Report and accounts 2010

Contents

Management ratios and indicators

Indicators and management ratios		2006	2007	2008	2009	2010	Var. % 2010/09
Demand							
Passengers	10^3	183,975	179,687	178,432	176,726	182,781	3.43
Passengers x km	10^3	855,484	835,545	835,400	829,068	866,169	4.48
Supply							
Cars x km	10^3	22,865	22,592	23,477	25,274	27,649	9.40
Seats x km	10^6	3,864	3,818	3,968	4,271	4,673	9.40
Ratios							
Car x km / Average staff	10^3	13.43	13.41	14.99	15.69	16.54	5.40
Passengers x km / Cars x km	nr	37.41	36.98	35.58	32.80	31.33	–4.50
Human resources (average staff)							
Commercial Operation	nr	939	925	891	921	926	0.54
Infrastructure Management	nr	329	334	279	90	95	5.56
Maintenance Management (GM/EI)	nr	206	205	188	386	419	8.55
Other areas	nr	228	221	208	214	232	8.41
Total	nr	1,702	1,685	1,566	1,611	1,672	3.79

National Plan of Accounts (POC)

Costs and income		2006	2007	2008	2009
Total income	10^3 €	90,917	99,924	125,293	121,718
Fare revenue (1)	10^3 €	51,026	55,409	62,529	59,947
Compensatory allowance (2)	10^3 €	21,641	23,148	24,878	26,755
Total costs	10^3 €	237,828	244,110	251,969	270,251
Total costs (without financial costs)	10^3 €	168,332	171,935	168,812	168,894

Indicators					
Net profit / Loss	10^3 €	(146,944)	(144,222)	(126,730)	(148,592)
EBITDA	10^3 €	(39,277)	(35,573)	(19,308)	(29,509)

Financial ratios					
Total costs / Passenger x km	€	0.28	0.29	0.30	0.33
Total costs (without financial costs) / Passenger x km	€	0.20	0.21	0.20	0.20
Total income / Total costs (without financial costs)	%	54.01	58.12	74.22	72.07
Fare revenue / Total costs (without financial costs)	%	30.31	32.23	37.04	35.49

Accounting Standards System (SNC)

Costs and income		2009	2010	Var. % 2010/09
Total income	10^3 €	151,811	147,130	-3.1
Fare revenue (1)	10^3 €	59,947	62,530	4.3
Compensatory allowance (2)	10^3 €	26,755	26,503	-0.9
Total costs	10^3 €	266,101	263,093	-1.1
Operating costs	10^3 €	226,332	210,752	-6.9

Indicators				
Net profit / Loss	10^3 €	(146,977)	(148,337)	-0.9
EBITDA	10^3 €	(38,410)	(31,833)	17.1

Financial ratios				
Total costs / Passenger x km	€	0.32	0.30	-5.37
Operating costs / Passenger x km	€	0.27	0.24	-10.87
Total income / Operating costs	%	67.07	69.81	4.08
Fare revenue / Operating costs	%	26.49	29.67	12.02

(1) "Fare revenue" included both revenue from sales of "Lisboa viva" and "7 Colinas" cards and monies received from the State, as compensation for the discounts given on "4_18@escola.tp" and "sub23@superior.tp" passes.
(2) Values net of VAT.

Highlights

Company organisation and quality of service

- 3.4% increase in demand, reaching 183 million passengers carried;
- 9.4% increase in supply, particularly on the Red line, reflecting one full year in operation of the S. Sebastião extension;
- ML ranked in 1st place in the National Customer Satisfaction Index (ECSI), thus being elected the best public transport operator in the Lisbon Metropolitan Area for the 5th consecutive year;
- Creation of the brand "Transportes de Lisboa" by the Lisbon Metropolitan Transport Authority, involving all of Lisbon's public transport operators, as a starting point for the future development of tools aimed at providing the public with information on an intermodal system for the customers' convenience;
- Launch of the "MAIS – Melhorar Através de Ideias Simples / PLUS – Improving Through Simple Ideas" project, to reward the best ideas submitted by employees aimed at improving the Company's performance;
- Definition of the "ML Customer Charter", stating its own and the customers' rights and responsibilities, a commitment which ML has undertaken with its customers, available at all Metro information displays and in the Company's website www.metrolisboa.pt ("Customer" area).

Projects and developments

Continuation of the expansion plan which will add 4.5 km and four new stations to the Metro network:

- Conclusion of the excavation work and execution of the internal structures at Reboleira station;
- Awarding of the contract for finishing works and special installations on the Red line between Oriente and Aeroporto;
- Completion of the landscaping works in the area surrounding the Alvalade and Roma stations.

Human resources

- Reduction of overtime rates to historical levels. This figure settled at 1.49% due to the reduction in the number of overtime hours by 34.5%;
- Launch of "Menos absentismo, mais produtividade / Less absenteeism, more productivity" project, aimed at fighting absenteeism;
- Increase in the average driving time per train driver by 10%, as a result of the introduction of the Plago System and of more flexibility in the maximum driving time;

Economy and finance

- In 2010, the company accounts are presented in accordance with the Accounting Standards System (SNC) for the first time, including the restating of the financial statements for 2009 by this standard. Also introduced was the separation between the activity of Durable Infrastructure construction, carried out at the expense of the State, and the activities of passenger transport operation and maintenance of rolling stock, network and equipments, at the expense of the Company;
- Growth in "fare revenue" by 5.6% (including compensation from the State for discounts awarded on "4_18@escola.tp" and "sub23@superior.tp" tickets);
- Reduction in "External supplies and services" by 7.3 m€ (15.8%) compared with the previous year;
- Improvement of the EBITDA by 6.6 m€ (17.1%);
- Increase in "Interest and similar net expenses" in the respective income by 16.6 m€ (47.0%), due to the debt increase and the negative performance of the hedging derivative instruments;
- Quantification of fixed assets, constructed on behalf of the State, at 3,047.4 bn€, although this value is neutral when considered net of the liabilities contracted for funding and the associated financial charges;
- Increase in the "State financial contribution" in the company by 97.8%, with emphasis on the implementation of the second and last tranche of the "statutory capital" determined in 2002, at 30.1 m€;
- Growth in the overall indebtedness of the company by 184.9 m€ (5.1%), below the 7% limit imposed by the Ministry of Finance and Public Administration;
- Improvement of the "operating costs" by 15.6 m€ (6.9%);
- Improvement of the "operating results" by 15.4 m€ (13.8%);
- Coverage of operating income by operating costs ratio of 54.4%.

Message from the Chairman

A new cycle

2010 was, naturally, different from the previous years.

Not only was it a transition year between two Management Boards, but also a year of added difficulties for both the Company and the Portuguese Society, demanding a deeper sense of collective responsibility.

The replacement of the Management Board only took place halfway through the year, causing a slow down in the internal dynamics and, consequently, in performance efficiency.

Despite this situation which restricted the company's activity in the second and third quarters of the year, the new management was able to implement its own firm approach, based on creative and motivating ambition, working capacity and cohesion, determined to solve problems and seeking the involvement of the entire company in overcoming the challenges that arise every day.

Strategy definition

With the beginning of its activity, developed as a continuation of the work done previously, preparations had to be made for a new phase in the life of the company, based on a clear and distinguishable strategy susceptible of being collectively adopted with motivation and commitment in order to achieve a favourable outcome.

To that end, some structuring actions were developed, namely:
- The preparation of the Strategic Plan "Mais Metro / More Metro", a central element of the short-term strategy (2011-2013), which was developed internally, involving several departments and managers in the discussion and design stage;
- The implementation of a new, more efficient and functional organisational structure, with fewer managers and redundant circuits, which also included wider internal participation in its formulation stage;
- The preparation of the difficult budget for the year 2011, with a decentralised, participatory and responsible perspective from those implementing it;
- The preparation of a consistent Training Programme targeting the Company's effective needs and emphasising the aspects directly related to Customer Service, the Company's main target;
- The need to rethink and reassess the investment strategy of the Network expansion;
- Focus on Quality and Company Certification as a whole.

To complement and support these structuring actions, other initiatives were carried out to promote internal communication and the staff's involvement and motivation, which met the objectives set.

Furthermore, activity and performance analysis and monitoring routines were developed with the involvement of the Upper Management.

In addition to strategic clarification and definition of the desired results, the Company put the emphasis on people by enhancing their motivation and involvement and by humanising synergies and strengthening the Company's culture.

The results

The year 2010 showed signs of the international crisis and its reflection on our already fragile economy, bringing along somewhat contradictory signs for public transport, considering that no clear transfer from individual transport to public transport was identified despite this negative period for the families. The persistent use of the former remained despite its direct and more onerous social costs.

However, in relative terms, the company showed positive results, namely:
- An increase of 3.4% in passengers carried;
- An increase of over 4.5% in passengers x km;
- An increase of 9.4% in transport supply;
- An increase of 13% in productivity using the GVA/Employee indicator;
- A reduction of around 1.3% in operating costs;
- Improved operating income, with a reduction of its negative value of 4.2%;
- A positive evolution in the EBITDA, with a reduction of its negative value of 8.2%;
- An increase in net losses by over 1%, a value below the inflation rate for the year, reflecting the onset of the goal to improve the business income.

In short, the activity carried out in 2010 was characterised by overall positive performance, showing a trend towards correcting its course in the search for economic sustainability for the company.

These results strengthen the conviction that Metropolitano de Lisboa is a company with a future by having:

- Clear Vision and Ambition, based on a perceptible and quantified strategy, subject to monitoring;
- Motivated, competent employees, commited to the assertion of their company;
- Sufficient material resources for increasingly efficient performance with the quality demanded by its Customers;
- An irreplaceable socioeconomic function within the scope of the urban mobility in the Lisbon Region.

The next steps

The increase in demand for the Metro mode of transport, along with the increase in general demand for public transport, is central to our activity. Evidently, the balance of the company's accounts must be achieved not only from a cost perspective but, increasingly, from the revenue side, more so because cost compression is limited by the quality standards demanded by our Customers.

For all these reasons, a strong and aggressive commercial stance with a clear focus on the Customer is indispensable and should be part of a permanent approach from all of us when fulfilling our duties. Customer satisfaction is the objective and reason of our activity and growth in this area depends on the success of a new relationship of positive dependence between the customer and the company, whether through customer loyalty or by attracting new users to the system. In this regard, special attention is to be given to attracting current individual transport users and to the growth in our traditional and important market share among the younger segments.

A more dynamic and creative use of the Stations' areas, or of areas presently not used in the operation, is an equally important aspect of making a more efficient use of the Company's assets as well as of improving its image. To this end, consistent steps must be taken to boost complementary revenue, in order to achieve growth both in the quality of our performance and in the associated revenue.

We will continue our efforts to consolidate the tender process of Public Service Obligations, as compensation for the Supply Service provided by the company in non-commercial situations, and we will make every effort towards a fair revenue split from the intermodal passes, where ML has been losing many millions of euros per year and which damages the effective performance of the various transport companies in the Lisbon Metropolitan Area, in particular in financial terms.

No less important and as a long-term strategic objective, a Compromise must be found for the Sustainability of the company, involving the entire working community in consistent growth objectives, rewarding merit and involvement and assuring the successful future desired by all.

Acknowledgements

Finally, a few words of recognition.

To the previous Management Board for all their efforts towards protecting the company's interests and promoting policies to improve the quality of the ML's transport service.

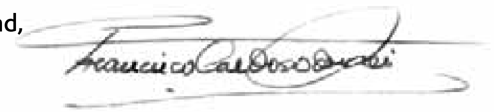
To the Auditors, for the work developed and the professional and competent cooperation with our Services.

To the Supervisory Board, for the professional, cooperative and interested manner with which it monitored the company activity, adding value in a systematic and intelligent fashion.

To the State Titular Bodies (Technical and Financial) for their constant support, which prevented our business from suffering too many tribulations, particularly in the financial area.

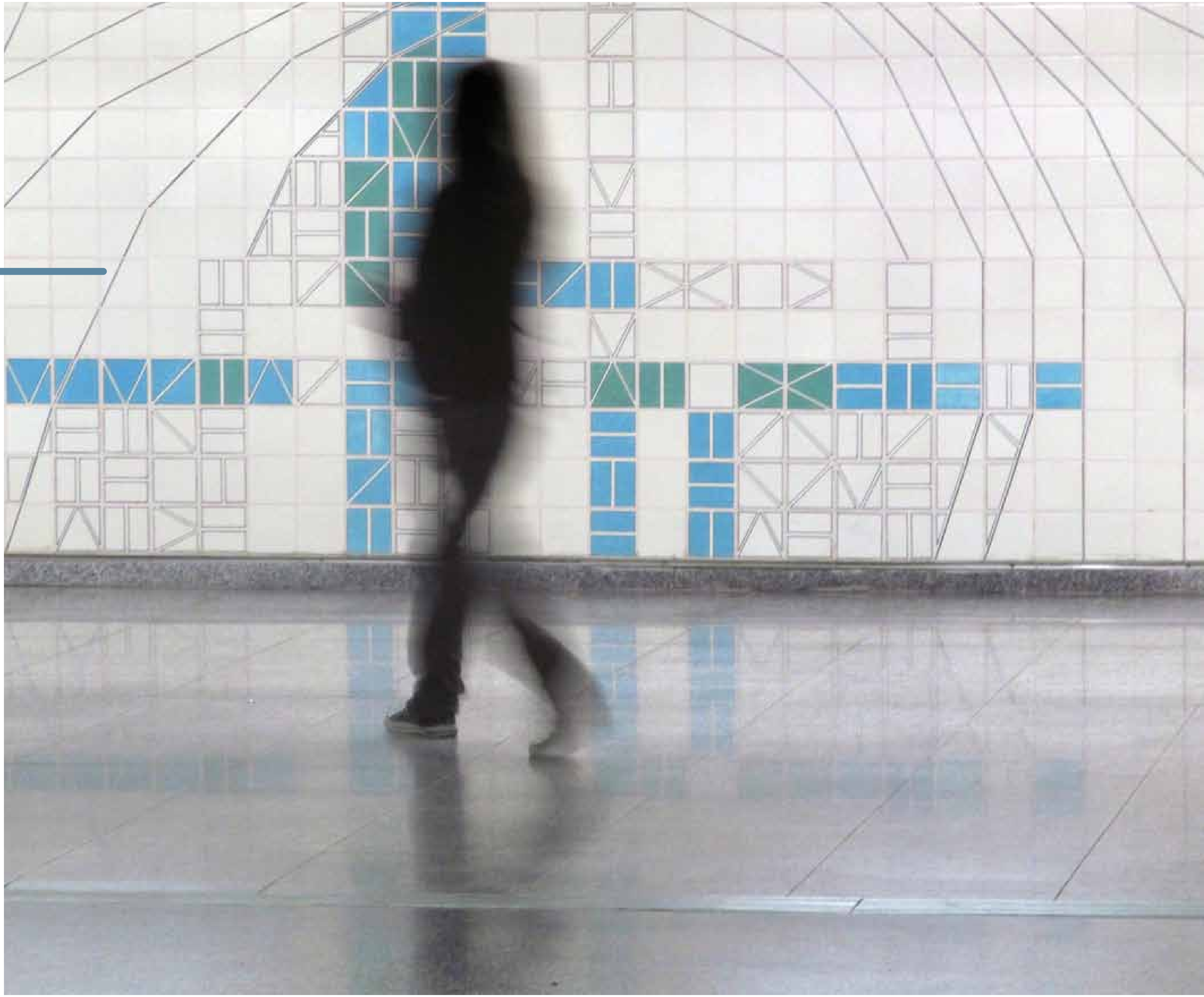
To the company Employees, for their work, dedication and professionalism without which it would not have been possible to reach our performance levels.

To our Customers, for their preference and for considering ML as the best transport mode in the Lisbon Region, for the fifth consecutive year.



Francisco Cardoso dos Reis

1.
Activity report



1.1 Service provided

The year 2010 was characterised by the reversal of the loss of passengers, trend that had been observed since 2007.

This increase in passengers in 2010, 3.4% compared with the previous year, is not only the result of the marketing policies undertaken but also of continuous work to improve the service provided, once again recognised by customers, placing ML for the 5th consecutive year in 1st place in the National Customer Satisfaction Index for public transport companies in the Lisbon Metropolitan Area.

With regard to complaints, the downward trend recorded since 2008 continued, the main complaints being failures in escalators, moving walkways and lifts. This situation could only be corrected at the beginning of 2011 with the conclusion of public procurement procedures for a full maintenance service for this equipment.

In order to improve the quality of the service provided through rationalisation of the available resources, significant improvements were introduced in 2010 at the operation level with the implementation of the following features:

- The Plago System – Resource Planning and Operation Management System - which along with a higher flexibility in the maximum driving time (that increased, in one of the periods, from 3 to 3½ hours), allowed for an increase of 10% in the average driving time per train driver;
- System for monitoring the regulation of train headways, first implemented on the Red line, but to be extended to the entire network in the near future;
- At the beginning of 2010, changing menus of the ticket vending machines, to make them easier to understand and more user-friendly;
- Implementation of a solution to facilitate the use of the network access gates by blind or visually impaired people with guide dogs.

1.1.1 Demand

In 2010, around 183 million passengers were carried, 3.4% more than for the same period the previous year.

This growth trend came essentially from the increase in the number of passengers using ML own tickets and combined tickets and the continuous decreasing trend in the number of multimodal tickets, which has been recorded in recent years. In the first ten months of the year, this increase was essentially observed in less frequent passengers, using tickets, and in the last two months in frequent passengers, using passes, in particular ML and combined passes.

Unit: 10^3

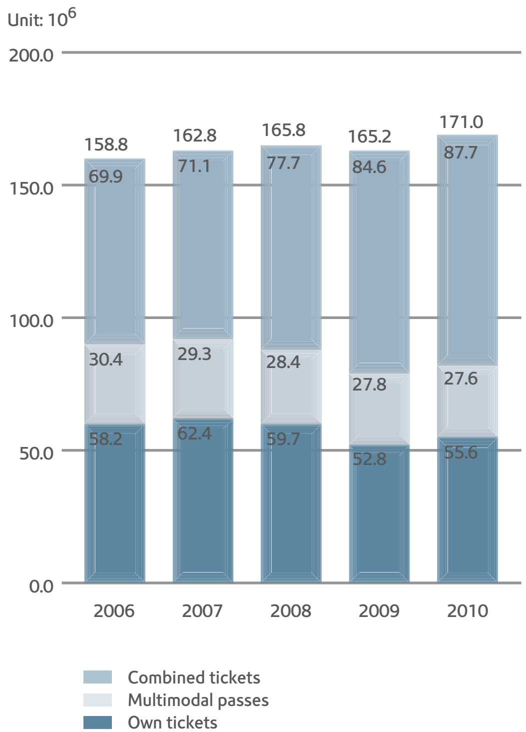
Passengers with tickets paid	2006	2007	2008	2009	2010	Var. % 2010/09
Own tickets	58,528	62,351	59,650	52,776	55,630	5.41
Multimodal passes	30,384	29,309	28,447	27,771	27,616	-0.56
Combined tickets	69,904	71,100	77,714	84,644	87,745	3.66
Total of tickets paid	158,816	162,759	165,811	165,191	170,991	3.51
Free transport and fraud	25,159	16,928	12,621	11,535	11,790	2.21
Total carried	183,975	179,687	178,432	176,726	182,781	3.43
Average trip per passenger (km)	4.650	4.650	4.682	4.691	4.739	1.02
Passengers x km carried	855,484	835,545	835,400	829,068	866,169	4.48

It is also of note that, despite the Red line extension between Alameda and S. Sebastião being fully operational, interconnecting the other three lines and allowing a more efficient use of the network, the average distance travelled per passenger continued to increase steadily since 2007.

1.1.2 Fare revenue

With the fare update in July 2010, the increase in fare revenue compared with the previous year was 5.6%, resulting in an increase of 2.0% in the average revenue per passenger, standing at € 0.35 per passenger in 2010.

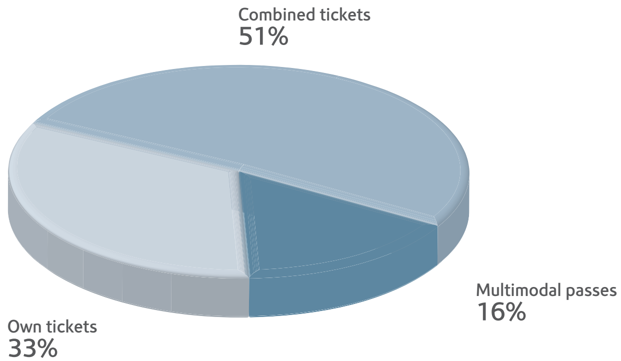
Evolution in number of passengers with paid tickets



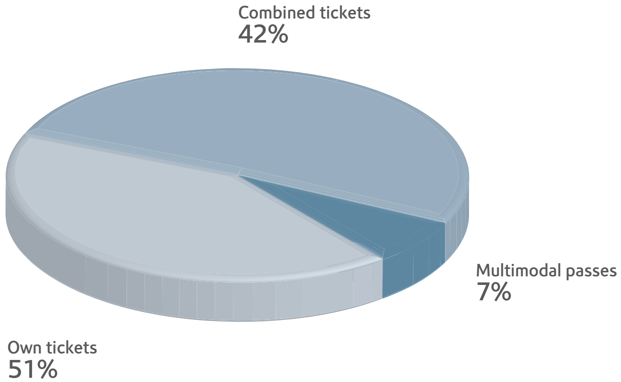
	Tickets		2008	2009	2010	Var. % 2010/09
Passengers	Own tickets	nr	59,649,816	52,775,984	55,629,896	5.41
	Multimodal passes	nr	28,447,161	27,770,773	27,616,154	-0.56
	Combined tickets	nr	77,713,609	84,644,519	87,745,256	3.66
	Total	nr	165,810,586	165,191,276	170,991,306	3.51
Revenue *	Own tickets	€	33,571,978	27,603,988	28,920,893	4.77
	Multimodal passes	€	4,347,320	4,133,586	3,993,322	-3.39
	Combined tickets	€	21,057,379	25,103,914	27,103,349	7.96
	Total	€	58,976,678	56,841,488	60,017,564	5.59
Revenue per passenger	Own tickets	€	0.563	0.523	0.520	-0.60
	Multimodal passes	€	0.153	0.149	0.145	-2.85
	Combined tickets	€	0.271	0.297	0.309	4.15
	Average revenue	€	0.356	0.344	0.351	2.01

*The revenue does not include the value of acquisition of "Lisboa viva" and "7 Colinas" cards. Combined ticket revenue includes State subsidies for the discounts given for "4_18@escola.tp" and "sub23@superior.tp" passes.

Percentage share of passengers per ticket



Percentage share of revenue per ticket



Evolution of main ticket fares

Unit: €

	Tickets	2009 01-Jan	2010 01-Jul	Var. % 2010/09
Own tickets – Metro	**Tickets**			
	Single 7 Colinas – 1 zone	0.80	0.85	6.3
	Single 7 Colinas – 2 zones	1.10	1.15	4.5
	Passes			
	30 days – 1 zone	18.50	18.70	1.1
	30 days – 2 zones	27.20	27.55	1.3
Multimodal Passes	L1	38.30	38.75	1.2
	L12	46.10	46.65	1.2
	L123	52.50	53.15	1.2
Combined tickets	**Tickets**			
	Zapping – 1 zone	0.79	0.80	1.3
	Zapping – 2 zones	1.10	1.12	1.8
	Passes			
	Carris/Metro 30 days – 1 zone	28.10	28.45	1.1
	Carris/Metro 30 days – 2 zones	30.85	31.20	1.3

Note: the values in July 2010 include a VAT increase of 1% at the beginning of the 2nd half 2010.

1.1.3 Supply

With a view to adjusting the level of supply to demand, 2010 was characterised by a significant increase in seats x km supplied, as a result of the first full year in operation of the Alameda /S. Sebastião extension in the Red line, as well as the introduction of six-car trains on the entire Red line as opposed to the three cars that used to operate on this line.

The increase in the service supplied in no way altered the efficiency of the service expected which, in 2010, as was also seen in 2009, maintained a car x km performance rate and estimated circulation for the entire network of over 99%.

Evolution in supply		2008	2009	2010	Var. % 2010/09
Cars x km (public service)					
Blue line	nr	8,696,286	9,156,391	9,512,050	3.88
Yellow line	nr	7,142,401	7,598,201	7,891,501	3.86
Green line	nr	5,629,793	5,633,080	5,582,429	-0.90
Red line	nr	2,008,616	2,886,515	4,662,795	61.54
Total	nr	23,477,096	25,274,187	27,648,775	9.40
Seats x km					
Blue line	10^3	1,469,672	1,547,430	1,607,536	3.88
Yellow line	10^3	1,207,066	1,284,096	1,333,664	3.86
Green line	10^3	951,435	951,990	943,430	-0.90
Red line	10^3	339,456	487,821	788,012	61.54
Total	10^3	3,967,629	4,271,337	4,672,642	9.40

Operating efficiency		2008	2009	2010	Var. % 2010/09
Trips (public service)					
Blue line	nr	125,246	125,392	124,495	-0.72
Yellow line	nr	127,161	128,801	128,650	-0.12
Green line	nr	157,609	157,701	156,283	-0.90
Red line	nr	130,470	122,550	113,450	-7.43
Total	nr	540,486	534,444	522,878	-2.16
Cars x km performance rate					
Blue line	%	98.83	99.00	99.13	0.13
Yellow line	%	99.13	98.98	99.20	0.21
Green line	%	98.65	99.04	98.87	-0.17
Red line	%	99.67	99.92	99.55	-0.37
On the network	%	98.94	99.09	99.17	0.07
Circulation performance rate					
Blue line	%	98.68	99.02	99.13	0.12
Yellow line	%	99.12	99.00	99.22	0.22
Green line	%	98.65	99.04	98.87	-0.17
Red line	%	99.74	99.66	99.55	-0.11
On the network	%	99.02	99.17	99.16	-0.01

1.1.4 Safety

In 2010, 582 incidents were reported at stations, a fall of 12.7% compared to the previous year, which means one incident for every 3.7 million passengers carried.

This improvement is the result of action undertaken from 2008 to fight this phenomenon. Notwithstanding this improvement, justified by the reduction in the overall number of incidents, compared to 2009 there was an increase in more serious incidents as a result of the current economic climate which, while still far from the figures for 2008, is closely monitored by the Company.

Incidents on the ML network (robbery and assault on passengers):

Severity level	2008	2009	2010	Var. % 2010/09
Very serious	37	10	16	60.0
Serious	155	82	89	8.5
Minor	805	575	477	-17.0
Total	997	667	582	-12.7

An analysis of the distribution of the number of incidents per line shows a higher concentration on the Blue line, in particular at the transfer stations as these stations have a high number of passengers per day.

Crime levels on the Green line decreased significantly, as a result of the entry into operation of the Mobile Security Brigades in the second half of 2010.

1.1.5 Marketing, communication and image

In order to broadcast a new vision of ML and its services, allowing the positioning of the image of the Company and consequently the ML brand as representing excellent quality of service in the public transport sector, several initiatives were developed during 2010, not only by the Company alone but also in partnership with other institutions and organisations, including:

- In 2010, a market study was carried out in order to obtain more information on the habits and needs of our customers, aimed at keeping people informed, systematically and in a sustained fashion, of the qualities and virtues of our transport mode through more efficient communication and the consequent adaptation of the supply of new products/services;
- Launch of the ML Mobile Site, the mobile version of the Metro website, giving mobile phone users access to an optimized version for consultation;
- Participation in the European Mobility Week, in the presentation of the new "Transportes de Lisboa / Lisbon Transport" brand, which took place at S. Sebastião II station and was attended by the Secretary of State for Transport, the Chairman of the Lisbon Metropolitan Transport Authority and the Mayor of Lisbon. At this session, the relaunch of the Transporlis website was presented. This is a multimodal information system of the Lisbon Metropolitan Area which emerged from the partnership between various public transport operators, municipal councils, Aeroportos de Portugal (ANA) and Portugal Telecom (PT);
- Participation in the Rock in Rio event with Carris, CP and Transtejo, in order to promote and stimulate the use of public transport to access the festival venue, as well as the "Festival Super Bock em Stock";
- Establishment of new partnerships, in particular of a cultural nature, with some theatres, in order to provide discounts to "Lisboa viva" cardholders.
- Organisation of the Workshop "Boas Práticas no tratamento das Reclamações / Good Practices in Handling Complaints", promoted by the Inspectorate General for Public Works, Transport and Communications;
- Commemoration of special days: "World Music Day" (Dia Mundial da Musica), International Women's Day (Dia Internacional da Mulher), World Children's Day (Dia mundial da criança), World Environment Day (Dia Mundial do Ambiente), Christmas on the Metro (Natal no Metro) – through musical events at various stations and offers for our customers (flowers, visits to the Zoo, trips on the Christmas train), with the participation of the "Clube Metrox" mascots in the initiatives aimed at children, with the purpose of making our customers aware that the Metro is a safe, effective and environmentally friendly transport mode.

In addition, concerning internal communication, 2010 was quite a dynamic year and a set of pioneering initiatives were developed:

- The project "MAIS – Melhorar Através de Ideias Simples / PLUS – Improving Through Simple Ideas" – an initiative aimed at all employees that awarded prizes for the best ideas and innovative proposals with a view to improving processes and procedures and quality of service, the increase in safety at work and the implementation of practices to improve environmental efficiency;
- "Prémio excelência no trabalho/Excellence at Work Award 2010/11" – a study on the organisational climate and the growth in human capital, which analyses human resource practices in the main Portuguese companies and in the ML;
- ML's 51st Anniversary Commemorative Lunch – held at the Depot and Workshops III and attended by over one thousand employees;
- 50 year multi-media campaign – production of an advertising film about the 50th anniversary of the Metro "50 anos a transportar Lisboa/50 years carrying Lisbon";
- "Venha guiar os comboios... e traga a família/Come drive our trains... and bring your family" initiative, aimed at all current and retired ML employees and their families, which included a visit to the Depot and Workshops III and the opportunity to drive a train on the test tracks.

1.1.6 International relations

ML's international activity in 2010 was conditioned by the budgetary containment measures decided by the Management Board, conscious of the economic and financial climate, and it was up to International Relations to capitalise on the synergies of this participation.

In terms of external representation, priority was given to the responsibilities undertaken by the Company in the executive bodies of the international organisations it belongs to, in particular the boards of UITP and ALAMYS and the presidency of the NOVA Group of Metros Benchmarking.

UITP – International Association of Public Transport:
The Chairman of the Board represented ML at the celebrations of the 125th anniversary of the Association, which took place in Brussels in September, where he also attended the Policy Board meeting in his capacity as Portuguese member.

In addition to taking part in five thematic committees and five specialised Metro Division subcommittees, the Company also presided over the Metro Assembly and represented the national public transport sector the European Union Committee. ML was also invited to be part of the "Design e Cultura/Design and Culture" Platform, reactivated in 2010 under the leadership of RATP, from Paris. In terms of international meetings organised by ML, the Metro Committee met in Lisbon in February and the Finance and Commerce Subcommittee of the UITP Metro Division met in May, involving around thirty participants from twenty metro networks, giving them an opportunity to get to know the Lisbon transport system in detail, in particular the ML network and the expansion works in progress.

