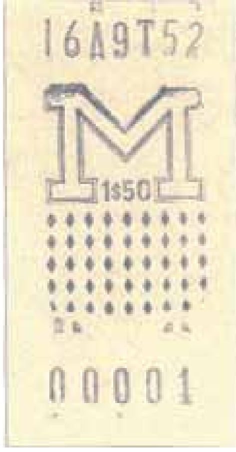

Annual Report

2009

50 years carrying Lisbon

Metropolitano de Lisboa

Contents


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Management ratios and indicators

		2005	2006	2007	2008	2009	Chg. % 2009/08	Chg. % 2009/05
Supply								
Cars x km	10^3	23 104	22 865	22 592	23 477	25 274	7.65	9.39
Seats x km	10^6	3 905	3 864	3 818	3 968	4 271	7.65	9.39
Demand								
Passengers	10^3	185 444	183 975	179 687	178 432	176 726	-0.96	-4.70
Passengers x km	10^3	862 313	855 484	835 545	835 400	829 068	-0.76	-3.86
Human Resources (average number of staff)								
Commercial Operation	no.	936	939	925	891	921	3.32	-1.65
Infrastructure Management	no.	328	329	334	279	90	-67.80	-72.61
Maintenance Management (GM/EI)	no.	208	206	205	188	386	105.54	85.78
Other areas	no.	226	228	221	208	214	2.96	-5.24
Total		1 698	1 702	1 685	1 566	1 611	2.87	-5.12
Costs and Income								
Total income	10^3 €	86 691	90 917	99 924	125 293	121 718	-2.85	40.40
Income from fares	10^3 €	46 436	51 026	55 409	62 529	58 903	-5.80	26.85
Compensatory allowance *	10^3 €	21 237	22 723	24 305	26 122	28 093	7.55	32.29
Total costs	10^3 €	248 693	237 828	244 110	251 969	270 251	7.26	8.67
Total costs (without financial costs)	10^3 €	172 325	168 332	171 935	168 812	168 894	0.05	-1.99
Net profit / loss	10^3 €	(162 035)	(146 944)	(144 222)	(126 730)	(148 592)	-17.25	-8.30
Ratios								
Cars x km / Average number of staff	10^3	13.61	13.43	13.41	14.99	15.69	4.65	15.30
Passengers x km / Cars x km		37.32	37.41	36.98	35.58	32.80	-7.81	-12.11
Total costs / Passengers x km	€	0.29	0.28	0.29	0.30	0.33	8.07	13.03
Total costs (without financial costs) / Passengers x km	€	0.20	0.20	0.21	0.20	0.20	0.81	1.94
Total income / Total costs (without financial costs)	%	50.31	54.01	58.12	74.22	72.07	-2.90	43.26
Income from fares / Total costs (without financial costs)	%	26.95	30.31	32.23	37.04	34.88	-5.84	29.42

* Including VAT (5%).


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Highlights

Company organisation and quality of service:

- Alteration of legal regime of ML and new articles of association as a public enterprise (EPE) approved, providing it with administrative and financial autonomy and own property;
- Ranked, for the 4th consecutive year, in 1st place in the Customer Satisfaction Index under the scope of the ECSI – National Customer Satisfaction Index, 2008;
- Obtaining, in the Commercial Operation Area (EC), certification of its Quality Management System according to NP EN ISO 9001:2008;
- Celebration of 50 years of operation of the Metropolitano de Lisboa;
- Setup of the Contract and Procurement Department.

Projects and Developments:

- Inauguration of the Cais do Sodré Interface on 13 March;
- Opening of the Red line extension between Alameda II and São Sebastião II, for operation, on 29 August;
- Approval of the 2010-2020 Metropolitano de Lisboa Expansion Plan, presented in August 2009;
- Visit by the Minister for Public Works, Transport and Communications, Mr. Mário Lino, and the Secretary of State for Transport, Ms. Ana Paula Vitorino, on 10 September, to the future Aeroporto station.

Human Resources:

- Reduction in supplementary work rate, settling at 2.37%, as a result of the reduction in overtime by approximately 17.7%;
- Increase in absenteeism rate, by 1.11%, reverting the trend of recent years;
- Increase in available staff (+4.3%), as a result of the admittance of 79 new employees as opposed to only 18 employees leaving;
- Reduction in the total number of accidents recorded, by 9.8%, despite the increase in the duration rate;
- Improvement in accident rates on ML projects and developments.

Economy and Finance:

- Making a loss of 148 592 thousand euros approximately 17.3% more than the previous year, essentially explained by the growth in financial costs;
- Total profits covered 45% of total costs, 9.4% less than the previous year.

Message from the Chairman

2009 witnessed a waiting period in the development of the international economic crisis. An economic crisis triggered by a serious financial crisis which forced the financial and treasury support from the State and the taxpayers as a means of preventing the collapse of the international financial system.

This support meant the growth and reappearance, in some particular cases, of budget deficits to figures not seen in a long time and especially growth in the sovereign debt to record levels both in the European Union and in the United States.

In Portugal, the impact of this crisis was mitigated by the concatenation of 3 factors: the abrupt decrease in interest rates, with an impact on the reduction of loan instalments for families, the sudden decrease in the price of fuel and the extraordinary salary increases which occurred during the year, along with growth in some social benefits.

The increase in available income in 2009 was not enough to prevent a generalised fall in prices, largely due to the (healthy) increase in the savings trend, certainly brought about by fears of a prolonged economic crisis.

Metropolitano de Lisboa did not, nor could it, escape the macroeconomic evolution. The restructuring of ticket prices, which took place in November 2008, with the migration of practically all tickets to Zapping, with discounts, along with an unchanged demand, brought about a reduction in fare revenue. On the other hand, the extraordinary salary increases during the year along with automatic career progressions had an impact of approximately 5.3% on the payroll. In addition, hiring new employees for the new ML stations following the expansion of the Red line to São Sebastião also brought an increase in staff costs. Given that ML operates with an inflexible level of demand and reduced ticket prices, with negative margins, the economic result of these expansions is, in the best case scenario, a reduced improvement in the operating margin and, in the worst, a severe reduction in the same.

The intervention policy on the ML debt structure continued to permit financial gains during 2009, despite the aforementioned drop in interest rates. Let me remind you that the intervention policy on structured products that ML has been pursuing in recent years sought reduction and protection both of rates contracted and of a possible increase in them. If between 2006 and 2008 these structured products brought financial gains of 175 million euros, the result of a large increase in rates on the monetary markets, in 2009, the extreme reduction in key interest rates prevented the high gains of the past. Even so, financial gains in 2009 reached approximately 33 million euros. The strategy pursued at the end of 2008 and the beginning of 2009 of acquisition of volatility permitted the maintenance of financial gains of a fiduciary nature. Apart from these treasury gains, assessment by the Fair Value method would permit additional gains of 160 million euros in 2009.

Thus, presentation of accounts using the IAS method, namely IAS 39, would imply a positive result for the year presented here, which is an unheard of fact in the long history of Metropolitano de Lisboa.

Income for 2009 continued negative at -148.6 million euros compared with -126.7 million euros in the previous year. This result was negatively affected by 1.8 million euros due to the recording of impaired assets with its holding in Fernave, S.A. given that, in 2010, ML succeeded in reaching agreement for the sale of its position to the majority shareholder, CP. This management action is based on the management policy ML has been pursuing over recent years of divesting itself of non-core shareholdings or those not related with the service and object of the activity it pursues. This happened recently with Fergráfica and we are currently looking for solutions for our share in GIL, S.A..

This reduction in the profit for the year was due to the reduction in fare revenue, the increase in staff costs and the lower (but positive) performance with debt interest and costs. Carrying out all of the accounting using the IAS method would imply a positive result for the same year of approximately 13 million euros.

Even so, operating losses increased by 7.1% to -50.2 million euros (-46.9 million euros in 2008). The EBITDA, at -29.5 million euros compared with -19.3 million euros in 2008, mainly reflects the decrease in fare revenue and the increase in staff costs. The cost control policy on external supplies has permitted us to maintain these without major increases.

The transport offer was extended in 2009 by another 2 km of network with the opening in August of the extension of the Red line to São Sebastião. This extension permitted the consolidation of Metropolitano de Lisboa as a true metropolitan network. The intersection of the Red line with the other 3 underground railway lines will permit a greater capacity for passenger distribution in the urban grid, solving the maladjustment of the design of the initial lines to the urban development of the city over recent decades. The north/south distribution underlying the urban geometry of 50 years ago has now been complemented with an east/west line, coinciding better with the present urban grid and with the recent appearance of new service and residential centres.

Work on the extension to the north, towards the airport, on the Red line proceeded in 2009, and the contract has been awarded for the finishing work on the tunnel galleries and stations. The contracts were also begun on the new south/southeast station at Terreiro do Paço, a project undertaken by Metropolitano de Lisboa as the developer although its ultimate beneficiary is Transtejo; the remodelling work on Areeiro station, improvements to Avenida station (now complete), and expansion work has begun in Reboleira, on the Blue line.

Thus, the investment reached 153.8 million euros, exceeding the estimates anticipated.

These amounts, plus interest and costs on the 89 million euros debt and the operating deficit on a cash basis, which reached approximately 21 million euros, forced the company to resort to external funding, increasing its remunerated bank liabilities by approximately 310 million euros, 9% more than in 2008. The company's total financial effort, covering the investment, the interest and costs on past debt and the cash flow deficit, reached 263 million euros. The delay in receiving EU funds for eligible investments made in 2008, explains the additional amount of bank liabilities.

On this subject, as is known, the European Union is also looking at parcel investment in the expansion of Santa Apolónia, including the sum arising from the additional investment effort which was the result of the incident in the construction of Terreiro do Paço in 2000.

The Company and the national authorities are anxiously awaiting the result of action taken for the defence of the national position, which we expect will receive a positive reaction from Brussels.

In 2009, Metropolitano de Lisboa acquired a new statute with the objective of modernising a company's agreement over 30 years old, becoming an E.P.E. (public enterprise) and accompanying the most recent movements in the State Enterprise Sector.

The 50 years of uninterrupted operation and also the continued expansion of its network are motives for celebration but also for reflection. In fact, ML has seen its network multiplied by 6 and passengers transported by 11, consolidating it as the central network in Lisbon, which is the nucleus of this region. Intermodal connections with other public passenger transport networks and lines have permitted increases in quality, speed, comfort and ease of access, which it did not have in 1959. This quality was, once again, recognised by public transport customers who elected the Metro as the highest quality means of public transport in the Lisbon Metropolitan Area.

It was confirmed that the underground railway system is the fastest, most accessible and effective means of transport in more densely populated urban areas and where there is a greater concentration of workplaces, especially services, as is the case in other large international cities. But it has also been confirmed as one of the cleanest, most comfortable and beautiful underground railway systems in Europe. As recognised by its international counterparts. Paradoxically, it is much maligned and vilified by some published opinion, which is not reflected in the successive surveys that have been carried out.

The management model of the last 35 years was based on an ambiguity. The focus on funding infrastructures, almost exclusively, through recourse to debt, although with state guarantees, led to an unbearable level of indebtedness, besides the construction of a Utopia of facilities that are not echoed in the growing, and unsustainable, level of costs. Currently, interest and other costs related with remunerated bank liabilities represent 60% of Metropolitano losses. In a scenario of increasing interest rates (the only one to be expected in the medium term), this situation can only get worse.

The operation funding model also suffers from an anathema: that of systematic and recurrent under-pricing, not covered by compensatory payments. The non-contracting of the service has contributed to an accumulation of deficits in this and other similar companies, which lead to non-sustainability of the model.

In the case of Metropolitano de Lisboa, the non-application of the results of a survey on the money split from the intermodal tickets (passes) carried out in 2007 by IMTT, with the prior agreement of all of the companies, public and private, in the Lisbon Metropolitan Area, takes 12 million euros per year from ML revenue. The incorrect split of this money directly benefits some private, but also public, operators, in clear prejudice to Metropolitano.
The fact that ML has agreed, since 1971, to a guaranteed benefit scheme as a complement to pensions based on the last pensionable salary, constitutes a recurring accounting cost of approximately 12 million euros. This situation is less serious nowadays following the agreement by workers to rescind this right after 1 January 2004.
The provision, assessed externally and promptly accounted, has reached 224.9 million euros. Even so, the pressure of perpetuity was reduced to a problem of 25/30 years, removing approximately 200 million euros from that demandable in the long term. Because the financial allocation to the non-existent Pension Fund is only 21 million euros (set up in 2007), inadequate capitalisation will cause an additional increase in the future.

Removal of these two, serious, conditions would give an EBITDA of only -4 million euros and, in 2008, it would have been 4 million euros. In other words, sustainability at operating level would be in reach within 3/4 years.

Metropolitano de Lisboa is an inevitable reality in the city and in the region. It is an asset to mobility and, therefore, to sustainability and quality of life. Investments in progress will lead to increased multimodality and, with a correct and planned investment in car parks and redistribution of the tariff zoning for parking in the city, an important element for the modal and attitude change towards public transport, imposing its everyday presence on the lives of all of us.

A word goes to the Supervisory Board and the Statutory Auditor, for the importance and continuity of their criticism, always constructive, and attention to the life of the company.

The coming years will be, as is well-known, decisive for the definition of new economic and financial sustainability and of quality of life for the country and for all of us. For Metropolitano de Lisboa also. From my point of view, the additional effort asked to all is equivalent to repositioning strategy according to the financial capacity we have.
It will mean giving up unsustainable projects, working harder, demanding more and better along with solidarity and a responsible attitude from every person and every organisation, guaranteeing the surmounting of difficult times with social support for those who need it most.

I am sure that Metropolitano de Lisboa, its employees and associates will, as they always have, measure up to their responsibilities.

The city and the region deserve it.

Joaquim Reis


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1. Corporate Governance

1.1 Company mission, goals and policies

Mission

The mission of Metropolitano de Lisboa (ML) is to provide a public underground collective transport service, according to principles of economic and financial rationality and social and environmental sustainability.

Goals

- To anticipate and meet, timely, the market demands and customer expectations through improving the capacity, quality and reliability of the service provided and the timely achievement and development of the network within the principle of an economic and financial rationality.
- To assure the service provided, guaranteeing social, economic, financial and environmental sustainability, through the rationalisation of operating costs, the improvement of energy efficiency and environmental sustainability and conducting management focused on the customer and on the promotion of mobility.
- To contribute to the sustained development of the transport system in the Lisbon Metropolitan Area through the promotion of effective management of the transport system and contributing to adequate links with other means of collective transport, aiming at better operational planning, better fare structure, definition of policies for better management of resources and facilities and the joint promotion of collective transport.

Company policies

ML intends to pursue the following policies:

- **Innovation and Development:**
  - Focusing on support for research and development;
  - Permanent openness to change and innovation.

- **Quality and Rigour:**
  - To rigorously perform tasks assigned in terms of productive efficiency and with better utilisation of the available resources;
  - To improve the quality of the service provided, meeting the needs and expectations of our customers;
  - To increase the effectiveness and efficiency of the transport service provided through tailoring supply to demand and the rationalisation of resources and methods available.

- **Risk Management and Safety:**
  - To guarantee integrated safety of people and property, improving the service provided through increasing the levels of regularity, reliability, comfort and safety in the underground railway system;
  - To identify the dangers and assess the risks of each activity, according to probability and/or frequency, as a consequence of thorough risk assessment;
  - To maintain and reinforce the image and the credibility of the Company as an external and internal affirmation factor.

- **Social and Environmental Responsibility:**
  - To focus on the production of socially useful and acceptable services;
  - To improve management of the Company's diverse activities according to principles of sustainable development in the various economic, social and environmental areas;
  - To focus on the training, ethics and development of its human resources within the ML project.

1.2 Degree of compliance with goals

By Joint Order of the Secretary of State for the Treasury and Finance and the Secretary of State for Transport, of 15 July 2009, the following goals were set with the respective quantified aims for 2009:

	Components	unit	weight		2009 goal	2009 verified	2009 objective
	Efficiency		45.00%				42.19%
1	EBITDAR margin (before operating subsidies)	%	10.00%	≥	-74.7	-88.1	8.48%
2	Total operating costs	10^3 €	6.25%	≤	169 000	165 894	6.37%
3	Coverage of operating costs by operating income	%	10.00%	≥	68.9	69.7	10.12%
4	Turnover from transport fares	10^3 €	6.25%	≥	63 000	59 299	5.88%
5	Turnover from supplementary activities	10^3 €	6.25%	≥	5 700	4 535	4.97%
6	Operating costs per passenger x km	10^{-3} €	6.25%	≥	0.204	0.200	6.38%
	Compliance with plan for investment in ILDs		20.00%				26.23%
7	Implementation of investment plan	%	10.00%	≥	60	106	17.67%
8	Implementation of PIDDAC	%	5.00%	≥	100	100	5.00%
9	Increase in debt	10^3 €	5.00%	≤	224 000	314 747	3.56%
	Payments		4.00%				5.86%
10	Average time for payment to suppliers, except ILDs	days	4.00%	≤	55.5	37.9	5.86%
	Service and quality		28.00%				29.29%
11	Passengers x km	10^3	5.00%	≥	829 970	829 068	4.99%
12	Seats x km	10^6	5.00%	≥	4 252	4 271	5.02%
13	Service regularity	%	5.00%	≥	98	99	5.06%
14	Reliability	km	5.00%	≥	60 000	75 445	6.29%
15	Customer Satisfaction Index	no. index	8.00%	≥	6.70	6.64	7.93%
	Environment		3.00%				3.15%
16	Energy efficiency	kWh	3.00%	≤	0.127	0.121	3.15%
	Compliance with objectives						106.72%

ML surpassed the management goal defined.

1.3 Internal and external regulations which the Company must comply with

Internal regulations

ML is a public enterprise (E.P.E.), belonging to the State Enterprise Sector. The provision of a public service has still not been contracted so, until the signing of the respective contracts, the dispositions relative to the concession of public subsidies, provided for in Decree-Law no. 167/2008, of 20 August, shall apply.

Internally, and apart from its by-laws approved in annex to Decree-Law no. 148-A/2009, of 26 June, the Company is also subject to the following regulations:

- Company's Collective 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 that, with well defined rules, harmonious company development and achievement of the goals set is possible.
- Code of Ethics and Conduct: this document is applicable to all ML staff who, within the scope of their functions and duties, shall comply with the principles, rules of behaviour and values therein.

1 Applicable to the majority of employees.
2 Applicable to graduate employees.

In addition to the abovementioned principles, there is also a significant number of internal standards governing ML activity, in particular:

- Regulations on: Safety; Control of Blood Alcohol Levels; Working Clothes; and Internships.
- Manuals on Organisation; Sales and Supervision; Station Management; and General Procedures for the Document Management System.
- Standards for: establishing volt free work areas; on the attribution of the Lisboa viva card; on travelling at home and abroad on Company business; on service circulations for night works; on home visits made by the Company.
- Procedures for: Quality; Processes; the Quality Management System; Work Instructions; adopted in case of work related accidents; and on the acquisition, handling, storage and removal of hazardous chemical agents.
- Company's Organisation and Safety Management Plan (POGSE) which includes the following regulations: Personnel Safety on Electrified Routes (RSPVE); Circulation of Trains (RCC); Signalling (RS); Utilisation of Telecommunications Networks (RURT).
- Plan for the prevention of risks of corruption and related infractions.

External regulations

In 2009, Decree-Law no. 148-A/2009, of 26 June, was approved. In addition to approving the new by-laws, revoking those that had been in force and which were approved by Decree-Law no. 439/78, of 30 December, it also approved the legal regime applicable to Metropolitano de Lisboa, E.P.E..

In addition to the publication of Law no. 1/2009, of 5 January, establishing the legal regime for Lisbon and Porto Metropolitan Transport Authorities, already mentioned in last year's report, various bills were also published during 2009 whose respective legal rulings are reflected in the normative framework applicable to the pursuit of the activity carried out by ML, E.P.E., in its various aspects, and which are the following:

- Directive no. 138/2009, of 3 February, defining the conditions for attribution of the school pass, "passe escolar 4_18@escola.tp";
- Council of Ministers' Resolution no. 15/2009, of 10 February, authorising the expenditure arising from the agreement to be entered into between the State and the collective public passenger transport service operators arising from the introduction of the school pass "passe escolar 4_18@escola.tp";
- Council of Ministers' Resolution no. 29/2009, of 30 March, which proceeds with the first amendment to Council of Ministers' Resolution no. 191-A/2008, of 27 November, which approved the Programme for Extraordinary Regularisation of State Debts, reinforcing the guarantee of payment to creditors;
- Decree-Law no. 114/2009, of 18 May, which proceeds with the first amendment to Decree-Law no. 394/2007, of 31 December, relative to technical investigation of rail accidents and incidents, making it clear that the concept of rail transport present in the respective scope of application covers other guided systems besides heavy rail;
- Decree-Law no. 158/2009, of 13 July, approving the Accounting Standards System and revoking the National Plan of Accounts (POC), approved by Decree-Law no. 47/77, of 7 February (applicable to public companies – art. 3);
- Directive no. 968/2009, of 26 August, establishing the rules to be obeyed for the carrying of various pets on public transport;
- Decree-Law no. 203/2009, of 31 August, creating the student pass "passe sub23@superior.tp" applicable to all third-level education students up to the age of 23;
- Directive no. 982-A/2009, of 2 September (2nd Supplement), amending Directive no. 138/2009, of 3 February, defining the conditions for attribution of the school pass "passe escolar 4_18@escola.tp";
- Directive no. 982-B/2009, of 2 September (2nd Supplement), defining the conditions for attribution of the student pass "passe sub23@superior.tp";
- Council of Ministers' Resolution no. 109/2009, of 2 October, creating the Inter-ministerial Information and Communication Network and approving the rules for identification, authentication and electronic signatures of citizens by the administration. The rules contained in the respective annex are expressly applicable to public entities;
- Directive no. 22/2010, of 11 January, establishing the setup of the Contract Index and Formulae Commission (CIFE) of the Instituto da Construção e do Imobiliário, I.P. (InCI, I.P.) – The Commission will include a representative of ML, E.P.E.

With regard to public contracting, it is also of note that, apart from the approval of Decree-Law no. 18/2008 and its complementary bills, mentioned in the previous report, the following bills were also approved:

- Directive no. 959/2009, of 21 August, approving the contract specifications form for public works contracts and revoking Directive no. 104/2001, of 21 February;
- Decree-Law no. 223/2009, of 11 September, amending Decree-Law no. 18/2008, of 29 January, which approved the Public Contracts Code, extending until 31 October 2009 the period for documents constituting the proposal or candidacy being presented in hard copy;
- Decree-Law no. 278/2009, of 2 October, which proceeds with the second amendment to the Public Contracts Code, approved by Decree-Law no. 18/2008, of 29 January, with a view to guaranteeing the flexibility of its application to research and development activities in scientific institutions and in higher education.

1.4 Relevant transactions with related entities

The following are the relevant transactions with companies in which ML holdings amount to at least 20% of the capital (note 16):

Unit: €

Transactions 2008	Services provided	Supplementary income	Other debtors and creditors	Extraordinary 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	Other debtors and creditors
Ferconsult, S.A.	14 381 642	377 772	936 597	0	2 182 257	0
Metrocom, S.A.	0	6 000	0	0	0	0
Fernave, S.A.	0	111 291	0	195	0	0
Total	14 381 642	495 063	936 597	195	2 182 257	0

Unit: €

Transactions 2009	Services provided	Supplementary income	Other debtors and creditors	Extraordinary income
Ferconsult, S.A.	65 177	149 625	0	477 734
Metrocom, S.A.	928 750	51 922	0	5 375
Publimetro, S.A.	1 812 000	105 322	0	22 273
Fernave, S.A.	700	0	0	0
Total	2 806 627	306 869	0	505 382

Unit: €

Transactions 2009	Fixed assets in progress	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets	Other debtors and creditors
Ferconsult, S.A.	9 503 822	11 342	0	0	409 440	538 009
Metrocom, S.A.	0	68 281	0	0	0	0
Fernave, S.A.	0	153 050	0	0	0	0
Total	9 503 822	232 673	0	0	409 440	538 009

1.5 Information about other transactions

Procedures adopted in the acquisition of goods and services

The formation procedures for contracts carried out by ML were governed by the Public Contracts Code (CCP). For acquisitions under the scope of transport and below the EU threshold, the CCP was not followed as these procedures are not necessary in such cases.

During 2009, the Management Board established procedures under the scope of the acquisition of goods and services:

- In March, by Deliberation, to update the Duties Delegation with regard to values for consultation and acquisition of goods and services (with the exception of vehicles, computer equipment, software and furniture) by the ODDCA and the launch of contracts for the operating areas;
- In June, by Internal Order, to clarify the adoption of procedures, bearing in mind the duality of the contracting regimes instituted by the CCP – the General Regime, when ML acts as a public entity awarding authority and the Special Regime when it acts as a public entity awarding authority pursuing its activity in the transport area;
- In October, by Deliberation, to set up the Contract and Procurement Department, proceeding with the readjustment of the organisational structure of the company and the adequate means to active and integrated compliance with the CCP, in order to promote the articulation and normalisation of procedures.

Under the scope of Council of Ministers' Resolution no. 49/2007, the following are indicated:

- Transactions which did not occur under market conditions (negotiated procedure, consulting only one entity):

Type of Contract	Contract	Object	Basis	Supplier	Date of signature	Contract price
Acquisition of Services	25/2009-ML	Provision of services for analysis and verification of the execution project and complementary projects altering development project 671/07	Special transport sectors	COBA, S.A.	2009.03.27	170 000.00 €
	44/2009-ML	Provision of repair services for ML rolling stock	Special transport sectors	MESI – Manutenção e Serviços Industriais, Lda.	2009.04.01	567.00 €
	46/2009-ML	Provision of certification services, of the Quality Management System in ML's commercial operating area	Special transport sectors	SGS – Inter Certification Services, Lda.	2009.04.06	7 033.38 €
	59/2009-ML	Provision of actuarial services – study on the viability of implementation of a pension plan in ML	CCP – art. 20, no. 1, paragraph a)	Pereira da Silva, Pedro Corte Real e Associados, Lda.	2009.05.12	40 000.00 €
	68/2009-ML	Provision of services for alterations to the ML transport ticket system	Special transport sectors	Indra Sistemas, S.A.	2009.06.04	35 776.00 €
	91/2009-ML	Provision of instrumentation services for section 61 – Staves 1 to 321, Restauradores / Sta. Apolónia – Terreiro do Paço tunnel on the Metropolitano de Lisboa E.P. Blue line	Special transport sectors	SPGO – Soc. de Projectos e Gestão de Obras, Lda.	2009.07.14	282 000.00 €
	93/2009-ML	Provision of services relative to the implementation of alterations to the Man-Machine Interface on automatic machines for reloading tickets used on other operators and in carrying out the pilot test with NFC mobile phones on the Metropolitano de Lisboa, E.P. ticket system	Special transport sectors	INDRA SISTEMAS, S.A.	2009.07.17	40 610.70 €
	94/2009-ML	Provision of project supervision services at São Sebastião I and II / Saldanha I and II and Avenida	Special transport sectors	RAÚL DAS DORES COSTA	2009.07.20	1 853.50 €
	95/2009-ML	Provision of project supervision services for Development ML 682/09, referent to landscaping work on the Senhor Roubado Interface and Ventilation Post 4 in Odivelas	Special transport sectors	MANUEL ANTÓNIO JOAQUIM PEREIRA MAIA	2009.07.27	1 853.50 €
	97/2009-ML	Provision of services to coordinate planning and expansion work on the Metropolitano de Lisboa, E.P.E. network	Special transport sectors	TRANSES – Consultoria, Estudos e Projectos, Lda.	2009.08.19	30 000.00 €

Type of Contract	Contract	Object	Basis	Supplier	Date of signature	Contract price
Acquisition of Services	99/2009-ML	Provision of services making available an Electronic Contract Platform and Qualified Digital Certificates	CCP – art. 20, no. 1, paragraph a)	SAPHETY LEVEL – Trusted Services, S.A.	2009.08.27	41 500.00 €
	112/2009-ML	Provision of services of management, monitoring and developing the "Apoio a Jovens Artistas Portugueses" (support for young Portuguese artists) Project through disclosure on alternative supports	CCP – art. 20, no. 1, paragraph a)	SOTA – Agência de Arte, S.A.	2009.10.09	140 000.00 €
	114/2009-ML	Provision of project design for the implementation of the architecture for the São Sebastião I and II stations on the Metropolitano de Lisboa, E.P. Red line	Special transport sectors	CJC – Engenharia e Projectos, Lda.	2009.01.05	375 500.00 €
	115/2009-ML	Provision of services for preparing specialised projects for the São Sebastião I station on the Metropolitano de Lisboa, E.P. Red line	Special transport sectors	CJC – Engenharia e Projectos, Lda.	2009.10.15	190 000.00 €
	118/2009-ML	Provision of mobile telecommunications services for Metropolitano de Lisboa, E.P.E.	CCP – art. 20, no. 1, paragraph a)	TMN – Telecomunicações Móveis Nacionais, S.A.	2009.11.03	486.78 / month
	119/2009-ML	Supply, installation and maintenance of GlooqPro software	CCP – art. 20, no. 1, paragraph a)	EXERT – Solutions & Consulting, Lda.	2009.11.03	33 850.63 €
	128/2009-ML	Acquisition of financial consulting services under the scope of the issue of Bonds, 2009/2010	CCP – art. 20, no. 1, paragraph a)	BANCO BPI, S.A.	2009.12.14	20 000.00 €
	133/2009-ML	Provision of geotechnical engineering services under the scope of the São Sebastião / Campolide extension, terminal and PV199, on the Metropolitano de Lisboa, E.P.E. Red line	Special transport sectors	MR. PEDRO ALEXANDRE BRITO DE CARVALHO	2009.12.30	10 000.00 €
Acquisition of Goods	55/2009-ML	Supply, installation and commissioning of the video matrix service for Marques de Pombal I station and rewiring of the ML video surveillance racks	Special transport sectors	TELIC – Telecomunicações e Montagens, S.A.	2009.05.05	9 825.91 €
	56/2009-ML	Supply and installation of ABS covers for the rubber profile on the glass at control line channels at ML stations	Special transport sectors	Metalfonte, Construções Metálicas, Lda.	2009.05.05	7 248.00 €
	58/2009-ML	Supply and set up of stand for the UITP exhibition	CCP – art. 20, no. 1, paragraph a)	EXPOFORMA – Design de Espaços e Construções, S.A.	2009.05.12	56 000.00 €
	64/2009-ML	Supply and substitution work for single wire and double wire signals at Alameda I and the ML Red line	Special transport sectors	Dimetronic, S.A.	2009.06.04	97 769.53 €
	67/2009-ML	Supply, set up, testing and commissioning of energy equipment for the signalling rooms at the ML PMOs	Special transport sectors	Dimetronic, S.A.	2009.06.18	36 578.10 €
	87/2009-ML	Supply and installation of signs and fittings under the scope of remodelling ML's Avenida station	Special transport sectors	APAMILUX, Imagem Corporativa, S.A.	2009.07.03	55 855.51 €
	111/2009-ML	Supply and set up of dispatch and communications management equipment for the PCC at Sidónio Pais – SIRESP system – on the Metropolitano de Lisboa, E.P.E. network	Special transport sectors	MOTOROLA – Portugal Comunicações, Lda.	2009.09.24	265 472.00 €

- List of suppliers representing more than 5% of total supplies and external services (over one million euros):

	Unit: € (VAT not included)
EDP COMERCIAL – Comercialização de Energia, S.A.	4 873 007
2045 EMPRESA DE SEGURANÇA, S.A.	3 978 466
COMPANHIA SEGUROS ALLIANZ PORTUGAL	3 453 658
GRUPO 8 – Vigilância e Prevenção	2 608 054

- International Public Tenders
  In 2009, two International Public Tenders were launched, and contracts were entered into with the following entities:

Type of Contract	Contract	Object	Basis	Supplier	Date of signature	Contract price
Supplies	96/2009-ML	Supply and installation of Tetra mobile and portable radios on the rolling stock for private communication on the Metropolitano de Lisboa, E.P.E. SIRESP system	DL 223/2001	EFACEC – Sistemas de Electrónica, S.A.	2009.07.20	520 092.20 €
Services	130/2009-ML	Acquisition of insurance services for various sectors for Metropolitano de Lisboa, E.P.E.	CCP	COMPANHIA DE SEGUROS ALLIANZ	2009.05.05	3 646 348.87 €

1.6 Members of the executive bodies and their duties

1.6.1 Management Board

Management Board (since June 2009)

Position	Management Board (1)	Election	Mandate
Chairman	Mr. Joaquim José Oliveira Reis	C.M.R. no. 101/2006, of 3 November	2006-2009
Board Member 1	Mr. Luís Filipe Salgado Zenha de Morais Correia		
Board Member 2	Mr. Jorge Manuel Quintela de Brito Jacob		
Board Member 3	Mr. Pedro Gonçalo de Brito Aleixo Bogas (2)		
Board Member 4	Mr. Miguel Teixeira Ferreira Roquette		

(1) Alteration of designation of Executive Bodies, from the entry into force of Decree-Law no. 148-A/2009, of 26 June.
(2) Resignation on 31 August 2009.

