorge
EPC - Studies, Planning, Budget and Controlling	Mr. Luís Filipe Pereira Melo de Almeida
AS – Safety Executive	Mr. Armando Silva Neves
GSG – General Administration and Communication	Mr. António José Pinto Mendes Mourão
GJC – Legal and Litigation	Mr. Nuno Mariano Agostinho Soares
MKT – Marketing	Mr. Miguel Matos Silva Rodrigues
GA – Audit	Mr. José António Carballo Sequeira
STI – Information Systems and Technologies	Mr. Carlos José Duarte Rocha
PA - Ombudsman [3]	Mr. Guilherme da Palma Carlos

[3] Independent body with its own statutes.

1.7 Remuneration paid to the members of corporate bodies

Remuneration plan – 2008

Gross Remuneration

Management Board	
Chairman	Basic remuneration of € 4,752.55, 14 times per year; Business expenses € 1,663.39, 12 times per year; Additional monthly, amounting to € 843.65.
Members	Basic remuneration of € 4,204.18, 14 times per year; Business expenses € 1,261.65, 12 times per year; Additional monthly, amounting to € 843.65.

Audit Committee	
Chairman	Basic salary of € 1,188.14, 12 times per year.
Member 1	Basic salary of € 1,188.14, 12 times per year (exceptionally, in 2008 were 10 times).
Member 2	Basic salary of € 950.51, 12 time per year.

Management Body Remuneration Plan – 2008

Calculation basis => Group A – Complexity level 1

Unit: €

	Joaquim Reis Chairman	**Morais Correia** Member 1	**Jorge Jacob** Member 2	**Pedro Bogas** Member 3	**Miguel Roquette** Member 4
1. Remuneration					
1.1 Basic salary	57,030.60	50,450.16	50,450.16	50,450.16	50,450.16
1.2 Business expenses (a)	19,960.68	15,135.00	15,135.00	15,135.00	15,135.00
1.3 Additional remuneration (b)	5,905.55	5,905.55	5,905.55	5,905.55	5,905.55
1.4 Holiday subsidy	5,596.20	5,047.83	5,047.83	5,047.83	5,047.83
1.5 Christmas subsidy	4,752.55	4,204.18	4,204.18	4,204.18	4,204.18
1.6 Other remunerations (c)	--	--	--	--	--
2. Other fringe benefits					
2.1 Maximum plafond for mobile telephone use	135 € / month	135 € / month	135 € / month	135 € / month	135 € / month
2.2 Average value for mobile telephone use	0.05 € / month	44 € / month	49 € / month	25 € / month	45 € / month
2.3 Official vehicle purchased by the company (year 2000)(d)	--	--	--	--	40.323,10
2.4 Fuel costs with company vehicle	1,303.06	1,787.95	4,317.75	1,952.59	2,454.76
2.5 Business travel allowance (year 2008)	--	--	--	--	--
2.6 Meal subsidy (e)	10.06 € / day	10.06 € / day	10.06 € / day	10.06 € / day	10.06 € / day
2.7 Other: Renting – company vehicle (f)	1,001.13	1,052.83	1,082.45	1,074.99	--
3. Charges with social benefits					
3.1 Social Security – compulsive	15,640.82	13,993.69	--	13,997.00	13,990.39
3.2 Retirement complementary plans	no	no	no	no	no
3.3 Life insurances	no	no	no	no	no
3.4 Health insurances (g)	ML	ML	ML	ML	ML
4. Additional information					
4.1 Option for source salary	no	no	no	no	no
4.2 Social Security regime	Social Sec.	Social Sec.	CGA	Social Sec.	Social Sec.
4.3 Observance of no. 7 of RCM 155/2005	n.a.	n.a.	n.a.	n.a.	n.a.
4.4 Acquisition year of the vehicle by the company	2005	2007	2007	2007	2000
4.5 Option for company vehicle acquisition	no	no	no	no	no
4.6 Beneficial right to official house	no	no	no	no	no
4.7 Exerc. remuneratory functions outside the group	--	--	--	--	--

Audit Body remuneration plan – 2008

Unit: €

	Renato Campos Chairman	SROC* Member 1	Evaristo Branquinho Member 2
1. Remuneration			
1.1 Basic salary	14,257.68	11,881.40	11,406.12
1.2 Business expenses	--	--	--
1.3 Additional remuneration	--	--	--
1.4 Holiday / Christmas subsidy	--	--	950.51
1.5 Other remunerations	--	--	--
2. Social Security Regime	--	--	Social Security
2.1 Social security – compulsive	--	--	3,160.48

***** Caiano Pereira, António and José Reimão, SROC.

(a) The business expenses monthly subsidy fixed by Cabinet Decision is € 1,663.39 and € 1,261.25, respectively for the CEO and for the Members of the BD.
(b) 30% of the standard value mentioned on the March 26th Dispatch no. 8035/2002 (presently set to € 2,812.16), since that day resulting in € 843.65 per month, as they also have management functions in companies or agencies in which ML has a share.
(c) Exit accounts by reason of resignation.
(d) The purchasing amount of the car, bought by the company, includes 17% VAT.
(e) Accordingly to the August 28th, 2008 CS 611349.
(f) The renting value is per month. Includes the rental (+21% VAT) and insurance.
(g) Company's global insurance – in case they should decide so, each member of the BD can bear the charges of extending the insurance to his family (€ 46.60 for the spouse, € 28.00 for each child under age and € 46.10 each child above legal age), as may do so every other employee of the company.

1.8 Company sustainability analysis from economical, social and environmental perspectives

1.8.1 Economical perspective

Macro economical background

The economical recession occurred in 2008, particularly by the end of the year, has reached a global scale, both geographically and in financial markets. This crisis effects, which persist up to the present, will continue to be felt during 2009.

Indeed, there was a severe deterioration of the global demand as well as the financing conditions, which led to a strong intervention of the main central banks, such as the European Central Bank (BCE) and the US Federal Reserve (FED) in the markets by successively cutting down on the refinancing rates. In an economy strongly dependent on external funding, like the Portuguese economy, this fact is a major issue. Due to its economical and financial integration, Portugal was hardly struck by the global crisis. In addition, the growing price of energy, particularly the oil, until the end of last year's summer, has strongly conditioned the Portuguese economy performance.

This economical and financial instability reflected strongly in the performance of the main Portuguese stock index, which dropped nearly to half of its value during 2008. Domestically, the growth of private consumption did, although slightly, attenuate the effect of the external demand decrease, thus contributing to the tenuous decrease in unemployment rate and to the price stability.

Despite the intervention of the central banks, as previously mentioned, and the plans to fight the global crisis with the growth of public investment, there are no signs of changes for 2009. Indeed, Portugal can record a significant drop in its Gross National Product. Likewise, funding conditions shall not reflect any significant changes. In fact, the increasing risk fear shown by the financing players and the lack of liquidity generally felt in the markets will continue to constrain credit access and keep interest rates at high levels.

For Metropolitano de Lisboa, E.P., whose liabilities are over € 3,600 million, the increase of the interest rates is a major threat for ML sustainability, as the growth of the charges with debt servicing is impossible to avert.

The following table shows the Portuguese economy main indicators.

Economic Indicators	2006	2007	2008
Variation of the Gross Domestic Product	1.4%	1.8%	0.0%
Inflation (IHPC)	3.0%	2.4%	2.7%
Transport	--	1.5%	1.7%
Railway	--	2.5%	2.7%
Multimodal	--	3.6%	4.4%
GDP deflector	3.1%	2.5%	2.6%
OT 10 years fixed rate (Dec)	4.0%	4.5%	4.0%
3 month euribor rate (Dec)	3.7%	4.8%	3.3%
Loan interest rate to non-financial corporations (Dec)	5.4%	6.2%	6.1%
Unemployment rate	7.7%	8.0%	7.6%
Growth of unit labor costs, per employee	1.4%	1.6%	3.4%
Global balance of public administrations (relatively to GDP)	-3.9%	-2.6%	-2.6%
Consolidated public debt (relatively to GDP)	64.7%	63.5%	66.4%

Product management efficiency

The table on page 43 provides a basis for a proper analysis of revenue evolution for each type of ticket, at 2006 prices. For this purpose, the inflation of each ticket was calculated based on the price indexes published in the Instituto Nacional de Estatística website.

Ticket type	2006/07	2006/08
Own	2.50%	5.27%
Multimodal and combined	3.60%	8.20%

The following table shows a growing real revenue per passenger in each type of ticket, except for the intermodal passes (monthly tickets).

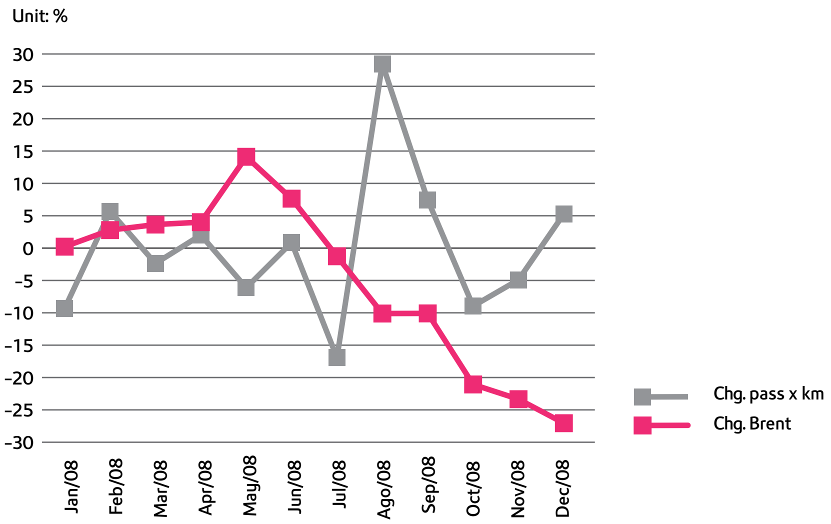
Tickets			2006	2007	2008
Own	Revenues	€	30,677,313	33,094,075	31,891,307
	Passengers	no.	58,528,193	62,350,902	59,649,816
	Revenue/Passenger	€	0.524	0.531	0.535
Multimodal	Revenues	€	4,301,449	4,207,485	4,017,856
	Passengers	no.	30,383,911	29,308,578	28,447,161
	Revenue/Passenger	€	0.142	0.144	0.141
Combined	Revenues	€	15,104,337	15,740,898	19,461,534
	Passengers	no.	69,903,852	71,099,589	77,713,609
	Revenue/Passenger	€	0.216	0.221	0.250
Total	Revenues	€	50,083,099	53,042,457	55,370,696
	Passengers	no.	158,815,956	162,759,069	165,810,586
	Revenue/Passenger	€	0.315	0.326	0.334

In this analysis, the creation of the Zapping ticket, in 2007, should be enhanced. This ticket, promoted by the company, provided the average revenue per transported passenger with multimodal ticket to grow from 68.5% of the total average revenue in 2006 to 75% in 2008.

The creation of intermodal tickets, more appealing to the customer, allowed a transfer of passengers from the intermodal tickets to these tariffs. As these tariffs bring a higher unit revenue to the company, it was possible, during these last three years, to obtain an 11% increase in the real revenue, and a 6% increase in the real revenue per passenger, with only 4% increase in the number of passengers.

The growing trend of oil price and its sub-products, fuels in particular, recorded until August last year has contributed to a certain change in travelling habits, mainly in short distance journeys. This fact helps to explain the growth in the number of passengers with paid ticket in 2008.

The following table compares the fluctuation of oil barrel prices in the London market, in euro, with the changes in the ratio passengerxkm transported in the Lisbon metro network, with a one-month delay relatively to the market prices, as this is the average adjustment time of fuel prices relatively to the changes in raw material prices.



Source: Energy Information Administratin (at www.eia.doe.gov)

- **Financial management efficiency**

Metropolitano de Lisboa has achieved its best financial performance of all times. Indeed, the company managed to attain a 2.4% interest rate, well below the usual interest rates in the market.

It is worth mentioning that the SWAPS contract policy, allowing to change the contract pre-defined interest rate for a post-defined interest rate, which the company adopted a few years ago, has led to more than € 160 million savings in funding financial charges over the 3-years period 2006/2008.

Unit: €

	2006	2007	2008	2008/06
Contract interests	92,438,689	121,138,544	153,712,961	66%
Effectively paid interests	65,811,538	66,263,764	70,225,934	7%
SWAPS effectiveness	26,627,151	54,874,780	83,487,027	214%

As shown, according to the financing contracts, the interest rates to bear would have grown 66% during the 3 years period, however thanks to the company's financial management efficiency, they only had a 7% growth. In fact, the company only paid 71% in 2006, 55% in 2007 and 46% in 2008, of the amounts arising from credit agreements in force.

Thanks to the above mentioned operations, the company has managed to negotiate interest rates considerably more profitable both for the fixed rate bonds over a 10 year period, more or less the same maturity of ML debt, and for loans from non-financial institutions.

Labour cost management efficiency

Unit: €

	2006	2007	2008	2008/06
Staff Cost per Capita	44,981.78	46,103.08	50,114.57	11.4%
Wage Mass per Capita	29,579.15	30,496.23	32,372.04	9.4%
GVA per Capita	21,346.09	27,358.78	34,829.68	63.2%

Although wage costs and staff costs per capita have risen more than the aggregate figures (see table in chapter "macroeconomic background"), please notice that the VAB measured productivity growth has increased more than proportionately. Indeed, VAB growth per capita during this three-year period was 63%, that is, 5.5 times bigger than the growth stated by the staff cost indicators.

Global management efficiency

As a mere exercise of operating cost evaluation, the Portuguese economy deflator included in the Portuguese economy main indicators table was used to deflate the company's 2007 and 2008 income statements back to 2006 prices, to enable comparisons.

Unit: €

		2006	2007	2008	2008/06
OPA	Revenues				
71	Sales	11,929	14,548	17,335	45%
72	Services provided	56,278,150	60,939,150	64,716,576	15%
7295	*Internal services*	*76,400,657*	*64,989,050*	*66,311,822*	*-13%*
73	Suplementary revenues	902,763	885,393	835,799	-7%
74	Operating subsidies	21,641,174	22,583,311	23,829,872	10%
75	Own work capitalised	2,781,777	3,266,652	4,882,745	76%
76	Other operating revenues and profits	7,281,479	7,197,640	6,968,438	-4%
77	Reversals of adjustments	237,340	67,754	11,066,163	4563%
Total Operating Revenues		89,134,612	94,954,448	112,316,928	26%
	Total Operating Revenues with Internal Services	*165,535,269*	*159,943,498*	*178,628,750*	*8%*
78	Financial costs and losses	1,243,637	2,382,051	1,582,794	27%
79	Exceptional costs and losses	538,356	150,186	5,239,468	873%
Total Revenues		90,916,605	97,486,685	119,139,189	31%
	Total Revenues with Internal Services	*167,317,262*	*162,475,735*	*185,451,012*	*11%*

Unit: €

		2006	2007	2008	2008/06
OPA	Costs				
61	Cost of goods sold and materials consumed	2,276,644	1,785,381	3,587,361	58%
62	Supplies and external services	43,008,099	40,919,697	38,841,423	-10%
6295	*Internal services*	*76,400,657*	*64,989,050*	*66,311,822*	*-13%*
63	Taxes	242,431	241,814	220,913	-9%
64	Staff costs	82,696,173	86,399,729	76,584,455	-7%
65	Other operating costs and losses	188,409	312,915	375,913	100%
66	Adjustments of the year	38,204,819	36,810,597	36,147,932	-5%
67	Provisions of the year	0	20,861	1,165,841	
Total Operating Costs		166,616,575	166,490,994	156,923,838	-6%
	Total Operating Costs with Internal Services	*243,017,232*	*231,480,044*	*223,235,660*	*-8%*
68	Financial revenues and profits	69,495,735	70,415,048	79,072,981	14%
69	Exceptional revenues and profits	1,715,583	1,250,470	3,597,463	110%
Total Costs		237,827,893	238,156,512	239,594,282	1%
	Total Costs with Internal Services	*314,228,550*	*303,145,562*	*305,906,104*	*-3%*
Operating Income		(77,481,963)	(71,536,546)	(44,606,910)	42%
Financial Income		(68,252,098)	(68,032,997)	(77,490,187)	-14%
Net Operating Income		(145,734,061)	(139,569,543)	(122,097,097)	16%
Exceptional Income		(1,177,227)	(1,100,284)	1,642,005	239%
86	Income tax of the year	32,391	34,544	51,024	58%
Net profit / loss		(146,943,679)	(140,704,371)	(120,506,116)	18%

Except for increase recorded in the financial costs, as previously mentioned, all remaining aggregate costs have decreased well below than would be required, with special emphasis in the operating costs, which have decreased 6% against an increase of 26% in the operating revenues. On the other hand, all aggregate revenues, except for the financial income, have increased significantly, with emphasis to the operating revenues, which grew 42%. Costs with staff decreased 7%, in real terms, contributing decisively to the desirable operating costs reduction, which together with the increase in real terms of the operating income led to the best profit/loss recorded by the company in the last 10 years.

1.8.2 Environmental perspective

From this point of view, and regarding the Network Expansion, an Environmental follow-up was carried out in all the construction works in progress, in order to ensure the implementation of all the recommended mitigating measures. As concerns the projects under study, the respective Environmental Impact Studies have been developed and, if legally required, the procedures for Environmental Impact Assessment.

As regards operation, the magnetic tickets have been progressively eliminated since the previous year, an important step towards the achievement of the three R policy – Reduce, Reuse and Recycle.

A public tender has been launched for the implementation of solar panels in the PMO, for water heating in the locker rooms, toilets and canteen. To reduce energy dependency, the installation of photovoltaic panels in the administrative building of the PMO III project (previous study phase) has been elaborated.

The company intends to launch an Environmental Management System (SGA), based on the NP EN ISO 14001:2004 standards, in order to continuously and gradually manage all environmental issues, having in mind the Environmental Certification of the whole Company, including the operating service and the new extensions.

Its implementation aims at a continuous improvement of the company's environmental performance, embracing both the update of the environmental legislation and the improvement of the Residues Management Integration Plan, and the execution of several studies regarding noise, vibrations, water, air, residues and among others.

1.8.3 Social perspective

In 2008, as a catalyst of social cohesion and sustained development, with a high social responsibility within its community, ML has carried out several social activities in cultural, educational, health, social care and ecology areas, granting support and spaces for event diffusion, namely stations and cars.

Grants and Sponsorships

- Support to the re-opening of Teatro Villaret, with financial help for the necessary remodelling works. The new opening of Villaret featured the play "A Gorda" (Fat Pig), followed by the musical "Fungagá MP3". In exchange, ML staff received tickets to watch these plays (between March 25th and December 31st);
- Sponsorship of the 2nd edition of the festival "Dias da Música em Belém" (Days of Music at Belém), which took place at the CCB between April 18th and 22nd, and gathered a vast array of musicians, high quality chamber music groups. ML has offered tickets for three concerts by organising a contest in ML website (www.metrolisboa.pt);
- Within the scope of the protocol established with the Ministry of Culture, support by advertising "José Saramago: A consistência dos sonhos" (José Saramago exhibition: The consistency of dreams) held in Palácio da Ajuda. In exchange, the company received 50 double invitations (between April 23rd and July 27th);
- To celebrate the 250 years of the urban plan approved by Marquês de Pombal for the Lisbon Downtown after the earthquake, CML organised, with the support of ML, in Pátio da Galé – Praça do Comércio, the exhibition "Lisboa 1758, O Plano da Baixa hoje" (Lisbon 1758, the Downtown Planning today). In exchange, ML staff and their families had the chance to visit the exhibition free of charge (June 19th to November 1st).

Event advertising and granting of spaces

- AMI's Cartão Saúde - activities to spread information about this AMI health card (between February and December);
- Space availability in the stations to Fundação Ciclo Vida, between February and December, to carry out cardiovascular screenings and install stands for fund raising and advertisement;
- Cardiovascular screenings in the stations (March 21st) to the subway passengers and spreading of information about the activities organised by Fundação Portuguesa de Cardiologia (FPC);
- "Face to Face" Project – by the International Amnesty (IA), which consisted in spreading information about the work carried out by IA Portugal, and recruitment of new supporters and/or members (months of March, April and December);
- Affiliation with the celebration of RDP África 12th anniversary – "12 anos, 12 horas ao vivo, 12 artistas" (12 years, 12 hours live, 12 artists), promoting a special live radio broadcast, between 8 am and 8 pm, from the Campo Grande station, with live performances by 12 guest artists. In the site, there was also an exhibition of some objects belonging to the Radio Museum, as a memory of how radio used to be done (April 4th);
- "Pirilampo Mágico" campaign by CERCI (for the rehabilitation and integration of people with disabilities) (May 9th to June 1st);
- Concert in Alto dos Moinhos station (Music Museum) by the Farra Fanfarra band to celebrate Music Day (May 17th);
- Joint event between ML and Quercus - Associação Nacional de Conservação da Natureza (Nature Conservation National Association), prize distribution ceremony of the Quercus 2008 Award (June 6th), held in Alto dos Moinhos auditorium;

- Information spreading of the "... voltar a Casa" (...back home) project, installation of stands and informational campaign by Associação Portuguesa de Crianças Desaparecidas (Missing Children National Association) (July, September and December);
- "Brigadas Carbono" (Carbon Brigades) campaign carried out by DECO (Consumer Protection Association), distributing information leaflets in the stations (September 4th and 5th), to bring awareness of the population to the importance of reducing the production of harmful gases in the environment;
- Posters advertising Lisbon Village Festival in the stations and in the trains (September 4th to October 4th). In its site, ML carried out a contest offering free tickets to the movies in the festival competition;
- Production of the "Transe & tu" fashion show, by CIVEC (Centro de Formação Profissional da Indústria de Vestuário e Confecção de Lisboa), between the Alto dos Moinhos and Baixa-Chiado stations. About 30 models took part and served as a project presentation of young designers from the "Técnico Design de Moda" course (fashion design technician) (October 17th). ML also ceded Alto dos Moinhos auditorium for the show production;
- Installation of a giant cube and frames "Homenagem António Lobo Antunes" (António Lobo Antunes tribute), in Entre Campos and Baixa-Chiado stations, allusive to the writer's work (from October 21st to November 19th);
- 19º Festival Internacional de Banda Desenhada da Amadora (FIBDA) (19th Amadora International Cartoon Festival) – the advertising was made with posters inside the cars and on ML site, where an online contest happened offering free tickets to the show. In exchange, as on previous years, ML staff was offered free tickets to the show by the Festival organisation (October 24th to November 9th);
- Affiliation with Fundação Luís Figo in the fight against tuberculosis by exhibiting in six subway stations the cartoon "Luís Figo e a Taça Mundial contra a Tuberculose" (Luís Figo and the World Cup against Tuberculosis) (November 3rd to December 31st);
- "XVII Peditório Nacional da Associação Abraço" (Abraço's 17th National Fund Raising Campaign) was carried out in ML stations, under the scope of the World AIDS Day celebrations (November 29th to December 3rd).

Free transport grants

From a social responsibility point of view, and in order to encourage Metro usage as an efficient, safe and environmentally friendly alternative transport means, the Company provided, during the following events, free transport for the participants in:

- 18th Lisbon International Half Marathon (March 16th) – additional advertising was also posted inside the trains;
- 3rd Sport Lisboa e Benfica Race (May 18th) – ML promoted on its site the contest "Vem correr no Estádio da Luz com o Metropolitano" (Come running with ML in the Luz Stadium), offering free registrations for the 10 km race and for the Fun Run;
- "Fight hunger, walk the World" March against hunger, 2008 edition, organised by TNT Express Portugal in partner ship with the United Nations World Food Programme (June 1st);
- Lisboa Bike Tour (June 22nd);
- 9th Portugal Half Marathon (September 28th).

Under the scope of the Mobility Week (September 16th to 22nd):

- GEOTA organised the Seminar – "A Política Ambiental na Fiscalidade sobre os Transportes" (Environmental Policy in Transportation Fiscality), to which ML ceded Alto dos Moinhos Auditorium;
- Under the scope of the cooperation between ML and the Federação Portuguesa de Cicloturismo e Utilizadores de Bicicleta (FPCUB), which advocates for a more intense use of the bycicle as mobility alternative, the Company ceded Alto dos Moinhos Auditorium free of charge for the 3rd Edition of the "Mobilidade em Bicicleta 2008" (Bicycle Mobility 2008) award. This event was attended by the Secretary of State of Transports, Mrs. Ana Paula Vitorino and Mr. Mário Soares (September 18th);
- ML, in partnership with Oceanário de Lisboa, has launched the "Vá de Metro... ao Oceanário" (Take the underground to... the Oceanarium) campaign. On September 22nd, the bearers of the "Lisboa Viva" ticket earned a 50% discount jointly with a paid entrance to the Oceanário.

1.8.4 Risk operation management

The Risk Report and Management Centre was created in March 2009 to observe legislative changes regarding Activity Report and Transparency and Good Governance policies.

Besides meeting the regulatory issue, the risk management intends to develop an integrated project across the whole business management, based on a systematic and methodical approach to identify, report, prevent, reduce and/or limit potential risks and damages to the company and to all users (internal and external).

The risks inherent to ML activity have been identified and typified, whether by direct analysis and acquired experience, or by comparison with other metro networks.

Besides the permanent analysis the collection of statistical elements provides, thus maintaining an updated weight of each incident in the history report about the equipment, the people and the system behaviours as whole. Some studies were also carried out by expert companies about this subject.

The already made studies aim at the risk assessment within the ML network and at the identification of key factors as well, and to present measure proposals to minimize them.

Briefly, the main risks associated to ML activity can be described as follows:

- **Operation:**

The more relevant risks are associated to service quality, network safety, accidents regarding the passenger flow, railway accidents and fires, having in mind that one single incident of this type can involve a significant number of passengers.

As concerns previous opening new stations, it is worth referring that before the inauguration of Baixa-Chiado/Santa Apolónia extension, in late 2007, a risk analysis was performed considering the activities going in the Terreiro do Paço and Santa Apolónia stations, as well as an assessment about the safety conditions associated with the facilities and respective technical infrastructures.

The adequate corrective measures have been identified to complement the existing safety conditions, reduce the probability of disasters and mitigate their consequences.

The audit conclusions to the "Sistema de Bilhética com Fecho da Rede" (Ticketing System with Network Gating) were already presented in 2008. The risks detected were classified between "Intolerable" and "Trivial", on a scale of 4 levels: Intolerable, Undesirable, Tolerable and Trivial.

In the assessment tumble risk in ML stations, a mapping and characterisation of the existing pavements in the stations was executed, and the use of an antiskid coating was tested.

As owner of the work, the risks linked to the construction phase have different origins and the respective control implies the observance of the Occupational Health and Safety standards, their compliance and efficiency monitoring making periodical analysis of the social indicators (air quality, noise and electromagnetic levels, among others).

The 50-year operation without any accident (collisions and derails) incurring damages to passengers reflects the effort accomplished by ML in prevention and safety.