ALAMYS (Latin-American Metro Association):
ML took part in the 15th Technical Committees Meeting, dealing with operation, maintenance, management and planning themes, in São Paulo in June. On the same occasion, the ML was also invited to present a communication on "Sustainability as a Strategic Directive on the Lisbon Metro", during the 5th Metro Environment Week organised by the São Paulo Metro.
In November, ML was present in Valencia, Spain, at the XXVI General Meeting and at the Management Board meeting, to exercise his intervention, discussion and voting rights as member of the Executive Board of ALAMYS.

NOVA Group of Metro Benchmarking:
Our Presidency of the NOVA Group for the 2009-2010 biennium ended in September. Expressions of appreciation were received for the manner in which the meetings under ML's responsibility were conducted, where consensus was generated on difficult matters and the planned objectives complied with, in order to lay emphasis on consolidation dynamics and refocusing on the core business of benchmarking, in particular the KPI (Key Performance Indicators) and the case studies selected by the members.
In November, there was an internal meeting for strategic reflection on the KPI 2009, involving the Management Board and Senior Management, followed by the 4th annual seminar on benchmarking, open to the upper and middle management, in order to develop this project in a transversal and participatory manner and, thus, favour its adoption by the company.

International projects:

- **MODSAFE** – This project is co-financed by the EU and aimed at defining the requirements for urban rail transport safety for application to metro networks. ML is part of the "Network of Operators", a group of operators outside the project allowed to access the document preparation stage and to propose changes. ML is represented in this network of operators by staff from the Maintenance Management and Infrastructure Management departments and took part in two meetings in 2010.

- **WORKING GROUP 40 (WG40)** – The results of the European initiative projects called UGTMS and ModUrban for making signalling systems compatible are in the process of integration and development by the International Electrotechnical Commission (IEC) under the scope of the WG40 relative to rail applications, aimed at obtaining worldwide standards applicable to new lines as well as extensions and equipment renewal. ML is represented by staff from the Maintenance Management and Infrastructure Management departments and was present at one meeting in September.

- **National Focal Points on Urban Transport Safety** – An EU initiative aimed at promoting the exchange of experiences and good practices in the fight against terrorism in transport in order to involve member states in this problem area and to make procedures systematic, to be announced from "National Focal Points" channelling the information in both directions. The Institute for Mobility and Land Transportation (IMTT) took on the national representation and delegated participation in work groups to the companies. In 2010, ML participated in work groups on "Organisational Measures and Incident Management" and "Vigilance and Detection" and was represented by the Safety Authority who was present at three meetings.

International delegations:

ML pursued its traditional policy of welcoming international visitors, of note being the delegations from transport operators from Paris, São Paulo, Queensland, Dublin, Tunis, Tokyo and also from the Rio de Janeiro's Secretary of Transport, the Diplomatic Institute, several foreign universities, and others. Having hosted around 100 visitors, we received various words of appreciation on the capacity of the Metro and the way they were welcomed.

1.2 Human resources

With regard to Human Resources Management, despite the strict containment measures on salaries which caused the Company not to proceed with increasing salaries and all of the pecuniary clauses in the two Company Agreements, it was still possible, in the first half of 2010, to proceed with the signing, deposit and publication of the revision of the two Agreements with small adjustments to the clauses, which will remain in force until 31 December 2015.

Talks with the Unions regarding the general regulations of the new maintenance model, which provides for a significant alteration of the professional categories that currently exist in the maintenance career, were suspended given the restrictions imposed by the successive Stability and Growth Plans and by the State Budget for 2011.

Opting to internalise the inspection tasks of Company's construction works, a group of temporary staff was hired with fixed-term employment contracts and temporary transfer contracts for staff from Ferconsult, a company fully owned by ML, which caused an increase in the number of staff initially expected for 2010 and a consequent increase in staff costs.

1.2.1 Staff

In 2010, 62 new staff members were admitted while other 34 left the company, leading to a staff increase of around 2.2%.

The vast majority of staff hiring was related to resources for the construction works inspection area, under fixed-term or temporary transfer contracts, as well as an increase in staff due to the creation of the Contract and Procurement Department.

The increase in the relative weight of the "other departments" as a whole was also due to the integration, in the Marketing, Communication and Image Department, of the complaints area, previously a responsibility of the Commercial Operation Department (EC), with the consequent transfer of employees to the former.

[1] Removed from staff costs: pension and pre-retirement supplements, retirement incentives, pension funds and actuarial study.

Most staff leaving the company was due to retirement, with nine employees having agreed upon early retirement.

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, except for the Infrastructure Management for the reasons already stated.

1.2.2 Labour cost [1]

The increase in labour costs in 2010 was essentially a result of the dynamics inherent to the career progression system, arising from the 2009 performance assessment process as well as the need for temporary hiring of construction inspectors, which contributed greatly to a higher number of staff in 2010 than in 2009.

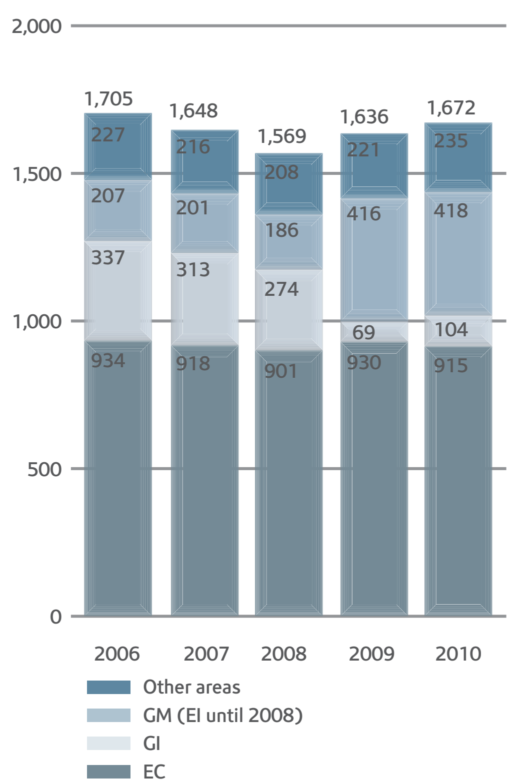
1.2.3 Evolution of inactive staff and social responsibility

The historical social responsibility arising from the Company Agreements, particularly the payment by the Company of supplementary contributions for retirement and survival pensions, represents a significant and disquieting cost, aggravated by the high accumulated number of early retirements.

At the end of 2010, ML had a total staff of 3,033 employees (1,672 active and 1,361 inactive), of whom 1,132 were retired (81 due to disability, 405 to old age and 646 to early retirement) and 229 pensioners. The reduction in the number of retirements, for various reasons, mainly early retirement, means that in 2010, for the first time, there was a decrease in the number of retired people.

The Current Value of Liabilities for Past Services (V.A.R.S.P.) was, at the end of 2010, 229,032 m€ (+1.8% compared with the previous year), reaching a per capita V.A.R.S.P. personnal value 75.5 m€, 75.4 m€ in 2009.

Staff on 31 December

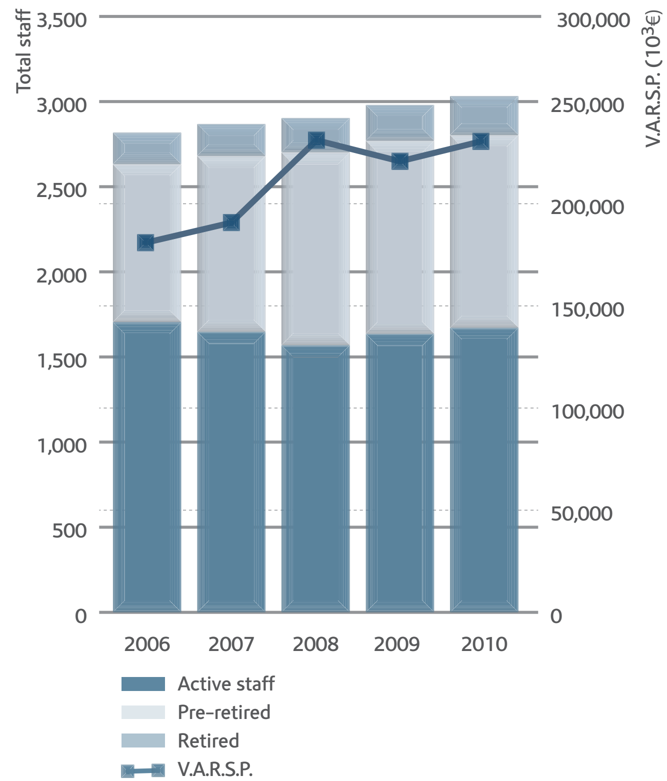


Accounting Standards System

		2006	2007	2008	2009	2010	Var. 2010/09
Labour costs	10³ €	66,363	67,411	66,501	72,725	75,440	3.7%
Labour costs / Average staff	10³ €	38.991	40.905	42.385	44.453	45.120	1.5%
Labour costs / Operating costs	%	43.7%	44.7%	43.0%	34.0%	30.6%	-10.0%
Labour costs / Total costs	%	27.9%	27.6%	26.4%	27.1%	24.3%	-10.4%

		2006	2007	2008	2009	2010	Var. 2010/09 Abs.	%
Total staff	People	2,884	2,887	2,912	2,981	3,033	69	2.4%
Inactive staff	People	1,179	1,239	1,343	1,345	1,361	16	1.2%
Pre-retired	People	26	18	8	0	0	0	-
Retired	People	967	1,033	1,133	1,135	1,132	- 3	-0.3%
Pensioners	People	186	188	202	210	229	19	9.0%
Active staff / Inactive staff	People	1.45	1.33	1.17	1.22	1.23	0.01	1.0%
V.A.R.S.P.	10^3 €	183,336	191,868	233,920	224,882	229,032	4,150	1.8%
V.A.R.S.P. / Total staff	10^3 €	63.570	66.459	80.330	75.438	75.513	0.075	0.1%

Evolution in total staff and social responsibility



1.2.4 Work-related accidents

In 2010, there was a reduction in the total number of work-related accidents recorded in the operation and maintenance activities, although the number of days lost showed a slight variation from 2009, which implied an increase in the average number of days lost through accident from 65 to 77 days.

With regard to accidents recorded in construction works undertaken by ML, 2010 showed a decrease both in the average number of employees on site and in the volume of man/hours worked of 44.5% and 43.9%, respectively.

The incidence and frequency rates also showed a decrease compared to the previous year, as a result of a reduction of around 52% in the number of accidents on construction sites. 2010 was marked by the decrease in accident rates despite the significant increase in the number of workers on site.

Regrettably, however, a fatal accident occured, the first one since 1997, on the Red line's expansion works. Under the terms of the applicable regulations, this accident translates into 7,500 days lost, making the overall severity index shoot up.

Work-related accidents	2006	2007	2008	2009	2010	Var. % 2010/09
Accidents	97	97	112	101	85	-15.8%
Days lost	3,649	4,006	4,900	6,560	6,545	-0.2%
Duration rate	37.6	41.3	43.8	65.0	77.0	18.6%
Incidence rate	49.35	49.26	62.58	55.25	46.65	-15.6%
Frequency rate	31.12	30.77	38.52	34.47	29.80	-13.5%
Severity rate	1.35	1.48	1.93	2.54	2.50	-1.6%

Accidents in ML developments	2007	2008	2009	2010	Var. % 2010/09
Accidents	61	50	33	16	-51.5%
Days lost	1,539	1,071	1,057	8,259	681.4%
Duration rate	25.2	21.4	32.0	516.2	1511.6%
Incidence rate	6.41	3.97	2.15	1.88	-12.6%
Frequency rate	24.05	20.42	11.81	10.20	-13.6%
Severity rate	606.72	437.38	378.18	5,267.37	1292.8%

Accidentes per line 2010	Average nr employees	Man-hours worked	Accidents	Days lost	Duration rate	Incidence rate	Frequency rate	Severity rate
Blue line	1,059	209,066	4	22	5.50	3.78	19.13	105.23
Yellow line	66	11,616	0	0	–	–	–	–
Green line	361	60,166	0	0	–	–	–	–
Red line	5,872	1,065,377	8	8,215	1,026.88	1.36	7.51	7,710.89
Terreiro do Paço interface	1,139	221,730	4	22	5.50	3.51	18.04	99.22
Total	8,497	1,567,955	16	8,259	516.19	1.88	10.20	5,267.37

1.2.5 Absenteeism

In 2010, the trend of increased absenteeism seen in 2009 was confirmed, reaching significantly high values (9.6%).

Consequently, to reverse this trend, in 2010 the Company launched a project aimed at reducing absenteeism by assessing the main causes, in order to take steps with the consequent benefits for the employees. Already in 2011, a set of measures regarding absenteeism's monitoring, prevention and human resources management was approved.

1.2.6 Overtime

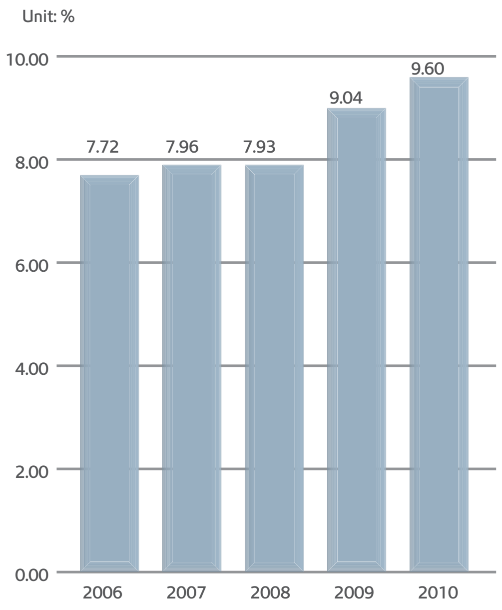
With regard to overtime, and bearing in mind the legal limits fixed and the continued policy of containment of same, historical levels were reached in 2010, going from 65,137 hours in 2009 (40.43 hours overtime per average employee) to 42,660 in 2010 (25.11 hours overtime per average employee).

1.2.7 Training

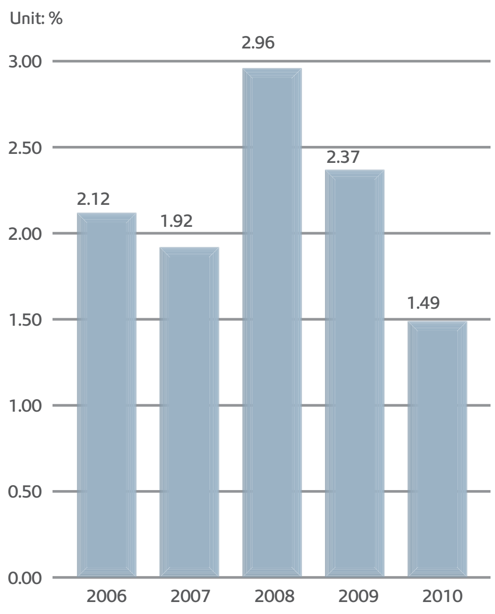
In 2010, there was a steep drop in the number of staff training hours.

This variation was due to the sharp reduction in technical training and to the conclusion of the training process for the new Commercial Operator category.

Absenteeism rate



Overtime rate



Training	2006	2007	2008	2009	2010	Var. % 2010/09
Training courses	287	326	199	220	240	9.1%
Participants	1,320	1,775	957	1,300	1,088	-16.3%
Hours	23,297	16,879	24,192	40,407	10,993	-72.8%
Cost (10^3 €)	342	437	230	303	127	-58.1%
Hours / Average staff	13.7	10.0	15.4	25.1	6.6	-73.8%

1.3. Material and technological resources

The Maintenance Management (GM) Department, set up in 2009, is responsible for infrastructure and rolling stock maintenance. Its activity consists of carrying out preventive and corrective maintenance work on equipment and updating associated maintenance plans and work procedures.

1.3.1. Rolling stock and infrastructures

The rolling stock fleet has remained unaltered since 2003; it consists of 338 cars, of which 225 are motor driven and 113 are trailers.

Under the scope of Rolling Stock Maintenance activities, of note in 2010 were:

- The conclusion of the substitution of gearboxes in the series ML95, ML97 and ML99, which has since permitted full use of the fleet[2], as well as of the human resources available to resume regular maintenance programmes. This operation, which took place between July 2004 and December 2010, caused an average immobilisation rate of 5%;
- The conclusion of installation of the SIRESP radio communications system in the rolling stock.

As can be seen in the following table, in 2010 there was a favourable evolution of the main rolling stock maintenance indicators, both at the level of availability and the level of reliability, measured through mean kilometres (travelled) between failures [3] which improved 7.3% in 2010 relative to the previous year.

Indicator		2008	2009	2010	Var. % 2010/09
Rolling stock availability	%	88.02	85.48	88.22	2.74
MKBF Mean kilometres between failures	km	13,466	12,982	13,932	7.32

2 Except for two triple-unit prototypes undergoing interior remodelling.

3 The value for Mean Kilometres Between Failures (MKBF) is calculated on the basis of failures in cars (excluding vandalism and other reasons) while in operation.

With regard to Infrastructure Maintenance activities, of note are:

- The beginning of the energy audit on ML network stations, still in progress;
- The conclusion of the 3rd phase of elimination of signalling pins;
- The launch of the contract for complete maintenance of mechanical transporters – escalators, moving walkways and lifts in the ML network;
- External contract for the maintenance of the stations' Lighting System;
- External contract for UPS maintenance;
- Revision of all provision of maintenance services contracts in progress with regard to the applicable safety procedures;
- Creation of type I4 and I5 Malfunction Reports in order to classify the causes of infrastructure equipment failure and to calculate the reliability and availability indexes of the Metro Network infrastructures.
- Collecting, cataloguing, inventorying and promoting of storage (by the Contract and Procurement Department) of materials from the GM Infrastructure Maintenance Department bodies;
- Consolidation of the analytical structures of the new Maintenance Management (GM) structure with the inclusion of the infrastructure maintenance departments

1.3.2 Management of projects, studies and development

Under the scope of the activities of the **GIE – Infrastructure and Project Management**, the following are of note:

Signalling:

- Adaptation of Westrace Standardisation procedures in order to minimise interference with the ML operation;
- Westrace Standardisation logical testing;
- Verification and correction of Train Describer functions in the CTC.

Installation and entry into service in the Company of the equipment and system necessary for implementation of private radio communications on the Integrated System of Portugal's Emergency and Security Networks (SIRESP), the following actions being of note:

- Conclusion of installation and tests on mobile and portable radio equipment in all rolling stock units.
- Tests carried out on communications and messages with trains from consoles in the Operation Control Centre (PCC) at Avenida Sidónio Pais;
- Training courses on operation and technical maintenance of radios.

National Plan for Promotion of Accessibility (PNPA): Public tender procedures were continued for providing the Colégio Militar and Baixa-Chiado stations with full accessibility, respectively, Dev. ML 684/09 and Proc. 242/08-GJC, published in October 2009. The public tender procedure was also carried out for the provision of Supervisory services for the aforementioned processes.

With regard to the projects to assure access to the existing stations for people with reduced mobility, the following are of note:

- The first phase of intervention at the Campo Grande station was concluded and the respective tender procedure was prepared;
- The implementation projects for the Entre Campos and Cidade Universitária stations are being developed. Contacts were established with the Lisbon Municipal Council (CML) and the Rectory of the University of Lisbon with a view to obtaining approval of the projects;
- The preliminary project for the Praça de Espanha and Avenida stations is under development;
- The solutions to be adopted for the Jardim Zoológico and Alto dos Moinhos stations and the 2nd phase of intervention in Campo Grande station are in the Preliminary Study consolidation phase with regard to internal company areas.

Unit: thousands kWh

Energy consumption	2008	2009	2010	Var. % 2010/09
Traction	48,086	51,996	57,102	9.82
Complementary and support services	48,471	48,633	48,228	-0.83
Other consumption	4,079	5,255	6,453	22.80
Total	100,636	105,884	111,783	5.57

Energy consumption indicators	2008	2009	2010	Var. % 2010/09
Traction / Seat x km	0.012	0.012	0.012	0.39
Traction / Passenger x km	0.058	0.063	0.066	5.12
Total / Seat x km	0.025	0.025	0.024	-3.50
Total / Passenger x km	0.120	0.128	0.129	1.05

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

- Coordination of the energy audit work carried out on PMO II and PMO III for energy certification of the buildings and the indoor air quality; analysis of intensive consumption management reports (SGCIE), of preventive maintenance plans and energy rationalisation plans;
- Conclusion of the study for mitigation of risks of accidents involving people (train crews) at the Odivelas station inversion terminus due to the incorrect insertion of the inversion platforms;
- Participation in the working group for the rationalisation of lighting at stations and the analysis of energy-saving devices for lighting and improving the energy efficiency of lighting at stations;
- Participation in the CATCH (reduction of CO_2 emissions in cities) project and in the e-Nova Remote Manager project (CML environmental agency);
- Analysis and presentation of conclusions to the MST (Metro South of Tagus) on the study of measures to reduce the risk of trampling incidents (study of new travel diagrams with reduction of speed at critical points);
- Analysis of projects, monitoring and supervision of intervention processes by third-party projects near ML buildings; of note due to their importance are the alterations to the Oriente station as a result of the expansion works in the Oriente Interchange Complex by RAVE.

1.3.3 Energy

Given the increased offer seen in 2010 compared with 2009, as a result of the extension of the Red line to S. Sebastião coming into operation and the use of six-car trains on this line, there was an increase of 9.82% in traction energy consumption.

The variation in consumption by “complementary services” and “other consumption” was a result of the effective consumption of all advertising panels being attributed to the “other consumption” component, whereas in 2009 it came under “complementary services”.

1.3.4 Information technology systems

In addition to continuous and permanent preventive and corrective maintenance of ML operating systems, improvements and/or benefits were developed during 2010 in three specific areas:

Implementation of functional improvements on various ML systems

- **ML Internal Portal:** introduction of electronic questionnaires; station inventory forms, online pay slips, cumulus upgrade;
- **New ML website features**: Development of the new mobile phone feature, creation of banners and pastimes, integration with public tender information; development of mini-sites (ML photo marathon);
- **Various improvements to the PM and MM module:** With regard to other SAP modules, of note is the introduction of the Stock Management Process, improvements in uniform applications, material management, failure quantification indicator and MKBF calculation, development of the "photography" function for Programmed Maintenance Analysis and improvements to the process for recording Working Capital expenses;
- Development of new status indicators for the metro access gates and passengers involved in incidents or accidents, "Repeatability of failures" within the BW database.

Project implementation

- Implementation of the "PLAGO System" integration with ML information systems (Teleponto, SAP ECC and BW);
- Strategic restructuring of Planning and Maintenance system;
- Increasing invoicing;
- "Artistic Heritage" Project.

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: Accounting Standards System, Audit on the security levels of the Information Systems, Renovation of the Storage System;
- Study and analysis of functions to be introduced for the following projects: Reformulation of the Website and Supplier Assessment.

1.4 Network expansion

Under the network expansion plan, ML is currently in the process of making two important extensions to its network: the Blue line extension to Reboleira and the Red line extension to the Airport.

With its completion, expected for 2013, the ML will provide a further 4.5 km of network section, served by four new stations and two important interfaces, the first in Reboleira, connecting with the Sintra railway line and public road transport operators, and the second one connecting to the Lisbon International Airport.

In addition, the work in progress on the Terreiro do Paço interface was developed.

Work carried out in 2010

Extension to the Blue line – Amadora Este/Reboleira

The extension of the Metro line to Reboleira is of special importance in that it promotes intermodality in the Lisbon Metropolitan Area (AML), allowing a new interface to be created between CP's Sintra railway line and ML's Blue line.

With the completion expected for 2013, it is estimated that this station will serve around 4 million passengers per year, who need to travel on this important AML axis every day.

The shell work contract was awarded in August and, in 2010, the excavation work and the internal station structures were concluded. The West access to the station was also concluded.

In the East access, upon completion of the peripheral containment works, the internal structures must be concluded in order to finalise the work.

With regard to the tunnels and ventilation shaft, following completion of the excavation, the respective secondary finishing began.

Extension of the Red line – Oriente/Aeroporto

On 16 December 2010, there was a technical inspection with the Contractor in order to identify the repairs to be carried out for the provisional acceptance of the shell work.

On 9 July 2010, the contract for "Finishing and Special Installations on the Red line between Oriente and Aeroporto" was awarded. So far, the following has been done:

- At Aeroporto and Moscavide stations, finishing, installation of mats, cables and switchboards as well as pipes and main ventilation, secondary ventilation and pumping equipment;
- At Encarnação station, finishing work on the walls and floors. Low-voltage and telecommunications mats and pipes as well as pumping pipelines are also being installed.

At the moment, work is being done on the installation of anti-vibration equipment and rail line, awarded in September and December 2010 respectively.

Extension of the Red line – Alameda II/S. Sebastião II

Under the scope of the Alameda / S. Sebastião extension, in operation since August 2009, landscaping work is in progress in the area around the Saldanha and S. Sebastião stations, which includes the new reorganisation of Av. Duque d' Ávila and Rua Marquês da Fronteira, as well as the reprofiling of Av. da República.

	Current network			In progress		Future network		
Lines	Nr of stations	km of network	Extensions	Nr of stations	km of network	Opening date	Nr of stations	km of network
Yellow	13	11.0	–	–	–	–	13	11.0
Blue	17	12.9	Amadora Este/Reboleira	1	0.9	2013	18	13.8
Green	13	8.9	–	–	–	–	13	8.9
Red	9	6.8	Oriente/Aeroporto	3	3.6	2012	12	10.4
Current network	52	39.6		4	4.5	Future network	56	44.1

4 Being carried out by ML on behalf of third parties (Transtejo).

Remodelling of Green line stations

During 2010, with regard to the "Remodelling and extension of Areeiro station" contract, awarded in August 2009, the infrastructure diversion work was carried out to allow the start of construction of the new South vestibule.

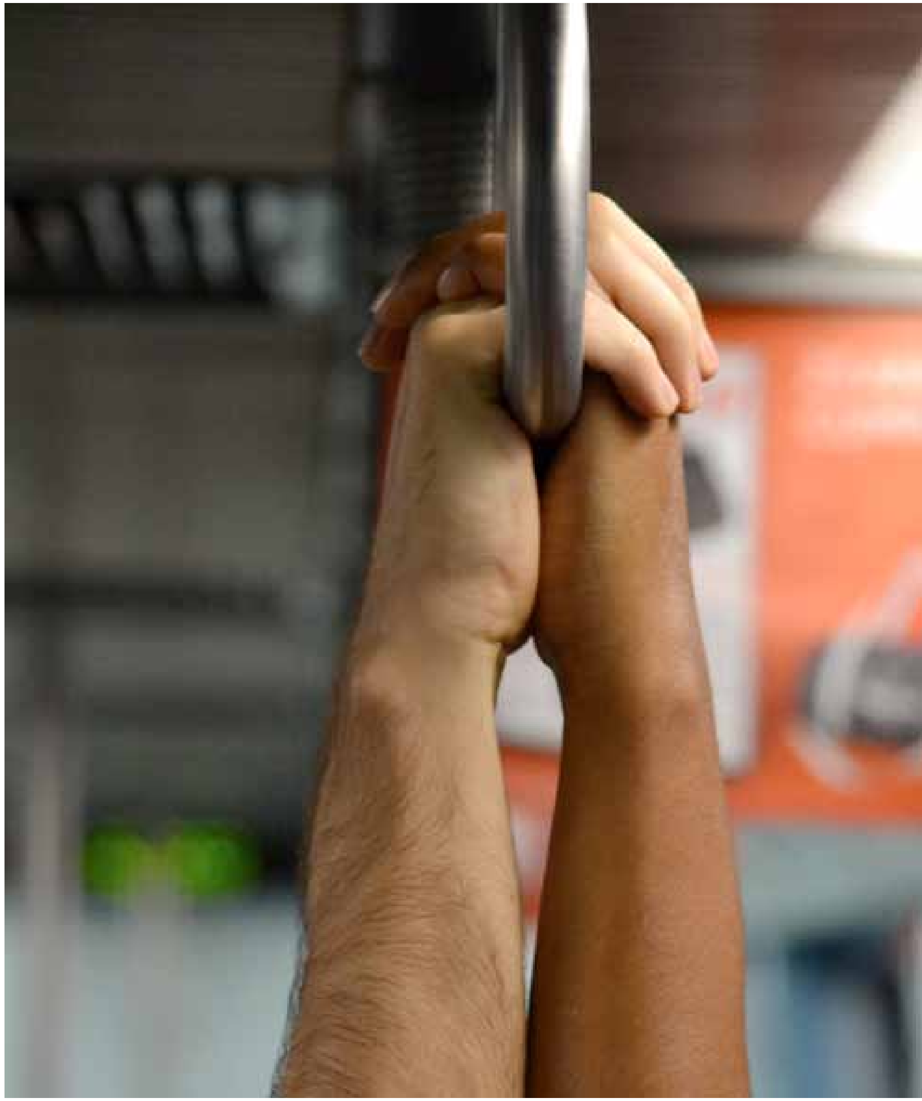
As to the recently remodelled Alvalade and Roma stations, landscaping was also completed in the areas around the stations.

With regard to the remaining Green line stations – Anjos, Arroios and Intendente – the remodelling/expansion projects were developed, a crucial development in order to allow six-car train operation in the Green line instead of the four-car trains currently in use.

Terreiro do Paço interface [4]

Work on the installation of five pontoons (two of which are already being used by Transtejo/Soflusa) and the river wave attenuation system having been concluded in April 2009, the contract for the extension of the River Terminal was awarded at the end of 2009.

Thus, in 2010, foundation and structural work was carried out and work began on finishing and special installations at the river terminal with the installation of escalators connecting it to Terreiro do Paço station.



1.5. Investments

In terms of total investment expenditure, this cost 89.1 million euros, as per the table below:

Unit: €

	FBCF Gross Fixed Capital Formation	ICT Investment Technical Costs	DI Investment Expenditure
A – ILD's	83,993,422	87,163,972	90,858,371
In progress	74,918,860	74,918,860	78,314,969
Alameda / S. Sebastião extension	13,842,415	13,842,415	15,168,799
Oriente / Aeroporto extension	37,629,081	37,629,081	39,403,367
Amadora Este / Reboleira extension	23,447,364	23,447,364	23,742,804
New	256,428	256,428	283,079
S. Sebastião / Campolide extension	256,428	256,428	283,079
Rato / Alcântara extension	0	0	0
Other	8,818,133	8,818,133	9,089,772
Terreiro do Paço interface	759,942	759,942	759,942
Cais do Sodré interface	278,381	278,381	278,381
National Plan for Promotion of Accessibility	324,414	324,414	325,145
Remodelling of the Blue line	2,392,029	2,392,029	2,415,120
Remodelling of the Yellow line	1,258,195	1,258,195	1,258,380
Remodelling of the Green line	2,600,893	2,600,893	2,789,821
Remodelling of the Red line	12,021	12,021	12,021
Remodelling of the Network – Other	1,149,759	1,149,759	1,208,463
ATP/ATO	42,500	42,500	42,500
Self investment	0	3,170,550	3,170,550
B – ML	1,972,522	1,972,522	2,038,667
Depots and Workshops	212,702	212,702	212,702
Rolling stock	0	0	0
Equipment and other	861,721	861,721	914,464
Current investments	898,100	898,100	911,501
Self investment	0	0	0
Total investment	85,965,944	89,136,494	92,897,038

Unit: €

Investiment	2009	2010	Var. %
Gross Fixed Capital Formation (FBCF)	153,760,762	85,965,944	–44.09
Investment Technical Costs (ICT) formation	157,590,551	89,136,494	–43.44
Investment Expenditure (DI) – includes financial costs	161,891,695	92,897,038	–42.62

Of the 89.1 million euros invested in technical costs, carried out in 2010, around 98%, the equivalent to 87.2 million euros, was on durable infrastructures (ILDs).