Board of Directors (until June 2009)

Position	Board of Directors	Election	Mandate
Chairman	Mr. Joaquim José Oliveira Reis	C.M.R. no. 101/2006, of 3 November	2006-2009
Board Member 1	Mr. Luís Filipe Salgado Zenha de Morais Correia		
Board Member 2	Mr. Jorge Manuel Quintela de Brito Jacob		
Board Member 3	Mr. Pedro Gonçalo de Brito Aleixo Bogas		
Board Member 4	Mr. Miguel Teixeira Ferreira Roquette		

Management Board – Duties and Responsibilities of the Members of the Management Board

Duties and responsibilities

Mr. Joaquim Reis, Chairman (PCA):

ML Institutional Representation
Safety and Security Authority
General Secretariat and Communication
Economy and Finance
Human Resources
Studies, Planning, Budget and Controlling (budget and management control areas)
Information Systems and Technology
Audit
Marketing
Affiliates:
- Chairman of the Board, Ferconsult, S.A.
- Chairman of the Board, Metrocom, S.A.
- Chairman of the General Meeting, Ensitrans, A.E.I.E.
- Board member, Trem, A.C.E.
- Board member, Trem II, A.C.E.

Mr. Luís Morais Correia (substitute member for the chairman):

Infrastructure Management
Management of Projects and Expansion Work and Network Modernisation
Studies, Planning, Budget and Controlling (work project and management areas)
Affiliates:
- Board member, Ferconsult, S.A.
- Board member, Ensitrans, A.E.I.E.
- Board member, SOTRANS, S.A.

Mr. Jorge Jacob (board member):

Commercial Operation
Management Maintenance
Studies, Planning, Budget and Controlling (commercial and expansion areas)
Development of Strategic and Operational Marketing;
Artistic and Historical Property
Affiliates:
- Chairman of the General Meeting, Metrocom, S.A.

Mr. Miguel Roquette (board member):

Ombudsman
Legal and Litigation
Contract and Procurement
Lisbon Municipal Council relations, monitoring the institutional area for the Chairman of the Board
Affiliates:
- Metrocom Administrator for the three-year period, 2008/2010 (since 2 June 2008)
- Chairman of the General Meeting, Publimetro, S.A.
- Chairman of the General Meeting, Gil, S.A.

1.6.2 Supervisory Board

The present Supervisory Board (called the Audit Committee until June 2009) was appointed by Joint Order from the Secretary of State for Treasury and Finance and the Secretary of State for Transport, of 26 October 1998, for a renewable 3-year period.

Supervisory Board (since June de 2009)

Position	Supervisory Board (1)	Election	Mandate
Chairman Board Member 1 Board Member 2 Subst. Member	Mr. Renato Augusto Vieira Campos Mr. Evaristo da Cruz Branquinho To be appointed To be appointed	Joint Order of 26/10/1998	1998-2001
Chartered accountants	Caiano Pereira, António e José Reimão, SROC, no. 38 represented by: Mr. Luís Pedro Pinto Caiano Pereira, chartered accountant, no. 842	SETF Order of 18/03/2008	

(1) Alteration of designation of executive bodies, from the entry into force of Decree-Law no. 148-A/2009, of 26 June.

Audit Committee (until June 2009)

Position	Audit Committee	Election	Mandate
Chairman Board Member 1 Board Member 2	Mr. Renato Augusto Vieira Campos Caiano Pereira, António e José Reimão SROC no. 38, represented by: Mr. Luís Pedro Pinto Caiano Pereira chartered accountant no. 842 (1) Mr. Evaristo da Cruz Branquinho	Joint Order of 26/10/1998	1998-2001

(1) Representative of Caiano Pereira, António e José Reimão, SROC, established by Order of the Secretary of State for the Treasury and Finances, no. 92/08-SETF, of 18 March.

1.7 External auditor

The external auditor is Deloitte & Associados, SROC, S.A..

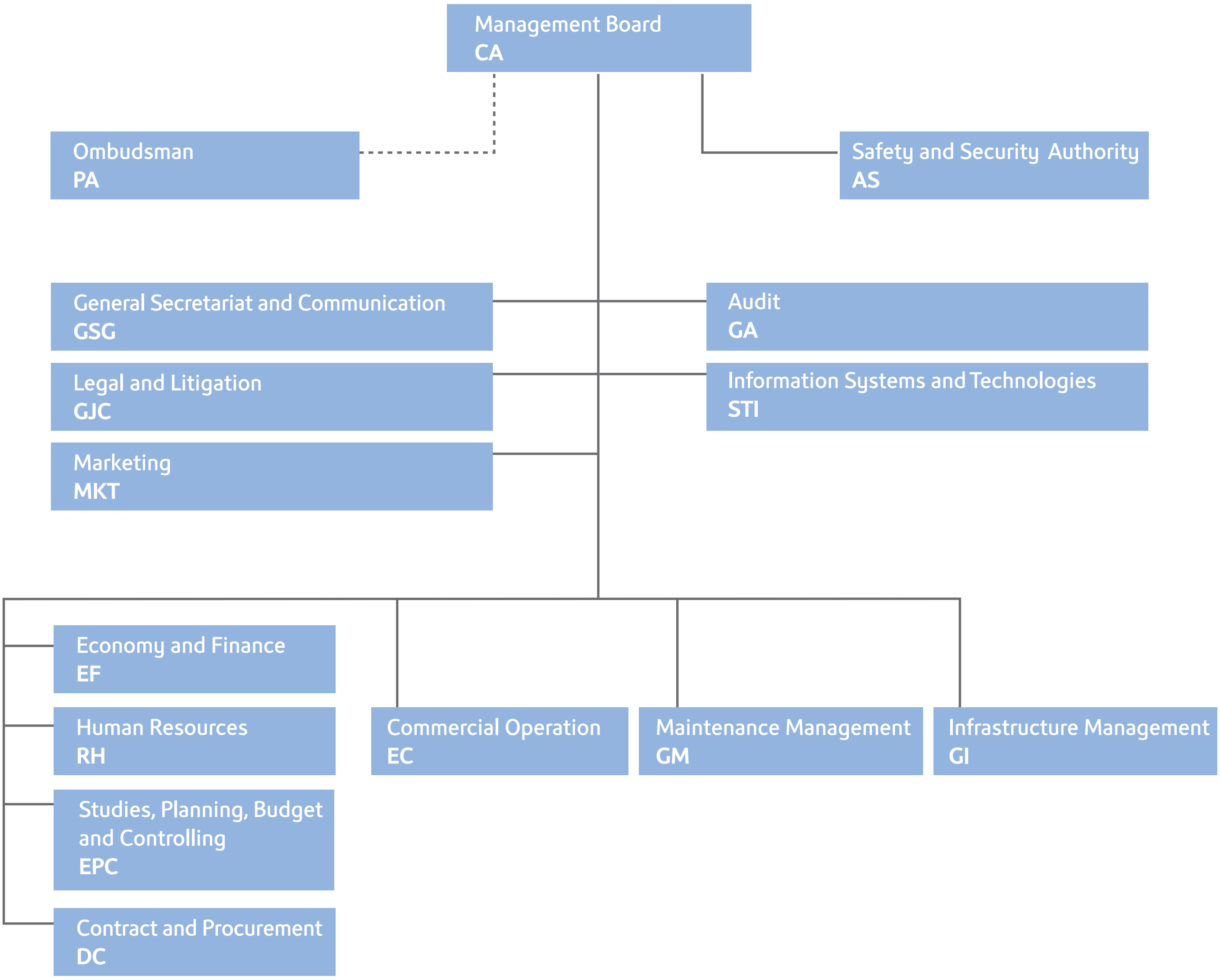
1.8 Organisational Structure

In January 2009, the then Board of Directors (CG) approved the new Maintenance Management Area (GM) organisational model integrating staff from the Industrial Operation Area (EI), as well as maintaining the Infrastructure Management (GI), relative to electricity, signalling, railway lines, communications and facilities, thus ending the EI and, consequently, restructuring the Infrastructure Management Area. Subsequently, given the legislative changes regarding activity reporting and transparency and the Good Governance policies, in March, the CG decided to carry out the restructuring of the Office of Studies, Planning, Budget and Controlling (EPC), giving it additional functions and making it a Direction.

With the objective of assuring greater efficiency of the service and making relationships with other company areas more agile, in September, the Management Board (CA) proceeded with organisational restructuring of the Safety and Security Authority.

The CA set up, effective as of 1 November, the Contract and Procurement Department (DC), removing the Supply Department (EFA) from the organisational structure of the Department of Economy and Finance (EF). This new department is a way of making the most of greater articulation and normalisation of the procedures adopted, with regard to the new Public Contracts Code (CCP) in force, with the various areas of the Company as well as constant compliance with the applicable legal rules.

1.8.1 Organisation structure



EC – Commercial Operation
GM – Maintenance Management
GI – Infrastructure Management
EF – Economy and Finance
RH – Human Resources
EPC – Studies, Planning, Budget and Controlling
AS – Safety and Security Authority
DC – Contract and Procurement
GA - Audit
GJC – Legal and Litigation
GSG – General Secretariat and Communication
MKT - Marketing
STI – Information Systems and Technologies
PA - Ombudsman[3]

Mr. Pedro Machado Vazão de Almeida
Mr. José Osvaldo Bagarrão
Mr. João Afonso Monteiro Correia
Mr. José Maria Ferreira de Melo
Ms. Maria Paula Ferreira Freitas Martins Sanchez Jorge
Mr. Luis Filipe Pereira Melo de Almeida
Mr. Armando Silva Neves
Ms. Margarida Maria Melo de Sousa Loureiro
Mr. José António Carballo Sequeira
Mr. Nuno Mariano Agostinho Soares
Mr. António José Pinto Mendes Mourão
Mr. Miguel Matos Silva Rodrigues
Mr. Carlos José Duarte Rocha
Mr. Guilherme da Palma Carlos

[3] Independent body with its own statute.

1.9 Remuneration of members of executive bodies

By Joint Order of the Ministries of Finance and Public Administration and of Public Works, Transport and Communications, of 23 September 2009, and following approval of the Statute of Public Manager (DL no. 71/2007, of 27 March) and the legal regime applicable to ML as a Public Enterprise Entity (DL no. 148-A/2009, of 26 June), the following fixed gross monthly remunerations were determined (in force since 26 June 2009):

Fixed remuneration statute – since June 2009
Gross remuneration

Management Board	
Chairman	Basic salary of € 7 225.60, 14 times per year;
Board Members	Basic salary of € 6 306.64, 14 times per year.

Supervisory Board	
Chairman	Basic salary of € 1 445.12, 14 times per year;
Board Members	Basic salary of € 1 083.84, 14 times per year.
Chartered accountants	Basic salary of € 1 188.14, 14 times per year.

Fixed remuneration statute – until June 2009
Gross Remuneration

Board of Directors	
Chairman	Basic salary of € 4 752.55, 14 times per year; Representation expenses of € 1 663.39, 12 times per year; Monthly supplement of € 843.65.
Board Members	Basic salary of € 4 204.18, 14 times per year; Representation expenses of € 1 261.65, 12 times per year; Monthly supplement of € 843.65.

Audit Committee	
Chairman	Basic salary of € 1 188.14, 14 times per year.
Board Member 1	Basic salary of € 1 188.14, 14 times per year;
Board Member 2	Basic salary of € 950.51, 14 times per year.

Management Board remuneration statute – 2009

Calculation basis => Group A – Complexity Level 1

Unit: €

Mandate I	Joaquim Reis, Chairman		Morais Correia Executive Board Member 1	Jorge Jacob Executive Board Member 2	Pedro Bogas Executive Board Member 3	Miguel Roquette Executive Board Member 4	
1. Remuneration							
1.1 Basic salary / fixed	72 281.08		63 415.33	63 415.33	38 188.77	63 415.33	
1.2 Accumulation of management duties	--		--	--	--	--	
1.3 Management premiums	--		--	--	--	--	
1.4 Other remuneration:							
• Representation expenses [(a)]	9 703.11		7 357.29	7 357.29	7 357.29	7 357.29	
• Holiday subsidy	7 225.60		6 306.64	6 306.64	6 306.64	6 306.64	
• Christmas subsidy	7 225.60		6 306.64	6 306.64	4 204.18	6 306.64	
• Settlement accounts due to resignation	--		--	--	19 182.71	--	
2. Other perks and benefits							
2.1 Telephone use expenses	--		721.59	622.43	409.68	950.56	
2.2 Acquisition value of service vehicle	27 990.00	(b)	--	--	--	40 323.10	(c)
2.3 Rental value of service vehicle [(d)]	6 388.53	(e)	12 633.96	12 989.40	12 899.88	--	
2.4 Fuel costs with service vehicle	788.80		1 412.37	3 461.78	1 129.08	1 988.49	
2.5 Travelling allowance (2009)	--		--	--	--	--	
2.6 Meal subsidy [(f)]	10.35 €/day		10.35 €/ day	10.35 €/day	10.35 €/day	10.35 €/day	
2.7 Other: Annual insurance for service vehicle	392.70	(g)	--	--	--	925.62	
3. Charges with social benefits							
3.1 Mandatory Social Security / CGA	18 613.99		16 350.32	5 392.52	13 689.85	16 364.56	
3.2 Health insurance [(h)]	ML		ML	ML	ML	ML	
3.3 Life insurance	no		no	no	no	no	
3.4 Other costs	--		--	--	--	--	
4. Additional information							
4.1 Original salary option	no		no	no	no	no	
4.2 Social Security regime	Social Security		Social Security	CGA	Social Security	Social Security	
4.3 Year of acquisition of vehicle by the company	2009		2007	2007	2007	2000	
4.4 Exercising remunerated duties outside of group	--		--	--	--	--	
4.5 Option for acquisition of service vehicle	no		no	no	no	no	

(a) The subsidy for representation expenses fixed by Ministerial Order is € 1 663.39 and € 1 261.25 monthly, respectively for the Chairman and for the members of the Management Board, respectively.
(b) Corresponds to acquisition value of vehicle, in October 2009, including VAT at 20%.
(c) Vehicle acquired in 2000. The acquisition value of the vehicle includes VAT at 17%.
(d) Annual value of renting service vehicle, including rental (with VAT at 20%) and insurance.
(e) Value of renting service vehicle (rental + VAT at 20% and insurance) paid up to September 2009, inclusive.
(f) As per CS 611349, of 28 August 2008. Value updated by CS 656330, of 31 March 2009.
(g) Value of insurance, corresponding to three months, arising from acquisition of service vehicle in October 2009.
(h) General company insurance – if so desired, each member of the CA may undertake to pay the charges of extending the insurance to their families (€ 47.96 for the spouse, € 28.78 for each minor child and € 47.49 for each child over 18), as may all company employees.

Supervisory Board remuneration statute – 2009

Unit: €

	Renato Campos Chairman	Evaristo Branquinho Board Member 1	Chartered accountant
1. Remuneration			
1.1 Basic salary	15 842.39	12 228.32	14 257.68
1.2 Representation expenses	--	--	--
1.3 Additional remuneration	--	--	--
1.4 Holiday / Christmas subsidy	2 890.24	2 167.68	--
1.5 Other remuneration	--	--	--
2. Charges with social benefits	--	Social Security	--
2.1 Mandatory Social Security	--	3 419.06	--

1.10 Analysis of Company sustainability in economic, social and environmental areas

1.10.1 Economic dimension

Macroeconomic framework

Over the last two years, particularly in 2009, the world has been experiencing the most serious post-war economic crisis. In real terms, following the tension seen in the financial markets in 2008, which led to the worsening of financing conditions, 2009 brought deterioration in economic activity at world level. As a result, the majority of developed countries, but not only these, suffered significant contractions in various components of the Gross Domestic Product. As to be expected, Europe was no exception. In 2009, despite the expansion measures adopted by the governments of countries in the Eurozone, the depreciation of the Product in this area was 4%.

The main external markets for the Portuguese economy saw their GDP contracting. In Spain, German and France, which together represent over 50% of national exports, GDP contraction was 3.6%, 5.0% and 2.2%, respectively.

Consequently, in Portugal, and considering our country is an open economy, the fall, although less than seen in some of its partners in the monetary union, reached 2.7%. It is of note that, with the exception of Public Consumption and Net External Demand (as, despite the decrease both in imports and exports, the balance was less negative than the previous year), all components of the GDP depreciated, with the Gross Fixed Capital Formation falling 11.1%.

In this scenario of economic recession, there was also a negative variation in the Harmonised Index of Consumer Prices. As to be expected, the State Budget deficit worsened to 9.4% of the GDP and unemployment had reached over 10% of the active population on 31 December 2009.

More recently, pressure on the sovereign debt in some countries, with higher deficits and reduced growth rate projections, including Portugal, caused investors to demand higher risk premiums, which again led inevitably, and severely, to a worsening in financing conditions.

As with the Portuguese Republic, which guarantees a large part of ML's debt, the Company saw its debt notation being successively reduced, from A+, with a positive outlook in January 2009, to A–, with a negative outlook in April 2010.

However, and despite this worsening in credit conditions, the implicit interest rate on the Company debt grew by only 0.152%, from 2.377% in 2008 to 2.529% in 2009, the average term of indebtedness remaining at 10 years.

It is also of note that, despite the fall in consumption and the increase in unemployment being facts that negatively affect travel, the company managed to remain stable at demand level.

1.10.2 Environmental dimension

From an environmental perspective and relative to the Expansion of the Network, Metropolitano has been carrying out environmental monitoring of the construction contracts in progress, in order to ensure the implementation of recommended minimisation measures and, for projects under development, if legally required, there has been continuity of Environmental Impact Assessment (AIA) procedures.

At operating level, the contactless ticket system allows for reductions in the consumption of paper and the production of waste. Reloadable and reusable tickets are more ecological and permit the implementation of the three Rs policy – Reduce, Reuse and Recycle.

During 2009, solar panels were installed in the Depot and Workshops (PMO) II and III for heating water in the locker rooms, sanitary facilities and canteens.

In the future, Metropolitano intends to implement an Environmental Management System (SGA), with the objective of continuously and gradually managing environmental aspects, with a view to Environmental Certification of the entire Company, including the operational service and new extensions. Thus, continued improvement in environmental performance is sought, involving the updating of environmental legislation and improving the Integrated Waste Management Plan, as well as carrying out various studies relative to noise, vibration, water, air and waste and other descriptors.

1.10.3 Social dimension

In 2009, ML, a Company with social responsibility in the heart of the community, promoted various social events in the areas of culture, education, health, social assistance and ecology, by giving support and ceding privileged spaces for the advertising of events in stations and in carriages, seeking to promote social cohesion and sustained development.

Activities under the scope of ML's 50th anniversary

- Under the scope of the "Natal no Metro / Christmas on the Metro" Programme, between 2 and 17 December, activities were held which were exclusively dedicated to school goers, with a view to making them more aware of preservation of artistic heritage and for them to get to know this environmentally friendly means of public transport:
  - "Comboio de Natal / Christmas Train" – Return trip on a special train, with entertainment for children. An event especially designed for children was held at the station, with Santa Claus and the mascots, Metrox and Metrinha;
  - "Vem guiar os comboios / Come drive the trains" – Visit to the trains, in the Depot and Workshop in Pontinha, where the children were able to see the workshop environment, with the trains and their technology, rules of safety and utilisation. They were also allowed to interact with the equipment. During these visits, the educational aspect was always visible. The groups were accompanied by professionals in the areas of train driving and maintenance, as well as staff from Communication and Image, specialised in child care;
- Inauguration of the "50 anos a transportar Lisboa – uma viagem no tempo / 50 years carrying Lisbon – a trip through time" exhibition at Cais do Sodré stations, attended by the Management Board. Former and current Metro employees were also invited (21 December).
  The exhibition included the first two "ML7" cars and was centred on the early years of ML circulation. This event was held at Alvalade station, between 21 December 2009 and 28 February 2010. Visitors could see films and photographs illustrative of the most important and most distinguishing phases of the first 50 years of existence of the ML network;
- A Gala Concert to commemorate 50 years of the Metro was held by the Lisbon Film Orchestra, in the fountain area of Cais do Sodré station. The repertoire was based on soundtracks of famous films. This initiative was aimed not only at ML customers and the general public but also at Company employees (21 December);
- On 29 December, various events took place to mark the 50th anniversary of ML. The eminent personalities present included the Secretary of State for Transport, Mr. Carlos Correia da Fonseca, the deputy mayor of Lisbon Municipal Council, Mr. Manuel Salgado and former ML chairmen – Mr. Santos e Silva, Mr. Consiglieri Pedroso, Mr. Santos Machado, Mr. António Martins, Mr. Manuel Frasquilho and Mr. Mineiro Aires. The highlights of the events held were:
  - Inauguration of the "50 anos a transportar Lisboa – Uma viagem no tempo / 50 years carrying Lisbon – A trip through time" exhibition, housed inside an ML95 car, parked in Restauradores Square;
  - There was a trip on two ML7 cars between Restauradores and Alto dos Moinhos;
  - A solemn ceremony was held at the Alto dos Moinhos auditorium, where six generations of former Metro chairmen were honoured;
- Design of advertising postcards under the scope of the "Postalfree" campaign, to reinforce the identity and image of the Metro;
- Design of stamps referring to the 50 years of the ML, under the scope of the "Meu Selo / My Stamp" campaign and through the CTT postal service. It was possible to personalise the stamps through the incorporation of images and/or texts.

Support and sponsorship

- Sponsorship of the 3rd "Dias da Música no CCB / Music Days in CCB" festival, which brought together high quality musicians and groups (between 24 and 26 April);
- Participation in a work group (Lisbon Municipal Council, PSP police, Municipal Police, Fire Brigade Regiment, ML, Carris, Transtejo, Navy Military Staff, Port of Lisbon, CNE, Civil Defence and RTP), with a view to holding a commemorative ceremony for the "50.º Aniversário do Cristo Rei / 50th anniversary of the Christ the King statue" (16 May);
- Sponsorship of the "Conferência Nacional – Deficiência e Probreza / National Conference – Disability and Poverty", held at the Gulbenkian Foundation and promoted by the Portuguese Association for the Disabled (19 June);
- Support for the "Encompassing the Globe, Portugal and the world in the 16th and 17th centuries", which was held at the National Museum of Ancient Art. This event, conceived by the Smithsonian Institution, exhibited various pieces representing Portuguese voyages in the 16th and 17th centuries (from July to 11 October).

Advertising events and providing facilities

Throughout the year, ML supported some events, advertising them on posters in the trains, on its site or by providing space in some stations or in the Alto dos Moinhos auditorium:

- World Leprosy Day, promoted by the Portuguese Association of Friends of Raoul Follereau, with the objective of making people aware of the situation of leprosy sufferers in Portugal and in the world (between 23 and 31 January);
- "Ilustra_Underground" - Exhibition of work at the Cais do Sodré station, under the scope of the illustration award promoted by ETIC (between 26 February and 19 March);
- Meeting with the Lisbon district Commission for Protection of Children and Young People, presided over by the Assistant Secretary of State and for Rehabilitation, at the Alto dos Moinhos auditorium (5 March);
- Social Security Institute Seminar on "Requisitos Gerais para os géneros alimentícios e procedimentos de garantia da segurança alimentar em contexto de funcionamento dos equipamento de apoio social / General requirements for food and procedures to ensure food safety in a context of the functioning of social support equipment", at the Alto dos Moinhos auditorium (19 March);
- Photography pastime on the ML site, on the theme of "Mulher - Woman", under the scope of the "Feel Woman" Fair (between 20 and 22 March);
- Annual "Lisboa E-Nova" Association conference, with the objective of contributing to the sustainable development of Lisbon city, at the Alto dos Moinhos auditorium (2 April);
- "Domingos das 10 às 13. Museus e Património... em Família / Sundays from 10 to 1. Museums and Heritage... for the whole family" an initiative promoted by the Institute of Museums and Conservation (between May and December);
- "Mês do Coração / Heart Month", commemoration promoted by the Portuguese Cardiology Foundation, with the objective of encouraging the community to adopt healthy lifestyles (between 1 and 8 May);
- Public art interventions carried out in some stations by final year students from the Lisbon Faculty of Fine Arts, under the scope of the initiative "Chiado na moda 2009 / Chiado in Fashion 2009" (between 9 and 19 May);
- "Pirilampo Mágico / Magic firefly" sales at stations, organised by CERCI (between 9 and 31 May);
- "Teatro a Metro / Metro theatre", staging plays at the Alameda, Rato and Santa Apolónia stations, promoted by EGEAC under the scope of the Lisbon festival (between 20 and 24 May);
- "Dia Mundial da Esclerose Múltipla / World Multiple Sclerosis Day", at Marquês de Pombal station, promoted by the Portuguese Multiple Sclerosis Society (27 May);
- "Marvila dos Sabores / Tastes of Marvila", initiative organised by the Marvila Parish Council, advertised on station monitors - MOP channel (between 29 May and 19 June);
- "QUERCUS 2009" award, an annual ceremony held by the National Association for Nature Conservation to present awards to companies and institutions who carried out the best environmental practices, at the Alto dos Moinhos auditorium (19 June);
- Cardiovascular screening and setting up stands in stations to raise funds and provide information about the Lifecycle Foundation (between July and September);
- "Festival dos Oceanos 2009 / Festival of the Oceans 2009", with entertainment in the stations, with the presence of two characters allusive of the oceans (between 1 and 15 August);
- "Museus à Noite / Museums at night", under the scope of this event, ML organised two night-time visits to Metro stations (between 1 and 15 August);
- "Lisbon Village Festival", dedicated to the digital generation, consisting of film, exhibitions and music, promoted inside the stations (September);
- 4th "Mobilidade em Bicicleta 2009 / Mobility on bicycles 2009" award, organised by the Portuguese Federation of cyclotourism and bicycle riders, aimed at promoting the utilisation of bicycles as a mobility alternative, at the Alto dos Moinhos auditorium (27 September);
- "The Taming of the Shrew", playing between 25 October 2008 and 25 June 2009 and "The Hunchback of Notre Dame", playing between 23 October 2009 and 25 June 2010, at the Lisbon Children's Theatre (TIL).

Providing free transport

In an attempt to encourage utilisation of the Metro, the Company provided free transport to the participants in the following events:

- 19th Lisbon International Half Marathon (22 March), with posters also affixed in the trains;
- XXXII Liberty run (25 April) – organised by the Lisbon Municipality Clubs Association, to mark 25 April;
- Belém/Trancão trip “Nós Pedalamos / We’re pedalling” (10 May) – organised by the Territorial Planning and Environment Study Group, whose objective is to create green corridors serving Lisbon city;
- Golden Marathon 2009 (10 May) – sporting event organised by the Carlos Lopes Foundation;
- City Chase (30 May) – Event which took place in the Metro stations;
- “Fight hunger, walk the world”, worldwide walk against hunger, 2009 (7 June) - organised by TNT Express Portugal in partnership with the United Nations World Food Programme, advertised in the trains;
- “Lisbon Bike Tour”, for the 4th consecutive year, ML was associated with the organisation of this event through financial sponsorship (21 June);
- “Corrida Vencer o Cancro / Conquer Cancer Run” organised by the Cancer Patients Humanitarian Union, an organisation which provides support to cancer patients and their families (27 June);
- “Corrida e Caminhada dos 511 anos da Santa Casa da Misericórdia / Walk and Run for the 511 years of Santa Casa da Misericórdia” organised by Santa Casa da Misericórdia, to mark its anniversary (5 July);
- “Jogos da Lusofonia Lisboa 2009 / Lusophony Games Lisbon 2009” with around 1000 athletes of various nationalities (between 11 and 19 July);
- Mobility Week, with the objective of appealing to the community for sustainable mobility and to use Public Transport. During this week, transport was free on operators who took part in the campaign - Metro, Carris, CP and Transtejo - (16 to 22 September);
- “10.ª Meia Maratona de Portugal / 10th Portugal Half Marathon”, road race across the Vasco da Gama Bridge (4 October);
- “Instituição a CASA – Centro de Apoio aos Sem-abrigo / CASA Institution - Support Centre for the Homeless” – ML provided lunch and transport to around 200 homeless people in the areas of Santa Apolónia, Gare do Oriente, Terreiro do Paço and S. Jorge de Arroios, at the Depot and Workshop in Pontinha (26 December);
- Annual Christmas Party, organised by the “Comunidade Vida e paz / Life and Peace Community” (December).

1.10.4 Operational Risk Management

At the end of 2009, the International Organization for Standardization published two documents specifically aimed at Risk Management. “ISO 31000:2009 Principles and guidelines for risk management” and “ISO Guide 73:2009 Risk Management – Vocabulary”, a new series of guidelines which arose from the need to harmonise standards and regulations and which will act as a facilitator for the needs of organisations to deal with the uncertainties that may affect their objectives and in how to respond to the growing need for information that various institutions are faced with, in particular regulatory and credit institutions.

As a member of the NOVA Metro’s Benchmarking Group, during 2009, ML took part in a case study on Risk Management. The context was the Metro and the purpose was to gather basic information on the surrounding environment, to get to know the main challenges, to understand the risk management process, to get to know the successful approaches developed to identify, analyse and manage risks and to take into account the strategic risks that threaten the pursuit of the objective of underground railway systems. The result of this work will be reflected in the publication in 2010 of a Good Practices Handbook.

ML, following regulatory guidelines, has been identifying the main types of risks associated with its activity through gathering and analysing statistical data, through comparison with other underground rail networks and through studies carried out by companies specialising in this area.

The main risks related with ML activity are:

Operational

- Quality of service (frequency, regularity, failures);
- Network safety (robbery, assault, vandalism);
- Accidents involving passengers;
- Rail accidents (collision, derailing, explosion, fire);
- Accidents during the construction phase.

This year, given a possible flu pandemic in the country, a contingency plan was prepared in order to protect ML employees and to guarantee the provision of the service to the public. This plan was the result of the collaboration of all areas of the company, with special emphasis on the participants in the Permanent Monitoring Group (GAP) and followed the measures advised by the Health Authority (DGS).

Before opening the new Alameda and São Sebastião stations for operations, an analysis was carried out on the risks inherent to the activities of these stations and the safety conditions associated with them and their respective technical infrastructures were assessed. Corrective measures considered adequate to complement the existing safety conditions in order to reduce the probability of accidents and to minimise their consequences were identified.

As developer, risks associated with the construction phase are of diverse origin and controlling these includes compliance with Occupational Hygiene and Safety Standards, monitoring compliance with and efficiency of same through periodic analysis of social indicators (air quality, levels of noise and electromagnetism, and others).

Environmental

- Disturbance (noise, vibration, dust, cleanliness, circulation of people and property, accidents);
- Impact on the surrounding area (soil and water contamination, waste production).

Initially, for construction work, environmental risk control is carried out, as part of the Environmental Impact Study and/or the Environmental Impact Assessment on the extension to be built. During the course of the work, Environmental Supervision and Monitoring is based on planning and implementing actions aimed at attenuating the existing negative environmental impacts.

In later operating and maintenance activities, risks continue to be assessed, in particular with regard to noise and vibrations, improving the air quality and following the Integrated Waste Management System.

Financial

- Debt control;
- Conditions for obtaining credit

In the first case, ML has been promoting policies of permanent negotiation and reviews of financing conditions, as well as adjusted intervention in the derivatives market.

On the other hand, bearing in mind the reduction in financial notation of the Portuguese debt, ML saw its financial notations, attributed by Standard & Poor's (S&P), reduced (from A^+ to A^-).

Under the scope of the Audit Office, actions were carried out relative to Industrial Accidents (January to March), Tangible Assets – administrative equipment and tools and utensils (September) and the sale of 77 ML7 cars for scrap (December).