- **Environmental:**

An initial environmental risk control is performed in the extension construction site and is thereafter integrated in the Environmental Impact Study and/or Environmental Impact Assessment. During the construction, the Environmental Follow-up and Monitoring consists of planning and implementing mitigation actions against the existing negative environmental impacts, namely noise emissions, air and water contamination, among others.

In a later stage, i.e., during the Maintenance and Operation activities, the risks are still assessed, namely as regards the air quality and follow-up of the Integrated Residues Management System.

- **Financial:**

The main financial risks are associated to debt control and credit loans. In the first case, ML has developed permanent negotiation policies and revision of financing conditions, as well as a correct involvement in the derivative market.

On the other hand, considering the decrease of the Portuguese debt financial rating, ML financial ratings, assessed by Standard & Poor's (S&P), were recently reduced (from AA- to A+).

Internally, in order to prevent corruption acts or illicit practices, the Audit Department has analysed periodically the internal financial procedures, checking their compliance and efficiency. Audits to contracts, study of changes to the execution project of Red line extension to S. Sebastião contract, and a financial analysis of the subsidiaries (Fernave and Ferconsult) were also accomplished in the operation area.

1.9 Good Corporate Governance Principles

Although ML is not yet included in the group of companies subject to goals, based on the relevant Authority strategy guidelines, the Company has been acting according with SEE new governance model, within a frame of business rationality, permanent optimisation of efficiency levels, service quality and economical, financial and environmental sustainability, complying with the rules of ethics and good practices.

Thus, ML has been gradually adjusting its information levels in order to comply with the principles of good governance to which it is bound.

Every year, the Company elaborates three documents, among others, defining its mission, objectives and general activity principles:

- A prospective document, called the Company Plan, where mission, objectives and the general activity principles, expected goals and results are stated for a three-year period, as well as the Management Forecasting Indicators;
- A second document referring to the accounts and activity carried out in the previous year;
- A third one regarding sustainability.

These documents are, after approved by the relevant Authority, internally and externally divulged by specific publications and in ML site and the Portal.

According to the Dispatch no. 14277/2008, of May 23rd and aiming at a better business governance, modernisation, efficiency and accountability, from the second semester, intangible information has been disclosed to Direcção-Geral do Tesouro e Finanças (DGTF) and to Inspecção Geral de Finanças (IGF), via SIRIEF (Economical and Financial Information Collection System).

1.10 Code of Ethics

The first "Código de Ética e de Conduta do Metropolitano de Lisboa, E.P." (Metropolitano de Lisboa, E.P. Code of Ethics and Conduct) came into force on July 1st 2006, being handed out in paper to each employee of the Company.

This code applies to all the people who work or provide services to ML: labour, service provision, probation contracts or a mandate relationship. This code should also be abided by staff from any company keeping a group rapport with ML, whether by dominant position or by mere participation.

This document is available in the Portal as well as in the ML site (www.metrolisboa.pt).

2. Activity report

2.1 Service provided

The main goal of Commercial Operation is to anticipate the market needs and the customers' expectations with an ongoing improvement of the capacity, quality and reliability of the offered service, based on operational effectiveness and on the eminent rationalisation of production costs.

The commercial policy implemented in 2008 was influenced by some factors, on the demand and on the revenue, namely:
- The reopening, in February, of Rossio railway tunnel, and the consequent integral gating of the Metro network;
- The carrying on of the contactless ticketing system and the disposal of the magnetic tickets, in February;
- The extension of the operation timetable to grant people mobility for Rock in Rio, Marchas Populares and Madonna Concert events;
- The conclusion of Alvalade and Roma station remodelling and access improvement.

Besides the above mentioned factors, "viva viagem" card launching stands out. Thus urged the ticket system with the inherent improvement of a quality service rendered to the client,.

2.1.1 Demand

In 2008, there was a 0.7% slight reduction in the total number of passengers, as a result of a lower fraud level (from 9.5% in 2006 to 4% from February 2007), due to the network gating.

	2004	2005	2006	2007	2008	Chg. % 2008/07	Chg. % 2008/04
Own tickets	56,175	57,132	58,528	62,351	59,650	-4.33	6.19
Multimodal passes	35,288	32,589	30,384	29,309	28,447	-2.94	-19.39
Combined passes	70,123	70,414	69,904	71,100	77,714	9.30	10.82
Total paid passengers	161,587	160,135	158,816	162,759	165,811	1.87	2.61
Fraud and free tickets	18,064	25,309	25,159	16,928	12,621	-25.44	-30.13
Total passengers	179,650	185,444	183,975	179,687	178,432	-0.70	-0.68
Average trip per passenger (km)	4.460	4.650	4.650	4.650	4.682	0.69	4.98
Pass x km	801,210	862,313	855,484	835,545	835,400	-0.02	4.27

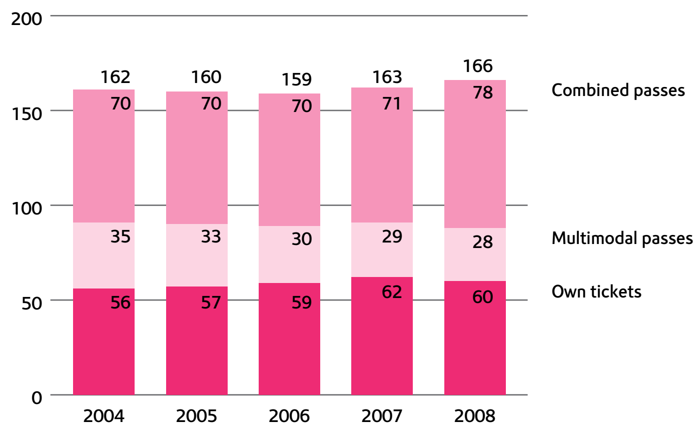
Note: In 2008, the Ministry of Justice was no longer included in the complementary free tickets therefore.

Passengers by type of ticket used

In spite of the decrease total number of passengers (-0.7%), there was an increase in the number of passengers bearing paid tickets (+1.87%), essentially due to the growth in the number of holders of combined passes.

Trends in the number of passengers with paid tickets

Unit: 10^6



2.1.2 Fare revenues

During 2008 two ticket pricing updates occurred. The first in January, corresponding to the annual update; the second in July to compensate fuel increase, pursuant to the MOPTC, MFAP and MEI dispatch from July, which only fell on the tickets, all pass prices kept unchanged.

Since February, ML has a totally contactless ticketing system, which includes the less frequent customers.

However, it is worth mentioning the ticket pricing simplification occurred in November. From all Metro exclusive use tickets only two alternatives remained for the less frequent passengers – single ticket and zapping. This second alternative has a special feature in terms of multimodal mobility, since it allows discounts when associated to more than one operator, namely Metro, Carris, Transtejo and Soflusa.

Within this context, and providing a greater mobility and equity for this type of tickets, the pass 4_18@escola.tp was created for children and youngsters from 4 to 18, which additionaly grants a 50% discount in the public transports. This measure can be seen as an alternative social complement for the already existing school transport, and as a support to the families in one of their basic needs – mobility.

Trends in the main ticket rates

Unit: €

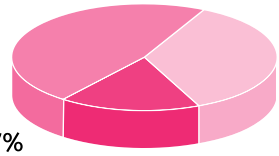
Tickets	2007 01/Jan	2008 01/Jan	2008 01/Jul	2008 01/Nov
Metro tickets				
Single – 1 zone	0.75	0.75	–	–
Single – 2 zones	1.05	1.05	–	–
Single 7 Colinas – 1 zone	0.70	0.75	0.80	0.80
Single 7 Colinas – 2 zones	1.00	1.05	1.10	1.10
Return – 1 zone	1.35	1.40	1.45	–
Return – 2 zones	1.90	1.95	2.05	–
Single 10 units – 1 zone	6.65	6.90	7.30	–
Single 10 units – 2 zones	9.50	9.85	10.40	–
Metro passes				
30 days – 1 zone	17.80	18.50	18.50	18.50
30 days – 2 zones	26.20	27.20	27.20	27.20
Combined tickets				
Zapping – 1 zone	–	0.75	0.79	0.79
Zapping – 2 zones	–	1.05	1.10	1.10
Combined passes with Carris				
Carris/Metro 30 days – 1 zone	27.05	28.10	28.10	28.10
Carris/Metro 30 days – 2 zones	29.70	30.85	30.85	30.85
Multimodal passes				
L1	36.85	38.30	38.30	38.30
L12	44.35	46.10	46.10	46.10
L123	50.50	52.50	52.50	52.50

The elimination of magnetic tickets and the consequent exclusive use of contactless ticketing, as well as the pricing update resulted in an 8.04% increase in ticket revenue.

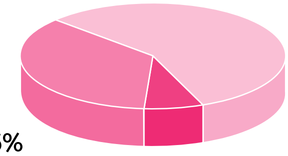
	Tickets		2008	2007	Change % 2008/07	2006	Change % 2007/06
Passengers	Own tickets	no.	59,649,816	62,350,902	-4.33	58,528,193	6.53
	Multimodal passes	no.	28,447,161	29,308,578	-2.94	30,383,911	-3.54
	Combined passes	no.	77,713,609	71,099,589	9.30	69,903,852	1.71
	Total	no.	165,810,585	162,759,069	1.87	158,815,956	2.48
Revenues (*)	Own tickets	€	33,571,978	33,921,427	-1.03	30,677,313	10.57
	Multimodal passes	€	4,347,320	4,358,954	-0.27	4,301,449	1.34
	Combined passes	€	21,057,379	16,307,570	29.13	15,104,337	7.97
	Total	€	58,976,678	54,587,951	8.04	50,083,099	8.99
Revenue per Passenger	Own tickets	€	0.563	0.544	3.45	0.524	3.80
	Multimodal passes	€	0.153	0.149	2.75	0.142	5.05
	Combined passes	€	0.271	0.229	18.14	0.216	6.15
	Average revenue	€	0.356	0.335	6.05	0.315	6.35

(*) Does not include the purchase amount of "Lisboa viva" and "7 colinas" cards.

Share of passengers by tickets



Share of revenues by tickets



Considering the advantage of the zapping use in more than one operator, there was some transfer of passengers from ML own tickets to the combined pass group.

2.1.3 Supply

Considering the demand recorded, there was an adjustment in the supply levels, and the percentage variations are justified essentially as follows:

- Blue line: Baixa-Chiado/Santa Apolónia extension operation start on December 19th, 2007;
- Yellow line: transfer of passengers from the Yellow line (Entrecampos) to the Blue line (Jardim Zoológico) due to the re-opening of Rossio railway tunnel in February.

Supply trends	2008	2007	Change % 2008/07	2006	Change % 2007/06
Car x km (public service)					
Blue line	8,696,286	7,495,257	16.02	7,752,041	-3.31
Yellow line	7,142,401	7,552,865	-5.43	7,576,799	-0.32
Green line	5,629,793	5,586,309	0.78	5,529,770	1.02
Red line	2,008,616	1,957,360	2.62	2,006,575	-2.45
Total	23,477,096	22,591,791	3.92	22,865,185	-1.20
Seat x km (10^3)					
Blue line	1,469,672	1,266,698	16.02	1,310,110	-3.31
Yellow line	1,207,066	1,276,434	-5.43	1,280,479	-0.32
Green line	951,435	944,086	0.78	934,531	1.02
Red line	339,456	330,794	2.62	339,111	-2.45
Total	3,967,629	3,818,013	3.92	3,864,231	-1.20

Operating efficiency	2008	2007	Chg. % 2008/07	2006	Chg. % 2007/06
Trips (public service)					
Blue line	125,246	130,072	-3.71	129,324	0.58
Yellow line	127,161	124,316	2.29	123,374	0.76
Green line	157,609	156,919	0.44	156,395	0.34
Red line	130,470	129,455	0.78	130,705	-0.96
Network (total)	540,486	540,762	-0.05	539,798	0.18
Car x km performance rate (%)					
Blue line	98.83	99.23	-0.40	98.21	1.04
Yellow line	99.13	99.28	-0.15	98.65	0.64
Green line	98.65	98.76	-0.11	97.56	1.23
Red line	99.67	99.55	0.12	98.93	0.63
In the network	98.94	99.15	-0.21	98.27	0.90
Trips performance rate (%)					
Blue line	98.68	99.12	-0.45	98.18	0.96
Yellow line	99.12	99.32	-0.20	98.74	0.59
Green line	98.65	98.89	-0.24	98.21	0.69
Red line	99.74	99.55	0.19	98.24	1.33
In the network	99.02	99.18	-0.16	98.50	0.69

2.1.4 Safety

Proceeding with the high **Safety** standards characterising the Company, a derailment simulation training action was carried out for home staff and for external support bodies – Regimento de Sapadores Bombeiros de Lisboa (RSB), Instituto Nacional Emergência Médica (INEM), Polícia de Segurança Pública (PSP) and Serviço Municipal de Protecção Civil (SMPC). Rescue autonomous vehicles for victims or disabled passengers were available and delivered, one to the RSB and another to the ML, to be used in case of accident.

In order to grant operation safety conditions and impact decrease, ML Safety Authority followed closely the integration of S. Sebastião and Saldanha stations.

Concerning **Security**, advertisements were launched in the network alerting against eventual robbery risks and reinforced PSP Patrols in the network, as a means to prevent criminal actions using free services. Besides, one paid PSP agent is always present in the Posto de Comando Central (Central Control Room) to co-ordinate the intervention of the agents on the field.

There was also an External Audit to the ML ticketing system.

2.2 Material and technological resources

In order to grant the Network and Rolling Stock operation capacity, as well as their consequent compliance with high levels of functionality and availability, SGS Company carried out in May an Audit to all EI areas, including processes and procedures. Thus, ML EI Quality Certification, pursuant to NP EN ISO 9001:2000 standard, covering Maintenance, Technical Consulting, Specifications, Acquisition, Inspection and Rolling Stock Reception Services was renewed.

2.2.1 Infrastructure and equipment management

When compared to the previous year, there was in 2008 a 13.5% increase in the performance rate of the programmed maintenance (250,467 programmed actions), corresponding to 89.0%. The total number of operation trouble events recorded a 53.3% decrease, from 60 in 2007 to 28 in 2008.

	No. of accomplished actions			Performance level (%)			Change %
Programmed maintenance	2006	2007	2008	2006	2007	2008	2008/07
Energy	938	719	769	51.9	62.8	59.9	-4.6%
Electromechanical installations	4,041	3,032	3,682	87.9	75.0	84.7	12.9%
Signalling	9,709	8,868	8,346	81.7	90.9	101.3	11.4%
Telecommunications	1,015	412	449	73.4	40.2	55.6	38.3%
Track	195,053	182,153	209,782	74.8	78.1	89.0	14.0%
	210,756	195,184	223,028	75.2	78.4	89.0	13.5%

2.2.2 Engineering and development

As regards GIE – Engineering and Development activities, ML took part in:
- NOVA group studies;
- Implementation of safety measures concerning the detection of irregular descent down to the track;
- Analysis inter-directions of operation trouble events;
- Work group to follow-up the feasibility study of an UTO (Unattended Train Operation) system in the Green line;
- Planning and co-ordination of the station expansion and remodelling works, including the project supervision by the discipline responsible people and the integration of railway specialities, namely in the Baixa-Chiado /Santa Apolónia, Alameda II/S. Sebastião II, Oriente/Aeroporto, S. Sebastião II/Campolide works and in the Areeiro, Arroios, Anjos and Intendente stations.

Following the implementation of measures to provide disabled people with the autonomy and social participation to which they are entitled to as citizens, in 2008 there was:
- The installation of danger warning rubber strips on the platform edges was concluded;
- The tender process for the adaptation to PNPA[4] of Colégio Militar/Luz station was concluded; Baixa-Chiado is being concluded;
- The law for vision-impaired people guidance ceramic tiles was approved;
- ML took part in the approval of the prototype of wheel-chair fixing device in carriages.

As concerns third party activities susceptible to affect ML infrastructures, the Company has followed up the development of the following projects: Centro Comercial Colombo tower works; SCP (Sporting Club de Portugal) urbanisation; Campo Grande viaduct repairs; CRIL IC-17 works; RAVE Oriente station enlargement; Rua Ivens works above Baixa-Chiado station.

[4] Plano Nacional de Promoção da Acessibilidade.

2.2.3 Rolling stock

The Industrial Operation area, whose maintenance service assures the availability, security and quality of the rolling stock, has renovated its Quality Certification (NP EN ISO 9001:2000 standard).

Regarding the Rolling Stock, the application of the Reliability Centred Maintenance (RCM) and Root Cause Failure Analysis (RCFA[5]) stand out.

Rolling stock performance

The Rolling Stock Fleet, including 338 cars, of which 225 are driving motor cars and 113 are trailers, was kept unchanged since 2003. Associated to the Rolling Stock Fleet steadiness of the last years, with the new maintenance methodology, in 2008, it was possible to consolidate the fleet availability rate.

As concerns the reliability, in 2008 there was 3.0% decrease in the average kilometric between failures (MKBF[6])

Indicator		2008	2007	Change 2008/07	2006	Change 2007/06
Rolling stock availability	%	88.0	90.2	-2.2%	92.8	-4.9%
MKBF Average kilometric between failures	km	13,253	13,659	-3.0%	12,270	4.8%

2.2.4 Energy

The balance of energy global consumption when compared to 2007 was unfavourable due to the 33.7% increase in other consumptions, and to the 3.9% increase in the supply.

There was also a growth in the consumption of the complementary and support services, while traction energy consumption was practically stable, despite the start-up, in December 2007, of the segment Baixa-Chiado /Santa Apolónia. However, it is worth mentioning that traction consumption was lessened because one rectification group less was connected in each Traction Substation, and speed regime of the rolling stock changed from A3 to A2 (this being less accelerated).

Unit: thousand kWh

Energy consumption	2008	2007	Chg. % 2008/07	2006	Chg. % 2007/06
Traction	48,086	47,803	0.59	49,848	-4.10
Complementary and support services	48,471	46,523	4.19	44,889	3.64
Other consumptions	4,079	3,052	33.65	3,166	-3.60
Total	100,636	97,378	3.35	97,903	-0.54

Note: In 2008 1,013,679 kWh, referring to "sundry services" consumptions were included in "Other consumptions". This fact wasn't recorded in previous years.

Unit: thousand kWh

Energy consumption indicators	2008	2007	Chg. % 2008/07	2006	Chg. % 2007/06
Traction / Seat x km	0.012	0.013	-3.20	0.013	-3.69
Traction / Passenger x km	0.058	0.057	0.61	0.058	-1.36
Total / Seat x km	0.025	0.026	-0.55	0.025	2.02
Total / Passenger x km	0.120	0.117	3.36	0.114	2.23

5 Identification of the failure root causes behind failures.
6 In 2008, the average kilometric value between failures was calculated based on the failures occurred in cars while in operation (excluding vandalism and other reasons).

It is worth mentioning that in 2008 “Sundry services” consumptions have been included in “Other consumptions”. Thus, and considering these consumptions, in 2007, we should have had a 2.24% increase in the total consumptions relatively to a slight decrease (-0.54%) in “Other consumptions”.

2.2.5 ICT Systems

In 2008, besides the ongoing preventive and corrective maintenance of the existing systems, the key projects were developed for a better improvement of the business processes:

- “Budget” project, integrated with SAP R/3, to elaborate, control and approve ML operation and investment budgets, in a decentralised way. Based on the BI-IP (Business Intelligence Integrated Planning) tool of SAP-BW, all functions (analyze budgeted, committed and realized values and make simulations) of this tool are available in Excel environment, and 2009 budget has already been loaded;
- “Implementation of new functionalities in the SAP ECC and BW system” project, which provides in SAP functionalities such as PM, MM e HR modules (programmed and corrective maintenance, health security control, integration of SAP system with other applications – supervision and IMTT terminals) and, in BW, Human Resource indicators and improvements in the “Passenger Movement” indicators;
- The implementation of the ”VPN (Virtual Private Network)” project provides ML with an infrastructure enabling the remote access to its information systems, thus granting considerably higher availability levels. Simultaneously, with this infrastructure, which allows the access to its applicational platform from any external point it is possible to avail of ML standard applicational environment;
- The already existing ML “Office” platform has been updated with the implementation of the “OFFICE 2007” project. The immediate benefits are the additional strength of this version and a significant set of new functionalities which, altogether, result in a considerable reduction in the incidents associated with its use and, consequently in a productivity increase;
- The “Controlo da prestação de serviços dos vigilantes – Watchmen service performance control” module was implemented in the “Teleponto Plus” application. This records and controls the surveillance service contracted by ML. The start-up shall occur only in the beginning of 2009.

2.3 Human Resources

The Human Resource Management activity carried out in 2008 has privileged the adjustment of the existing professional competences to the requirements of the current development cycle of the Company.

Accordingly, the discussion with the Worker Unions about the proposals for the previously elaborated new career regulations and performance evaluation continued, having in mind their inclusion in the Company's Agreement.

Labour costs [7]

Labour force rationalisation and reorganisation enabled workforce restraint and improved productivity.

		2004	2005	2006	2007	2008	Change 2008/07
Labour costs	10^3 €	63,457	65,366	66,363	67,411	66,501	-1.3%
Labour costs / Operating costs	%	43.6	44.4	44.2	45.1	44.0	-1.0%
Labour costs / Total costs	%	26.6	26.3	27.9	27.6	26.4	-1.2%
Labour costs / Average staff	10^3 €	36.958	38.496	38.991	40.006	42.466	6.1%

In 2008, in terms of collective bargaining contract, the social discussion started in 2007 continued having in mind the global review of the two Company Agreements, considering the break occurred in September, 2007.

As it was not possible to reach, in due time, a global agreement, the 2008 Wage Revision Agreement was formally signed with all Union Associations, both those representing the Company Agreement I (Majority of the Workers), and those representing the Company Agreement II (Graduates and Bachelors).

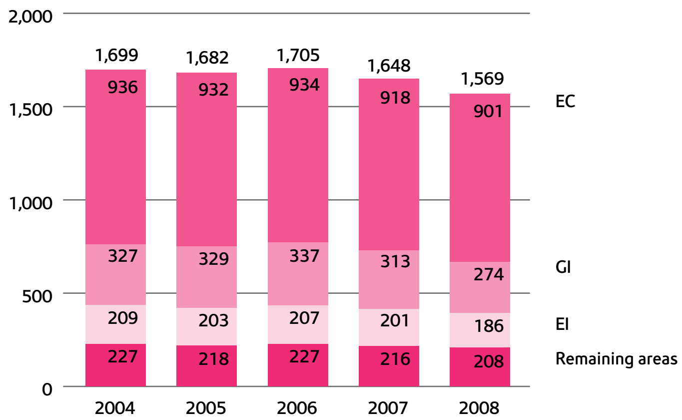
Staff

2008 recorded 35 admissions and 114 exits of staff, 104 of which left for early retirement, causing a staff reduction by about 4.8%.

These changes allowed continuing the process of staff rank rejuvenation and the consolidation of the productivity improvements recorded during these last years, namely in the last five years, when despite the increase in the network size and in the number of stations, a cut back of 130 staff members was possible.

[7] The costs concerning the supplementary retirement benefits, pre-retirements, retirement incentives, pension fund and actuarial study were not included.

Staff in December 31st [8]



Retirement and social responsibility

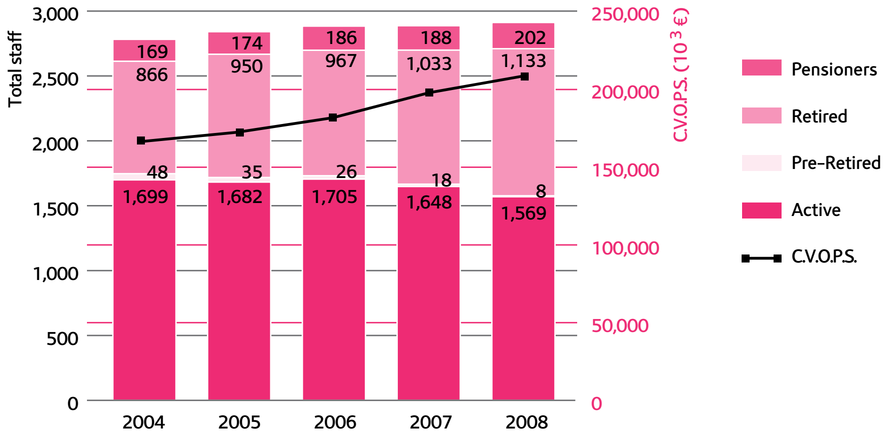
The historical social responsibilities arising from the Company Agreements, namely the payment by the Company of supplementary contributions for retirement and survival pensions, now represent a significant and upsetting liability cost, aggravated once more in 2008 by the high number of recorded early retirements.

By the end of 2008, Metropolitano de Lisboa comprised a total of 2,912 staff members, 1,569 and 1,343 inactive, of which 8 were on a pre-retirement, 1,133 on retirement (78 due to disability, 415 to old-age and 640 to early retirement) and 202 pensioners.

		2004	2005	2006	2007	2008	Chg. 2008/07 Abs. Value	%
Total staff	Persons	2,782	2,841	2,884	2,887	2,912	25	0,9%
Inactive	Persons	1,083	1,159	1,179	1,239	1,343	104	8.4%
Pre-retired	Persons	48	35	26	18	8	- 10	-55.6%
Retired	Persons	866	950	967	1,033	1,133	100	9.7%
Pensioners	Persons	169	174	186	188	202	14	7.4%
C.V.O.P.S. [9]	10^3 €	167,731	179,527	183,336	191,868	209,586	17,719	9.2%
C.V.O.P.S. / Total staff	10^3 €	60.292	63.192	63.570	66.459	71.973	5.51	8.3%
Active staff / Inactive staff	Persons	1.57	1.45	1.45	1.33	1.17	-0.16	-12.2%

8 Of the 1,569 members of staff working for ML in December 31st, 2008, 3.2% were on a part-time basis.
9 Current Value of Obligations for Past Services.

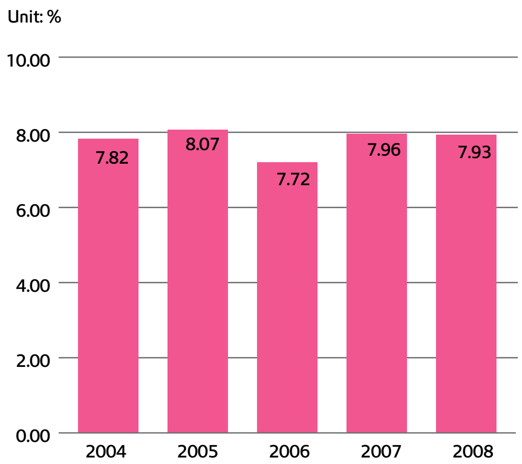
Evaluation of total staff and social responsability



Absenteeism

In 2008, as the trend of the previous last years, the absenteeism rate is still bellow 8%, with a slight down inflection (– 0.03%) when compared to 2007, being now 7.93%.