The Network Expansion Plan evolved throughout the year and the following were the projects that most contributed to the value of ILD investments:

- Oriente / Aeroporto extension 37.63 million euros
- Amadora Este / Reboleira extension 23.45 million euros
- Cais do Sodré interface 0.28 million euros
- Terreiro do Paço interface 0.76 million euros
- Station remodelling 7.41 million euros

Also important is the 13.8 million euros invested in the conclusion of the Alameda/S. Sebastião project, even though this extension began operation the previous year.

On the other hand, investment in ML property was only 1.97 million euros, concentrated mainly on the items “Equipment and other” (0.86 million euros) and “Current investments” (0.90 million euros).

ML continues to record financial costs arising from financing under fixed assets in progress, having capitalised 3.76 million euros in 2010, increasing overall Investment Expenditure to 92.9 million euros.

2.
Corporate governance

Under the terms of the legal regime for the State Enterprise Sector (SEE), established by Decree-Law 558/99, of 17 December, of Decree-Law 300/2007, of 23 August, and of the principles of good governance in SEE companies, approved by C ouncil of Ministers Resolution (CMR) 49/2007, of 28 March, ML has been adjusting levels of information in order to comply with the necessary requirements, in particular including a special chapter relating to corporate governance in its Annual Report.

ML complies with this through information available on its website (www.metrolisboa.pt), on the SEE website (www.dgtf.pt), on the Financial and Economic Information Collection System (SIRIEF) website and the company's internal Portal, as well as in other documents sent to the State Titular Body, 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 SEE and the regulations of the Public Manager Statute.

2.1 Company mission, goals and policies

Mission

To provide a public passenger transport service, in metro mode, that is customer-oriented and promotes sustainable mobility.

Goals

Based on the goals fixed for 2009 in the Joint Order of the Secretary of State for the Treasury and Finance and the Secretary of State for Transport, of 15 July 2009, establishing the strategic guidelines and annual goals for the 2009-2011 mandate, the ML proceeded to analyse compliance with the management goals then defined, having achieved a value of over 100%.

				2010			
	Components	unit	weight		goal	actual	objective
	Efficiency [5]		45%				43.52%
1	EBITDA (before operating subsidies)	10^6 €	5%	≥	-56.4	-58.7	4.80%
1	EBITDA (after operating subsidies)	10^6 €	5%	≥	-32.1	-32.2	4.98%
2	Total operating costs	10^6 €	6%	≤	169.0	166.7	6.33%
3	Coverage of operating costs by operating income	%	10%	≥	68.9	65.3	9.47%
4	Turnover from transport fares	10^6 €	6.25%	≥	63.0	59.1	5.86%
5	Turnover from supplementary activities	10^6 €	6.25%	≥	5.7	5.0	5.45%
6	Operating costs per passenger x km	10^{-3} €	6.25%	≤	0.204	0.193	6.62%
	Compliance with plan for investment in ILDs		20%				21.39%
7	Implementation of investment plan	%	10%	≥	60	62	10.33%
8	Implementation of PIDDAC	%	5%	≥	100	100	5.00%
9	Increase in debt	10^3 €	5%	≤	224,000	184,994	6.05%
	Payments		4%				4.04%
10	Average time for payment to suppliers	days	4%	≤	55.5	55.0	4.04%
	Service and quality		28%				30.11%
11	Passengers x km	10^6	5%	≥	830	866	5.22%
12	Seats x km	10^6	5%	≥	4,252	4,673	5.50%
13	Service regularity	%	5%	≥	98	99	5.05%
14	Reliability	km	5%	≥	7,000	7,426	5.30%
15	Customer Satisfaction Index	nr index	8%	≥	6.70	7.57	9.04%
	Environment		3%				2.95%
16	Energy efficiency	kWh	3%	≤	0.127	0.129	2.95%
	Compliance with objectives		100.00%				102.00%

[5] Compliance with the objectives 1 to 6 was measured in accordance with the provisions of the National Plan of Accounts.

6 Applicable to the majority of employees.
7 Applicable to graduate employees.

Company policies
ML intends to pursue the following policies:

- **Innovation and Development**
  To continuously seek for new services and products, based on customer-oriented technological developments.

- **Responsibility**
  - Environmental: in terms of energy efficiency and ensuring environmental protection, arising from the activities developed;
  - Social: focused on the mobility of the population within the Lisbon Metropolitan Area;
  - Economic: ensuring the company's sustainability, from a business and labour perspective.

- **Quality**
  By creating value and enhancing customer service.

- **Rigour and integrity**
  - By the promotion of demanding ethical and behavioural practices, both individually and in business terms, being an organisation that is governed by principles of honesty, transparency, social commitment and environmental responsibility;
  - By enforcing rigorous procedures as a base for the service provided, ensuring its reliability and trustworthiness.

- **Competency and Safety/Security**
  - Maintain and enhance the Company's image and credibility as a factor of internal and external assertion;
  - Ensure the combined safety and security of people and property.

2.2 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. During 2010, the provision of a public service had still not been contracted therefore only the dispositions relative to the concession of public subsidies, provided for in Decree-Law 167/2008, of 20 August, shall apply to the company.

Internally, and apart from its by-laws approved in annex to Decree-Law 148-A/2009, of 26 June, the Company is also subject to the following regulations:
- Company's Collective Agreements – AE I[6] and AE II [7]: 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's 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. This document was updated in 2010.

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;
- Handbooks on the Organisation; Sales and Supervision; Station Management; General Procedures for the Document Management System;
- Standards for establishing voltage free work areas; attribution of the “Lisboa viva” card; domestic and international travels on Company business; on service circulations for night work; on home visits made by the Company;
- Procedures on Quality; Processes; Quality Management System; Work Instructions, to be adopted in the case of work-related accidents; 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;
- Information regarding ML procurement under the terms of the Public Procurement Code (CCP), approved by Decree-Law 18/2008, of 29 January and the respective amendment with the alteration of community thresholds;
- Expenditure recording procedures under the CCP, including working capital expenditure.

Additionally in 2010 the company's restructuring was initiated, allowing for the implementation of the new organisational model at the beginning of 2011.

External regulations

During 2010, several acts were issued, whose respective legal disciplines are reflected in the legal framework applicable to the exercise of the activity developed by ML, in its different aspects, namely:

- Decree-Law 26/2010, of 30 March, which undertakes the tenth alteration to Decree-Law 555/99, of 16 December, that establishes the legal regime for urbanisation and building, and undertakes the first alteration to Decree-Law 107/2009, of 15 May;
- Law 3/2010, of 27 April, which establishes the compulsory nature of payment of interest by the State for delay in compliance with any pecuniary obligation;
- Law 3-B/2010, of 28 April, 2010 State Budget Law, which altered the Stamp Duty Code;
- Decree-Law 62/2010, of 9 June, which alters the common safety indicators and the common calculation methods for rail accident costs, undertakes the second alteration to Decree-Law 270/2003, of 28 October, and transposes Directive 2009/149/CE, of the Commission, of 27 November;
- Council of Ministers Resolution (CMR) 47/2010, of 25 June, which approves the guidelines for placing institutional advertising and for the acquisition of advertising space by the State and other public entities;
- Regulatory order 17/2010, of 28 June, which updates ticket prices for urban transport in Lisbon and in Porto for collective interurban road passenger transport and for rail and river transport;
- Law 20/2010 of 23 August, which alters Decree-Law 158/2009, of 13 July, approving the Accounting Standards System (SNC) and revoking the National Plan of Accounts (POC), approved by Decree-Law 47/77, of 07 February (applicable to public companies – art. 3);
- Council of Ministers Resolution 61/2010, of 25 August, which authorises the expenses arising from the agreement to introduce the "4_18@escola.tp" pass and the programme contract with the municipalities in the "4_18@escola.tp" programme;
- Law 28/2010, of 2 September, which undertakes the first alteration, by parliamentary decision, to Decree-Law 26/2010, of 30 March, the tenth alteration to Decree-Law 555/99, of 16 December, which establishes the legal regime for urbanisation and building, and the first alteration to Decree-Law 107/2009, of 15 May;
- Regulatory order 15080/2010, of 4 October, which approves the draft agreement between the State and public transport operators for the introduction of the "sub23@superior.tp" pass, as well as the draft of the programme -contract between the State and the municipalities in the "sub23@superior.tp" programme. It also names the State representatives in the signing of the aforementioned agreement and programme-contract;
- Council of Ministers Resolution 96/2010, of 14 December, which approves, for 2010, the distribution of compensatory allowances to the various companies providing a public service;
- Decree-Law 135/2010, of 17 December, which revises the rules applicable to the issue of permits and licences, as well as the respective additions, for the pursuit of private security activities, also undertaking the third alteration to Decree-Law 35/2004, of 21 February, which alters the legal regime for the pursuit of private security activities;
- Order 1297/2010, Diário da República 245, of 21 December, which approves the standards and technical specifications necessary for the management and functioning of the institutional advertising database of the State and other public entities.

With regard to public procurement matters, the following acts were approved during 2010:

- Order 21/2010, of 11 January, which sets the qualification classes in construction licences and the corresponding values, and revokes Order 1371/2008, of 2 December;

- Order 22/2010, of 11 January, establishing the setup of the Contract Index and Formulae Commission (CIFE) of the Instituto da Construção e do Imobiliário (Institute of Construcion and Real Estate, I.P. /INCI, I.P.) – The Commission will include a representative of ML, E.P.E.
- Assembly of the Republic Resolution 17/2010, of 01 March, which recommends measures to the Government in order to make public contracts more transparent;
- Decree-Law 72-A/2010, of 18 June, which establishes the implementation regulations for the 2010 State Budget, having introduced specific provisions under the scope of acquisition of goods and services, as well as the urgent public tender procedure in construction contracts.
- Decree-Law 131/2010, of 14 December, which introduces the voluntary transparency announcement mechanism, modifies the invalidity regime for procedural acts in making administrative contracts, clarifies the application of Public Procurement Code rules, undertakes the fifth alteration to the Public Procurement Code, approved by Decree-Law 18/2008, of 29 January, and transposes Directive 2007/66/EC, of the European Parliament and of the Council, of 11 December, which alters Directives 89/665/EEC, of the Council, of 21 December, and 92/13/EEC, of the Council, of 25 February, with regard to the improvement in effectiveness of public contract awarding.

2.3 Relevant transactions with related entities

Unit: €

Transactions 2010	Provision of services	Supplementary income
Ferconsult, S.A.	0	141,201
Metrocom, S.A.	2,358,226	0
Publimetro, S.A.	2,281,903	0
Fernave, S.A.	650	0
Total	4,640,780	141,201

Unit: €

Transactions 2010	Fixed assets in progress	Supplies and external services	Deferred costs	Staff costs	Tangible fixed assets	Other debtors and creditors
Ferconsult, S.A.	5,208,094	84,721	0	0	0	0
Metrocom, S.A.		59,974	0	0	0	0
Fernave, S.A.		144,316	0	0	0	0
Total	5,208,094	289,011	0	0	0	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

2.4 Other transactions

Procedures adopted in the buying of goods and services

In 2010, ML complied with the CCP for all contracts it carried out. In fact, the aforementioned Code was present both in the formation and in the execution stage of contracts. In addition, although procurement in the transport sector and below the community threshold does not have a compulsory formation procedure, the principles arising from community treaties were followed.

During 2010, the Management Board established procedures under the scope of the acquisition of goods and services:

- In January, becoming a voluntary procurement entity with the National Agency for Public Procurement (ANCP), following the agreement contract signed on 30/12/2009;
- In February, introduction of “Procurement files” which record all of the information for CCP purposes;
- In April, approval of the organisational structure of the Contract and Procurement Department;
- In May, development and introduction of the procedure for recording working capital expenditure under the CCP, with respective drafts, as well as the introduction of the reception of goods record and the acceptance of services declaration;
- In June, introduction of improvements to the ML website content in order to include access, in the reserved “Public Procurement” area, to information regarding the public procurement platform in use by ML (BizGov) and to the list of procurement procedures in progress and which are being processed through this platform;
- In July, introduction of rational stock management measures;
- Preparation and sending of statistical procurement reports to ANCP and INCI and procurement reports under the scope of audits.

Under the scope of Council of Ministers Resolution 49/2007, the following are indicated:
Transactions which did not occur under market conditions (negotiated procedures, consulting only one entity):

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
004/2010-ML	Engaging of legal services by Metropolitano de Lisboa, E.P.E.	Negotiated Procedure General Regime Services (material criterion)	para. b) nr 1 of art. 27 of the CCP	25,000.00 €	João Carlos Silva & Associados – Sociedade de Advogados, R.L.	12/01/2010	02/02/2010 31/08/2010 (Revocation)	4,875.00 €
007/2010-ML	Supply and installation of stand (Metropolitano de Lisboa, E.P.E. space) for the "Feira Tecnológica – Portugal Vivo" Exhibition – Proc. 312/09-GJC	Negotiated Procedure General Regime GS (< € 206,000,00)	para. a), nr 1 of art. 20 and art. 112 of the CCP	35,000.00 €	BRANDIA CENTRAL, DESIGN E COMUNICAÇÃO, S.A.	21/09/2009	22/01/2010	35,000.00 €
019/2010-ML	Provision of Metropolitano de Lisboa, E.P.E. publicity and information services, on Canal Lisboa	Negotiated Procedure Special Regime Services (under community limits < € 412,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		LISMARKETING COMERCIAL – Informação e Comercialização de Produtos Turísticos Unipessoal, Lda.	16/12/2009 (proposal approval)	01/02/2010	15,000.00 €
030/2010-ML	Contract for the provision of project technical assistance services (ATO) relative to geotechnical work and foundations for ML Contract ML 663/06 – Shell work, Finishing, Low voltage, Telecommunications and HVAC at New River Terminal at the Terreiro do Paço interface – Proc. 351/09-GJC	Negotiated Procedure General Regime Services < € 206,000.00)	para. a), nr 1 of art. 20 and art. 112 of the CCP	70,000.00 €	Prof. António José Correia Mineiro	27/01/2010	25/02/2010	69,732.00 €
032/2010-ML	Contract for the supply of software for management of artistic property of Metropolitano de Lisboa, E.P.E. – Proc. 338/09-GJC		para. a), nr 1 of art. 20 and art. 112 of the CCP	26,820.00 € (estimated)	SISTEMAS DO FUTURO – Multimédia, Gestão e Arte, Lda.	27/01/2010	08/03/2010	26,820.00 €
033/2010-ML	Contract for the provision of project technical assistance services (ATO) relative to shell work on Contract 663/06 – Shell work, Finishing, Low voltage, Telecommunications and HVAC at the New River Terminal at the Terreiro do Paço interface – Proc. 352/09 – GJC	Negotiated Procedure General Regime Services < € 206,000.00)	para. a), nr 1 of art. 20 and art. 112 of the CCP	190,000.00 €	LISCONCEBE – Consultoria de Projectos e Engenharia, S.A.	27/01/2010	04/03/2010	180,000.00 €
038/2010-ML	Supply of a server for the ML Operation Post, implementation of new functions on the operating application, reorganisation of the existing relational database, definition of database maintenance procedures for the sound system at Metropolitano de Lisboa E.P.E. stations – Proc. 343/09-GJC	Negotiated Procedure General Regime Services < € 206,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		PRO AUDIO – Sistemas Profissionais de Audio, Lda.	12/02/2010	25/03/2010	17,473.00 €

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
053/2010-ML	Contract for the production and supply of tiles missing at Metropolitano de Lisboa, E.P.E. stations SS I and SA I – Proc. 328/09-GJC	Before the CCP (procedure launched up to 29/07/2008)	Qualification system (before the CCP)	53,660.51 €	Aleluia Cerâmicas, S.A.		07/04/2010	50,964.47 €
056/2010-ML	Contract for the acquisition of services for the review of the alternative construction programme for Encarnação station, for extending the Red line (Oriente / Aeroporto) of Metropolitano de Lisboa, E.P.E.	Negotiated Procedure Special Regime Services (under community limits < € 412,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		CENORGEO – Engenharia Geotécnica, Lda.	27/01/2010 (proposal approval)	20/05/2010	17,152.00 €
063/2010-ML	Provision of services of clearing and inspection of drains installed inside the roof beams, cleaning the inside of these and rehabilitation of the suspension rods for the mechanical walkway at Cais do Sodré station, Metropolitano de Lisboa, E.P.E. – Proc. 348/09-GJC	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP	46,600.00 €	ISQ – Instituto de Soldadura e da Qualidade, PCUP	25/03/2010	21/04/2010	44,200.00 €
079/2010-ML	Provision of project technical assistance service (ATO) ML Contract ML 671/07 – "Design/Construction of shell work on the extension between Amadora Este station and Reboleira station, on the Blue line, Metropolitano de Lisboa E.P.E." – Proc. 350/09-GJC	Negotiated Procedure Special Regime Services (under community limits < € 412,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		CJC – Engenharia e Projectos, Lda.	02/03/2010	30/04/2010	349,200.00 €
085/2010-ML	Acquisition of database access services for legal information – Proc. 15/2010-DC	Negotiated Procedure General Regime Services (< € 206,000.00)	para. a), nr 1 of art. 20 of the CCP	10,800.00 €	DATA JURIS – Direito e Informática, Lda.	12/05/2010	17/05/2010	10,800.00 €
088/2010-ML	Contract for preparation of the research and development project related with ML Contract 685/09 - "Finishing and special installations on the Red line between Oriente and Aeroporto, Metropolitano de Lisboa, E.P.E."	Research and development contract under the terms of art. 42 of the CCP	Research and development contract under the terms of art. 42		AEROESTAÇÕES, A.C.E.	12/05/2010	26/05/2010	152,437.00 €
104/2010-ML	Contract for provision of services for the making and producing a commercial film commemorating 50 years of Metropolitano de Lisboa, E.P.E.	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP	93,000.00 €	DUDA PORTUGAL, Lda.	01/07/2010	29/07/2010	93,000.00 €

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
110/2010-ML	Acquisition of technical consultation services for the implementation of an Organisational Model for Metropolitano de Lisboa – Proc. 48/2010-DC	Negotiated Procedure General Regime Services (< € 193,000.00)	para. a), nr 1 of art. 20 of the CCP	170,000.00 €	Leadership Business Consulting – Consultoria e Serviços, S.A.	05/08/2010	10/08/2010	160,000.00 €
113/2010-ML	Supply, lease and installation of stand (Metropolitano de Lisboa, E.P.E. space) for the 3ª Mostra "Portugal Tecnológico"/3rd Edition of the exhibition - Portugal Vivo stand – Proc. 60/2010-DC	Negotiated Procedure General Regime Services (< € 193,000.00)	para. a), nr 1 of art. 20 of the CCP	20,000.00 €	BRANDIA CENTRAL DE DESIGN E COMUNICAÇÃO, S.A.	12/08/2010	24/08/2010	20,000.00 €
116/2010-ML	Acquisition of various materials for the recuperation of ML 90 and ML 95 trailers, Metropolitano de Lisboa, E.P.E. – Proc. 28/2010-DC	Negotiated Procedure Special Regime Services (under community limits < € 412,000.00), using the material criterion	para. e), nr 1 of art. 24 and art. 112 of the CCP	13,000.00 €	Sociedade Española de Frenos - Calefacción y Señales, S.A.	05/08/2010	22/09/2010	12,730.28 €
121/2010-ML	Contract for the acquisition of a system for tele-maintenance and recording occurrences in the jamming of SSI technology at the PMO and services for the respective installation and integration of a centralised tele-maintenance service for Metropolitano de Lisboa, E.P.E. – Proc. 383/10-GJC	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP	99,500.00 €	DIMETRONIC, S.A.	24/06/2010	24/09/2010	99,448.27 €
122/2010-ML	Contract for the provision of services of audit of the technical installation of the infrastructure of Metropolitano de Lisboa, E.P.E. – Proc. 416/10-GJC	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00), using the material criterion	para. e), nr 1 of art. 24 and art. 112 of the CCP	100,000.00 €	ACCENTURE – CONSULTORES DE GESTÃO, S.A.	19/08/2010	29/09/2010	98,800.00 €
124/2010-ML	Contract for the provision of instrumentation services for stretch 61 - Segments 1 to 321, Restauradores/Santa Apolonia - Terreiro do Paço tunnel, Blue line, Metropolitano de Lisboa, E.P.E.	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		SPGO – Sociedade de Projectos e Gestão de Obras, Lda.	24/06/2010	30/09/2010	312,000.00 €

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
125/2010-ML	Contract for the acquisition of instrumentation equipment and software for stretch 61 - segments 1 to 321, Restauradores/ Santa Apólonia - Terreiro do Paço tunnel, Blue line, Metropolitano de Lisboa, E.P.E.	Negotiated Procedure Special Regime Goods (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP		SPGO – Sociedade de Projectos e Gestão de Obras, Lda.	24/06/2010	30/09/2010	253,000.00 €
129/2010-ML	Contract for the provision of services for broadcasting an advertising SPOT to commemorate 50 years of Metropolitano de Lisboa, E.P.E.	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00)	para. c), nr 1 of art. 9, art. 11 *a contrario* and art. 12 of the CCP	58,309.90 €	Rádio Televisão Portuguesa, S.A.	14/10/2010	25/10/2010	58,018.85 €
131/2010-ML	Acquisition of services for the repair of side doors on the rolling stock operational cabs Metropolitano de Lisboa E.P.E. – Proc. 423/10-GJC	Negotiated Procedure Special Regime Goods (under community limits < € 387,000.00)	3 of art. 22 of the CCP	56,020.00 €	EMC – Engenharia p/ Material Circulante, S.A.	14/10/2010	05/11/2010	56,020.00 €
135/2010-ML	Acquisition of software upgrades and maintenance of the lighting infrastructure, KNX/EIB, at the PMO III buildings, Metropolitano de Lisboa, E.P.E. – Proc. 384/10-GJC	Negotiated Procedure General Regime G/S (material criterion)	para. e), nr 1 of art. 24 and art. 112 of the CCP	18,486.75 €	SIEMENS, S.A.	24/06/2010	18/11/2010	18,486.75 €
136/2010-ML	Provision of services for updating and putting into operation the Centralised Technical Management System (SGTC) of the HVAC installations in the Auditorium at Alto dos Moinhos station, do Metropolitano de Lisboa, E.P.E. – Proc. 411/10-GJC	Negotiated Procedure General Regime Services (< € 193,000.00)	para. a), nr 1 of art. 20 and art. 112 of the CCP	22,000.00 €	GSMK – Gestão de Energia, S.A.	14/10/2010	09/11/2010	21,826.72 €
137/2010-ML	Provision of services for technical conversion of the Plan of Accounts, "SLO - Charts of Accounts Conversion" for Metropolitano de Lisboa, E.P.E. – Proc. 417/10-GJC	Negotiated Procedure General Regime Services (material criterion)	para. e), nr 1 of art. 24 and art. 112 of the CCP	79,000.00 €	SAP Portugal – Sistemas, Aplicações e Produtos Informáticos, Sociedade Unipessoal, Lda.	07/10/2010	10/11/2010	79,000.00 €
143/2010-ML	Acquisition of services for repair of escalator nr 3 in Pontinha station, escalators nr 5 and 8 in Lumiar, escalator nr 3 at Ameixoeira station and escalator nr 6 at Senhor Roubado station – Proc. 90/2010-DC	Negotiated Procedure Special Regime Services (under community limits < € 387,000.00), using the material criterion	para. c), nr 1 of art. 24 of the CCP	16,400.00 €	THYSSENKRUPP ELEVADORES, S.A.	04/11/2010	18/11/2010	16,400.00 €

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
154/2010-ML	Contract for the production and supply of artistic tiles for Colégio Militar station, Metropolitano de Lisboa, E.P.E. – Proc. 428/10-GJC	Before the CCP (procedure launched up to 29/07/2008)	Qualification system (before the CCP)	11,552.00 €	ALELUIA CERÂMICAS, S.A.	04/11/2010	20/12/2010	11,552.00 €
156/2010-ML	Acquisition of services for renewal of software support for McAfee antivirus – Proc. 30-A/2010-DC	Negotiated Procedure General Regime Services (< € 193,000.00)	para. a), nr 1 of art. 20 of the CCP	12,600.00 €	REGRA – GABINETE DE PROCESSAMENTO ELECTRÓNICO DE DADOS, S.A.	02/12/2010	29/12/2010	12,483.38 €
157/2010-ML	Contract for supply of licensing for SAP INVOICE MANAGEMENT BY OT for Metropolitano de Lisboa, E.P.E. – Proc. 310/09/GJC	Negotiated Procedure General Regime Goods (material criterion)	para. e), nr 1 of art. 24 and para. f), nr 1 of art. 27 and art. 112 of the CCP	9,180.00 €	SAP Portugal – Sistemas, Aplicações e Produtos Informáticos, Sociedade Unipessoal, Lda.	07/08/2009	28/12/2010	9,180.00 €
158/2010-ML	Contract for supply of licensing for SAP PI – PROCESS INTEGRATION for Metropolitano de Lisboa, E.P.E. – Proc. 317/09/GJC	Negotiated Procedure General Regime Goods (material criterion)	para. e), nr 1 of art. 24 and para. f), nr 1 of art. 27 and art. 112 of the CCP	21,600.00 €	SAP Portugal – Sistemas, Aplicações e Produtos Informáticos, Sociedade Unipessoal, Lda.	18/11/2009	28/12/2010	21,600.00 €
HP-79003.pt (ML)	Provision of services for maintenance and support of hardware, Metropolitano de Lisboa, E.P.E. – Proc. 359-GJC	Negotiated Procedure General Regime Goods (material criterion)	para. f), nr 1 of art. 27 of the CCP	183,000.00 €	Hewlett Packard Portugal, Lda.	16/04/2010	06/05/2010	182,874.70 €

List of suppliers representing over 5% of the total of supplies and external services:

	(VAT not included)
2045 EMPRESA DE SEGURANÇA, S.A.	€ 4.659.017
COMPANHIA SEGUROS ALLIANZ PORTUGAL	€ 3.886.766
EDP Serviço Universal, S.A.	€ 7.367.638
GRUPO 8 – Vigilância e Prevenção	€ 2.971.792

International Public Tenders

In 2010, following International Public Tenders, contracts were signed with the following entities:

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
001/2010-ML	Provision of maintenance services for lighting systems in the station network of Metropolitano de Lisboa E.P.E. – Proc. 291/09-GJC	Public Tender Special Regime, Services (above community limits ≥ € 412,000.00)	art. 11, nr 1, subpara. v) of para. b) of the CCP	650,000.00 €	MANVIA, Manutenção e Exploração de Instalações e Construção, S.A.	18/11/2009	01/02/2010	325,000.08 €
049/2010-ML	Provision of transport services to employees of Metropolitano de Lisboa, E.P.E., between Campo Grande station and Depot and Workshops II (PMOII), in Calvanas – Proc. 323/09-GJC	Public Tender Special Regime, Services (above community limits ≥ € 206,000.00)	art. 20, nr 1, para. b) of the CCP	325,000.00 € /year	HENRIQUE LEONARDO MOTA, Lda.	12/02/2010	08/04/2010	162,505.30 € /year
052/2010-ML	Provision of service for installation and operation of vending machines for hot and cold drinks and food, in various areas of Metropolitano de Lisboa, E.P.E. – Proc. 332/09-GJC	Public Tender Special Regime, Services (under community limits < € 206,000.00)	art. 20, nr 1, para. b) of the CCP	85,000.00 €	EUREST (PORTUGAL), Sociedade Europeia de Restaurantes, Lda.	12/02/2010	08/04/2010	Table
082/2010-ML	Provision of preventive and corrective maintenance services for UPS (Uninterrupted Power Supply) on the Blue, Yellow, Green and Red lines and buildings, Metropolitano de Lisboa EPE – Proc. 314/09-GJC	Public Tender Special Regime, Services (under community limits < € 412,000.00)	art. 20, nr 1, para. b) of the CCP	90,000.00 € /year	Efacec – Sistemas de Electrónica, S.A.	22/02/2010	12/05/2010	77,693.00 € /year
087/2010-ML	Contract for carrying out ML Contract 685/09- Finishing and special installations on the Red line between Oriente and Aeroporto, Metropolitano de Lisboa E.P.E.	Public Tender Special Regime, EOP (above community limits ≥ € 5,150,000.00)	art. 11, nr 1, subpara. i) of para. b) of the CCP	26,000,000.00 €	AEROESTAÇÕES, A.C.E.	21/04/2010	26/05/2010	25,205,329.55 €
108/2010-ML	Acquisition of services for management and operation of the transport fleet for the GMO – Organisation, planning and logistics of maintenance management, Metropolitano de Lisboa, E.P.E. – Proc. 390/10-GJC	Public Tender Special Regime Services (under community limits < € 387,000.00)	art. 20, nr 1, para. b) of the CCP	330,000.00 €	Transportes Rodrigues e Lourenço, Lda.	08/07/2010	30/07/2010	317,400.00 €

Contract	Object	Regime adopted	CCP	Base value (without VAT)	Supplier	Awarding date	Date of signature	Contract price
115/2010-ML	Supply and installation of main ventilation, pumping and HVAC in Areeiro station on the Green line, Metropolitano de Lisboa E.P.E. – Proc. 243/08-GJC	Public Tender – with JOUE; Before the CCP (Procedure launched up to 29/07/2008)	Before the CCP – DL 223/2001, of 9 August	800,000.00 €	SISTAVAC – Sistemas de Aquecimento, Ventilação e Ar Condicionado, S.A.	22/07/2010	08/09/2010	755,633.52 €
132/2010-ML	Supply and installation of signs under the scope of accessibility projects, expansion of the Blue and Red lines and extension/renewal of one station on the Green line – Baixa-Chiado, Colégio Militar, Entre Campos, Areeiro, Reboleira, Moscavide, Encarnação and Aeroporto stations, Metropolitano de Lisboa, E.P.E. – Proc. 381/10-GJC	Public Tender Special Regime, G/S (above community limits ≥ € 387,000.00)	art. 11, nr 1, subpara. iv) of para. b) of the CCP	585,000.00 €	APADIL – Armaduras, Plásticos e Acessórios de Iluminação, S.A.	19/08/2010	15/11/2010	396,233.06 €
133/2010-ML	Supply and installation of furniture under the scope of accessibility projects, expansion of the Blue and Red lines and extension/renewal of one station on the Green line – Baixa-Chiado, Colégio Militar, Entre Campos, Areeiro, Reboleira, Moscavide, Encarnação and Aeroporto stations, Metropolitano de Lisboa, E.P.E. – Proc. 382/10-GJC	Public Tender Special Regime G/S (above community limits ≥ € 387,000.00)	art. 11, nr 1, subpara. iv) of para. b) of the CCP	505,000.00 €	RARI – Construções Metálicas, Engenharia, Projectos e Soluções Industriais, S.A.	19/08/2010	09/11/2010	389,636.15 €
141/2010-ML	Provision of support services for the process of personalisation and production of "Lisboa viva" cards, Metropolitano de Lisboa, E.P.E. – Proc. 335/10-GJC	Public Tender Special Regime, Services (under community limits < € 387,000.00)	art. 20, nr 1, para. b) of the CCP	7.22 € /hour 130,000.00 €	VSA – Inovação, Recolha e Tratamento de Informação, Lda.	22/10/2010	06/12/2010	3.61 € (Value/hour) Maximum volume hours/year 18,000h 64,980.00 €
148/2010-ML	Acquisition of repair services for lifts on the Metropolitano de Lisboa, E.P.E. network. Including all materials – Proc. 404/10-GJC	Public Tender Special Regime, Services (under community limits < € 387,000.00)	art. 20, nr 1, para. b) of the CCP	45,000.00 €	Thyssenkrupp Elevadores, Lda.	04/11/2010	09/12/2010	24,531.00 €
149/2010-ML	Acquisition of services for replacement of faulty frequency inverters, restoring of operation of escalators, moving walkways and lifts on the network, Metropolitano de Lisboa, E.P.E. – Proc. 413/10-GJC	Public Tender Special Regime, Services (under community limits < € 387,000.00)	art. 20, nr 1, para. b) of the CCP	67,000.00 €	Thyssenkrupp Elevadores, Lda.	11/11/2010	09/12/2010	59,950.00 €

2.5 Members of the executive bodies and their duties

Management Board
1st mandate
(until June 2010)

Position	Management Board	Election	Mandate
Chairman	Mr. Joaquim José Oliveira Reis	CMR 101/2006, of 03 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 [8]		
Board Member 4	Mr. Miguel Teixeira Ferreira Roquette		

8 Resigned his post on August 31, 2009.

Duties and Responsibilities of the Members of the Management Board

Mr. Joaquim Reis, Chairman	Mr. Luís Morais Correia, Board Member 1 (substitute member for the Chairman)	Mr. Jorge Jacob, Board Member 2	Mr. Miguel Roquette, Board Member 4
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 Chairman of the Board, Ferconsult, S.A. Chairman of the Board, Metrocom, S.A. Chairman of the General Assembly, Ensitrans, A.E.I.E. Board Member, TREM, A.C.E. Board Member, TREM II, A.C.E.	Infrastructure Management Management of Projects and Expansion Work and Network Modernisation Studies, Planning, Budget and Controlling (work project and management areas) Board Member, Ferconsult, S.A. Board Member, Ensitrans, A.E.I.E. Board Member, SOTRANS, S.A.	Commercial Operation Management Maintenance Studies, Planning, Budget and Controlling (commercial and expansion areas) Development of Strategic and Operational Marketing; Artistic and Historical Property Chairman of the General Assembly, Metrocom, S.A.	Ombudsman Legal and Litigation Contract and Procurement Lisbon Municipal Council relations, monitoring the institutional area for the Chairman of the Board Metrocom Administrator for the three-year period, 2008/2010 (since 2 June 2008) Chairman of the General Assembly, Publimetro, S.A. Chairman of the General Assembly, GIL, S.A.