The Audit Office also presented the Plan for Prevention of Risks of Corruption and Related Infractions, according to the recommendations of the Corruption Prevention Board. This document was approved by the Management Board, bearing in mind that combating risks of corruption is a continuous process which needs to be monitored by top management to systematically improve the processes reinforcing the transparency, responsibility and legality of procedures and practices.

1.11 Assessment of compliance with Good Corporate Governance Principles

Under the terms of the legal regime for the State Enterprise Sector (SEE), established by Decree-Law no. 558/99, of 17 December, of Decree-Law no. 300/2007, of 23 August, and of the Principles of Good Governance in SEE Companies, approved by Council of Ministers' Resolution no. 49/2007, of 28 March, ML has been adjusting levels of information in order to comply with the necessary requirements.

ML complies with this through information available on its site (www.metrolisboa.pt), on the SEE site (www.dgtf.pt), on the SIRIEF website and the company website, as well as other documents sent to the Ministry, whenever requested, essential respect for precepts related with compliance with the Principles of Good Governance, the information obligations arising from the legal regime of the State Enterprise Sector and the regulations of the Public Manager Statute.

Every year, the Company produces documents defining its mission, goals and general operation principles, Company Plan, of a prospective nature, that referent to the provision of accounts and assessment of the activities carried out the previous year, the Annual Report and Accounts.

These documents, following approval by the Ministry, are disclosed internally and externally in publications produced for this purpose, as well as on the ML site and the internal portal.

According to Order no. 14277/2008, of 23 May and seeking to improve enterprise governance, its modernisation, efficiency and accountability, information is provided in a dematerialised form to the Directorate General for the Treasury and Finance (DGTF) and the General Inspectorate of Finance (IGF), through the Financial and Economic Information Collection System (SIRIEF).

1.12 Code of Ethics

The “Metropolitano de Lisboa, E.P.E. Code of Ethics and Conduct” came into force on 1 July 2006 and applies to everybody who works for or provides services to ML, whether through an employment contract or a provision of services contract, internship contract or through a mandate. It must be also be observed by employees of companies that have a group relationship with ML, whether through a relationship of dominance or just a holding.

This document is available on the internal Portal and on the ML website.


PASSAGEM
PROIBIDA
EMPURRE
SAÍDA

2. Activity Report

2.1 Service provided

In 2009, the ML Public Passenger Transport service was certified according to NP ISO EN 9001:2008, in addition to the certification previously obtained for maintenance and study of rolling stock.

ML maintained and reinforced its leadership relative to transport companies in the Lisbon Metropolitan Area in terms of customer satisfaction, measured using the ECSI (European Customer Satisfaction Index), a standard system managed by an independent body.

At the end of August, the extension to the Red line between Alameda and São Sebastião went into operation, whereby the Red line now assures much more effective connections in terms of travelling time for passengers between the Blue, Yellow and Green lines. For this reason, utilisation of this line has increased significantly, particularly on the new section.

In September, the student pass sub23@superior.tp was introduced for university students up to the age of 23, who now also have a 50% discount on the price of the pass, as is the case with the school pass 4_18@escolar.tp introduced in 2008.

Among the initiatives aimed at passengers, of note is the introduction of a new interface in automatic ticket machines. This resulted from decisive contributions by recourse to a panel of passengers and the entry into operation, in the new Terreiro do Paço station, of a new Customer Care Office, which was previously operating temporarily in Alameda.

Confirming the improvement in the quality of the service provided, there was a significant reduction in the number of complaints in 2009.

A set of productivity measures was introduced, the highlights, for their impact, being:
- The introduction of a new category, Commercial Operator, with greater versatility, associated with a new station management model, which privileged human presence during operating hours, giving priority to the use of automatic ticket machines, thus freeing human resources to provide customer assistance;
- The increase in the maximum driving time for train drivers from three hours to three and a half hours;
- The introduction of a new system for planning and optimising utilisation of resources, namely train drivers, called "PLAGO".

2.1.1 Demand

The total number of passengers carried in 2009 is considered practically stable relative to the previous year (-0.96%). It is of note that, relative to paying passengers, there was a decrease in own ticket users, almost compensated for by the increase in combined pass users. This alteration is due to the growing adhesion to the multimodal Zapping ticket which, although it is not a combined pass, is included in this classification. With regard to non-paying passengers, there was also a slight decrease in the number of free passengers, essentially because, in April 2008, there were reductions in the attribution of this type of pass.

Unit: 10^3

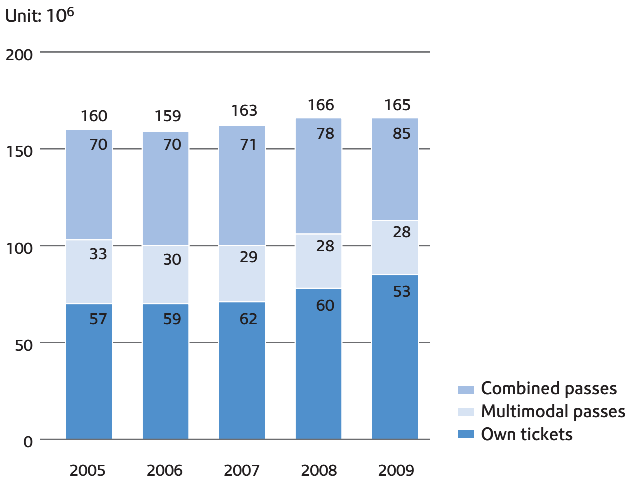
	2005	2006	2007	2008	2009	Chg. % 2009/08	Chg. % 2009/05
Own tickets	57 132	58 528	62 351	59 650	52 776	-11.52	-7.62
Multimodal passes	32 589	30 384	29 309	28 447	27 771	-2.38	-14.78
Combined passes	70 414	69 904	71 100	77 714	84 644	8.92	20.21
Total paid	160 135	158 816	162 759	165 811	165 191	-0.37	3.16
Fraud and free tickets	25 309	25 159	16 928	12 621	11 535	-8.60	-54.42
Total	185 444	183 975	179 687	178 432	176 726	-0.96	-4.70
Average trip per passenger (km)	4.650	4.650	4.650	4.682	4.691	0.20	0.89
Passengers x km	862 313	855 484	835 545	835 400	829 068	-0.76	-3.86

Passengers carried per type of ticket

The large fall of own tickets (-11.52%) is due to the fact that in December 2008, the "Return ticket" and the "10 Single tickets" were eliminated.

The increase in passengers with combined tickets is mainly due to the increasing adherence to the Zapping ticket which, from 2008 to 2009, registered an increase of approximately 8.9%.

Evolution in numbers of passengers with paid tickets



2.1.2 Fare revenue

In 2009, fares were not updated. This fact, associated with a slight reduction in the number of journeys up to November, particularly those corresponding to non-frequent passengers (buying tickets that give a higher return to ML), had a negative effect on revenue.

The simplification of fares which took place in November 2008, at ticket level, is of note. Of all of the tickets exclusively used in the Metro, only two alternatives remained in force for less frequent customers - the Single ticket and the Zapping ticket. This latter alternative has a special charisma, in terms of multimodal mobility, given that it gives discounts provided that it is associated with utilisation on more than one operator chosen from between the Metro, Carris, Transtejo and Soflusa.

In this context, and making possible greater mobility and equity in the type of tickets and prices available, the student pass sub23@superior.tp (similar to the school pass 4_18@escola.tp) was introduced for young university students up to the age of 23, guaranteeing a 50% discount on public transport. This measure functions as an alternative social complement to existing school transport and supports families in one of their most basic needs – mobility.

Evolution of main ticket fares

Unit: €

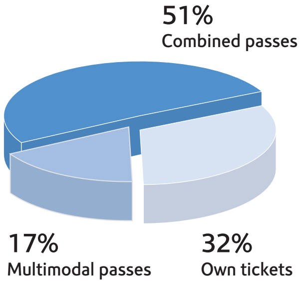
Tickets	2008 01/Jan	2008 01/Jul	2008 01/Nov	2009 01/Jan
Metro tickets				
Single – 1 zone	0.75	–	–	–
Single – 2 zones	1.05	–	–	–
Single 7 Colinas – 1 zone	0.75	0.80	0.80	0.80
Single 7 Colinas – 2 zones	1.05	1.10	1.10	1.10
Return – 1 zone	1.40	1.45	–	–
Return – 2 zones	1.95	2.05	–	–
Single 10 units – 1 zone	6.90	7.30	–	–
Single 10 units – 2 zones	9.85	10.40	–	–
Metro passes				
30 days – urban	18.50	18.50	18.50	18.50
30 days – network	27.20	27.20	27.20	27.20
Combined tickets				
Zapping – 1 zone	0.75	0.79	0.79	0.79
Zapping – 2 zones	1.05	1.10	1.10	1.10
Multimodal passes with Carris				
Carris/Metro urban – 30 days	28.10	28.10	28.10	28.10
Carris/Metro network – 30 days	30.85	30.85	30.85	30.85
Multimodal passes				
L1	38.30	38.30	38.30	38.30
L12	46.10	46.10	46.10	46.10
L123	52.50	52.50	52.50	52.50

The elimination of magnetic tickets and the consequent exclusive use of contactless tickets as well as the non-updating of fares in 2009, resulted in a drop of 4.7% in ticket revenue.

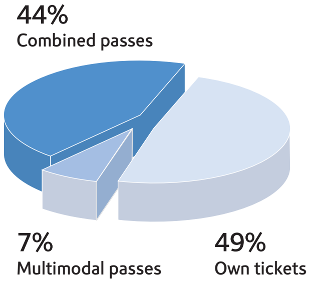
Tickets			2009	2008	Chg. % 2009/08	2007	Chg. % 2008/07
Passengers	Own tickets	no.	52 775 985	59 649 816	-11.52	62 350 902	-4.33
	Multimodal passes	no.	27 770 773	28 447 161	-2.38	29 308 578	-2.94
	Combined passes	no.	84 644 138	77 713 609	8.92	71 099 589	9.30
	Total	no.	165 190 896	165 810 585	-0.37	162 759 069	1.87
Revenue (*)	Own tickets	€	27 603 988	33 571 978	-17.78	33 921 427	-1.03
	Multimodal passes	€	4 133 586	4 347 320	-4.92	4 358 954	-0.27
	Combined passes	€	24 455 597	21 057 379	16.14	16 307 570	29.13
	Total	€	56 193 170	58 976 678	-4.72	54 587 951	8.04
Revenue per Passenger	Own tickets	€	0.523	0.563	-7.07	0.544	3.45
	Multimodal passes	€	0.149	0.153	-2.60	0.149	2.75
	Combined passes	€	0.289	0.271	6.63	0.229	18.14
	Average revenue	€	0.340	0.356	-4.36	0.335	6.05

(*) Does not include the purchase price of “Lisboa viva” and “7 Colinas” cards.

Percentage share of passengers per ticket



Percentage share of revenue per ticket



Given the advantages of using Zapping on more than one operator, there was some transfer of passengers with ML own tickets to the combined pass group.

2.1.3 Supply

Bearing in mind the levels of demand observed, the levels of supply were adjusted and therefore the percentage variations are essentially justified by the opening for operation on 29 August 2009 of the extension of the Red line between Alameda and São Sebastião stations.

		2009	2008	Chg. % 2009/08	2007	Chg. % 2008/07
Evolution in supply	Cars x km (public service)					
	Blue line	9 156 391	8 696 286	5.29	7 495 257	16.02
	Yellow line	7 598 201	7 142 401	6.38	7 552 865	-5.43
	Green line	5 633 080	5 629 793	0.06	5 586 309	0.78
	Red line	2 886 515	2 008 616	43.71	1 957 360	2.62
	Total	25 274 187	23 477 096	7.65	22 591 791	3.92
	Seats x km (10^3)					
	Blue line	1 547 430	1 469 672	5.29	1 266 698	16.02
	Yellow line	1 284 096	1 207 066	6.38	1 276 434	-5.43
	Green line	951 990	951 435	0.06	944 086	0.78
	Red line	487 821	339 456	43.71	330 794	2.62
	Total	4 271 337	3 967 629	7.65	3 818 013	3.92
Operating efficiency	Trips (public service)					
	Blue line	125 392	125 246	0.12	130 072	-3.71
	Yellow line	128 801	127 161	1.29	124 316	2.29
	Green line	157 701	157 609	0.06	156 919	0.44
	Red line	122 550	130 470	-6.07	129 455	0.78
	Network (total)	534 444	540 486	-1.12	540 762	-0.05
	Cars x km performance rate (%)					
	Blue line	99.00	98.83	0.17	99.23	-0.40
	Yellow line	98.98	99.13	-0.15	99.28	-0.15
	Green line	99.04	98.65	0.40	98.76	-0.11
	Red line	99.92	99.67	0.25	99.55	0.12
	On the network	99.09	98.94	0.15	99.15	-0.21
	Circulation performance rate (%)					
	Blue line	99.02	98.68	0.35	99.12	-0.45
	Yellow line	99.00	99.12	-0.12	99.32	-0.20
	Green line	99.04	98.65	0.40	98.89	-0.24
	Red line	99.66	99.74	-0.08	99.55	0.19
	On the network	99.17	99.02	0.15	99.18	-0.16

2.1.4 Safety

Assaults and incidents on the network

ML classifies the occurrences registered in three levels:

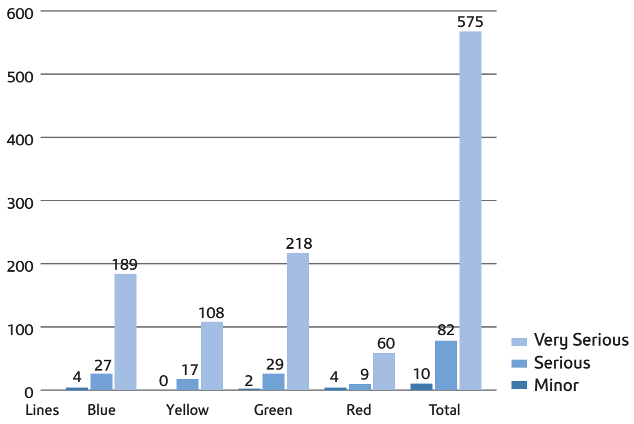
- Very Serious: armed robbery or assault, assault with a weapon or a blunt object, serious assault, gang-related incidents.
- Serious: robbery with violence, minor assault, group-enforced robbery.
- Minor: theft, offensive or aggressive behaviour.

In 2009, 667 incidents were recorded, 330 less (-33.1%) than in the same period of the previous year. Of note is the reduction in serious (-47%) and very serious (-73%) incidents. All lines registered significant reductions, of note being the Yellow and Green lines, which showed greater reductions (-40% and -36%, respectively). The stations where this trend was reversed were, on the Blue line, Carnide and Avenida, on the Yellow line, Rato, on the Green line, Baixa-Chiado, Intendente and Martim Moniz and, on the Red line, Alameda II and Saldanha II.

Level of Severity	2009	2008	Chg. %
Very Serious	10	37	-73.0
Serious	82	155	-47.1
Minor	575	805	-28.6
Total	667	997	-33.1

It must be pointed out that 2008 was an atypical year for two reasons. There were improvements at the level of data collected and articulation between the various company areas, permitting cross-referencing of various sources of information (surveillance reports, notes on incidents and images) but, on the other hand, there was an effective increase in petty crimes in stations and on trains, in particular during the first half year.

- **Distribution of incidents per line**



On the Blue line, the Jardim Zoológico, Marquês de Pombal, Baixa-Chiado and Restauradores stations have the highest incidence of petty crime. Jardim Zoológico and Marquês de Pombal are connecting stations with a very high number of daily passengers. Restauradores and Baixa–Chiado are stations with a more significant number of tourists and shoppers.

The numbers associated with crime on the Yellow line show lower levels than the previous year (125 in 2009 against 208 in 2008), on all levels. In relative terms, there is homogenous distribution of incidents along the entire line, but with higher incidence on the Saldanha/Lumiar section.

There was a significant reduction in crime on the Green line relative to the previous year (391 incidents in 2008 against 249 in 2009). The Alameda I station shows high crime rates not only because it is a connecting station with high patronage but, essentially, because it has numerous entrances and exits, providing easy routes for escaping the authorities. The Cais do Sodré/Alameda section has worse crime rates than the remainder of the line.

There was also a reduction in incidents on the Red line (73 in 2009 against 86 in 2008), even though it was extended to São Sebastião in September.

- **Distribution of incidents throughout the day**

There is a pattern to the distribution of incidents throughout the day. From 8 am onwards, there is an increasing distribution of incidents although there is certain stability in values from midday until closing time, with a slight peak during the evening rush hour (between 5 and 7 pm).

- **Conclusions**

The falling trend in incident rates, which occurred from the second half of 2008, has been maintained, although to a lesser extent, reaching values of 3.8 incidents per million passengers carried.

Generally speaking, connecting stations have lower safety rates, fundamentally due to the larger number of passengers circulating and because there are more escape routes for criminals.

ML continues to assist the Police not only by furnishing images but also by making the stations available for training.

Vandalism on rolling stock

Overall, the level of vandalism has fallen although the incidence of graffiti has increased slightly, particularly in the Depot and Workshops, resulting from increased attempts and some refinement of the methods used.

The classification of vandalism on rolling stock is divided into three categories based on its seriousness: Very serious: arson, destruction of interiors by a gang acting in concert; Serious: graffiti on cars, windows broken, pulled out or scratched, damaged seats; and Minor: tags, petty incidents.

In 2009, there was an overall decrease in the number of cases relative to 2008 (-20.3%), although there were six incidents considered to be very serious.

2.2 Material and Technological Resources

On 31 January, through Deliberation no. 03/09, a new area was created – Maintenance Management (GM) – with the objective of putting a new organisational model into operation. This model is capable of more effective preservation of ML assets – Rolling Stock and Infrastructures –, absorbing part of the Infrastructure Management Area (GI) and all of the Industrial Operations Area (EI).

The need arose to create and implement new work schedules, adapted to the new restructuring and allied with new responsibilities, previously dependent on the Infrastructure Management area, as well as reinforcing human resources in some departments.

The activity of GM consists of carrying out preventive and corrective maintenance work on equipment and updating maintenance plans for work procedures associated with them.

2.2.1 Rolling Stock and Infrastructures

In 2008, the Maintenance Management area which, through maintenance services on the rolling stock, ensures the availability, safety and quality of same, renewed its quality certification (NP EN ISO 9001:2000), under the scope of maintenance, technical consultation, specifications, acquisition, supervision and reception services for rolling stock.

The rolling stock fleet, made up of 338 cars of which 225 are motor driven and 113 are trailers, has remained unchanged since 2003. In association with the stability of the rolling stock fleet in recent years, in 2008, the new maintenance methodology made the continued consolidation of the fleet availability rate possible.

Under the scope of rolling stock maintenance, the most important points are:
- Participation in RCM[4] to analyse maintenance and RCFA[5] (Root Cause Failure Analysis) groups to analyse failures and putting the respective conclusions into practice;
- Analysis and study of rolling stock and respective equipment in order to optimise maintenance plans;
- Defining and monitoring work with students from educational institutions.

With regard to reliability, in 2009, there was a 3.6% decrease in mean kilometres between failures (MKBF[6]).

Indicator		2009	2008	Chg. 2009/08	2007	Chg. 2008/07
Rolling Stock availability	%	85.5%	88.0%	-2.5%	90.2%	-7.4%
MKBF Mean kilometres between failures	km	12 982	13 466	-3.6%	13 659	2.7%

With reorganisation, the four maintenance areas in the former GI were integrated into the Infrastructure Maintenance Department of the new GM. In order to make the resources available more agile, alterations were made to work schedules, introducing a concept common to the entire GM, based on a single schedule with various shifts. On the other hand, rotational shift work was introduced in the various professional categories. All of these alterations contributed to conditions being created so that maintenance of signalling equipment could be done internally.

Under the scope of the Infrastructure Maintenance Department, the most important points are the following:

Communications and Tickets:
- Monitoring, under the scope of the extension of the Red line, of the contracts for the two new stations – Saldanha II and São Sebastião II – and the renovation of the linking stations on the Yellow (Saldanha I) and Blue (São Sebastião I) lines, as well as the renovation of the Avenida station;
- Renewal of maintenance contracts for Closed Circuit Television (CCTV) and the Optical Fibre Data Transmission System (TDFO), with EFACEC and LANDATA, respectively;
- Beginning of process for drawing up the maintenance contract for the GIGABIT system;
- Conclusion of RCM analysis of Ticket System.

Energy:
- Analysis, awarding of contract and beginning of work on the maintenance contract for Switching and Transformation Stations (PST) and Low Voltage Switchboards (QBT);
- Participation in service tests on the expansion of the Red line, in particular, on the substation, energy network command system, PSTs, QGTs, chargers/batteries and circuit breakers.

Signalling:
- Extension of the Red line and connections with the Blue (Praça de Espanha) and Green (Alameda I) lines. Substitution of interlockings at Oriente, Chelas and Alameda II (Red line) stations, without significant disturbances to operations, while work was being carried out. This took over 6 months.

4 Reliability Centered Maintenance.
5 Identification of the root causes behind failures.
6 The value for mean kilometres between failures is calculated on the basis of failures in cars (excluding vandalism and other reasons) while they are in operation.

Railway Tracks:

- Preventive Maintenance on Railway Tracks (substitution of rails, verification of signalling pins, ultrasound testing of rails);
- Corrective Maintenance on Service Rolling Stock (manufacture and assembly of generator transmission parts in the Speno grinding unit of rails);
- Third-party interventions (installing instrumentation);
- Supply of railway track components (including rails), for the São Sebastião II/Alameda II and Oriente/Aeroporto sections; integration of the São Sebastião branch line and Oriente and Alameda terminals into the operations network;
- Remodelling of Roma and Alvalade stations; placing of resilient rail pads for wooden sleepers on the Alameda I/Roma section;
- Preparation of contract specifications for the acquisition of roller rails and the execution of rail welding.

Electromechanical Installations and Buildings:

- Preparation of the tender for provision of maintenance services for the station Lighting Systems on the ML network.

2.2.2 Management of Projects, Studies and Development

Under the scope of the activities of the GIE – Infrastructure and Project Management, of note is the participation in:

- NOVA metro benchmarking group studies;
- Implementation of safety measures concerning the detection of irregular descent to the track;
- Inter-departmental analysis of disturbances to operations;
- Work group to follow-up the feasibility study of a UTO (Unattended Train Operation) system on the Green line;
- Planning and coordination of station expansion and remodelling work at project level by those responsible for this area and the integration of railway specialities, namely in the Baixa-Chiado/Santa Apolónia, Alameda II/São Sebastião II, Oriente/Aeroporto, São Sebastião II/Campolide developments and in Areeiro, Arroios, Anjos and Intendente stations.
- Development of railway projects and support for the construction of the light railway system in Dublin (LUAS) and in Oran (Algeria) as well as extensions to the heavy railway system in Algiers.

Following the implementation of measures to provide disabled people or those with reduced mobility with the autonomy and social participation to which they are entitled to as citizens, in 2009 there was:

- Preparation of the final report, under the scope of the UITP´s Fixed Installations subcommittee, on guiding the blind and partially sighted on Metro networks;
- The application of danger warning rubber strips on the platform edges was concluded;
- Conclusion of the tender process for adaptation of Colégio Militar-Luz and Baixa-Chiado stations to the PNPA[7] as well as preparation of Campo Grande, Entre Campos, Cidade Universitária, Jardim Zoológico and Alto dos Moinhos stations;
- Assessment of new technology for guiding the blind on the ML network, in particular systems without a physical support to the infrastructure.

Under the scope of third party activities in progress that may affect ML infrastructures, the Company monitored the development of the following projects: SCP (Sporting Club de Portugal) urbanisation; Campo Grande viaduct repairs; work on CRIL IC-17; RAVE Oriente station expansion; work on Rua Ivens above Baixa-Chiado station.

Under the scope of activities by GID – Studies and Development, of note are:

- Coordination of licensing process to obtain authorisation from IMTT for the opening of the Alameda II /São Sebastião II section for operation;
- Coordination of studies relative to energy savings and reduction of CO_2 emissions under the scope of NOVA group work, with a proposal for economising measures and monitoring the energy inspection in progress at the Depot and Workshops;
- Participation in a feasibility study for the application of the concept of unattended train operations, UTO, to the ML network;
- ML representation at the APNCF general meeting and at the CTE 9 Technical Commission for railway electrotechnical applications, building a database containing the standards under this scope published in portuguese;

[7] National Plan for Promotion of Accessibility.

- Drawing up time-distance graphs for one line of the Dublin surface light railway system;
- Analysis of projects and assessment of their effects under the scope of third-party activities in progress that may interfere with ML network structures, of note due to its importance being the expansion of the Gare do Oriente for RAVE and the construction of buildings directly above Baixa-Chiado station;
- Coordination of inspection processes and improvements to tunnel galleries;
- Coordination of processes for measuring vibration and noise near tunnel galleries and viaducts.

2.2.3 Energy

In 2009, energy consumption on traction showed an increase of 8.1% compared with the previous year, as a result of the increase in supply with the opening of the extension to the Red line between Alameda and São Sebastião for operations.

The variation of 28.8% in energy utilisation on "other consumption" is the result of the transfer of consumption relative to advertising and commercial spaces from the "complementary and support services" item.

Unit: thousand kWh

Energy consumption	2009	2008	Chg. % 2009/08	2007	Chg. % 2008/07
Traction	51 996	48 086	8.13	47 803	0.59
Complementary and support services	48 633	48 471	0.33	46 523	4.19
Other consumption	5 255	4 079	28.83	3 052	33.65
Total	105 884	100 636	5.21	97 378	3.35

Unit: thousand kWh

Energy consumption indicators	2009	2008	Chg. % 2009/08	2007	Chg. % 2008/07
Traction / Seat x km	0.012	0.012	0.44	0.013	-3.20
Traction / Passenger x km	0.063	0.058	8.96	0.057	0.61
Total / Seat x km	0.025	0.025	-2.27	0.026	-0.55
Total / Passenger x km	0.128	0.120	6.02	0.117	3.36

2.2.4 Information Technology Systems

Apart from continuous and permanent corrective and preventive maintenance of the systems used by ML, the STI, given the results already achieved from effectively making business processes more agile throughout 2009, developed improvements and/or benefits in three specific areas:

Implementation of functional improvements on various ML systems

- Development of an audit management application; introduction of electronic surveys to measure the utilisation of lines/stations; a form for giving more agility to management of link units and implementation of a mechanism for maintenance requests on the internal portal;
- Various improvements to the PM and MM module. With regard to other SAP modules, of note is the implementation of rules under the scope of new career and company regulations and alterations to parental leave rules; introduction of a new classification for infrastructure designs and integration of information at inspection terminals and information to IMTT with SAP;
- Development of new Human Resources and Customer indicators under the scope of BW;
- Introduction of a new module, "Millennium Plus", in the Teleprompter, to allow recording and control of the provision of surveillance services contracted by ML;
- Development of the new "Mobile Phone" function on the ML site, creation of various pastimes and banners;
- Renewal of some servers, due to obsolescence, with the objective of restoring/improving the level of service available and lowering management/maintenance costs with the respective systems.

Project implementation

- Installation of the entire hardware infrastructure and study, analysis and implementation of the integration of the “PLAGO system” with the ML information systems (Teleprompter, SAP ECC and BW);
- Assessment of Electronic Public Procurement Platforms, awarding the service to the supplier and installation of the technological infrastructure.

Study/analysis for project implementation

- Preparation of technical and functional specifications and of the respective parts of the process for the implementation of the following projects: Increasing invoicing; Strategic restructuring of the Planning and Maintenance system; Accounting Standards System (SNC); Management of Artistic Property; Safety Audit.

2.3 Human Resources

In 2009, under the scope of Human Resources Management, talks were finalised with unions on the proposals for new regulations, both for careers and for performance assessment, with the express inclusion of the alterations to the two Company Agreements, formally deposited and published. The necessary measures were introduced for putting these into practice.

Along the same lines, at the level of the Company Agreement for the majority of workers, a new model for staffing the stations was introduced, based on a versatile professional category, thus implementing the reduction in the number of middle level managers in maintenance careers as well as in technical and support careers.

With regard to the Company Agreement for Graduate Staff, career regulations were modified according to the average years of active life of the graduate staff and the assessment system was altered in order to valorise compliance with the objectives outlined.

2.3.1 Work factor cost [8]

The increase in work factor costs in 2009 was essentially due to the salary updating of 2.9%, which added to the inherent dynamics of the career progression system, arising from the performance assessment of the previous year.

		2005	2006	2007	2008	2009	Chg. 2009/08
Work factor costs	(10^3 €)	65 366	66 363	67 411	66 501	72 973	9.7%
Work factor costs / Operating costs	(%)	44.4%	44.2%	45.1%	44.0%	48.3%	4.2%
Work factor costs / Total costs	(%)	26.3%	27.9%	27.6%	26.4%	27.0%	0.6%
Work factor costs / Average number of staff	(10^3 €)	38.496	38.991	40.006	42.466	45.297	6.7%

The introduction of the new station staffing model and greater flexibility in the distribution of driving time for train drivers were some of the measures taken in order to give the company greater flexibility in resource management, allowing greater advantage to be taken of the available human resources while minimising the addition of extra staff.

As a result, it was possible to close 2009 with 1 636 employees on 31 December, 12 less than on the same date in 2007 and 69 less than in 2006 (note that 2008 was a special year in that it was not possible to replace all of the staff who had taken advantage of early retirement, but this was completed in 2009).

8 Removed from staff costs: pension supplements, pre-retirement, retirement incentives, pension fund and actuarial study.

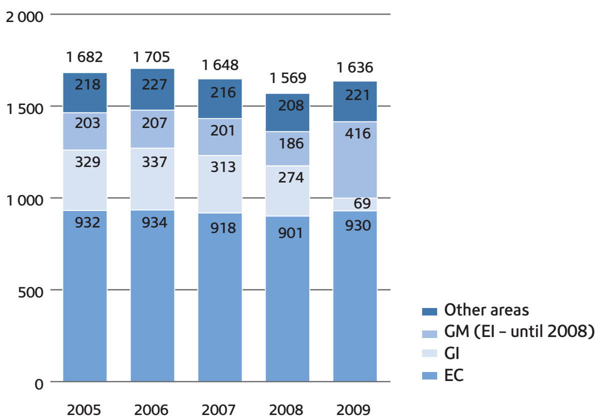
2.3.2 Staff

In 2009, 79 new employees were admitted and 18 left, 8 of these having taken early retirement, causing a staff increase of about 4.3%.

This alteration made it possible to continue the process of staff renovation as well as to consolidate the productivity improvements recorded in recent years, having taken steps towards complying with the anticipated number of staff in the various areas, with an increase in the number of staff by 67.

Commercial Operation no longer had to resort to part-time work from September onwards, given the alterations introduced in the organisation of this area.

Staff on 31 December



2.3.3 Evolution of inactive personnel and social liabilities

The historical social liabilities arising from the Company Agreements, in particular payment by the company of supplementary contributions for retirement and survival pensions represent a significant and disquieting cost, aggravated by the high number of early retirements.

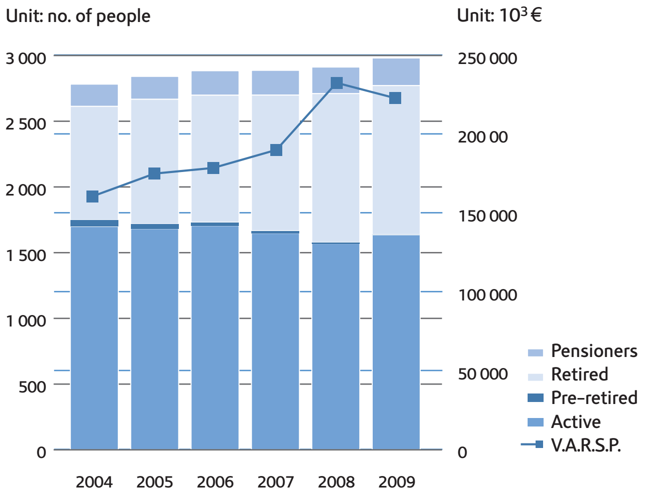
At the end of 2009, Metropolitano de Lisboa had a total staff of 2 981, 1 636 active and 1 345 inactive, of whom 1 135 were on retirement (79 due to disability, 412 to old age and 644 to early retirement) and 210 pensioners.