Absenteeism rate



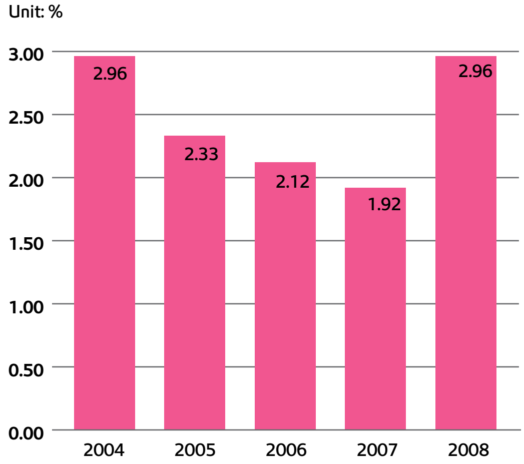
Overtime

2008 recorded an increase in the overtime work volume, reaching values that were not stated since 2004.

It is obvious that the ongoing reduction in the number of active staff in 2007 and 2008, namely the exit of a total of 164 members for early retirement involved, in some areas, the resource to overtime.

Thus, there was an increase from 55,343 overtime hours in 2007 (32.8 overtime work rate by average staff), the lowest value since 2004, to a total of 79,125.5 hours in 2008 (50.53 h by average staff).

Overtime Rate



Labour accident rate

In 2008 there was an increase in labour accident rate, both in the number of accidents (15 more than in 2007) and in the accident severity. Duration rate rose from 41 lost days per accident in 2007 to 44 in 2008.

Labor Accidents	2005	2006	2007	2008	Chg. % 2008/07	Chg. % 2008/05
Accidents	80	97	97	112	15.5%	14.3%
Days lost	4,258	3,649	4,006	4,900	22.3%	5.8%
Duration rate	53.2	37.6	41.3	43.8	5.9%	-7.5%
Incidence rate	37.69	49.35	49.26	62.58	27.0%	66.0%
Frequency rate	23.94	31.12	30.77	38.52	25.2%	60.9%
Severity rate	1.57	1.35	1.48	1.93	30.4%	22.9%

In those enterprises where ML is the owner of the work, in 2008, the accident rate decreased in counter-cycle with the 32.2 positive variation in the number of the staff in the works, which increased from 9,514, in 2007 to 12,582 in 2008.

Accidents in ML Enterprises	Accidents	Days lost	Duration rate	Incidence rate	Frequency rate	Severity rate
2008	50	1,071	21.4	3.97	20.42	437.38
2007	61	1,539	25.2	6.41	24.05	606.72
Chg. %	-18.0%	-30.4%	-15.1%	-38.0%	-15.1%	-27.9%

Training

As the Company currently faces the consolidation of the acquired competences, namely in the technical area, there was in the last three years a decrease in the training levels.

	2004	2005	2006	2007	2008	Chg. % 2008/07	Chg. % 2008/04
Training activities	520	272	287	326	199	-39.0%	-61.7%
Participants	3,034	1,302	1,320	1,775	957	-46.1%	-68.5%
Hours	57,571	20,903	23,297	16,879	24,192	43.3%	-58.0%
Cost (10^3 €)	488	229	342	437	230	-47.4%	-52.9%
Hours / Average staff	33.5	12.3	13.7	10.0	15.5	55.0%	-53.7%

However, in 2008, there was a growth in the volume of training, and the resume of this trend is expected for 2009.

Among the training held 2008, the following actions focused in the workshop area, as well as those related to Safety and English Language should be mentioned.

Welcome Manual

Although having a long past, ML is a Company turned to the future that strongly bets on its Staff so that they are well qualified, both technically – in the performance of their functions – and as a Service Company – in their contact with the Customer.

Accordingly, along its lifetime, ML has elaborated a document called "Welcome Manual" so that the new Staff can concisely be familiar with the Company path along its 60 years of existence in its historical, social, economic and financial aspects.

This document is available in ML site, and a print is delivered to the new Staff.

2.4 Communication and Image

Aware of the need to stir up the marketing in an autonomous way to strategically evaluate the customers' needs and the services rendered by the company, to encourage new business opportunities and to correct existing gaps in the communication with the customer, in March, ML has created the Marketing Department.

In 2008, ML Marketing Department in association with OTLIS[10] has made protocols with several institutions to create strategic and advangeous partnerships with "Lisboa viva" card owners. Thus, in order to promote the use of the public transport, the Metro and the other Lisbon public transport operators have negotiated a new package of benefits for the "Lisboa viva" card users. The partnerships currently in force are:

- **Zon Lusomundo cinemas**: Tickets at Monday price, everyday.
- **Jardim Zoológico**: 15% discount in Zoo entrance for children owners of "Lisboa viva" card (when accompanied by a paying adult); 15% discount in Zoo entrance for children accompanied by a paying adult owner of "Lisboa viva" card; 10% discount in the entrance of older than 65, owners of "Lisboa viva" card.
- **Instituto Óptico**: Discounts in optical products and sundry services.
- **Oceanário de Lisboa**: 15% discount for children (between 4 and 12) and seniors (more than 64) bearing a "Lisboa viva" card; 10% discount for adults bearing the "Lisboa viva" card.
- **Fundação Museu do Oriente**: 20% discount in the entrance in Museum by families (2 adults in the company of children up to 12), provided that one of the adults is the owner of the "Lisboa viva" card; 10% discount in the entrance of Museu do Oriente for "Lisboa viva" card owners.
- **Holmes Place Gyms**: Special conditions in registration and monthly fees;
- **Maria Matos Theatre**: 10% discount in the purchase of tickets for "Cabaret" musical, which was on the stage between September 10th, 2008 and February 15th, 2009 and for the pay "Transacções", which will be on the stage between March 12th and May 3rd, 2009;
- **"West Side Story" in Politeama Theatre**: 10% discount for Filipe La Féria musical, on the stage from January 2009;
- **"Os Maias" in Trindade Theatre**: 10% discount in the purchase of tickets, on the stage from February 5th to April 26th, 2009.

Further, worth to be mentioned is the creation of a merchandising line with Metro mark, among other actions to take place in 2009, allusive to the celebration of the network operation's 50 years.

[10] Transport Operators in Lisbon Area, A C.E.

Along 2008 several and different actions were carried out by this Office, among which:

- Signature of the Protocol between MOPTC and Rock in Rio/Lisboa organisation (April 2008);
- Public transport use promotion film (May 2008);
- "Rock in Rio" (May and June 2008);
- Exhibition "Portugal Verde" (Portugal Green) (May and June 2008);
- Campaign "Vá de Metro visitar o Sebastião" (Take the underground to visit Sebastião) (June 2008);
- "Dia Internacional da Juventude" (Youth International Day) (August 2008);
- Mobility week: "Vá de Metro... ao Oceanário" (Take the underground... to the Oceanário) (September 2008);
- "Cartão 4_18" (4_18 Card) (September 2008);
- "Lisboa à noite: Mobilidade Nocturna em Segurança" (Lisbon by night: Safe Night Mobility) (September 2008);
- "Vá à bola de transportes públicos" (Take the public transport to the football) (September 2008);
- "Google Maps Transit" (November 2008);
- "Portugal Tecnológico" (Technological Portugal) (November 18th and 23rd, 2008);
- "Simplificação Tarifária" (Ticket Pricing Simplification) (December 2008).

From May, a new functionality – **Comunicação Social** (Social Communication) is available in the ML Site area "Cultura e Lazer". In this new page all Site users can have access to the lastest news concerning the most relevant national and international events, and means to keep ML staff updated.

2.5 International Relations

In 2008, ML kept a high level of participation in the activities of the international organisations to which it belongs, attending 48 events, namely meetings, seminars and conferences of the UITP – International Association of Public Transport, ALAMYS - Latin-American Metros Association, the Nova Group of Metro Benchmarking and the ModUrban project.

Among the events, the following stand out:

International Association of Public Transport:

- Meeting of UITP Policy Board, organised jointly by Metropolitano de Lisboa and CARRIS, effective members and portuguese representative bodies of that association (Lisbon, November 5th to 7th). The Secretary of State of Transport, Ms. Ana Paula Vitorino and the Governor of the Bank of Portugal, Mr. Vítor Constâncio, as member of the European Central Bank, were present in the meeting.
  Being ML the dean of the UITP Portuguese members, the 50 years of ML ongoing presence in this organisation were celebrated during the meeting and marked with a commemorative sculpture in Oriente station.
  Also, on the occasion, and on the initiative of ML representatives in the UITP's European Union Committee, took place the "1st National Meeting of UITP Portuguese Members".
- Organization, jointly with Carris, of the 6th meeting of UITP's Security Commission and of the 1st UITP Security Training Workshop.

ALAMYS (Latin-American Metros Association):
Active participation in the 13th Intermediate Meeting of ALAMYS Technical Commitees, in Porto Rico, namely in the operation, maintenance, management and planning areas. ML was present, as well, in ALAMYS Assembly, in Recife, and took part in the Direction Committee meeting, of which ML is a voting member.

Nova Group:
Participation in the two annual meetings, Rio de Janeiro and Barcelona, followied by a reflection meeting of the MB with the High Management about the 2007 KPI and the ML's annual benchmarking seminar.

ModURBAN Project:
The participation in ModURBAN project, involving 38 companies of 12 european countries, including metros, industrial associations, suppliers, universities and research institutes is granted.

Internacional Delegations:
Host of several international delegations, among which those of the Metro Japanese Association, the Valencia Metro, the IFM – Interoperable Fare Management, and the LRT Dublin, besides other finnish and russian groups associated to the metro planning and construction.

It is also worth mentioning the partnership collaboration in Google Transit development. This is a Google Map function providing a route simulator and other services associated to the Lisbon public transport. Thus Lisbon shall be the second european capital to have this service.

To assure the internal consolidation and diffusion of the information gathered in these international activities, a thematic data base was created in the ML Portal, RI area.

2.6 Network Expansion

With the accomplishment of the Network Expansion Plan presently under way/launching stage, it is expected the entry into operation, until 2013, of 7.2 kms of new network sections, served by 7 new stations, two multimodal Interfaces - Cais do Sodré and Terreiro do Paço – and also four stations of the Green line properly refurbished.

	Present		In progress				Future	
Lines	Stations no.	Network km	Extensions	Stations no.	Network km	Opening date	Stations no.	Network km
Yellow	13	11.0	--	--	--		13	11.0
Blue	17	12.9	Amadora Este / Reboleira	1	0.9	2011	18	13.8
Green	13	8.9	--	--	--	--	13	8.9
Red	7	5.0	Alameda II / S. Sebastião II S. Sebastião II / Campolide Oriente / Aeroporto	2 1 3	1.8 0.9 3.6	2009 2013 2011	13	11.3
Network	50	37.8		7	7.2		57	45.0

Works carried out in 2008

Blue line

- **Baixa-Chiado/Santa Apolónia extension**

The extension of the Blue line between Baixa–Chiado and Santa Apolónia is in operation since December 19th, 2007. Since that date, Terreiro do Paço and Santa Apolónia grant a more rational use of the public transport system, making a more efficient, reliable and comfortable division of the passengers coming from national, regional and suburban railway, as well as from the river transport, into the city.

In 2008, aiming at the conclusion of the programmed interventions, Cais das Colunas reconstruction works, and the provisional Terreiro do Paço exterior arrangements were executed. In the reconstruction works accomplished by ML, whose project was approved by IPPAR, there was a special care to put back the Cais das Colunas, having recurred to the quarries deemed to be the original ones (Batalha/Alcobaça zone) to replace the more degraded stones.

The definitive finishing works shall be executed as soon as CML Commission project for the rehabilitation of the front riverside is concluded.

- **Terreiro do Paço Interface** [11]

In order to build a new fluvial terminal and respective building, the works for the implementation of the wave attenuation system, the installation of pontoons and the contracting for dredging and bottoming were assigned in October 2007.

The 1st stage, consisting in the installation of two pontoons on the Interface western side, as well as the attenuation system works were concluded in October 2008. The installation of the other three pontoons of this Interface shall be concluded in May 2009.

As concerns the Fluvial Terminal contracting, the candidate pre-qualification tender has been launched.

[11] In execution for ML by a third parties (Transtejo).

- **Amadora Este/Reboleira extension**

The extension of the metro line to Reboleira is particularly important, providing a new interface between CP Sintra line and ML Blue line, which shall attract a high number of passengers who need to travel in this important AML zone every day. The extension to Reboleira shall be concluded in 2011 and it is expected that it shall serve around 4 million passengers/year.

The launching of the international public tender for this extension design/carcase works occurred in January 2008. The tender winner was the Zagope, Soares da Costa, Teixeira Duarte and Tâmega consortium and the contract was signed in August 13th.

The Execution Project Environmental Conformity Report (RECAPE) was delivered in December 27th, 2008 to the Agência Portuguesa do Ambiente.

Green line

- **Remodelling of Green line stations**

In March 2008, included in the remodelling project of the Green line stations, ML started operation of Alvalade station lifts. This station is now equipped to serve disabled passengers.

After the remodelling of two of the six stations of this line (Roma in 2006 and Alvalade in 2007), in 2008 occurred the:

- Development and review of the remodelling/enlarging projects of Anjos, Arroios and Intendente stations;
- Launching of the tenders for Areeiro station enlarging; and,
- Execution of the exterior finishing of the zones around Roma and Alvalade stations.

- **Cais do Sodré Interface** [12]

The execution of the undertaking including CP/Refer buildings and the Fluvial Terminal + Ferry proceeded at good pace. Among the works executed, the focus goes to the completion of the finishing and premises of CP/Refer building, from March, as well as the resuming of the extension works of the Fluvial Terminal + Ferry building, after having been suspended by CML imposition in June 2006. This undertaking works were concluded in November 2008.

The execution of the roads and exterior fittings in the Interface area were assigned in March 2008. Cais do Sodré Transport Interface inauguration ceremony took place in March 13th, 2009, with the presence of the Public Works Minister, Mr. Mário Lino, of the Transport State Secretary, Ms. Ana Paula Vitorino, as well as of the Lisbon Mayor, Mr. António Costa.

Red line

- **Alameda II/S. Sebastião II extension**

In 2008, the most important carcase works were concluded. Also, the internal structures of Saldanha and S. Sebastião stations, as well as the excavation works of the entire extension gallery are concluded.

The definitive finishing of Alameda front in the extension zone and in the transition zone with existing terminus was concluded.

Pedestrian galleries for the connection between Saldanha front and Saldanha I station platforms were executed.

Saldanha II covering concrete slab was concluded. Only the west and east access openings, in Av. República and Arco do Cego, respectively, are not yet executed.

[12] In execution for ML by a third parties (Transtejo, APL and Carris).

In S. Sebastião, the demolition works for remodelling S. Sebastião I station north atrium were accomplished. This shall be the common atrium for both stations.

The connection section was totally excavated. The demolition of the existing gallery wall is under way.

By the end of 2008, the finishing works were started in both stations.

- **Oriente/Aeroporto extension**

In May 2008 the Partial Assignment for the execution of the last carcase works, of the Ventilation Unit (PV) 194 – access gallery to the Airport Terminal PV, which was dependent of ANA – Aeroportos de Portugal authorisation, was accomplished.

In all the initially anticipated fronts, works are under way:

- In Aeroporto station, the internal structures are being executed. In Moscavide station, the last excavation phase is in progress. In Encarnação station, the excavation works are under way, and the execution of the slabs and support beams of the first excavation levels was started.
- The tunnel excavation works in the different stretches of the undertaking are in progress. 1,100 m of the dome and supports' primary covering by the NATM method primary are already executed.
- The treatment works designed for some Interferences (jet-grouting treatment for the gallery passage, load transfer from the pilar of the Airport Viaduct). The load transfer from the Moscavide viaduct and Praça José Queiroz inferior passage are still under way.

The specialty projects for the gallery, ventilation shafts of Moscavide and Aeroporto stations are being carried out, as well the specialties and architecture of Encarnação station, whose structure project is the Contractor's responsibility.

- **S. Sebastião II/Campolide extension**

Campolide station execution project elements, ventilation post and galleries are being concluded in order to allow the tender launching in the 1st semester of 2009.

The Agência Portuguesa do Ambiente (Portuguese Environment Agency) has issued a conditioned favourable Environmental Impact Statement for the execution of S. Sebastião/Campolide extension.

2.7 Investments

Having in mind the accomplishment of the Network Expansion Plan under way, as well as the needs for current investment and equipment, the Company has invested under technical costs the amount of € 92,969 thousand, 98% of which in Durable Infrastructure Investment (DIFs).

Unit: €

	FBCF	ICT	DI
	Gross Fixed Capital Formation	Investiment Technical Costs	Investiment Expenses
A – DIF's	88,118,711	91,142,812	95,980,450
In progress	66,565,891	66,565,891	69,513,419
Cais do Sodré interface	309,796	309,796	433,411
Alameda / S. Sebastião extension	38,487,804	38,487,804	40,933,395
Oriente / Aeroporto extension	27,768,291	27,768,291	28,146,614
New	3,795,971	3,795,971	3,835,710
Rato / Alcântara extension	0	0	19,546
S. Sebastião / Campolide extension	1,494,796	1,494,796	1,503,526
Amadora Este / Reboleira extension	2,301,175	2,301,175	2,312,638
Other	17,756,850	17,763,892	19,614,263
Baixa-Chiado / Santa Apolónia extension	9,832,353	9,832,353	11,492,973
Campo Grande / Odivelas extension	1,899,921	1,899,921	1,899,921
Pontinha / Amadora Este extension	670,647	670,647	670,647
Network remodelling	2,099,287	2,099,287	2,130,868
Network remodelling – Green line stations	3,230,900	3,230,900	3,362,346
Studies and Projects	0	7,043	28,879
ATP/ATO	23,742	23,742	28,629
Self investment	0	3,017,058	3,017,058
B – ML	1,795,396	1,826,656	1,985,581
Equipment and Workshops	56,966	56,966	56,966
Rolling stock	42,050	42,050	42,050
Equipments and other	879,654	879,654	1,037,549
Current investments	816,727	847,987	849,016
Self investment	0	0	0
Total Investiment	89,914,108	92,969,469	97,966,031

Investments	2008	2007	Unit. %
Investiments / FBCF	89,914,108	72,670,905	23.73
Investiment / Technical Costs	92,969,469	75,502,389	23.13
Investment Expenses (including financial costs)	97,966,031	79,481,528	23.26

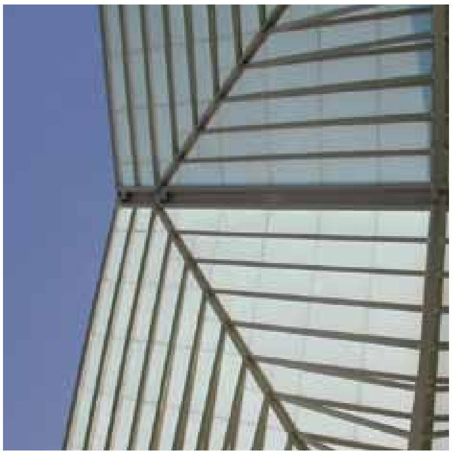
The Network Expansion Plan has improved along the year, namely the accomplishment of the extensions Alameda/S. Sebastião (€ 38,488 thousand), Oriente/Aeroporto (€ 27,768 thousand) and the start-up of the works in Amadora Este/Reboleira extension with a performance level of € 2,302 thousand.

Also worth mentioning is the investment in the conclusion of Campo Grande/Odivelas (€ 1,900 thousand) and Baixa-Chiado/Santa Apolónia (€ 9,832 thousand) projects, although these extensions have been opened to the passenger service in previous years, as well as the network remodelling, particularly the Green line, as shown in the table.

The investment in ML assets amounted only to € 1,827 thousand mainly allocated to "Equipments and other" and "Current Investments".

ML has continued to allocate financing charges to the item Fixed Assets in Progress. During the year under review, the Company capitalised € 4,996 thousand, having increased total investment expenditure to € 97,966 thousand.





3. Economy and Finance

3.1 Year Balance

The Financial Statements for 2008 reflect a net loss for the year of € 126,730 thousand, about 12.1% lower than the previous year, equal to less € 17,492 thousand.

This situation is a result of a 36% improvement in the operating income, which recorded a negative value of € 46,911 thousand (less € 26,414 thousand than in the previous year), and by the positive performance in the exceptional income with superavit of € 1,727 thousand. On the other hand, the financial income suffered an aggravation of 16.9%, corresponding to € 11,750 thousand due to the application of the accounting standard IAS 19, which indicates that the actuarial financial losses will be accounted in financial costs. Otherwise, the performance would invert in an improvement of 0.1%.

The total costs incurred was € 251,969 thousand and the total revenues obtained was some €125,293 thousand.

Despite the opening of the extension to Santa Apolonia, held from the end of 2007 (December 19th), the increase of the induced costs was absorbed by the savings generated in other areas. This explains the reduction of 3.3% in operating costs.

Unit: €

Income Statement	2008	%	2007	%	Chg. % 2008/07
Costs for the Year					
Operating costs	**165,028,954**	**65.5%**	**170,653,269**	**69.9%**	**-3.3%**
Cost of goods sold and materials consumed	3,772,648	1.5%	1,830,016	0.7%	106.2%
Supplies and external services	30,337,593	12.0%	30,522,669	12.5%	-0.6%
S.E.S. - Operational leasing	10,509,990	4.2%	11,420,021	4.7%	-8.0%
Staff costs	78,462,880	31.1%	77,698,901	31.8%	1.0%
Pension plan	2,077,162	0.8%	10,860,821	4.4%	-80.9%
Depreciations	39,241,029	15.6%	37,752,244	15.5%	3.9%
Taxes	232,323	0.1%	247,859	0.1%	-6.3%
Other costs and losses	395,329	0.2%	320,738	0.1%	23.3%
Financial costs and losses	**83,157,101**	**33.0%**	**72,175,425**	**29.6%**	**15.2%**
Exceptional costs and losses	**3,783,272**	**1.5%**	**1,281,732**	**0.5%**	**195.2%**
Total Costs for the Year	**251,969,326**	**100.0%**	**244,110,425**	**100.0%**	**3.2%**
Revenue for the Year					
Operating revenues	**118,118,096**	**94.3%**	**97,328,309**	**97.4%**	**21.4%**
Sales + services provided (*)	68,077,417	54.3%	62,477,540	62.5%	9.0%
- Fare revenues	62,528,752	49.9%	55,408,666	55.5%	12.9%
- Other	5,548,665	4.4%	7,068,874	7.1%	-21.5%
Own work capitalised	5,134,939	4.1%	3,348,318	3.4%	53.4%
Suplementary revenues	878,968	0.7%	907,528	0.9%	-3.1%
Operating subsidies	25,060,685	20.0%	23,147,894	23.2%	8.3%
Other revenues and profits	7,328,357	5.8%	7,377,581	7.4%	-0.7%
Reversals of adjustments	11,637,730	9.3%	69,447	0.1%	16657.6%
Financial revenues and profits	**1,664,545**	**1.3%**	**2,441,602**	**2.4%**	**-31.8%**
Exceptional revenues and profits	**5,510,087**	**4.4%**	**153,940**	**0.2%**	**3479.4%**
Total Revenues for the Year	**125,292,728**	**100.0%**	**99,923,851**	**100.0%**	**25.4%**
Income tax	53,660		35,408		51.5%
Net Profit / Loss for the Year	**(126,730,258)**		**(144,221,982)**		**12.1%**
Operating income	(46,910,858)		(73,324,960)		36.0%
Operating revenues / Operating costs	71.6%		57.0%		25.5%
Financial income	(81,492,556)		(69,733,823)		-16.9%
Exceptional earnings	1,726,815		(1,127,792)		253.1%
Revenues / Costs	49.7%		40.9%		21.5%
EBITDA	(19,307,559)		(35,572,716)		45.7%
Standard EBITDA	(19,307,559)		(29,309,707)		34.1%
Cash In - Cash Out	(12,858,182)		(31,907,963)		59.7%

(*) Note 44 of the Balance Sheet and Income Statement appendend.

The positive evolution of the operating results is essentially explained by:
- the increase in about 21.4%, equal to € 20,790 thousand, of the operating revenues, in the global amount of € 118,118 thousand, and by the decrease of the operating costs, in about 3.3%, raising the global amount to € 165,029 thousand, that is, € 5,624 thousand, lower than in 2007.

The revenues by nature which have contributed for the good performance of the operating revenues were as follows:
- the 9% increase in "Sales and services provided", about 3.5 times the inflation value, due to the increase in "tickets" and "passes" revenues, in about 13%;
- the 53.4% increase in "Own work capitalised" intrinsically related to the ongoing investment expansion stage regarding the network;
- the increase in "Operating subsidies" resulting from the 8.3% operating subsidy awarded to the Company;
- the relevant increase in "Reversals of adjustments", in about € 11,569 thousand resulting from the application of the accounting standard – IAS 19 (provision for pensions).

The "Exceptional revenues and profits" have contributed in a positive way to the increase in "Total revenues", which recorded a very high increase percentage, corresponding to about € 5,356 thousand, situation that is related to the reclassification from tangible fixed assets to rolling stock spare parts.

Only the "Exceptional revenues and profits" recorded a significant percentage decrease, although of little relevance in absolute terms.

"Operating costs" suffered a decrease of 3.3%, observing, in nominal terms, a decrease of € 5,624 thousand, exclusively explained by the impact in the "Staff costs" item, by the accounting treatment related with the supplementary retirement and survival pensions commitments (IAS 19).

After deducting the pension plan commitment amounts, "Staff costs" show a global increase of 1%.

Except for this exceptional situation, is worth mentioning "Cost of goods sold and materials consumed", which suffered an abnormal increase, not comparable to the previous year, due to the acquisition of the card "Viva viagem", a new situation. "Supplies and external services" decreased in nominal terms about 2.6%, fact worth mentioning since we have operated during the whole year in a network with more 2.2 km and 2 stations.

On the other hand, "Taxes", "Depreciations, adjustments and provisions" and "Other costs and losses" registered slight increases in relation to the previous year, keeping all these types of costs the same relative positions in the operating costs structure.

Having reached a global amount of about m€ 83,157, "Financial costs" registered an increase of 15.2%, exclusively due to the accounting treatment for actuarial financing losses. Cross off this fact, there was a decrease of 0.7%, essentially due to the consistent financing cost control policy through derivative market.

In conclusion, the following situations stand out:
- "Operating costs" registered a 3.3% decrease;
- "Operating revenues" increased about 21.4%, that is, almost 8 times the inflation;
- "Revenues" financed about 49.7% of "Costs" (21.5% more than in the previous year);
- "Operating revenues" covered about 71.6% of the "Operating costs" (25.5% more than in 2007);
- EBITDA improved 45.7%, equivalent to € 16,334 thousand, stating the best negative value since 1994 of € 19,308 thousand.

Income statement by activity

In the year 2008, internal service supply unit values were as follows:
- Usage rate: € 0.53 x (car x km operation)
- Station management rate: € 0.07 x (total passengers)
- Maintenance rate: € 0.52 x (car x km total)

For the first time, a penalties/bonus system between the Infrastructure Management and the Commercial Operation was applied.