2nd mandate
(from June 2010)

Position	Management Board	Election	Mandate
Chairman	Mr. Francisco José Cardoso dos Reis	CMR 24/2010, of 17 June	2010–2012
Board Member 1	Mr. Carlos José Bento Nunes		
Board Member 2	Mr. Jorge Manuel Quintela Brito Jacob		
Board Member 3	Mr. Luís Miguel Silva Ribeiro		
Board Member 4	Mr. António Gregório Ventura		

Duties and Responsibilities of the Members of the Management Board

Mr. Francisco Cardoso dos Reis, Chairman	Mr. Carlos Nunes, Board Member 1 (substitute member for the Chairman)	Mr. Jorge Jacob, Board Member 2	Mr. Luís Ribeiro, Board Member 3	Mr. António Ventura, Board Member 4
ML Institutional Representation Safety and Security Authority Audit Marketing International Relations Ombudsman Chairman of the Board, Ferconsult, S.A. Chairman of the General Assembly, Ensitrans, A.E.I.E.	Infrastructure Management Studies, Planning, Budget and Controlling (work project and management areas) Contract and Procurement Board Member, Ferconsult, S.A. Board Member, Ensitrans, A.E.I.E.	Commercial Operation Studies, Planning, Budget and Controlling (commercial and expansion areas) Management Maintenance Chairman of the General Assembly, Metrocom, S.A.	Economy and Finance Studies, Planning, Budget and Controlling (budget and management control areas) Information Systems and Technologies Board Member, TREM I, A.C.E. Board Member, TREM II, A.C.E. Chairman of the General Assembly, GIL, S.A.	General Secretariat and Communication Human Resources Legal and Litigation Chairman of the Board, Metrocom, S.A.

Supervisory Board

The present Supervisory Board was appointed by Joint Order (JO) from the Secretary of State for Treasury and Finance and the Secretary of State for Transport, of 26 October 1998, for a renewable three-year period.

1st mandate
(until June 2010):

Position	Supervisory Board	Election	Mandate
Chairman	Mr. Renato Augusto Vieira Campos		
Board Member 1	Caiano Pereira, António e José Reimão SROC nr 38, represented by Mr. Luís Pedro Pinto Caiano Pereira ROC nr 842 [9]	JO of 26/10/1998	1998-2001
Board Member 2	Mr. Evaristo da Cruz Branquinho		

2nd mandate
(from June 2010):

Position	Supervisory Board	Election	Mandate
Chairman	Mr. Renato Augusto Vieira Campos		
Board Member 1	Mr. Evaristo da Cruz Branquinho	JO 26/10/1998	1998-2001
Board Member 2	*To be appointed*		
Subst. Member	*To be appointed*		
Chartered accountants (ROC)	Caiano Pereira, António e José Reimão SROC nr 38, represented by Mr. Luís Pedro Pinto Caiano Pereira ROC nr 842	Order 192/08-SETF, of 18 March	

The Supervisory Board for the mandate beginning in June 2010 has yet to be appointed. Therefore, the members elected for the previous mandate are still in office.

9 Representative of Caiano Pereira, António e José Reimão, SROC, established by Order of the Secretary of State for the Treasury and Finance 192/08-SETF, of 18 March.

2.6 Remuneration to members of the executive bodies

By Joint Order of the Ministries of Finance and Public Administration (MFAP) and of Public Works, Transport and Communications (MOPTC), of 23 September 2009, and following approval of the Statute of Public Manager (Decree-Law 71/2007, of 27 March) and the legal regime applicable to ML as a Public Enterprise (Decree-Law 148-A/2009, of 26 June), the following fixed gross monthly remunerations were determined (in force since 26 June 2009):

Fixed remuneration statute

Gross remuneration

- Until May 2010:
  Values as per Joint Order from MFAP and from MOPTC, dated 23 September 2009, coming into effect from 26 June 2009.

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

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

- From June 2010:
  Values according to Law 12-A/2010, art. 12, which came into effect from 01 June 2010, and which updated the amounts in the Joint Order from MFAP and from MOPTC, dated 23 September 2009.

Management Board	
Chairman	Base salary of € 7,225.60, on which a monthly reduction of € 361.25 (5%) applies, 14 times per year;
Board Members	Base salary of € 6,306.64, on which a monthly reduction of € 316.33 (5%) applies, 14 times per year;

Supervisory Board	
Chairman	Base salary of € 1,445.12, on which a monthly reduction of € 72.26 (5%) applies, 14 times per year;
Board Members	Base salary of € 1,083.84, on which a monthly reduction of € 54.19 (5%) applies, 14 times per year.
Chartered accountants	Base salary of € 1,188.14, on which a monthly reduction of € 59.41 (5%) applies, 14 times per year;

Management Board remuneration and other benefits

1st Mandate
(until 17 June 2010)

Unit: €

	Chairman	Board Member 1	Board Member 2	Board Member 4
	In office until 18/05/2010	Discharged on 17/06/2010	Appointed on 3/11/2006 and reappointed on 18/06/2010	Discharged on 17/06/2010
1. Remuneration				
1.1. Base salary / fixed	32,864.83	35,106.96	37,839.34	35,106.96
– Holiday / Christmas subsidy	12,042.66	10,984.07	–	11,562.18
1.2 Reduction of the Law 12-A:			–	
– Base salary	–	178.68	–	–
– Holiday / Christmas subsidy	–	578.11	–	–
1.3 Base salary / fixed effective	44,907.49	45,334.24	37,839.34	46,669.14
1.4 Attendance fee	–	–	–	–
1.5 Accumulation of management duties	–	–	–	–
1.6 Variable salary	–	–	–	–
1.7 IHT (exemption from fixed working hours)	–	–	–	–
2. Other perks and benefits				
2.1 Telephone use expenses	–	–	–	–
2.2 Travelling allowance	149.64	349.16	–	–
2.3 Meal subsidy	1,035.00	1,242.00	1,252.35	1,283.40
2.4 Other	–	–	–	–
3. Costs with social benefits				
3.1 Agreed regime:	6,925.87	8,102.63	–	8,041.47
– Discount: C.G.A.	–	–	2,451.19	–
– Discount: A.D.S.E.	–	–	567.60	–
3.2 Health insurance	230.50 (a)	322.70 (a)	284.94 (a)	322.70 (a)
3.3 Life insurance	–	–	–	–
3.4 Others:				
– Work-related accidents insurance	848.54	782.69	576.02	811.86
4. Additional information				
4.1 Make	BMW	BMW	BMW	BMW
4.2 Model	525 D	520 D	520 D	520 D
4.3 Year of registration	2005	2007	2007	2007
4.4 Acquisition value of vehicle	27,990.00 (b)	–	–	–
4.5 Year of vehicle acquisition	2009	–	–	–
4.6 Rental value / annual payments on service vehicle	–	6,340.20 (c)	6,438.95 (c)	6,473.65 (c)
4.7 Fuel costs with service vehicle	278.97	762.21	1,747.11	1,243.06
4.8 Others:				
– Insurance	1,249.45	–	–	–
– Conservation and maintenance	–	32.80	1,166.80	430.60
– Tolls and parking	55.06	146.40	230.93	63.12
– Motor vehicle tax	–	–	–	–
5. Additional information				
5.1 Original salary option	N	N	N	N
5.2 Agreed regime:				
– Social security (Y/N)	Y	Y	N	Y
– Other (Y/N)	N	N	Y	N
5.3 Carrying out remunerated duties outside of group	N	N	N	N
5.4 Other	–	–	–	–

(a) General Company insurance – if so desired, each member of the MB 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.
(b) Corresponds to acquisition value of vehicle, in October 2009, including VAT at 20%.
(c) Annual value of renting service vehicle, including rental (with VAT at 20% until June and 21% since July) and insurance.

2nd Mandate
(from 18 June 2010)

Unit: €

	Chairman	Board Member 1	Board Member 2 (Appointed on 3/11/2006 and reappointed on 18/06/2010)	Board Member 3	Board Member 4
1. Remuneration					
1.1. Base salary / fixed	46,484.69	40,572.71	37,840.34	40,572.71	40,572.71
– Holiday / Christmas subsidy	7,225.60	3,153.33	11,982.62	3,153.33	3,153.33
1.2 Reduction of the Law 12-A:					
– Base salary	2,324.24	2,028.62	2,028.62	2,028.62	2,028.62
– Holiday / Christmas subsidy	361.28	157.67	157.67	157.67	157.67
1.3 Base salary / fixed effective	51,024.77	41,539.75	47,636.67	41,539.75	41,539.75
1.4 Attendance fee	–	–	–	–	–
1.5 Accumulation of management duties	–	–	–	–	–
1.6 Variable salary	–	–	–	–	–
1.7 IHT (exemption from fixed working hours)	–	–	–	–	–
2. Other perks and benefits					
2.1 Telephone use expenses	–	–	–	–	–
2.2 Travelling allowance	–	–	–	–	–
2.3 Meal subsidy	1,076.40	1,200.60	1,262.70	1,200.60	1,200.60
2.4 Other	–	–	–	–	–
3. Costs with social benefits					
3.1 Agreed regime:	8,504.83	7,602.34	–	7,602.34	7,602.34
– Discount: C.G.A.	–	–	2,415.19	–	–
– Discount: A.D.S.E.	–	–	534.49	–	–
3.2 Health insurance	332.43 (a)	332.43 (a)	284.94 (a)	332.43 (a)	332.43 (a)
3.3 Life insurance	–	–	–	–	–
3.4 Others:					
– Work-related accidents insurance	677.88	591.67	551.82	591.67	591.67
4. Additional information					
4.1 Make	BMW	BMW	BMW	BMW	BMW
4.2 Model	525 D	520 D	520 D	520 D	520 D
4.3 Year of Registration	2005	2007	2007	2007	2000
4.4 Acquisition value of vehicle	27,990.00 (b)	–	–	–	44,212.77 (c)
4.5 Year of vehicle acquisition	2009	–	–	–	2000
4.6 Rental value / annual payments on service vehicle	–	6,340.20 (d)	6,438.96 (d)	6,473.64 (d)	–
4.7 Fuel costs with service vehicle	800,22	1,450.71	1,967.10	1,008.32	1,187.85
4.8 Other:					
– Annual insurance	–	–	–	–	–
– Conservation and maintenance	2,795.76	805.19	3,719.42	930.02	3,519.91
– Tolls and parking	146.23	832.88	960.44	260.09	154.63
– Motor vehicle tax	51.30	–	–	–	33.10
5. Additional information					
5.1 Original salary option	N	N	N	N	N
5.2 Agreed regime:					
– Social security (Y/N)	Y	Y	N	N	Y
– Other (Y/N)	N	N	Y	Y	N
5.3 Carrying out remunerated duties outside of group	N	N	N	N	N
5.4 Other	–	–	–	–	–
	Service vehicle previously used by Mr. Joaquim Reis	Service vehicle previously used by Mr. Morais Correia		Service vehicle previously used by Mr. Miguel Roquette	

(a) General Company insurance – if so desired, each member of the MB 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.
(b) Corresponds to acquisition value of vehicle, in October 2009, including VAT at 20%.
(c) Vehicle acquired in 2000. The acquisition value of vehicle includes VAT at 17%.
(d) Annual value of renting service vehicle, including rental (with VAT at 20% until June and 21% since July) and insurance.

Supervisory Board remuneration statute

Unit: €

		Chairman	Board Member 1	Chartered accountants
1.	**Remuneration**			
1.1.	Base salary / fixed	17,341.44	13,006.08	14,257.68
	– Holiday / Christmas subsidy	2,745.72	2,059.30	2,376.26
1.2	Reduction by Law 12-A:			
	– Base salary	505.82	379.68	–
	– Holiday / Christmas subsidy	144.52	108.38	–
1.3	Base salary / fixed effective	19,436.82	14,577.32	16,633.94
1.4	Attendance fee	–	–	–
1.5	Accumulation of management duties	–	–	–
1.6	Variable salary	–	–	–
1.7	IHT (exemption from fixed working hours)	–	–	–
2.	**Other perks and benefits**			
2.1	Telephone use expenses	–	–	–
2.2	Travelling allowance	–	–	–
2.3	Meal subsidy	–	–	–
2.4	Other	–	–	–
3.	**Costs with social benefits**			
3.1	Agreed regime:	–	3,487.91	–
	– Discount: C.G.A.	–	–	–
	– Discount: A.D.S.E.	–	–	–
3.2	Health insurance	569.88	569.88	–
3.3	Life insurance	–	–	–
3.4	Others			
	– Work-related accidents insurance	258.39	193.87	–

2.7 Compliance with the Principles of Good Corporate Governance (PBG)

ML has been introducing the necessary actions for compliance with the Principles of Good Governance (PBG) arising from Council of Ministers Resolution 49/2007, of 28 March.

Under the scope of the new SEE (State Enterprise Sector) governance model, ML has been working under a business rationality framework, constant optimisation of levels of efficiency, quality of the service provided and economic, financial and environmental sustainability, observing the rules of ethics and good practices.

2.8 Code of ethics

The "Metropolitano de Lisboa, E.P.E. Code of ethics and conduct" came into force on 01 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 also be observed by employees of companies that have a group relationship with ML, whether through a relationship of dominance or just a holding.

2.9 Relevant risks for the Company

The most relevant risks for the Company are:

Operational

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

Environmental

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

Financial

- Debt control;
- Conditions for obtaining credit.

For debt control, 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, during 2010, bearing in mind the reduction in the financial rating of the Portuguese debt and the progressive narrowing of the domestic financial market, ML saw its rating, attributed by Standard & Poor's (S&P), reduced (from A- to BBB, remaining on Credit Watch Negative).

2.10 Conflicts of interest

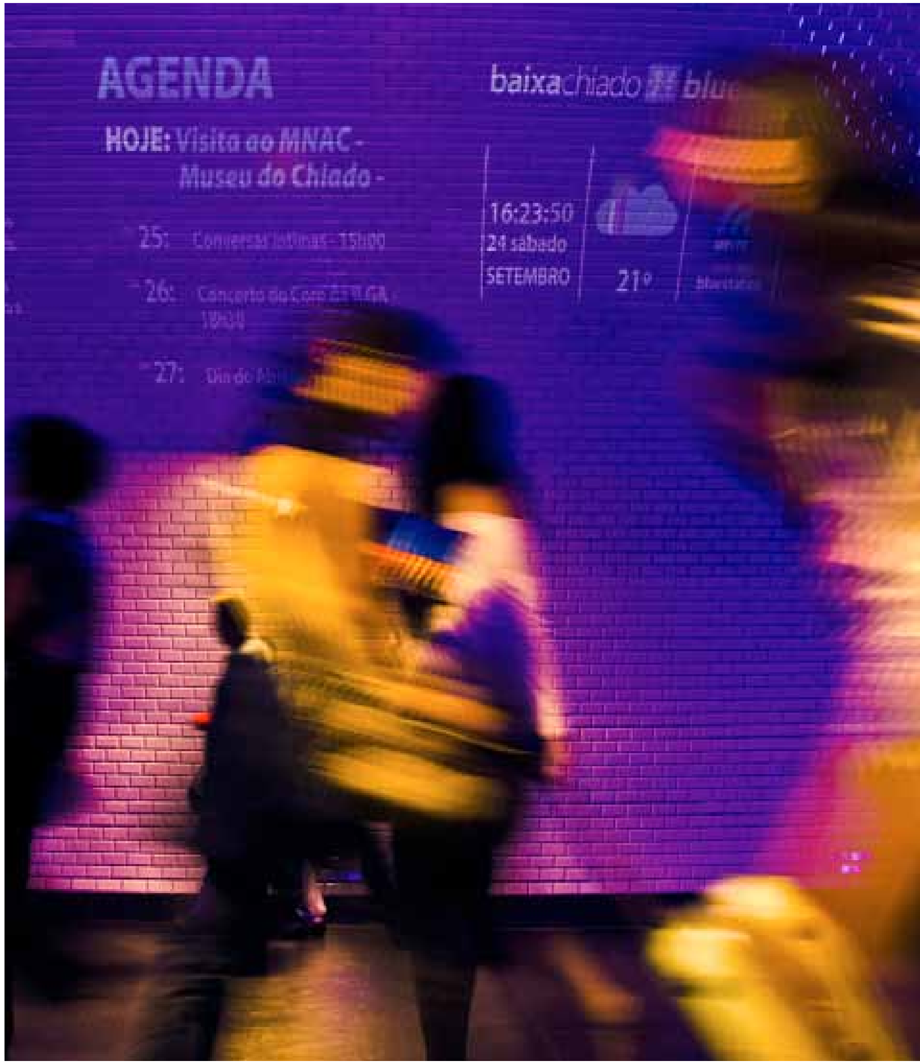
The members of the executive bodies refrained from intervening in decisions that involved their own interests, in particular the approval of expenses they had incurred. In addition, at the beginning of the mandate, the members declared to the Court of Auditors and the Inspectorate General of Finance that they did not have any shares in the Company and also declared any other relevant relationships they had with its suppliers, customers, financial institutions or any other business partners which could generate conflicts of interest.

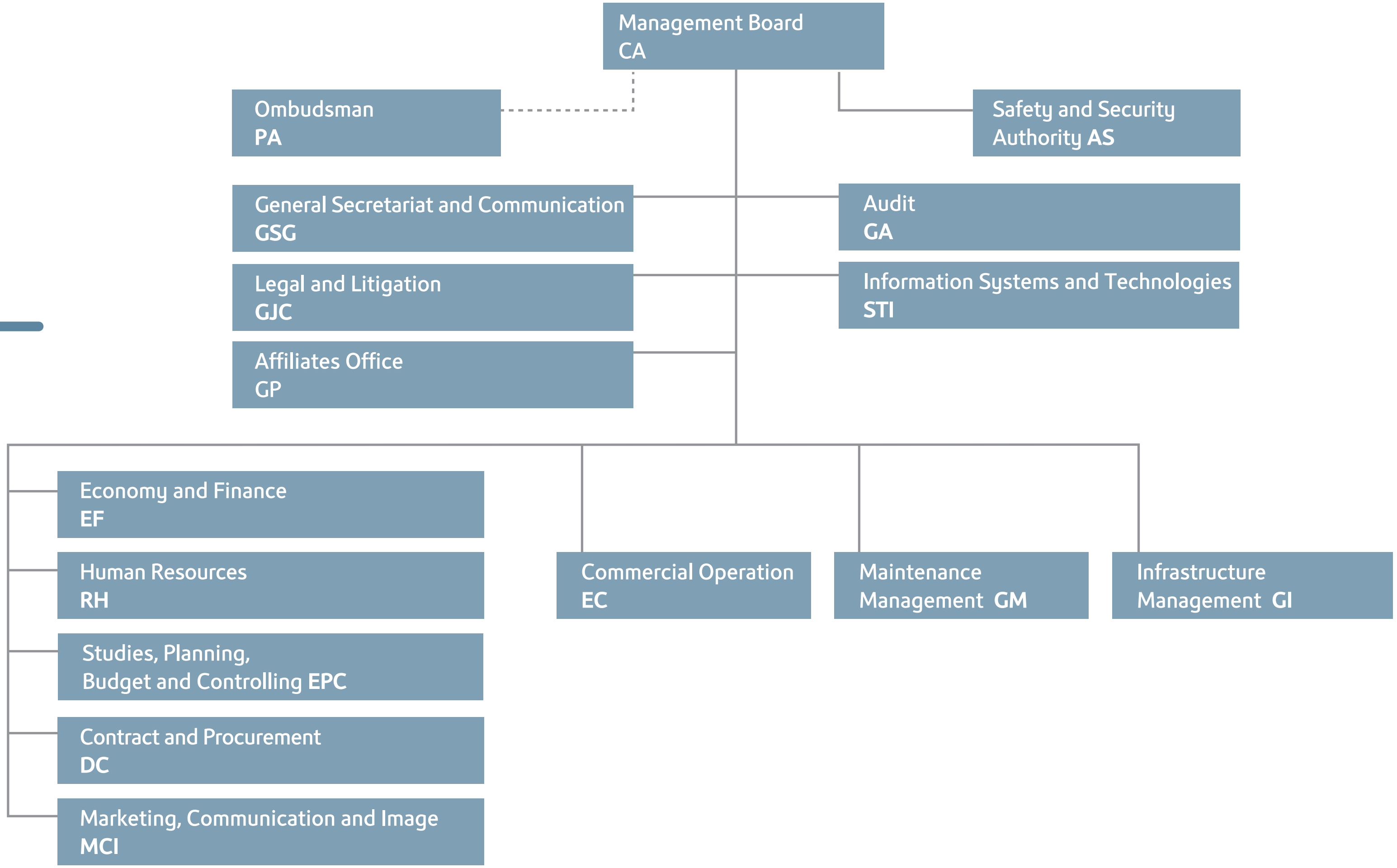
2.11 Organisational structure

With the purpose of supporting the Management Board in carrying out its duties as shareholder in ML group companies, nationally and internationally, the "Affiliates Office" was set up, reporting directly to the Chairman of the Management Board, in July 2010.

Also in July 2010, a "Marketing, Communications and Image" Direction was set up, reporting directly to the Chairman of the Management Board, in order to assure greater efficiency in the organisation, in particular in the following components:

- Strategic Marketing Planning;
- Promotion of the Metro "product";
- Brand Consolidation and Management;
- Market Studies and Research;
- Commercial and Institutional Communication;
- Communications with the Press;
- Company Image and Identity with the public.





In 2010, a reorganisation study was developed for ML with the purpose of revitalising the Company structure and making it more dynamic. This was presented at the end of the year and the new structure came into operation on 01 January 2011, complying with State guidelines to reduce upper and intermediate management positions by 20%.

Indication of direction heads

EC	Commercial Operation	Mr. Pedro Machado Vazão de Almeida
GI	Infrastructure Management	Mr. João Afonso Chaves Monteiro Correia
GM	Management Maintenance	Mr. José Osvaldo Carmo Baptista Bagarrão
RH	Human Resources	Ms. Maria Paula Ferreira Freitas Martins Sanchez Jorge
EF	Economy and Finance	Mr. José Maria Ferreira Melo
EPC	Studies, Planning, Budget and Controlling	Mr. Luís Filipe Pereira Melo de Almeida
DC	Contract and Procurement	Ms. Margarida Maria Melo de Sousa Loureiro
MCI	Marketing, Communication and Image	Mr. Miguel Matos Silva Rodrigues
AS	Safety and Security Authority	Mr. Armando Silva Neves
GA	Audit	Mr. José António Carballo Sequeira
GJC	Legal and Litigation	Mr. Nuno Mariano Agostinho Soares
GP	Affiliates Office	Ms. Maria Margarida Matos Motta Silva Carvalho
GSG	General Secretariat and Communication	Mr. António José Pinto Mendes Mourão
STI	Information Systems and Technologies	Mr. Carlos José Duarte Rocha
PA	Ombudsman [10]	Mr. Guilherme da Palma Carlos

10 Independent body with its own statute.

2.12 Analysis of Company's sustainability in economic, environmental and social areas

In this chapter, it was decided to guarantee the applicability of the structure requested by the Directorate General of Treasury and Finance (DGTF), with some of the information presented being developed in separate chapters.

Strategies adopted

In order to guarantee Company sustainability in the various areas, ML has been following the strategic guidelines below:

- Timely anticipation and meeting of 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;
- Assuring 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;
- Contributing to the sustained development of the transport system in the Lisbon Metropolitan Area through the promotion of solutions for the effective management of the transport system and contributing to adequate shift with other transport modes, aiming at better operational planning, better fare structure, definition of policies for better management of resources and facilities and the joint promotion of public transport.

Degree of compliance with goals set

This theme is already developed in this report, please refer to chapter 2.1, "Company mission, goals and policies".

Policies pursued in order to guarantee economic, financial, social and environmental efficiency and to safeguard quality standards

ML has identified perceived risks/difficulties as well as potential opportunities in order to improve the degree of sustainable maturity of awareness in the Company, choosing a development policy for its activity in a balanced and sustained manner, convinced that this is the way to guarantee its competiveness in the long term.

At economic level, ML contributes daily to continued economic progress, providing mobility for people, goods and services as well as more access to work and education through a safe, reliable and accessible transport network.

At environmental level, the customer satisfaction policy, along with our proficiency, has helped us attract passengers from individual transport and public road transport which contributes to the reduction of overall national greenhouse gas emissions (GEE), also contributing to the reduction in atmospheric and noise pollution, even in the transport sector, one of the main culprits in greenhouse gas emissions.

At social level, being aware of the impact its activity has on surrounding communities, ML seeks to interact with local stakeholders through a proactive and transparent attitude, contributing to its well-being and socio-economic development. In the area of social inclusion, of note is the importance of the role played by ML as transport providing mobility for the more disadvantaged groups.

In ML, two areas have quality certification: Maintenance Management and Commercial Operation. Already in 2011, the quality certification project has begun in order to obtain certification of the entire Company. This will allow all areas to identify their processes, review their work methods and take advantage of the best ideas to make it a more productive company with more quality.

Identification of the main risks for the activity and for the future of the Company

The main risks for the activity and for the future of the company are identified in chapter 2.9 "Relevant risks for the Company".

Means of compliance with the principles inherent to adequate business management

ML works under a business rationality framework, constant optimisation of levels of efficiency, quality of the service provided and economic, financial and environmental sustainability, observing the rules of ethics and good practices.

Under the scope of the new State Enterprise Sector governance model, ML has been gradually reinforcing information levels in order to comply with the principles of good governance, as well as with the other legal obligations, in particular those arising from the Stability and Growth Plan.

- **Social responsibility:**
  ML promotes equal opportunities, respect for human rights and non-discrimination, as set out in the "Company's Code of ethics and conduct".

  Aimed at adequate management of human capital, the Company promotes the valorisation of individual merit in its human resources, based on the Company Agreements in force and investing in the improvement in industrial health and safety conditions and in the development of employee skills, focusing on training as a means of dealing with new realities.

  ML believes that the well-being of its employees and their families is fundamental to the Company's success. Therefore, the Company provides its employees and their families with various social benefits, in particular in the areas of health, education, holiday and free time activities for children. New employees also receive a "Welcome Handbook" with the objective of briefly presenting them the company's journey, at historical, social, economic and financial level.

  Also in the area of social responsibility, the environmental side, ML has ensured compliance with correct environmental practices in the successive phases of planning/construction and operation of its infrastructures through carrying out numerous studies, of note being: environmental impact studies assessments, environmental compliance, reports on Project Implementation (RECAPE), reports on the environmental monitoring of infrastructure building and noise level analysis.

  The Company also tries to give employees incentives to follow more and more sustainable practices, making recycling points available and alerting them to the advantages of good energy saving practices at their work stations.

  At the operation level, it is important to note that all ML rolling stock is the latest generation and energy efficient, with the capacity to convert kinetic energy during deceleration, into electricity.

  Of the actions developed in 2010, the following are of special significance:
  - installation in 2010 of thermal solar panels at the Depot and Workshops, connecting these to the conventional water heating systems, fuelled by natural gas;
  - constant concern with the use of methods that imply less water consumption in station cleaning;
  - in the waste management area, selective collection and adequate disposal is being encouraged for each type of waste. The waste is then sent to certified operators and the operating procedures necessary for effective waste management are defined in the "Integrated Waste Management Plan";
  - the follow-up of the "Evaluation Project for Energy Management at ML".

- **Sustainable development:**
  The mission of ML is "to provide a public passenger transport service, in metro mode, that is customer-oriented and promotes sustainable mobility".
  This mission is present in all actions and, in order to focus more and more on customer service, in 2010 ML carried out a market study characterising its customers, as already mentioned in chapter 1.1.5 "Marketing, Communication and Image".

  Being aware of the principles of social responsibility towards its employees, as mentioned above, ML encourages its workers and stimulates productivity increase. Also to this end, of note is the increase in average driving time per train driver, achieved in 2010, as well as the reduction in overtime rate and the launch of the "Less absenteeism – More productivity" project, already presented in this report.