In September 2009, the last of the employees on pre-retirement retired due to age.

		2005	2006	2007	2008	2009	Chg. 2009/08	
							Abs.	%
Total staff	People	2 841	2 884	2 887	2 912	2 981	69	2.4%
Inactive	People	1 159	1 179	1 239	1 343	1 345	2	0.1%
Pre-Retired	People	35	26	18	8	0	- 8	-100.0%
Retired	People	950	967	1 033	1 133	1 135	2	0.2%
Pensioners	People	174	186	188	202	210	8	4.0%
V.A.R.S.P. [9]	(10^3 €)	179 527	183 336	191 868	233 920	224 882	-9 038	-3.9%
V.A.R.S.P. / Total staff	(10^3 €)	63.192	63.570	66.459	80.330	75.438	-4.89	-6.1%
Active staff / Inactive staff	People	1.45	1.45	1.33	1.17	1.22	0.05	4.1%

[9] Corrected for 2008 due to the application of IAS 19 (provisions for pension costs) and the sustainability factor.

Evolution in total staff and social responsibility



At the end of 2009, the Current Value of Liabilities for Past Services (V.A.R.S.P.) was 224.882 million euros (–3.9% compared with the previous year), reaching a per capita V.A.R.S.P. personnel value of € 75,400, € 80,300 in 2008.

2.3.4 Industrial accidents

In 2009, there was a reduction in the total number of accidents registered although there was an increase in the number of days lost for this reason. The average number of days lost through accident increased from 44, in 2008, to 65, in 2009.

Industrial accidents	2005	2006	2007	2008	2009	Chg. % 2009/08	Chg. % 2009/05
Accidents	80	97	97	112	101	-9.8%	26.3%
Days lost	4 258	3 649	4 006	4 900	6 560	33.9%	54.1%
Duration rate	53.2	37.6	41.3	43.8	65.0	48.5%	22.0%
Incidence rate	37.69	49.35	49.26	62.58	55.25	-11.7%	46.6%
Frequency rate	23.94	31.12	30.77	38.52	34.47	-10.5%	44.0%
Severity rate	1.57	1.35	1.48	1.93	2.54	31.6%	61.8%

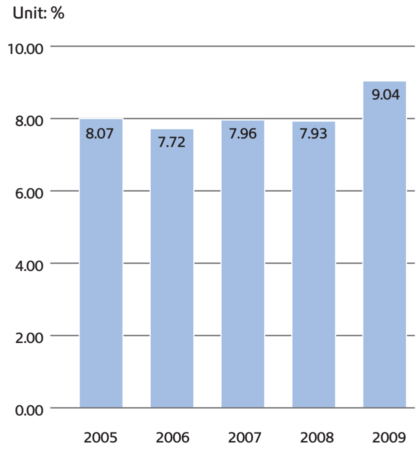
Relative to accidents registered in construction work where ML is the developer, 2009 was marked by a decrease in the accident rates even though there was a positive variation (+22.2%) in the number of workers onsite, which went from 12 582, in 2008 to 15 371, in 2009.

Accidents in ML developments	2007	2008	Chg. % 2008/07	2009	Chg. % 2009/08
Accidents	61	50	-18.0%	33	-34.0%
Days lost	1 539	1 071	-30.4%	1 057	-1.3%
Duration rate	25.2	21.4	-15.1%	32.0	49.5%
Incidence rate	6.41	3.97	-38.0%	2.15	-46.0%
Frequency rate	24.05	20.42	-15.1%	11.81	-42.2%
Severity rate	606.72	437.38	-27.9%	378.18	-13.5%

Accidents per line 2009	Average no. employees	Man-hours worked	Accidents	Days lost	Duration rate	Incidence rate	Frequency rate	Severity rate
Blue line	861	170 583	3	45	15.00	3.48	17.59	263.80
Yellow line	192	32 224	0	0	–	–	–	–
Green line	255	26 473	1	71	71.00	3.92	37.77	2 681.98
Red line	13 864	2 542 204	29	941	32.45	2.09	11.41	370.15
Terreiro do Paço Interface	149	24 456	0	0	–	–	–	–
Total	15 321	2 795 940	33	1 057	32.03	2.15	11.80	378.05

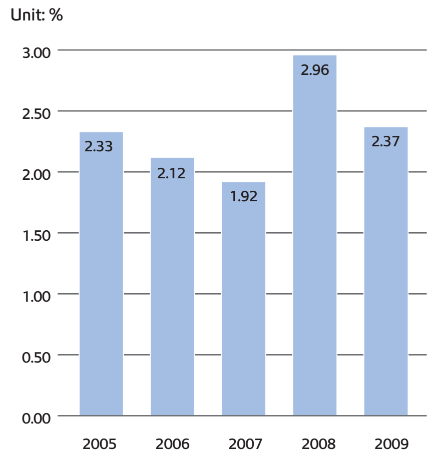
2.3.5 Absenteeism

In 2009, there was a sharp reversal in the evolution in the absenteeism rate trend over recent years, rising 1.11%, compared to 2008.



2.3.6 Overtime

There was a reduction in the rate of overtime, going from 79 125.5 overtime hours worked in 2008 (50.53 hours of overtime per average employee), the lowest volume since 2004, to a total of 65 137 hours overtime in 2009 (40.43 hours of overtime per average employee).



2.3.7 Training

There was a significant effort on the part of the company during 2009 in staff training, with an increase in the number of training hours carried out (16 215 hours more than in 2008).

This increase is partly due to the holding of the training necessary for implementation of the new EC organisation model, with the entry into operation of the new Commercial Operator category.

On the other hand, there was continuation of the Office 2007 Tools training process, which began in 2008, and there was a good rhythm to following up English Language teaching and themes related with Safety.

	2005	2006	2007	2008	2009	Chg. % 2009/08	Chg. % 2009/05
Training activities	272	287	326	199	220	10.6%	-19.1%
Participants	1 302	1 320	1 775	957	1 300	35.8%	-0.2%
Hours	20 903	23 297	16 879	24 192	40 407	67.0%	93.3%
Cost (10^3 €)	229	342	437	230	303	31.7%	32.3%
Hours / Average number of staff	12.3	13.7	10.0	15.4	25.1	62.4%	103.7%

Welcome Handbook

Every year, ML produces a “Welcome Handbook” with the objective of succinctly telling new Employees about the company’s journey, at historical, social and economic and financial level.

This document is available on the ML Portal, and is given to new Staff in book form.

2.4 Marketing, Communication and Image

2009 was marked by the celebrations for the 50 years of operation of ML. On its anniversary, ML wanted to show its journey through over half a century of existence, as public transport serving Lisbon. The Marketing Office, in close cooperation with other company areas held a series of events:

- Definition and launch of the commemorative logo;
- Conception, planning and launch of the commemorative exhibition in two ML7 cars, on the evolution of the Metro over the last 50 years;
- Support for the launch of the “50 anos a transportar Lisboa – uma viagem no tempo / 50 years carrying Lisbon – a trip through time”, exhibition, the trip between Restauradores and Alto dos Moinhos, on two ML7 cars, the planning of the Commemorative Session which took place in the Alto dos Moinhos auditorium and the holding of a concert to celebrate the 50 years of the Metro, at Cais do Sodré station, put on by the Lisbon Film Orchestra;
- Distribution of gifts to customers on the day of ML’s anniversary;
- Support for the creation of advertising postcards under the scope of the “Postalfree” campaign;
- Launch of the “Meu Selo / My Stamp” campaign, with the creation of stamps allusive to the anniversary, through the CTT postal service, which made it possible to personalise stamps through the incorporation of images and/or texts;
- Conception and organisation of the photography competition “Revelar o Metro / Showing the Metro”, aimed at Company employees.

The commemorative events will continue in 2010, with the aim of reinforcing the importance of ML in Lisbon’s mobility system.

The Marketing Office also carried out various projects and actions in order not only to attract new customers – discouraging the use of Individual Transport (TI) – but also to boost the image of ML, of note being:

- The 5th International Marketing Conference, on the theme “Transportes Públicos – mudando atitudes, influenciando a procura, melhorando resultados / Public Transport: changing attitudes, influencing demand, improving results”, which was held in Lisbon in cooperation with Carris and the UITP.
- The Portuguese stand on the public transport sector was set up, bringing together various national companies linked with transport, to attend the “UITP Mobility & City Transport Exhibition”, in Vienna.
- Launch of and participation in the work group for the creation of the “Metrox” club and its mascots;
- The “Dia Mundial da Criança – Vá de Metro visitar o Sebastião / World Children’s Day – Take the Metro to Sebastião” and “Viagem no Comboio de Natal / Christmas Train Trip” campaigns aimed at children were launched, with Santa Claus and the Metrox and Metrinha mascots;
- Definition of the campaign model, preparation and introduction of the new student pass “Sub23@superior.tp”;
- Conception, development and introduction of the “Renova já o teu cartão 4_18 / Renew your 4_18 card now”;
- Conception, planning and launch of the “Troque o seu veículo / Change your vehicle” campaign, aimed at potential ML customers, as a means of promoting the utilisation of public transport;
- Promoting the utilisation of public transport on football match days, through the “Vá à Bola de Transporte Públicos / Take public transport to the match”, with the cooperation of the Lisbon Municipal Council, Carris, EMEL, Emparque, Municipal Police, PSP police and SLB and SCP football clubs;
- Awareness and information campaign aimed at residents and business people in the areas around São Sebastião and Saldanha stations, on the advantages of the extension to the Red line to these parts of the city;
- Launch of the “Qual o livro que lhe faz falta? / What book do you need?” and “Cordão de Leitura / Reading Chain” campaigns following the Book Fair, by ML and Objectiva publishers;
- Launch of “ECSI” and “Quality Certification” campaigns to tell ML customers and potential customers about winning in the “European Customer Satisfaction Index” survey for the 3rd consecutive year and obtaining quality certification on “Commercial Operation” from NP ISO 9001:2008 (public passenger transport service), respectively;
- Development and introduction of a new “ML/Parque Alvalade 30 dias / ML/Alvalade car park – 30 days” integrated pass between the Metro and the car park at Alvalade XXI stadium, under the scope of the “Alvalade XXI” campaign”;
- Promotion of the “Summer Campaign” during August, where ML customers were invited to visit its network and Lisbon city, as well as some entities;
- Preparation, by ML and Carris, of the “Campanha de Bairros Carris/ML / Carris/ML districts campaign”, aimed at residents in specific districts of the city, in order to generate greater proximity with potential public transport users;
- During “Semana da Mobilidade 2009 / Mobility Week 2009”, ML participated with a stand showing its history and giving information in Rossio Square;
- Conception and planning of the “In-Par” campaign which ended with a creative ideas contest, in cooperation with the Lisbon Oceanarium and the Creative Club. The winning proposal was used in a campaign promoting the utilisation of Public Transport (TP);
- Organisation of the annual “Portugal tecnológico 2009 / Technological Portugal 2009” fair, where a system of providing information via Bluetooth was presented as well as the pilot project for Mobile Ticketing (NFC system) to be implemented in Lisbon region transport operators;
- Participation in the competition following the “Cultural Actions Awards 2009”. ML’s motto on the video entry was “Aiming Perfection”. The winners received awards at the “58th UITP World Congress”, in Vienna;
- Preparation of the “4 linhas uma Rede / 4 lines, one network” campaign, under the scope of the opening of the extension of the Red line to São Sebastião;
- “Cartões Viva viagem associam-se à divulgação da Arte Nacional / Viva viagem cards are associated with divulging national art”, under the scope of the “Sota art” project, in order to promote young artists. Every 3 months, the “Viva viagem” card will show pictures of works of art from 5 of the 20 national artists, picked at random, arising from the “Próxima paragem: Cultura / Next stop: Culture” Programme.

Lisboa viva card partnerships

Throughout 2009, ML sought to associate the Metro name with different cultural activities in order to promote the utilisation of public transport in general, establishing, for this purpose, partnerships with the objective of offering discounts to customers with Lisboa viva cards.

The partnerships in force give discounts and special conditions in some institutions:

- Lisbon Oceanarium;
- Holmes Place Gyms;
- Instituto Óptico;
- Museu do Oriente Foundation;
- Zon Lusomundo cinemas;
- the Zoo;
- Teatro Politeama (musicals by Filipe La Féria, "West Side Story", "Piaf", "The Wizard of Oz" and "La Cage aux Folles");
- Teatro da Trindade ("Os Maias" and "Adding Machine");
- Teatro Aberto ("The God of Carnage");
- Teatro Maria Matos (Up for Grabs);
- Rossio (CP station) – "Titanic" exhibition".

As a means of generating synergies, there were also free time activities offering prizes to the Lisboa viva/ML customers that took part.

2.5 International Relations

In 2009, ML maintained its intense participation in international activities - being present at 51 events, meetings, seminars and conferences - taking on responsibilities at the highest level in the executive bodies of the international organisations it belongs to, in particular the chairmanship of the Metro division of the UITP and of Nova Group and on the board of UITP and ALAMYS.

These intense international relations can be seen in the internal database on the Company's Portal, with a view to internal consolidation and divulgence of the information gathered.

Some of the main events recorded are of note:

- **International Association of Public Transport**

At the 58th UITP World Congress in Vienna in June, Mr. Joaquim Reis was elected chairman of the Metro Division, also becoming vice-president of the UITP. His mandate began at the 86th Metro Assembly in Dubai in October, where he presented the vision of Metros in the context of the new UITP strategy for the sector.

The ML presence at the UITP Congress in Vienna was marked by the active participation of the ML delegation, in particular the intervention of Mr. José Sequeira on the panel on financing, and by the existence of a portuguese stand at the World "Mobility & City Transport" Exhibition. Under the initiative and coordination of ML, the "Portugal Mobility Solutions" stand brought together 11 of the most dynamic companies in the sector, supported by the main national operators.

In Lisbon, the Rolling Stock subcommittee Work Groups met in April and the Fixed Installations subcommittee in October, both from the UITP Metro Division.

Between 7 and 9 October, ML, in conjunction with CARRIS, organised the 5th UITP International Marketing Conference, with worldwide repercussions, on the theme "Successful Marketing - Public transport: changing attitudes, influencing demand, improving results", with over 200 participants from the 5 continents; in association with the 2nd UITP Integrated Mobility Workshop, also organised in cooperation with CARRIS.

In 2009, ML took part in 6 thematic commissions, in the Metro Division and its 5 subcommittees and became the national public transport sector representative on the European Union Committee.

With a view to articulation between national members, ML organised the 2nd Meeting of Portuguese UITP members in December, highly attended by the companies and entities invited, which was considered a success.

- **ALAMYS (Latin-American Metro Association)**

ML was re-elected to the Board of ALAMYS during the XXIII ALAMYS General Meeting (December, Barcelona). It also had a stand, organised in conjunction with Ferconsult, at BcnRail 2009, the Barcelona International Fair devoted to the Railway Industry.

Participated in the 14th ALAMYS Technical Committees Meeting, dealing with operating, maintenance, management and planning themes for Ibero-American metros (May, Santo Domingo).

- **Nova Group of Metro Benchmarking**

Mr. Seabra Ferreira, elected chairman of the Nova Group for the two-year period, 2009-2010, began his mandate in September, at the annual project management meeting.

ML attended the meetings in Delhi (April) and Milan (September) and took part in all of the Nova/CoMET benchmarking case studies.

The annual meeting on strategic reflection, involving the Management Board and Senior Management took place in October and it was decided to integrate the KPI's in the Company planning process. The annual ML seminar on benchmarking took place in November.

International projects

With the successful completion of final tests and of the respective documentation, the MODUrban project was concluded, creating a system that can be applied to new lines and extensions of metros and light railways and to equipment renewal.

Association with MODSafe, a European project led by the UITP and aimed at the definition of the requirements for railway safety in applications to Metro networks. ML is part of the Network of Operators that are consulting participants in the project.

International delegations

Apart from the technical visits to the network organised at the time of the meetings of UITP bodies in Lisbon, there were also visits from the Algiers, London and São Paulo metro delegations, from Imperial College London, the Danish Commercial School CELF and SWECO from Stockholm.

2.6 Network Expansion

With the introduction of the Network Expansion Plan in its early stages, 5.4 km of new network sections is expected to come into operation by 2013. This will be served by five new stations, two multimodal interfaces – Cais do Sodré and Terreiro do Paço – and also four stations on the Green line which will have been duly refurbished.

	Current			In progress		Future		
Lines	No. of stations	km of network	Extensions	No. of stations	km of network	Opening date	No. of stations	km of network
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	9	6.8	Oriente / Aeroporto São Sebastião II /Campolide	3 1	3.6 0.9	2011 2013	13	11.3
Network	52	39.6		5	5.4		57	45.0

Work carried out in 2009

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

The extension of the Blue line between Baixa–Chiado and Santa Apolónia has been in operation since December 19, 2007. Since then, Terreiro do Paço and Santa Apolónia have been guaranteeing more rational utilisation of the public transport system, making for more efficient, reliable and comfortable distribution of passengers from national, regional and suburban railways, as well as from the river transport, into the city. The definitive finishing work will be carried out as soon as the Lisbon Municipal Council commission project for the rehabilitation of the riverside front has been concluded.

- **Terreiro do Paço interface**[10]

Work on the system for attenuation of the effects of waves, the installation of pontoons and the contract for dredging and rockfill were assigned in October 2007, for the construction of a new river terminal and the respective terminal building.
Work to install 5 pontoons and the system for wave attenuation on the river was completed in April 2009. Of these 5 pontoons, the 2 on the west of the terminal are already being used by Transtejo/Soflusa. Entry into service of all 5 pontoons is dependent on the conclusion of the work to extend the terminal.
The contract for extension of the River Terminal was awarded on 1 October 2009. Foundation work was carried out as well as Simtejo work, in particular the valve chamber and the pumping station.

- **Amadora Este/Reboleira extension**

The extension of the metro line to Reboleira is particularly important; it will provide a new interface between CP's Sintra line and the ML Blue line, attracting a large number of passengers who need to travel in this important Lisbon Metropolitan Area axis every day. The extension to Reboleira is expected to be concluded in 2011 and will serve around 4 million passengers per year.
The international public tender for this extension design/structural shell work was launched in January 2008. The tender was awarded to the Zagope, Soares da Costa, Teixeira Duarte and Tâmega consortium and the contract was signed on 13 August.
The Environmental Conformity Report on Project Implementation (RECAPE) was handed in to the Portuguese Environmental Agency on 27 December 2008, and it was aproved on 28 July 2009.
The set up of the main worksite and the diversions of infrastructures and traffic were completed and, in the main body of the stations, excavation work and perimeter containment work was carried out. The set up of the worksite for the ventilation shaft was begun.

- **Remodelling of Green line stations**

In March 2008, under the scope of the remodelling project for Green line stations, lifts were made available at Alvalade station. The station is now equipped to serve passengers with reduced mobility.
After the remodelling of two of the six stations on this line (Roma in 2006 and Alvalade in 2007), 2009 brought:

- Development and review of the remodelling/enlargement projects at Anjos, Arroios and Intendente stations;
- Assignment and beginning of enlargement and remodelling work at Areeiro station, in August 2009;
- Landscaping in the area around Roma and Alvalade stations;
- Installation of fixed equipment to overcome banking and to allow for maintenance and cleaning of the air ducts to the inside of Roma and Alvalade stations.

- **Cais do Sodré interface**[11]

The execution of the road layout and landscaping in the interface area was assigned in March 2008.
The inauguration of the Cais do Sodré Transport Interface took place on March 13 2009 and was attended by the Minister for Public Works, Transport and Communications, Mr. Mário Lino, the Secretary of State for Transport, Ms. Ana Paula Vitorino, as well as the Mayor of Lisbon, Mr. António Costa.

[10] Being carried out by ML on behalf of third parties (Transtejo).
[11] Being carried out by ML on behalf of third parties (REFER, Transtejo, APL and Carris).

- **Alameda II/São Sebastião II extension**

During 2009, various contracts were carried out on this extension including Finishing Works, Electrical and Telecommunications Installations, Track, Ventilation and Pumping, Signalling and Energy.
This new extension opened for operation on 29 August 2009, connecting the Red line to the Yellow (at Saldanha station) and Blue (at São Sebastião).
In October 2009, a public tender was launched for the recuperation of the surface area around Saldanha and São Sebastião stations, which included the new reorganisation of Av. Duque d'Ávila and Rua Marquês da Fronteira, as well the realignment of Av. da República.
The lead track between the Red and Blue lines came into operation in November 2009, thus permitting trains to go from the Red line to the Blue line and providing corresponding access to the Depot and Workshop III, in Pontinha.

- **Oriente/Aeroporto extension**

In May 2009, a New Work Plan for the structural shell work was approved. This anticipates conclusion of the work in May 2010, pointing to the development being able to open for operation at the beginning of the second half of 2011.
Work is underway on all of the fronts initially provided for:

- At Aeroporto station, the internal structures have been built and technical rooms were made available for other specialities on 30/11/2009;
- At Moscavide station, the covering slab was completed and the masonry work and the installation of the internal water supply and fire prevention networks are underway;
- At Encarnação station, work is underway on internal structures, the slab for the lower atrium in the process of being laid;
- Work is being done on the tunnels in the various sections of the development 2 069 ml of the final facing (base, vault and verges) of the 3 356 ml of the tunnel gallery has already been completed.

Intervention work was completed.
In October 2009, the Public Tender Limited by Prior Qualification was launched for the ML 685/09 contract – "Finishing Work and Special Installations on the Red line between Oriente and Aeroporto, for Metropolitano de Lisboa, E.P.E.".

- **São Sebastião II/Campolide extension**

The Architecture and Structures project for this extension is partially complete and is now in the measurements phase and the launch of the tender process is being organised.
The launch of the public tender process to execute the structural shell work and tunnel galleries at Campolide stations, including the terminal, as well as the date of opening for operation are dependent on an agreement between ML and EPAL, for the rerouting of water supply pipes near the water supply reservoir in Campolide and approval by the Lisbon Municipal Council of the allotment where the Artilharia Um Headquarters is located.
The Environmental Impact Study (EIA) was reformulated in light of the legislative amendment arising from the entry into force of DL no. 9/2007. A conditional favourable Environmental Impact Declaration (DIA) was issued.

2.7 Investments

The Company invested in technical costs to the sum of € 157 591 thousand euros, of which approximately 98% was for Durable Infrastructures (ILDs).

Unit: €

	FBCF	ICT	DI
	Gross Fixed Capital Formation	Investment Technical Costs	Investment Expenses
A - ILDs	150 171 819	153 913 938	158 139 123
In progress	135 220 484	135 220 484	139 147 427
Alameda / São Sebastião extension	44 447 781	44 447 781	47 677 858
Oriente / Aeroporto extension	80 925 386	80 925 386	81 590 385
Amadora Este / Reboleira extension	9 847 317	9 847 317	9 879 184
New	413 953	413 953	443 045
São Sebastião / Campolide extension	402 253	402 253	403 718
Rato / Alcântara ext.	11 700	11 700	39 326
Other	14 537 382	14 537 382	14 806 533
Baixa-Chiado / Santa Apolónia extension	1 975 365	1 975 365	1 976 180
Campo Grande / Odivelas extension	1 429 552	1 429 552	1 429 552
Pontinha / Amadora Este extension	225 670	225 670	225 670
Cais do Sodré interface	166 749	166 749	166 749
National Plan for Promotion of Accessibility	412 862	412 862	412 862
Remodelling of the Blue line	1 541 307	1 541 307	1 550 155
Remodelling of the Yellow line	917 264	917 264	917 311
Remodelling of the Green line	6 884 898	6 884 898	7 074 859
Remodelling of the Red line	232 099	232 099	232 099
Remodelling of the network - Other	597 506	597 506	666 984
ATP/ATO	154 112	154 112	154 112
Self investment	0	3 742 119	3 742 119
B - ML	3 588 942	3 676 613	3 752 573
Depot and Workshop	154 822	154 822	154 822
Rolling Stock	22 000	22 000	22 000
Equipment and other	2 037 282	2 037 282	2 112 206
Current investments	1 374 838	1 374 838	1 375 874
Self investment	0	87 671	87 671
Total investment	153 760 762	157 590 551	161 891 695

The Network Expansion Plan evolved throughout the year, of note being the carrying out of the Alameda /São Sebastião (44 448 thousand euros), Oriente/Aeroporto (80 925 thousand euros) and Amadora Este /Reboleira (9 847 thousand euros) extensions.

Also of note are the investments in the conclusion of Campo Grande/Odivelas (1 430 thousand euros) and Baixa-Chiado/Santa Apolónia (1 975 thousand euros) projects, although these extensions have been open for passenger service in previous years, as well as the network remodelling of the existing lines, to the sum of 10 173 thousand euros.

Unit: €

Investment	2009	2008	Chg. %
Gross Fixed Capital Formation (FBCF)	153 760 762	89 914 108	71.01
Technical Costs (ICT)	157 590 551	92 969 469	69.51
Investment Expenses (DI) - including financial costs	161 891 695	97 966 031	65.25

3. Economy and Finance

3.1 Balance for the year

The income statement for 2009 shows a net loss for the year of 148 592 thousand euros, about 17.3% more than the previous year, equivalent to 21 862 thousand euros more.

This situation is explained by the negative evolution of the following components:
- Increase of 7.1% in “operating losses”, which showed a negative value of 50 224 thousand euros, 3 314 thousand euros more than in 2008;
- Increase of 19.3% in “financial losses” which showed a negative value of 96 722 thousand euros, 15 730 thousand euros more than the previous year;
- Addition of 2 814 thousand euros to “extraordinary income”, reaching a negative value of 1 087 thousand euros.

Total costs incurred were 270 251 thousand euros and total profits obtained were 121 718 thousand euros.

Unit: €

	2009	%	2008	%	Chg. % 2009/08
Costs for the year					
Operating costs	**165 894 252**	**61.4%**	**165 028 954**	**65.5%**	**0.52%**
Stock consumed	2 760 319	1.0%	3 772 648	1.5%	-26.8%
Supplies and external services	31 621 734	11.7%	30 337 593	12.0%	4.2%
S.E.S. - Operational leasing	10 543 263	3.9%	10 509 990	4.2%	0.3%
Staff costs	84 811 331	31.4%	78 462 880	31.1%	8.1%
Pension plan	2 832 945	1.0%	2 077 162	0.8%	36.4%
Depreciation	32 732 291	12.1%	39 241 029	15.6%	-16.6%
Taxes	249 865	0.1%	232 323	0.1%	7.6%
Other costs and losses	342 505	0.1%	395 329	0.2%	-13.4%
Financial costs	101 357 108	37.5%	83 157 101	33.0%	21.9%
Extraordinary costs and losses	2 999 660	1.1%	3 783 272	1.5%	-20.7%
Total costs for the year	270 251 020	100.0%	251 969 326	100.0%	7.3%
Income for the year					
Operating income	**115 669 930**	**95.0%**	**118 118 096**	**94.3%**	**-2.1%**
Sales + services provided (*)	63 833 462	52.4%	68 077 417	54.3%	-6.2%
- Fare revenue	58 902 962	48.4%	62 528 752	49.9%	-5.8%
- Other	4 930 500	4.1%	5 548 665	4.4%	-11.1%
Own work capitalised	4 297 018	3.5%	5 134 939	4.1%	-16.3%
Supplementary income	661 265	0.5%	878 968	0.7%	-24.8%
Operating subsidies	27 540 041	22.6%	25 060 685	20.0%	9.9%
Other income and gains	7 321 315	6.0%	7 328 357	5.8%	-0.1%
Reversals of adjustments	12 016 829	9.9%	11 637 730	9.3%	3.3%
Financial income and gains	4 135 089	3.4%	1 664 545	1.3%	148.4%
Extraordinary income and gains	1 912 643	1.6%	5 510 087	4.4%	-65.3%
Total income for the year	121 717 662	100.0%	125 292 728	100.0%	-2.9%
Income tax	58 620		53 660		9.2%
Net profit / loss for the year	(148 591 978)		(126 730 258)		-17.3%
Operating income	(50 224 322)		(46 910 858)		-7.1%
Operating income / Operating costs	69.7%		71.6%		-2.6%
Financial income	(97 222 019)		(81 492 556)		-19.3%
Extraordinary income	(1 087 017)		1 726 815		-162.9%
Income / Costs	45.0%		49.7%		-9.4%
EBITDA	(29 508 861)		(19 307 559)		-52.8%
Cash In - Cash Out	(21 924 601)		(12 858 182)		-70.5%

(*) Note 44 of annex to Balance Sheet and Income Statement.

The unfavourable evolution of the operating income is essentially explained by:

- The reduction by around 2.1%, equivalent to 2 448 thousand euros in “operational income”, which total is 115 670 thousand euros and the increase in “operating costs” to 165 894 thousand euros, i.e. an amount of 865 thousand euros.

All natures of profits, except “operating subsidies” and “reversals of adjustments” contributed to the decrease in “operating income”.

The increase of around 10% in these was not enough to absorb the decrease in the other natures.

In effect, “sales and services provided”, in particular “fare revenue”, “own work capitalised”, “supplementary income” and “other income and gains” registered falls of 5.8%, 16.3%, 24.8% and 0,1% respectively.

The fare restructuring in force during the year, transferring own tickets to Zapping, with discounts, was the basis for this decrease in fare revenue.

“Financial income and gains” showed a very high percentage increase, corresponding to approximately 2 471 thousand euros, which situation is related to the increase in interest relative to economic applications and particularly to the positive effect of the income from holdings, namely Ferconsult, S.A.

"Extraordinary income and gains" underwent a significant decrease in percentage and absolute terms, exclusively due to the non-implementation of accounting reclassifications, at the level of spare parts for rolling stock, compared with the previous year.

"Operating costs" stabilised and there was an increase of 865 thousand euros in nominal terms.

The nature of the costs that most contributed to the good performance of "operating costs" was:
- The decrease in "cost of goods sold and material consumed" by about 26.8%, equivalent to 1 012 thousand euros;
- The decrease in "depreciation, adjustments and provisions" by 16.6%, equivalent to 6 509 thousand euros;
- The significant decrease in percentage terms (13.4%), although not very relevant in absolute terms, of "other costs and losses".

On the other hand "staff costs" and "supplies and external services" showed growth of 8.8% and 3.2%, respectively. With the removal of values relative to the inherent responsibilities of the "pension plan", the addition to "staff costs" was 8.1%, essentially due to the extraordinary increases during the year along with the automatic career progression in the company agreement, apart from the effect of hiring staff for the new stations when the Alameda/São Sebastião section was opened to passengers in August.

The real increase in "supplies and external services" is closely linked to the fact that ML was operating for four months with a network that had grown by 1.8 km and two stations.

"Financial costs", at an overall total of 101 357 thousand euros, showed an increase of 21.9%, basically due to the same performance of the debt management policy through the derivatives market, despite recording a positive carry over of 33.5 million euros. Apart from this aspect, the negative impact from the recording of impaired assets with the holding, Fernave, S.A., at 1.8 million euros must also be noted.

In conclusion, the following situations stand out:
- "operating costs" stabilised during the year;
- "operating income" fell by around 2.1%;
- "income" financed about 45.0% of "costs" (9.4% less than in the previous year);
- "operating income" covered about 70% of the "operating costs" (2.6% less than in 2008);

The EBITDA increased by the equivalent of 10 201 thousand euros, to a negative 29 509 thousand euros.

Income Statement by Activity

In 2009, the internal unit values for provision of services 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)

The application of the penalty/bonus system between Infrastructure Management and Commercial Operation was maintained.

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

For use of the Depot and Workshops, a rent in terms of occupancy (m^2), amounting to a total value of 6 766 thousand euros was established.

With regard to Corporative Services (ODDCA – Bodies Directly Dependent on the Management Board), operating income, excluding the cost regarding supplementary retirement and survival pensions (pension plan), 83% was shared out among the various areas of activity, as follows:

- 25% for Maintenance Management;
- 48% for Commercial Operation;
- 27% for Infrastructure Management.

The "other financial costs" item was shared out on a "cash in cash out" basis.