A bonus for superior accomplishment of car x km operation was applied in the usage rate. A penalty for under accomplishment of transported passengers was applied in the management rate.

For use of Equipment and Workshops, a rent in terms of occupation (m^2), amounting to a total value of € 6.766 thousand was established.

As concerns Corporative Services (ODDCG – Bodies Directly Dependent on the Management Board), operating income, excluding the cost regarding supplementary retirement and survival pensions (pension plan), 83% were shared among the various activity areas, as follows:
- 19% for Industrial Operation;
- 48% for Commercial Operation;
- 33% for Infrastructure Management.

"Other financial cost" item was shared on a cash in cash out basis.

Unit: €

Income Statement by Activity	Industrial Operation	Commercial Operation	Infrastructure Management	ODDCG	Total
Operating revenues					
Sales and service provided	290	64,283,076	3,747,162	46,889	68,077,417
Own work capitalised	1,828,513	0	2,531,390	775,036	5,134,939
Suplementary revenues	56,726	251,905	187,752	382,585	878,968
Operating subsidies	0	25,060,685	0	0	25,060,685
Other revenues and profits	2,720	5,652,063	1,663,130	10,444	7,328,357
Reversal of adjustments	797,860	4,728,470	3,386,267	2,725,134	11,637,730
Total operating revenues	2,686,109	99,976,199	11,515,701	3,940,088	118,118,096
Operating costs					
Cost of goods sold and materials consumed	1,820,762	1,701,269	248,987	1,630	3,772,648
Supplies and external services	1,587,263	9,228,611	14,840,213	4,681,506	30,337,593
S.E.S. - Leasing	0	10,509,990	0	0	10,509,990
Staff costs	9,508,774	39,360,003	15,739,953	13,854,150	78,462,880
Pension fund	*252,099*	*561,670*	*356,616*	*906,777*	*2,077,162*
Depreciations	757,212	13,070,356	20,731,572	3,455,833	38,014,973
Provisions	0	0	0	1,226,057	1,226,057
Taxes	323	484	159,267	72,249	232,323
Other costs and losses	3,918	7,060	4,600	379,751	395,329
Total operating costs	13,930,351	74,439,443	52,081,208	24,577,952	165,028,954
Operating income	(11,244,242)	25,536,755	(40,565,508)	(20,637,863)	(46,910,859)
Usage rate	0	(12,222,841)	12,222,841	0	0
Station management rate	0	(12,896,571)	12,896,571	0	0
Maintenance rate	12,858,999	(12,858,999)	0	0	0
Rents	(3,080,087)	(1,982,709)	6,766,041	(1,703,245)	0
Traction energy	0	(2,936,934)	2,936,934	0	0
Lighting and motor power energy	0	(2,573,132)	2,573,132	0	0
Corporate service rate *	(3,674,412)	(9,186,030)	(6,200,570)	19,061,012	0
Total internal services	6,104,500	(54,657,216)	31,194,949	17,357,766	0
Operating income with internal services	(5,139,741)	(29,120,461)	(9,370,559)	(3,280,097)	(46,910,858)
Financial revenues	0	526,431	0	1,138,114	1,664,545
Financial costs with DIFs	0	0	42,957,654	0	42,957,654
Financial costs with rolling stock	0	9,833,662	0	0	9,833,662
Assigned financial expenses	3,623,840	4,455,867	5,054,915	5,719,109	18,853,731
Financial expenses pension fund	1,553,194	3,137,212	2,212,392	4,609,256	11,512,054
Financial income	(5,177,034)	(16,900,310)	(50,224,961)	(9,190,251)	(81,492,556)
Net operating income	(10,316,775)	(46,020,771)	(59,595,519)	(12,470,348)	(128,403,414)
Exceptional revenues and profits	74,332	217,591	49,909	5,168,254	5,510,087
Exceptional costs and losses	236,157	110,787	319,854	3,116,473	3,783,272
Exceptional earnings	(161,825)	106,804	(269,945)	2,051,781	1,726,815
Income tax	0	0	0	53,660	53,660
Net profit/loss for the year	(10,478,602)	(45,913,967)	(59,865,465)	(10,472,227)	(126,730,258)
EBITDA without internal services	(11,284,890)	33,878,642	(23,220,203)	(18,681,108)	(19,307,559)
EBITDA with internal services	(5,180,390)	(20,778,574)	7,974,747	(1,323,342)	(19,307,559)

* Excluding pension fund.

Activity financing

"State financial contribution" reached the global amount of € 31,122 thousand, that is, 6.6% more than in the previous year.

Unit: €

State financial contribution	2008	2007	Chg. % 2008/07
Operational subsidy	26,122,003	24,305,289	7.5%
PIDDAC	5,000,000	4,897,400	2.1%
Total	31,122,003	29,202,689	6.6%

There was an increase in the "Operational subsidy" and in the PIDDAC, an absolute value of about € 1,919 thousand.

"Sinking fund investment from European Community" amounted to € 7,948 thousand, from FEDER, as it was not possible to obtain funds from the Cohesion Fund.

Unit: €

European Community funds	2008	2007	Chg. % 2008/07
FEDER (European Regional Development Fund)	7,948,352	51,580	15309.8%
Cohesion Fund	0	17,851,699	-100.0%
Total	7,948,352	17,903,279	-55.6%

Having in mind the Company core mission – production of transport, maintenance and infrastructure management – and the responsibilities related with debt servicing, financing requirements have risen to € 277,986 thousand.

Unit: €

Financing requirements	2008	2007
Operating activities	(11,025,380)	(16,808,181)
Investment activities	(90,273,386)	(104,519,020)
Depreciations:		
Bank loans	(57,404,382)	(191,410,940)
Bond loans	(7,731,367)	(45,663,701)
Leasing	(34,584,418)	(37,011,185)
Interest and similar costs	(76,967,160)	(77,652,179)
Total financing requirements	(277,986,094)	(473,065,205)
Capital increases	0	0
Financial disinvestment	0	0
Investment subsidies	12,948,352	53,299,636
New loans:		
Bank loans	264,442,692	0
Bond loans	0	400,000,000
Leasing	0	0
Interest and similar profits	488,036	5,771
SWAP operation restructure	0	19,727,000
Total financings	277,879,079	473,032,407
Cash and bank variation	107,015	32,798

Financial coverage for these requirements was accomplished essentially through the following policies:

- Use of "European Community funds and PIDDAC" (investment subsidies), about € 12,948 thousand;
- Use of the Financial Market, through the reinforcement of the credit lines available, meantime refinanced in the meantime through the 10-year, bullet, bond issue with State guarantee in the amount of € 400,000 thousand, achieved on January 28th, 2009.

In a monetary market framework of sustained raise of interest rates, the Company tried to minimize the adverse effects of this situation with policies of permanent debt restructuring and revision of the financing conditions as well as with an adequate intervention in the derivative market. Thus, the Company reported a global decrease of 2.2%, equal to € 1,708 thousand in the financial operation, stating an excellent performance.

Unit: €

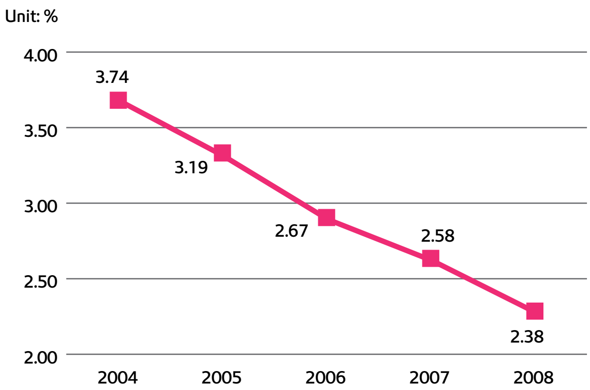
Corporate financial performance	2008	2007	2006	2005	2004	Chg. % 2008/07	Chg. % 2008/04
Operation	31,855,033	32,322,955	31,147,846	21,866,080	22,924,016	-1.4%	39.0%
Financial costs with DIFs	39,718,881	39,624,470	37,976,373	54,363,943	52,111,723	0.2%	-23.8%
Investment - ML	158,924	135,349	169,466	455,991	104,437	17.4%	52.2%
Investment - DIFs	4,837,638	3,843,788	8,579,259	10,642,099	18,853,933	25.9%	-74.3%
Investment - third parties	185,867	2,537,236	21,772	0	0	-	-
Income attributed to the acturial study	11,512,053	0	0	0	0	-	-
Total	88,268,396	78,463,798	77,894,716	87,328,113	93,994,109	12.5%	-6.1%

Global contribution was € 88,268 thousand, € 11,512 thousand of which refer to the "Income attributed to the actuarial study", which has nothing to do with fund cost. After deducted this effect, the amount was fixed in € 76,756 thousand, € 5,182 thousand of which capitalized as a result of the execution of the investment plan in progress.

It is worth mentioning that the remunerated liabilities management, through the derivative market, obtained a € 165 million saving in the last 5 years, € 83.5 million of which in 2008.

Policy measures relating to funding and derivative market involvement were significantly efficient, clearly reducing the underlying "debt interest rate" from 2.58% to 2.38% in the year, a reduction of 7.75% on the underlying interest rate that, face to market conditions, already showed a rather low level by the end of 2007.

Debt interest rate



It is worth mentioning that, in last the 5 years, underlying interest rate evolved from 3.74% to 2.38%, meaning a 36.4% reduction in the unfavorable framework of the last 2 years, while remunerated liabilities, in the same period, grew 26.4%, that is, from € 2,620 million to € 3,312 million.

This states the efficiency of the debt management policy, recurring to the derivative market.

Assets structure/Balance sheet

Unit: €

	2008	%	2007	%	Chg. % 2008/07
Total Assets	3,494,203,329	100.0%	3,459,308,048	100.0%	1.0%
ML fixed assets	413,870,877	11.8%	456,707,609	13.2%	-9.4%
Intangible fixed assets	0		3,325,911		-100.0%
Tangible fixed assets	382,811,943		423,263,249		-9.6%
Financial investments	31,058,935		30,118,449		3.1%
Fixed assets financed by the State	2,942,411,411	84.2%	2,846,382,153	82.3%	3.4%
Intangible fixed assets	6,812,319		6,721,029		1.4%
Tangible fixed assets	2,935,599,092		2,839,661,124		3.4%
Third party receivables (medium and long term)	459,569	0.0%	440,263	0.0%	4.4%
Current assets	79,797,195	2.3%	67,087,303	1.9%	18.9%
Stocks	16,865,859		3,671,338		359.4%
Third party receivables (short term)	62,766,316		63,143,929		-0.6%
Liquid assets	165,021		272,036		-39.3%
Accruals and deferrals	57,664,276	1.7%	88,690,719	2.6%	-35.0%
Total Shareholder Equity	(239,677,891)	-6.9%	(56,678,366)	-1.6%	322.9%
Statutory capital	603,750,000		603,750,000		0.0%
Adjustments	134,577		134,577		0.0%
Revaluation reserves	236,296,083		236,296,083		0.0%
ML fixed assets	37,234,076		37,234,075		0.0%
Fixed assets financed by the State	199,062,008		199,062,008		0.0%
Reserves	746,241,437		740,915,391		0.7%
Retained earnings	(1,699,369,729)		(1,493,552,435)		13.8%
Net profit/loss for the year	(126,730,258)		(144,221,982)		-12.1%
Total Liabilities	3,733,881,220	106.9%	3,515,986,414	101.6%	6.2%
Provision for other risks and charges	219,871,668	6.3%	192,360,331	5.6%	14.3%
Third party payables (medium and long term)	2,898,250,935	82.9%	2,922,186,817	84.5%	-0.8%
Credit institutions	2,749,685,579		2,757,118,698		-0.3%
Leasing suppliers	148,067,569		164,570,332		-10.0%
Other creditors	497,787		497,787		0.0%
Third party payables (short term)	482,955,249	13.8%	259,041,501	7.5%	86.4%
Credit institutions	398,127,337		191,387,255		108.0%
Leasing suppliers	16,517,640		20,890,188		-20.9%
Suppliers	7,775,102		7,646,267		1.7%
Fixed asset suppliers	41,297,133		26,284,993		57.1%
Other creditors	19,238,036		12,832,797		49.9%
Accruals and deferrals	132,803,368	3.8%	142,397,765	4.1%	-6.7%
Total Shareholders' Equity and Liabilities	3,494,203,329	100.0%	3,459,308,048	100.0%	1.0%

The Company growth rate measured by the increase in net assets was 1.0%, increasing the amount to € 3,494,203 thousand.

This growth is essentially explained by:

- the increase of 3.4% on "Fixed assets financed by the State", resulting from the execution of the Investment plan related with the network expansion;
- the increase of 18.9% of "Current assets" through the storage of rolling stock spare parts previously stated in ML fixed assets;
- the decrease of "ML Investment" in 9.4%, resulting from "Intangible fixed assets" write-off;
- the decrease of 35% in "Accruals and deferrals", starting to register in "Retained earnings" the value of past service responsibilities, under pension plan, in the amount of € 37,262 thousand (IAS 19).

Shareholder equity had another significant reduction, stating now a negative value of € 239,678 thousand.

Total liabilities increased about 6.2%, rising to € 3,733,881 thousand.

This growth is influenced by around 86.4% increase in "Third party payables" of short term, transitional situation, which deeply changed face to bond issue materialized in January, 2009.

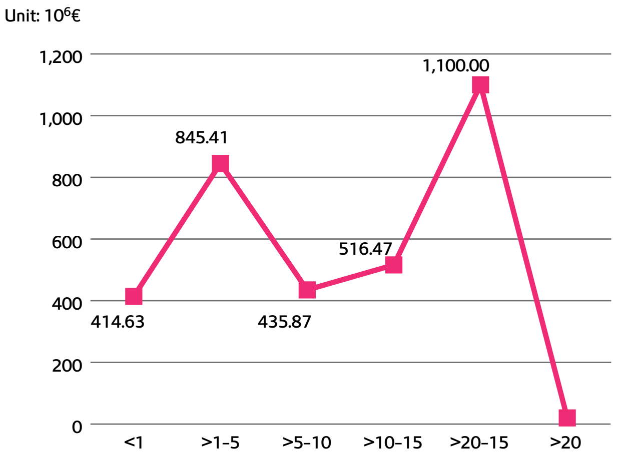
Remunerated liabilities has been increasing gradually along the last years in about 5.7%, being now € 3,312,398 thousand, of which about 87.5% concern the medium and long term, equal to € 2,897,753 thousand, and only 12.5%, equal to € 414,645 thousand, referring to the short term.

Unit: €

Remunerated liabilities	2008	2007	2006	2005	2004	Chg. % 2008/07
Long term	2,897,753,148	2,921,689,030	2,642,424,088	2,402,452,179	2,115,206,156	-0.8%
Bond loans	854,119,572	861,850,939	469,582,307	115,246,007	115,246,007	-0.9%
Bank loans	1,895,566,007	1,895,267,759	1,987,469,511	2,081,013,432	1,773,826,134	0.0%
BEI	1,120,566,007	1,160,267,759	1,199,969,511	1,231,043,485	1,273,886,239	-3.4%
Commercial paper	475,000,000	435,000,000	487,500,000	500,000,000	125,000,000	9.2%
Others	300,000,000	300,000,000	300,000,000	349,969,947	374,939,895	0.0%
Finance leasing	148,067,569	164,570,332	185,372,270	206,192,740	226,134,015	-10.0%
Short term	414,644,977	212,277,442	349,387,199	414,824,132	505,146,730	95.3%
Bond loans	7,731,367	7,731,367	45,663,701	0	0	0.0%
Bank loans	390,395,970	183,655,887	282,865,075	394,883,906	486,011,674	112.6%
BEI	39,701,752	39,701,752	37,872,827	42,842,754	34,363,190	0.0%
Commercial paper	50,000,000	50,000,000	50,000,000	25,000,000	60,000,000	0.0%
Others	300,694,218	93,954,135	194,992,248	327,041,152	391,648,484	220.0%
Finance leasing	16,517,640	20,890,188	20,858,423	19,940,226	19,135,056	-20.9%
Total remunerated liabilities	3,312,398,125	3,133,966,473	2,991,811,286	2,817,276,311	2,620,352,887	5.7%
Bond loans	861,850,939	869,582,306	515,246,007	115,246,007	115,246,007	-0.9%
Bank loans	2,285,961,977	2,078,923,646	2,270,334,586	2,475,897,338	2,259,837,808	10.0%
BEI	1,160,267,759	1,199,969,511	1,237,842,338	1,273,886,239	1,308,249,429	-3.3%
Commercial paper	525,000,000	485,000,000	537,500,000	525,000,000	185,000,000	8.2%
Others	600,694,218	393,954,135	494,992,248	677,011,099	766,588,379	52.5%
Finance leasing	164,585,209	185,460,520	206,230,692	226,132,966	245,269,071	-11.3%

Average debt maturity is about 10 years, increasing to 11.6 years if the related emission would materialize in December, a correct policy face to the long duration characteristics of assets inherent to the ML infrastructure.

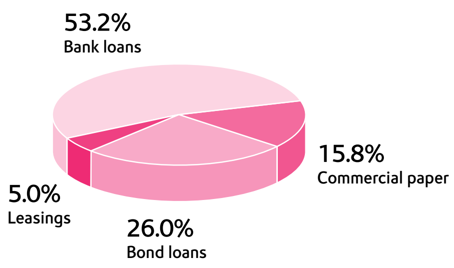
Average Debt Term



This debt is distributed by the following financing sources:

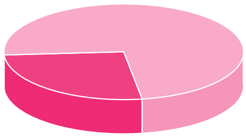
- Bank loans 53%
- Leasing 5%
- Bond loans 26%
- Commercial paper 16%

Debt distribution by type of instrument



About 73% of the global debt amount, equal to € 2,424,838 thousand has been underwritten by the State, that is, almost 84% of the long term remunerated liabilities is "granted by the State".

Financing structure by type of guarantee



"Net fixed assets" representing 96% of "Total assets" and of "Fixed assets financed by the State" in the amount of € 2,942,411 thousand, is almost totally financed by long term alien capital.

In the overall capital structure, shareholder equity lost any kind of weight, showing a strongly negative value, having long term alien capital assumed the financing of the long duration infrastructure, characteristic of our network.

Hence, the negative impact on most indicators, namely as concerns autonomy and solvency.

3.2 Proposed application of results

In the terms of paragraph a) no. 1 of article 31st of Metropolitano de Lisboa, E.P. Statutes, we propose that the incurred net loss of the year, in the negative amount of € 126,730,258, is totally transferred to retained earnings.

The Management Board

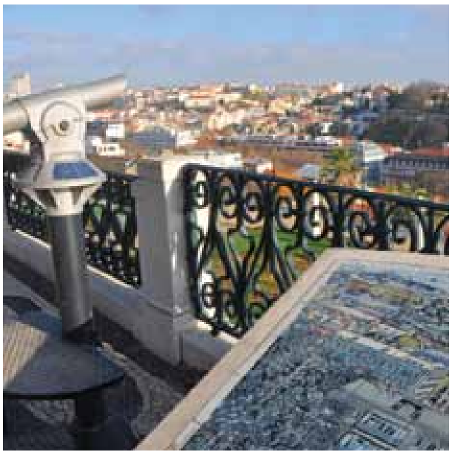
Mr. Joaquim José de Oliveira Reis

Mr. Luís Filipe Salgado Zenha de Morais Correia

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Pedro Gonçalo de Brito Aleixo Bogas

Mr. Miguel Teixeira Ferreira Roquette



4. Financial Statements

Balance Sheets as at December 31st, 2008 and 2007 Unit: €

PoA Account Code	Assets	Notes	2008 Gross assets	2008 Depreciation and adjustments	2008 Net assets	2007 Net assets
	Fixed assets financed by the Company:					
	Intangible fixed assets:					
431	Installation costs		-	-	-	1,309,848
432	Research and development costs		-	-	-	1,395,505
433	Industrial property and other rights		-	-	-	-
444	Fixed assets in progress		-	-	-	620,558
		8 - 10	-	-	-	3,325,911
	Tangible fixed assets:					
421	Land and natural resources	15	24,284,306	-	24,284,306	24,282,696
422	Buildings and other constructions		251,016,435	126,972,908	124,043,527	134,965,286
423	Basic equipment		492,519,251	264,217,381	228,301,870	258,153,694
424	Transport equipment		1,020,419	1,000,847	19,572	26,883
425	Tools and utensils		2,363,568	2,084,042	279,526	340,773
426	Office equipment		25,355,551	23,246,864	2,108,686	2,411,264
428/429	Other tangible fixed assets		1,115,526	330,041	785,484	719,429
441/6	Fixed assets in progress		2,850,841	-	2,850,841	2,214,191
448	Advance payments for tangible fixed assets accounts		138,130	-	138,130	149,032
		10 - 13	800,664,027	417,852,084	382,811,943	423,263,249
	Financial investments					
4111	Investments in group companies		7,956,065	-	7,956,065	7,362,338
4112	Investments in associated companies		147,181	-	147,181	113,945
4113+414+415	Securities and other finanacial investments		22,955,689	-	22,955,689	22,642,166
		10 - 16	31,058,935	-	31,058,935	30,118,449
	Fixed assets financed by the State:					
	Intangible fixed assets:					
431	Installation costs		2,019,827	-	2,019,827	2,019,827
432	Research and development costs		1,436,967	-	1,436,967	1,436,967
444	Fixed assets in progress		3,355,525	-	3,355,525	3,264,235
		8 - 10	6,812,319	-	6,812,319	6,721,029
	Tangible fixed assets:					
421	Land and natural resources		15,329,218	-	15,329,218	15,330,202
422	Buildings and other constructions		2,292,764,583	-	2,292,764,583	2,282,736,892
423	Basic equipment		372,572,944	-	372,572,944	367,759,538
441/6	Fixed assets in progress		248,541,042	-	248,541,042	169,436,550
448	Advance payments for tangible fixed assets accounts		6,391,305	-	6,391,305	4,397,942
		10 - 13	2,935,599,092	-	2,935,599,092	2,839,661,124
	Third party receivables - medium and long term:					
253	Subsidiary and participating companies		-	-	-	-
268	Other debtors	49	459,569	-	459,569	440,263
			459,569	-	459,569	440,263
	Current assets:					
	Stocks:					
36	Raw materials, subsidiaries and consumables	21-22-41	21,227,146	4,361,288	16,865,859	3,671,338
			21,227,146	4,361,288	16,865,859	3,671,338
	Third party receivables - short term:					
211	Clients, current account		3,175,660	-	3,175,660	1,725,771
218	Doubtful receivables	21 - 23	17,909	17,909	-	-
252	Group companies	16	250,000	-	250,000	250,000
229	Advances to suppliers		22,285	-	22,285	52,137
2619	Advances to fixed assets suppliers		56,154	-	56,154	56,154
24	State and other public bodies	28	8,973,117	-	8,973,117	8,161,353
262+267+268	Other debtors	21 - 23 - 49	24,663,308	4,494,606	20,168,702	22,778,116
264	Capital subscribers	37	30,120,397	-	30,120,397	30,120,397
			67,278,830	4,512,514	62,766,316	63,143,929
	Bank deposits and cash:					
12+13	Bank deposits		133,276	-	133,276	253,736
11	Cash		31,745	-	31,745	18,300
		55	165,021	-	165,021	272,036
	Accruals and deferrals:					
271	Accrued revenue		2,653,253	-	2,653,253	4,154,764
272	Deferred costs		55,011,024	-	55,011,024	84,535,955
		50	57,664,276	-	57,664,276	88,690,719
	Total Depreciations			417,539,738		
	Total Adjustments			9,186,148		
	Total Assets		3,920,929,215	426,725,886	3,494,203,329	3,459,308,048

The notes to the accounts are integral part of the balance sheet as at December 31st, 2008,

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

Balance Sheets as at December 31st, 2008 and 2007

Unit: €

PoA Account Code	Shareholder Equity and Liabilities	Notes	Years 2008	2007
	Shareholder Equity			
51	Capital	37	603,750,000	603,750,000
55	Adjustments in equity investments in subsidiaries and associates		134,577	134,577
56	Revaluation reserves			
	Fixed assets not financed by the State		37,234,076	37,234,076
	Fixed assets financed by the State		199,062,008	199,062,008
	Reserves:			
571	Legal reserves			
5711	General reserve		14,398	14,398
5712	Reserves for returns on investments		7,199	7,199
5713	Investment reserves		650,703,756	645,377,709
574+575+576	Other reserves		95,516,084	95,516,084
59	Retained earnings		(1,699,369,729)	(1,493,552,435)
	Subtotal		(112,947,632)	87,543,616
88	Net profit / loss for the year		(126,730,258)	(144,221,982)
	Total Shareholders' Equity	40	(239,677,891)	(56,678,366)
	Liabilities			
	Provisions:			
291	Pension provisions	34	218,152,836	191,867,555
293/8	Other provisions	34	1,718,833	492,776
			219,871,668	192,360,331
	Third party payables – medium and long term:			
	Bond loans:			
2322	Non-convertible	48	854,119,572	861,850,939
231	Bank loans	48	1,895,566,007	1,895,267,759
2611	Fixed assets suppliers, current accounts	15	148,067,569	164,570,332
268	Other creditors	49	497,787	497,787
			2,898,250,935	2.922,186,817
	Third party payables – short term:			
	Bond loans:			
2322	Non-convertible	48	7,731,367	7,731,368
231	Bank loans	48	390,395,970	183,655,887
221	Suppliers, current accounts		7,695,274	7,625,625
228	Suppliers – Invoices under review		79,828	20,643
254	Subsidiary and participating companies			
2611	Fixed assets suppliers, current accounts	15 - 16 - 53	57,814,773	47,175,181
24	State and other public bodies	28	3,476,095	2,338,427
262+263+265+266 +267+268	Other creditors	49	15,761,941	10,494,370
			482,955,249	259,041,501
	Accruals and deferrals:			
273	Accrued costs		19,272,848	20,185,875
274	Deferred revenue		113,530,519	122,211,890
		50	132,803,368	142,397,765
	Total Liabilities		3,733,881,220	3,515,986,414
	Total Shareholders' Equity and Liabilities		3,494,203,329	3,459,308,048

The notes to the accounts are integral part of the balance sheet as at December 31st, 2008.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

Mr. Joaquim José de Oliveira Reis

Mr. Luís Filipe Salgado Zenha de Morais Correia

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Pedro Gonçalo de Brito Aleixo Bogas

Mr. Miguel Teixeira Ferreira Roquette

Income Statements by Nature for the years ended December 31st, 2008 and 2007 — Unit: €

PoA Account Code	Costs and Losses	Years 2008		2007	
61	Cost of goods sold and materials consumed:				
	Raw materials, subsidiaries and consumable		3,772,648		1,830,016
62	Supplies and external services		40,847,583		41,942,690
	Staff costs:				
641+642	Remuneration	52,045,246		52,883,884	
	Social charges:				
643	Pensions	13,714,893		20,668,461	
645/8	Other	14,779,904	80,540,042	15,007,377	88,559,722
662+663	Depreciation of tangible and intangible fixed assets	36,478,937		37,219,037	
666+667	Adjustments	1,536,035		511,825	
67	Provisions	1,226,057	39,241,029	21,382	37,752,244
63	Taxes		232,323		247,859
65	Other operating costs and losses		395,329		320,738
	(A)		165,028,954		170,653,269
682	Losses in group companies and associates	-		156,865	
683+684	Depreciation and adjustments of financial investments	71,134		71,134	
681+685+686+688	Interest and similar costs:				
	Other	83,085,967	83,157,101	71,947,425	72,175,425
	(C)		248,186,054		242,828,693
69	Exceptional costs and losses		3,783,272		1,281,732
	(E)		251,969,326		244,110,425
86	Income tax		53,660		35,408
	(G)		252,022,986		244,145,833
88	Net profit / loss for the year		(126,730,258)		(144,221,982)
			125,292,728		99,923,851
	Revenues and Profits				
71	Sales:				
	Goods	18,230		14,911	
72	Services provided	68,059,187	68,077,417	62,462,629	62,477,540
75	Own work capitalised		5,134,939		3,348,318
73	Suplementary revenues	878,968		907,528	
74	Operating subsidies	25,060,685		23,147,894	
76	Other operating revenues and profits	7,328,357		7,377,581	
77	Reversals of adjustments	11,637,730	44,905,740	69,447	31,502,451
	(B)		118,118,096		97,328,309
782	Gains in group companies and associates	626,962		1,889,113	
7815+783	Yields on securities and other financial investments:				
	Other	23,955		24,091	
7811+7818+ 785+786+788	Other interest and similar profits:				
	Other	1,013,628	1,664,545	528,398	2,441,602
	(D)		119,782,641		99,769,911
79	Exceptional revenues and profits		5,510,087		153,940
	(F)		125,292,728		99,923,851

The appended notes are integral part of the income statement bu nature as at December 31st, 2008.