Environmental protection continued to be promoted by the Company, in all aspects, constantly attempting to reduce exposure to risks arising from its environmental impact, through the implementation of environmentally correct practices.

As to expansion work or network remodelling, the ML actions with the most negative environmental impacts, in 2010, Environmental Monitoring of the construction contracts continued, assuring the implementation of the minimisation measures recommended in the respective environmental studies and/or demanded by the respective Environmental Impact Declarations, and in the other cases of the required minimisation measures in the Contract Specifications for such works.

Of a social nature in 2010, the following ML sponsorships are of note:

- S.O.S. Madeira – A solidarity campaign with the victims of the catastrophe in Madeira on 20 February, in association with the solidarity initiatives from CTT, Caritas Madeira and AMI, which consisted of collecting food and other necessary products to be sent to the people affected;
- "Limpar Portugal / Clean up Portugal" project – Volunteer citizens' initiative whose objective is the cleaning of illegal dumps in Portuguese forests, encouraging people to follow environmentally sustainable practices. ML was a partner in this initiative to publicise the project and in the donation and loan of articles;
- Ajuda de Berço – Sponsorship of Christmas letters from children from the Ajuda de Berço Children's Home by ML employees and the contribution of basic necessities;
- Christmas Lunch for the Homeless – A Christmas lunch at the PMO III canteen was provided for around 250 homeless people, organised by the Support Centre for the Homeless (CASA) with monetary support from ML employees.

- **Public service and satisfying the needs of the community:** ML provides a large capacity, public utility passenger transport service with the highest standards of safety and with the quality demanded by international reference standards. It has 52 stations and extended opening hours – from 6.30 am to 1.00 am – with reduced fares for certain groups: children, senior citizens, retired people and pensioners and students up to the age of 23.

It guarantees mobility for people with reduced mobility through the availability, at the majority of its stations, of mechanical access to the surface / station vestibules and platforms.

It is one of the goals of the Company to promote the use of public transport/metro as the best transport alternative to the widest possible public, contributing to sustained mobility and significantly improving the quality of life. As such, various initiatives were developed in 2010, not only by our Company but also in partnership with other institutions or organisations, aimed at the area where the Company operates, of which we will mention only a few:

- During "Mobility Week" – distribution of the book, "Vá de Metro ao Festival da Nova Geração Disney / Take the Metro to the New Disney Generation Festival", with the two stories that won the competition; metro trips and various activities with children from two institutions: "Casa dos Rapazes" and "Externato Primário da Associação de Santo António de Lisboa";
- "5ª Edição da Semana da Responsabilidade Social/5th Social Responsibility Week" – supported by ML through the provision of a space for the exhibition at the Marquês de Pombal station and publication of the programme;
- Provision of free transport to participants in the following events: "20ª Meia e Mini Maratona de Lisboa / 20th Lisbon Half and Mini Marathon", "2ª Corrida Vencer o Cancro / 2nd Conquer Cancer Race", "Lisbon World Bike Tour" and "Meia e Mini Maratona do Centenário / Centenary Half and Mini Marathon".

Methods for safeguarding company competitiveness, in particular through research, innovation, development and integration of new technology in the productive process

The Company policy guarantees support for sustained research and development and is permanently open to change and innovation.

Thus, various projects are in progress under the scope of Energy, Systems and Construction, Railway Signalling, Rolling Stock Maintenance specialities as well as the development of a resource planning and real time operation management system, named PLAGO System. This tool has proved to be a powerful aid in simulation and optimal planning of train timetables as well as of crew and station personnel tasks.

Action plans for the future

Bearing in mind the past/present context and the new challenges ahead, ML recently proceeded with a reflection on the strategy to be adopted for the next three-year period, leading to the definition of the following macro-objective:

Assuring company sustainability:

- **in the area of customer service:**
  - Assuring a quality and efficient service, governed by the highest standards of safety and comfort;
  - Customer-oriented service, anticipating their needs and expectations, maintaining high levels of quality and satisfaction;
  - Increasing customer satisfaction and reinforcing the Company image;
  - Contributing to the improvement of intermodality conditions in the Lisbon Metropolitan Area, in association with the Government, local authorities and other operators, promoting an effective system, in particular in the coordination of networks, timetables, ticketing solutions, information to the public and sales networks.
- **in the area of results:**
  - Developing a Network Expansion and Modernisation Plan, sustained on principles of economic and financial rationality;
  - Continuing innovative actions which contribute to economic, social and environmental sustainability;
  - Gradually reducing the economic and financial imbalance through increasing the number of passengers, real increases in fares, scheduled containment and reduction in costs and the adoption of financial restructuring measures;
  - Increasing the Metro share and, consequently, the public transport share, encouraging a reduction in the use of private vehicles.
- **in the area of fares:**
  - Introducing a flat rate for Metro own tickets;
  - Promoting the simplification of the fare system in the Lisbon Metropolitan Area in conjunction with the other operators and regulatory bodies;
  - Promoting the alteration of the current fare revenue split model for combined and multimodal tickets, in accordance to effective modal use;
  - Promoting updating of the intermodal fare system.
- **in the area of employees:**
  - Promoting company culture;
  - Reducing the absenteeism rate, increasing productivity;
  - Optimising and rationalising human resources management;
  - Focusing on continuous training for employees.
- **in the area of mobility in the city:**
  - Promoting links between public and individual transport;
  - Promoting links between “soft” modes of transport;
  - Studying and proposing the future expansion plan;
  - Making the necessary effort to promote full accessibility to all Metro stations.

2.13 Information disclosure

Information to be included on the SEE (state enterprise sector) website	Disclosure Y	N	N.A.	Comments
Updated by-laws (PDF)	X			
History, vision, mission and strategy	X			
Company fact sheet	X			
Company identification:				
Mission, objectives, politics, public service obligations and funding model	X			
Government model / Identification of the members of the executive bodies:				
Government model (identification of the members of the executive bodies)	X			
Fixed remuneration statute	X			
Salaries received and other perks	X			
Regulations and transactions:				
Internal and external regulations	X			
Relevant transactions with related entity(ies)	X			
Other transactions	X			
Analysis of economic, social and environmental sustainability	X			
Principles of good Corporate Governance compliance assessment	X			
Code of ethics	X			
Historical and current financial information	X			
State financial contribution	X			

Information to be included on the Company website	Disclosure Y	N	N.A.	Comments
Existence of website	X			
History, vision, mission and strategy	X			
Organisational chart	X			
Executive bodies and Government Model:				
Identification of the executive bodies	X			
Identification of responsibility areas of the MB	X			
Identification of commissions in society	X			
Identification of risk control systems	X			
Remuneration of the executive bodies	X			
Internal and external regulations	X			
Transactions outside the market conditions	X			
Relevant transactions with related entities	X			
Analysis of economic, social and environmental sustainability	X			
Code of ethics	X			
Report and accounts	X			
Customer ombudsman	X			

Key:
Y – Yes
N – No
N.A – Not applicable

3. Compliance with the remaining legal obligations

3.1 Management goals

The explanation of the conditions and levels of compliance with the goals is provided in the chapter 2.1 "Company mission, goals and policies".

3.2 Financial risk

	Disclosure			
Management of financial risk (Order 101/09-SETF, 30 January)	**Y**	**N**	**N.A.**	**Comments**
Procedures adopted regarding risk evaluation and respective coverage measures				
Diversification of financing instruments	X			
Diversification of available interest rate modalities	X			
Diversification of creditors	X			
Contracting of risk coverage management instruments according to market conditions	X			
Adoption of active policy of permanent capital reinforcement				
Consolidation of remunerated liabilities: transformation of short-term liabilities into medium/long-term, under favourable conditions	X			Within limits due to the situation of financial markets in 2010.
Contracting of operation which minimises the financial cost (all-in-cost) of the operation	X			
Minimisation of provision of real guarantees	X			
Minimisation of restrictive clauses (covenants)	X			
Measures taken in order to optimise the company's financial structure				
Adoption of policy to minimise the use of outside capital for financial coverage of investments			X	
Option for investments with proven social/company return, benefiting from EU funds and equity	X			The Company does not have the capacity for self-financing of investments, seeking to maximise the percentage of national and EU subsidies.
Use of self-financing and divestment revenue			X	
Inclusion in the annual report and accounts				
Description of the evolution of the average annual rate of financing over the last 5 years	X			
Interest borne annually with remunerated liabilities and other charges over the last 5 years	X			
Analysis of the efficiency of the financing policy and the use of financial risk management instruments	X			
Reflection on the 2009 FS on the effect of variations in fair value in portfolio swap contracts	X			

Key:
Y – Yes
N – No
N.A – Not applicable

3.3 Average payment period

The Government approved, by Council of Ministers Resolution 34/2008, of 22 February, the programme "Pagar a Tempo e Horas/Pay on Time", aimed at significantly and structurally reducing the deadlines for payment to suppliers of goods and services by public entities.

In 2010, the value of this indicator reached 115 days, essentially due to pre-litigation proceedings with an ML contractor, which was reflected in the freezing of payment of the respective invoices.

Average payment period (PMP)

Unit: nr days

	1st quarter	2nd quarter	3rd quarter	4th quarter
2009	56	61	61	65
2010	75	85	101	115

3.4 Special duties of information

For compliance with special duties of information, under the terms of Order 14277/2008, of 23 May, information was provided on time by sending the following documents to the Inspectorate General of Finance and the Directorate General of Treasury and Finance:

- Annual and multi-annual activity plans;
- Annual budgets, including an estimate for financial operations with the State;
- Annual and multi-annual investment plans and the respective financing sources;
- Quarterly reports on budget execution, accompanied by the reports from the supervisory body.

3.5 Shareholder recommendations for the year 2009

The documents for the 2009 provision of accounts were approved by Joint Order of the Secretary of State for the Treasury and Finance and the Secretary of State for Transport, of August 2010, without specific recommendations.

3.6 General guidelines on salary negotiations

The general guidelines on salary negotiations for public companies in Official Letter 1730, of 25 February 2010, of the Directorate General of Treasury and Finance (DGFT), were complied with. There was no updating of nominal salaries in 2010.
They were published in the Bulleting of Work and Employment, with remuneration in 2010 being the same as in 2009 for all employees.

3.7 Management bonuses

The members of the ML Management Board do not receive variable remuneration or management bonuses, therefore no bonuses were assigned as per instructions received in the Order of 25 March 2010 of the Ministry of Finance and Public Administration, sent in Official Circular 2590, of 26 March 2010.

3.8 Public procurement rules

With regard to the content of Official Circular 6132, of 06/08/2010 and of proceedings processed by ML, we can state the following:

a) The decisions to contract under the scope of the proceedings with a view to the acquisition of services, in particular those with a value of over € 5,000, are grounded by justifying the respective need, both from an economic point of view and in the absence of internal solutions, as well as the explanation of the goals that are to be achieved.
The service provided is generally subject to assessment through the issue of a declaration of acceptance which permits the issue of the corresponding invoice.
Deviations in time and financial settlement are only permitted provided that the Public Procurement Code (CCP) is complied with and there is authorisation from the Management Board.

b) The method of application of public procurement regulations was already included as the contribution from the ML "Contract and Procurement Department" to the annual report and accounts and is reproduced here: "In 2010, ML complied with the CCP in the contracting it entered into. In fact, the aforementioned Code was present both in the formation and in the execution of contracts.
Moreover, despite the procurement policy within the transport sector and below the community threshold not having a compulsory formation prcedure, the principles deriving from the Community Treaties were safeguarded.

3.9 Limits to the increase of indebtedness

The maximum debt limit increases for 2010, defined in the Stability and Growth Program (approved by Assembly of the Republic Resolution 29/2010, of 12 April), and explained in Order 510/10-SETF, of 1 June, sent in Official Circular 4348, of 01 June 2010, of DGTF, were complied with. Remunerated debt increased below the limit of 7% defined by the Government, standing at 5.1%.

3.10 Rationalisation of procurement policy

ML signed the contract to join the National Agency for Public Procurement (ANCP) on 30/12/2009 and is now a voluntary member of the National System for Public Procurement.

Procedures were implemented for the formation of contracts under article 259 of the Public Procurement Code, under the scope of framework agreements signed by ANCP. At the end of 2010, preparations were finalised for signing the agreement to join the State Fleet Management System as a voluntary entity, which took place on 25/01/2011.

3.11 Fixed remuneration

The fixed gross monthly remuneration for members of the Executive Bodies was reduced by 5%, under article 12 of Law 12-A/2010 of 30 June, which is discussed in the chapter on remunerations.

3.12 Principle of Centralised Cash Management

Since 02/10/2007, ML has an open account with the Portuguese Treasury and Government Debt Agency (IGCP), where it applies specific treasury surpluses. The Company also keeps treasury liquid assets with financial institutions associated with credit lines of which it is the beneficiary.

4.
Economy and finance

4.1 Balance for the year

Comprehensive income statement

The Comprehensive Income Statement as at 31 December 2010 shows a net loss of 148.3 million euros for the financial year, around 1% higher than the previous year.

This variation comes exclusively from the increase in the Financial results, of around 47.0%. On the other hand, there was an improvement in Operating results, of 13.8%, the equivalent of around 15.4 million euros, compared with 2009.

Unit: €

		Periods		Variation	
Income and costs		2010	2009	Value	%
Sales and services provided	+	64,039,465	63,833,462	206,003	0.3%
Operating subsidies	+	29,450,415	27,540,041	1,910,374	6.9%
Gains / losses imputed to subsidiaries, associates and affiliates	+	(2,965,395)	82,965	(3,048,360)	-3674.3%
Own work capitalised	-	3,508,747	4,297,018	(788,271)	-18.3%
Cost of goods sold and raw materials consumed	-	(2,606,599)	(2,760,318)	153,720	-5.6%
Supplies and external services	-	(38,674,372)	(45,957,684)	7,283,312	-15.8%
Staff costs	-/+	(87,656,930)	(84,811,329)	(2,845,601)	3.4%
Inventories impairment (losses / reversals)	-/+	(180,000)	(50,000)	(130,000)	260.0%
Impairment of receivables (losses / reversals)	-/+	(57,335)	(47,555)	(9,780)	20.6%
Provisions (increases / reductions)	-/+	12,216,471	13,196,010	(979,539)	-7.4%
Increases / reduction in fair value	+/-	(44,096,566)	(53,593,257)	9,496,691	-17.7%
Other income and gains	+	5,366,251	5,787,565	(421,314)	-7.3%
Other costs and losses	-	(2,294,217)	(6,421,316)	4,127,099	-64.3%
Income before depreciation, financing expenses and taxes	=	(63,950,065)	(78,904,398)	14,954,333	-19.0%
Depreciation and amortisation costs/reversals	-/+	(32,220,190)	(32,690,716)	470,526	-1.4%
Impairment of depreciable/amortisable assets (losses/reversals)	-/+	63,584	(61,596)	1,988	3.2%
Operating results (before financing expenses and taxes)	+	(96,106,671)	111,533,518	15,426,847	-13.8%
Interest and similar income obtained	+	264,762	4,321,894	(4,057,132)	-93.9%
Interest and similar costs borne	-	(52,278,165)	(39,707,327)	(12,570,838)	31.7%
Income before taxes	=	(148,120,074)	(146,918,951)	(1,201,123)	0.8%
Income tax for the year	-/+	(217,174)	(58,320)	(158,854)	272.4%
Net profit/loss for the year	=	(148,337,248)	(146,977,271)	(1,359,977)	0.9%
Operating income		114,644,933	114,798,657	(153,724)	-0.1%
Operating costs		(210,751,604)	(226,332,175)	15,580,571	6.9%
Operating results		(96,106,671)	(111,533,518)	15,426,847	13.8%
EBITDA		(31,832,635)	(38,409,596)	6,576,961	17.1%
Financial results		(52,013,403)	(35,385,433)	(16,627,970)	-47.0%
Net profit/loss		(148,337,248)	(146,977,271)	(1,359,977)	-0.9%
Operating income/Operating costs		54.4%	50.7%	3.7%	-

Income from asset structure

Operating results

As already mentioned, ML's "Operating results" showed an improvement, in of 13.8% (15.4 million euros), compared with 2009, resulting from the following situation:

- A decrease of 0.1%, equivalent to 0.15 million euros, in "Operating income", the total amount of which was 114.6 million euros;
- A decrease of 6.9%, equivalent to 15.6 million euros, in "Operating costs", the total amount of which was 210.8 million euros.

Unit: €

Income and costs		Years 2010	Years 2009	Variation Value	Variation %
Operating income					
Sales and services provided	+	64,039,465	63,833,462	206,003	0.3%
Operating subsidies	+	29,450,415	27,540,041	1,910,374	6.9%
Gains imputed to subsidiaries associates and affiliates	+	0	82,965	(82,965)	-100.0%
Own work capitalised	+	3,508,747	4,297,018	(788,271)	-18.3%
Provisions (increases / reductions)	+	12,216,471	13,196,010	(979,539)	-7.4%
Other Income	+	5,429,835	5,849,161	(419,326)	-7.2%
Total		114,644,933	114,798,657	(153,724)	-0.1%
Operating costs					
Losses imputed to subsidiaries associates and affialiates	-	(2,294,217)	0	(2,294,217)	-
Cost of goods sold and materials consumed	-	(2,606,599)	(2,760,318)	153,719	-5.6%
Supplies and external services	-	(38,674,372)	(45,957,684)	7,283,312	-15.8%
Staff costs	-	(87,656,930)	(84,811,329)	(2,845,601)	3.4%
Provisions, depreciation and amortisation costs / reversals	-	(32,220,190)	(32,690,716)	470,526	-1.4%
Increases / reduction in fair value	-	(44,096,566)	(53,593,257)	9,496,691	-17.7%
Other costs and losses	-	(3,202,730)	(6,518,871)	3,316,141	-50.9%
Total		(210,751,604)	(226,332,175)	15,580,571	-6.9%
Operating results		(96,106,671)	(111,533,518)	15,426,847	-13.8%
EBITDA		(31,832,635)	(38,409,596)	6,576,961	-17.1%
Operating income/Operating costs		54.4%	50.7%	3.7%	-

Income

Operating Income showed a slight decrease of 0.1% (0.15 million euros).

Unit: €

Operating income		Periods 2010	2009	Variation Value	%
Sales and services provided	+	64,039,465	63,833,462	206,003	0.3%
Operating subsidies	+	29,450,415	27,540,041	1,910,374	6.9%
Gains imputed to subsidiaries, associates and affiliates	+	0	82,965	(82,965)	-100.0%
Own work capitalised	+	3,508,747	4,297,018	(788,271)	-18.3%
Provisions (increases / reductions)	+	12,216,471	13,196,010	(979,539)	-7.4%
Other income	+	5,429,835	5,849,16	(419,326)	-7.2%
Total		114,644,933	114,798,657	(153,724)	-0.1%

"Sales and services provided" contributed with an increase of around 0.3% compared with 2009, i.e. over 0.21 million euros, to stand at 64.0 million euros. This amount included not only Ticket Revenue (tickets and passes) of 59.1 million euros, but also revenue from concession contracts relative to commercial spaces and advertising, of 1.73 and 1.81 million euros, respectively. Corrected for compensation received under the scope of the "4_18@escola.tp" and "sub23@superior.tp" programmes, the value for sales and services provided rose 3.9% to reach 67.0 million euros.

The value in "Operating subsidies" stood at 29.45 million euros in 2010, 6.9% more than in 2009, i.e. 1.91 million euros more. However, it is necessary to mention that its various components showed a different evolution. Thus, the value referent to "Compensatory allowances" attributed to ML as stipulated in Council of Ministers Resolution 96/2010, published in the Diário da República 240, 1st Series, of 14 December 2010, maintained its value in nominal terms but was negatively affected by the increase in the reduced VAT rate by 1% at the beginning of the second half of 2010, therefore showing a reduction in net terms of 0.94%.

On the other hand, compensation for the "4_18@escola.tp" and "sub23@superior.tp" passes showed a positive variation of 2.30 million euros. Given that these values represent compensation for discounts granted by the State to its beneficiaries, damaging the commercial revenue of the Company, in economic terms and for the purposes of preserving comparability with previous years, they are presented in other parts of this Report and Accounts as fare revenue.

The "Own work capitalised" item suffered a sharp decrease of 18.3%, i.e. 0.79 million euros less, due to the reduction in the investment rhythm in 2010, to be expected given the approach of the conclusion of the network expansion cycle in progress.

Unit: €

Operating subsidies	Periods 2010	2009	Variation Value	%
Compensatory allowances:				
PAII – Senior citizens' integrated support	26,502,996	26,755,406	(252,409)	-0.9%
Programme	0	136,317	136,317	-100.0%
"4_18@escola.tp" pass	952,817	648,318	304,499	47.0%
"Sub23@superior.tp" pass	1,994,602	0	1,994,602	100.0%
Total	29,450,415	27,540,041	1,910,374	6.9%

Costs

"Operating costs" showed a decrease of 6.9% (minus 15.6 million euros), when compared to the previous year, due to the good performance in the year in question in all areas of relevant Costs, except for "Staff costs". Note that even excluding the positive effect of 9.5 million euros in "Fair value increases/ reductions" linked with the valuation of risk hedging instruments, which in the previous Accounts Plan was one of the components of "Financial results", the operating costs would still have shown a substantial decrease of 6.1 million euros.

The value for "Losses imputed to subsidiaries, associates and joint ventures", of -3.0 million euros essentially arose from the recognition of the totality of losses from the affiliate, Ferconsult, S.A., and ML's share in the losses at Publimetro, S.A., as a result of the deceleration in the advertising market.

The "Cost of goods sold and raw materials consumed" item saw a decrease of 5.6%, equivalent to 0.15 million euros less, compared with 2009.

"Supplies and external services" was one of the items that most contributed to the positive evolution in the containment of operating costs. These types of costs decreased by around 15.8% in 2010 compared with 2009, to stand at 38.7 million euros.

The "Other costs and losses" showed positive evolution due to the good performance of its most important items.

It must be noted that the savings made in 2010 cannot be seen as coming closer to the cost reduction targets of 15% determined by the Government as a goal for 2011, given that there was not only an increase in the operating network and a consequent increase in the variable costs associated with increased offer, but also the effect of the cost reduction measures adopted by the present Management Board was only relative to six months.

The sub-items that influenced the positive evolution of "Supplies and external services" are shown in the table below.

Unit: €

		Periods		Variation	
Operating costs		2010	2009	Value	%
Losses imputed to subsidiaries associates and affialiates		(2,965,395)	0	(2,965,395)	-
Cost of goods sold and raw materials consumed	-	(2,606,599)	(2,760,318)	153,719	-5.6%
Supplies and external services	-	(38,674,372)	(45,957,684)	7,283,312	-15.8%
Staff costs	-	(87,656,930)	(84,811,329)	(2,845,601)	3.4%
Provisions, depreciation and amortisation costs/reversals	-	(32,220,190)	(32,690,716)	470,526	-1.4%
Increases / reduction in fair value	-	(44,096,566)	(53,593,257)	9,496,691	-17.7%
Other costs and losses	-	(2,531,552)	(6,518,871)	3,987,319	-61.2%
Total		(210,751,604)	(226,332,175)	15,580,571	-6.9%

Unit: €

	Periods		Variation	
Supplies and external services	2010	2009	Value	%
Specialised services	15,745,966	17,745,385	(1,999,419)	-11.3%
Materials	266,566	280,916	(14,350)	-5.1%
Energy and fluids	8,196,279	7,517,112	679,168	9.0%
Travel, accommodation and transport	584,325	569,800	14,524	2.5%
Sundry services	13,881,237	19,844,471	(5,963,235)	-30.0%
Total	38,674,372	45,957,684	(7,283,312)	-15.8%

“Sundry services” and “Specialised services” are those which most contributed to the significant reduction in these types of costs, given that energy costs evolved negatively due to the increased transport offer mentioned above.

Of note in “Specialised services” is the performance of costs with “Conservation and repair”, “Specialised work” and “Surveillance and safety”, which showed decreases of 18.3%, 26.5% and 2.1% respectively.

In “Sundry services”, of note also is the evolution of the sub-items, “Leases and rentals”, “Cleaning” and “Others”, with reductions of 40.6%, 4.1% and 6.9%, equivalent to 6.0 million euros less compared with 2009.

The “Other operating costs” item showed a remarkable decrease of 4.1 million euros, around 64.3% less than the previous year, essentially due to the accounting adjustments required by the SNC (Accounting Standards System) and the reduction in costs with late payment interest associated with legal decisions.

Unit: €

	Periods		Variation	
Specialised services	2010	2009	Value	%
Conservation and repair	5,408,785	6,623,899	(1,215,114)	-18.3%
Advertising	650,044	731,129	(81,085)	-11.1%
Surveillance and safety	7,831,461	7,997,163	(165,701)	-2.1%
Specialised work	1,523,037	2,071,575	(548,538)	-26.5%
Others	332,638	321,620	11,019	3.4%
Total	15,745,966	17,745,385	(1,999,420)	-11.3%

Unit: €

	Periods		Variation	
Sundry services	2010	2009	Value	%
Leases and rentals	8,492,522	14,158,660	(5,666,138)	-40.0%
Cleaning	3,270,285	3,409,690	(139,405)	-4.1%
Others	2,118,429	2,276,121	(157,692)	-6.9%
Total	13,881,237	19,844,471	(5,963,235)	-30.0%

Unit: €

	Periods		Variation	
Other costs	2010	2009	Value	%
Fees and taxes	314,553	249,865	64,688	25.9%
Customer bad debts	–	21,656	(21,656)	-100.0%
Inventory losses	88,225	501,856	(413,631)	-82.4%
Tangible assets losses	64,385	631	63,754	10103.6%
Corrections in staff costs	176,223	4,272	171,951	4025.2%
Corrections in supplier costs	306,157	1,711,397	(1,405,240)	-82.1%
Donations	983,554	914,678	68,876	7.5%
Tax penalties	5,501	65,222	(59,721)	-91.6%
Insufficiency of tax estimate	81,496	–	81,496	–
Contributions	104,459	104,821	(362)	-0.3%
Public relations work	144,896	237,685	(92,789)	-39.0%
Late payment interest	6,090	2,567,132	(2,561,042)	-99.8%
Exchange rate differences	4,286	32,544	(28,258)	-86.8%
Other costs	14,393	9,559	4,834	50.6%
Total	2,294,217	6,421,316	(4,127,099)	-64.3%

In 2010, the total value of "Staff costs" was 87.7 million euros, having increased around 3.4%, (2.8 million euros).

This increase was almost exclusively due to the remunerations item, which grew due to the increase in the average number of staff by 3.8%, not only for hiring personnel for the various stations following the opening of the Alameda/S. Sebastião section in August 2009, but also because of staff increase in the maintenance and conservation areas. However, per capita staff costs fell 0.42%, given that the new staff come in on the lower salary scales of the respective careers.

In short:

- "Operating income" showed a decrease of 0.1%;
- "Operating costs" showed a decrease of 6.9% despite the increase in the operating network;
- "Operating results" improved by 13.8%
- The EBITDA improved 17.1% although it still stands at –31.8 million euros;
- "Operating income" covered around 54.4% of "Operating costs", i.e. 3.7% more than in 2009.

Unit: €

	2010		2009		Variation	
Staff costs	Value	%	Value	%	Value	%
Payroll	58,092,501	–	55,780,808	–	2,311,693	4.1%
Remuneration	59,043,526	67.4%	56,976,623	67.2%	2,066,903	3.6%
Single social tax	13,196,971	15.1%	12,685,253	15.0%	511,718	4.0%
Supplementary contributions for retirement pensions	12,216,471	13.9%	12,001,676	14.2%	214,795	1.8%
Industrial accident insurance	845,674	1.0%	685,138	0.8%	160,536	23.4%
Social action costs	2,095,455	2.4%	2,164,065	2.6%	(68,610)	-3.2%
Uniforms	214,994	0.2%	214,184	0.3%	810	0.4%
Training	42,172	0.0%	81,971	0.1%	(39,799)	–48.6%
Other staff costs	1,667	0.0%	2,420	0.0%	(753)	–31.1%
Total	87,656,930	100.0%	84,811,329	100.0%	2,845,601	3.4%
Average staff	1,672		1,611		61	3.8%
Staff costs per capita	52,426		52,645		(219)	–0.4%
Payroll per capita	34,744		34,625		119	0.3%

Financial results

"Financial results" stood at -52.0 million euros, at the end of 2010, having worsened by 47% compared with the value for 2009.

This performance is due to the increase in interest borne, which although still benefiting from historically low interest rates, saw a progressive widening of the respective credit spreads allied to a slight debt increase.

Financial results was further penalised by the increase in interest paid related to structured operating lease operations, at 8.9 million euros.

Statement of financial position

The presentation of the company's financial position at the end of 2010 is substantially different from what can be found in the provision of accounts documents from previous years, not only due to the adoption of the Accounting Standards System (SNC) but also due to the alteration in accounting policies, in particular with regard to the presentation of the financial position of the Durable Infrastructure (ILD) construction activity, part of public domain, carried out on behalf of and by order of the State.

The changes in question are dealt with in detail in the Annex to the financial statements and the accounts for 2009 have also been restated in the same way for the purposes of comparison.

Unit: €

	Periods		Variation	
Financial results	2010	2009	Value	%
Financial investments	264,762	706,497	(441,735)	-62.5%
Financial operating costs	(34,099,479)	(27,132,148)	(6,967,331)	25.7%
Financial costs with I.F.G.R.– Operating lease	(5,253,316)	3,615,397	(8,868,714)	-245.3%
Yield attributed to acturial study	(12,925,370)	(12,575,179)	(350,190)	2.8%
Total	(52,013,403)	(35,385,433)	(16,627,970)	47.0%

Unit: €

Items	Dates		Variation	
	31/12/2010	31/12/2009	Value	%
Assets				
ILD activities				
Non-current assets				
Fixed tangible assets	340,442,884	369,938,850	(29,495,966)	-8.0%
Investment properties	406,086	413,636	(7,550)	-1.8%
Financial holdings - equity method	11,805,563	11,451,336	354,227	3.1%
Other accounts receivable	12,455,669	12,955,669	(500,000)	-3.9%
Derivatives	22,552,850	18,432,871	4,119,979	22.4%
Other financial assets	44,143,384	43,679,310	464,074	1.1%
	431,806,436	456,871,672	(25,065,236)	-5.5%
Current assets				
Inventories	1,564,236	1,516,625	47,611	3.1%
Customers	5,315,645	2,051,532	3,264,113	159.1%
Group companies	0	250,000	(250,000)	-100.0%
Advances to suppliers	56,154	57,921	(1,767)	-3.1%
State and other public bodies	2,859,146	6,088,285	(3,229,139)	-53.0%
Other accounts receivable	33,359,303	22,210,651	11,148,652	50.2%
Deferrals	45,070,840	46,596,526	(1,525,686)	-3.3%
Cash and bank deposits	84,151	338,233	(254,082)	-75.1%
	88,309,475	79,109,773	9,199,702	11.6%
Total of assets	520,115,911	535,981,445	(15,865,534)	-3.0%
Equity and liabilities				
Equity				
Paid-up capital	603,750,000	573,629,603	30,120,397	5.3%
Legal reserves	21,597	21,597	0	0.0%
Other reserves	1,501,878	1,501,878	0	0.0%
Retained earnings	(1,144,011,150)	(995,913,373)	(148,097,777)	14.9%
Other changes in equity	28,637,046	31,543,277	(2,906,231)	-9.2%
	(510,100,629)	(389,217,018)	(120,883,611)	31.1%
Net profit/loss for the year	(148,337,248)	(146,977,271)	(1,359,977)	-0.9%
Total equity	(658,437,877)	(536,194,289)	(122,243,588)	22.8%
Liabilities				
Non-current liabilities				
Provisions	753,958	516,106	237,852	-46.1%
Financing obtained	312,384,745	650,689,205	(338,304,460)	-52.0%
Derivatives	144,368,172	96,151,627	48,216,545	50.1%
Responsibilities with post-employment benefits	229,032,219	224,881,875	4,150,344	1.8%
	686,539,094	972,238,813	(285,699,719)	-29.4%
Current liabilities				
Suppliers	7,803,720	7,775,585	28,135	0.4%
State and other public bodies	3,338,500	2,559,114	779,386	30.5%
Financing obtained	433,652,816	42,996,449	390,656,367	908.6%
Other accounts payable	43,152,652	42,116,507	1,036,145	2.5%
Deferrals	4,067,006	4,489,266	(422,260)	-9.4%
	492,014,694	99,936,921	392,077,773	392.3%
Total of liabilities	1,178,553,788	1,072,175,734	106,378,054	9.9%
Total equity and liabilities	520,115,911	535,981,445	(15,865,534)	-3.0%

Assets

"Total assets" showed a decrease of around 15.9 million compared with 2009.