Income Statement by Activity

Unit: €

	Maintenance Management	Commercial Operation	Infrastructure Management	ODDCA	Total
Operating income					
Sales and service provided	1 676	61 174 652	2 415 009	242 126	63 833 462
Own work capitalised	224 101	0	3 007 754	1 065 163	4 297 018
Supplementary income	91 600	96 174	200 239	273 253	661 265
Operating subsidies	0	27 540 041	0	0	27 540 041
Other income and gains	1 147	5 649 418	1 663 130	7 619	7 321 315
Reversal of adjustments	1 868 447	4 904 654	2 718 345	2 525 383	12 016 829
Total operating income	2 186 972	99 364 939	10 004 476	4 113 543	115 669 930
Operating costs					
Stock consumed	1 365 214	1 286 673	87 834	20 597	2 760 318
Supplies and external services	3 786 953	11 384 164	11 241 474	5 209 142	31 621 734
S.E.S. – Leasing	0	10 543 263	0	0	10 543 263
Staff costs	18 086 419	43 550 488	8 348 107	14 826 317	84 811 331
Pension plan	492 329	945 634	142 919	1 252 064	2 832 945
Depreciation	5 446 395	12 821 177	12 429 801	1 220 001	31 917 374
Provisions	0	0	0	814 918	814 918
Taxes	513	289	169 182	79 880	249 865
Other costs and losses	5 560	11 975	8 848	316 122	342 505
Total operating costs	29 183 383	80 543 663	32 428 165	23 739 042	165 894 252
Operating income	(26 996 411)	18 821 276	(22 423 689)	(19 625 498)	(50 224 322)
Usage rate	5 269 360	(12 591 554)	7 322 194	0	0
Station management rate	5 098 359	(12 603 609)	7 505 250	0	0
Maintenance rate	13 332 093	(13 332 093)	0	0	0
Rents	(3 080 087)	(1 982 709)	6 766 041	(1 703 245)	0
Traction energy	0	(3 338 973)	3 338 973	0	0
Lighting and motive power energy	0	(2 711 796)	2 711 796	0	0
Corporate service rate *	(3 858 133)	(7 354 428)	(4 047 877)	15 260 438	0
Total internal services	16 761 592	(53 915 162)	23 596 377	13 557 193	0
Operating income with internal services	(10 234 819)	(35 093 886)	1 172 688	(6 068 305)	(50 224 322)
Financial revenues	0	509 338	0	3 625 751	4 135 089
Financial costs with ILDs	0	0	57 287 337	0	57 287 337
Financial costs with rolling stock	0	5 877 885	0	0	5 877 885
Imputable financial costs	1 646 884	8 627 669	15 064 689	277 463	25 616 706
Pension plan financial costs	3 190 624	6 128 343	926 209	2 330 003	12 575 179
Financial income	(4 837 508)	(20 124 559)	(73 278 236)	1 018 284	(97 222 018)
Current income	(15 072 327)	(55 218 445)	(72 105 547)	(5 050 021)	(147 446 341)
Extraordinary income and gains	7 139	385 657	55 570	1 464 277	1 912 643
Extraordinary costs and losses	453 499	41 584	1 226 649	1 277 927	2 999 660
Extraordinary income	(446 360)	344 073	(1 171 079)	186 350	(1 087 017)
Income tax	0	0	0	58 620	58 620
Net profit/loss for the year	(15 518 688)	(54 874 372)	(73 276 627)	(4 922 292)	(148 591 978)
EBITDA without internal services	(23 418 464)	26 737 798	(12 712 232)	(20 115 962)	(29 508 860)
EBITDA with internal services	(6 656 872)	(27 177 364)	10 884 145	(6 558 769)	(29 508 860)

* Excluding pension fund.

The "State financial contribution" reached a total of 32 917 thousand euros, i.e. 5.8% more than in the previous year.

Unit: €

State financial contribution	2009	2008	Chg. % 2009/08
Operating subsidies	28 917 043	26 122 003	10.7%
PIDDAC	4 000 000	5 000 000	-20.0%
Total	32 917 043	31 122 003	5.8%

There was an increase in "operating subsidies" and a decrease in the PIDDAC (Central Administration Annual Plan of Investments), which in absolute terms is equivalent to a net increase of 1 795 thousand euros.

With regard to "EU non-refundable subsidies", it was not possible to mobilise funds under the scope of the Cohesion Fund, even though, at the end of the year, the company had a total of 51 000 thousand euros in fund requisition requests.

Unit: €

European Community funds	2009	2008	Chg. % 2009/08
FEDER (European Regional Development Fund)	0	7 948 352	-100.0%
Cohesion Fund	0	0	-
Total	0	7 948 352	-100.0%

Bearing in mind the major function of the company – production of transport, its maintenance and infrastructure management – and the responsibilities related with debt servicing, financing requirements rose to 925 476 thousand euros.

Unit: €

Financing requirements	2009	2008
Operating activities	(28 538 278)	(11 025 380)
Investment activities	(149 025 733)	(90 273 386)
Depreciation:		
Bank loans	(581 009 545)	(57 404 382)
Debenture loans	(7 731 367)	(7 731 367)
Leasing	(29 437 352)	(34 584 418)
Interest and similar costs	(103 812 918)	(76 967 160)
Term deposits (escrow)	(22 576 503)	0
Loans granted	(3 344 013)	0
Total financing requirements	(925 475 709)	(277 986 094)
Capital increases	0	0
Financial disinvestment	0	0
Investment subsidies	4 034 401	12 948 352
New loans:		
Bank loans	520 000 000	264 442 692
Debenture loans	400 000 000	0
Leasing	0	0
Interest and similar income	1 614 519	488 036
Restructuring of swap operations	0	0
Total financing	925 648 920	277 879 079
Cash and bank variation	(173 211)	107 015

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

- Recourse to "PIDDAC" (investment subsidies), approximately 4 034 thousand euros;
- Recourse to the domestic banking market, through obtaining 2-year bullet loans of 170 000 thousand euros;
- Recourse to capital markets, issuing 10-year bullet bonds, with a state guarantee, for 400 000 thousand euros;
- Recourse to the "schuldschein" market, obtaining 5- and 7-year bullet financing, for the sums of 150 000 and 200 000 thousand euros. This financing allowed restructuring of the total amount of the existing commercial paper programmes, which it was important to substitute, consolidating this relevant part of the debt in the medium and long term, thus contributing to increasing the respective duration.

Given the monetary market framework during the year, with falling interest rates, the Company attempted to minimise its financial burden by implementing policies of permanent debt negotiation and revision of the financing conditions as well as with adequate intervention in the derivatives market. Thus, the Company reported an overall increase equivalent to 14 437 thousand euros in financial operation.

Unit: €

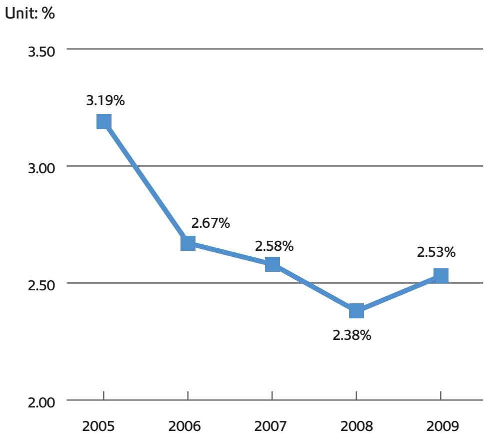
Corporate financial performance	2009	2008	2007	2006	2005	Chg. % 2009/08	Chg. % 2009/05
Operation	29 577 034	31 855 033	32 322 955	31 147 846	21 866 080	-7.2%	35.3%
Financial costs with ILDs	57 287 337	39 718 881	39 624 470	37 976 373	54 363 943	44.2%	5.4%
Investment - ML	75 857	158 924	135 349	169 466	455 991	-52.3%	-83.4%
Investment - ILDs	4 225 287	4 837 638	3 843 788	8 579 259	10 462 099	-12.7%	-59.6%
Investment - third parties	27 595	185 867	2 537 236	21 772	65 445	-85.2%	-57.8%
Yield attributed to the actuarial study	12 575 179	11 512 053	0	0	0	9.2%	-
Total	103 768 289	88 268 396	78 463 798	77 894 716	87 213 558	17.6%	19.0%

The overall effort was 103 768 thousand euros, 12 575 thousand euros of which is with regard to the "Income attributed to the actuarial study", which is unrelated with the cost of funds. After deduction, the amount was fixed at 91 193 thousand euros, 4 301 thousand euros of which was capitalised as a result of the implementation of the investment plan in progress.

Despite the 18.8% increase in the financial burden, it must be pointed out that remunerated liabilities management, through the derivatives market, achieved a saving of 206 million euros over the last 5 years, 33.5 million euros of which was in 2009.

The policy measures relative to funding and the derivatives market were thus translated into an "interest rate implicit to the debt", 2.529%, situated at 2007 levels, but even so quite interesting given the profile and characteristics of the ML debt.

Debt interest rate



Over the last five years, of note is that the implicit interest rate went from 3.188% to 2.529%, which signifies a reduction of around 21%, while remunerated liabilities for the same period increased by around 29%, i.e. from 2 817 to 3 627 million euros.

Asset structure/Balance sheet

Unit: €

	2009	%	2008	%	Chg. % 2009/08
Assets	3 739 236 251	100.0%	3 494 203 329	100.0%	7.0%
ML fixed assets	388 384 900	10.4%	413 870 877	11.8%	-6.2%
Intangible fixed assets	0		0		-
Tangible fixed assets	354 709 491		382 811 943		-7.3%
Financial investments	33 675 409		31 058 935		8.4%
Fixed assets financed by the State	3 100 549 914	82.9%	2 942 411 411	84.2%	5.4%
Intangible fixed assets	6 852 425		6 812 319		0.6%
Tangible fixed assets	3 093 697 489		2 935 599 092		5.4%
Third party receivables (medium/long term)	12 955 669	0.3%	459 569	0.0%	2719.1%
Current assets	151 406 399	4.0%	79 797 195	2.3%	89.7%
Stocks	16 745 985		16 865 859		-0.7%
Third party receivables (short term)	111 745 679		62 766 316		78.0%
Liquid assets	22 914 735		165 021		13786.0%
Accruals and deferrals	85 939 369	2.3%	57 664 276	1.7%	49.0%
Equity	(333 109 569)	-8.9%	(239 677 891)	-6.9%	-39.0%
Statutory capital	603 750 000		603 750 000		0.0%
Adjustments	134 577		134 577		0.0%
Revaluation reserves	236 296 084		236 296 083		0.0%
ML fixed assets	37 234 076		37 234 076		0.0%
Fixed assets financed by the State	199 062 008		199 062 008		0.0%
Reserves	801 401 736		746 241 437		7.4%
Retained earnings	(1 826 099 988)		(1 699 369 729)		-7.5%
Net profit / loss for the year	(148 591 978)		(126 730 258)		-17.3%
Liabilities	4 072 345 820	108.9%	3 733 881 220	106.9%	9.1%
Provision for other risks and costs	222 073 818	5.9%	235 638 947	6.7%	-5.8%
Third party payables (medium/long term)	3 278 444 715	87.7%	2 898 250 935	82.9%	13.1%
Credit institutions	3 147 252 459		2 749 685 579		14.5%
Leasing suppliers	130 694 469		148 067 569		-11.7%
Other creditors	497 787		497 787		0.0%
Third party payables (short term)	432 069 724	11.6%	482 955 249	13.8%	-10.5%
Credit institutions	331 819 544		398 127 337		-16.7%
Leasing suppliers	17 378 364		16 517 640		5.2%
Suppliers	7 775 585		7 775 102		0.0%
Fixed asset suppliers	60 319 569		41 297 133		46.1%
Other creditors	14 776 662		19 238 036		-23.2%
Accruals and deferrals	139 757 563	3.7%	117 036 089	3.3%	19.4%
Total Equity and Liabilities	3 739 236 251	100.0%	3 494 203 329	100.0%	7.0%

The Company growth rate measured by the increase in net assets was 7%, the amount rising to 3 739 236 thousand euros.

This growth is essentially explained by:

- The increase of 5.4% in "fixed assets financed by the State", resulting from the implementation of the investment plan related with the network expansion;
- Of note is that the relative weight of this item on the asset structure represents around 83%;
- Due to the 89.7% increase in "current assets" arising from the elevated amount to be received from the Cohesion Fund, given the funds requisition requests presented;
- The increase in "cash equivalents" by 22 750 thousand euros due to the constitution of a guarantee deposit for the financial operation at that value;
- The decrease in "ML investment" by 6.2%;
- The increase of 49% in "accruals and deferrals", arising from financial responsibilities paid up front, to be diminished throughout the maturity of the operation.

Equity underwent another significant reduction, now standing at a negative value of 333 110 thousand euros.

Total liabilities increased about 9.1%, rising to 4 072 346 thousand euros.

This increase is influenced by the approximately 13.1% increase in short term and long term "third party payables" due to the issue of bonds in January 2009.

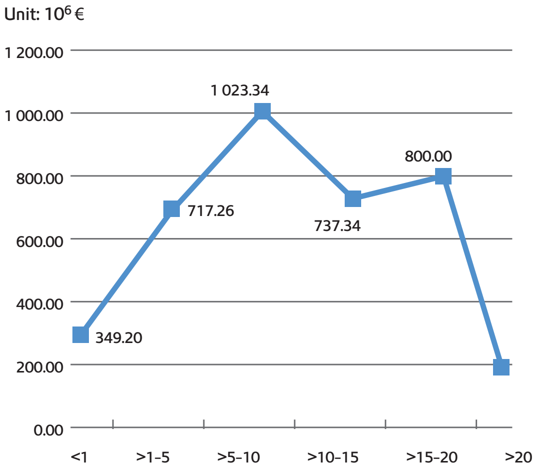
Remunerated liabilities have been increasing gradually over recent years, by about 9.5%, now standing at 3 627 145 thousand euros, of which about 90.4% are medium and long term, equivalent to 3 277 942 thousand euros, while only 9.6%, equivalent to 349 203 thousand euros, are short term.

Unit: €

Remunerated liabilities	2009	2008	2007	2006	2005	Chg.% 2009/08
Long term	3 277 941 664	2 897 753 148	2 921 689 030	2 642 424 088	2 402 452 179	13.1%
Debenture loans	1 246 388 204	854 119 572	861 850 939	469 582 307	115 246 007	45.9%
Bank loans	1 900 864 255	1 895 566 007	1 895 267 759	1 987 469 511	2 081 013 432	0.3%
BEI	1 080 864 255	1 120 566 007	1 160 267 759	1 199 969 511	1 231 043 485	-3.5%
Commercial paper	0	475 000 000	435 000 000	487 500 000	500 000 000	-100.0%
Other	820 000 000	300 000 000	300 000 000	300 000 000	349 969 947	173.3%
Financial leasing	130 689 205	148 067 569	164 570 332	185 372 270	206 192 740	-11.7%
Short term	349 203 173	414 644 977	212 277 442	349 387 199	414 824 132	-15.8%
Debenture loans	7 731 367	7 731 367	7 731 367	45 663 701	0	0.0%
Bank loans	324 088 177	390 395 970	183 655 887	282 865 075	394 883 906	-17.0%
BEI	39 701 752	39 701 752	39 701 752	37 872 827	42 842 754	0.0%
Commercial paper	0	50 000 000	50 000 000	50 000 000	25 000 000	-100.0%
Other	284 386 425	300 694 218	93 954 135	194 992 248	327 041 152	-5.4%
Financial leasing	17 383 629	16 517 640	20 890 188	20 858 423	19 940 226	5.2%
Total remunerated liabilities	3 627 144 837	3 312 398 125	3 133 966 473	2 991 811 286	2 817 276 311	9.5%
Debenture loans	1 254 119 571	861 850 939	869 582 306	515 246 007	115 246 007	45.5%
Bank loans	2 224 952 432	2 285 961 977	2 078 923 646	2 270 334 586	2 475 897 338	-2.7%
BEI	1 120 566 007	1 160 267 759	1 199 969 511	1 237 842 338	1 273 886 239	-3.4%
Commercial paper	0	525 000 000	485 000 000	537 500 000	525 000 000	-100.0%
Other	1 104 386 425	600 694 218	393 954 135	494 992 248	677 011 099	83.9%
Financial leasing	148 072 834	164 585 209	185 460 520	206 230 692	226 132 966	-10.0%

The average debt period is around 10 years, perfectly adequate to the durable characteristics of the assets inherent to our infrastructure.

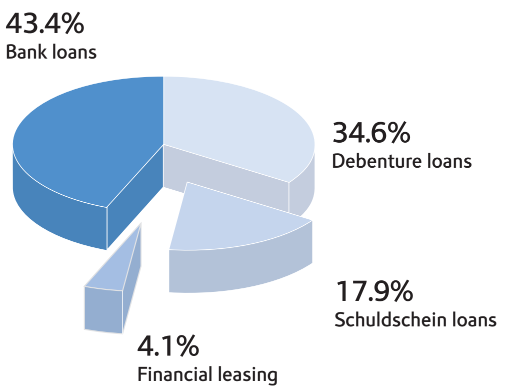
Average debt term



This debt is distributed over the following financing sources:

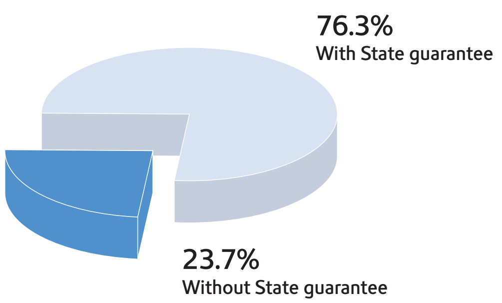
- Bank loans 43.4%
- Leases 4.1%
- Debenture loans 34.6%
- Schuldschein loans 17.9%

Debt distribution by type of instrument



About 76% of the overall debt, equivalent to 2 768 634 thousand euros, is "guaranteed by the State" and almost 85% of long term remunerated liabilities are "guaranteed by the State".

Financing structure by type of guarantee



Net fixed assets, representing 93% of "total assets" and "fixed assets financed by the State", an amount of 3 100 550 thousand euros, are totally financed by long term debt financing.

In the overall capital structure, equity lost all weight, showing a strongly negative value, the long term debt financing taking on the function of financing the durable infrastructure characteristic of our network.

Hence, the negative impact on most indicators, particularly with regard to autonomy and solvency.

3.2 Proposal for Distribution of Profits

In compliance with paragraph a) no. 2 of article 7 of the Metropolitano de Lisboa, E.P.E. by-laws, we propose that the net loss for the year, a negative amount of € 148 591 978, be wholly transferred to retained earnings.

The Management Board

Joaquim José de Oliveira Reis

Luís Filipe Salgado Zenha de Morais Correia

Jorge Manuel Quintela de Brito Jacob

Miguel Teixeira Ferreira Roquette


DESTINO DO PROXIMO COMBOIO
ENTRE CAMPOS
INTENDENTE
INTENDENTE
SAÍDA
Schweppes
Schweppes

4. Financial Statements

Balance Sheets as at 31 December 2009 and 2008 | Unit: €

POC Account Code	Assets	Notes	2009 Gross assets	2009 Depreciation and adjustments	2009 Net assets	2008 Net assets
	Fixed assets financed by the Company:					
	Tangible fixed assets:					
421	Land and natural resources		24 285 925	0	24 285 925	24 284 306
422	Buildings and other constructions		251 242 073	137 873 145	113 368 928	124 043 527
423	Basic equipment	15	494 721 269	284 084 867	210 636 402	228 301 870
424	Transport equipment		1 115 553	992 391	123 162	19 572
425	Tools and utensils		2 395 937	2 194 936	201 001	279 526
426	Office equipment		25 539 042	24 112 141	1 426 901	2 108 686
428/429	Other tangible fixed assets		1 115 940	355 965	759 975	785 484
441/6	Fixed assets in progress		3 637 263	0	3 637 263	2 850 841
448	Advance payments for tangible fixed assets		269 934	0	269 934	138 130
		10 - 13	804 322 936	449 613 445	354 709 491	382 811 942
	Financial investments:					
4111	Investments in group companies		9 845 978	0	9 845 978	7 956 065
4112	Investments in associated companies		226 726	0	226 726	147 181
4113+414+415	Securities and other financial investments		24 984 383	1 381 678	23 602 705	22 955 689
		10 - 16	35 057 087	1 381 678	33 675 409	31 058 935
	Fixed assets financed by the State:					
	Intangible fixed assets:					
431	Set up expenses		2 019 827	0	2 019 827	2 019 827
432	Research and development costs		1 437 156	0	1 437 156	1 436 967
444	Fixed assets in progress		3 395 442	0	3 395 442	3 355 525
		8 - 10	6 852 425	0	6 852 425	6 812 319
	Tangible fixed assets:					
421	Land and natural resources		15 561 038	0	15 561 038	15 329 218
422	Buildings and other constructions		2 298 782 270	0	2 298 782 270	2 292 764 583
423	Basic equipment		375 440 721	0	375 440 721	372 572 944
441/6	Fixed assets in progress		397 066 845	0	397 066 845	248 541 042
448	Advance payments for tangible fixed assets		6 846 615	0	6 846 615	6 391 305
		10 - 13	3 093 697 489	0	3 093 697 489	2 935 599 092
	Third party receivables - medium and long term:					
253	Affiliates and participating companies		0	0	0	0
268	Other debtors	49	12 955 669	0	12 955 669	459 569
			12 955 669	0	12 955 669	459 569
	Current assets:					
	Stock:					
36	Raw materials, subsidiaries and consumables	21 - 22 - 41	21 922 191	5 176 206	16 745 985	16 865 859
			21 922 191	5 176 206	16 745 985	16 865 859
	Third party receivables - short term:					
211	Customers, current account		2 051 531	0	2 051 531	3 175 660
218	Doubtful customers	21 - 23	2 755	2 755	0	0
252	Group companies	16	250 000	0	250 000	250 000
254	Shareholder loans		1 500 000	0	1 500 000	0
229	Advances to suppliers		1 767	0	1 767	22 285
2619	Advance payments to tangible fixed asset suppliers		56 154	0	56 154	56 154
24	State and other public bodies	28	6 088 285	0	6 088 285	8 973 117
262+267+268	Other debtors	21 - 23 - 49	76 234 860	4 557 315	71 677 545	20 168 702
264	Capital subscribers	37	30 120 397	0	30 120 397	30 120 397
			116 305 749	4 560 070	111 745 679	62 766 315
	Bank deposits and cash:					
12+13	Bank deposits		22 896 530	0	22 896 530	133 276
11	Cash		18 205	0	18 205	31 745
		55	22 914 735	0	22 914 735	165 021
	Accruals and deferrals:					
271	Accrued income		2 163 289	0	2 163 289	2 653 253
272	Deferred costs		83 776 080	0	83 776 080	55 011 024
		50	85 939 369	0	85 939 369	57 664 277
	Total depreciation			**450 995 123**		
	Total adjustments			**9 736 276**		
	Total Assets		4 199 967 650	460 731 399	3 739 236 251	3 494 203 329

The attached notes are an integral part of the balance sheet as at 31 December 2009.

The Chief Accountant

Carlos Alberto Meira Rodrigues

Balance Sheets as at 31 December 2009 and 2008

Unit: €

POC Account Code	Equity and Liabilities	Notes	Years 2009	Years 2008
	Equity			
51	Capital	37	603 750 000	603 750 000
55	Adjustments to 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 repayment of capital invested		7 199	7 199
5713	Investment reserves		705 864 055	650 703 756
574+575+576	Other reserves		95 516 084	95 516 084
59	Retained earnings		(1 826 099 987)	(1 699 369 729)
	Subtotal		(184 517 590)	(112 947 633)
88	Net profit / loss for the year		(148 591 978)	(126 730 258)
	Total Equity	40	(333 109 568)	(239 677 891)
	Liabilities			
	Provisions:			
291	Pension provisions	34	221 559 284	218 152 836
293/8	Other provisions	34	514 534	1 718 833
			222 073 818	219 871 669
	Third party payables – medium and long term:			
	Debenture loans:			
2322	Non-convertible	48	1 246 388 204	854 119 572
231	Bank loans	48	1 900 864 255	1 895 566 007
2611	Fixed asset suppliers – current account	15	130 689 205	148 067 569
268	Other creditors	49	497 787	497 787
			3 278 439 451	2 898 250 935
	Third party payables – short term:			
	Debenture loans:			
2322	Non-convertible	48	7 731 367	7 731 367
231	Bank loans	48	324 088 177	390 395 970
221	Suppliers, current account		7 536 701	7 695 274
228	Suppliers – Invoices under review		238 885	79 828
2611	Fixed asset suppliers – current account	15 - 16 - 53	77 703 197	57 814 773
24	State and other public bodies	28	2 559 115	3 476 095
262+263+265+266 +267+268	Other creditors	49	12 217 547	15 761 941
			432 074 989	482 955 248
	Accruals and deferrals:			
273	Accrued costs		34 717 672	19 272 848
274	Deferred income	50	105 039 891	113 530 519
		50	139 757 563	132 803 367
	Total Liabilities		4 072 345 821	3 733 881 219
	Total Equity and Liabilities		3 739 236 251	3 494 203 328

The attached notes are an integral part of the balance sheet as at 31 December 2009.

The Management Board

Joaquim José de Oliveira Reis

Luís Filipe Salgado Zenha de Morais Correia

Jorge Manuel Quintela de Brito Jacob

Miguel Teixeira Ferreira Roquette

Income Statements by Nature for the years ending on 31 December 2009 and 2008

Unit: €

POC Account Code	Costs and Losses	Notes	Years 2009		2008	
61	Cost of goods sold and materials consumed:					
	Raw materials, subsidiaries and consumables	41		2 760 319		3 772 648
62	Supplies and external services			42 164 996		40 847 583
	Staff costs	52				
641+642	Remuneration		56 976 623		52 045 246	
	Social charges:					
643	Pensions	51	14 834 621		13 714 893	
645/8	Other		15 833 032	87 644 276	14 779 904	80 540 042
662+663	Depreciation of tangible and intangible fixed assets	10	31 854 664		36 478 937	
666+667	Adjustments	21	877 627		1 536 035	
67	Provisions	34	0	32 732 291	1 226 057	39 241 029
63	Taxes			249 865		232 323
65	Other operating costs and losses			342 505		395 329
	(A)			165 894 252		165 028 954
682	Losses in group companies and associates	45	1 846 424		0	
683+684	Depreciation and adjustments in financial investments	10 - 45	71 134		71 134	
681+685+686+688	Interest and similar costs:				0	
	Other	45	99 439 550	101 357 108	83 085 967	83 157 101
	(C)			267 251 360		248 186 054
69	Extraordinary costs and losses	46		2 999 660		3 783 272
	(E)			270 251 020		251 969 326
86	Income tax			58 620		53 660
	(G)			270 309 640		252 022 986
88	Net profit / loss for the year			(148 591 978)		(126 730 258)
				121 717 662		125 292 728
	Income and gains					
71	Sales:					
	Goods	44	15 779		18 230	
72	Services provided	44	63 817 683	63 833 462	68 059 187	68 077 417
75	Own work capitalised			4 297 018		5 134 939
73	Supplementary income	16	661 265		878 968	
74	Operating subsidies	3. i)	27 540 041		25 060 685	
76	Other operating income and gains	53	7 321 315		7 328 357	
77	Reversals of adjustments	21 - 51	12 016 829	47 539 450	11 637 730	44 905 740
	(B)			115 669 930		118 118 096
782	Gains in group companies and associates	45	1 987 518		626 962	
7815+783	Yield from securities and other financial investments:					
	Other	45	731 021		23 955	
7811+7818+785+786+788	Other interest and similar profits:					
	Other	45	1 416 550	4 135 089	1 013 628	1 664 545
	(D)			119 805 019		119 782 641
79	Extraordinary income and gains	46		1 912 643		5 510 087
	(F)			121 717 662		125 292 728

The attached notes are an integral part of the income statement by nature for the year ending on 31 December 2009.

Summary:	2009	2008
Operating income: (B)-(A) =	(50 224 322)	(46 910 858)
Financial income: [(D)-(B)]-[(C)-(A)] =	(97 222 019)	(81 492 555)
Current income: (D)-(C) =	(147 446 341)	(128 403 413)
Income before taxes: (F)-(E) =	(148 533 358)	(126 676 598)
Net profit/loss for the year: (F)-(G) =	(148 591 978)	(126 730 258)

The Chief Accountant

Carlos Alberto Meira Rodrigues

The Management Board

Joaquim José de Oliveira Reis

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Jorge Manuel Quintela de Brito Jacob

Miguel Teixeira Ferreira Roquette

Income Statements by Function for the years ending on 31 December 2009 and 2008

Unit: €

	Notes	Years 2009	Years 2008
Sales and services provided	44	63 833 462	68 077 417
Operating subsidies	3.i)	27 540 041	25 060 685
Cost of sales and services provided		(86 512 969)	(81 364 438)
Gross income		4 860 534	11 773 664
Other operating income and profits		26 209 070	30 490 081
Distribution costs		(55 615 640)	(59 070 730)
Administrative costs		(23 423 139)	(24 198 458)
Other operating costs and losses		(3 342 165)	(4 178 600)
Operating income		(51 311 340)	(45 184 043)
Net financing costs	45	(98 023 000)	(82 072 338)
Gains / (losses) from subsidiaries and associates	45	141 095	626 962
Gains / (losses) on other investments	45	659 887	(47 179)
Net operating income		(148 533 358)	(126 676 598)
Taxes on net operating income		(58 620)	(53 660)
Net profit / loss for the year		(148 591 978)	(126 730 258)

The attached notes are an integral part of the income statement by function for the year ending on 31 December 2009.

The Chief Accountant

Carlos Alberto Meira Rodrigues

The Management Board

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Miguel Teixeira Ferreira Roquette

Cash Flow Statement for the years ending on 31 December 2009 and 2008 — Unit: €

	Notes	Years 2009	2008
Operating activities:			
Sales of tickets and passes		68 901 110	75 742 062
Compensatory allowance	3.i)	27 540 041	26 122 003
Customer receivables		4 373 760	2 685 012
Payments to suppliers		(45 519 639)	(45 516 062)
Payments to staff		(69 028 913)	(65 204 968)
Cash flow generated by operations		(13 733 641)	(6 171 954)
Tax payments and receivables		(2 378 668)	(4 141 361)
Other receivables from operating activities		(12 539 407)	(802 825)
Cash flow generated before extraordinary items		(28 651 716)	(11 116 139)
Receivables from extraordinary items		181 970	167 029
Payment of extraordinary items		(68 532)	(76 270)
Cash flow from operating activities (1)		(28 538 278)	(11 025 380)
Investment activities:			
Receivables from			
Investment subsidies		4 034 401	12 948 352
Interest and similar profits		1 614 519	488 036
Total receivables		5 648 920	13 436 387
Payments relating to:			
Financial investments		(718 149)	(384 658)
Tangible fixed assets		(148 307 584)	(89 888 729)
Total payments		(149 025 733)	(90 273 386)
Cash flow from investment activities (2)		(143 376 813)	(76 836 999)
Financing activities:			
Receivables from:			
Bank loans		520 000 000	264 442 692
Debenture loans	48	400 000 000	-
Total receivables		920 000 000	264 442 692
Payments relating to			
Bank loans		(581 009 545)	(57 404 382)
Leasing/hire operations		(29 437 352)	(34 584 418)
Debenture loans		(7 731 367)	(7 731 367)
Interest and similar costs		(103 812 918)	(76 967 160)
Term deposits (escrow)		(22 576 503)	-
Loans granted	16	(3 344 013)	-
Total payments		(747 911 698)	(176 687 328)
Cash flow from financing activities		172 088 302	87 755 364
Cash and cash equivalent variation (4)=(1)+(2)+(3)		173 211	(107 015)
Cash and cash equivalents at beginning of period		165 021	272 036
Cash and cash equivalents at end of period		338 232	165 021
Cash	55	18 205	31 745
Bank deposits	55	320 027	133 276
Cash and cash equivalents at end of period		338 232	165 021

The attached notes are an integral part of the cash flow statement for the year ending on 31 December 2009.

The Chief Accountant

Carlos Alberto Meira Rodrigues

The Management Board

Joaquim José de Oliveira Reis

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Miguel Teixeira Ferreira Roquette


ENTRE CAMPOS
PASSAGEM
PROIBIDA
PASSAGEM
PROIBIDA

5.

Annex to the Balance Sheet and Income Statement

On 31 December 2009
(Amounts in euros)

1. Introductory note

On 26 June 2009, with the entry into force of the respective Decree-Law, Metropolitano de Lisboa, E.P. (Public Corporation), took on a new name, Metropolitano de Lisboa E.P.E. (Public Enterprise), hereinafter called the "Company".