Summary:	2008	2007
Operating income: (B)-(A) =	(46,910,858)	(73,324,960)
Financial income: [(D)-(B)]-[(C)-(A)] =	(81,492,556)	(69,733,823)
Net operating income: (D)-(C) =	(128,403,413)	(143,058,783)
Income before taxes: (F)-(E) =	(126,676,598)	(144,186,574)
Net profit/loss for the year: (F)-(G) =	(126,730,258)	(144,221,982)

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Income Statement by Function for the years ended December 31st, 2008 and 2007 | Unit: €

	Notes	Years 2008	2007
Sales and services provided	44	68,077,417	62,477,540
Operating subsidies	3.i)	25,060,685	23,147,894
Cost of sales and services provided		(81,364,438)	(78,904,304)
Gross Income		11,773,664	6,721,130
Other operating revenues and profits		30,490,081	11,856,815
Distribution costs		(59,070,730)	(69,510,528)
Administrative costs		(24,198,458)	(21,917,698)
Other operating costs and losses		(4,178,600)	(1,602,470)
Operating Income		(45,184,043)	(74,452,751)
Net financing costs	45	(82,072,338)	(71,419,027)
Gains / (Losses) from subsidiaries and associates	45	626,962	1,732,248
Losses on other investments	45	(47,179)	(47,043)
Net Operating Income		(126,676,598)	(144,186,574)
Taxes on net operating income		(53,660)	(35,408)
Net profit / loss for the year		(126,730,258)	(144,221,982)

The appended notes are integral part of the income statement by function as at December 31st, 2008.

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Cash Flow Statment for the financial years ended December 31st, 2008 and 2007 — Unit: €

	Notes	Years 2008	2007
Operating Activities:			
Sales of tickets and passes		75,742,062	68,161,473
Operational subsidy		26,122,003	23,147,894
Receipts from other operator tickets and passes		2,685,012	4,059,690
Payment to suppliers		(45,516,062)	(42,461,815)
Payments to staff		(65,204,968)	(64,207,510)
Flow Generated by Operations		(6,171,954)	(11,300,267)
Payments to and receipts from taxes		(4,141,361)	(1,700,979)
Other receipts from operating activities		(802,825)	(3,828,661)
Flow Generated before Exceptional Items		(11,116,139)	(16,829,907)
Receipts from exceptional items		167,029	42,067
Payments from exceptional items		(76,270)	(20,341)
Flow from Operating Activities (1)		(11,025,380)	(16,808,181)
Investment Activities:			
Receipts derived from:			
Financial investments		-	-
Investment subsidies		12,948,352	53,299,637
Interest and similar profits		488,036	5,771
Total Receipts		13,436,387	53,305,407
Payments relating to:			
Financial investments		(384,658)	(20,000,000)
Tangible fixed assets		(89,888,729)	(84,519,020)
Total Payments		(90,273,386)	(104,519,020)
Flow used in Investment Activities (2)		(76,836,999)	(51,213,613)
Financing Activities:			
Receipts derived from:			
Bank loans		264,442,692	-
Bond loans	48	-	400,000,000
SWAP operation restructure		-	37,725,000
Total Receipts		264,442,692	437,725,000
Payments relating to:			
Bank loans		(57,404,382)	(191,410,940)
Leasing/hire operations		(34,584,418)	(37,011,185)
Bond loans		(7,731,367)	(45,663,701)
Interest and similar costs		(76,967,160)	(77,652,179)
SWAP operation restructure		-	(17,998,000)
Total Payments		(176,687,328)	(369,736,004)
Flow of Financing Activities (3)		87,755,364	67,988,996
Cash and Cash Equivalent Variation (4)=(1)+(2)+(3)		(107,015)	(32,798)
Cash and Cash Equivalents at Beginning of Period		272,036	304,834
Cash and Cash Equivalents at End of Period		165,021	272,036
Cash	55	31,745	18,300
Bank Deposits	55	133,276	253,736
Cash and Cash Equivalents at End of Period		165,021	272,036

The appended notes are integral part of the cash flow statement as at December 31st, 2008.

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metro
PRAÇA DA FIGUEIRA

5. Notes to the Financial Statements

On December 31st, 2008 (Amounts shown in euros)

1. Introduction

Metropolitano de Lisboa, E.P. ("the Company") was established in 1975 following the nationalization of Sociedade Metropolitano de Lisboa, S.A.R.L., in the terms of the Decree-Law no. 280-A/75, of June 5th. The company's current name and public sector statutes were established by Decree-Law no. 439/78, December 30th.

The Company's main object is to provide public underground transport services in the Great Lisbon Area.

The Company's operations are governed by general laws concerning the public sector company activities, and by specific laws and government regulations relating to the transport sector, and the Company itself.

Travel tariffs are fixed by the relevant Ministry and the Company benefits from official government subsidies including statutory capital funds and funds from investments, operational subsidy and other subsidies.

These financial statements refer to the Company individually and were prepared under the legal terms for approval by the Management Board, having the financial investments been recorded by the equity method, as explained in Note 3.c). The Company will prepare and present separately the consolidated financial statements which will include the financial statements of the subsidiaries in which the Company holds major participation or management control. Thus, these individual financial statements already reflect the impact of consolidation on shareholder's equity and earnings of the subsidiaries on December 31st, 2008, based on their financial statements, however they do not reflect the impact of full consolidation on assets, liabilities, costs and revenues.

In preparation of its consolidated financial statements, the Company adopted the IFRS - International Financial Reporting Standards as did the European Union. Thus, shareholder's equity on December 31st, 2008 and December 31st, 2007, and the results of the years ended on that date, which are shown in the Company's consolidated financial statements differ from the figures shown in the individual financial statements.

The notes below are presented in accordance with the Official Plan of Accounts. Notes not included in this appendix do not apply or are not relevant to the understanding of the financial statements presented.

3. Preparation and main accounting policies

The financial statements presented below were prepared on a going concern principle from the Company accounting books and records, kept in accordance with the accounting principles generally accepted in Portugal.

Except for the responsibilities with retirement benefits – pension plan, which from January 1st, 2008 started to be based on the accounting policy of no. 19 of the International Accounting Standard – when up to December 31st, 2007 complied with the dispositions of no. 19 of the Accounting Directive, the remaining principles and accounting policies were applied consistently. This change's main effect on the Company's financial statements was the settlement under retained earnings of the deferred costs relative to assets on the first use of no. 19 of the Accounting Directive, amounting to approximately € 15,767,000, and the use of the "corridor" device for actuarial gains and losses record in 2008 (Note 51).

The main valuation criteria used in preparing these financial statements comprise:

a) Intangible fixed assets

i) **Financed by the Company**

The intangible fixed assets financed by the Company, which on December 31st, 2008 were write-off after being concluded that they do not generate future benefits, referred essentially to internal costs related to commercial project studies, Company reorganization studies, the introduction of a new management information system, and Company image (Note 8). These fixed assets were depreciated over periods of 3 and 6 years on a straight-line basis.

ii) **Financed by the State**

Intangible fixed assets financed by the State essentially include network expansion studies, considered as durable infrastructure investment ("DIF"). These fixed assets are not being depreciated.

b) Tangible fixed assets

i) **Financed by the Company**

Tangible fixed assets financed by the Company, acquired up to December 31st, 1997, are stated at acquisition cost, which includes financial changes incurred during construction and revaluation in terms of the relevant legislation (Note 12). Tangible fixed assets acquired after that date are stated at acquisition cost.

Depreciation is stated on a straight-line basis starting with the year in which goods come into use. It is calculated on the basis of the following estimated useful life of the asset:

	Years
Buildings and other constructions	10 - 50
Basic equipment	
Operating rolling stock	14 - 28
Rolling stock in service	10 - 30
Control and telecommunication systems	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Office equipment	7 - 10
Other tangible fixed assets	4 - 10

Current repair and maintenance costs are stated in cost accounts for the year. Major repair work is stated under the item "Accruals and deferrals" and is depreciated over a three years period.

ii) Financed by the State

Tangible fixed assets financed by the State, acquired up to December 31st, 1997, are stated at acquisition cost, which includes financial costs incurred during their construction and revaluation in terms of the relevant legislation (Note 12). Fixed assets acquired after that date are stated at acquisition cost.

The accumulated depreciation related to these fixed assets was taken into consideration and carried out on the basis of the above mentioned criteria for tangible fixed assets financed by the Company, but only up to December 31st, 1997. Depreciations calculated and stated until this date were directly credited at cost or the re-evaluated amount of tangible fixed assets adjusted by deducted revaluation reserves. After January 1st, 1998, these assets are not depreciated.

c) Financial investments

Financial investments in associated and group companies are stated by the equity accounting method. Initially, this is at acquisition cost to which is then added or deducted the amount proportional to the Company's holdings in the respective shareholder's equity stated at acquisition date or after first use of the equity method.

According with the equity accounting method, financial investments are adjusted annually in the amount corresponding to the proportion of net profit/loss of the invested companies and recognised under gains or losses for the year. In addition, dividends received from these companies are stated as a depreciation of the financial investment value.

Provisions are established for financial investments whenever there is a reasonable expectation that the amounts invested will not be recovered.

The remaining financial investments are stated under acquisition cost – below market value.

d) Stocks

Raw materials, subsidiaries and consumables are stated at acquisition cost, which does not exceed the respective market value, using the average price as the costing method.

Where estimated consumption value is below acquisition cost, the difference is stated under provisions for stock depreciation.

e) Accruals basis of accounting

The Company follows the accruals basis of accounting when referring to revenue and costs, recognised when generated, irrespective of when paid or collected. The difference between the amounts collected and the amounts paid, and the corresponding revenue and costs are stated under the item "Accruals and deferrals" (Note 50).

f) Retirement pension supplementary contributions

As described in detail under Note 51, the Company meets pension fund obligations in terms of supplementary retirement pension contributions (old-age, disability and survival pensions) over and above the levels paid by the Social Security system. In the year ended December 31st, 2001, the Company adopted the requirements of the Accounting Directive no. 19 of May 21st, 1997 from the Accounting Standards Committee in respect to the stating of its obligations on the balance sheet. These obligations are quantified by means of an actuarial study performed in terms of internationally accepted actuarial assumptions and methods, so as to establish the amount of total obligations at balance sheet date, and the pension cost to be stated in the period under review. These obligations are compared to the accounting records of the company so as to ascertain the differences to be stated. Up to December 31st, 2007, the difference between the responsibilities and the specific pensions resulting from the cost with current services, interest cost and actuarial gains and losses, was stated as gains or losses under the "Staff costs" item in the income statement of the respective financial year.

From January 1st, 2008, the year actuarial gains and losses for each benefit plan granted, resulting from actuarial assumption adjustments, experience adjustments or benefit schedule adjustments, when: (i) lower, in absolute value, than 10% ("corridor") of total responsibilities or provisions, the highest of the two, are not recorded in the balance sheet of the year in which they are known; (ii) higher than 10% of the above mentioned "corridor", they are recorded in liabilities under provisions or accrued costs and deferred in assets under deferred costs, in the part exceeding the 10% gap. They are recorded as results of the subsequent year to which they refer, in constant shares, according to the average number of years of work expected for the staff included in that benefit plan. This accounting policy includes the "corridor" mechanism and is in accordance with no. 19 of the International Accounting Standard.

As concerns these responsibilities, the granted benefit plans identified by the Company are:

a) Retirement, disability and survival complementary plans
b) Pre-retirement
c) Early retirement

g) Health care
The Company has assumed responsibilities in paying benefits to the personnel, both still active and in early retirement, in respect of health care. These are not recorded in balance sheet as at December 31st, 2007. To meet these undertakings, the Company has provided a collective health insurance scheme for its active and pre-retired staff, which provides for access to medical services subsidised by the Company. These charges are recorded in the financial statements in respect of the year in which they were paid. Company obligations to pre-retired staff are not reflected in the balance sheet, given that these amounts are not material in actuarial terms.

h) Revenue from services provided and statement of revenue
Revenue from transport services provided comprises receipts from sales of metro tickets, and a share of receipts from sales of multimodal monthly tickets, valid for the underground and other urban and suburban transport services provided by other operators. The government fixes their prices.

The Company recognises revenue for services provided, as follows:

- Multimodal passes - revenues from multimodal passes sold by the Company and other transport operators are divided among each of the operators according to a monthly distribution guideline determined by the Institute for Mobility and Ground Transports (IMTT, I.P. in its Portuguese acronym). Distribution is calculated according to statistical indexes of service use of the Company and of other operators.
- Tickets and pre-paid tickets - The Company recognises these revenues at the moment of sale.

i) Operating subsidies
Operating subsidies, provided by the State in compensation for the application of government-capped prices, are recorded in the P&L account. In 2008, these amounted to € 24,878,098, allocated in the terms of a Cabinet Decision taken in October 27th, 2008.

j) Departmental costs
Internal running costs of various management departments not exclusively responsible for the investment are recognised as a percentage of 2% of the investment in progress.

These costs are recognised in respect of durable infrastructure investment – DIFs (fixed assets financed by the State) – operating rolling stock and depot/workshops (fixed assets financed by the Company) (Note 10), since these are the longest term, technically complex and consequently most manpower intensive investments.

l) Leasing
Leased fixed assets, along with the corresponding obligations, are stated by the financial method. In accordance with this method, costs are stated under tangible assets, and the corresponding obligation is recognised under liabilities interest, calculated in terms of the method referred to in Note 3.b) is included in the value of rents and asset depreciation and recognised as costs in the financial statements of the year to which they refer.

m) Operational lease
Charges relative to operational lease contracts are recognised as costs in that year.

n) Subsidies granted for financing fixed assets
Sinking fund subsidies granted to the Company for financing the acquisition of tangible fixed assets are stated as deferred revenue under the item "Accruals and deferrals", and recognised in the financial statements proportionate to the depreciation on the subsidised tangible fixed assets.

The subsidies granted on a sinking fund basis for financing DIFs, are stated directly as shareholder's equity under the item "Investment reserves". In the year under review, these subsidies accounted for some 30% of the investment made in DIFs, which at the present date are integrally settled.

o) Assets, liabilities and transactions in foreign currency
All assets and liabilities denominated foreign currency were converted into euros using exchange rates in effect at balance sheet dates.

Foreign exchange gains and losses resulting from exchange rate differences in effect at the date of transaction and the date of settlement, or close of accounts, were stated as revenue or costs in the P&L account, except for unfavourable exchange losses in the amount of € 97,626, arising from bank loans obtained for financing fixed assets in progress, and which are stated in the attached balance sheet under the item "Deferred costs" (Note 50).

p) Deferred taxes
Deferred taxes refer to time differences between assets and liabilities recorded for accounting carryover and the respective amounts for taxation purposes.

Deferred taxes are not stated in the attached financial statements nor is it entirely quantified as at this date. Assets for deferred taxes are relative to estimated tax losses and provisions not fiscally accepted, while liabilities for deferred taxes are relative to revalued assets not fiscally accepted and taxable capital gains subject to deferred taxation.

In the years ended December 31st, 2003 to 2008, situations occurred which led to the stating of assets for deferred taxes in an amount approximately € 210,481,000, with respect to tax losses carried forward and provisions not fiscally accepted, which were not stated. This was because the stating of assets for deferred taxes was not required in terms of Accounting Directive no. 28 where liabilities for such deferred taxes were the result of situations prior to the January 1st, 2004, and also because there was no reasonable assurance that such deferred taxes could be realised in the period of the tax loss brought forward

q) Derivatives financial instruments
The Company is exposed to financial risks basically related to interest rate fluctuations. Thus, the Company has used derivative financial instruments to manage interest rate fluctuation risks, only to grant the cover of those risks, rather than as a negotiation goal (speculation).

The coverage derivatives used by the Company are bank loan interest rate coverage instruments, essentially interest rate "swaps". Loan amounts, interest maturity dates and reimbursement plans of loans subjacent to those interest rate coverage derivatives are totally identical to the conditions established for the contracted corresponding loans, thus being perfect coverages.

The derivatives used by the Company to cover loan interest rate risks are initially recorded by their cost, if there is one. The result of the year shall be directly stated in the financial statements in respect of the period in which the coverage instrument affects the results. The coverage derivative accounting is discontinued when the instrument is due or sold.

When the derivatives are no longer qualified as coverage instrument or are re-negotiated, the resulting profit/loss as well or the fair value variations accumulated and stated in the item "Accrual and deferrals" and stated in the financial statements of the year, according with the loan terms to which they are related.

6. Taxes

The Company is subject to Corporate Tax on Profits at a rate of 25%, which with the publication in Diário da República of the Law no. 2/2007 approving the Local Financial Law ("LFL"), and under the terms of article 14^{th} of the new LFL, from the year 2007 the municipal charge has been calculated up to the maximum limit of 1.5% of the Taxable Profit, when in the past the same corresponded to 10% of the tax value (usually 2.5%).

In terms of current legislation, tax declarations are subject to revision and correction by tax authorities over a four year period (ten years for the Social Security till 2000, inclusive, and five years since 2001), except in the case of tax losses, or when tax benefits have been conceded, an inspection is under way, complaints or contests have been lodged, in which cases, depending on the circumstances, the limitations are extended or suspended. Accordingly, the Company's tax declarations for the fiscal years 2005 to 2008 may be subject to revision or adjustment.

The Management Board believes that any further revision/inspection of tax declarations by the tax authorities would not materially affect the financial statements as at December 31^{st}, 2008.

In terms of the current legislation, tax losses can be deducted from future profits up to six years after losses were incurred, and subject to deduction of taxable profits reported during this period. The limit date to use tax losses deduction, in terms of tax returns filed, as at December 31^{st}, 2008, is as follows:

	Fiscal loss	Use limit date
Generated in 2003	134,014,301	2009
Generated in 2004	155,241,079	2010
Generated in 2005	152,356,406	2011
Generated in 2006	151,322,961	2012
Generated in 2007	143,790,051	2013
Generated in 2008	118,382,911	2014
	855,107,709	

7. Average staff number

During the financial years of 2008 and 2007, Metropolitano de Lisboa average staff number was 1,566 and 1,685, respectively.

8. Installation, research and development costs, and industrial patents, and other rights

The items stated in these accounts and their respective balances at December 31st, 2008 and 2007, are as follows:

Fixed assets financed by the Company	2008	2007
Installation costs:		
RCM methodology for rolling stock maintenance	0	741,394
Organisational development of infrastructure area	0	262,500
Reorganisation of administration services	0	291,000
ML reorganisation studies	0	1,687,600
Financial costs (Note 10)	0	193,407
	0	3,397,901
Accumulated depreciations	0	(2,088,053)
	0	1,309,848
Research and development costs:		
Implementation of the Management and Quality System	0	658,125
Profitability study of the installed capacity	0	75,000
Increasing use of the ML parking lots	0	197,887
Study relating to sharing of monthly pass revenues	0	0
Other	0	0
Financial costs (Note 10)	0	123,757
	0	2,776,931
Accumulated depreciations	0	(1,381,426)
	0	1,395,505
Industrial patent elements:		
Image and identity of the multimodal pass	0	50,396
Financial costs (Note 10)	0	3,513
	0	53,909
Accumulated depreciations	0	(53,909)
	0	0
Fixed assets in progress:		
Installation costs:		
SAP projects	0	64,200
Financial costs	0	13,941
	0	78,141
Research and development costs:		
Study of Depots/Workshops I profitability	0	490,818
Other	0	12,860
Financial costs	0	38,739
	0	542,416
	0	620,558
	0	3,325,911

Fixed assets Financed by the State	2008	2007
Installation costs:		
Network development studies	1,988,425	1,988,425
Other	86	86
Financial costs (note 10)	31,316	31,316
	2,019,827	2,019,827
Research and development costs:		
Study for the development of a standardised station	33,627	33,627
Impact study for possible new extensions	326,662	326,662
Impact study for the road tunnel	108,989	108,989
Tender for artist to decorate stations	40,721	40,721
Study for Light Metropolitan Railway project	674,703	674,703
Feasibility study for Colinas line	48,938	48,938
Analysis of electromagnetic compatibility	90,599	90,599
Other	4,977	4,977
Financial costs (note 10)	107,751	107,751
	1,436,966	1,436,966
Fixed assets in progress		
Research and development costs:		
Impact study for possible new extensions	921,920	871,041
Electrical power plant project	24,694	24,694
Study for Oriente / Aeroporto extension	1,724,618	1,714,733
Study for Amadora Este / Reboleira extension	77,961	77,961
Study for Rato / Alcântara extension	379,503	379,503
Study for S. Sebastião / Campolide extension	19,611	20,847
Other	53,052	49,118
Financial costs	154,166	126,338
	3,355,525	3,264,235
	6,812,319	6,721,029

10. Changes in fixed assets

During the financial year ending December 31st, 2008 changes in the value of intangible, tangible and financial assets, financed by the Company and respective accumulated depreciation were as follows:

	Gross assets				
Accounts	Opening balance	Increases	Disposals	Write-offs and transfers	Closing balance
Intangible fixed assets:					
Installation costs	3,397,901	0	0	(3,397,901)	0
Research and development costs	2,776,931	0	0	(2,776,931)	0
Industrial property and other rights	53,909	0	0	(53,909)	0
	6,228,742	0	0	(6,228,742)	0
Fixed assets in progress					
Installation costs	78,141	0	0	(78,141)	0
Research and development costs	542,416	31,260	0	(573,676)	0
	620,558	31,260	0	(651,818)	0
	6,849,299	31,260	0	(6,880,559)	0
Tangible fixed assets:					
Land and natural resources	24,282,696	1,609	0	0	24,284,306
Buildings and other constructions	251,016,435	0	0	0	251,016,435
Basic equipment	502,369,961	493,998	(107,691)	(10,237,016)	492,519,251
Transport equipment	1,020,419	0	0	0	1,020,419
Tools and utensils	2,304,461	69,085	0	(9,978)	2,363,568
Office equipment	24,778,238	706,700	(30,264)	(99,124)	25,355,551
Other tangible fixed assets	1,041,610	73,916	0	0	1,115,526
	806,813,821	1,345,309	(137,955)	(10,346,119)	797,675,056
Fixed assets in progress:					
Buildings and other constructions	212,856	46,884	0	0	259,741
Basic equipment	1,992,333	537,737	0	0	2,530,071
Office equipment	9,001	52,029	0	0	61,030
	2,214,190	636,651	0	0	2,850,841
Advance payments for tangible fixed assets accounts	149,032	0	0	(10,902)	138,130
	809,177,044	1,981,959	(137,955)	(10,357,021)	800,664,027
Financial Investment:					
Investments in group companies	7,362,338	593,727	0	0	7,956,065
Investments in associated companies	113,945	33,235	0	0	147,181
Securities and other financial investments	23,881,576	384,658	0	0	24,266,234
	31,357,859	1,011,619	0	0	32,369,479

	Depreciations and adjustments			
Accounts	Opening balance	Increase	Disposals /write-offs	Closing balance
Intangible fixed assets:				
Installation costs	2,088,053	683,889	(2,771,942)	0
Research and development costs	1,381,426	715,622	(2,097,048)	0
Industrial property and other rights	53,909	0	(53,909)	0
	3,523,389	1,399,511	(4,922,900)	0
Tangible fixed assets:				
Buildings and other constructions	116,051,149	10,921,759	0	126,972,908
Basic equipment	244,216,267	23,018,766	(3,017,652)	264,217,381
Transport equipment	993,536	7,311	0	1,000,847
Tools and utensils	1,963,689	130,311	(9,957)	2,084,042
Office equipment	22,366,974	993,418	(113,528)	23,246,864
Other tangible fixed assets	322,181	7,861	0	330,041
	385,913,795	35,079,426	(3,141,137)	417,852,084
Financial investments:				
Securities and other financial investments	1,239,410	71,134	0	1,310,544
	1,239,410	71,134	0	1,310,544
	390,676,594	36,550,071	(8,064,037)	419,162,629

During the year ended December 31st, 2008, the Company wrote-off the intangible fixed assets, as they didn't prove capable of generating future benefits, in the gross amount of € 6,228,742, which corresponded essentially to internal costs related to commercial project studies, Company re-organisation studies, implementation of a management and image cost information system, which were being depreciated over a period of 3 to 6 years on a straight-line basis. As a consequence of this write-off, the Company recorded in the financial year a loss of € 1,957,659, which was stated under "Exceptional costs and losses - losses on fixed assets" item (Note 46).

In the year ended December 31st, 2008, the additions to the item "Tangible fixed assets - basic equipment", in the amount of € 493,998, relate essentially to adjustments of the ticketing to process the new ticket formats. The additions to the item "Tangible fixed assets – office equipment", in the amount of € 706,700, refer essentially to hardware and software acquisition and development of projects related to these.

The additions occurred in the fiscal year of 2008 in the item "Fixed assets in progress – Basic equipment", in the amount of € 537,737, relate essentially to costs with the acquisition of an automatic train washing machine, development of the ticketing system, and centralised video surveillance in ML stations.