On 31 December 2010, "Non-current ML assets" showed a balance of 431.8 million euros (-25.1 million euros compared with 2009), as a result of the impact of annual amortisation on "Fixed tangible assets".

"Current assets" showed a balance of around 88.3 million euros (+9.2 million compared with 2009),

As mentioned, the company balance sheet now includes a line regarding the net position of the Durable Infrastructure (ILD) construction activity. This activity signifies the investment activity carried out on the Metro network on behalf of the State, as well as its means of financing.

Given that this activity is carried out on behalf of the State, all of the assets (mainly infrastructures) and liabilities (mainly debenture and bank loans guaranteed by the State) associated with it were calculated, as well as the respective costs and income, so that there is no impact on ML's financial position.

The breakdown of the ILDs, as well as the financing means related to their financing is as follows:

Unit: €

	Value		Value		Variation	
ILD Investment activities	2010	%	2009	%	Value	%
Tangible assets						
Durable infrastructures (ILDs)	2,624,513,844	66.5%	2,540,527,417	66.9%	83,986,427	3.3%
Departmental costs	63,263,304	1.6%	60,092,054	1.6%	3,171,250	5.3%
Fixed assets financial costs	297,697,506	7.5%	294,016,010	7.7%	3,681,496	1.3%
	2,985,474,654	75.6%	2,894,635,481	76.2%	90,839,173	3.1%
Intangible assets	6,871,622	0.2%	6,852,425	0.2%	19,197	0.3%
Current assets	55,070,778	1.4%	51,074,318	1.3%	3,996,460	7.8%
Investment made by the State	3,047,417,054	77.2%	2,952,562,224	77.8%	94,854,830	3.2%
Loans costs	901,828,074	22.8%	844,631,370	22.2%	57,196,704	6.8%
Investment made by the State	3,949,245,128	100.0%	3,797,193,594	100.0%	152,051,534	4.0%
Suppliers and other accounts receivable	(29,027,889)	0.7%	(56,079,522)	1.5%	27,051,633	-48.2%
Subsidies	(856,614,314)	21.7%	(810,170,074)	21.3%	(46,444,240)	5.7%
Financing obtained	(3,063,602,925)	77.6%	(2,930,943,998)	77.2%	(132,658,927)	4.5%
Total financing received from the State	(3,949,245,128)	100.0%	(3,797,193,594)	100.0%	(152,051,534)	4.0%
Balance ILD investment activities	0		0		0	

As can be seen, the total expenditure made on behalf of the State under the scope of the ILD management activity reached 3,949.2 million euros, of which around 30.3% corresponds to interest (including fixed assets) on loans contracted for its financing.

The value of the ILDs built by the Company on behalf of and by order of the State reached 3,047.4 million euros, having grown 3.2% in 2010. "Tangible fixed assets" are responsible for around 98% of this total with other departmental costs (corresponding to the recording of ML structure costs for the management of the Metro network expansion contracts), a significant reduction in the overall value of the investment made.

In terms of financing structure, around 77.6% of the total was assured by financial markets, 21.7% by national and EU subsidies and 0.7% from suppliers.

In terms of annual variations, on the expenditure side, we have the aforementioned reduction in the rhythm of investment in 2010, when compared with 2009, as well as the increase in loan interest borne, while on the financing side, of note is the negative contribution of fixed asset suppliers and the increase in the relative importance of bank financing to meet the overall needs of ILD financing.

Unit: €

	Value		Value		Variation	
Variations in investment activities in ILDs	2010	%	2009	%	Value	%
Tangible assets						
Durable infrastructures (ILDs)	83,986,427	55.2%	150,169,132	57.4%	(66,182,705)	-44.1%
Departmental costs	3,171,250	2.1%	3,704,081	1.4%	(532,831)	-14.4%
Fixed assets financial costs	3,681,496	2.4%	4,225,184	1.6%	(543,688)	-12.9%
	90,839,173	59.7%	158,098,397	60.5%	(87,259,224)	-41.5%
Intangible assets	19,197	0.0%	40,106	0.0%	(20,909)	-52.1%
Current assets	3,996,460	2.6%	51,074,318	19.5%	(47,077,858)	-92.2%
Investment made by the State	94,854,830	2.4%	209,212,821	5.5%	(114,357,991)	-75.2%
Loans costs	57,196,704	37.6%	52,288,331	20.0%	4,908,373	9.4%
Investment made by the State	152,051,534	100.0%	261,501,152	100.0%	(109,449,618)	-41.9%
Suppliers and other accounts receivable	27,051,633	-17.8%	(18,198,936)	7.0%	45,250,569	-248.6%
Subsidies	(46,444,240)	30.5%	(55,160,300)	21.1%	8,716,060	-15.8%
Financing obtained	(132,658,927)	87.2%	(188,141,917)	71.9%	55,482,990	-29.5%
Total financing received from the State	(152,051,534)	100.0%	(261,501,152)	100.0%	109,449,618	-41.9%
Balance ILD investment activities	0		0		0	

Equity

"Equity" showed a negative variation of 22.8% (-122.2 million euros), explained by the net income for the financial year.

During 2010, the remaining parcel of the capital increase decided in 2002 was also paid up.

Liabilities

"Total liabilities" showed an increase of 106.4 million euros, +9.9% compared with 2009, essentially due to the increase seen in "Current liabilities – financing obtained/short-term financing" (+390.7 million euros). In addition to the financing of the company activity of operating a passenger transport service and the maintenance of the infrastructure not covered by commercial revenue and by compensatory allowance, the growth in this item expressively reflects the difficulties felt in the entire economy in access to the financial markets for longer maturity and which ended in a structure of financing by outside capital more dependent on short-term financing. On the other hand, there was a relevant reduction of 285.7 million euros in "Non-current liabilities" compared with 2009.

Total financing requirements

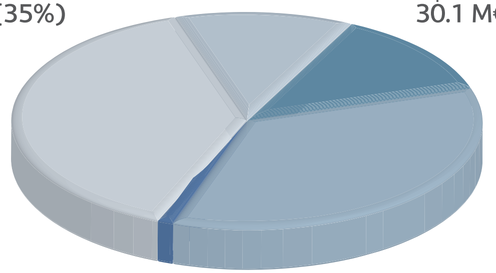
Considering the two major areas of ML activity – Production of transport and its maintenance and Infrastructure management – characterised by persistent deficits in operating and investment activities, total financing requirements reached around 470.9 million euros (133.0 million euros less than in 2009), as shown below:

Unit: €

	Value		Variation	
Financing requirements	2010	2009	Value	%
Operating activities	(22,912,795)	(28,538,278)	5,625,483	19.7%
Investment activities	(127,782,201)	(149,025,734)	21,243,533	14.3%
Amortisation:				
Bank loans	(187,701,752)	(259,368,419)	71,666,667	27.6%
Debenture loans	(7,731,367)	(7,731,367)	0	–
Leases	(32,349,052)	(29,437,352)	(2,911,700)	-9.9%
Interest and similar costs	(88,794,764)	(103,812,917)	15,018,153	14.5%
Term deposits (escrow)	(277,735)	(22,576,503)	22,298,767	98.8%
Loans granted	(3,319,621)	(3,344,013)	24,392	0.7%
Total financing requirements	(470,869,289)	(603,834,582)	132,965,294	22.0%
Making capital increases	30,120,397	0	30,120,397	–
Investment subsidies	97,518,558	4,034,401	93,484,157	2317.2%
New loans				
Bank loans	312,808,903	198,358,874	114,450,029	57.7%
Debenture loans	85,000,000	400,000,000	(315,000,000)	-78.8%
Leases	0	0	0	–
Interest and similar incomes	238,126	1,614,519	(1,376,393)	-85.3%
Total financing	525,685,985	604,007,794	(78,321,810)	-13.0%
+/- of financing requirements	54,816,696	173,212	54,643,484	31547.2%
Deposit at IGCP for ILDs	(55,070,778)	0	(55,070,778)	–
Cash and bank variation	(254,082)	173,212	(427,294)	-246.7%

Excluding the debt increases applied in the amortisation of liabilities in previous year, the financial coverage of company needs was assured by the following sources of financing:

2010 Financing sources
(excluding debt amortisations)



In the year in question, transfers from the State Budget and EU funds took on a decisive role, as can be seen from comparison with the values received in 2009:

Unit: €

	Value		Variation	
Investment subsidies in ILD's	2010	2009	Value	%
From the State:				
PIDDAC	3,500,000	4,000,000	(500,000)	-12.5%
Capital grants	30,120,397	0	30,120,397	–
Total	33,620,397	4,000,000	29,620,397	88.1%
European community funds:				
Cohesion Fund	94,018,558	0	94,018,558	–
Feder-QCA Transports	0	34,401	(34,401)	-100.0%
subtotal	94,018,558	34,401	93,984,157	100.0%
Total	127,638,956	4,034,401	123,604,554	96.8%

Overall, financial requirements both for the ILD construction activity on behalf of the State and for operations caused a debt increase of 185 million euros in 2010, i.e. 5.1% more than in 2009, below the 7% limit imposed by the Stability and Growth Plan.

This increase was essentially supported by short-term debt, which refinanced part of the capital amortisations on a Schuldschein loan, while the long-term Private Placement issue, carried out at the end of 2010, was mainly used for capital amortisations of BEI loans and other long-term operations.

As mentioned, as a result of the incapacity of the national financial system to absorb financing operations with a longer maturity, there was a greater concentration of short-term commitments, whose relative weight rose to 15.7%.

In percentage terms, the financial debt on 31 December 2010 was distributed over the following sources of financing:

Unit: €

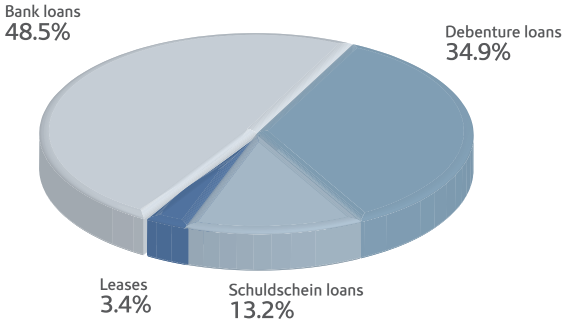
	Value		Variation	
Remunerated liabilities	2010	2009	Value	%
Debenture loans	1,331,388,204	1,254,119,572	77,268,633	6.2%
BEI	1,080,864,255	1,120,566,007	(39,701,752)	-3.5%
Others long-term	170,000,000	170,000,000	0	0.0%
Shuldschein	502,000,000	650,000,000	(148,000,000)	-22.8%
Short-term	597,195,005	284,386,425	312,808,580	110.0%
Financial leases	130,691,028	148,072,833	(17,381,805)	-11.7%
Total	3,812,138,492	3,627,144,837	184,993,655	5.10%

Unit: €

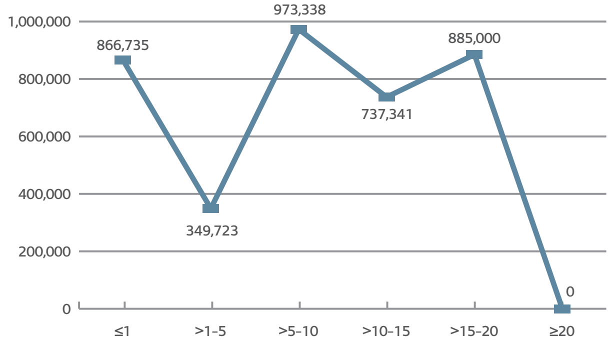
	Value		Variation	
Debt structure	2010	2009	Value	%
Short-term debt	597,195,005	284,386,425	312,808,580	109.99%
Medium and long-term debt	3,214,943,487	3,342,758,412	(127,814,925)	-3.82%
Total	3,812,138,493	3,627,144,837	184,993,655	5.1%

At the end of 2010, the average indebtedness duration was at around 8.6 years, reasonably adequate to the long-duration characteristics inherent to company infrastructures:

Debt structure



Average debt term



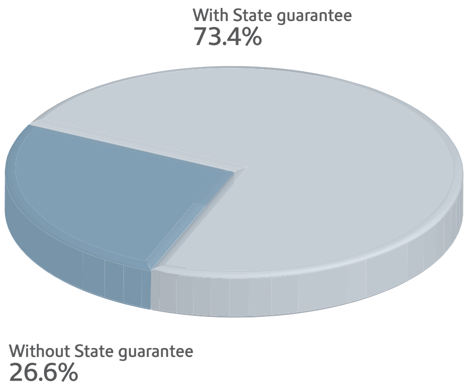
As already mentioned, in 2010 it was not possible to consolidate the short-term debt through medium and long-term capital market operations with a personal guarantee from the State, as had been the policy followed by the Company in previous years.

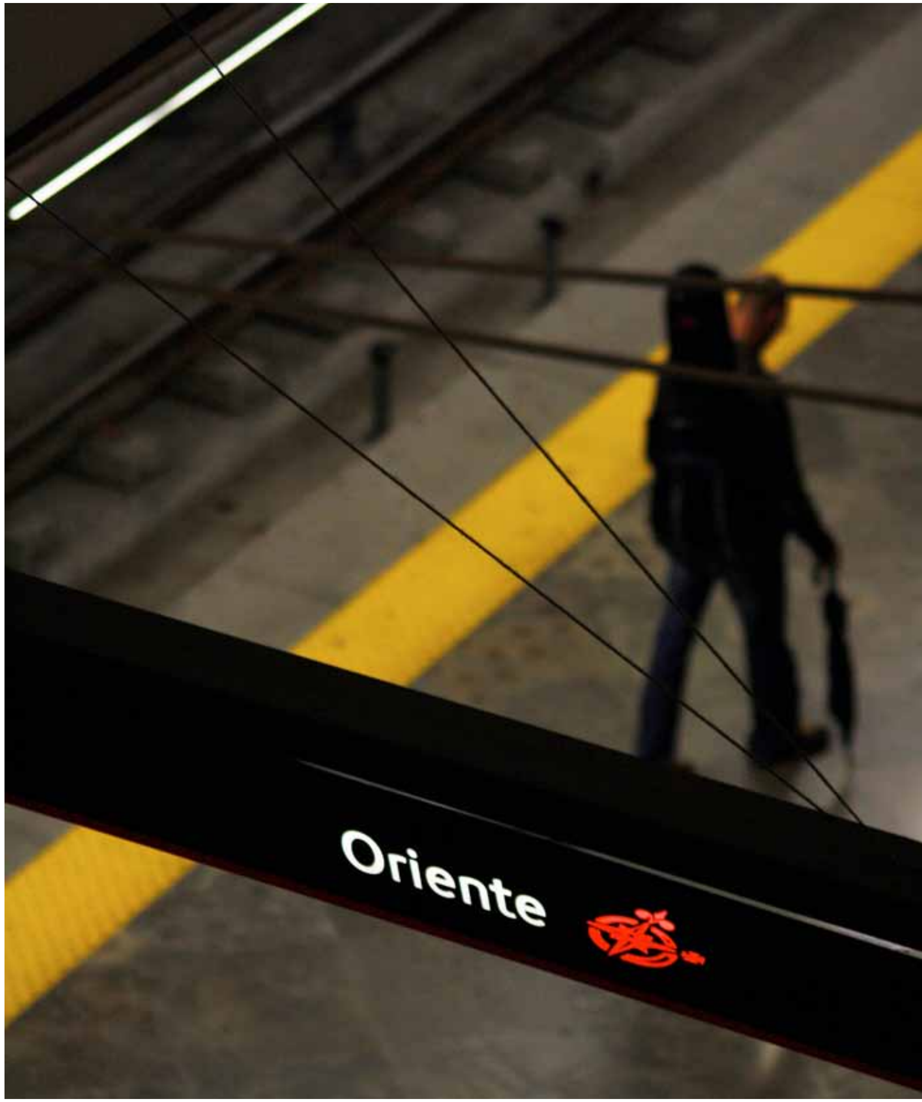
During the year, in effect, international investors remained very skeptical about taking the Portugal risk, which means that national economic agents are having much greater difficulty in accessing the capital market.

ML took advantage of a window of opportunity that opened at the end of the year and was able to implement a Private Placement operation, in the capital market, for 15 years, with a personal guarantee from the State, but only for the sum of 85 million euros (having, in February 2011, closed a “tap” in this issue for the sum of 25.0 million euros). The fact that it is an operation carried out near the year’s closure meant that part of the value raised was temporarily invested with IGCP, thus complying with the guidelines relative to the application of the “Principle of centralised cash management”.

Even so, the guaranteed debt / total debt ratio remains at levels considered to be consistent and, at the end of 2010, showed a performance of 73.4% against 76.3% in 2009.

Guaranteed debt / Total debt

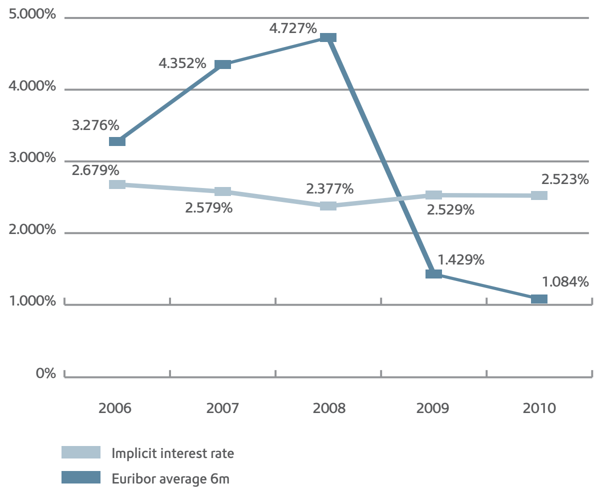




The table and graph below show the evolution of the average annual interest rate implicit to the indebtedness of the last five years (2006-2010). The data is equally illustrative of the stabilising effect of the risk management instruments, which permitted a reduction in the implicit debt interest rate while the Euribor showed a rising trend, and an increase when the interest rates fell abruptly:

	2010	2009	2008	2007	2006
Implicit interest rate	2.523%	2.529%	2.377%	2.579%	2.679%
Euribor average 6 m	1.084%	1.429%	4.727%	4.352%	3.276%
Differential	3.439%	1.100%	2.350%	1.773%	0.597%

Average annual debt interest rate



Finally, we have the evolution of the long-term rating attributed to ML by the international agency, Standard & Poor's (S&P). It is of note that ML has been monitored by S&P since 1996. During 2010, the successive cuts in the ML rating have been justified with the risks associated to the progressive difficulties for national banks in accessing financial markets and the extraordinary support capacity from the State to ML in case of need, although ML continues to hold a strong position with the national and international financial system and State transfers to the company effectively increased in 2010.

Debt structure	Standard & Poor's	
	Value	Value
10 March 1997	AA-	Stable
......		
07 December 2009	A+	Negative
27 April 2010	A-	Watch Neg
29 September 2010	BBB+	Negative
03 December 2010	BBB	Watch Neg

4.2 Proposed application of results

In compliance with paragraph e) of nr 2 of article 7 of the Metropolitano de Lisboa, E.P.E. by-laws, we propose that the incurred net loss of the year, in the amount of € 148,337,248, is totally transferred to retained earnings.

The Management Board

Mr. Francisco José Cardoso dos Reis | Mr. Carlos José Bento Nunes | Mr. Jorge Manuel Quintela de Brito Jacob | Mr. Luís Miguel Silva Ribeiro | Mr. António Gregório Ventura

5.
Financial statements

Balance sheets as at 31 December 2010 and 2009

Unit: €

ASSETS	Notes	2010	2009
Durable infrastructure investment activities	5	–	–
Non-current assets			
Fixed tangible assets	6	340,442,884	369,938,850
Investment properties	8	406,086	413,636
Financial holdings – equity method	9	11,805,563	11,451,336
Other accounts receivable	13	12,455,669	12,955,669
Derivatives	10	22,552,850	18,432,871
Other financial assets	11	44,143,384	43,679,310
Total of non-current assets		431,806,436	456,871,672
Current assets			
Inventories	12	1,564,236	1,516,625
Customers	13	5,315,645	2,051,532
Group companies	32	–	250,000
Advances to suppliers		56,154	57,921
State and other public bodies	21	2,859,146	6,088,285
Other accounts receivable	13	33,359,303	22,210,651
Deferrals	14	45,070,840	46,596,526
Cash and bank deposits	4	84,151	338,233
Total of current assets		88,309,475	79,109,773
Total of assets		520,115,911	535,981,445

EQUITY AND LIABILITIES	Notes	2010	2009
Equity			
Paid-up capital	15	603,750,000	573,629,603
Legal reserves		21,597	21,597
Other reserves		1,501,878	1,501,878
Retained earnings		(1,144,011,150)	(995,913,373)
Other changes in equity	16	28,637,046	31,543,277
		(510,100,629)	(389,217,018)
Net profit / loss for the year		(148,337,248)	(146,977,271)
Total equity		(658,437,877)	(536,194,289)
Liabilities			
Non-current liabilities			
Provisions	17	753,958	516,106
Financing obtained	18	312,384,745	650,689,205
Derivatives	10	144,368,172	96,151,627
Responsibilities for post-employment benefits	19	229,032,219	224,881,875
Total of non-current liabilities		686,539,094	972,238,813
Current liabilities			
Suppliers	20	7,803,720	7,775,585
State and other public bodies	21	3,338,500	2,559,114
Financing obtained	18	433,652,816	42,996,449
Other accounts payable	23	43,152,652	42,116,507
Deferrals	24	4,067,006	4,489,266
Total of current liabilities		492,014,694	99,936,921
Total of liabilities		1,178,553,788	1,072,175,734
Total equity and liabilities		520,115,911	535,981,445

The annex is an integral part of the balance sheet as at 31 December 2010.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

Mr. Francisco José Cardoso dos Reis

Mr. Carlos José Bento Nunes

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Luís Miguel Silva Ribeiro

Mr. António Gregório Ventura

Income Statement by Nature for the years ending on 31 December 2010 and 2009

Unit: €

INCOME AND COSTS	Notes	2010	2009
Sales and services provided	25	64,039,465	63,833,462
Operating subsidies	26	29,450,415	27,540,041
Gains/losses imputed to subsidiaries, associates and joint ventures	9	(2,965,395)	82,965
Own work capitalised	3.19	3,508,747	4,297,018
Cost of goods sold and raw materials consumed	12	(2,606,599)	(2,760,318)
Supplies and external services	27	(38,674,372)	(45,957,684)
Staff costs	28	(87,656,930)	(84,811,329)
Inventories impairment (losses/reversals)	12	(180,000)	(50,000)
Impaired receivables (losses/reversals)	13	(57,335)	(47,555)
Provisions (increases/reductions)	17 and 18	12,216,471	13,196,010
Increases/reduction in fair value	10	(44,096,566)	(53,593,257)
Other income and gains	29	5,366,251	5,787,565
Other costs and losses	30	(2,294,217)	(6,421,316)
Income before depreciation, financing costs and taxes		(63,950,065)	(78,904,398)
Depreciation and amortisation costs / reversals	6 and 7	(32,220,190)	(32,690,716)
Impairment of depreciable / amortisable assets (losses/reversals)	8	63,584	61,596
Operating results (before financing costs and taxes)		(96,106,671)	(111,533,518)
Interest and similar income received	31	264,762	4,321,894
Interest and similar costs borne	31	(52,278,165)	(39,707,327)
Income before taxes		(148,120,074)	(146,918,951)
Income tax for the year	22	(217,174)	(58,320)
Net profit / loss for the year		(148,337,248)	(146,977,271)

The annex is an integral part of the income statements by nature for the year ending on 31 December 2010.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

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Mr. António Gregório Ventura

Cash Flow Statements for the years ending on 31 December 2010 and 2009

Unit: €

Items			Notes	2010	2009
Cash flow from operating activities – direct method					
Sales of tickets and passes		+		74,695,949	68,901,110
Operating subsidies			3.18	28,975,536	27,540,041
Customer receivables				2,991,612	4,373,760
Payments to suppliers		–		(44,862,708)	(45,519,639)
Payments to staff		–		(72,653,135)	(69,028,913)
Cash generated by operations		+/-		(10,852,746)	(13,733,641)
Income tax payments / receipts		–/+		(7,428,491)	(2,378,668)
Other receipts / payments		+/-		(4,631,558)	(12,425,969)
Cash flow from operating activities	(1)	+/-		(22,912,795)	(28,538,278)
Cash flow from investment activities					
Receipts from:					
ILD investment activities – Investment subsidies				42,447,781	4,034,401
Interest and similar income		–		238,126	1,614,519
Payments relating to:		–			
Fixed tangible assets		+		(12,245,356)	(9,227,565)
ILD investment activities – Fixed tangible assets				(115,350,506)	(139,080,019)
Other payments				(186,339)	(718,149)
Cash flow from investment activities	(2)	+/-		(85,096,294)	(143,376,813)
Cash flow from financing activities					
Receivables from:					
ILD investment activities – Financing obtained				94,539,088	–
Financing obtained		+		218,269,815	520,000,000
ILD investment activities – Debenture loans			18	85,000,000	400,000,000
Capital subscriptions			15	30,120,397	–
Payments relating to:					
ILD investment activities – Financing obtained		–		(39,701,752)	(204,126,716)
Financing obtained		–		(180,349,053)	(406,320,181)
ILD investment activities – Debenture loans			11	(7,731,367)	(7,731,367)
ILD investment activities – Interest and similar costs				(59,203,244)	(53,096,299)
Interest and similar costs				(29,591,521)	(50,716,618)
Term deposits (escrow)		–		(277,735)	(22,576,503)
Loans granted			9	(3,319,621)	(3,344,013)
Cash flow from financing activities	(3)			107,755,007	172,088,303
Changes in cash and cash equivalents	4=(1)+(2)+(3)			(254,082)	173,212
Cash and cash equivalents at beginning of period		+/-	4	338,233	165,021
Cash and cash equivalents at end of period		+/-	4	84,151	338,233

The annex is on integral part of the cash flow statement for the years ending on 31 December 2010.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

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Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Luis Miguel Silva Ribeiro

Mr. António Gregório Ventura

Statement of Changes in Equity for the years ending on 31 December 2010 and 2009

Unit: €

Description	Notes	Paid-up capital	Legal reserve	Other reserves	Retained earnings	Other changes in equity	Net profit/loss for the year	Total equity
Position on 01 January 2009 (POC)		603,750,000	21,597	746,219,840	(1,462,939,070)	–	(126,730,258)	(239,677,891)
								–
Effect of first-time adoption of NCRF	2 and 16	(30,120,397)	–	(744,717,962)	593,755,955	34,449,508	–	(146,632,896)
Distribution of profit/loss for the year ending on 31 December 2008		–	–	–	(126,730,258)	–	126,730,258	–
Position on 01 January 2009 (restated)		573,629,603	21,597	1,501,878	(995,913,373)	34,449,508	–	(386,310,787)
Changes within the period:								–
Investment subsidy amortisation for the year	2	–	–	–	–	(2,906,231)	–	(2,906,231)
		573,629,603	21,597	1,501,878	(995,913,373)	31,543,277	–	(389,217,018)
Net profit/loss for the year (restated)		–	–	–	–	–	(146,977,271)	(146,977,271)
Total income		–	–	–	–	–	(146,977,271)	(146,977,271)
Position on 31 December 2009		573,629,603	21,597	1,501,878	(995,913,373)	31,543,277	(146,977,271)	(536,194,289)
Position on 31 December 2009 (POC)		603,750,000	21,597	746,219,840	(1,534,509,027)	–	(148,591,978)	(333,109,568)
Effect of first-time adoption of NCRF	2	(30,120,397)	–	(744,717,962)	538,595,654	31,543,277	1,614,707	(203,084,721)
Position on 01 January 2010 (restated)		573,629,603	21,597	1,501,878	(995,913,373)	31,543,277	(146,977,271)	(536,194,289)
Changes within the period:								
Distribution of net profit/loss for the year ending on 31 December 200	2	–	–	–	(146,977,271)	–	146,977,271	–
Investment subsidy amortisation for the year		–	–	–	–	(2,906,231)	–	(2,906,231)
Other		–	–	–	(1,120,506)			(1,120,506)
		573,629,603	21,597	1,501,878	(1,144,011,150)	28,637,046		(540,221,026)
Net profit/loss for the year (restated)		–	–	–	–	–	(148,337,248)	(148,337,248)
Total income		–	–	–	–	–	(148,337,248)	(148,337,248)
Operations with holders of capital for the year:								
Capital increase	16	30,120,397	–	–	–	–	–	30,120,397
Position at end of 2010		603,750,000	21,597	1,501,878	(1,144,011,150)	28,637,046	(148,337,248)	(658,437,877)

The annex is an integral part of the statement of changes in equity for the year ending on 31 December 2010.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigue:

The Management Board

Mr. Francisco José Cardoso dos Reis

Mr. Carlos José Bento Nunes

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Luís Miguel Silva Ribeiro

Mr. António Gregório Ventura

6.
Annex to the financial statements as at 31 December 2010

(Amounts in euros)

Introductory note

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

This alteration is in accordance with Decree-Law Diário da República 148-A/2009, 122, Supplement, 1st Series 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 439/78, of 30 December.

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

The Company’s main object is the operation, exclusively and under a public service regime, of the public transport service, in metro mode, in Lisbon City and in the surrounding municipalities of the Greater Lisbon Area and the maintenance and development of the Metro network.

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 fare policies fixed by the relevant Ministry and the Company benefits from official government subsidies including statutory capital funds and funds from investments, compensatory allowances and other subsidies.

These financial statements refer to the Company in individual terms and were prepared under legal terms for approval by the Management Board. Financial investments were recorded by the equity method, as explained in Note 9. The Company will prepare and present the consolidated financial statements separately. These will include the statements from the companies where it has a majority holding or is in control of management. Thus, these individual financial statements already reflect the impact of consolidation of the equity and income of these companies on 31 December 2010, based on their financial statements. However, they do not reflect the impact of full consolidation on assets, liabilities, costs and income.