This alteration is in accordance with Decree-Law no. 148-A/2009. D.R. no. 122, Supplement, Series I of 26 June 2009 of the Minister for Public Works, Transport and Communications, approving the legal regime applicable to Metropolitano de Lisboa, E. P. E., as well as the respective by-laws, and revoking Decree-Law no. 439/78, of 30 December.

The previous name, Metropolitano de Lisboa, E.P., was the result of the nationalisation in 1975, through Decree-Law no. 280-A/75, of 5 June, of Sociedade Metropolitano de Lisboa, S.A.R.L..

The Company's main object is to maintain and develop regular operation of collective underground public passenger transport service in the Greater Lisbon Area.

The Company operates within the legal framework created by general laws which govern the existence and activity of public enterprises, by specific laws and government regulations relating to the transport sector and the Company itself.

The provision of services is carried out in accordance with the tariff policies fixed by the relevant Ministry and the Company benefits from official government subsidies including statutory capital funds and funds from investments, operating subsidy and other subsidies.

These financial statements refer to the Company individually and were prepared under legal terms for approval by the Management Board, financial investments having been recorded by the equity method, as explained in note 3.c). The Company will prepare and present the consolidated financial statements separately. These will include the financial statements of the companies in which the Company has a majority holding or management control. Thus, these individual financial statements already reflect the impact of consolidation of the equity and income of these companies on 31 December 2009, based on their financial statements. However, they do not reflect the impact of full consolidation on assets, liabilities, costs and income.

In preparation of its consolidated financial statements, the Company adopted the IFRS - International Financial Reporting Standards, as adopted by the European Union. Thus, equity on 31 December 2009 and 31 December 2008, and the income for the years ended on those dates, which are shown in the Company's consolidated financial statements, differ from the figures shown in the individual financial statements.

The notes below follow the sequential numbering set out in the Official Plan of Accounts. Numbers not included in this annex do not apply or are not relevant to the understanding of the financial statements presented.

3. Presentation bases and main valuation criteria

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

The main valuation criteria used in preparing these financial statements were the following:

a) Intangible fixed assets

i) Financed by the State

Intangible fixed assets financed by the State essentially include network expansion studies, characterised as costs with durable infrastructures (ILDs). These fixed assets are not being depreciated.

b) Tangible fixed assets

i) Financed by the Company

Tangible fixed assets financed by the Company and acquired before 31 December 1997, are stated at acquisition cost, which includes financial charges incurred during construction and revaluated according to the relevant legislation (note 12). Tangible fixed assets acquired after that date are recorded at acquisition cost.

Depreciation is calculated on a straight-line basis, from the month in which the goods come into use, on the basis of the following estimated useful life:

	Years
Buildings and other constructions	10 - 50
Basic equipment:	
Operational rolling stock	14 - 28
Service rolling stock	10 - 30
Telecommunications and control systems	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Administrative equipment	7 - 10
Other tangible fixed assets	4 - 10

Current repair and maintenance costs are recorded as costs for the year in question. Major repair work is recorded under "Tangible fixed assets" and is depreciated over the same period of years as the fixed assets it refers to.

ii) Financed by the State

Tangible fixed assets financed by the State and acquired before 31 December 1997 are recorded at acquisition cost, which includes financial charges incurred during construction and revaluated according to the relevant legislation (note 12). Fixed assets acquired after that date are recorded at acquisition cost.

The recording of the depreciation relative to these fixed assets was carried out on the basis of the abovementioned criteria for tangible fixed assets financed by the Company, but only up to 31 December 1997. Depreciation calculated and recorded before this date was directly credited at cost or the revaluated amount of tangible fixed assets and the respective revaluation reserves were debited as a corrective factor of same. After 1 January 1998, these assets are not being depreciated.

c) Financial investments

Financial investments in group companies and associates are recorded by the equity accounting method. Initially, this is at acquisition cost which is then increased or decreased by the amount proportional to the Company's holding in the respective equity stated at acquisition date or after first application of the equity method.

According to the equity accounting method, financial investments are adjusted annually by an amount corresponding to the proportion of net profit/loss of the holdings as a counter entry under gains or losses for the year. In addition, dividends received from these companies are recorded as a decrease in the value of financial investments.

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 recorded at acquisition cost, which is below the market value.

d) Stock

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

An adjustment was set up for depreciation of raw materials, subsidiaries and consumables for the difference between the liquidation value and the acquisition value, where the former is less than the latter.

e) Accruals basis accounting

The Company uses accruals basis accounting to report income and expenditure, whereby income and expenditure are recognised when generated, irrespective of when received or paid. The difference between the amounts received and the amounts paid and the corresponding income and expenditure are recorded under “Accruals and deferrals” (note 50).

f) Retirement pension supplements

As described in detail under note 51, the Company undertook to provide its employees with cash benefits as supplements to the retirement pensions (old-age, disability and survival) paid by the Social Security system. In the year ending on 31 December 2001, the Company adopted the dispositions of Accounting Directive no. 19 of 21 May 1997 from the Accounting Standards Committee with regard to reporting these responsibilities on the balance sheet. These responsibilities are quantified by means of an actuarial study at the end of each accounting period, carried out according to internationally accepted actuarial assumptions and methods, in order to establish the amount of total responsibilities on the date of the balance sheet and the pension costs to be recorded for the year. These responsibilities are compared to the accounting records of the Company in order to ascertain the differences to be recorded. Up to 31 December 2007, the difference between the responsibilities and the specific pensions resulting from the costs with current services, interest costs and actuarial gains and losses, was reported as gains or losses under the “Staff costs” in the income statement for the respective financial year.

From 1 January 2008, the Company began reporting its responsibilities with retirement benefits-pension plans based on the accounting policy provided for in no. 19 of the International Accounting Standard, which includes the “corridor” mechanism by which the actuarial gains and losses calculated during a year, and for every benefit plan granted, arise from adjustments to actuarial assumptions, experience adjustments or in the benefit scheme, when: (i) lower, in absolute value, than 10% (“corridor”) of total responsibilities or provisions, the greater of the two, they are not recorded in the balance sheet of the year in which they are known; (ii) higher than 10% of the abovementioned “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 income from the year subsequent to the one they refer to, in constant shares, according to the average number of years of work expected for the staff included in that benefit plan.

The benefit plans granted and that were identified by the Company for calculation of these responsibilities are:

a) Retirement, disability and survivor’s pension supplements
b) Early retirement

g) Health care

The Company has taken on certain responsibilities for paying benefits to its employees, up to retirement age, for health care. These are not recorded in the balance sheet as at 31 December 2007. To meet these responsibilities, the Company took out a collective health insurance policy for its active staff, which provides for access to medical services subsidised by the Company. These charges are recorded in the financial statements for the year in which they were paid. Company responsibilities are not reflected in the balance sheet, given that these amounts are not relevant in actuarial terms.

h) Provision of services and recording of revenue

Profits from the provision of services includes revenue from sales of Metro tickets, and a share of revenue from sales of multimodal passes, valid for the Metro and other urban and suburban public transport services provided by other operators. These prices are fixed by the State.

The Company records revenue for the provision of services, as follows:

- **Multimodal passes** – Revenue 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 Land Transport (IMTT). This distribution is calculated according to statistical indexes taking into account the level of use of the Company's services and those of each one of the other operators.
- **Tickets and pre-paid tickets** – The Company records this revenue at the moment of sale.

i) Compensatory allowance

Operating subsidies, made by the State to compensate for the application of government-capped prices, are recorded in the income statement. In 2009, these amounted to € 28 093 176, allocated under the terms of the Council of Ministers' Resolution of 3 December 2009.

j) Departmental costs

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

These costs are recorded under durable infrastructure investments – ILDs (fixed assets financed by the State), equipment and studies for operating rolling stock and depot and workshops (fixed assets financed by the Company) (note 10), since these are the longest term, most technically complex and consequently most manpower intensive investments.

l) Leases

Leasing contracts are classified as: (i) financial leases if they substantially transmit all of the risks and advantages inherent to possession; and as (ii) operational leases if they do not substantially transmit all of the risks and advantages inherent to possession.Classification of leases as financial or operational is carried out as a function of substance and not of the form of the contract.

Leased fixed assets, along with the corresponding responsibilities, are recorded using the financial method. In accordance with this method, costs are stated under tangible fixed assets, the corresponding responsibility is recorded under liabilities and the interest included in the rent value and asset depreciation, calculated as described in note 3.b), are recorded as costs in the financial statements for the year to which they refer.

Charges relative to operational lease contracts are recorded as costs for that year.

m) Subsidies granted for financing tangible fixed assets

Non-returnable subsidies granted to the Company for financing the acquisition of tangible fixed assets are recorded as deferred income under "Accruals and deferrals", and reported in the financial statements in proportion to the depreciation on the subsidised tangible fixed assets.

Non-refundable subsidies granted for financing ILDs, are reported directly as equity under "Investment reserves". This year, these subsidies covered approximately 35% of the investment made in ILDs, of which 93% has yet to be received.

n) Assets, liabilities and transactions in foreign currency

Assets and liabilities in foreign currency were converted to euros using the exchange rates in force on the date of the balance sheets.

The favourable and unfavourable exchange rate differences arising from the exchange rates in force on the date of the transactions and those in force on the date of collection, payment or on the date of the balance sheet were recorded as income and costs in the income statement.

o) Deferred taxes

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

Deferred taxes are not recorded in the attached financial statements nor are they entirely quantified at this date. Assets for deferred taxes correspond to reportable tax losses and provisions not fiscally accepted, while liabilities for deferred taxes correspond to depreciation of revalued assets not fiscally accepted and taxable capital gains subject to deferred taxation.

In the years ending between 31 December 2004 and 2009, situations occurred which led to the recording of assets from deferred taxes, at a total amount of approximately € 210 000 000 referent to reportable fiscal losses and provisions not fiscally accepted and which were not recorded as there was no reasonable expectation of future fiscal profits sufficient to use these deferred taxes as assets.

p) Derived financial instruments

The Company is exposed to financial risks basically related to interest rate fluctuations. It uses derived financial instruments in the management of its financial risks related with interest rate fluctuation, solely as a means of guaranteeing coverage of these risks. Derived financial instruments are not used with the objective of negotiation (speculation).

The derived financial instruments used by the Company for coverage are bank loan interest rate coverage instruments, corresponding essentially to interest rate swaps. Loan amounts, interest maturity dates and loan reimbursement plans subjacent to these interest rate coverage financial instruments are completely identical to the conditions established for the corresponding contracted loans, thus providing perfect coverage.

The financial coverage instruments used by the Company to cover the interest rate risks on their loans are initially recorded at their cost, if any, and the result calculated during the year is recorded directly in the income statement in the same period that the coverage instrument affects income. Accounting of derived financial instruments for coverage is discontinued when the instrument matures or is sold.

When the derivatives are no longer qualified as coverage instruments or are renegotiated, the resulting gains or losses as well as the fair value variations accumulated and deferred in "Accruals and deferrals" and reported in the financial statements for the year, according to the terms of the loans they refer to.

6. Taxes

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

In accordance with current legislation, tax declarations are subject to revision and correction by tax authorities for a period of four years (ten years for Social Security up to 2000, inclusive, and five years since 2001), except in the case of tax losses, when tax benefits have been granted, an inspection is underway, or complaints or objections have been lodged, in which cases, depending on the circumstances, the limitations are extended or suspended. Accordingly, the Company's tax declarations for 2006 to 2009 may be subject to revision or adjustment.

The Management Board believes that any adjustments arising from revision/inspection of tax declarations by the tax authorities would not significantly affect the financial statements as at 31 December 2009.

Under the terms of the current legislation, tax losses may be recorded during a period of six years after such losses were incurred, and may be deducted from taxable profits generated during this period. The limit date to use reportable tax losses, in accordance with the tax returns filed, as at 31 December 2009, is as follows:

	Tax loss	Limit date for utilisation
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
Generated in 2009	120 832 306	2015
	841 925 714	

7. Average number of staff

During 2009 and 2008, the average number of staff at Metropolitano de Lisboa was 1 611 and 1 566, respectively.

8. Set up expenses and expenditure on research and development and industrial property and other rights

The Company has been recording the following types of costs in these items and, as at 31 December 2009 and 2008, they were as follows:

Fixed assets financed by the State	2009	2008
Set up expenses:		
Studies and network development	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 expenditure:		
Study for development of station type	33 627	33 627
Study of options for new extensions	326 662	326 662
Road tunnel impact study	108 989	108 989
Public tender for plastic treatment at stations	40 721	40 721
Studies for surface light railway	674 703	674 703
Viability study for the Colinas line	48 938	48 938
Electromagnetic compatibility analyses	90 599	90 599
Other	4 977	4 977
Financial costs (note 10)	107 940	107 751
	1 437 156	1 436 967
Fixed assets in progress:		
Research and development expenditure:		
Study of options for new extensions	921 920	921 920
Project for electricity generating plant	24 694	24 694
Studies for the Oriente / Aeroporto extension	1 727 303	1 724 618
Studies for the Amadora Este / Reboleira extension	77 961	77 961
Studies for the Rato / Alcântara extension	379 503	379 503
Studies for the São Sebastião / Campolide extension	19 611	19 611
Other	53 052	53 052
Financial costs	191 398	154 166
	3 395 442	3 355 525
	6 852 425	6 812 319

10. Entries to fixed assets

During the year ending on 31 December 2009, changes in the value of tangible fixed assets and financial investments, financed by the Company, as well as the respective accumulated depreciation and adjustments were as follows:

	Gross assets				
Items	Initial balance	Increases	Divestitures	Transfers and abatements	Final balance
Tangible fixed assets:					
Land and natural resources	24 284 306	1 619	-	-	24 285 925
Buildings and other constructions	251 016 435	11 299	-	214 339	251 242 073
Basic equipment	492 519 251	1 576 712	(25 838)	651 144	494 721 269
Transport equipment	1 020 419	117 691	(22 557)	-	1 115 553
Tools and utensils	2 363 568	35 075	-	(2 706)	2 395 937
Administrative equipment	25 355 551	172 758	(505)	11 238	25 539 042
Other tangible fixed assets	1 115 526	414	-	-	1 115 940
	797 675 056	1 915 568	(48 900)	874 015	800 415 739

Items	Gross assets				
	Initial balance	Increases	Divestitures	Transfers and abatements	Final balance
Fixed assets in progress:					
Buildings and other constructions	259 740	–	–	(214 338)	45 402
Basic equipment	2 530 071	620 811	–	(653 034)	2 497 848
Administrative equipment	61 030	1 085 011	–	(52 028)	1 094 013
	2 850 841	1 705 822	–	(919 400)	3 637 263
Advance payments for tangible fixed assets	138 130	212 941	–	(81 137)	269 934
	800 664 027	3 834 331	(48 900)	(126 522)	804 322 936
Financial investments:					
Investments in group companies	7 956 065	1 889 913	–	–	9 845 978
Investments in associated companies	147 181	79 545	–	–	226 726
Securities and other financial investments	24 266 234	718 149	–	–	24 984 383
	32 369 480	2 687 607	–	–	35 057 087

Items	Depreciation and adjustments			
	Initial balance	Reinforcement	Divestitures /abatements	Final balance
Tangible fixed assets:				
Buildings and other constructions	126 972 908	10 900 237	–	137 873 145
Basic equipment	264 217 381	19 895 213	(27 727)	284 084 867
Transport equipment	1 000 847	14 100	(22 556)	992 391
Tools and utensils	2 084 042	113 600	(2 706)	2 194 936
Administrative equipment	23 246 864	905 590	(40 313)	24 112 141
Other tangible fixed assets	330 041	25 924	–	355 965
	417 852 083	31 854 664	(93 302)	449 613 445
Financial investments:				
Securities and other financial investments	1 310 544	71 134	–	1 381 678
	1 310 544	71 134	–	1 381 678
	419 162 627	31 925 798	(93 302)	450 995 123

The additions occurring in the year ending on 31 December 2009 in "Tangible fixed assets – basic equipment", at the amount of € 1 576 712 essentially refer to the acquisition of sales and ticket monitoring equipment installed in the new stations on the Alameda/São Sebastião extension.

Additions occurring in 2009 in "Fixed assets in progress – administrative equipment", at the amount of € 1 085 011, refer to expenditure on the Plago system – system for optimal planning of resources and real-time management of ML operations.

Transfers and reductions occurring during 2009 to "Tangible fixed assets – basic equipment", at the amount of € 651 144, essentially refer to the transfer from "Fixed assets in progress – basic equipment", of an automatic machine for washing trains and a system for controlling access to the vault rooms.

The entries to "Investments in group companies" and "Investments in associated companies", at amounts of € 1 889 913 and € 79 545, respectively, refer to the income from group companies and associated companies, appropriated through the equity method (note 45).

The addition in the "Securities and other financial investments" item, at the amount of € 718 149 refers to the interest on a term deposit for the future constitution of the pension fund, as per deliberation by the Management Board, constituted during 2007, which earns interest at normal market rates.

Reinforcement of depreciation and adjustments in "Securities and other financial investments", at the amount of € 71 134 (note 45), refers to depreciation of investments in real estate for income.

Under the terms of Decree-Law no. 196/80 of 20 June, the Government committed the State to financing durable infrastructure investment by the Metro. Such investment was defined as follows:

- Network development studies;
- Galleries, stations and other auxiliary and complementary constructions;
- Railway line;
- High and low voltage networks;
- Control and telecommunications systems;
- Ventilation and pumping equipment;
- Mechanical access.

That commitment was put into practice through non-refundable subsidies granted by the Portuguese State to cover investments made up to 31 December 1980 and for the financial costs incurred up until then with these investments. At that date, the investments made and the values of the subsidies granted were equal. They were stated under fixed assets financed by the State and investment reserves, respectively.

The abovementioned Decree-Law contained a clause calling for its revision before expiry on 31 December 1980. However, this did not take place. Thus, and from that date onwards, funds were allocated on the basis of 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 as follows in the financial statements on 31 December 2009 and 2008:

Fixed assets financed by the State	2009	2008
Intangible:		
Cost value	3 456 983	3 456 794
In progress	3 395 442	3 355 525
	6 852 425	6 812 319
Tangible:		
Cost value	2 490 722 021	2 481 604 737
Revaluations (note 13)	199 062 008	199 062 008
In progress and advances	403 913 460	254 932 347
	3 093 697 489	2 935 599 092
	3 100 549 914	2 942 411 411
Revaluation reserves (note 40)	199 062 008	199 062 008
Investment reserves (note 40)	705 864 055	650 703 756
Other reserves (note 40)	93 999 764	93 999 764
	998 925 827	943 765 527

Fixed assets financed by the Company	2009	2008
Tangible:		
Cost value	772 390 786	769 648 243
Revaluations (note 13)	28 024 953	28 026 813
In progress and advances	3 907 197	2 988 971
	804 322 936	800 664 027
Accumulated depreciation	(449 613 445)	(417 852 084)
	354 709 491	382 811 944

The following supplementary costs are included in the cost value of fixed, intangible and tangible assets and assets in progress on 31 December 2009 and 2008:

	2009				2008			
Fixed assets financed by the Company	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Financial costs (note 14)	–	67 078 705	333 817	67 412 522	–	67 036 076	300 486	67 336 562
Departmental costs (note 3.j)	–	8 081 168	6 052	8 087 220	–	7 984 176	15 373	7 999 549
Total	–	75 159 873	339 869	75 499 742	–	75 020 252	315 859	75 336 111
Fixed assets financed by the State	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Financial costs (note 14)	139 257	274 399 042	19 477 711	294 016 010	139 068	274 396 190	15 255 569	289 790 826
Departmental costs (note 3.j)	38 038	48 058 653	12 033 401	60 130 092	38 038	47 797 252	8 552 684	56 387 973
Total	177 295	322 457 695	31 511 112	354 146 102	177 106	322 193 441	23 808 252	346 178 799

During the year ending on 31 December 2009, the following changes occurred in the value of intangible and tangible fixed asset costs financed by the State:

Items	Initial balance	Increases	Transfers and abatements	Final balance
Intangible fixed assets:				
Set up expenses	2 019 827	–	–	2 019 827
Research and development expenditure	1 436 967	189	–	1 437 156
Fixed assets in progress:				
Research and development expenditure	3 355 525	39 917	–	3 395 442
	6 812 319	40 106	–	6 852 425
Tangible fixed assets:				
Land and natural resources	15 329 218	231 820	–	15 561 038
Buildings and other constructions	2 292 764 583	5 020 169	997 518	2 298 782 270
Basic equipment	372 572 944	1 786 133	1 081 644	375 440 721
	2 680 666 745	7 038 122	2 079 162	2 689 784 029
Fixed assets in progress:				
Land and natural resources	66 405	32 404	–	98 809
Buildings and other constructions	235 185 007	126 302 279	(998 601)	360 488 685
Basic equipment	13 289 630	24 271 365	(1 081 644)	36 479 351
	248 541 042	150 606 048	(2 080 245)	397 066 845
Advance payments for tangible fixed assets	6 391 305	5 400 016	(4 944 706)	6 846 615
	2 935 599 092	163 044 186	(4 945 789)	3 093 697 489

The additions occurring in the year ending on 31 December 2009 under “Fixed assets in progress – buildings and other constructions”, at the amount of € 126 302 279 refer essentially to the Oriente/Aeroporto, Amadora Este/Reboleira and Alameda/São Sebastião developments, at € 83 430 748, € 10 448 700 and € 26 265 157, respectively.

The additions occurring in the year ending on 31 December 2009 in “Fixed assets in progress - basic equipment”, at the amount of € 24 271 365 essentially refer to the Alameda/São Sebastião development, at the amount of € 22 443 521.

Transfers and abatements occurring during 2009 in “Tangible fixed assets – buildings and other constructions” and in “Tangible fixed assets – basic equipment”, at the amounts of € 997 518 and € 1 081 644, respectively, essentially refer to the transfer from “Fixed assets in progress” of expenditure relative to the car park at Lumiar station.

On 31 December 2009, "Fixed assets in progress – land and natural resources", "Buildings and other constructions" and "Basic equipment", at the amounts of € 98 809, € 360 488 684 and € 36 479 351, respectively, were as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment
Network remodelling	–	9 270 991	7 078 764
Alameda / São Sebastião extension	–	194 127 486	25 614 746
Rato / Estrela extension	–	1 451 272	–
Amadora Este / Reboleira extension	–	13 149 090	124 519
São Sebastião / Campolide extension	–	–	172 180
Cais do Sodré interface	–	12 942 654	1 264 810
Oriente / Aeroporto extension	66 697	125 667 804	1 423 438
Other	32 111	3 879 387	800 894
	98 808	360 488 684	36 479 351

On 31 December 2009, the investment made in the Alameda/São Sebastião extension at the amount of € 219 742 232, was still in progress as the investment plan had not been concluded even though it was opened to the public on 25 August 2009.

11. Capitalised financial costs

During the years ending on 31 December 2009 and 2008, the Company capitalised the following financial costs relating to loans obtained to finance fixed assets in progress and departmental costs, as follows:

Tangible fixed assets in progress	2009	2008
Financial costs:		
Financed by the Company (note 14)	75 960	158 924
Financed by the State (note 14)	4 225 184	4 837 638
	4 301 144	4 996 562
Departmental costs:		
Financed by the Company	87 671	0
Financed by the State	3 742 119	3 045 294
	3 829 790	3 045 294

12. Revaluations of tangible fixed assets (legislation)

The Company revaluated its tangible fixed assets in previous years, in accordance with the following legislation:
- Decree-Law no. 219/82, 2 June
- Decree-Law no. 399 – G/84, 28 December
- Decree-Law no. 118-B/86, 27 May
- Decree-Law no. 111/88, 2 April
- Decree-Law no. 49/91, 25 January
- Decree-Law no. 264/92, 24 November
- Decree-Law no. 31/98, 11 February

As a result of the revaluations carried out, depreciation for the year ending on 31 December 2009, were increased by € 361 108. Of this sum, 40% is not accepted as a cost for the determination of taxable material for Corporate Taxation.

13. Revaluations of tangible fixed assets

The breakdown of historical acquisition costs of tangible fixed assets financed by the Company and by the State and the corresponding revaluations as at 31 December 2009 and 2008 is as follows:

ii) Financed by the Company

		31 December 2009		31 December 2008
Items	Historic costs	Revaluations (note 10)	Revalued balances	Revalued balances
Tangible fixed assets:				
Land and natural resources	23 841 412	444 513	24 285 925	24 284 306
Buildings and other constructions	237 120 766	14 121 307	251 242 073	251 016 435
Basic equipment	482 720 797	12 000 472	494 721 269	492 519 251
Transport equipment	1 115 553	-	1 115 553	1 020 419
Tools and utensils	2 187 430	208 507	2 395 937	2 363 568
Administrative equipment	24 388 325	1 150 717	25 539 042	25 355 551
Other tangible fixed assets	1 016 503	99 437	1 115 940	1 115 526
	772 390 786	28 024 953	800 415 739	797 675 056
Fixed assets in progress	3 637 263	-	3 637 263	2 850 841
	3 637 263	-	3 637 263	2 850 841
Advance payments for tangible fixed assets	269 934	-	269 934	138 130
	269 934	-	269 934	138 130
	776 297 983	28 024 953	804 322 938	800 664 027

ii) Financed by the State

		31 December 2009		31 December 2008
Items	Historic costs	Revaluations (note 10)	Revalued balances	Revalued balances
Tangible fixed assets:				
Land and natural resources	13 172 596	2 388 442	15 561 038	15 329 218
Buildings and other constructions	2 122 472 240	176 310 029	2 298 782 270	2 292 764 583
Basic equipment	355 077 185	20 363 537	375 440 721	372 572 944
	2 490 722 021	199 062 008	2 689 784 029	2 680 666 745
Fixed assets in progress	397 066 845	-	397 066 845	248 541 042
	397 066 845	-	397 066 845	2 929 207 786
Advance payments for tangible fixed assets	6 846 615	-	6 846 615	6 391 305
	6 846 615	-	6 846 615	3 184 140 133
	2 894 635 481	199 062 008	3 093 697 489	2 935 599 092

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

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

On 31 December 2009, the tangible fixed assets in the possession of third parties and sited on property, above or below ground, not owned by the Company totalled € 509 376 and € 3 163 201 787, respectively.

Financial costs capitalised in fixed assets up to 31 December 2009 amount to € 361 428 532, € 4 301 144 of which was capitalised in 2009 (note 11).

In addition, as at 31 December 2009 and 2008, the following should be mentioned:

a) On property above or below ground not owned by the Company	2009	2008
Fixed assets financed by the Company:		
Tangible fixed assets:		
Buildings and other constructions	5 620 002	5 619 792
Basic equipment	61 206 752	59 229 150
Fixed assets in progress:		
Basic equipment	2 471 749	2 386 901
	69 298 503	67 235 844
Advance payments for tangible fixed assets	205 795	21 395
	69 504 298	67 257 238
Fixed assets financed by the State:		
Tangible fixed assets:		
Land and natural resources	15 561 038	15 329 218
Buildings and other constructions	2 298 782 270	2 292 764 583
Basic equipment	375 440 721	372 572 944
Fixed assets in progress:		
Land and natural resources	98 809	66 405
Buildings and other constructions	360 488 684	235 185 007
Basic equipment	36 479 352	13 289 630
	3 086 850 874	2 929 207 787
Advance payments for tangible fixed assets	6 846 615	6 391 305
	3 093 697 489	2 935 599 092
	3 163 201 787	3 002 856 330

b) Financial costs	2009	2008
Total financial costs (note 11)	361 428 532	357 127 389
Financial costs for the year (note 11)	4 301 144	4 996 562

15. Goods held under financial leasing

As referred to in note 3.l) the Company records leased assets under tangible fixed assets (note 10). On 31 December 2009, the Company was leasing 55 triple traction units and a photocopier, recorded in “Administrative equipment” with the following values:

Account	Accounting value	Accumulated depreciation	Net value
423	305 858 686	(134 831 556)	171 027 130
426	8 777	(3 805)	4 972
	305 867 463	(134 835 361)	171 032 102

As at 31 December 2009, the Company had undertaken commitments for the payment of financial leasing rents as follows:

Description	Short term	Medium and long term	Total
55 Traction Units (note 53)	17 378 364	130 689 205	148 067 569
	17 378 364	130 689 205	148 067 569

Medium and long term leases have the following repayment plan:

Years	Amount
2011	18 306 283
2012	19 289 884
2013	30 299 778
2014	12 431 276
2015 and following (note 29)	50 361 984
	130 689 205

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

Additionally, the Company has ten leasing contract responsibilities with TREM, A.C.E. and TREM II, A.C.E. (note 16) and Hewlett-Packard International Bank, not recorded in the attached balance sheet (note 3.l)) at the amount of € 258 266 529.

The schedule for payments falling due and related to operational leasing contracts is as follows:

Years	Amount
Short term:	
2010	10 741 259
Medium and long term	
2011	14 816 478
2012	14 816 478
2013	14 816 478
2014	14 816 478
2015 and following	188 259 359
Total	258 266 529

16. Group companies, associates and affiliates

On 31 December 2009 and 2008, group companies, associates and affiliates comprised:

Investments in group companies	Head office	Capital	Equity on 31.12.09	Net income in 2009	Holding in 2009	%	Holding in 2008	%	
Ferconsult, S.A.	Lisbon	1 000 000	9 392 525	1 773 054	9 392 525	100	7 619 471	100	b)
Metrocom, S.A.	Lisbon	750 000	566 817	146 075	453 454	80	336 594	80	b)
					9 845 978		7 956 065		
Investments in associated companies									
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	150 000	507 711	211 013	203 084	40	118 679	40	a)
Fernave, S.A.	Lisbon	50 000	(1 700 548)	(1 869 720)	1	20	-	20	a)
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	49 880	375 442	263 984	18 835	5	5 636	5	a)
SOTRANS - Operadora de Transportes, S.A.	Madrid	-	-	-	-	30	18 060	30	d)
ASSER - Serviços para Empresas de Transporte , A.C.E.	Lisbon	-	-	-	4 805	-	4 805	-	c)
					226 726		147 180		

Securities and other financial investments	Head office	Capital	Equity on 31.12.09	Net income in 2009	Holding in 2009	%	Holding in 2008	%	
Edel – Empresa Editorial, Lda.	Lisbon	c)	c)	c)	20	–	20	–	a)
GIL – Gare Intermodal de Lisboa, S.A.	Lisbon	1 952 160	(34 991 848)	(1 905 571)	312 346	16	312 346	16	
Otlis, A.C.E.	Lisbon	69 832	69 832	306 800	9 976	14	9 976	14	a)
TREM, A.C.E.	Lisbon	11 823 188	(59 754 428)	(1 604 172)	1 064	–	1 064	–	a) b)
TREM II, A.C.E.	Lisbon	28 261 342	(122 169 792)	(5 036 764)	2 576	–	2 576	–	a) b)
					325 982		325 982		
Property (note 10)					3 555 595		3 555 595		
Financial investment – term deposit					21 102 806		20 384 658		
					24 984 383		24 266 234		
					35 057 087		32 369 479		

a) Financial information not audited as at 31 December 2009.
b) Entities being consolidated by the integral method in the company's consolidated financial statement.
c) Information not available.
d) The winding up and liquidation of the company was decided in 2008.

On 31 December 2009, as a result of the Promissory Contract for Transfer of Shares between ML, REFER and CP, establishing the sale for € 1 of the 20% holding in Fernave, the Company did not have to take any responsibility for the accumulated losses of that affiliate, on 31 December 2009, which amounted to € 1 700 548.

In addition, also resulting from the aforementioned agreement, the Company cancelled the account receivable of that affiliate relative to supplies conceded during 2009, at the amount of € 1 844 013 (note 45).

As a result of the winding up and liquidation of the affiliate Sotrans, the Company cancelled the financial investment, corresponding to a 30% holding in the company, which was € 18 060 on 31 December 2008.
As a result of distributions following the winding up of the company, the Company recorded an account receivable at the amount of € 15 649 (note 49). The remaining value, at the amount of € 2 411 (note 45) was cancelled in the income statement for the year ending on 31 December 2009.

The Company's financial holding in its associate Company, GIL – Gare Intermodal de Lisboa, S.A. is recorded at acquisition cost minus the provision for financial investments at the amount of € 312 346, because it is the Company's opinion that the current economic situation of this associate, which according to financial information as at 31 December 2009 shows accumulated losses of € 34 991 848, will not imply additional losses for the Company.

The financial investment at the amount of € 21 102 807 relates to a term deposit which earns interest at normal market rates.