The write-offs and transfers occurred in the fiscal year of 2008 in "Tangible fixed assets – basic equipment" item, in the amount of €10,237,017 (Note 41) include essentially the reclassification rolling stock spare parts under "Stock – raw materials, subsidiaries and consumables, which has originated a reclassification of the depreciation item in the amount of € 2,755,393, under "Provision for stock depreciation" (Note 21).

The changes in the items "Investments in group companies" and "Investments in associated companies", in the total net amount of € 912,835, relate to gains arising from appropriation by the equity accounting method (Note 45).

The addition occurred in “Securities and other financial investments” item, in the amount of € 384,658 relates to a term deposit for a future fund pension constitution, as deliberated by the Management Board, constituted during the year 2007, which has interest overcoming to the market normal rates.

Increase depreciation and adjustments under the item “Securities and other financial investments”, € 71,134 (Note 45), relate to depreciation of investments in real estate acquired for investment income.

In terms of Decree Law no. 196/80 of June 20th, the Government committed the State to finance durable infrastructure investment of the Metro. Such investment was defined as follows:

- Network development studies;
- Subways, stations and other auxiliary and complementary constructions;
- Track;
- High and low voltage network;
- Remote control and telecommunication systems;
- Ventilation and hydraulic equipment;
- Escalators and other mechanical ancillary people movers.

This commitment was reflected in the practice by Portuguese Government sinking fund grants to cover investments made up to December 31st, 1980 along with associated financing costs. At that date, investments made and the values of grants attributed were equal. They were stated under fixed assets financed by the State and investment reserves, respectively.

The above-mentioned Decree Law contained a clause calling for its revision before expiry in December 31st, 1980. However, this did not happen. And, as a result, funds were from then on allocated in accordance with an ad hoc legislation included in the Investment Plans for Public Sector Enterprises. Grants came to take the form of statutory capital contributions and other general subsidies for investment and financial restructuring. As a result, the value of investments and subsidies attributed, stated under investment reserves, ceased to be equal. Accordingly, State financing is accounted in the financial statements in December 31st, 2008 and 2007:

Fixed assets financed by the State	2008	2007
Intangible:		
Cost value	3,456,794	3,456,794
In progress	3,355,525	3,264,235
	6,812,319	6,721,029
Tangible:		
Cost value	2,481,604,737	2,466,764,624
Revaluations (Note 13)	199,062,008	199,062,008
In progress and advances	257,204,349	173,834,492
	2,937,871,094	2,839,661,124
	2,944,683,413	2,846,382,153
Revaluation reserves (Note 40)	199,062,008	199,062,008
Investment reserves (Note 40)	650,703,756	645,377,709
Other reserves (Note 40)	93,999,764	93,999,764
	943,765,527	938,439,481

Fixed assets financed by the Company	2008	2007
Intangible:		
Cost value	0	6,228,742
In progress	0	620,558
	0	6,849,299
Accumulated depreciations	0	(3,523,389)
	0	3,325,911
Tangible:		
Cost value	769,648,243	778,748,110
Revaluation (Note 13)	28,026,813	28,065,711
In progress and advances	2,988,971	2,363,223
	800,664,027	809,177,044
Accumulated depreciations	(417,852,084)	(385,913,795)
	382,811,943	423,263,249
	382,811,943	426,589,160

The following supplementary costs are included in the cost value of fixed assets – intangible, tangible and in progress – in December 31st, 2008 and 2007:

	2008				2007			
Fixed assets financed by the Company	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Financial costs (Note 14)	0	67,036,076	300,486	67,336,562	320,676	67,035,772	194,555	67,551,004
Departamental costs (Note 3.j))	0	7,984,176	15,373	7,999,549	967,341	7,984,176	15,442	8,966,959
Total	0	75,020,252	315,859	75,336,111	1,288,017	75,019,949	209,997	76,517,963

	2008				2007			
Fixed assets financed by the State	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Financial costs (Note 14)	139,068	274,396,190	15,255,569	289,790,826	139,068	272,732,011	12,082,109	284,953,188
Departamental costs (Note 3.j))	38,038	47,797,252	8,552,684	56,387,973	38,038	47,264,785	6,039,856	53,342,679
Total	177,106	322,193,441	23,808,252	346,178,799	177,106	319,996,797	18,121,965	338,295,867

The following changes occurred in the year ended in December 31st, 2008, in the value of intangible and tangible fixed asset costs financed by the State:

	Gross assets				
Accounts	Opening balance	Increases	Disposals	Write-offs and transfers	Closing balance
Intangible fixed assets:					
Installation costs	2,019,827	0	0	0	2,019,827
Research and development costs	1,436,967	0	0	0	1,436,967
Fixed assets in progress:					
Research and development costs	3,264,235	91,290	0	0	3,355,525
	6,721,029	91,290	0	0	6,812,319
Tangible fixed assets:					
Land and natural resources	15,330,202	(984)	0	0	15,329,218
Buildings and other constructions	2.282,736,892	7,918,257	0	2,109,434	2.292,764,583
Basic equipment	367,759,538	3,872,215	0	941,191	372,572,944
	2,665,826,632	11,789,489	0	3,050,624	2.680,666,745
Fixed assets in progress:					
Land and natural resources	66,405	0	0	0	66,405
Buildings and other constructions	159,453,664	77,871,569	0	(2,140,227)	235,185,007
Basic equipment	9,916,481	4,314,340	0	(941,191)	13,289,630
	169,436,550	82,185,909	0	(3,081,417)	248,541,042
Advance payments for tangible fixed assets accounts	4,397,942	4,900,450	0	(2,907,086)	6,391,305
	2,839,661,124	98,875,847	0	(2,937,879)	2.935,599,092

The additions occurred in the year ended December 31st, 2008 under the item "Tangible fixed assets – building and other constructions", in the amount of € 7,918,257 relate essentially to works in Baixa-Chiado/Santa Apolónia.

The additions occurred in the year ended December 31st, 2008 under the item "Fixed assets in progress – buildings and other constructions", in the amount of € 77,871,569 relate essentially to works in Alameda/S. Sebastião, and Oriente/Aeroporto, with € 40,549,013 e € 28,851,307, respectively.

The additions occurred in the year ended December 31st, 2008 under the item "Fixed assets in progress – basic equipment", in the amount of € 4,314,340 relate essentially to the works in Alameda/S. Sebastião and Baixa-Chiado/Santa Apolónia, with € 1,980,910 and € 1,292,103, respectively.

The write-offs and transfers occurred during the fiscal year of 2008 under the item "Tangible fixed assets – building and other constructions", in the amount of € 2,140,226, relate essentially to the transfer of "Fixed assets in progress" of costs related to the rehabilitation of the 11th section of the Yellow line, amounting to € 966,402.

The write-offs and transfers occurred during the fiscal year of 2008 under the item "Tangible fixed assets – basic equipment" in the amount of € 941,191 relate essentially to the transfer move of "Fixed assets in progress" of costs related to works in Baixa-Chiado/Santa Apolónia, amounting to € 926,389.

On December 31st, 2008, fixed assets in progress items, "Land and natural resources", "Buildings and other constructions" and "Basic equipment", in the amounts of € 66,405, € 235,185,007 and € 13,289,630, respectively, include the following:

	Land and natural resources	Buildings and other constructions	Basic equipment
Network Remodelling	0	5,156,472	6,103,883
Alameda/S. Sebastião extension	0	167,862,329	3,171,226
Rato/Estrela extension	0	1,420,053	0
Amadora Este/Reboleira extension	0	393,937	6,285
S. Sebastião/Campolide extension	0	1,737,608	4,860
Cais do Sodré interface	0	12,775,472	1,264,810
Oriente/Aeroprto extension	66,405	42,237,055	1,145,821
Other	0	3,602,081	1,592,745
	66,405	235,185,007	13,289,630

11. Capitalised financial costs

During the financial years of 2008 and 2007, the Company has capitalised the following financial costs in respect of loans obtained to finance fixed assets in progress and departmental costs:

Tangible fixed assets in progress	2008	2007
Financial charges:		
Financed by the Company (Note 14)	158,924	135,349
Financed by the State (Note 14)	4,837,638	6,358,579
	4,996,562	6,493,928
Departamental costs:		
Financed by the Company	0	0
Financed by the State	3,045,294	2,949,732
	3,045,294	2,949,732

12. Revaluations of tangible fixed assets (legislation)

The Company has revalued tangible fixed assets in prior years, in accordance with the following legislation:

- Decree Law no. 219/82, June 2nd
- Decree Law no. 399 – G/84, December 28th
- Decree Law no. 118-B/86, May 27th
- Decree Law no. 111/88, April 2nd
- Decree Law no. 49/91, January 25th
- Decree Law no. 264/92, November 24th
- Decree Law no. 31/98, February 11th

As a result of the revaluations made, depreciation in the year ending December 31st, 2008, was increased by € 372,812. Of this, 40% is not accepted as a cost for the calculation of Tax Income under Corporate Taxation regulations.

13. Revaluations of tangible fixed assets

The historic acquisition cost of tangible fixed assets financed by the Company and by the State together with corresponding revaluations as at December 31st, 2008 and 2007 was as follows:

i) Financed by the Company

	December 31st, 2008			December 31st, 2007
Accounts	Historic costs	Revaluations (Note 10)	Revalued balances	Revalued balances
Tangible fixed assets				
Land and natural resources	23,839,793	444,513	24,284,306	24,282,696
Buildings and other constructions	236,895,128	14,121,307	251,016,435	251,016,435
Basic equipment	480,518,737	12,000,514	492,519,251	502,369,961
Transport equipment	1,020,419	0	1,020,419	1,020,419
Tools and utensils	2,154,936	208,632	2,363,568	2,304,461
Office equipment	24,203,140	1,152,410	25,355,550	24,778,238
Other tangible fixed assets	1,016,089	99,437	1,115,526	1,041,610
	769,648,243	28,026,813	797,675,056	806,813,821
Fixed assets in progress:	2,850,841	0	2,850,841	2,214,191
Advance payments for tangible fixed assets accounts	138,130	0	138,130	149,032
	772,637,214	28,026,813	800,664,027	809,177,044

ii) Financed by the State

	December 31st, 2008			December 31st, 2007
Accounts	Historic costs	Revaluations (Note 10)	Revalued balances	Revalued balances
Tangible fixed assets				
Land and natural resources	12,940,776	2,388,442	15,329,218	15,330,202
Buildings and other constructions	2,116,454,553	176,310,029	2,292,764,583	2,282,736,892
Basic equipment	352,209,408	20,363,537	372,572,944	367,759,538
	2,481,604,737	199,062,008	2,680,666,745	2,665,826,632
Fixed assets in progress:	248,541,042	0	248,541,042	169,436,550
Advance payments for tangible fixed assets accounts	6,391,305	0	6,391,305	4,397,942
	2,736,537,084	199,062,008	2,935,599,092	2,839,661,124

14. Tangible fixed assets and assets in progress (additional informations)

Included in the Company's fixed assets are investments in the Museum of the Music and the Road Tunnel, amounting to € 172,124 and € 117,063, respectively. The remaining fixed assets of the Company are allocated to passenger transport services.

On December 31st, 2008, the tangible fixed assets in the possession of third parties and sited on property, above or below the ground, not owned by the Company totalised € 477,800 and € 3,002,856,330, respectively.

Financial costs capitalised in fixed assets up to December 31st, 2008 amount to € 357,127,389, € 4,996,562 of which were capitalised in the year 2008 (Note 11).

In addition, as at December 31st, 2008 and 2007, the following should be mentioned:

a) Sited on property, above or below the ground, not owned by the Company	2008	2007
Fixed assets financed by the Company		
Tangible fixed assets:		
Buildings and other constructions	5,619,792	5,619,792
Basic equipment	59,229,150	58,875,428
Fixed assets in progress:		
Basic equipment	2,386,901	1,978,477
	67,235,844	66,473,696
Advance payments for tangible fixed assets accounts	21,395	32,297
	67,257,238	66,505,993
Fixed assets financed by the State		
Tangible fixed assets:		
Land and natural resources	15,329,218	15,330,202
Buildings and other constructions	2,292,764,583	2,282,736,892
Basic equipment	372,572,944	367,759,538
Fixed assets in progress:		
Land and natural resources	66,405	66,405
Buildings and other constructions	235,185,007	159,453,664
Basic equipment	13,289,630	9,916,481
	2,929,207,786	2,835,263,182
Advance payments for tangible fixed assets accounts	6,391,305	4,397,942
	2,935,599,092	2,839,661,124
	3,002,856,330	2,906,167,117
b) Financial charges		
Total financial costs	357,127,388	352,504,192
Imputed financial costs (Note 11)	4,996,562	6,493,928

15. Goods held under leasing

As referred to in note 3.l) the Company states leased assets under its tangible fixed assets (Note 10).
As at December 31st, 2008, the Company leases 55 triple traction units, and ticket sale and control equipment stated under the item "Basic equipment", a passenger light vehicle stated under the item "Transport equipment", and two photocopiers stated in the item "Office equipment", and valued as follows:

Account	Book value	Accumulated depreciation	Net value
423	305,858,686	(123,907,948)	181,950,738
423	29,516,500	(18,755,353)	10,761,147
424	25,402	(8,468)	16,934
426	8,982	(2,090)	6,892
	335,409,570	(142,673,859)	192,735,711

As at December 31st, 2008, the Company's undertakings on payments related to leasing contracts included:

Description	Short term	Medium and long term	Total
55 Traction Units (Note 53)	16,502,763	148,067,569	164,570,332
	16,502,763	148,067,569	164,570,332

Medium and long term leases mature as follows:

Years	Amount
2010	17,378,364
2011	18,306,283
2012	19,289,884
2013	30,299,778
2014 and subsequent years (Note 29)	62,793,260
	148,067,569

Leasing payments on triple traction units include interest rates which vary between 1.4400% and 3.2870%.

Additionally, the Company has ten operating contract obligations with TREM, A.C.E. and TREM II, A.C.E. (Note 16) and Hewlett-Packard International Bank, not recognised in the appended balance sheet (Note 3.m)) in the amount of € 265,456,138.

Schedule for payments falling due and related to operation leasing contracts is as follows:

Years	Amount
Short term:	
2009	10,365,013
Medium and long term:	
2010	14,816,478
2011	14,816,478
2012	14,816,478
2013	14,816,478
2014 and subsequent years	195,825,213
	265,456,138

16. Group companies, associates and subsidiaries

On December 31st, 2008 and 2007, group companies, associates and subsidiaries comprised:

Investment in Group Companies	Head office	Capital	Shareholder equity as at 31.12.08	Net profit/ loss in 2008	Holdings in 2008	%	Holdings in 2007	%	
Ferconsult, S.A.	Lisboa	1,000,000	7,619,471	818,907	7,619,471	100	7,100,564	100	a) b)
Metrocom, S.A.	Lisboa	750,000	420,742	93,524	336,594	80	261,774	80	a) b)
					7,956,065		7,362,338		
Investments in Associated Companies									
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisboa	150,000	296,698	81,964	118,679	40	214,734	40	a)
Fernave, S.A.	Lisboa	500,000	(8,711,168)	(6,764,010)	0	20	0	20	a)
Ensitrans - Eng. e Sist. de Transporte, A.E.I.E.	Lisboa	49,880	112,723	8,991	5,636	5	103,731	5	a)
SOTRANS – Operadora de Transportes, S.A.	Madrid	60,200	60,200	0	18,060	30	18,060	30	-
ASSER - Serv. para Emp. de Transporte, A.C.E.	Lisboa	0	0	0	4,805	-	4,805	-	d)
					147,181		341,331		
Securities and other Financial Investments									
Edel – Emp. Editorial, Lda.	Lisboa	c)	c)	c)	20	-	20	-	a)
GIL – Gare Intermodal de Lisboa, S.A.	Lisboa	1,952,160	(33,086,277)	(3,312,948)	312,346	16	312,346	16	a)
Otlis, A.C.E.	Lisboa	69,832	69,832	0	9,976	14	9,976	14	a)
TREM, A.C.E.	Lisboa	11,823,188	(58,150,256)	(1,954,287)	1,064	-	1,064	-	a) b)
TREM II, A.C.E.	Lisboa	28,261,342	(117,133,027)	(7,019,013)	2,576	-	2,576	-	a) b)
					325,982		325,982		
Real estate rental (Note 10)					3,555,595		3,555,595		
Financial Investment - Term deposit					20,384,658		20,000,000		
					24,266,234		23,881,576		
					32,369,479		31,585,244		

a) Unaudited financial information reported as at December 31st, 2006.
b) Entities consolidated in terms of the purchase method in the Company's consolidated financial statements.
c) Information not available.
d) The liquidation of the A.C.E. (Agrupamento Complementar de Empresas) was decided in 2006.

On December 31st, 2008, the Company updated the value of its participation in Fernave, S.A. based on this associate financial information, which states accumulated losses of € 8,711,168. This participation shows a null value in the balance, because in the Company's opinion, the present financial situation of this associate shall not imply additional losses for the Company.

The financial participation hold by the Company in GIL – Gare Intermodal de Lisboa, S.A. associate is recorded for the acquisition cost less the provision for financial investments in the amount of € 312,346, because in the Company's opinion, the current economic situation of this associate, which according with the financial information as at December 31st, 2008 states accumulated losses in the amount of € 33,086,277, shall not imply additional losses for the Company.

The financial investment in the amount of € 20,384,658 relates to a term deposit which has interest rate overcoming to the market normal rate.

As at December 31st, 2008 and 2007, the following balances relating group companies and associates were outstanding:

Debit balances 2008	Clients, current account	Other debtors	Group companies and associated – short and medium / long term	Accrued revenues (Note 50)	IRC – Retained corporate income	Advance payments for tangible fixed assets	Total
Ferconsult, S.A.	0	5,687,654	250,000	1,592,447	466,001	414,838	8,410,940
Metrocom, S.A.	0	558,129	0	0	241,241	0	799,371
Publimetro, S.A.	0	609,651	0	0	0	0	609,651
Fernave, S.A.	880	0	0	0	0	0	880
Ensitrans, A.E.I.E.	0	85,450	0	0	0	0	85,450
Otlis, A.C.E.	32,411	0	0	0	0	0	32,411
Total	33,291	6,940,884	250,000	1,592,447	707,242	414,838	9,938,703

Debit balances 2007	Clients, current account	Other debtors	Group companies and associated – short and medium / long term	Accrued revenues (Note 50)	IRC – Retained corporate income	Advance payments for tangible fixed assets	Total
Ferconsult, S.A.	0	1,998,597	250,000	2,866,728	707,533	414,838	6,237,696
Metrocom, S.A.	0	14,866	0	432,730	187,756	0	635,352
Publimetro, S.A.	0	186,677	0	0	0	0	186,677
Fernave, S.A.	0	0	0	0	40	0	40
Ensitrans, A.E.I.E.	0	85,450	0	0	0	0	85,450
Otlis, A.C.E.	55,797	0	0	0	0	0	55,797
Total	55,797	2,285,589	250,000	3,299,458	895,329	414,838	7,201,011

Credit balances 2008	Suppliers, current account	Fixed asset suppliers, current account	IRC – Retained corporate income tax	Total
Ferconsult, S.A.	0	11,611,837	0	11,611,837
Fernave, S.A.	63,771	0	0	63,771
Ensitrans, A.E.I.E.	0	107,694	57	107,751
GIL, S.A.	226,506	0	0	226,506
Otlis, A.C.E.	153,022	10,854	2	163,878
Trem, A.C.E.	0	0	41	41
Trem II, A.C.E.	0	0	42	42
Total	443,299	11,730,385	141	12,173,825

Credit balances 2007	Suppliers, current account	Fixed asset suppliers, current account	IRC – Retained corporate income tax	Total
Ferconsult, S.A.	0	5,200,333	0	5,200,333
Fernave, S.A.	30,283	0	0	30,283
Ensitrans, A.E.I.E.	0	105,666	27	105,693
GIL, S.A.	215,235	0	0	215,235
Otlis, A.C.E.	263,403	0	2	263,404
Trem, A.C.E.	0	0	41	41
Trem II, A.C.E.	0	0	42	42
Total	508,920	5,305,998	112	5,815,030

Transactions 2008	Services provided	Suplementary revenues	Other debtors and creditors	Exceptional income (Note 46)
Ferconsult, S.A.	1,594,175	73,229	116,973	87,362
Metrocom, S.A.	1,603,058	21,461	49,904	0
Publimetro, S.A.	1,741,140	88,162	0	4,500
Fernave, S.A.	750	0	0	0
Otlis, A.C.E.	670,841	0	1,655	6,712
Total	5,609,963	182,852	168,532	98,574

Transactions 2007	Services provided	Suplementary revenues	Other debtors and creditors	Exceptional income (Note 46)
Ferconsult, S.A.	2,902,446	98,527	65,412	0
Metrocom, S.A.	1,683,766	17,756	31,312	1,825
Publimetro, S.A.	1,629,541	86,385	0	0
Otlis, A.C.E.	644,744	0	4,194	0
Total	6,860,497	202,668	100,918	1,825

Transactions 2008	Fixed assets in progress	Sold goods and consumed material costs	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets	Other debtors and creditors
Ferconsult, S.A.	14,381,642	0	377,772	936,597	0	2,182,257	0
Metrocom, S.A.	0	0	6,000	0	0	0	0
Ensitrans, A.E.I.E.	0	0	1,690	0	0	0	0
Fernave, S.A.	0	0	111,291	0	195	0	0
GIL, S.A.	0	0	372,643	0	0	0	0
Otlis, A.C.E.	0	1,460,986	45,616	0	0	9,045	767,050
Total	14,381,642	1,460,986	915,012	936,597	195	2,191,302	767,050

Transactions 2007	Fixed assets in progress	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets	Other debtors and creditors
Ferconsult, S.A.	11,117,729	122,446	644,892	0	500,406	0
Metrocom, S.A.	0	6,000	1,500	0	0	0
Fernave, S.A.	0	136,231	1,248	2,146	0	0
GIL, S.A.	0	355,761	0	0	0	0
Otlis, A.C.E.	0	139,306	0	0	0	626,193
Total	11,117,729	759,743	647,639	2,146	500,406	626,193

21.Changes in values of current assets

For the year ending December 31st, 2008, changes to adjustments:

	Opening balance	Increase	Reversal	Closing balance
Adjustment for stock depreciation (Note 22)	759,768	3,651,520	(50,000)	4,361,288
	759,768	3,651,520	(50,000)	4,361,288
Adjustment for doubtful receivables:				
For doubtful debts (Note 23)	17,909	0	0	17,909
For other debtors (Note 23)	3,621,049	874,062	(234,154)	4,260,957
Carris/DGTT revenue (Note 23)	233,649	0	0	233,649
	3,872,606	874,062	(234,154)	4,512,514
	4,632,374	4,525,583	(284,154)	8,873,802

The increase of € 3,651,521 includes the amount of € 2,755,393 concerning the depreciation item transfer resulting from the rolling stock spare parts transfer to the "Stocks" item (Note 10).

22. Stocks

As at December 31st, 2008 and 2007, this item comprised:

	2008	2007
Raw materials, subsidiaries and consumables		
Materials	20,787,888	4,219,521
Tools	24,849	28,799
Cleaning products	13,786	12,446
Office material	3,189	5,485
Fuels	20,836	23,285
Other materials	61,455	72,654
Tickets	315,145	68,916
	21,227,146	4,431,105
Provision for stock depreciation (Note 21)	(4,361,288)	(759,768)
	16,865,859	3,671,338

As at December 31st, 2008 and 2007, the Company had no stock in the custody of third parties. At the account close, no stock was in transit or under consignment.

The increase verified in this item during the year ended December 31st, 2008 resulted, essentially, from the transfer of rolling stock spare parts, which were recorded under the item "Tangible fixed assets – basic equipment", in the amount of € 10,237,017 which were acquired, jointly with the rolling stock to which they relate, and which were valued based on the prices quoted by the supplier in 2008 when these materials were provided. This resulted in the registration of an exceptional profit in the amount € 4,975,380 which was stated in the income statement under the item "Exceptional revenues and profits – revenues in stocks" (Note 41 and 46).

23. Doubtful receivables

As at December 31st, 2008 and 2007, doubtful receivables totalised € 4,512,515 and € 3,872,606, respectively, which are stated in the balance sheet under doubtful receivables and other debtors in the amounts of € 17,909 and € 4,494,606 as at December 31st, 2008 and € 17,909 e € 3,854,698 as at December 31st, 2007, and are fully provisioned (Note 21).

25. Staff accounts – receivables and payables

As at December 31st, 2008 and 2007, the following staff account balances were outstanding:

	2008	2007
Receivables (Note 49)	628,293	541,207
Payables (Note 49)	426,175	414,799

28. State and other public bodies

As at December 31st, 2008 and 2007, no overdue debts to the State and other public sector entities were outstanding. Balances comprised:

	2008		2007	
	Debt balance	Credit balance	Debt balance	Credit balance
Value Added Tax	5,047,098	1,244,738	3,888,027	0
Corporate taxes	3,926,019	53,659	4,273,326	35,408
Social Security payments	0	1,240,190	0	1,298,011
Personal tax	0	721,271	0	812,879
Other	0	216,236	0	192,129
	8,973,117	3,476,094	8,161,353	2,338,427

29. Third party payables at more than five years

As at December 31st, 2008 and 2007, the following third party payables with maturities over five years were outstanding:

	2008	2007
Fixed asset suppliers (Note 15)	62,793,260	93,093,038
Loans for credit institutions (Note 48)	1,166,356,527	1,362,859,103
Other loans obtained (Note 48)	823,194,102	830,925,470
	2,052,343,889	2,286,877,611

31. Financial commitments not included in the consolidated balance sheet

a) Health benefits

The Company has been providing health benefits for active and pre-retired staff until Social Security retirement age. These benefits provide access to medical services subsidised by the Company. These charges are recorded in the financial statements corresponding to the year in which they were paid. During the year ended on December 31st, 2008, health charges were stated in the amount of € 918,006 (Notes 3.g) and 52), for the Company active and pre-retired staff related to costs of health insurance paid in that period.

b) Obligations to fixed asset suppliers

On December 31st, 2008 and 2007, the Company had obligations to fixed asset suppliers totalising the amounts of € 164,570,332 (Note 15) and 185,430,643, respectively. These obligations basically respect to network expansion. In addition, the Company has ten operating lease contract obligations in the amount of € 265,456,138 (Note 15).

32. Guarantees furnished

On December 31st, 2008 and 2007, guarantees furnished by the Company totalised € 261,377,720 and € 261,331,096 are basically related to current financial contracts and legal proceedings in progress.