The attached financial statements are presented in euros and were approved by the Management Board at the meeting on 08/09/2011.

2. Accounting reference for preparation of the financial statements

The attached financial statements were prepared under the framework of the provisions in force in Portugal and effective for years beginning on 01 January 2010, in accordance with Decree-Law 158/2009, of 13 July and with the conceptual structure, accounting and financial reporting standards (NCRF) and interpretive standards (NI) applicable to the year ending on 31 December 2010.

First-time adoption of the Accounting and Financial Reporting Standards (NCRF)

In 2010, the Company is presenting its financial statements, for the first time, according to the accounting and financial reporting standards, having observed in this transition (referred to 01 January 2009) the provisions provided for in NCRF 3 – First-time adoption of accounting and financial reporting standards. Under the scope of these accounting provisions, the Company prepared its opening balance sheet referring to the transition date (01 January 2009) and restated, for the purposes of comparison, its financial statements for the year ending on 31 December 2009. The Company altered the 2009 financial statements, prepared and approved according to the previous accounting reference in force in Portugal (National Plan of Accounts – “POC”), so that these could be compared with the 2010 statements.

The main impacts of the adoption of the NCRF were the following:

a) Investment properties

The Company chose the cost model as the subsequent measurement criterion for investment properties.
At the transition, in accordance with NCRF 3 – First-time adoption of accounting and financial reporting standards, the Company opted to measure investment properties at their deemed cost on the date of transition (01 January 2009), recognising impairment losses in the income statement for the year.

b) Subscribed capital not paid-up
In accordance with NCRF 27 – Financial Instruments, on the date of transition, the account receivable which was reflected in the Company balance sheet relative to the capital increase subscribed but not paid-up by the Portuguese State as at 31 December 2001 was derecognised.

c) Restructuring of derivatives
With the adoption of NCRF 27 – Financial Instruments, on that date, the Company derecognised the amount that was recognised in the "Deferred income" item relative to the sum received in previous years as a result of the renegotiation of part of the derived financial instruments portfolio.

d) Derived financial instruments
In accordance with NCRF 27 – Financial Instruments, the financial instruments that do not come under the provisions of that standard relative to variations in fair value must be recognised in the statement of income. On the date of transition, the Company proceeded with recognition in the balance sheet, in the assets and liabilities items of "Derivatives" as a counter entry to "Retained earnings", the fair value of derived financial instruments contracted to hedge the risks of interest rate variations on loans contracted by the Company and the fair value variations between financial years were recognised in the income statement.

e) Recognition of financial investments
Measurement of financial investments in affiliates held by the Company in which it has significance influence is now recognised on the transition date by the equity method, in accordance with NCRF 13 – Interests in Joint Ventures and Investments in Associates, while financial investments in subsidiaries held by the Company are recognised at cost minus impairment losses.

f) Operating leases
With the adoption of NCRF 9 – Leases, the Company derecognised, in its balance sheet on the date of transition, the value that had been recognised under "Deferred income" relative to capital gains obtained on the signing of operating lease contracts, Trem I and Trem II, which were being deferred on a systematic basis in the income statement by the period of the lease contract.

g) Investment subsidies
In accordance with NCRF 22 – Accounting of Government Subsidies and Disclosure of Government Assistance, non-refundable government subsidies related with fixed assets must be recognised as equity in "Other variations in equity" and recorded as income for the year on a systematic and rational basis during the useful life of the asset. Thus, the Company began to classify in "Other changes in equity" the amount that had been received in previous years (minus the amortisations recognised previously) that was not related to Durable Investments (ILDs) and which was classified under "Deferred income".

h) Spare parts
In accordance with NCRF 7 – Fixed Tangible Assets, on the date of transition, the Company proceeded with reclassification of spare parts from "Inventories" to "Fixed tangible assets", given that it is expected that this will be used for more than one financial year. They are depreciated by the period of useful life of the asset to which they are related.

i) Costs with financing operations
In accordance with the provisions of NCRF 10 – Cost of Loans Obtained, the Company proceeded with reclassification of the charges incurred on the structuring of financing obtained and which was recorded under "Deferred costs" and being recognised in the income statement by the period of the financing contract they referred to. They are now presented to debit in "Financing obtained".

j) Extraordinary income
In accordance with NCRF 1 – Structure and Content of Financial statements, an entity must not present income and expenditure items as extraordinary items in the financial statement. Therefore, these have been reclassified to the respective income and expenditure items according to their nature.

k) Tax effect
The abovementioned adjustments generate time difference according to the current account record. However, on the date of transition, no deferred taxes arising from same were recognised given that the Company has been showing consecutive losses over the years.

In addition, and with regard to the date of transition, the Company altered the following accounting policies:

(i) Policy of recognition of Durable Investments (ILDs), the Company having begun to recognise in "Durable infrastructure investment activities" the net effect between investments made and responsibilities undertaken (financing obtained for the construction and acquisition of these investments) and subsidies, as well as all of the cash flow arising from the construction and renewal of the Metro network, which are part of public domain and are being operated exclusively by the Company, as mentioned in the "Introductory Note".

(ii) Policy of recognition of responsibilities for post-employment benefits, the Company no longer adopting the "corridor" method.

The breakdown of the adjustments affecting equity, reported on 01 January 2009 for the purposes of conversion to the NCRF is as follows:

Equity Reconciliation	On 01.01.2009 (date of transition)
Equity according to the previous accounting standard	(239,677,891)
Transition adjustments	
Recognition of impairment in investment property	(2,134,222)
Derecognition of capital increase subscribed and non paid-up	(30,120,397)
Cancellation of deferral with restructuring of derivatives	18,055,220
Recognition of market-to-market of derivatives	(24,125,499)
Derecognition of account payable to Lisbon Municipal Council	497,787
Application of equity method	194,568
Derecognition of deferred costs in the POC	(28,957,920)
Derecognition of capital gains on operating leases	56,314,484
Investment subsidies	31,543,277
Other	(366,409)
	20,900,889
Alteration of accounting policy	
Effects of alteration of accounting policy on ILDs	(161,378,249)
Effects of alteration of accounting policy on pension fund	(6,155,536)
	(167,533,785)
Total adjustment to equity	(146,632,896)
Equity according to the NCRF	(386,310,787)

In addition, reconciliation between equity according to the POC and according to the NCRF as at 31 December 2009 and between the respective income for the financial year ending on that date are as follows:

	On 31.12.2009 (date of last report using the previous accounting standard)	
Reconciliation of Reported Income	Total equity	Net income
Equity according to the previous accounting standard	(333,109,568)	(148,591,978)
Transition adjustments and effects of alteration of accounting policy on ILDs	(143,726,666)	–
Transition adjustments		
Effect on income:		
Recognition of impairment on investment property	61,596	61,596
Cancellation of deferral with restructuring of derivatives	(1,003,067)	(1,003,067)
Recognition of market-to-market of derivatives	(53,593,257)	(53,593,257)
Application of equity method	(331,144)	(331,144)
Derecognition of capital gains on operating leases	(4,359,287)	(4,359,287)
	(59,225,159)	(59,225,159)
Effect on equity:		
Investment subsidies	(2,906,230)	–
Alteration of accounting policy		
Effect on income:		
Effects of alteration of accounting policy on ILDs	58,006,921	58,006,921
Effects of alteration in accounting policy on pension fund	2,832,946	2,832,946
	60,839,867	60,839,867
Effect on equity:		
Effects of alteration of accounting policy on ILDs	(58,066,532)	–
Adjustment of net income	(59,358,054)	1,614,708
Total adjustment	(203,084,720)	1,614,708
	(536,194,289)	(146,977,271)

In the balance sheet as at 31 December 2009, the effects arising from the conversion of the financial statements prepared according to the POC to the financial statements restated according to the NCRF are broken down as follows:

									Effects of alteration of accounting policy on ILDs							
	31 December 2009 (previous accounting standard)	Recognition of impairment of investment property – NCRF 11	Derecognition of increase in subscribed unpaid capital	Cancellation of deferral with restructuring of derivatives – NCRF 27	Recognition of market-to-market of derivatives – NCRF 27	Derecognition of the account payable to the Lisbon Municipality	Application of equity method – NCRF 13	Derecognition of deferred expenses in the OPA	Derecognition of costs of financing operations (ILDS)	Reclassification of investment subsidies	Reclassification of tangible and intangible fixed assets (ILDs)	Reclassification of loans obtained (ILDs)	Reclassification of other accounts payable (ILDs)	Reclassification of investment reserves, revaluation reserves and other reserves (ILDs)	Reclassification of subsidy account receivable	Reclassification of financing costs with loans (ILDs)
Durable infrastructure (ILD) investment activity	–	–	–	–	–	–	–	–	12,001,151	(10,291,813)	3,100,549,914	(2,931,496,956)	(56,079,522)	(998,940,269)	51,074,318	833,183,177
NON-CURRENT ASSETS – ILDs																
Tangible fixed assets – ILDs	3,093,697,489	–	–	–	–	–	–	–	–	–	(3,093,697,489)	–	–	–	–	–
Intangible assets – ILDs	6,852,425	–	–	–	–	–	–	–	–	–	(6,852,425)	–	–	–	–	–
	3,100,549,914	–	–	–	–	–	–	–	12,001,151	(10,291,813)	–	(2,931,496,956)	(56,079,522)	(998,940,269)	51,074,318	833,183,177
NON-CURRENT ASSETS – ML																
Fixed tangible assets – ML	354,709,491	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment properties	–	413,636	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Financial holdings	10,086,340	–	–	–	–	–	(135,004)	–	–	–	–	–	–	–	–	–
Other accounts receivable	12,955,669	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Derivatives	–	–	–	–	18,432,871	–	–	–	–	–	–	–	–	–	–	–
Other financial assets	46,165,572	(2,486,262)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	423,917,072	(2,072,626)	–	–	18,432,871	–	(135,004)	–	–	–	–	–	–	–	–	–
CURRENT ASSETS																
Inventories	16,745,984	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Customers	2,051,532	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Group companies	250,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances to suppliers	57,921	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
State and other public bodies	6,088,285	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Shareholders/Partners	1,500,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other accounts receivable	103,961,231	–	(30,120,397)	–	–	–	–	–	–	–	–	–	–	–	(51,074,318)	–
Deferrals	83,776,080	–	–	–	–	–	–	(27,084,847)	(8,756,536)	–	–	–	–	–	–	–
Other financial assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cash and bank deposits	338,233	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	214,769,266	–	(30,120,397)	–	–	–	–	(27,084,847)	(8,756,536)	–	–	–	–	–	(51,074,318)	–
Total of assets	3,739,236,252	(2,072,626)	(30,120,397)	–	18,432,871	–	(135,004)	(27,084,847)	3,244,615	(10,291,813)	–	(2,931,496,956)	(56,079,522)	(998,940,269)	–	833,183,177
EQUITY																
Paid-up capital	603,750,000	–	(30,120,397)	–	–	–	–	–	–	–	–	–	–	–	–	–
Legal reserve	21,597	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment reserve	705,864,055	–	–	–	–	–	–	–	–	–	–	–	–	(705,864,055)	–	–
Other reserves	95,516,084	–	–	–	–	–	–	–	–	–	–	–	–	(94,014,206)	–	–
Retained earnings	(1,788,731,334)	(2,134,222)	–	18,055,220	(24,125,499)	497,787	194,568	(28,957,920)	2,525,031	(10,373,576)	–	–	–	–	–	787,344,033
Revaluation surplus	199,062,008	–	–	–	–	–	–	–	–	–	–	–	–	(199,062,008)	–	–
Other changes in equity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(184,517,590)	(2,134,222)	(30,120,397)	18,055,220	(24,125,499)	497,787	194,568	(28,957,920)	2,525,031	(10,373,576)	–	–	–	(998,940,269)	–	787,344,033
Net income for the year	(148,591,978)	61,596	–	(1,003,067)	(53,593,257)	–	(331,144)	–	719,584	–	–	–	–	–	–	57,287,337
Total equity	(333,109,568)	(2,072,626)	(30,120,397)	17,052,153	(77,718,756)	497,787	(136,576)	(28,957,920)	3,244,615	(10,373,576)	–	–	–	(998,940,269)	–	844,631,370
LIABILITIES																
NON-CURRENT LIABILITIES																
Provisions	514,534	–	–	–	–	–	1,572	–	–	–	–	–	–	–	–	–
Financing obtained	3,147,252,459	–	–	–	–	–	–	–	–	–	–	(2,627,252,459)	–	–	–	–
Derivatives	–	–	–	–	96,151,627	–	–	–	–	–	–	–	–	–	–	–
Responsibilities for post-employment benefits	221,559,284	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other accounts payable	131,186,992	–	–	–	–	(497,787)	–	–	–	–	–	–	–	–	–	–
	3,500,513,269	–	–	–	96,151,627	(497,787)	1,572	–	–	–	–	(2,627,252,459)	–	–	–	–
CURRENT LIABILITIES																
Suppliers	7,775,587	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
State and other public bodies	2,559,115	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Financing obtained	331,819,544	–	–	–	–	–	–	–	–	–	–	(304,244,497)	–	–	–	–
Other accounts payable	124,638,414	–	–	–	–	–	–	1,873,073	–	81,763	–	–	(56,079,522)	–	–	(11,448,193)
Deferrals	105,039,891	–	–	(17,052,153)	–	–	–	–	–	–	–	–	–	–	–	–
	571,832,551	–	–	(17,052,153)	–	–	–	1,873,073	–	81,763	–	(304,244,497)	(56,079,522)	–	–	(11,448,193)
Total liabilities	4,072,345,820	–	–	(17,052,153)	96,151,627	(497,787)	1,572	1,873,073	–	81,763	–	(2,931,496,956)	(56,079,522)	–	–	(11,448,193)
Total equity and liabilities	3,739,236,252	(2,072,626)	(30,120,397)	–	18,432,871	–	(135,004)	(27,084,847)	3,244,615	(10,291,813)	–	(2,931,496,956)	(56,079,522)	(998,940,269)	–	833,183,177

	Derecognition of capital gains on operating leases – NCRF 9	Investment subsidies ML – NCRF 22	Spare parts – NCRF 6	Derecognition of ML cost with financing operations	Loans to associates – NCRF 10	Alteration of recognition of responsibilities with pensions	Reclassification of leases	Other reclassifications	31 December 2009 (NCRF)
Durable infrastructure (ILD) investment activity	–	–	–	–	–	–	–	–	–
NON-CURRENT ASSETS – ILDs									
Tangible fixed assets – ILDs	–	–	–	–	–	–	–	–	–
Intangible assets – ILDs	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
NON-CURRENT ASSETS – ML									
Fixed tangible assets – ML	–	–	15,229,359	–	–	–	–	–	369,938,850
Investment properties	–	–		–	–	–	–	–	413,636
Financial holdings	–	–	–	–	1,500,000	–	–	–	11,451,336
Other accounts receivable	–	–	–	–	–	–	–	–	12,955,669
Derivatives	–	–	–	–	–	–	–	–	18,432,871
Other financial assets	–	–	–	–	–	–	–	–	43,679,310
	–	–	15,229,359	–	1,500,000	–	–	–	456,871,672
CURRENT ASSETS									
Inventories	–	–	(15,229,359)	–	–	–	–	–	1,516,625
Customers	–	–	–	–	–	–	–	–	2,051,532
Group companies	–	–	–	–	–	–	–	–	250,000
Advances to suppliers	–	–	–	–	–	–	–	–	57,921
State and other public bodies	–	–	–	–	–	–	–	–	6,088,285
Shareholders/Partners	–	–	–	–	(1,500,000)	–	–	–	–
Other accounts receivable	–	–	–	–	–	–	–	(555,865)	22,210,651
Deferrals	–	–	–	(1,962,228)	–	–	–	624,057	46,596,526
Other financial assets	–	–	–	–	–	–	–	–	–
Cash and bank deposits	–	–	–	–	–	–	–	–	338,233
	–	–	(15,229,359)	(1,962,228)	(1,500,000)	–	–	68,192	79,109,773
Total of assets	–	–	–	(1,962,228)	–	–	–	68,192	535,981,445
EQUITY									
Paid-up capital	–	–	–	–	–	–	–	–	573,629,603
Legal reserve	–	–	–	–	–	–	–	–	21,597
Investment reserve	–	–	–	–	–	–	–	–	–
Other reserves	–	–	–	–	–	–	–	–	1,501,878
Retained earnings	56,314,484	–	–	–	–	(6,155,536)	–	(366,409)	(995,913,373)
Revaluation surplus	–	–	–	–	–	–	–	–	–
Other changes in equity	–	31,543,277	–	–	–	–	–	–	31,543,277
	56,314,484	31,543,277	–	–	–	(6,155,536)	–	(366,409)	(389,217,018)
Net income for the year	(4,359,287)	–	–	–	–	2,832,945	–	–	(146,977,271)
Total equity	51,955,197	31,543,277	–	–	–	(3,322,591)	–	(366,409)	(536,194,289)
LIABILITIES									
NON-CURRENT LIABILITIES									
Provisions	–	–	–	–	–	–	–	–	516,106
Financing obtained	–	–	–	–	–	–	130,689,205	–	650,689,205
Derivatives	–	–	–	–	–	–	–	–	96,151,627
Responsibilities for post-employment benefits	–	–	–	–	–	3,322,591	–	–	224,881,875
Other accounts payable	–	–	–	–	–	–	(130,689,205)	–	–
	–	–	–	–	–	3,322,591	–	–	972,238,813
CURRENT LIABILITIES									
Suppliers	–	–	–	–	–	–	–	(2)	7,775,585
State and other public bodies	–	–	–	–	–	–	–	(1)	2,559,114
Financing obtained	–	–	–	(1,962,228)	–	–	17,383,628	2	42,996,449
Other accounts payable	–	–	–	–	–	–	(17,383,628)	434,600	42,116,507
Deferrals	(51,955,197)	(31,543,277)	–	–	–	–	–	2	4,489,266
	(51,955,197)	(31,543,277)	–	(1,962,228)	–	–	–	434,601	99,936,921
Total liabilities	(51,955,197)	(31,543,277)	–	(1,962,228)	–	3,322,591	–	434,601	1,072,175,734
Total equity and liabilities	–	–	–	(1,962,228)	–	–	–	68,192	535,981,445

The effect on the income statement for the year ending on 31 de December 2009 is broken down as follows:

INCOME AND COSTS	Adjustments: 31 December 2009 (previous accounting standard)	Recognition of impairment of investment property – NCRF 11	Cancellation of deferral with restructuring of derivatives – NCRF 27	Recognition of market-to-market of derivatives – NCRF 27	Application of equity method – NCRF 13	Effects of alteration of accounting policy on ILDs: Derecognition of costs with financing operations (ILDs)	Effects of alteration of accounting policy on ILDs: Reclassification of financial costs with loans (ILDs)	Derecognition of capital gains on operating leases – NCRF 9	Alteration to recognition of responsibilites with pensions	Reclassifications	Other	31 December 2009 (NCRF)
Sales and services provided	63,833,462	–	–	–	–	–	–	–	–	–	–	63,833,462
Operating subsidies	27,540,041	–	–	–	–	–	–	–	–	–	–	27,540,041
Gains / (losses) imputed to subsidiaries and associates	82,965	–	–	–	–	–	–	–	–	–	–	82,965
Variation in production inventories	–	–	–	–	–	–	–	–	–	–	–	–
Own work capitalised	4,297,018	–	–	–	–	–	–	–	–	–	–	4,297,018
Costs of goods sold and materials consumed	(2,760,318)	–	–	–	–	–	–	–	–	–	–	(2,760,318)
Supplies and external services	(42,164,996)	–	–	–	–	62,034	–	–	–	–	(3,854,722)	(45,957,684)
Staff costs	(87,644,277)	–	–	–	–	–	–	–	2,832,945	–	3	(84,811,329)
Inventories impairment (losses)/reversals)	(50,000)	–	–	–	–	–	–	–	–	–	–	(50,000)
Impairment of receivables (losses)/reversals)	(180,000)	–	–	–	–	–	–	–	–	–	132,445	(47,555)
Provisions (increases/reductions)	11,351,997	–	–	–	–	–	–	–	–	1,844,013	–	13,196,010
Increases/reduction in fair value	–	–	–	(53,593,257)	–	–	–	–	–	–	–	(53,593,257)
Other income and gains	8,055,864	–	–	–	–	–	–	(4,359,287)	–	–	2,090,988	5,787,565
Other costs and losses	(590,320)	–	–	–	–	27,547	–	–	–	–	(5,858,543)	(6,421,316)
Income before depreciation, financing costs and taxes	(18,228,564)	–	–	(53,593,257)	–	89,581	–	(4,359,287)	2,832,945	1,844,013	(7,489,829)	(78,904,398)
Depreciation and amortisation costs/reversals	(31,925,798)	–	–	–	–	–	–	–	–	–	(764,918)	(32,690,716)
Impairment of depreciable/amortisable assets (losses/reversals)	–	61,596	–	–	–	–	–	–	–	–	–	61,596
Operating income (before financing costs and taxes)	(50,154,362)	61,596	–	(53,593,257)	–	89,581	–	(4,359,287)	2,832,945	1,844,013	(8,254,747)	(111,533,518)
Interest and similar income received	2,147,571	–	(1,003,067)	–	–	–	–	–	–	–	3,177,390	4,321,894
Interest and similar costs borne	(99,439,550)	–	–	–	(331,144)	630,003	57,287,337	–	–	(1,844,013)	3,990,041	(39,707,326)
Extraordinary income	(1,087,017)	–	–	–	–	–	–	–	–	–	1,087,017	–
Income before taxes	(148,533,358)	61,596	(1,003,067)	(53,593,257)	(331,144)	719,584	57,287,337	(4,359,287)	2,832,945	–	(299)	(146,918,950)
Income tax for the year	(58,620)	–	–	–	–	–	–	–	–	–	300	(58,320)
Net before taxes	(148,591,978)	61,596	(1,003,067)	(53,593,257)	(331,144)	719,584	57,287,337	(4,359,287)	2,832,945	–	–	(146,977,271)

With regard to the cash flow statement, no significant adjustments arose from the conversion to the NCRF, apart from those mentioned above as the result of the alteration in the ILD recognition policy.

3. Main accounting policies

The main accounting policies adopted in the preparation of the attached financial statements are as follows:

3.1 Bases of presentation

The attached financial statements were prepared on the going concern principle for operations and according to the accrual accounting basis from the Company's accounting books, kept in accordance with the Accounting and Financial Reporting Standards.

3.2 Durable infrastructure investment activities (ILDs)

Over the years, the Company has been responsible for the construction and renewal of durable infrastructures related with the regular operation of the public transport service built in the underground of Lisbon City and the surrounding areas. This activity is developed according to directives from the State, whose financing is guaranteed through subsidies and loans mostly guaranteed by the State, with the Company taking on the role of "agent" in this activity.

Thus, all of the cash flow arising from this activity is recorded in the balance sheet under "Durable infrastructure investment activities" and include the following items:

- Durable infrastructures (ILDs) in the public domain and constructed by the Company, where it has the right of access for the provision of "Passenger transport" and "Infrastructure management" services, which include the free revaluations carried out in previous years, given that on the date of transition under the scope of NCRF 3 – First-time Adoption of Accounting and Financial Reporting Standards, the Company opted to measure these assets by their deemed cost;
- The materials acquired under the scope of construction/repair of ILDs, with an inventory nature;
- Balances payable to ILD construction service providers;
- Balances receivable from subsidising other entities in ILD investments;
- The amounts of subsidies received for co-financing of ILD construction;
- Loans contracted for financing the ILD construction and repair activity, in particular those guaranteed by the State;
- The financial charges borne directly on loans contracted for financing the ILD construction and repair activity, corresponding to interest, guarantee and stamp duty arising from the activity on behalf of the State and which have not being capitalised at the ILD cost value during the construction period;
- The derived financial instruments contracted by the Company to cover the risk of changes to interest rates on the loans obtained to finance the ILD activity, which are recognised at fair value;

Costs with maintenance and repairs which do not increase the useful life of these assets are recorded in the income statement as costs for the year when they occur, as these arise from the infrastructure management activity carried out by the Company.

Under the terms of Decree Law 196/80 of 20 June, the Government committed the State to financing durable infrastructure investment by the Company. 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 accesses.

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 charges incurred up until then with these investments. On that date, the investments made and the values of the subsidies granted were the same. They were recorded under 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 happen. Thus, and from that date onwards, funds were allocated on the basis of ad hoc legislation included in the Investment Plans for State Enterprises Sector. Grants were made in 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 the same.

As a result of the alteration of the abovementioned recognition policy, the Company proceeded with quantification of the financial charges relate with interest, stamp duty, guarantee and structuring costs of financing incurred in previous years and not borne by the State and recorded these under "Durable infrastructure investment activity". However, this quantification only considered such charges from the year ending on 31 December 2005 onwards.

3.3 Fixed tangible assets

Linked with infrastructure management

Fixed tangible assets are recorded at acquisition or production cost, which includes the cost of purchase, financial charges and any costs directly attributable to the activities necessary for placing these assets at the location and in the condition necessary for them to operated as desired and, when applicable, the initial estimate of the costs of dismantling and removal of assets and the restoration of the respective areas of installation/operation of same which the Company expects to incur, minus accumulated amortisation and accumulated impairment losses (when applicable).

Amortisations are calculated after the moment when the asset is in usable condition, according to the straight-line method, in accordance with the estimated useful life of each group of assets:

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

The useful lives and amortisation method of the various assets are revised annually. The effect of any alteration to these estimates is recognised prospectively in the income statement.

Maintenance and repair expenses (subsequent expenditure) which will not generate additional economic benefits in the future are recorded as costs for the period in which they are incurred.

Major repair work is recorded under "Tangible fixed assets" and is depreciated over the same period of years as the investment it refers to.

Main spare parts are recorded as fixed tangible assets when it is expected that they will be used for more than one year.

The gain (or loss) arising from the disposal or write-off of a fixed tangible asset is determined as the difference between the fair value of the amount received or receivable from the transaction and the net amount of accumulated amortisations, accounted in assets and recorded during the period the write-off or disposal occurs as "Other income and gains" or "Other costs and losses".

Linked with durable infrastructures (ILDs)

Fixed tangible assets related to ILDs are recorded under "Durable infrastructure investment activities" at acquisition or production cost, which includes the cost of purchase, financial charges and any costs directly attributable to the activities necessary for placing these assets at the location and in the condition necessary for them to operated as desired and, when applicable, the initial estimate of the costs of dismantling and removal of the assets and the restoration of the respective areas of installation/operation of same which the Company expects to incur.

The recording of amortisations relative to these assets was carried out on the basis of the abovementioned criteria for fixed tangible assets relate to infrastructure management but only until 31 December 1997. The amortisation calculated up to that date was credited directly at cost value and the respective revaluation reserves were debited as a corrective factor for same. On the date of transition, they were reclassified under "Durable infrastructure investment activities". After 01 January 1998, these assets were not depreciated.

3.4 Intangible assets

The fixed intangible assets related with the ILDs are recorded under "Durable infrastructure investment activities" and essentially include network development studies and they are not depreciated.

3.5 Leases

Leases are classified as financial whenever their terms substantially transfer all of the risks and benefits associated with ownership of the property to the lessee. Other leases are classified as operating leases. Classification of leases is carried out as a function of the substance and not of the form of the contract.

Leases where the Company acts as lessor

The situations where the Company acts as lessor are in relation to lease contracts for buildings and apartments held by the Company.

These lease contracts do not have a term in accordance with Leasehold Law and were signed as a result of the rehousing project carried out by the Company because of work done.

In accordance with the respective conditions, these contracts are classified as operating leases and the resulting remuneration as income in the income statement for the year they refer to.

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

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

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

3.6 Investment properties

Investment properties essentially include real estate held to obtain rent or capital valuation (or both) and are not for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

Investment properties are measured at cost minus the corresponding accumulated depreciation and any impairment losses.

Depreciation is calculated after the moment when the asset is in usable condition, according to the straight-line method, in accordance with the estimated useful life of each group of assets:

The depreciation rates used correspond to the following periods of estimated useful life:

Asset class	Years
Buildings and other constructions	10 – 50

Costs incurred in relation to investment properties, in particular maintenance, repairs, insurance and taxes, are recognised as costs in the period they refer to. Any improvements made to investment properties relative to which there are expectations of generating additional future economic benefits are capitalised under "Investment properties".

At the date of the balance sheet, whenever the fair value of the investment property is less than the corresponding book value, the corresponding impairment loss is recognised on the income statement for the corresponding period, under "Impairment of depreciable/amortisable assets losses/reversals".

Reversal of impairment losses recognised in previous years is recorded when it is shown that the impairment losses previously recognised no longer exist or have been reduced. Reversal of impairment losses is recognised in the income statement under "Impairment of depreciable/amortisable assets (losses/reversals)". Reversal of impairment losses is carried out up to the limit of the amount that would be recognised (net of depreciation) if the impairment loss had not been recorded.

The gain (or loss) arising from the disposal or write-off of any component of investment property is determined as the difference between the amount received in the transaction and the book value of the asset. It is recorded at the net value in the income statement under “Other income and gains” or “Other costs and losses”.

3.7 Impairment of fixed tangible assets

On each reporting date, there is a review of the book values of Company fixed tangible assets in order to determine if there is any indication that these may be impaired. If there is such an indicator, the recoverable amount of the respective assets (or cash generating unit) is estimated in order to determine the impairment loss (if this is the case).

The recoverable amount for the asset (or cash generating unit) is the larger of (i) the fair value minus sales costs and (ii) value of use. When determining the value of use, the estimated future cash flows are discounted using a discount rate that reflects market expectations as to the time value of the money (which in the case of the Company was considered not to exist) and as to specific asset (or cash generating unit) risks relative to which future cash flow estimates have not been adjusted.

Whenever the book value of the asset (or the cash generating unit) is higher than the recoverable amount, it is recognised as an impairment loss. Impairment losses are immediately recorded in the income statement under “Impairment of depreciable/amortisable assets (losses/reversals)”, unless such loss compensates for surplus revaluation recorded in equity. In this case, such a loss is treated as a reduction of that revaluation.

Reversal of impairment losses recognised in previous years is recorded when it is shown that the impairment losses previously recognised no longer exist or have been reduced. Reversal of impairment losses is recognised in the income statement under “Impairment of depreciable/amortisable assets (losses/reversals)”. Reversal of impairment losses is carried out up to the limit of the amount that would be recognised (net of amortisations) if the impairment loss had not been recorded.

3.8 Financial investments in subsidiaries, associates and affiliates

Investments in subsidiaries, associates and affiliates are recorded using the equity method. According to the equity method, financial investments are recorded initially at acquisition cost and then adjusted according to the alterations seen, after acquisition, in the Company share in the net assets of the corresponding entities. Company income includes its corresponding share in the income of these entities.

An evaluation is made of the financial investments when there are indications that the asset may be impaired. Impairment losses that are shown to exist are registered as costs in the income statement.