As at 31 December 2009 and 2008, the balances and the transactions carried out with related companies on the years ending on those dates were as follows:

Debit balances 2009	Customers, current account	Other debtors (nota 49)	Group companies and affiliates – short and medium/long term	Accrual of income (note 50)	IRC – Withholding tax	Advance payments to fixed asset suppliers	Total
Ferconsult, S.A.	–	4 774 891	250 000	–	318 542	414 838	5 758 271
Metrocom, S.A.	–	56 031	–	1 014 926	203 121	–	1 274 078
Publimetro, S.A.	–	2 284 988	–	–	–	–	2 284 988
Fernave, S.A.	–	–	–	–	–	–	-
Ensitrans, A.E.I.E.	–	85 450	–	–	–	–	85 450
GIL	–	–	1 500 000	–	–	–	1 500 000
Total	–	7 201 359	1 750 000	1 014 926	521 663	414 838	10 902 786

Debit balances 2008	Customers, current account	Other debtors	Group companies and affiliates – short and medium/long term	Accrual of income (note 50)	IRC – Withholding tax	Advance payments to fixed asset suppliers	Total
Ferconsult, S.A.	–	5 687 654	250 000	1 592 447	466 001	414 838	8 410 940
Metrocom, S.A.	–	558 129	–	–	241 241	–	799 371
Publimetro, S.A.	–	609 651	–	–	–	–	609 651
Fernave, S.A.	880	–	–	–	–	–	880
Ensitrans, A.E.I.E.	–	85 450	–	–	–	–	85 450
Otlis, A.C.E.	32 411	–	–	–	–	–	32 411
Total	33 291	6 940 884	250 000	1 592 447	707 242	414 838	9 938 703

Credit balances 2009	Suppliers, current account	Fixed asset suppliers, current account	IRC – Withholding tax	Total
Ferconsult, S.A.	–	11 816 181	–	11 816 181
Metrocom, S.A.	65 395	–	–	65 395
Fernave, S.A.	33 674	–	–	33 674
Ensitrans, A.E.I.E.	–	129 587	–	129 587
GIL, S.A.	109 290	–	–	109 290
Otlis, A.C.E.	277 059	–	–	277 059
Total	485 417	11 945 768	–	12 431 185

Credit balances 2008	Suppliers, current account	Fixed asset suppliers, current account	IRC – Withholding tax	Total
Ferconsult, S.A.	–	11 611 837	–	11 611 837
Fernave, S.A.	63 771	–	–	63 771
Ensitrans, A.E.I.E.	–	107 694	57	107 751
GIL, S.A.	226 506	–	–	226 506
Otlis, A.C.E.	153 022	10 854	2	163 878
Trem, A.C.E.	–	–	41	41
Trem II, A.C.E.	–	–	42	42
Total	443 299	11 730 385	142	12 173 826

Transactions 2009	Services provided	Supplementary income	Other debtors and creditors	Extraordinary income (note 46)
Ferconsult, S.A.	65 177	149 625	–	477 734
Metrocom, S.A.	928 750	51 922	–	5 375
Publimetro, S.A.	1 812 000	105 322	–	22 273
Fernave, S.A.	700	–	–	–
Otlis, A.C.E.	1 139 413	2 500	2 071	–
Total	3 946 040	309 370	2 071	505 382

Transactions 2008	Services provided	Supplementary income	Other debtors and creditors	Extraordinary 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	–
Publimetro, S.A.	1 741 140	88 162	–	4 500
Fernave, S.A.	750	–	–	–
Otlis, A.C.E.	670 841	–	1 655	6 712
Total	5 609 964	182 853	168 533	98 575

Transactions 2009	Fixed assets in progress	Cost of goods sold and materials consumed	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets	Other debtors and creditors
Ferconsult, S.A.	9 503 822	–	11 342	–	–	409 440	538 009
Metrocom, S.A.	–	–	68 281	–	–	–	–
Ensitrans, A.E.I.E.	–	–	18 245	–	–	–	–
Fernave, S.A.	–	–	153 050	–	–	–	–
GIL, S.A.	–	–	364 299	–	–	–	–
Otlis, A.C.E.	–	1 567 070	36 628	–	–	758	576 403
Total	9 503 822	1 567 070	651 845	–	–	410 198	1 114 412

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

21.Adjustments to values of current assets

For the year ending 31 December 2009, the following entries were made in “adjustments”:

	Initial balance	Increase	Reversal	Final balance
Adjustments for stock depreciation (note 22)	4 361 288	814 918		5 176 206
	4 361 288	814 918	-	5 176 206
Adjustments for doubtful debts:				
For doubtful customers (note 23)	17 909	-	(15 154)	2 755
For other debtors (note 23)	4 260 957	62 709	-	4 323 666
Carris/I.M.T.T. revenue (note 23)	233 649	-	-	233 649
	4 512 515	62 709	(15 154)	4 560 070
	8 873 803	877 627	(15 154)	9 736 276

22. Stock

As at 31 December 2009 and 2008, the balance for this item was as follows:

Raw materials, subsidiaries and consumables :	2009	2008
Materials	21 003 194	20 787 888
Tools	35 670	24 849
Cleaning products	21 042	13 786
Office supplies	2 662	3 189
Fuel	28 272	20 836
Other materials	61 280	61 455
Tickets	770 071	315 145
	21 922 191	21 227 146
Adjustments for stock depreciation (note 21)	(5 176 206)	(4 361 288)
	16 745 985	16 865 859

As at 31 December 2009 and 2008, the Company had no stock being administered by third parties. On those dates, there was no stock in transit or under consignment.

23. Doubtful debts

As at 31 December 2009 and 2008, doubtful debts totalled € 4 560 070 and € 4 512 514, respectively. These are included under doubtful debts and other debtors at the amounts of € 2 755 and € 4 557 315 as at 31 December 2009 and € 17 909 and € 4 494 606 as at 31 December 2008, and are fully provisioned (note 21).

25. Staff accounts – receivables and payables

As at 31 December 2009 and 2008, the following staff account balances were outstanding:

	2009	2008
Active debts (note 49)	569 870	628 293
Passive debts (note 49)	198 379	426 175

28. State and other public bodies

As at 31 December 2009 and 2008, no overdue debts to the State and other public sector entities were outstanding. Balances with these bodies were as follows:

	2009		2008	
	Debit balances	Credit balances	Debit balances	Credit balances
Value added tax	3 723 784	–	5 047 098	1 244 738
Corporate tax	2 344 120	58 620	3 926 019	53 659
Social security contributions	–	1 421 317	–	1 240 190
Personal income tax	–	864 535	–	721 271
Other	20 381	214 643	–	216 237
	6 088 285	2 559 115	8 973 117	3 476 095

29. Third party debts of over five years

As at 31 December 2009 and 2008, the following third party debts with maturities of over five years were outstanding:

	2009	2008
Fixed asset suppliers (note 15)	50 361 984	62 793 260
Debts to credit institutions (note 48)	1 294 853 951	1 166 356 527
Other loans obtained (note 48)	1 215 462 735	823 194 102
	2 560 678 670	2 052 343 889

31. Financial commitments not included in the balance sheet

a) Health benefits

The Company has been paying benefits to its active staff in relation with health serves and which give them access to medical services subsidised by the Company. These costs are recorded in the income statements corresponding to the year in which they were paid. During the year ended on 31 December 2009, health costs of € 920 997 (notes 3.g) and 52) were recorded, corresponding to the health insurance premiums paid during that year.

b) Commitments with fixed asset suppliers

On 31 December 2009 and 2008, the Company had undertaken commitments with fixed asset suppliers totalling € 148 067 569 (note 15) and € 164 570 332, respectively. These commitments are basically with regard to network expansion. In addition, the Company also has ten operational lease contract commitments at the amount of € 258 266 529 (note 15).

32. Guarantees provided

On 31 December 2009 and 2008, guarantees provided by the Company totalled € 60 970 810 and € 261 377 720 and are essentially related to financial contracts and legal proceedings in progress.

The variation in the amount of guarantees provided by the Company to third parties during the year ending on 31 December 2009, refer essentially to the cancellation of the bank guarantees on commercial paper with BPI, BES Investimento and Caixa BI at the amount of € 150 000 000, resulting from the liquidation of the amounts used on these credit lines. The Company also cancelled the guarantee provided to Santander Totta at the amount of approximately € 49 900 000, referent to the liquidation of the amounts used through the escrow account.

The breakdown of the responsibilities taken on by the Company relating to guarantees provided for legal proceedings in progress on 31 December 2009 is as follows:

Entity	Amount	Date	Beneficiary
Banco Bilbao Vizcaya Argentária	62 512	18/05/90	Tribunal de Trabalho
Banco Bilbao Vizcaya Argentária	1 746	15/10/93	Gás de Portugal
Banco Bilbao Vizcaya Argentária	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	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	Trib. Adm. F. Lx-2.º Juízo
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
Banco BPI	16 213	29/10/09	Farmácia Cardeira, Soc. Unipessoal
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
	970 810		

34. Entries to provisions

For the year ending 31 December 2009, the following entries were made in "provisions":

	Initial balance	Increase	Reduction (note 46)	Final balance
Provisions for pensions (note 51)	218 152 836	3 406 448	-	221 559 284
	218 152 836	3 406 448	-	221 559 284
Provisions for risks and costs:				
For legal proceedings in progress	119 645	-	(9 963)	109 682
Interest owed	261 881	-	-	261 881
Expenses with staff	142 971	-	-	142 971
Contingent income	1 194 336	-	(1 194 336)	-
	1 718 833	-	(1 204 299)	514 534
	219 871 669	3 406 448	(1 204 299)	222 073 818

During 2009, the Company cancelled the provision set up in 2008 to cover credit to be issued to a subsidiary, which came about (note 46).

37. Capital holder

On 31 December 2009, the statutory capital, which is not represented by a fixed amount, totalled € 603 750 000, fully held by the Portuguese State. As at 31 December 2009 an amount of € 30 120 397 arising from the capital increase carried out on 27 December 2001 remains to be paid up.

40. Variation in equity

Entries to equity during the year ended on 31 December 2009 were as follows:

	Initial balance	Increases	Transfers	Final balance
Capital	603 750 000	–	–	603 750 000
	603 750 000	–	–	603 750 000
Adjustment to investments in subsidiaries and associates:				
Transition adjustments	21 306	–	–	21 306
Other variations in equity	113 271	–	–	113 271
	134 577	–	–	134 577
Revaluation reserves				
Fixed assets not financed by the State	37 234 076	–	–	37 234 076
Fixed assets financed by the State (notes 10 and 13)	199 062 008	–	–	199 062 008
	236 296 084	–	–	236 296 084
Legal reserves:				
General reserve	14 398	–	–	14 398
Reserve for repayment of capital invested	7 199	–	–	7 199
Reserve for investments (note 10)	650 703 756	55 160 299	–	705 864 055
	650 725 353	55 160 299	–	705 885 652
Other free reserves	95 516 084	–	–	95 516 084
Retained earnings	(1 637 774 416)	–	(126 730 258)	(1 764 504 673)
Retained earnings – adjustments	(61 595 314)	–	–	(61 595 314)
Net profit/loss for the year	(126 730 258)	(148 591 978)	126 730 258	(148 591 978)
	(1 730 583 904)	(148 591 978)	–	(1 879 175 881)
Total	(239 677 891)	(93 431 679)	–	(333 109 568)

The increase occurring during the year ending on 31 December 2009, in “Reserves for investments”, corresponds to a subsidy allocated under the scope of the PIDDAC, at the amount of € 4 000 000 and to the subsidy attributed by FEDER-QCA Transportes at the amount of € 34 401, accounted during the year for financing ILDs (note 3.m)) and the Cohesion Fund € 51 074 318 (note 49).

The item “Other free reserves” includes an amount of € 93 999 764 arising from the assumption by the State, in previous years, of Company liabilities related to fixed assets financed by the State (note 10).

41. Cost of goods sold and materials consumed

During 2009 and 2008, the costs of goods sold and material consumed were determined as follows:

	2009	2008
Initial stock	21 227 146	4 431 105
Purchases	3 568 827	3 908 754
Stock adjustments	(113 463)	16 659 935
Final stock	(21 922 191)	(21 227 146)
Costs during the year	2 760 319	3 772 648

43. Remuneration to members of the executive bodies

In 2009, remuneration to members of the Management Board and the Supervisory Board totalled € 413 364 € 47 842, respectively, (€ 404 440 and € 46 575 on 31 December 2008). These amounts are recorded in the income statements under the item “Staff costs” (note 52).

44. Sales and provision of services

During the years ending on 31 December 2009 and 2008, sales and provision of services were exclusively related to the domestic market, and distributed as follows:

	2009	2008
Sales:		
Scrap	15 779	18 230
	15 779	18 230
Provision of services:		
Fare revenue	59 298 757	62 528 752
Secondary services	4 518 840	5 529 617
Other	86	818
	63 817 683	68 059 187
	63 833 462	68 077 417

45. Statements of financial income

Financial income in 2009 and 2008 was distributed as follows:

	2009	2008
Costs and losses		
Interest paid	94 853 142	79 083 981
Losses in group companies and associates (note 16)	1 846 424	–
Depreciation in property investment (note 10)	71 134	71 134
Unfavourable exchange rate differences	32 544	14 936
Other financial costs and losses	4 553 864	3 987 049
	101 357 108	83 157 101
Financial income	(97 222 019)	(81 492 556)
	4 135 089	1 664 545
Income and gains		
Interest received	897 884	483 004
Gains from group companies and associates (note 10)	1 987 518	626 962
Treasury investments	706 497	–
Property	24 523	23 955
Favourable exchange rate differences	9 314	4 121
Discounts received for cash payments	14	73
Other financial income and gains	509 339	526 431
	4 135 089	1 664 545

In the year ending 31 December 2009, the item “Interest paid” includes financial costs totalling € 5 571 540 related to financial leasing contracts signed by the Company (note 53). It also includes financial costs related with ILDs in operation and incurred during the year, at the amount of € 57 287 337.

In the year ending on 31 December 2009, the “Other financial costs and losses” item includes charges totalling € 5 317 607, related with guarantee rates on various financing obtained.

The amount of € 706 497 recorded in "Cash investments" refers to interest earned form short term investments during 2009, which earned normal market interest.

The item "Other financial income and gains" includes the amount of € 446 629 related to depreciation of capital gains on 14 traction units and 24 traction units amounting on 31 December 2009 to € 250 922 (note 53) and € 195 707 (note 53), respectively, and the amount of € 1 003 068 relative to the recording of the depreciation of the income from the restructuring of the SWAP operation carried out in 2007 (note 50).

46. Extraordinary income statements

Extraordinary income for 2009 and 2008 was as follows:

	2009	2008
Costs and losses		
Donations	914 678	931 945
Bad debts written off	21 656	156
Stock losses	501 856	265 565
Fixed asset losses	631	1 958 055
Fines and penalties	65 222	15 650
Corrections relative to previous years	1 486 058	561 161
Other extraordinary costs and losses	9 559	50 741
	2 999 660	3 783 272
Extraordinary profit/loss	(1 087 017)	1 726 815
	1 912 643	5 510 087
Income and gains		
Stock gains	232 692	5 065 626
Property gains	4 000	69 016
Benefits from penalties	117 330	16 748
Reduction in provisions (note 34)	1 204 299	50 000
Corrections relative to previous years (note 16)	348 305	283 233
Other extraordinary income and gains	6 017	25 461
	1 912 643	5 510 085

The amount of € 1 486 058 recorded in "Adjustments relative to previous years", includes the sum of € 1 194 336 referent to credit issued in 2009 in favour of a subsidiary on account of debits made during 2008, and which were provisioned on that date (note 34).

48. Loans

On 31 December 2009, debts to credit institutions were as follows:

Bank financing	Interest rate %	Short term	Medium and long term
Banco Santader Totta	1.6160	11 821 421	---
Banco Bilbao Vizcaya	1.5220	43 054 760	---
Banco Millenium BCP	2.0350	4 746 325	---
BNP Paribas	1.0350	49 932 606	---
Banco AMRO – Bank	1.6600	14 831 315	---
Barclays Bank	1.5850	60 000 000	---
BNP Paribas	1.2140	50 000 000	---
DEUTSCHE BANK, AG	2.4690	50 000 000	---
ABN AMRO BANK N.V.	2.0678	---	300 000 000
GOLDMAN SACHS INTERNATIONAL	2.1313	---	100 000 000
GOLDMAN SACHS INTERNATIONAL	3.2302	---	50 000 000
DEUTSCHE BANK, AG	2.6808	---	150 000 000
DEUTSCHE BANK, AG	2.6808	---	25 500 000
DEUTSCHE BANK, AG	2.7597	---	24 500 000
Banco Santader Totta	1.8720	---	100 000 000
Banco BPI	2.7290	---	50 000 000
Banco BPI	2.1200	---	20 000 000
Banco Europeu de Investimento	3.1206	3 000 000	21 822 150
Banco Europeu de Investimento	0.4169	8 900 000	17 849 737
Banco Europeu de Investimento	3.4742	12 505 283	155 579 594
Banco Europeu de Investimento	1.7816	4 987 979	44 891 811
Banco Europeu de Investimento	2.2709	---	53 038 843
Banco Europeu de Investimento	2.9590	6 650 639	66 506 386
Banco Europeu de Investimento	2.6279	---	124 699 474
Banco Europeu de Investimento	3.4141	---	74 819 685
Banco Europeu de Investimento	3.6091	3 657 851	42 065 289
Banco Europeu de Investimento	0.8320	---	169 591 285
Banco Europeu de Investimento	0.7580	---	150 000 000
Banco Europeu de Investimento	2.3530	---	80 000 000
Banco Europeu de Investimento	2.4680	---	80 000 000
		324 088 177	1 900 864 255

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

Years	Amount
2011	241 502 576
2012	71 502 576
2013	71 502 576
2014	221 502 576
2015 and following (note 29)	1 294 853 951
	1 900 864 255

On 31 December 2009 debenture loans were as follows:

Debenture loans	Interest rate %	Short term	Medium and long term
"Private Placement" issue	3.4121	7 731 367	46 388 204
Metro – 2019 issue	3.2710	-	400 000 000
Metro – 2026 issue	0.3565	-	400 000 000
Metro – 2027 issue	1.4850	-	400 000 000
		7 731 367	1 246 388 204

The “Private Placement” debenture loan was taken out on 7 October 1996, 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 equal instalments from the tenth year of life of the loan and the interest rate.

On 4 February 2009, the Company took out a debenture loan, “Metro - 2019”, for a period of 10 years, at a fixed rate and with a personal State guarantee. The applicable law is Portuguese law.

The debenture loan “Metro - 2027” was taken out on 7 December 2007 for a period of 20 years. It is a bullet loan with a fixed rate and with the personal guarantee of the State. The applicable law is Portuguese law, except for the subscription agreement which is governed by English law.

On 31 December 2009 this debenture loan classified as medium and long term has the following repayment plan:

Years	Amount
2011	7 731 367
2012	7 731 367
2013	7 731 367
2014	7 731 368
2015 and following (note 29)	1 215 462 735
	1 246 388 204

The issue was listed in Euronext Lisbon.

As referred to in Note 3.p), given the exposure to financial risk, the Company has arranged interest rate swap contracts with different banking institutions for bank financing, as follows:

Bank financing			Date			Capital covered 31/12/2009		
Name		Entity	Swap	Initial	Final	Capital	Capital Inc. (BEI)	Total associated financing
B E I (ML A)		BBVA	02/02/06	05/12/05	15/12/17			
B E I (ML A)		M Lynch	24/05/07	15/03/07	15/03/14			
						24 081 434	740 717	24 822 151
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th Disbursements	BST	18/10/05	15/09/05	15/09/12			
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th Disbursements	Barclays	11/07/08	15/09/07	15/09/12	18 704 921		18 704 921
B E I (ML B)	6th Disbursement	BST	31/07/02	15/03/03	15/03/12			
B E I (ML B)	6th Disbursement	Barclays	06/12/07	15/09/07	15/09/12	8 016 395		8 016 395
						26 721 316	28 421	26 749 737
B E I (ML 1/2)	1st, 4th, 5th, 7th, 8th Disbursements	DBI	14/10/08	15/09/08	15/09/19	98 096 920		98 096 920
B E I (ML 1/2)	2nd, 3rd, 6th Disbursements	BST	30/03/06	15/03/06	15/09/19	58 193 088		58 193 088
						156 290 008	11 794 870	168 084 877
B E I (ML II)	4th Disbursement	JP Morgan	12/02/09	15/06/08	15/12/19	19 951 916		19 951 916
B E I (ML II)	2nd and 3rd Disbursements	BST	31/07/02	15/03/03	15/03/12			
B E I (ML II)	2nd and 3rd Disbursements	RBS	16/01/09	15/12/08	15/12/19	19 951 916		19 951 916
B E I (ML II)	1st Disbursement	BNPP	26/11/08	15/09/08	15/12/19	9 975 958		9 975 958
						49 879 790	–	49 879 790
B E I (ML III)	1st and 4th Disbursements	M Lynch	26/09/03	15/12/03	15/06/11			
B E I (ML III)	1st and 4th Disbursements	BBVA	02/02/06	15/12/05	15/06/20			
B E I (ML III)	1st and 4th Disbursements	M Lynch	24/05/07	15/03/07	15/06/20	24 441 097		24 441 097
B E I (ML III)	2nd and 3rd Disbursements	BST	31/07/02	15/03/03	15/03/12			
B E I (ML III)	2nd and 3rd Disbursements	Barclays	06/12/07	15/09/07	15/06/20	13 966 341		13 966 341
						38 407 438	14 631 405	53 038 843
B E I (ML II/B)	1st, 2nd, 3rd, 4th Disbursements	DBI	11/02/08	15/12/07	15/12/20	73 157 025	–	73 157 025
B E I (ML I/3)	1st, 2nd, 3rd, 4th Disbursements	UBS	14/07/08	15/09/07	15/09/21	99 759 579	24 939 895	124 699 474
B E I (ML I/3-B)	1st, 2nd Disbursements	BNPP	19/05/09	15/03/09	15/06/22	29 096 544		29 096 544
B E I (ML I/3-B)	3rd Disbursement	BST	31/07/02	15/03/03	15/03/12			
B E I (ML I/3-B)	3rd Disbursement	Barclays	06/12/07	15/09/07	15/06/22	33 253 193		33 253 193
						62 349 737	12 469 947	74 819 684
B E I (ML II/C)	1st, 2nd Disbursement	BNPP	19/05/09	15/03/09	15/06/22	45 723 141	–	45 723 141
B E I (ML IV)	1st, 2nd, 3rd, 4th, 5th Disbursements	BES Inv.	06/03/03	15/09/03	15/09/18	152 632 157		152 632 157
B E I (ML IV)	1st, 2nd, 3rd, 4th, 5th Disbursements	JP Morgan	12/02/09	15/12/08	15/09/18	–		–
						152 632 157	16 959 129	169 591 286
B E I (ML V/A)	1st, 2nd, 3rd and 4th Disbursements	DBI	27/04/09	15/03/09	15/12/20	150 000 000		150 000 000
B E I (ML V/B)	1st, 2nd, 3rd Disbursements	Barclays	10/07/08	15/06/08	15/06/21	80 000 000		80 000 000
B E I (ML V/C)	1st Disbursement	BST	26/05/03	16/06/03	15/06/22			
B E I (ML V/C)	1st Disbursement	BNPP	14/02/06	15/12/05	15/06/22			
B E I (ML V/C)	1st Disbursement	JP Morgan	31/05/07	15/12/06	15/06/22	40 000 000		40 000 000
B E I (ML V/C)	2nd Disbursement	BNPP	26/11/08	15/09/08	15/06/22	40 000 000		40 000 000
						310 000 000	–	310 000 000
BEI (REEST-REVISABLE FIXED RATES)		BST	09/03/06	15/03/06	15/09/12	43 146 018	–	43 146 018
B E I (REEST – Inc. Capital)	Tranche A	C Suisse	03/06/08	15/03/08	15/06/22	40 782 192		40 782 192
B E I (REEST – Inc. Capital)	Tranche B	BST	31/05/07	15/03/07	15/06/22			
B E I (REEST – Inc. Capital)	Tranche B	JP Morgan	15/03/10	15/03/10	15/06/22			
B E I (REEST – Inc. Capital)	Tranche B	Caixa BI	16/07/09	15/03/10	15/06/22	20 391 096		20 391 096
B E I (REEST – Inc. Capital)	Tranche C	DBI	24/04/09	15/03/09	15/06/22	20 391 096		20 391 096
						81 564 384	(81 564 384)	–
A B N (Schuldschein)	Tranche A	Morgan Stanley	08/07/08	22/07/10	22/07/24			
A B N (Schuldschein)	Tranche A	C Suisse	12/02/09	22/07/06	22/07/24	100 000 000		100 000 000
A B N (Schuldschein)	Tranche B	UBS	10/07/08	22/07/10	22/07/24			
A B N (Schuldschein)	Tranche B	C Suisse	12/02/09	22/07/06	22/07/24	100 000 000		100 000 000
A B N (Schuldschein)	Tranche C	BST	25/02/05	22/07/05	22/07/24			
A B N (Schuldschein)	Tranche C	C Suisse	25/03/09	22/07/06	22/07/24	100 000 000		100 000 000
						300 000 000	–	300 000 000
P COM (BNPP -2005)		BNPP	31/05/07	12/02/07	12/08/12	50 000 000		50 000 000
P COM (BNPP -2007)		BNPP	26/11/08	10/11/08	08/05/14	50 000 000		50 000 000
GOLDMAN SACHS (SCHULDSCHEIN)		GSI	09/07/09	21/07/09	21/07/16	71 042 080		71 042 080
GOLDMAN SACHS (SCHULDSCHEIN)		GSI	21/07/09	24/07/09	24/07/16	50 000 000		50 000 000
DEUTSCHE BANK (SCHULDSCHEIN)	Tranche I	DBI	27/07/09	18/08/09	18/08/14	150 000 000		150 000 000
DEUTSCHE BANK (SCHULDSCHEIN)	Tranche II	DBI	27/07/09	18/08/09	18/08/16	25 500 000		25 500 000
DEUTSCHE BANK (SCHULDSCHEIN)	Tranche III	DBI	27/07/09	18/08/09	18/08/16	24 500 000		24 500 000
						421 042 080	–	421 042 080
						1 884 754 105	–	1 884 754 105

With regard to debenture loans, the Company has arranged interest rate swap contracts with different banking institutions for bank financing, as follows:

Debenture loans		Date			Capital covered 31/12/2009		
Name	Entity	Swap	Initial	Final	Capital	Capital Inc. (BEI)	Total associated financing
Debenture loan 2026	BARCLAYS	16/05/08	04/12/07	04/12/26	100 000 000,00		100 000 000,00
Debenture loan 2026	JP MORGAN	16/12/09	04/12/08	04/12/26	100 000 000,00		100 000 000,00
Debenture loan 2026	BBVA	15/12/06	04/12/06	04/12/26	70 000 000,00		70 000 000,00
Debenture loan 2026	M LYNCH	22/12/06	04/12/06	04/12/26	60 000 000,00		60 000 000,00
Debenture loan 2026	C SUISSE	01/10/09	04/12/08	04/12/26	70 000 000,00		70 000 000,00
Debenture loan 2026 (a)	BARCLAYS	17/05/07	04/12/06	04/12/26	200 000 000,00		200 000 000,00
Debenture loan 2026 (a)	JP MORGAN	30/01/08	04/12/07	04/12/26	85 000 000,00		85 000 000,00
Debenture loan 2026 (a)	JP MORGAN	12/02/09	04/12/10	04/12/26	85 000 000,00		85 000 000,00
Debenture loan 2026 (a)	JP MORGAN	30/01/08	04/12/07	04/12/26	85 000 000,00		85 000 000,00
Debenture loan 2026 (a)	JP MORGAN	12/02/09	04/12/10	04/12/26	85 000 000,00		85 000 000,00
Debenture loan 2026 (a)	JP MORGAN	17/05/07	04/12/06	04/12/26	30 000 000,00		30 000 000,00
Debenture loan 2026 (a)	BARCLAYS	15/05/09	04/03/09	04/12/26	100 000 000,00		100 000 000,00
Debenture loan 2026 (a)	CAIXA BI	28/05/08	04/12/07	04/12/26	100 000 000,00		100 000 000,00
Debenture loan 2026 (a)	DBI	27/02/09	04/12/08	04/12/26	70 000 000,00		70 000 000,00
Debenture loan 2026 (a)	DBI	27/07/09	04/12/08	04/12/26	70 000 000,00		70 000 000,00
					1 310 000 000	-	1 310 000 000
Debenture loan 2027	Barclays	20/12/07	07/12/07	07/12/22	200 000 000		200 000 000
Debenture loan 2027	JP Morgan	07/12/07	07/12/07	07/12/27	100 000 000		100 000 000
Debenture loan 2027	BNPP	26/11/08	07/12/07	07/12/27	100 000 000		100 000 000
					400 000 000	-	400 000 000
Debenture loan 2019	Barclays	28/01/09	04/02/09	07/12/19	400 000 000		400 000 000
					400 000 000	-	400 000 000
					2 110 000 000	-	2 110 000 000

(a) These swaps are relative to transactions called subsidised swaps and which are designed to cover interest rate risk covered by the interest covered by the remaining swaps relative to debenture loan 2026.

On 31 December 2009, the current value of swap contracts held by the Company was negative, at the approximate amount of (€ 246 538 000). The methodology used by the independent auditor in the quantification of the value of these contracts consists of the projection of expected cash flows in the future, updated for the present time, using the current zero coupon curve in order to project the reference rates to be paid and received by the Company, as per the contracts signed with the various banking institutions. As mentioned in note 3.p), unrealised gains and losses with swap contracts are not recorded in the Company financial statements, only in the income statement when they come into effect to cover the financial cost of the financing for which they were signed.

As at 31 December 2009, the financing obtained by the Company and guaranteed by the Portuguese State did not have associated covenants, including those that could arise from variations in the rating attributed to Portugal.

49. Other debtors and creditors

As at 31 December 2009, this item was as follows:

	Short term		Medium and long term	
	Debit balances	Credit balances	Debit balances	Credit balances
Parque Expo'98	7 980 766	7 082 930	-	-
C.P. - Caminhos de Ferro Portugueses, E.P.	720 016	-	-	-
Staff (note 25)	569 870	198 379	-	-
Barreiro Municipal Council – late payment interest	1 815 562	-	-	-
Barreiro Municipal Council – municipal services	769 962	-	-	-
Rodoviária de Lisboa S.A.	1 390 822	37 295	-	-
Lisbon Municipal Council	20 410	-	423 105	-
Companhia Carris de Ferro de Lisboa, S.A.	178 775	3 938 864	-	-
REFER - Rede Ferroviária Nacional	24 835	-	-	-
FERTAGUS - Travessia do Tejo Transportes S.A.	3 154	-	-	-
Sotrans - Operadora de Transportes, S.A. (note 16)	15 649	-	-	-
Transtejo	2 631 901	25 234	12 502 602	-
Other creditors with State	-	-	-	497 787
Group companies, associates and affiliates (note 16)	7 201 359	-	-	-
Subsidies to be received	51 074 318	-	-	-
Other	1 837 460	934 844	29 962	
	76 234 860	12 217 547	12 955 669	497 787

On 17 August 1994, the Company signed an agreement with Parque Expo'98, S.A. ("Parque Expo'98") with respect to an offset payment to be received by the Company for starting construction and operation of the Alameda–Expo line and respective stations ahead of time. The offset, at a total amount of € 9 975 957, was to be paid by Parque Expo'98 during the years 1995 to 1998, at the amounts of € 1 995 191, € 2 493 990, € 2 493 990 and € 2 992 787, respectively. As a result of this agreement, the Company recorded an account receivable and deferred income of € 9 975 957. By 31 December 2009, from the total offset, the Company had received € 1 995 191 relative to the parcel for 1995. At that time, the amount of € 7 980 766 was recorded under "Other debtors".

In 1998, with the conclusion of the construction work and beginning of operation of the line and respective stations, the Company decided to begin recording of the income related with the offset attributed during the period between May 1998 (when the line came into operation) and 2003 (when the Company would conclude construction and would begin running this line).

On 29 September 29 1995, the Company signed an Agreement Protocol with Parque Expo'98 and Lisbon Municipal Council. This protocol stipulated that the Company would pay Parque Expo'98 the amount of € 7 082 930 for the expropriation of the area required for the implementation and construction of the "Gare do Oriente" station. No deadline or plan was defined for such payment. As a result of this protocol, the Company capitalised the charges associated with the construction of the Oriente line and respective stations, at the amount of € 7 082 930 and recorded an account payable in "Other creditors" for the same amount.