Detailed responsibilities assumed by the Company relating the guarantees for legal proceedings in progress in December 31st, 2008 are as follows:

Institution	Amount	Date	Beneficiary
Banco Bilbao Vizcaya Argentaria	62,512	18/05/90	Tribunal de Trabalho
Banco Bilbao Vizcaya Argentaria	1,746	15/10/93	Gás de Portugal
Banco Bilbao Vizcaya Argentaria	9,506	05/08/97	Lte
Barclays Bank	17,458	25/05/94	Petrogal
Barclays Bank	335,980	20/06/94	Tribunal Cível
Barclays Bank	18,256	07/07/94	Tribunal Cível
Barclays Bank	10,101	03/08/94	Tribunal Cível
Barclays Bank	23,005	03/08/94	Tribunal Cível
Banco BPI	11,886	05/12/01	Tribunal Tributário – 1.ª Instância de Lisboa
Banco BPI	5,185	19/12/03	Camara Municipal de Lisboa
Banco BPI	14,964	29/09/05	Tribunal Trabalho de Lisboa
Banco BPI	7,494	10/03/06	Tribunal Administrativo e Fiscal de Lisboa – 2.º Juízo
Banco BPI	7,500	02/05/06	Refer
Banco BPI	95,482	11/05/06	Finanças 4.º Bairro Fiscal
Banco BPI	6,940	03/07/06	Tribunal Administrativo e Fiscal de Lisboa – 2.º Juízo
Banco BPI	528,370	21/12/06	3.ª Vara Cível de Lisboa
Banco BPI	180,000	08/04/08	Maria Augusta & Filhos, Lda.
Banco BPI	7,086	22/10/08	Tribunal Trabalho de Lisboa
Banco BPI	7,451	02/12/08	Tribunal Trabalho de Lisboa
Cosec	47,067	27/06/94	Tribunal Cível C. Lisboa
Cosec	60,757	27/06/94	Tribunal Cível C. Lisboa
Cosec	39,186	27/06/94	Tribunal Cível C. Lisboa
	1,497,932		

34. Changes on provisions

For the year ending December 31st, 2008 changes in provisions were as follows:

	Opening balance	Increase	Decreases	Closing balance
Provisions for pensions (Note 51)	191,867,555	26,285,281	0	218,152,836
	191,867,555	26,285,281	0	218,152,836
Provisions for risks and charges:				
Legal proceedings in progress	87,924	31,721	0	119,645
Interest payable	261,881	0	0	261,881
Staff costs	142,971	0	0	142,971
Increases from eventual revenues	0	1,194,336	0	1,194,336
	492,776	1,226,057	0	1,718,833
	192,360,331	27,511,338	0	219,871,668

37. Capital holder

On December 31st, 2008, the Company's statutory capital, which is not represented by a fixed amount, totalized € 603,750,000, totally held by the Portuguese State. As at December 31st, 2008 an amount of € 30,120,397 arising from the capital increase carried out on December 27th, 2001 remains to be paid up.

40. Changes to shareholder equity accounts

Changes to shareholder equity accounts in the year ended December 31st, 2008, comprised:

	Opening balance	Increases	Transfers	Closing balance
Capital	603,750,000	0	0	603,750,000
	603,750,000	0	0	603,750,000
Adjustments to investments in group and associate companies:				
Transition adjustments	21,306	0	0	21,306
Other changes in shareholders' equity	113,271	0	0	113,271
	134,577	0	0	134,577
Revaluation reserves:				
Fixed assets not financed by the State	37,234,076	0	0	37,234,075
Fixed assets financed by the State (Notes 10 and 13)	199,062,008	0	0	199,062,008
	236,296,083	0	0	236,296,083
Legal reserves:				
General reserve	14,398	0	0	14,398
Reserves for returns on investments	7,199	0	0	7,199
Reserves for investments (Note 10)	645,377,709	5,326,046	0	650,703,756
	645,399,307	5,326,046	0	650,725,353
Other free reserves	95,516,084	0	0	95,516,084
Retained earnings	(1,493,552,435)	0	(144,221,982)	(1,637,774,416)
Retained earnings – Adjustments	0	0	(61,595,313)	(61,595,313)
Net profit/loss for the year	(144,221,982)	(126,730,258)	144,221,982	(126,730,258)
	(1,542,258,333)	(126,730,258)	(61,595,313)	(1,730,583,904)
Total	(56,678,366)	(121,404,212)	(61,595,313)	(239,677,891)

The increase stated in the year ending December 31st, 2008, in "Reserves for investments", corresponds to a subsidy allocated under PIDDAC, in the amount of € 5,000,000 and to the subsidy by FEDER-QCA Transportes in the amount of € 326,046, booked during the year for financing DIFs (Note 3.n)).

The item "Other free reserves" includes an amount of € 93,999,764 arising from the assumption by the State, in previous years, of Company's liabilities related to "Fixed assets financed by the State" (Note 10).

The increase occurred during the year ended December 31st, 2008 under the item "Retained earnings" includes the amount of € 24,333,795 concerning accounting of the Pension Plan sustainability (Note 51), which occurred because the Company has assumed its responsibility resulting from the changes in the retirement payment by the Social Security. It also includes the amount of € 37,261,518 relative to past service of current employees of the Company as at the initial registration of the Pension Plan, and according to DC 19 (Note 51), considering that the on January 1st, 2008, the Company has adopted the International Accounting Standard no. 19 (Note 2).

41. Cost of goods sold and materials consumed

During the financial years of 2008 and 2007, the costs of goods sold and material consumed were assigned as follows:

	Raw materials, subsidiaries and consumables	
	2008	2007
Opening stocks	4,431,105	3,215,616
Purchases	3,908,754	2,409,862
Stock adjustments	16,659,935	635,643
Closing stocks	(21,227,146)	(4,431,105)
Costs for the year	3,772,648	1,830,016

43. Remuneration to members of the governing bodies

Remuneration of members of the Management Board and Audit Committee totalised in the year of 2008 the amount of € 404,440 and € 46,575, respectively, (€ 448,077 and € 33,506, on December 31st, 2007). These amounts are stated in the income statements under the item "Staff costs" (Note 52).

44. Sales and services provided

During the years ended on December 31st, 2008 and 2007, sales and services provided were exclusively related to the domestic market, and distributed as follows:

	2008	2007
Sales:		
Scrap	18,230	14,911
	18,230	14,911
Services provided:		
Fare revenues	62,528,752	55,408,666
Suplementary services	5,529,617	7,051,699
Other	818	2,263
	68,059,187	62,462,629
	68,077,417	62,477,540

45. Statements of financial income

Financial income in 2008 and 2007 was distributed as follows:

	2008	2007
Costs and losses		
Interest paid	79,083,981	67,613,654
Losses in group companies and associates (Note 10)	0	156,865
Depreciation of investments in buildings (Note 10)	71,134	71,134
Exchange rate losses	14,936	20,817
Other financial costs and losses	3,987,049	4,312,954
	83,157,101	72,175,425
Financial income	(81,492,556)	(69,733,823)
	1,664,545	2,441,602
Profits and gains		
Interest received	483,004	2,594
Gains in group companies and associates (Note 10)	626,962	1,889,113
Revenue from buildings	23,955	24,091
Exchange rate gains	4,121	1,542
Cash payment discounts obtained	73	44
Other financial revenues and profits	526,431	524,218
	1,664,545	2,441,602

In the year ending December 31st, 2008, the item “Interest paid” includes financial charges totalising € 3,939,365 related to leasing contracts signed by the Company (Note 53). It also includes financial charges (DIF operation) for the year in the amount of € 48,837,238.

In the year under review “Other financial costs and losses” item includes charges totalising € 4,771,715, related to guarantees on various financings obtained.

The item “Other financial revenues and profits” includes the amount of € 446,629 related to depreciation of capital gains on 14 TEU’s (Triple Traction Units of the rolling stock) and 24 TEU’s amounting at financial year end to € 250,922 (Note 53) and € 195,707 (Note 53), respectively, and the amount of € 1,003,038 concerning to the recognition of the benefit with the restructuring of the SWAP operation performed in 2007.

46. Statements of exceptional income

Exceptional income in 2008 and 2007 include:

	2008	2007
Costs and losses		
Donations	931,945	951,372
Bad debts	156	0
Stock losses	265,565	64,441
Fixed asset losses (Note 10)	1,958,055	2,201
Fines and levies	15,650	360
Other adjustments to previous years	561,161	240,543
Other exceptional costs and losses	50,741	22,814
	3,783,272	1,281,732
Exceptional income	1,726,815	(1,127,791)
	5,510,087	153,940
Profits and gains		
Stock gains	5,065,626	22,441
Fixed assets gains	69,016	38,306
Benefits from contractual levies	16,748	19,596
Provision decrease	50,000	0
Adjustments to previous years (Note 16)	283,233	49,933
Other exceptional revenues and profits	25,463	23,665
	5,510,087	153,940

48. Loans from credit institutions

On December 31st, 2008, loans from credit institutions included:

Bank financings	Interest rate %	Short term	Medium and long term
Banco Santader Totta	2.7520	27,818,522	---
Banco Bilbao Vizcaya	5.5190	52,120,108	---
Banco Millenium BCP	4.8430	24,028,806	---
Banco AMRO – Bank	2.6020	96,726,781	---
Deutshe Bank	3.6550	50,000,000	---
Banco Bilbao Vizcaya	5.3360	25,000,000	---
Caja Madrid	5.3360	25,000,000	---
Banco Português de Investimento	5.7130	50,000,000	---
BES Investimento	3.3040	---	50,000,000
BNP Paribas	2.6275	---	50,000,000
Caixa Banco de Investimento	5.3360	---	50,000,000
Barclays Bank	2.6736	---	175,000,000
BNP Paribas	2.4850	---	50,000,000
Banco Santader Negócios	3.2620	---	100,000,000
ABN AMRO BANK N.V.	1.4055	---	300,000,000
Banco Europeu de Investimento	2.9935	3,000,000	24,822,150
Banco Europeu de Investimento	0.9288	8,900,000	26,749,737
Banco Europeu de Investimento	2.5941	12,505,283	168,084,877
Banco Europeu de Investimento	2.3314	4,987,979	49,879,790
Banco Europeu de Investimento	2.3768	---	53,038,843
Banco Europeu de Investimento	2.4900	6,650,639	73,157,025
Banco Europeu de Investimento	0.4900	---	124,699,474
Banco Europeu de Investimento	2.9844	---	74,819,685
Banco Europeu de Investimento	2.3025	3,657,851	45,723,141
Banco Europeu de Investimento	2.9440	---	169,591,285
Banco Europeu de Investimento	3.0940	---	150,000,000
Banco Europeu de Investimento	2.3530	---	80,000,000
Banco Europeu de Investimento	2.1530	---	80,000,000
		390,395,970	1,895,566,007

Repayment schedule for medium and long term bank loans is as follows:

Years	Amount
2010	239,701,752
2011	71,502,576
2012	121,502,576
2013	296,502,576
2014 and subsequent years (Note 29)	1,166,356,527
	1,895,566,007

On December 31st, 2008 bond loans included:

Bond loans	Interest rate %	Short term	Medium and long term
Issue "Private Placement"	3.3934	7,731,367	54,119,572
Issue Metro - 2026	0.6141	0	400,000,000
Issue Metro - 2027	1.5560	0	400,000,000
		7,731,367	854,119,572

The bond loan "Private Placement", from October 7th, 1996, running for a 20-year period, with a USD/PTE Swap arranged for the total amount at the end of the issue, and backed by an entity with an "Aaa/AAA Rating". Repayment is made in 20 equal instalments from the tenth year of life of the bond, and the interest rate is fixed.

The bond loan "Metro - 2027" took place as at December 7th, 2007 and shall run for a period of 20 years, bullet, fixed rate, with the personal guarantee of the State. The governing law is the Portuguese law, except for the "subscription agreement" which is governed by the British law.

On December 31st, 2008 this bond loan scheduled for the medium and long term has the following repayment terms:

Years	Amount
2010	7,731,367
2011	7,731,367
2012	7,731,367
2013	7,731,367
2014 and subsequent years (Note 29)	823,194,102
	854,119,572

The issue was admitted to quotation in Euronext Lisbon.

As referred to in Note 3.q), considering the financial risk exposure, the Company has arranged with different bank institutions interest rate Swap for bank financings, as follows:

Bank financings			Date			Covered capital 2008/12/31		
Designation		Institution	Swap	Opening	Final	Closing	Inc. Capital (BEI)	Total associated financing
B E I (ML A)		BBVA	2006/02/02	2005/12/05	2017/12/15			
B E I (ML A)		M Lynch	2007/05/24	2007/03/15	2014/03/15			
						27,091,613	730,538	27,822,150
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th Payments	BST	2005/10/18	2005/09/15	2012/09/15			
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th Payments	Barclays	2008/07/11	2007/09/15	2012/09/15	24,939,895		24,939,895
B E I (ML B)	6th Payments	BST	2002/07/31	2003/03/15	2012/03/15			
B E I (ML B)	6th Payments	Barclays	2007/12/06	2007/09/15	2012/09/15	10,688,526		10,688,526
						35,628,421	21,316	35,649,737
B E I (ML 1/2)	1st, 4th, 5th, 7th, 8th Payments	DBI	2008/10/14	2008/09/15	2019/09/15	107,906,612		107,906,612
B E I (ML 1/2)	2nd, 3rd and 6th Payments	BST	2006/03/30	2006/03/15	2019/09/15	64,012,397		64,012,397
						171,919,008	8,671,152	180,590,161
B E I (ML II)	4th Payments	JP Morgan	2008/01/30	2007/12/15	2019/12/15	21,947,108		21,947,108
B E I (ML II)	2nd and 3rd Payments	BST	2002/07/31	2003/03/15	2012/03/15			
B E I (ML II)	2nd and 3rd Payments	ABN	2007/07/12	2005/12/15	2019/12/15	21,947,107		21,947,107
B E I (ML II)	1st Payments	BNPP	2008/11/26	2008/09/15	2019/12/15	10,973,554		10,973,554
						54,867,769	-	54,867,769
B E I (ML III)	1st and 4th Payments	M Lynch	2003/09/26	2003/12/15	2011/06/15			
B E I (ML III)	1st and 4th Payments	BBVA	2006/02/02	2005/12/15	2020/06/15			
B E I (ML III)	1st and 4th Payments	M Lynch	2007/05/24	2007/03/15	2020/06/15	26,768,820		26,768,820
B E I (ML III)	2nd and 3rd Payments	BST	2002/07/31	2003/03/15	2012/03/15			
B E I (ML III)	2nd and 3rd Payments	Barclays	2007/12/06	2007/09/15	2020/06/15	15,296,469		15,296,469
						42,065,289	10,973,554	53,038,843
B E I (ML II/B)	1st, 2nd, 3rd, 4th Payments	DBI	2008/02/11	2007/12/15	2020/12/15	79,807,664	-	79,807,664
B E I (ML I/3)	1st, 2nd, 3rd, 4th, 5th Payments	UBS	2008/07/14	2007/09/15	2021/09/15	108,072,878	16,626,597	124,699,474
B E I (ML I/3-B)	1st, 2nd Payments	BNPP	2008/05/13	2008/03/15	2022/06/15	31,424,268		31,424,268
B E I (ML I/3-B)	3rd Payments	BST	2002/07/31	2003/03/15	2012/03/15			
B E I (ML I/3-B)	3rd Payments	Barclays	2007/12/06	2007/09/15	2022/06/15	35,913,449		35,913,449
						67,337,716	7,481,968	74,819,685
B E I (ML II/C)	1st, 2nd Payments	BNPP	2008/05/13	2008/03/15	2022/06/15	49,380,992	-	49,380,992
B E I (ML IV)	1st, 2nd, 3rd, 4th, 5th Payments	BES Inv.	2003/03/06	2003/09/15	2018/09/15			
B E I (ML IV)	1st, 2nd, 3rd, 4th, 5th Payments	JP Morgan	2008/01/30	2007/12/15	2018/09/15	169,591,285		169,591,285
						169,591,285	-	169,591,285
B E I (ML V/A)	1st, 2nd, 3rd e 4th Payments	DBI	2008/02/11	2007/12/15	2020/12/15	150,000,000		150,000,000
B E I (ML V/B)	1st, 2nd,3rd Payments	Barclays	2008/07/10	2008/06/15	2021/06/15	80,000,000		80,000,000
B E I (ML V/C)	1st Payments	BST	2003/05/26	2003/06/16	2022/06/15			
B E I (ML V/C)	1st Payments	BNPP	2006/02/14	2005/12/15	2022/06/15			
B E I (ML V/C)	1st Payments	JP Morgan	2007/05/31	2006/12/15	2022/06/15	40,000,000		40,000,000
B E I (ML V/C)	2nd Payments	BNPP	2008/11/26	2008/09/15	2022/06/15	40,000,000		40,000,000
						310,000,000	-	310,000,000
BEI (REEST – Reversible fixed rates)		BST	2006/03/09	2006/03/15	2012/09/15	159,615,327	-	159,615,327
B E I (REEST – Inc. Capital)	Tranche A	C Suisse	2008/06/03	2008/03/15	2022/06/15	22,252,562		22,252,562
B E I (REEST – Inc. Capital)	Tranche B	BST	2007/05/31	2007/03/15	2022/06/15	11,126,281		11,126,281
B E I (REEST – Inc. Capital)	Tranche C	DBI	2008/11/24	2008/09/15	2022/06/15	11,126,281		11,126,281
						44,505,125	(44,505,125)	0
A B N (Schuldschein)	Tranche A	Morgan Stanley	2008/07/08	2010/07/22	2024/07/22			
A B N (Schuldschein)	Tranche A	C Suisse	2008/07/08	2006/07/22	2024/07/22	100,000,000		100,000,000
A B N (Schuldschein)	Tranche B	UBS	2008/07/10	2010/07/22	2024/07/22			
A B N (Schuldschein)	Tranche B	C Suisse	2008/07/10	2006/07/22	2024/07/22	100,000,000		100,000,000
A B N (Schuldschein)	Tranche C	BST	2005/02/25	2005/07/22	2024/07/22			
A B N (Schuldschein)	Tranche C	C Suisse	2006/10/06	2006/07/22	2024/07/22	100,000,000		100,000,000
						300,000,000	-	300,000,000
COM P (BNPP - 2005)		BNPP	2007/05/31	2007/02/12	2012/08/12	50,000,000		50,000,000
COM P (Barclays)		JP Morgan	2006/12/07	2006/12/18	2013/12/18	125,000,000		125,000,000
COM P (BNPP - 2007)		BNPP	2007/12/11	2007/11/08	2014/05/08	50,000,000		50,000,000
						225,000,000	-	225,000,000
						1,844,883,086	-	1,844,883,086

As concerns bond loans, the Company has arranged with different bank institutions interest rate Swap for bank financings, as follows:

Bank financings		Date			Covered capital 2008/12/31		
Designation	Institution	Swap	Opening	Closing	Capital	Inc. Capital (BEI)	Total associated financing
Merrill Lynch	M Lynch	2007/05/24	2007/04/15	2016/10/15	61,850,939	-	61,850,939
Bonds 2026	BARCLAYS	2008/05/16	2007/12/04	2026/12/04	100,000,000		100,000,000
Bonds 2026	JP MORGAN	2008/06/18	2007/12/04	2026/12/04	100,000,000		100,000,000
Bonds 2026	BBVA	2006/12/15	2006/12/04	2026/12/04	70,000,000		70,000,000
Bonds 2026	M LYNCH	2006/12/22	2006/12/04	2026/12/04	60,000,000		60,000,000
Bonds 2026	C SUISSE	2008/09/18	2007/12/04	2026/12/04	70,000,000		70,000,000
Bonds 2026	BARCLAYS	2007/05/17	2006/12/04	2026/12/04	200,000,000		200,000,000
Bonds 2026	BARCLAYS	2007/05/17	2006/12/04	2026/12/04	100,000,000		100,000,000
Bonds 2026	JP MORGAN	2008/01/30	2007/12/04	2026/12/04	85,000,000		85,000,000
Bonds 2026	JP MORGAN	2008/01/30	2007/12/04	2026/12/04	85,000,000		85,000,000
Bonds 2026	JP MORGAN	2007/05/17	2006/12/04	2026/12/04	30,000,000		30,000,000
Bonds 2026	CAIXA BI	2008/05/28	2007/12/04	2026/12/04	100,000,000		100,000,000
Bonds 2026	DBI	2008/10/14	2007/12/04	2026/12/04	70,000,000		70,000,000
Bonds 2026	DBI	2008/11/24	2007/12/04	2026/12/04	70,000,000		70,000,000
Bonds 2026	JP MORGAN	2008/11/18	2010/12/04	2026/12/04	85,000,000		85,000,000
Bonds 2026	JP MORGAN	2008/11/18	2010/12/04	2026/12/04	85,000,000		85,000,000
Bonds 2026	JP MORGAN	2008/11/18	2010/12/04	2026/12/04	100,000,000		100,000,000
					1,410,000,000	-	1,410,000,000
Bonds 2027	Barclays	2007/12/20	2007/12/07	2022/12/07	200,000,000		200,000,000
Bonds 2027	JP Morgan	2007/12/07	2007/12/07	2027/12/07	100,000,000		100,000,000
Bonds 2027	BNPP	2007/12/11	2007/12/07	2027/12/07	100,000,000		100,000,000
					400,000,000		400,000,000
					1,871,850,939	-	1,871,850,939

On December 31st, 2008, the current value of SWAP contracts held by the Company is negative in the amount of approximately € 408,339,000. The methodology used by the independent evaluator in the value quantification of those contracts is the projection of cash flows expected in the future, updated to the present moment, using the current zero coupon curve, in order to project the indexes to be paid and received by the Company, as stated in the contracts made with different banks. As mentioned in Note 3.q), unrealised revenues and losses with swap contracts are not recorded in the Company financial statements, only in the income statement when they become effective to cover the financial cost of financing that was intended to be covered.

49. Other debtors and creditors

As at December 31st, 2008, this item included:

	Short term		Medium and long term	
	Debit balance	Credit balance	Debit balance	Credit balance
Parque Expo'98	7,980,766	7,082,930	0	0
C.P. – Caminhos de Ferro Portugueses, E.P.	692,639	0	0	0
Staff (Note 25)	628,293	426,175	0	0
Câmara Municipal Barreiro – interest penalties	1,735,759	0	0	0
Câmara Municipal Barreiro – Municipal Undertakings	744,129	0	0	0
Rodoviária de Lisboa S.A.	2,026,088	116,884	0	0
Câmara Municipal de Lisboa	36,604	0	423,105	0
Companhia Carris de Ferro de Lisboa, S.A.	607,141	7,000,098	0	0
REFER – Rede Ferroviária Nacional	25,251	0	0	0
FERTAGUS – Travessia do Tejo Transportes, S.A.	331,318	0	0	0
Transtejo	303,332	11,598	0	0
Other State Creditors	0	0	0	497,787
Group companies, associates and subsidiaries (Note 16)	6,941,206	0	0	0
Others	2,610,783	1,124,256	36,464	0
	24,663,308	15,761,941	459,569	497,787

On August 17th, 1994, the Company signed an agreement with Parque Expo'98, S.A. ("Parque Expo'98") in respect of an offset payment to be received by the Company for starting construction and operation of Alameda–Expo line and respective stations ahead of time. Offset, in the total amount of € 9,975,957, was to be paid by Parque Expo'98 during the years 1995 to 1998, in the amounts of € 1,995,191, € 2,493,990, € 2,493,990 and € 2,992,787, respectively. As a result of this protocol, the Company stated a receivable and a deferred revenue account in the amount of € 9,975,957. Up to December 31st, 2008, of the total offset agreed, the Company had received an amount of € 1,995,191 concerning the instalment of 1995. At that date, it stated an amount of € 7,980,766 under the item "Other debtors". In 1998, following the conclusion of construction work and start of line exploration and respective stations, the Company decided to record revenue from offset payments received between May 1998 (date on which the line became operational) and 2003 (date on which the Company would conclude construction and this line would become operational).

On September 29th, 1995, the Company signed an Agreement Protocol with Parque Expo'98 and Lisbon City Hall. This protocol stipulated that the Company would pay Parque Expo'98 the amount of € 7,082,930 for the expropriation of the land area required for the implementation and construction of "Gare do Oriente" station. No payment term or plan was established. As a result of this protocol, the Company capitalised the charges associated with the construction of Oriente line and respective stations, in the amount of € 7,082,930 and recorded this amount under the item "Other creditors".

50. Accruals and deferrals

On December 31st, 2008 and 2007, the balances on these items included:

	2008	2007
Accrued revenues:		
Group companies (Note 16)	1,592,447	3,299,458
Fare revenues	767,264	685,690
Others	293,541	169,616
	2,653,253	4,154,764
Deferred costs:		
Insurance	88,500	88,610
Financial expenses	1,159,613	1,357,984
Charges on leasing contracts (Note 53)	2,699,707	2,933,744
Financial charges	6,093,086	6,501,189
Discounts on bond issues	1,117,407	1,204,194
Works carried out for third parties	43,694,185	34,431,583
Pluriannual maintenance	0	603,854
Exchange rate losses (Note 3.o))	97,626	108,473
Technical support contracts	13,086	4,376
Charges with pensions (Note 51)	0	37,261,518
Other	47,815	40,431
	55,011,024	84,535,955

	2008	2007
Accrued costs:		
Holidays, holiday allowances and related charges	8,334,077	8,187,587
Interest due and not paid	5,664,505	6,181,011
Capital gains - operational lease (Note 53)	2,998,930	2,850,455
Other	2,275,336	2,966,822
	19,272,848	20,185,875
Deferred revenues:		
Investment subsidies	34,419,323	37,453,539
Leasing contracts – deferred capital gains (Note 53)	60,125,859	64,931,774
SWAP operation restructure	18,055,220	19,058,258
Other	930,116	768,319
	113,530,519	122,211,890

The item "Deferred costs – financial expenses" in the amount of € 1,159,613 refers to financial costs incurred in contracting bank loans. These are deferred over the life of the loan.

The item "Deferred costs – charges on leasing contracts", in the amount of € 2,699,707, relates to charges incurred on leasing and operating contracts signed in 1995, 1997, 1999, 2000, 2001 and 2002, which are stated in the respective financial years.

The item "Deferred costs – financial charges" includes the amount of € 5,162,580 related to the amount paid upfront on the total spread of the ABN bank loan totalising € 300,000,000 (Note 48), which is deferred over the life time of this loan.

The item "Deferred costs – works carried out for third parties" includes essentially the amounts of € 27,429,985 (which includes the amount of € 15,047,083 related to works carried out in Transtejo terminal, Cais Sodré, and the amount of € 12,382,902 related to works carried out by the Company in Terreiro do Paço, which according to the Management Board will be object of a short term protocol), € 9,550,544 and € 4,644,512 concerning works performed by the Company on account of Transtejo, Câmara Municipal de Lisboa and Refer, respectively.

The item "Deferred revenues – investment subsidies", in the amount of € 34,419,323, includes amounts from FEDER grants through PRODAC in 1993 and QCA in 1994, used to finance Company investment in the network expansion plan. These subsidies are recorded in the financial statements under the item "Other operational revenues and profits", proportionally to the depreciation of the subsidised tangible fixed assets (Note 3.n)).