During the year ending on 31 December 2009, the Company signed a protocol with Transtejo, in order to transfer to that entity the sum of € 14 502 602 relative to work done on behalf of said entity and which, on 31 December 2008 was recorded under "Deferred costs - work on behalf of third parties" (note 50).

Arising from this contract, Transtejo undertook to pay the Company an annual sum of € 1 000 000, the first payment falling due in September 2009, which was only settled in January 2010. The amount, classified at medium and long term, has the following payment plan:

Years	Amount
2011	1 000 000
2012	1 000 000
2013	1 000 000
2014	1 000 000
2015 and following	8 502 602
	12 502 602

The amount of € 51 074 318 is relative to the subsidy to be received from the Cohesion Fund, regarding the investment made by the Company in 2009 and whose candidacy process was handed in during the year ending on 31 December 2009. The Company recorded this amount as a counter entry in "Investment reserves" (note 40).

50. Accruals and deferrals

On 31 December 2009 and 2008, the balances for these items were as follows:

	2009	2008
Accrued income:		
Group companies (note 16)	1 014 926	1 592 447
Fare revenue	773 102	767 264
Other	375 261	293 542
	2 163 289	2 653 253
Deferred costs:		
Insurance	45 079	88 500
Financial expenses	1 315	1 159 613
Costs with lease contracts (note 53)	2 458 394	2 699 707
Financing costs	5 697 982	6 093 086
Issue discounts	35 951 684	1 117 407
Work on behalf of third parties	39 566 433	43 694 185
Unfavourable exchange rate differences (note 3.h))	-	97 626
Technical assistance contracts	32 711	13 086
Other	22 482	47 814
	83 776 080	55 011 023

	2009	2008
Accrued costs:		
Holidays, holiday subsidies and respective social costs	9 526 285	8 334 077
Interest due and not paid	17 377 504	5 664 505
Operational leasing rents (note 53)	2 493 594	2 998 930
Other	5 320 289	2 275 336
	34 717 672	19 272 848
Deferred income:		
Investment subsidies	31 543 276	34 419 323
Leasing contracts – deferred capital gains (note 53)	55 319 945	60 125 859
Restructuring swap operations	17 052 153	18 055 220
Other	1 124 518	930 116
	105 039 891	113 530 519

The variation in "Deferred costs – financial expenses" of € 1 158 298 includes € 1 158 204 relative to expenses incurred with two financing contracts obtained. These have been deferred for the period of duration of the respective contracts. As a result of the Company deciding to proceed with the early liquidation of this financing during the course of 2009, the expenses were recorded in the income statement for the year ending on 31 December 2009.

"Deferred costs – costs with leasing contracts", at the amount of € 2 458 394, relates to costs incurred with financial and operational leasing contracts signed in 1995, 1997, 1999, 2000, 2001 and 2002, which are recorded in the income statements during the lifetime of the respective contracts.

"Deferred costs – issue discounts", includes: (i) the amount of € 28 717 571 referent to stamp duty and interest paid in advance to Goldman Sachs, for financing obtained at the amount of € 100 000 000, (ii) the amount of € 2 168 000 referent to commissions and stamp duty for financing obtained from Barclays (2019) at the amount of € 400 000 000, and (iii) the amount of € 2 154 900 referent to commissions and stamp duty for financing obtained from Deutsche Bank at the amount of € 100 000 000, which are deferred for the lifetimes of the respective financing contracts.

"Deferred costs – financial costs" includes the amount of € 4 829 510 referent to the amount paid in advance on the total spread of the ABN bank loan totalling € 300 000 000 (note 48), which is deferred over the lifetime of this loan.

"Deferred costs – work carried out on behalf of third parties" essentially includes the amounts of € 20 337 547 (which includes € 1 188 572 relative to work carried out on the Transtejo terminal, in Cais Sodré, and € 19 148 975 relative to work carried out by the Company in Terreiro do Paço which, according to the Management Board, will have to be the object of a protocol to regularise the situation), € 9 550 544 and € 6 832 463 concerning work carried out by the Company on behalf of Transtejo, Lisbon Municipal Council and Refer, respectively.

"Deferred income - investment subsidies", at € 31 543 276, includes the values assigned under the scope of FEDER – PRODAC 1993 and QCA 1994, to finance investments carried out by the Company in relation to the PMO II and PMO III prototypes and with the interim series of 17 traction units, complementary series of 10 traction units and PMO III. These subsidies are recorded in the income statement under "Other operating income and gains", in proportion to the depreciation of the subsidised tangible fixed assets (note 3.m)).

"Deferred income – restructuring of swap operations" at € 17 052 153, refers to the net income obtained by the Company from the renegotiation of 15 swap operations in 2007, in accordance with the Company management policy for its debtors portfolio, as set out below:

Entity	Amount	Date ofoperation	Financing	Financing amount (Nota 48)
JP Morgan	30 000 000	15/07/2007	Obrigações 2026	400 000 000
Santander Totta	7 725 000	01/06/2007	BEI - Inc Capital	6 101 249
	37 725 000			406 101 249
JP Morgan	(6 500 000)	31/05/2007	Bei MI V/C	40 000 000
BPN Paribas	(6 323 000)	01/06/2007	PPC - 2005	50 000 000
Barclays	(1 275 000)	17/05/2007	BEI ML B, III, I/3-B (V)	68 560 959
Barclays	(3 900 000)	17/05/2007	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 derived financial instruments resulting from the renegotiation. The corresponding income is recorded in the income statement under "Other financial costs and losses" at the amount of € 1 003 068 (note 45).

51. Pensions

As mentioned in note 3.f), the Company undertook the commitment to give its employees supplementary retirement benefits covering old age, disability, pre-retirement and survival pensions. On 31 December 2009, the number of active employees and retirees/pensioners reached 1 297 and 1 343, respectively (1 312 and 1 335 on 31 December 2008).

Such payments are additional to those guaranteed by Social Security, and are calculated as a function of the number of years of Company service, amount of Social Security contributions and final salary on retirement.

In 2004, the Company decided, and reached an agreement with the trades unions, that all employees admitted after 31 December 2003 would not be covered by this pension plan.

According to the actuarial studies drawn up by an independent entity, the value of the Company's current obligations for past services of active staff, pre-retired and retired was estimated at:

	2009	2008
Active employees	56 918 514	65 004 719
Pre-retired	-	1 364 575
Retired	167 963 361	167 550 820
	224 881 875	233 920 114

The actuarial study referring to 31 December 2009 was conducted using the "Projected Unit Credit" method and took into account the following main assumptions and technical and actuarial bases:

TV 73/77 – France	Mortality tables
EVK 80 - Switzenland	Disability tables
2.25%	Average salary growth rate
6%	Average annual fund revenue rate
2%	Average annual pension growth rate
5%	Average annual update rate until normal retirement age for pre-retirement instalments

The evolution in Company pension responsibilities in 2009 was as follows:

	2009
Total responsibilities as at 31 December 2008	218 152 836
Cost of current services	2 832 945
Cost of interest	12 575 178
Benefits paid during the year	(12 001 675)
Actuarial (gains) / losses during the year	3 322 591
	224 881 875

Current service cost and interest cost for 2009, at the amounts of € 2 832 945 and € 12 575 179, respectively, were recorded in the income statement under "Staff costs" and "Financial costs", respectively.

As mentioned in note 3.f), actuarial gains 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 when they occurred, depending on the estimated average remaining time of service of employees covered in this plan on balance sheet date.

On 31 December 2009, the Company did not record € 3 322 591 related to actuarial losses in the year in its financial statements because it was less than 10% of the value of total liabilities.

Pension fund payment responsibilities as at 31 December 2009, at the amount of € 221 559 284 are recorded in liabilities under "Pension fund provisions" (note 34).

On 31 December 2009, the Company had constituted no fund for those responsibilities. They are recorded in the balance sheet.

52. Staff costs

In the financial years ending 31 December 2009 and 2008, this item is as follows:

	2009	2008
Remuneration of executive bodies (note 43)	461 206	451 015
Staff remuneration	56 515 417	51 594 231
Pensions (note 51)	14 834 621	13 714 893
Social costs	13 370 391	12 355 786
Health insurance premiums (note 31)	920 997	918 006
Other staff costs	1 541 643	1 506 111
	87 644 276	80 540 042

The increase in “Staff remuneration” essentially resulted from the increase in the number of employees working for the Company, the modifications introduced at career level, the salary increase and the promotion of various employees.

53. Fixed asset suppliers – current account

On 31 December 2009, “fixed asset suppliers, current account” included rent due on financial leasing contracts, at the amount of € 148 067 569 (note 15), and accounts payable on network expansion work.

On 29 December 1995 and 30 December 1997, the Company signed two leasing contracts with DB EXPORT Leasing Gmbh involving 17 and 14 triple traction units (TUs), respectively. On 31 December 2009, the accounts payable to that entity totalled € 78 529 381 (note 15) (€ 67 306 976 classified as medium and long term, and € 11 222 405 as short term).

On 31 December 1998, the Company signed a financial leasing contract for the acquisition of 24 ML95 TUs at a 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 the 6-month EURIBOR minus 0.71%, where the Portuguese State, as holder of 100% of the capital, provided the guarantee. The contract was signed on 6 January 1999. On 31 December 2009, the outstanding amount under this financial leasing contract was € 69 538 188 (note 15).

During April 2009, as a result of the fall in the rating attributed to Portugal, the Company, under the scope of an operational leasing contract signed for the acquisition of 24 TUs, guaranteed by the State in its capacity as holder of all of the Company capital, provided additional guarantees in favour of Bank of America Leasing & Capital, LCC at the amount of € 22 576 503 (note 55).

To cover the financial risk from variations in interest rates associated with the financial leasing contracts, the Company signed interest rate swap contracts with financial institutions, as follows:

Name	Entity	Date			Capital
		Swap	Initial	Final	
DB Export/95	BST	26/02/2003	15/06/2003	30/12/2013	40 346 050
DB Export/97	BST	26/02/2003	15/06/2003	30/12/2015	38 183 331
					78 529 381
BSN/CGD (US Lease)	BST	22/09/2005	01/07/2005	02/01/2019	69 538 188
					148 067 569

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 Order no. 911-A/98, of 22 December 1998, of the Ministry of Finance and Ministry of Public Works, Planning and Territorial Administration.

On 31 December 2009, the current value of swap contracts held by the Company was negative, at the approximate amount of (€ 16 160 903). The methodology used by the independent assessor in the quantification of the value of these contracts consists of the projection of expected cash flows in the future, updated for the present time, using the current zero coupon curve in order to project the reference rates to be paid and received by the Company, as per the contracts signed with the various banking institutions. As mentioned in note 3.p), unrealised gains and losses with swap contracts are not recorded in the Company financial statements, but only in the income statement when they come into effect to cover the financial cost of the financing for which they were signed.

During the year ending on 31 December 2009 and related with the operations mentioned, including operational leasing contracts, the following balances refer to transactions conducted under the terms of these contracts, as at that date:

Deferred costs with commissions and fees to entities involved in the operations (note 50)	2 458 394
Deferred costs arising from capital gains from the contract referent to the 14 TUs (note 50)	1 505 533
Deferred costs arising from capital gains from the contract referent to the 24 TUs (note 50)	1 859 215
Accrued costs from the delaying of financial costs referent to the year ending on 31 December 2009, to be paid in 2010	1 226 318
Depreciation of the capital gains arising from the contract referent to the 14 TUs (note 45)	250 922
Depreciation of the capital gains arising from the contract referent to the 24 TUs (note 45)	195 707
Interest and other financial costs borne (note 45)	3 939 365
Costs with guarantee fees	307 380
Deferred income arising from capital gains from the US CROSS BORDER LEASE 2000 operation, from the operational leasing contract signed relative to 18 ML97 series triple traction units (note 50)	14 833 332
Deferred income arising from capital gains from the US CROSS BORDER LEASE 2000 operation, from the operational leasing contract signed relative to 19 ML97 series triple traction units (note 50)	23 725 898
Deferred income arising from capital gains from the US CROSS BORDER LEASE 2000 operation, from the operational leasing contract signed relative to 19 ML99 series triple traction units (note 50)	13 395 967
Accrued costs from the delaying of operational leasing rents on the contracts relative to 18 and 19 ML97 series triple traction units (note 50)	2 493 594
Depreciation of the capital gains arising from the operational leasing contract referent to 18 ML97 triple traction units	1 372 285
Depreciation of the capital gains arising from the operational leasing contract referent to 19 ML97 triple traction units	1 977 162
Depreciation of the capital gains arising from the operational leasing contract referent to 19 ML99 triple traction units	1 009 838
Costs with supplies and external services – rents, relative to operational leasing contracts	10 846 038

In the year ending on 31 December 2009, income related to US Cross Border Lease (NPV) operations was recorded under "Other operational income and gains", as it is related to operational leasing operations and amounts to € 609 135. Additionally, depreciation of capital gains from operational leasing contracts arising from 18 and 19 triple traction units of the ML97 series and 19 triple traction units of the ML99 series, at the amounts of € 1 372 285, € 1 977 162 and € 1 009 838, respectively, was recorded under "Other operational income and profits".

54. Litigation

On 31 December 2009, compensation had been claimed from the Company totalling € 37 693 308, referring essentially to a suit filed to contest the awarding of a contract, suits filed for expropriations and damages caused by work related with the network expansion plan. On 31 December 2008, the Company was calculating the total value of expropriations and, at that time, no provision had been set aside for these given that if such compensation claims are paid, they will be recorded in the balance sheet as expropriation costs under "Tangible fixed assets". In 2009, the Company paid compensation, in cash and kind (work) for damages caused by work connected with the network expansion, at the amounts of € 899 193 and € 230 978, which were recorded in the balance sheet under "Tangible fixed assets financed by the State".

55. Annex to the cash flow statement

The breakdown of cash and cash equivalents, reconciling the amounts shown in the cash flow statement for the year ending on 31 December 2009 with balance sheet items gives:

Cash	18 205
Immediately mobilisable bank deposits	320 027
Cash and cash equivalents	338 232
Other deposits (note 53)	22 576 503
Cash resources on the balance sheet	22 914 735

56. Subsequent events

Following the audit carried out on the Baixa-Chiado/Santa Apolónia extension, the European Commission considered that a set of expenses presented relative to the investment made in the Terreiro do Paço station extension and Santa Apolónia were not eligible. These represent an overall value of € 86 254 656.

Following the appeal lodged by the national authorities, there was a new audit, which was favourable to the position taken by ML. The European Commission then recognised the eligibility of € 39 182 021 relative to part of those expenses.

On the date of approval of these financial statements, the process had not yet been concluded. However, a solution is expected shortly, which could include the substitution of the eligible expenses, but it is not expected that any monies received from the Cohesion Fund will be returned.

The Chief Accountant

Carlos Alberto Meira Rodrigues

The Management Board

Joaquim José de Oliveira Reis

Luís Filipe Salgado Zenha de Morais Correia

Jorge Manuel Quintela de Brito Jacob

Miguel Teixeira Ferreira Roquette

6. Opinion of the Supervisory Board

I – Introduction

In compliance with the duties assigned to it under the law and the articles of association of the company, it is up to the Supervisory Board of Metropolitano de Lisboa, E.P.E., to examine and issue its opinion on the Annual Report and Accounts prepared by the Management Board relative to the year ending on 31 December 2009 and presented on 18 May 2010.

Operation of the underground transport system in Lisbon City originated with Decree-Law no. 36620 of 24 November 1947, following which Sociedade Metropolitana de Lisboa, S.A.R.L. was set up on 26 January 1948. However, it only opened as a public transport service on 31 December 1959. At that time it covered approximately 6.5 km and had 11 stations.

Later, Sociedade Metropolitano de Lisboa, S.A.R.L., was nationalised through Decree-Law no. 280-A/75 of 5 June, thereby becoming a Public Corporation. Its respective legal statute was published in Decree-Law no. 439/78 of 30 December.

Now, through a new legal regime applied to the State Enterprise Sector, Metropolitano de Lisboa has become a Public Enterprise (E.P.E.), governed by Decree-Law no. 148-A/2009 of 26 June, which includes new by-laws, and secondarily by the legal regime for the State Enterprise Sector, in particular by DL 300/2007, of 23 August and by the Commercial Companies Code.

As a relevant and characterising aspect of its management matrix, it is important to first reiterate that Metropolitano de Lisboa being a public company, in which considerable resources are involved, the Supervisory Board believes that its management, without losing sight of the excellent public service it should provide, should also be regulated by unequivocal criteria of rigour and transparency. In fact, such requirement arises from the legal dispositions to which these companies are subject and their management should be fundamentally based on the “principles of good governance of the State enterprise sector” and by respect for their strategic guidelines.

II – Activities carried out by the supervisory board

During 2009, in compliance with its duties to monitor the management and activity of the company, the supervisory body met ordinarily at least once a month, being systematically informed about the content of the various working documents issued by the operating services, as well as to regularly analyse the company accounts and financial position and the management forecasting instruments.

Thus, the Supervisory Board was informed, systematically and in detail, of the content of the reports, minutes and other work documents that the Management Board and the various operating areas sent to it. To the same end, visits were made to the company operational areas and informational meetings were held with the staff directly responsible.

Whenever deemed appropriate, the Management Board was alerted, formally or informally, to facts and situations considered pertinent and requiring special attention from the executive body.

During the normal activity of this board, regular contact was established through the statutory auditor member with the company external Auditors, whose annual report was disclosed to this committee.

It is important to note that the grounded facts and opinions of the Supervisory Board were mentioned in the quarterly reports it drew up and sent to the relevant entities.

At the end of the year, the following were drawn up and sent to the relevant ministries: a report on the activity carried out by the Supervisory Board, a summary of the company's main structural problems, a copy of all of the minutes of supervisory board meetings as well as a copy of all quarterly reports issued.

III – Examination of the Management Report

The Annual Report and Accounts of the Management Board clearly states how Metropolitano de Lisboa activity was carried out during 2009. From this document, the Supervisory Board deems it important to briefly mention the following points on account of their relevance to overall company performance:

- the 50th anniversary celebration of the Metro as a public transport service in the Greater Lisbon Area, a benchmark in the market today as high quality transport;
- alteration of the legal regime of the Company and consequent approval of new by-laws, becoming a Public Enterprise;
- for the fourth consecutive year, ML took first place in the Customer Satisfaction Index;
- with regard to extension to and valorisation of the public transport service, the year was marked by two highly significant events: the inauguration of the Cais do Sodré transport interface and the opening for operation of the extension to the Red line between Alameda II and São Sebastião II, which fact permits greater functional interconnection of the ML network;
- with the work concluded during the year, the underground transport network is now made up of four lines stretching for over 39 km, and has over fifty stations. This growth has come from major investments, some still in progress, which will, in the short term, increase the total length of lines to over 45 km and 57 stations;
- as a result of definitive "closing up" of the Metropolitano network, there were more and stricter controls of fraud and free trips, both having been significantly reduced. This measure also allowed for obtaining real statistical records of commercial demand, in fact permitting greater rigour in understanding customer motivation in relation to the service provided;
- the obtaining by the Commercial Operations Area of certification for its Quality Management System was an important qualitative event for the service provided;
- it is also of note that the fare review approved in 2008 significantly altered the source of revenue and the sale of passes and tickets. However, in addition to the existence of reduced ticket prices, we believe that the present division of monies from sales of intermodal tickets, comes from a scenario which is not correct and, therefore, substantially prejudicial to ML's operating revenue;
- since 2005, there has been a progressive reduction in the number of passengers carried, justifying the increase in measures to promote it and to attract new customers to use the Metropolitano network, as a public transport system par excellence;
- during the year, approximately 158 million euros was invested, 3% more than that budgeted for 10 million euros was invested on behalf of third parties, which amount has been increasing, overloading the company treasury and generating some constraints relative to deadlines and repayments;
- according to the records of the indicators issued by the Department of Human Resources, at the end of December 2009, Metropolitano de Lisboa had 1 636 employees, 67 more (4.3%) than in the previous year. Also of note for the period is the reduction in the overtime rate and the decrease in the number of accidents; however, absenteeism increased to 9.04%.
- projects involving definitive solutions for the Sete Rios Depot and Workshops (PMO I) remain to be put into place. Therefore, it is important, to safeguard the Company's property interests, to definitively implement the solutions already agreed upon with the city council for that area.

IV – Economic and Financial Situation

The 2009 Financial Statements were the object of an External Auditors' Opinion as well as examination by the chief accountant who, in accordance with legal standards, issued the relevant Legal Certification of Accounts, as well as the Audit Report. These documents expressed the "reservations" and "emphases" deemed adequate, with which documents the Supervisory Board is in full agreement.

According to the Income Statement, in 2009, the company presented a net loss of 148.6 million euros, approximately 17% more than in 2008, explained by the fall of 3.3 million euros in operating income and, mainly, the 15.7 million euros increase in the financial loss.

The Supervisory Board must again warn that the persistent high losses and the continued growth in the company's remunerated liabilities will, over a period of time, create an unsustainable situation for the company. Therefore, it is imperative to find economic and financial solutions that will make the company viable.

It is also important to point out the significant decrease in Metropolitano de Lisboa, E.P.E. equity, showing a net loss of 333.1 million euros as at 31 December 2009. This situation demands the urgent adoption of recapitalisation measures on the part of the State.

In this area, it is important to emphasise that which has already been stated by the Chairman of the Board of Directors in the annual management report with regard to economic and financial viability measures for Metropolitano de Lisboa:

- The urgent need to sign an infrastructure concession contract with the State, clearly defining the way for the company to pursue its activity of provision of underground passenger transport services in Lisbon city and the surrounding area, as provided for in DL 184-A/2009, and which established responsibility for investment in ILDs and their financing as well as the operating costs of such infrastructures for the concession holder.
  In fact, the maintaining by the company of responsibility for investments in the network seems unsustainable, even though it is acting on behalf of the State, as does the respective financing through remunerated liabilities, both due to the high costs of these and the real possibility in this economic climate of major restrictions to access to credit.
- The urgent need to define a clear model for compensation of the company by the state for the public utility services it provides, as a function of the cost of such services, given that the existing ticket prices, which have been significantly downgraded over the years, and the operating subsidies attributed by the State are clearly insufficient considering the economic structure of the company, leading to systematic operating deficits.
- The urgent need to adopt a revenue distribution model common to all of the Greater Lisbon Area transport operators (revenue generated by intermodal tickets, commonly known as "passes") , which takes into account the actual utilisation of the various means of transport that are part of the system by demand. In fact, and according to the IMTT survey on the distribution of such monies carried out in 2007, with regard to such revenue, the company should have received a value substantially higher in 2009 than it actually did.

Finally, we would like to point out the onus on the company for responsibilities taken on in the past with the payment of retirement and pension supplements for active and retired staff, with the respective benefit plan defined, whereby the future trend is towards an increase in the respective costs, which is currently in the neighbourhood of 12 million euros per year, i.e. approximately 21% of active staff remuneration.

V – Opinion

Bearing in mind that set out above and the considerations stated in the documents cited relative to the activity of Metropolitano de Lisboa, E.P.E. during 2009, the Supervisory Board is of the Opinion that:

1. The Management Board' Report is correctly prepared, complies with the legal and statutory guidelines, and clearly and rigorously shows the most important aspects of the Company management during the year.
2. Attention was paid to that stipulated in the Council of Ministers' Resolutions no. 49/2007 of 28 March and no. 70/2008 of 22 April, also showing the levels of strategic guidelines defined by the relevant ministry as well as the quantified relationship of compliance with its objectives.

3. The report mentions the larger financial transactions with developers and suppliers and the legal regime applied to the acquisition of goods and services.
4. Subject to the effect of the reservations expressed in the Legal Certification of Accounts, the Balance Sheet, Income Statement and Annex to the Accounts truly and appropriately present the economic and financial position of Metropolitano de Lisboa, E.P.E. on 31 December 2009.

Given the above, the Metropolitano de Lisboa, E.P.E. Supervisory Board formally issues a FAVOURABLE OPINION for the approval of the Management Board' Report the Financial Statements and respective Annex for 2009, and also agrees with the Distribution of Profits proposed by the Management Board.

Finally, the Supervisory Board would like to state its appreciation for the cooperation provided by the Management Board as well as the availability shown not only by those in charge of Departments and Services but also by ML staff in general, which it had to contact regularly in the performance of its duties.

Lisbon, 20 May 2010

The Supervisory Board

(Renato A. Vieira Campos)

(Caiano Pereira) Vogal ROC

(Evaristo da Cruz Branquinho)

7. Legal Certification of Accounts

Introduction

1. We examined the Metropolitano de Lisboa, E.P.E. Financial Statements attached, comprising the Balance Sheet on 31 December 2009 (which shows a Balance Sheet total of € 3 739 236 251 and a total negative Equity of € 333 109 568, including a Net Loss of € 148 591 978), the Income Statements by nature and by function, the Cash Flow Statement for the year and the corresponding Annex.

Responsibilities

2. The Management Board is responsible for the preparation of financial statements that truly and appropriately reflect the financial position of the Company and the income from its operations, together with the adoption of adequate accounting policies and maintaining an appropriate system of internal controls.

3. Our responsibility is to express a professional and independent opinion, based on our examination of these 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 materially relevant misstatements. To this end, this examination includes:
   - Verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements and assessment of the estimates, based on judgements and criteria defined by the Board of Directors and used in their preparation;
   - Verification that the accounting policies adopted are adequate and sufficiently disclosed, considering the circumstances;
   - Verification of the applicability of the ongoing concern principle; and
   - Verification that the overall presentation of the financial statements is adequate;

5. Our examination also included verification of concordance between the financial information present both in the management report and in the financial statements.

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

Reservations

7. As stated in Note 10 of the Annex to the Balance Sheet and Income Statement, by Decree-Law no. 196/80 the Government has assumed the principle that it is the responsibility of the Portuguese State to finance Metropolitano de Lisboa, E.P.E.'s Durable Infrastructures (ILD's), the type of such investments being defined in the abovementioned legal instrument. However, it is not legally defined if Metropolitano de Lisboa, E.P., on making those investments, is acting on its own behalf or on behalf of the Portuguese State. This lack of definition raises the question if such investments effectively belong to the Company, constituting its own assets, and if responsibilities taken on with the loans obtained for their financing are the Company's effective responsibility. In the same way, there is no legal definition of the policy for depreciation of such assets; the policy of recording subsidies granted by the State for their financing; the capitalisation policy

for financial charges directly incurred for their financing and the capitalisation policy for internal costs associated with their implementation, which lack of definition persists with regard to accounting of the situations mentioned despite the publication of DL 148-A/2009, of 26 June, altering the legal regime of the company and its articles of association and which defines durable investments as public property in the service of the underground transport system and administered by the company, which is a limitation under the scope of our review. Information regarding the criteria adopted by the company in the accounting of such investments and on the subsidies granted by the State for their financing, as well as the policies of capitalisation, depreciation and recording of the results of the financing costs of such investments is adequately disclosed in notes 3.a)-ii, 3.b)-ii, 3.n), 8, 10, 11 and 13 of the Annex to the Balance Sheet and Income Statement.

From this limitation, we cannot conclude as to the adequacy of the accounting in the Metropolitano de Lisboa, E.P.E Balance Sheet of 31 December 2009 of assets relative to durable investments at a value of € 3 100 549 914 (€ 2 942 411 411 on 31/12/2008), which include capitalised financial costs at a value of € 294 016 010 (€ 289 790 827 on 31/12/2008) and capitalised internal costs at a value of € 60 130 092 (€ 56 387 974 on 31/12/08); as to the adequacy of the policy of non-depreciation of such assets; as to the adequacy of their accounting as company equity in investment reserves and free reserves of subsidies granted by the State and the European Commission for financing such assets at a value of € 799 863 819 (€ 744 703 520 on 31/12/2008), which include the value of the subsidy received from the Cohesion Fund relative to the part of the investment carried out on the network extension between Baixa-Chiado station and Santa Apolónia and on which that entity considers part of the expenses presented, at a value of € 47 072 635, not to be eligible; and of revaluation reserves constituted on such assets at a value of € 199 062 008 (the same on 31/12/2008); nor as to the adequacy of the recording in the Income Statement for the year of interest incurred and considered by the company as being relative to financing of such assets, in operation.

8. December 2009 included in “Deferred costs – work on behalf of third parties” the value of € 32 840 335 (€ 39 049 673 on 31/12/2008, was reduced this year by € 14 502 602 as a result of the protocol entered into with Transtejo, S.A. relative to work carried out on the Cais do Sodré terminal) regarding work done by the company on behalf of other entities and which is not invoiced by Metropolitano de Lisboa, E.P.E. and which was not the object of a contract or any other means of formalisation between the company and the other entities involved in order to define the values to be invoiced and the means of invoicing and financial settlement. The balances referring to Transtejo, S.A. are higher (€ 20 337 547, of which € 19 148 975 was relative to the construction of that company’s terminal at the Terreiro do Paço interface and € 1 188 572 relative to work on the Cais do Sodré interface, this last not having been included in the debit made to Transtejo during the year under the scope of the aforementioned protocol) and the Lisbon Municipal Council (€ 9 550 544). Given the above, we cannot conclude as to when and for what amount such work will be invoiced, wherefore we cannot conclude as to the respective reasonability and effective realisation of such assets.

Opinion

9. In our opinion, except for the effects of the adjustments that could prove to be necessary if the limitations referred to in paragraphs 7 and 8 above did not exist, the aforementioned Financial Statements truly and appropriately present, in all materially relevant aspects, the financial position of Metropolitano de Lisboa, E.P.E. on 31 December 2009, together with the result of its operations and cash flows for the year ending on that date, in conformity with the accounting principles generally accepted in Portugal.

Emphases

10. Without affecting the opinion expressed in the previous paragraph, we would like to point out the following:

10.1. In the past, the company's activity has been chronically in deficit, generating successive losses of significant value (€ 148 591 978 in 2009), partially compensated by compensatory payments and capital grants from the Portuguese State, while continuing to have large investment plans in progress and which also require major financing. The company shows a highly unbalanced financial structure, seen in the negative equity of € 333 109 568 on 31 December 2009, and the insufficient current assets, which includes € 30 120 397, subscribed by the Portuguese State in December 2001 and not paid as at 31 December 2009, to deal with short term liabilities. Accordingly, it is our opinion that the continuity of company operations and consequently the realisation of its assets and settlement of its liabilities is dependent on continued financial support from the State.

10.2. The financial statements which are the object of this Certification are prepared on an individual basis, under the terms of the applicable legislation, investments in subsidiary and associate companies being recorded on the Balance Sheet by the equity method. The Company should prepare consolidated financial statements, in conformity with the European Union International Financial Reports Standards, which would provide a better understanding of the financial position on 31 December 2009 and of the cash flows generated by the company and its subsidiaries and associates during the year ending on that date.

10.3. As a result of the entry into force of DL no. 158/2009, of 13 July, which approved the new Accounting Standards System and revoked the accounting standards in force until 31/12/2009, of mandatory adoption from the year beginning on or after 01/01/2010, obliging the presentation of comparative information relative to 2009, the company will proceed with the re-expression of its financial statements for this year. The company is assessing the impacts of the adoption of the Accounting Standards System, SNC, in the financial statements on 31 December 2009, in particular as to recording: (i) costs with deferred financing in accordance with the depreciated cost method (note 50); (ii): investment subsidies, which are deferred, being recorded in equity, (note 50); (iii) the effect of recording responsibilities with financial coverage instruments, considering their fair value (note 48); and (iv) the responsibilities with pensions considering more conservative actuarial assumptions (note 51); whereby the financial statements relative to the year ending on 31 December 2009, to be presented for comparative purposes on 31 December 2010, will present differences from the financial statements mentioned in paragraph 1 above and which are not yet fully quantified.

Based on the analysis carried out thus far, it is expected that one of the main effects on the financial statements will be the recording in company liabilities, as a counter entry to equity, of responsibilities with financial coverage instruments considering their fair value which, as stated in Note 48, presented a negative value of € 246 538 000 on 31 December 2009 (€ - 408 339 000 on 31/12/2008).

Lisbon, 19 May 2010

CAIANO PEREIRA, ANTÓNIO E JOSÉ REIMÃO
Sociedade de Revisores Oficiais de Contas
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