The item “Deferred revenues – SWAP operations restructure” in the amount of € 18,055,220, related with the net revenue obtained by the Company from the negotiation of 15 SWAP operations according with the Company management policy of its derivatives, as detailed below:

Institution	Amount	Operation date	Financing	Financing amount (Note 48)
JP Morgan	30,000,000	2007/07/15	Bonds 2026	400,000,000
Santander Totta	7,725,000	2007/06/01	BEI-Inc Capital	6,101,249
	37,725,000			406,101,249
JP Morgan	(6,500,000)	2007/05/31	BEI ML V/C	40,000,000
BPN Paribas	(6,323,000)	2007/06/01	COM P-2005	50,000,000
Barclays	(1,275,000)	2007/05/17	BEI ML B, III, I/3-B (V)	68,560,959
Barclays	(3,900,000)	2007/05/17	BEI ML B (Fr) + I/3	143,923,977
	(17,998,000)			302,484,936
	19,727,000			708,586,185

This amount is being deferred for the period of the respective derivatives resulting from the re-negotiation, and the correspondent revenue is recorded in the financial statements under the item “Other financial costs and losses” in the amount of € 1,003,038 (€ 668,712 on December 31st, 2007).

51. Pensions

As mentioned in Note 3.f), the Company assumed obligations with supplementary retirement contributions covering old age, disability, pre-retirement and survivor pensions. As at December 31st, 2008, the number of active staff, pre-retired, retired and/or pensioned totalised 1,312, 8 and 1,335, respectively (1,443, 20 and 1,204 on December 31st, 2007).

Such contributions are a complement to those granted by the Social Security, and are calculated taking into account the number of years of Company service, amount of Social Security contributions and final salary on retirement.

In the year of 2004, the Company has decided and has come to an agreement with the Trade Unions that every worker admitted after December 31st, 2003 is no longer covered by this pension plan.

According with the actuarial studies elaborated by an independent entity, the value of the Company current obligations for past services of active staff, pre-retired and retired was computed as follows:

	2008	2007
Active staff	40,670,924	44,230,625
Pre-retired	1,364,575	3,542,094
Retired	167,550,820	144,094,836
	209,586,319	191,867,555

The actuarial study referring to December 31st, 2008 was conducted using the "Projected Unit Credit" method. It took into account the following assumed technical and actuarial principles:

Mortality tables	TV 73/77 – France
Disability table	EVK 80 - Switzerland
Average salary growth rate	2.25%
Average annual fund yield rate	6%
Average annual growth rate of pensions	2%
Average annual rate for updating of pre-retirement payments up to normal retirement date	5%

The evolution in the Company pension liabilities in 2008 was as follows:

	2008
Total obligations as at December 31st, 2007	191,867,555
Operating service cost	2,077,163
Interest cost	11,512,053
Benefits paid during the year	(11,637,730)
Effect of the sustainability factor (Note 40)	24,333,795
Year actuarial (Gains) / Losses	15,767,278
	233,920,114

Current service cost and 2008 interest cost, in the amounts of € 2,077,163 and € 11,512,053, respectively, were recorded in the income statements in the items "Staff costs" and "Financial costs", respectively.

As mentioned in note 3.f), actuarial revenues and losses are recorded in the financial statements only in the part where they exceed the limits defined in the 10% "corridor", and are depreciated from the year following the one they were raised, depending on the estimated average remaining work life of the staff by at balance sheet date.

On December 31st, 2008, the Company did not record in the financial statements the amount of € 15,767,278 related to actuarial losses in the year, because it was below 10% of total liabilities value.

Pension fund payment obligations as at December 31st, 2008, in the amount of € 218,152,836 are stated as liabilities under the item "Pension fund provisions" (Note 34). Obligations as at December 31st, 2008, relative to current employees' past services, had to be depreciated, in the amount of € 37,261,518 (Note 40 and 50) are stated under the item "Retained earnings". These are being depreciated over a 23 year period, corresponding to the estimated average remaining working life of the staff, as a transitional measure, as foreseen in DC 19.
As the Company has adopted, with effect from January 1st, 2008, the application of the International Accounting Standard no. 19 in the record of its obligations with retirement benefits, the company has recorded directly that value in retained earnings.

On December 31st, 2008 and 2007, the item "Staff costs – pensions" (Note 52) includes the following pension fund costs:

	2008	2007
Increease in pension fund costs in the financial year (Note 34)	17,718,764	8,531,976
Pension payment in the financial year, without using provision	11,637,730	9,807,640
Depreciation of obligations under active staff	0	2,328,845
Pension Fund Costs in the Financial Year	29,356,494	20,668,461

On December 31st, 2008, the Company has not provisioned pension fund obligations. These are stated in the balance sheet.

52. Staff costs

In the financial years ending December 31st, 2008 and 2007, this item includes:

	2008	2007
Governing bodies remuneration (Note 43)	451,015	481,582
Salaries	51,594,231	52,402,302
Pensions (Note 51)	13,714,893	20,668,461
Social charges	12,355,786	12,229,775
Health insurance premium (Note 31)	918,006	974,285
Other staff costs	1,506,112	1,803,317
	80,540,042	88,559,722

53. Fixed asset suppliers – current account

On December 31st, 2008, the item fixed asset suppliers, current account relates essentially to lease payments on leasing contracts, in the amount of € 164,570,332 (Note 15), and accounts payable on network expansion works.

On December 29th, 1995 and December 30th, 1997, the Company signed two leasing contracts with DB EXPORT Leasing Gmbh involving 17 and 14 triple traction units (TEUs), respectively. On December 31st, 2008, the amounts owed to that institution totalised € 89,047,362 (Note 15) (€ 78,529,381 stated as medium and long term, and € 10,517,981 as short term).

On December 31st, 1998, the Company signed a leasing contract for the acquisition of 24 ML95 TEUs at the cost of € 124,699,474 and with a residual value of 3% of the equipment price. This was allocated as partial financing of the Network Expansion and Modernisation Plan over 20 years and indexed to EURIBOR 6 months less 0.71%, where the Portuguese State, owner of 100% of the capital, furnished the guarantee. The contract was signed on January 6th, 1999. On December 31st, 2008, the outstanding amount under this leasing contract was € 75,522,970 (Note 15).

To cover the financial risk of leasing contract interest rate variation, the Company contracted with the financial institutions interest rate SWAP, as follows:

Designation	Institution	Date			
		Swap	Opening	Closing	Capital
DB Export/95	BST	2003/02/26	2003/06/15	2013/12/30	46,724,657
DB Export/97	BST	2003/02/26	2003/06/15	2015/12/30	42,322,705
					89,047,362
BSN/CGD (US Lease)	BST	2005/09/22	2005/07/01	2019/01/02	75,522,970
					164,570,332

The operation was organised and structured by Banco Santander de Negócios Portugal and D'Accord Financial Service, Inc., and financed by Caixa Geral de Depósitos. This was authorised by Joint Resolution no. 911-A/98, of December 22nd, 1998, of the Ministry of Finance and Ministry of Public Works, Planning and Territory Administration.

On December 31st, 2008, the current value of SWAP contracts held by the Company, associated to these operations is negative, amounting approximately to € 6,301,000. The methodology used by the independent evaluator in quantifying the value of those contracts consists in the projection of future expected cash flows, updated to the present moment, using the current zero coupon curve to project the indexes to be paid and received by the Company, as stated in the contracts made with different banks. As mentioned in Note 3.q), unrealised revenues and losses with swap contracts are not recorded in the Company financial statements, only in the income statement when they become effective to cover the financial cost of financing that was intended to be covered.

In the year under review, and related with the mentioned operations, including operational leasing contracts, the following balances refer to transactions conducted in the terms of these contracts, as at balance sheet date:

Deferred costs on commissions and fees for entities involved in operations (Note 50)	2,699,707
Deferred revenues from capital gains on 14 TEU's contract (Note 50)	1,756,455
Deferred revenues from capital gains on 24 TEU's contract (Note 50)	2,054,922
Accrued costs from deferred financial charges for the year ending December 31st, 2008, payable in 2009	592,151
Depreciation of capital gains from the 14 TEU's contract (Note 45)	250,922
Depreciation of capital gains from the 24 TEU's contract (Note 45)	195,707
Interest and other financial costs incurred (Note 45)	3,939,365
Costs incurred on guarantee supplied	418,849
Deferred revenues from capital gains on the US CROSS BORDER LEASE 2000 operation arising from the operating lease contract signed concerning the 18 triple traction units of the ML97 series (Note 50)	16,205,618
Deferred revenues from capital gains on the US CROSS BORDER LEASE 2001 operation arising from the operating lease contract signed concerning the 19 triple traction units of the ML97 series (Note 50)	25,703,061
Deferred revenues from capital gains on the US CROSS BORDER LEASE 2002 operation arising from the operating lease contract signed concerning the 19 triple units of the ML99 series (Note 50)	14,405,804
Accrued costs from deferred financial charges on payments concerning operational leasing contracts for 18 and 19 triple traction units of the ML97 series (Note 50)	2,998,930
Accrued costs from deferred financial charges on payments concerning operational leasing contracts for 18 triple traction units of the ML97 series	1,372,285
Accrued costs from deferred financial charges on payments concerning operational leasing contracts for 19 triple traction of the ML97 series	1,977,162
Accrued costs from deferred financial charges on payments concerning operational leasing contracts for 19 triple traction units of the ML99 series	935,095
Charges stated under supplies and external services – rents and leasing arising from operational lease contracts	10,889,313

In the year ended December 31st, 2008, income related to US Cross Border Lease (NPV) operations is stated under the item "Other operational revenues and gains", as it is related to operational leasing, and amounts to € 609,135. Additionally, the statement of depreciation of capital gains from operational lease contracts referring to 18 and 19 triple traction units of the ML97 series and 19 triple traction units of the ML99 series, in the amounts of € 1,372,285, € 1,977,162 and € 935,095, were stated under the item "Other operational revenues and profits".

54. Obligations in litigation

On December 31st, 2008, compensation demands from the Company totalising € 38,272,565 refer essentially to expropriations and damages caused by works connected with the network expansion plan. On December 31st, 2008, the Company is assessing the total value of expropriations and no provision has been set aside for these. Should such compensation demands eventually be paid, they will be stated in the balance sheet as expropriation charges under the item "Tangible fixed assets". In 2008, the Company paid compensation, in cash and kind (works) for damages caused by work connected to the network expansion, in the amounts of € 2,110,991 e € 198,309, which were stated in the balance sheet under the item "Tangible fixed assets financed by the State".

55. Notes to the cash flow statement

The breakdown of cash and similar, and reconciliation of the cash flow statement for the year ending December 31st, 2008 with balance sheet items include:

Cash	31,745
Near money bank deposits	133,276
Cash on hand and similar	165,021
Cash and similar funds on balance sheet	165,021

56. Subsequent events

On February 4th, 2009, the Company has obtained bond loans in the amount of € 400,000,000, to be due on February 4th, 2019, at fixed rate, with the personal guarantee of the State. The governing law is the Portuguese law.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

Mr. Joaquim José de Oliveira Reis

Mr. Luís Filipe Salgado Zenha de Morais Correia

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Pedro Gonçalo de Brito Aleixo Bogas

Mr. Miguel Teixeira Ferreira Roquette

6. Report of the Audit Committee

I–Introduction

According with the Company's legal and statutory requirements, namely article 21st, it is the Audit Committee of the Metropolitano de Lisboa, E.P. responsibility to appraise and produce its Opinion on the Financial Statements and Management Report for the financial year of 2008 previously submitted by the Management Board.

To begin with, it is important to mention that being the Metropolitano de Lisboa a public company involving considerable public resources, it is the Audit Committee opinion that the Company management should follow unquestionable exactness and transparency criteria, without disregarding its duty to provide a prime public service. This demand derives from the legal provisions to which these companies must comply and, above all, its management should observe the expense limits imposed by the country budgetary trends.

In the elaboration of the present document, this supervising Body believes that, for a better understanding of this Opinion, some of the most important activities carried out by the Audit Committee on its daily follow-up of the Company's management during 2008 should be briefly listed.

II– Activy developed by the Audit Committee

During the year under review, in the accomplishment of its functions and in the dynamic follow-up of the Company management and activity, this Audit Committee has met periodically, at least once a month, to systematically be informed about the content of the several working documents issued by the different operating services, as well as to regularly analyse the company accounts and financial situation and the management forecasting instruments.

Accordingly, the Audit Committee established, ab initio, as work methodology a close and regular follow-up of the Company activity, reviewing systematically the report contents, the Board drafts, and other periodic work documents. Bearing the same goal in mind, this committee has often visited the company operational areas and, has carried out information meetings with the direct responsible staff.

This approach has been reinforced as a consequence not only of ML ever growing operating activity requirements, but also of the important number of undertakings and public works accomplished by the Company.

Whenever deemed appropriate, the Management Board was alerted, formally or informally, to facts and situations considered pertinent and requiring a special focus by the executive Body.

During the normal activity of this body, a regular contact between the Statutory Auditor member and the company external Auditors, whose annual report was disclosed to this committee.

Also, whenever informed in due time, the Audit Committee was represented by one of its members in public tender opening acts.

Finally, it is important mentioning that all grounded facts and opinions from the Audit Committee, about quantitative or qualitative aspects, have been addressed in the quarterly reports delivered to the relevant entities.

III – Activy developed by the Company

Although the Management Board Report clearly mentions how Metropolitano de Lisboa activity was carried out during the financial year of 2008, the Audit Committee deems important to mention the following points on account of their importance or acuity in the company global performance:

- In Metropolitano de Lisboa network, presently with 4 lines stretching along 38 km and with 50 stations, are occurring heavy investments which, in the short term, will extend the lines to a full length of over 45 km with 57 stations;

- It is unquestionable that Metropolitano network “closure”, justified not only to eliminate frauds, but also to increase revenues and real statistical records of the commercial demand, has actually allowed a more accurate knowledge about the customer motivations face to the provided service. This circumstance resulted in an increase in the company’s operating revenue, thus allowing for a better return on the investment;

- Likewise, both the tariff revision approved during the year and the aforementioned network closure lead to a significant increase in ticket revenue, although with a clear migration from “own tickets” to the new “Zapping” ticket;

- There is a constant concern on the qualitative evolution of the resources provided to the customers. In fact, after the Metropolitano Industrial Operation (EI) Certification was reconfirmed by the competent authorities, a similar certification process for the Commercial Operation has started;

- Although the charged revenue has increased by 8% during the period, the number of transported passengers didn’t reach the expected number. This justifies new measures to promote Metropolitano network as the optimal public transportation choice by new customers;

- As regards investments, the company has accomplished about 50% of the programmed investment – € 98 million, not to be without notice that about € 96 million were invested in the construction of Long Term Infrastructures. In these figures are not included “third party investments”, which have been growing in number and amount, generating liquidity problems for the company and creating some discomfort regarding reimbursement schedules;

- According to the “Social Balance”, Metropolitano de Lisboa staff number, as by the end of December 2008, was 1,569 stating a decrease of 79 employees relatively to the previous year, although the number of overtime hours has increased in about 43% when compared to the previous year. It must be pointed out that the absenteeism in the company didn’t change much, settling in 7.93% in 2008.

- The projects regarding the final solutions for the Workshop PMO in Sete Rios are yet to develop, although in that site has been long in operation, by request of the Lisbon City Council, the road haulage terminal, in which Metropolitano has bore charges not to be neglected. Therefore, it is important, in the safeguard of the Company’s property interests, to accomplish the solutions already agreed upon with the city council for that site.

IV – Economical snd Financial Situation

The Financial Statements have been examined by the Statutory Auditor (ROC), a Member of this Committee, who according with the legal rules produced the Legal Certification of Accounts as well as the Report on the Supervision Activity for the year of 2008, having expressed the "reservations" and "emphasis" deemed appropriate. These documents have been fully approved by the Audit Committee.

According with the Income Statement, the Company reported in 2008 a net loss of € 126,730 thousand, some 12.1% less than in 2007. This was due to the joint effect of the improvement in 36% of the operational results and in 253% of the exceptional earnings, as the financial income has aggravated in 16.9%.

The change of the criteria for acknowledgement of the company's responsibilities in staff pensions and retirement has produced a meaningful effect on the net result. If the criteria used until 2007 had been kept, net loss would have been negative, but 1.2% lower than in the previous year.

Despite the improvement, the Audit Committee states that the ongoing high losses together with the remunerated liabilities will, over a period of time, create an unfavourable situation for the company. Therefore, it is imperative to find economical and financial solutions which invert this trend towards the Company's feasibility.

Also, there was a significant decrease in Metropolitano de Lisboa, E.P. Shareholder Equity, showing as at December 31st, 2008, at a net loss of € 239,678 thousand, and demanding the adoption of recapitalization measures. The charges with pension payment recorded under Retained Earnings have contributed to this decrease. The continuous growth of such responsibilities justifies a careful analysis aiming at their future reduction.

V – Opinion

In accordance with the above views on the business of Metropolitano de Lisboa, E.P. during 2008, and the considerations referred to in the mentioned documents, the Audit Committee is of the Opinion that:

1. The Report of the Management Board is correctly prepared, complies with the legal and statutory requirements, and fairly and rigorously shows the most important aspects of the Company management in 2008.

2. As determined by the Cabinet Resolutions of March 28th no. 49/2007 and of April 22nd no. 70/2008, the Management Report detaches the strategic guidelines defined by the relevant Authority, and mentions the transactions with higher financial value dealt with contractors and suppliers, as well as the juridical regime applied in the acquisition of goods and services.

3. The Balance Sheet, Net Income Statement and Notes to the Accounts, as well as the reservations and emphasis of matter expressed in the Legal Certification of Accounts reflect in a true and appropriate manner the economic and financial position of the ML as by December 31st, 2008.

Accordingly, and taking into account the above mentioned facts, the Audit Committee of the Metropolitano de Lisboa, E.P. hereby confirms its FAVOURABLE OPINION that the Report of the Management Board, the Accounts, Financial Statements and respective Notes to the Accounts for the year 2008 are approved, and also agrees with the Application of Results proposed by the Management Board.

Finally, this Audit Committee wishes to express its thanks for the collaboration shown by the Management Board whenever requested, as well as the prompt availability of each responsible for the different Departments and Services and by the generality of ML collaborators with whom, in the course of its duties, this committee has been in contact.

Lisbon, July 8th, 2009

The Audit Committee

(Mr. Renato A. Vieira Campos)

(Mr. Caiano Pereira) Vogal ROC

(Mr. Evaristo da Cruz Branquinho)


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7. Legal Certification of Accounts

Introduction

1. We have audited the Metropolitano de Lisboa, E.P. Financial Statements attached, comprising the Balance Sheet on December 31st, 2008 (which reflect a total Balance Sheet of € 3,494,203,329 and a total negative Shareholder Equity of € 239,677,891, including Net Loss of € 126,730,258), the Income Statements by nature and by functions, the Cash Flow Statement for that year and the respective Appendix.

Obligations

2. The Management Board is responsible for the financial statements that reflect in a true and appropriate manner the financial position of the Company and the results of its operations together with the implementation and use of consistent accounting policies and criteria and an appropriate system of internal control.

3. Our responsibility is to express a professional and independent opinion, based on our audit on those financial statements.

Scope

4. Our examination was conducted in accordance with the Auditing Standards and Technical Recommendations of the Chamber of Statutory Auditors. These standards and recommendations require that such examination is planned and executed so as to obtain a reasonable assurance as to whether or not the financial statements contain any relevant material misstatements. For this purpose, this examination includes:
   - Verification, on a test basis, of the evidence supporting the amounts disclosed in the financial statements, and an assessment of the estimates based on judgements and criteria defined by the Management Board and used in the preparation of the financial statements;
   - Verification that the adopted accounting policies are adequate and sufficiently disclosed, considering the circumstances;
   - Verification of the ongoing principle applicability; and
   - Verification that the overall presentation of the financial statements is adequate.

5. Our audit also included the checking of accordance of the financial information present both in the management report and in the financial statements.

6. Apart from the limitations mentioned on following paragraphs 7 and 8, we believe that this audit provides and an acceptable basis for the expression of our opinion.

Reservations

7. As stated in Note 10 appended to the Balance Sheet and Income Statement, the Government has assumed by Decree-Law 196/80, the principle that it is the Portuguese State's responsibility the financing of Metropolitano de Lisboa, E.P. "Durable Infrastructure Investment" (DIFs), being the type of such investments defined in the above mentioned legal instrument. However, it is not legally defined if the Metropolitano de Lisboa, E.P., on making those investments is acting on own account or on account of the Portuguese State. The lack of definition raises the question if such investments are the Company's effective ownership, its own assets, and if responsibilities assumed with the loans obtained for their financing are the Company's effective responsibility. Likewise, the depreciation policy of such assets, the accounting statement policy of the funds granted by the State for their financing, as well as the capitalisation policy of the financial costs directly incurred for their financing, as well as the capitalisation policy of the internal costs associated with their accomplishment are not defined, raising a limitation to our review. Information regarding the criteria adopted by the Company about the accounting statement of such investments and about the funds granted by the State for their financing, as well as about the policies of capitalisation, depreciation and statement of the results of such investments is stated in Notes 3.a)-ii, 3.b)-ii, 3.n), 8, 10, 11 and 14 appended to the Balance Sheet and Income Statement.

   Due to the referred to limitation, we can not be conclusive about the accounting statement suitability in the Metropolitano de Lisboa, E.P. Balance Sheet as by December 31st, 2008, about assets relative to durable investments in the amount of € 2,942,411,411, which include capitalised financial costs in the amount of € 289,790,826 and capitalised internal costs in the amount of € 56,387,973, neither about the suitability of the non-depreciation of such assets, about the suitability of the accounting statement as shareholder's equity in the item "reserves", of the funds granted by the State for financing such assets in the amount of € 943,765,527, nor the suitability of record of the interest arising from financing such assets in the Financial Statement of the year.

   As referred to in Note 50 of the Balance Sheet and Income Statement appendix, on December 31st, 2008, the item "Assets - Deferred Costs – Works carried out for third parties" totalising € 39,049,673 relative to works carried out by the Company for third parties, which are not invoiced by the Metropolitano de Lisboa, E.P., which have been subject to a contract or any other type of formal agreement between the Company and other entities involved, defining the amounts to be invoiced and the invoice date or type. Here, the Transtejo, SA sales (€ 27,342,965, of which € 15,047,083 concern the construction of that company's terminal in Cais do Sodré interface and € 12,295,882 concerning Terreiro do Paço interface's works. Although as regards the latter, negotiations are well advanced in order to sign a protocol between the two companies) and City Council sales (€ 8,180,677). Accordingly, we can not be conclusive about the effective accomplishment of such assets.

Opinion

9. In our opinion, the mentioned Financial Statements, except for the effects of the adjustments that could be required if the limitations referred to in the above paragraphs 7 and 8 did not exist, present, in all relevant material aspects, a true and fair view of the financial position of Metropolitano de Lisboa, E.P. as by December 31st, 2008, together with the result of its operations and cash flows for the period ended on that date, in conformity with the accounting principles generally accepted in Portugal.

Highlights

10. Without affecting the opinion expressed in the previous paragraph, we call your attention for the following:

10.1. In the past, the company's activity has been chronically accumulating significant net losses (€ 126,730,258 in 2008), partially compensated by operational subsidies and statutory capital contributions from the Portuguese State, while keeping large investment plans also requiring large financings. The company shows a highly unbalanced financial structure, stated by the negative shareholders equity of € 239,677,891 on December 31st, 2008, and the insufficient current assets, which included € 30,120,397, not paid as at December 31st, 2008, subscribed capital by the Portuguese State on December 2001 to face short term liabilities. Accordingly, it is our opinion that the continuity of the Company, and consequently the performance of its assets and settlement of its liabilities depends on the continuation of the Portuguese State support to the Company.

10.2. The financial statements object of Certification are prepared on an individual basis, according with the applicable legislation, being the investments in subsidiaries and associates stated by the equity method on Balance Sheet. The Company shall prepare consolidated financial statements, in conformity with the European Union International Financial Reports Standards, which shall provide a better understanding about the financial position as at December 31st, 2008, and about the Company's, its subsidiaries and associates results and cash flows for that year.

10.3 Aiming at presenting a true and adequate image of its responsibilities on pensions and its matching with the statement of such responsibilities in the consolidated financial statements of December 31st, 2008, to be elaborated in conformity with the European Union International Financial Reports Standards, and with the implementation, in 2009, of the accounting standardisation system for its individual financial statements preparation, the company, as stated on note 3, paragraph f) of the Financial Statements Appendix, has derogated, in the year, the application of the Accounting Guideline no. 19 – Retirement Benefits assuming those responsibilities, and has adopted the International Accounting Standard (IAS) 19 – Employees' Benefits.

From this change in the accounting policy and the recognition in that period of the company increased responsibilities with services rendered in the past by temporary and retired personnel due to amendments in the Social Security General Regime legislation occurred in 2007, the following effects are reflected in the Balance Sheet and Financial Statement for the period ended on December 31st, 2008:

- The amount of € 37,261,518 for responsibilities regarding services rendered in the past by temporary staff was stated under Retained Earnings on the date of acknowledgement of such responsibilities, which, in accordance with the DC 19 transitory provisions, had been stated in 2001 under Deferred Costs and was being depreciated year after year for a total span of 23 years, corresponding to the working life expectancy of those employees on that date.

- The amount of € 24,333,795 for increased responsibilities regarding pensions for services rendered in the past by temporary and retired staff was stated under Retained Earnings, due to amendments in the Social Security General Regime legislation occurred in 2007, Law 4/2007 of January 16th, and Decree Law 187/2007 of May 10th, namely with the introduction of the so called "Sustainability Factor". This responsibility increase had not been stated in 2007.

- The increase of the responsibilities with pensions in the amount of € 15,767,278 regarding actuarial losses identified during that period has not been stated as this amount was less than 10% of the total value of those responsibilities, as defined in the IAS 19. Should this increase had been above the aforementioned 10%, it would have been recorded according to the stated standard under deferred costs, and its depreciation would have begun on the following period to the one in which it took place and during the expected working life span of the working staff.

Should the former policy of pension responsibility statement had been kept beyond December 31st, 2007, the statement of such increase would have led to a pension provision increase from € 218,152,836 to € 233,920,114 and to an increase from € 13,714,893 to € 29,482,171 in pension costs recorded in the Income Statement.

- Should the former pension responsibility policy statement had been kept beyond December 31st, 2007, the costs with pensions accountable in this period recorded under costs with staff would be less € 125,677 than those recorded in the Income Statement; the financial costs would be less € 11,512,053, relative to the plan interests, than those recorded in the Income Statement; and the profits with provision reset would have been less € 11,637,730, relative to pensions and retirement amounts paid along the period, than those recorded in the Income Statement. The above mentioned facts effectively affect the operational earnings and financial income recorded in 2008 Income Statement when compared to the same results in 2007.

Lisbon, July 7th, 2009

CAIANO PEREIRA, ANTÓNIO E JOSÉ REIMÃO
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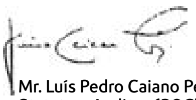

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