When the Company’s share in the accumulated losses of the subsidiary, associate or affiliate exceeds the value for which the investment is recorded, the investment is recorded as nil except when the Company has undertaken commitments to cover losses in the associate or affiliate, cases where the additional losses determine the recognition of a liability. If the associate or affiliate later reports profits, the Company will resume recognition of its share in these profits only after its share of the profits has equalled the share in the non-recognised losses.

Unrealised gains in transactions with subsidiaries and associated are eliminated in proportion to the Company’s interest in these, as a counter entry to the corresponding investment item. Unrealised losses are similarly eliminated but only to the point where the loss does not bring about a situation where the transferred asset is impaired.

The remaining financial investments are recorded at acquisition cost, which is below the market value.

3.9 Inventories

Inventories are recorded at cost or the net realisable value, which is lower. The cost of raw materials, subsidiaries and consumable are valued at acquisition cost, which cannot exceed the respective market value.

The net realisable value represents the estimated selling price minus all of the estimated costs necessary to conclude the inventories and to sell them. In situation where the cost value is higher than the net realisable value, an adjustment is recorded (loss or impairment) for the difference.

Variations during the year in impairment losses on inventories are recorded in income under "Impairment losses on inventories" and "Impairment reversals on inventories".

The inventory costing method adopted by the Company is the average cost.

3.10 Financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the Company becomes part of the corresponding contractual provisions. For this purpose, the provisions of NCRF 27 – Financial Instruments, are used.

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

(i) At cost or amortised cost

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

- If they are demand or have a defined maturity; and
- If they have an associated fixed or determinable return; and
- If they are not derived financial instruments or they do not incorporate a derived financial instrument.

Amortised cost is determined through the effective interest rate method. The effective interest is calculated through the rate that exactly deducts estimate future payments or receipts during the expected lifetime of the financial instrument from the book value of the financial asset or liability (effective interest rate).

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

a) Customers and other third-party debts

The balance for customers and other third-party debts are recorded at amortise cost minus any impairment losses. Normally, the amortised cost of these financial assets does not differ from the nominal value.

b) Cash and bank deposits

The sums included under "Cash and bank deposits" correspond to the values of cash, term bank deposits and other treasury applications maturing in less than three months and for which the risk of alteration of value is insignificant.

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

c) Suppliers and other third-party debts

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

d) Financing obtained

Financings obtained are recorded in liabilities at amortised cost.

Any expenses incurred in obtaining these financings, in particular bank commissions and stamp duty, as well as charges for interest and similar expenses, are recognised by the effective interest method in income for the year during the lifetime of these financings. When the aforementioned expenses incurred are not recognised, they are presented to debit under "Obtained financings".

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

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

Such financial assets and liabilities are measured at fair value and the variations in the respective fair value are recorded in income under "Increases/reductions in fair value".

In the actual case of the Company, this category only includes derived financial instruments which are not suitable for the purposes of hedge accounting according to the provisions of NCRF 27 – Financial Instruments.

(iii) Impairment of financial assets

The financial assets include in the “at cost or amortise cost” category are subject to impairment tests on each report date. Such financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after their initial recognition, their estimated future cash flows are affected.

For financial assets measured at cost, the impairment loss to be recognised corresponds to the difference between the book value of the asset and the best fair value estimate of the asset.

Impairment losses are recorded in income, under “Impairment losses”, during the period they are determined.

Subsequently, if the amount of the impairment loss decreases and this decrease can be objectively related with an event which took place after recognition of the loss, this must be reverted to income. The reversal must be carried out up to the limit of the amount that world be recognised (amortised cost) of the loss had not been recorded initially. Reversal of impairment losses is recorded in income under “Reversals of impairment losses”.

(iv) Derecognition of financial assets and liabilities

The Company derecognises financial assets only when the contractual rights to its cash flows expire through collection, or when control of these financial assets and all of the significant risks and benefits associated with possession of these is transferred.

The Company derecognises financial assets only when the corresponding obligation has been settled, cancelled or expires.

In accordance with the above, financial assets and liabilities were classified as follows:

Financial assets

		2010		2009	
	Notes	Derivatives (fair value)	Cost or amortised cost	Derivatives (fair value)	Cost or amortised cost
Non-current:					
Other accounts receivable	13	–	12,455,669	–	12,955,669
Derivatives	10	22,552,850	–	18,432,871	–
Other financial assets	11	–	44,143,384	–	43,679,310
		22,552,850	56,599,053	18,432,871	56,634,979
Current:	13				
Customers	32	–	5,315,645	–	2,051,532
Group companies	13	–	–	–	250,000
Advances to suppliers	4	–	56,154	–	57,921
Other accounts receivable		–	33,359,303	–	22,210,651
Cash and bank deposits		–	84,151	–	338,233
		–	38,815,253	–	24,908,337
		22,552,850	95,414,306	18,432,871	81,543,316

Financial liabilities

		2010		2009	
	Notes	Derivatives (fair value)	Cost or amortised cost	Derivatives (fair value)	Cost or amortised cost
Non-current:					
Financing obtained	18	–	312,384,745	–	650,689,205
Derivatives	10	144,368,172	–	96,151,627	–
		144,368,172	312,384,745	96,151,627	650,689,205
Current:					
Suppliers	20	–	7,803,720	–	7,775,585
Financing obtained	18	–	433,652,816	–	42,996,449
Other accounts payable	23	–	43,152,652	–	42,116,507
		–	484,609,188	–	92,888,541
		144,368,172	796,993,933	96,151,627	743,577,746

3.11 Financial charges with financings obtained

Financial charges related with financings obtained are recognised as costs as they are incurred.

Financial charges on financings obtained and directly related with the acquisition and construction of assets are capitalised, becoming an integral part of the cost of the asset. Capitalisation of these charges begins after commencement of preparation of asset construction activities and is interrupted after commencement of utilisation or the end of construction of the asset or when the asset in question is suspended. Any revenue generated by financings obtained in advance and related with a specific investment is deducted from the financial charges that can be capitalised.

Under the terms of Decree-Law 196/80, of 20 June, the Government undertook the commitment that it was the State's responsibility to finance Metro ILDs. 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 charges incurred up until then with these investments. Arising from this commitment and taking effect from 01 January 2009, as mentioned in Note 3.2, proceeded with quantification of the financial charges incurred since 31 December 1995, and considered these under "Durable infrastructure investment activities".

3.12 Income tax

The Company is subject to Corporate Tax on Profits at a rate of 25% whereby, with the publication in Diário da República of Law 2/2007 approving the Local Finance 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%).

The income tax for the year is recorded and calculated on the basis of the Company's taxable income, according to the taxation rules in force, usually corresponding to autonomous taxation for the year.

The Company did not record deferred taxes and at this date, they are not fully quantified. Assets for deferred taxes correspond to reportable tax losses and provisions not fiscally accepted, while liabilities for deferred taxes correspond to amortisation of revalued assets not fiscally accepted and taxable capital gains subject to deferred taxation.

In the years' closures from 31 December 2005 to 2010, situations occurred which led to the recording of assets from deferred taxes, at a total amount of approximately €209,000,000 referent to reportable fiscal losses and provisions not fiscally accepted and which were not recognised as there was no reasonable expectation of future fiscal profits sufficient to use these deferred taxes as assets.

3.13 Government subsidies

Government subsidies are only recognised when there is reasonable certainty that the Company will comply with the conditions for the attribution of such subsidies and that these will be received.

The Government subsidies associated with the acquisition or production of non-current assets are initially recognised in equity under "Other changes in equity" and are subsequently recorded on a systematic basis (in proportion to the amortisation of the underlying assets) as income for the year during the useful life of the assets to which they are related.

Other Government subsidies are, in general, systematically recognised as income during the time necessary to balance them with the costs they are supposed to compensate. Government subsidies for the purpose of compensating losses already incurred or which have no associated future costs are recognised as income for the period when they become receivable.

3.14 Provisions, contingent assets and liabilities

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

Contingent liabilities are not recognised in the financial statements. They are disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote. Contingent assets are not recognised in the financial statements and are disclosed when the existence of a future economic inflow of resources is probable.

3.15 Post-employment benefits

Defined benefits plan

The Company has a benefit plan defined as a complement to retirement pensions (old age, disability and survival) paid by Social Security. The responsibilities of the Company in relation to this plan are determined through the projected credit unit method and the respective actuarial assessments are carried out on the date of each report, which is done in accordance with internationally accepted actuarial methods and assumptions in order to be aware of the value of the responsibilities at the balance sheet date and the cost of pensions to be recorded for the year.

The responsibility associated with the benefits guaranteed and recognised in the balance represents the present value of the corresponding obligation, adjusted by actuarial gains and losses and by the cost of past services not recognised and deducted from the fair value of the assets of the plan.

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

a) Retirement, disability and survival pension supplements;
b) Early retirement.

Health care

The Company has also 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 2010. 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 costs are recorded in the income statements corresponding to the year in which they were paid.

3.16 Derived financial instruments

The Company contracts derived financial instruments, under the scope of its risk management interest rate coverage policy for loans contracted to finance activities related with the management of infrastructures and those related with ILDs.

Derived financial instruments are initially recorded at fair value on the date they are contracted. On each reporting date, they are remeasured at fair value and the corresponding gain or loss in remeasurement is immediately recorded in income, unless such instruments are designated as hedging instruments. When they are designated as hedging instruments, the corresponding gain or loss in remeasurement must be recorded in income when the hedged position affects income.

With regard to derived financial instruments which, although contracted with the objective of economic hedging according to the Company's risk management policies, do not comply with all of the requirements of NCRF 27 – Financial Instruments, for application of hedge accounting, they are considered as non-current.

For derived financial instruments contracted by the Company to cover interest rate risk on the loans associated with the infrastructure management activity, if the fair value is positive, it is recognised as a financial asset under "Derivatives". If the fair value is negative, it is recognised in financial liabilities under "Derivatives". Alterations to the fair value of these derived financial instruments are recognised in the income statement for the year they refer to under "Increases/reductions in fair value".

Financial instruments contracted by the Company to cover interest rate risk on loans contracted to finance ILD activity are recognised under "Durable infrastructure investment activities" and the fair value alterations are recognised under that item on each balance sheet date, whereby the effect of fair value variation in this case is nil.

As at 31 December 2010 and 2009, the Company does not classify any derived financial instruments as hedging instruments.

3.17 Balance sheet classification

Assets realisable and liabilities demandable more than one year from the balance sheet date are classified as non-current assets and liabilities, respectively.

3.18 Revenue

Revenue is measure by the fair value of the consideration received or receivable. Recognised revenue is deducted from the amount of returns, discounts and other write-offs and does not include VAT and other taxes paid in relation to the sale.

Revenue from the provision of services is recognised on the basis of the percentage of completion of the transaction/service provided that the following conditions have been met:

- The revenue amount can be reliably measured;
- It is probable that future economic benefits associated with the transaction will flow to the company;
- Costs incurred or to be incurred with the transaction can be reliably measured;
- The phase of completion of the transaction/service can be reliably measured.

Revenue from the provision of services includes revenue from sales of Metro own 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 related with the provision of services, as follows:

- Multimodal passes - Revenue from multimodal passes sold by the Company and other transport operators are split among 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.

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

Non-refundable compensatory allowances are attributed by the State to the Company to partially finance its operations in compliance with the public service obligation and are recorded under "Operating subsidies" in the year they are attributed.

3.19 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 (assets financed by the State), equipment and studies for operating rolling stock and depot and workshops (fixed assets financed by the Company) (Notes 5 and 6), since these are the longest term, most technically complex and consequently most manpower intensive investments.

3.20 Foreign currency transactions and balances

Foreign currency transactions (any currency other than that used by the Company) are recorded at the exchange rates on the dates of the transactions. On each reporting date, the book values of the monetary items in foreign currency are updated by the foreign exchange rates on that date.

The exchange difference calculate on the date of receipt or payment of transactions in foreign currency and the results of the aforementioned updates are recorded in the income statement for the period in which they are generated.

3.21 Accruals basis accounting

The Company uses accruals basis accounting to report income and costs, whereby income and costs are recognised when generated, irrespective of when received or paid. The difference between the amounts received and paid and the corresponding income and costs generated are recorded as assets or liabilities.

3.22 Critical value judgements and main sources of uncertainty associated with estimates

In the preparation of the attached financial statements, valued judgements and estimates were made and various assumptions were used affecting the asset and liability amounts reported as well as the amounts reported for income and costs for the period.

The underlying estimates and assumptions were determined with reference to the reporting date and based on the best knowledge existing on the date of approval of the financial statements of the events and transactions in progress, as well as experience of past and/or current events. However, situations may occur in subsequent periods which, not being foreseeable on the date of approval of the financial statements, were not considered in these estimates. Alterations to estimates occurring after the date of the financial statements will be corrected prospectively. For this reason and given the associated degree of uncertainty, the real income from the transactions in question may differ from the corresponding estimates.

The main value judgements and estimates made in the preparation of the attached financial statements were the following:

a) Useful life of fixed tangible assets;
b) Fixed tangible asset impairment analyses;
c) Impairment losses on accounts receivable – these are calculated taking into account the overall collection risk of balances receivable;
d) Determination of the fair value of derived financial instruments – which are determined by an independent body at the end of each financial year and which is not the same as the entity from which these were contracted;
e) Determination of responsibilities with retirement benefits – at the end of each financial year, an actuarial assessment is obtained of responsibilities with pension, prepared by actuaries.

3.23 Subsequent events

Events after the balance sheet date which provide additional information on the conditions existing on the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which provide additional information on conditions occurring after the balance sheet date (non-adjusting events) are reflected in the financial statements if they are considered relevant.

4. Cash flows

For the purposes of the cash flow statement, cash and cash equivalents include cash, immediately accessible bank accounts (with terms less than or equal to three months) and treasury application in the monetary market, net of bank overdrafts and other equivalent short-term financing. Cash and cash equivalents as at 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Cash	18,071	18,206
Bank deposits available on demand	66,080	320,027
	84,151	338,233

5. Durable infrastructure investment activities

The balance under "Durable infrastructure investment activities" comes from the infrastructure investment activity carried out by the Company. Its breakdown under asset and liability items is as follows:

Description	Notes	2010	2009
Durable infrastructure (ILD) investment activities			
Tangible assets (ILDs)	5.1	2,985,474,654	2,894,635,481
Intangible assets (ILDs)	5.2	6,871,622	6,852,425
Current funds	5.3	325,456,549	164,189,870
Subsidies (ILDs)	5.4	(856,614,314)	(810,170,074)
Loan costs	5.5	901,828,074	845,184,328
Financing obtained	5.6	(3,063,602,925)	(2,931,496,956)
Derived financial instruments	5.7	(299,413,660)	(169,195,074)
Total ILDs		–	–

5.1 Tangible assets

During the years ending in 2010 and 2009 book value entries for fixed tangible assets were as follows:

31 December 2010						
Gross assets	Initial balance	Revaluations	Initial balance	Increases	Transfers/ Write-offs	Final balance
Tangible fixed assets – ILDs	2,689,784,029	(199,062,008)	2,490,722,021	3,085,652	250,430,696	2,744,238,369
Land and natural resources	15,561,038	(2,388,442)	13,172,596	428,941	–	13,601,537
Buildings and other constructions	2,298,782,270	(176,310,029)	2,122,472,241	2,465,128	215,440,721	2,340,378,090
Basic equipment	375,440,721	(20,363,537)	355,077,184	191,583	34,989,975	390,258,742
Tangible fixed assets in progress	397,066,845	–	397,066,845	85,317,544	(250,431,975)	231,952,414
Land and natural resources	98,809	–	98,809	45,117	–	143,926
Buildings and other constructions	360,488,685	–	360,488,685	76,136,740	(215,440,721)	221,184,704
Basic equipment	36,479,351	–	36,479,351	9,135,687	(34,991,254)	10,623,784
Advance payments for tangible fixed assets	6,846,615	–	6,846,615	5,264,897	(2,827,641)	9,283,871
Total gross tangible fixed assets – ILDs	3,093,697,489	(199,062,008)	2,894,635,481	93,668,093	(2,828,920)	2,985,474,654

Additions occurred in the year ending on 31 December 2010 under "Fixed tangible assets in progress – buildings and other constructions" and under "Fixed tangible assets in progress – basic equipment", at 85,272,427 euros basically refer to the Oriente/Aeroporto and Amadora Este/Reboleira developments, with 41,169,510 euros and 24,459,297 euros, respectively.

Transfers and write-offs occurring during 2010 for the "Fixed tangible assets – buildings and other constructions" and "Fixed tangible assets – basic equipment" items, at 215,440,721 euros and 34,989,975 euros, respectively, basically refer to the transfer from fixed tangible assets in progress of expenditure relative to the Alameda/S. Sebastião development.

31 December 2009						
Gross Assets	Initial balance	Revaluations	Initial balance	Increases	Transfers/ Write-offs	Final balance
Tangible fixed assets – ILDs	2,680,666,745	(199,062,008)	2,481,604,737	7,038,122	2,079,162	2,490,722,021
Land and natural resources	15,329,218	(2,388,442)	12,940,776	231,820	–	13,172,596
Buildings and other constructions	2,292,764,583	(176,310,029)	2,116,454,554	5,020,169	997,518	2,122,472,241
Basic equipment	372,572,944	(20,363,537)	352,209,407	1,786,133	1,081,644	355,077,184
Tangible fixed assets in progress	248,541,042	–	248,541,042	150,606,048	(2,080,245)	397,066,845
Land and natural resources	66,405	–	66,405	32,404	–	98,809
Buildings and other constructions	235,185,007	–	235,185,007	126,302,279	(998,601)	360,488,685
Basic equipment	13,289,630	–	13,289,630	24,271,365	(1,081,644)	36,479,351
Advance payments for tangible fixed assets	6,391,305	–	6,391,305	5,400,016	(4,944,706)	6,846,615
Total gross tangible fixed assets – ILDs	2,935,599,092	(199,062,008)	2,736,537,084	163,044,186	(4,945,789)	2,894,635,481

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 euros refer essentially to the Oriente/Aeroporto, Amadora Este/Reboleira and Alameda/S. Sebastião developments, at 83,430,748 euros and 10,448,700 euros and 26,265,157 euros, respectively.

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

Transfers and write-offs occurring during 2009 under the "Fixed tangible assets – buildings and other constructions" and "Fixed tangible assets – basic equipment" items, at 997,518 euros and 1,081,644 euros, respectively, basically refer to the transfer from fixed tangible assets in progress of expenditure relative to the car park at Lumiar station.

On 31 December 2010 and 2009, compensation had been claimed from the Company totalling 35,194,989 euros and 37,693,308 euros, respectively, referring essentially to suits 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 2010, 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 the ILD item, "Tangible assets".

During the year ending on 31 December 2010, the Company paid compensation, in cash and kind (work) for damages caused by work connected with the network expansion, at the amounts of 868,413 euros (899,133 euros on 31 December 2009) and 0 euros (230,978 euros on 31 December 2009), which were recorded in the balance sheet under the ILD item, "Tangible assets".

On 31 December 2010, tangible fixed assets in progress under "Land and natural resources", "Buildings and other constructions" and "Basic equipment", at the amounts of 143,926 euros, 221,184,704 euros and 10,623,784 euros, respectively, were as follows:

	Land and natural resources	Buildings and other constructions	Basic equipment
Network remodelling	–	8,331,004	1,810,146
Rato/Estrela extension	–	1,456,432	–
Amadora Este/Reboleira extension	–	35,757,849	697,555
S. Sebastião/Campolide extension	–	2,232,782	212,004
Cais do Sodré interface	–	12,962,605	1,264,810
Oriente/Aeroporto extension	111,814	157,345,019	6,639,269
Promotion of accessibility	–	718,443	–
Other	32,112	2,380,570	–
	143,926	221,184,704	10,623,784

Cost value of fixed tangible assets (including those in progress) as at 31 December 2010 and 2009 includes the following supplementary costs:

	2010			2009		
	Tangible	Tangible in progress	Total	Tangible	Tangible in progress	Total
Capitalised costs						
Departmental costs	55,870,508	7,392,116	63,262,624	48,058,653	48,058,653	60,092,054
	55,870,508	7,392,116	63,262,624	48,058,653	48,058,653	60,092,054

5.2 Intangible assets

During the years ending in 2010 and 2009 book value entries for intangible assets were as follows:

Gross assets	31 December 2010 Initial balance	Increases	Transfers/ Write-offs	Final balance
Intangible fixed assets – ILDs				
Research and development expenditure	1,437,156	–	–	1,437,156
Set up expenses	2,019,827	–	–	2,019,827
Intangible fixed assets in progress	3,395,442	19,197	–	3,414,639
Total intangible fixed gross assets – ILDs	6,852,425	19,197	–	6,871,622

Gross assets	31 December 2009 Initial balance	Increases	Transfers/ Write-offs	Final balance
Intangible fixed assets – ILDs				
Research and development expenditure	1,436,967	189	–	1,437,156
Set up expenses	2,019,827	–	–	2,019,827
Intangible fixed assets in progress	3,355,525	39,917	–	3,395,442
Total intangible fixed gross assets – ILDs	6,812,319	40,106	–	6,852,425

Cost value of intangible assets as at 31 December 2010 and 2009 includes the amounts of 0 euros and 38,038 euros, respectively, relative to capitalised departmental costs in the asset value.

5.3 Current funds

This item refers to current assets and liabilities associated with durable infrastructure investment activities and is broken down as follows:

Descrição	Notes	2010	2009	01/01/2009
Cohesion Fund and subsidies	5.3.1	55,070,778	51,074,318	–
Suppliers and other accounts payable	5.3.2	(29,027,889)	(56,079,522)	(37,880,586)
Accounts receivable from State	5.3.3	299,413,660	169,195,074	–
Total current funds		325,456,549	164,189,870	(37,880,586)

5.3.1 Cohesion Fund and PIDDAC

The amount of 55,070,778 euros is essentially with regard to the refund of the amount that was owed after OP 16/10 and the value receivable from the Cohesion Fund relative to the subsidising of expenses relative to the S. Sebastião/Alameda extension, at 30,372,361 euros and 24,690,296 euros, respectively and to the sum of 51,074,318 euros referent to requests for the refund of subsidies, under the scope of the Cohesion Fund, which had been requested in 2009 and received during this financial year.

5.3.2 2 Suppliers and other accounts payable

The suppliers and other accounts payable item consists essentially of current debts arising from the work carried out with the continuation of the expansion and modernisation/remodelling of the network (Note 32).

5.3.3 Accounts receivable from the State

The balance in the receivable from the State item, at 299,413,660 euros (169,195,074 euros on 31 December 2009) refers to the amount to be borne by the shareholder relative to financial instruments contracted by the Company (Note 5.7).

5.4 Subsidies

Entries into the subsidies item in the year ending on 31 December 2010 were as follows:

	31 December 2010			
Description	Initial balance	Increases	Reductions	Final balance
Feder	254,588,525	–	–	254,588,525
PIDDAC	160,539,860	3,500,000	–	164,039,860
Cohesion Fund	215,717,766	42,944,240	–	258,662,006
Sundry subsidies	179,323,923	–	–	179,323,923
Total subsidies	810,170,074	46,444,240	–	856,614,314

The increase occurring during the year ending on 31 December 2010 includes the following attributed subsidies: (i) under the scope of PIDDAC, an amount of 3,500,000 euros for the Oriente/Aeroporto extensions, and (ii) under the scope of the Cohesion Fund, an amount of 42,944,240 euros, of which 40,932,903 euros was for the Oriente/Aeroporto extension and 2,011,337 euros for the Alameda/S. Sebastião extension.

5.5 Loan costs

The loan costs item refers to charges borne on loans contracted by the Company to finances durable infrastructure investment activities which could not be capitalised on the constructed ILDs.

As mentioned in Note 3.11, with effect from the date of transition to the NCRF (01 January 2009), the Company proceeded with quantification of the financial charges borne on ILDs that could not be capitalised on same. However, given the difficulty in quantification of this amount, the Company recorded only the financial charges borne from 1995 onwards, which were previously recorded under “Retained earnings”, in “Durable infrastructure investment activities – Loan costs”. In addition, and with effect from the date of transition, the Management Board chose to show the amount of 289,555,301 euros in this item, relative to interest and other charges incurred by the Company prior to 1995, as a counter entry to “Retained earnings”, which served to balance the ILD item on 01 January 2009.

On 31 December 2010 and 2009, loan costs were made up as follows:

Description	2010	2009	Year variation
Interest, guarantee fees and stamp duty	594,797,622	543,627,876	51,169,746
Issuing costs	17,475,151	12,001,151	5,474,000
Initial balance corrected on transition to the NCRF	289,555,301	289,555,301	–
Total loan costs	901,828,074	845,184,328	56,643,746

In addition, on 31 December 2010 and 2009, the capitalised financial charges under “Intangible assets”, “Tangible assets” and “Tangible assets in progress” were broken down as follows:

	31 December 2010				31 December 2009			
Description	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Loan costs	139,257	289,763,990	7,794,259	297,697,506	139,257	274,399,042	19,477,711	294,016,010
	139,257	289,763,990	7,794,259	297,697,506	139,257	274,399,042	19,477,711	294,016,010

5.6 Financings obtained

The breakdown of financings obtained for ILD activities on 31 December 2010 and 2009 is as follows:

		2010				2009					
	Financing entity	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total	Maturity	Type of amortisation
Debenture loans:											
Private placement Issue	Merrill Lynch	77,313,674	7,731,367	38,656,837	46,388,204	77,313,674	7,731,367	46,388,204	54,119,572	15/Oct/16	Maturity
Metro Issue 2019	JP Morgan	400,000,000	–	400,000,000	400,000,000	400,000,000	–	400,000,000	400,000,000	04/Dec/26	Maturity
Metro Issue 2026	BNPP	400,000,000	–	400,000,000	400,000,000	400,000,000	–	400,000,000	400,000,000	07/Dec/27	Maturity
Metro Issue 2027	Barclays	400,000,000	–	400,000,000	400,000,000	400,000,000	–	400,000,000	400,000,000	04/Feb/19	Maturity
Metro Issue 2025	DBI, AG	85,000,000	–	85,000,000	85,000,000	85,000,000	–	–	–	23/Dec/25	Maturity
			7,731,367	1,323,656,837	1,331,388,204		7,731,367	1,246,388,204	1,254,119,572		
Bank loans:											
ML A	BEI	57,193,405	3,000,000	18,822,150	21,822,150	57,193,405	3,000,000	21,822,150	24,822,150	15/Dec/17	Half-yearly
ML B	BEI	124,699,474	8,900,000	8,949,737	17,849,737	124,699,474	8,900,000	17,849,737	26,749,737	15/Sept/12	Half-yearly
ML I/2	BEI	234,435,012	18,000,000	137,579,594	155,579,594	234,435,012	12,505,283	155,579,594	168,084,877	15/Sept/19	Half-yearly
ML II	BEI	74,819,985	4,987,979	39,903,832	44,891,811	74,819,985	4,987,979	44,891,811	49,879,790	15/Sept/19	Half-yearly
ML III	BEI	54,867,769	5,583,759	47,455,084	53,038,843	54,867,769	–	53,038,843	53,038,843	15/Jun/20	Half-yearly
ML II/B	BEI	99,759,579	6,650,639	59,855,748	66,506,386	99,759,579	6,650,638	66,506,386	73,157,025	15/Dec/20	Half-yearly
ML II/C	BEI	54,867,769	3,657,851	38,407,438	42,065,289	54,867,769	3,657,851	42,065,289	45,723,141	15/Jun/22	Half-yearly
ML IV	BEI	169,591,285	20,722,348	148,868,937	169,591,285	169,591,285	–	169,591,285	169,591,285	15/Sept/18	Half-yearly
ML I/3	BEI	124,699,474	–	124,699,474	124,699,474	124,699,474	–	124,699,474	124,699,474	15/Sept/21	Half-yearly
ML I/3B	BEI	74,819,685	–	74,819,685	74,819,685	74,819,685	–	74,819,685	74,819,685	15/Jun/22	Half-yearly
ML V/A	BEI	150,000,000	–	150,000,000	150,000,000	150,000,000	–	150,000,000	150,000,000	15/Dec/20	Half-yearly
ML V/B	BEI	80,000,000	–	80,000,000	80,000,000	80,000,000	–	80,000,000	80,000,000	15/Jun/21	Half-yearly
ML V/C	BEI	80,000,000	–	80,000,000	80,000,000	80,000,000	–	80,000,000	80,000,000	15/Jun/22	Half-yearly
Loan CP 175 M EUR	Barclays Bank	175,000,000	175,000,000	–	175,000,000	175,000,000	60,000,000	–	60,000,000	24/Jul/12	Monthly
Loan CP 50 M EUR	BNP Paribas	50,000,000	50,000,000	–	50,000,000	50,000,000	50,000,000	–	50,000,000	08/May/14	Monthly
Loan CP 50 M EUR	Deutsche Bank	–	–	–	–	50,000,000	50,000,000	–	50,000,000	27/Jul/10	Yearly
			296,502,576	1,009,361,679	1,305,864,255		199,701,752	1,080,864,255	1,280,566,007		
Other loans obtained:											
Schuldschein	ABN AMRO	300,000,000	–	300,000,000	300,000,000	300,000,000	–	300,000,000	300,000,000	22/Jul/24	Maturity
				300,000,000	300,000,000		–	300,000,000	300,000,000		
Credit lines:											
	BNP Paribas	100,000,000	83,059,805	–	83,059,805	100,000,000	49,932,606	–	49,932,606	30/Sept/11	Rollover
	Millenium BCP	2,057,393	2,057,393	–	2,057,393	–	–	–	–	31/Mar/11	Rollover
	Bilbao Vizcaya	41,880,689	41,233,268	–	41,233,268	58,178,508	41,233,268	–	41,233,268		
	Amro Bank	0	–	–	–	5,645,504	5,645,504	–	5,645,504	30/Jun/10	Rollover
			126,350,466	–	126,350,466		96,811,378	–	96,811,378		
Total loans obtained			430,584,409	2,633,018,516	3,063,602,925		304,244,497	2,627,252,459	2,931,496,956		

The “Private Placement” debenture loan was contracted on 07 October 1996 for a period of twenty years, with a USD/PTE swap for the total final amount of the issue. The refund is made in equal instalments from the tenth year onwards.

The debenture loan “Metro 2019” was taken out on 04 February 2009 for a period of ten years at a fixed rate and with the personal guarantee of the State. The applicable law is Portuguese law.

The debenture loan “Metro 2027” was taken out on 07 December 2007 for a period of twenty years. It is a bullet loan at 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.

The issue was listed in Euronext Lisbon.

In the year ending on 31 December 2010, the Company contracted a debenture for the sum of 85,000,000 euros, for a period of fifteen years, with the personal guarantee of the State. The applicable law is Portuguese law.

On 31 December 2010, these debenture loans, classified as non-current, had the following amortisation plan:

Years	Amount
2012	7,731,367
2013	7,731,367
2014	7,731,367
2015	7,731,367
2016 and following	1,292,731,369
	1,323,656,837

The parcel of bank loans classified as non-current have the following repayment plan:

Years	Amount
2012	71,502,576
2013	71,502,576
2014	71,502,576
2015	71,502,576
2016 and following	1,023,351,375
	1,309,361,679

With the exception of the loans classified as current and obtained from Barclays Bank, BNP Paribas (a line of 50 million and of 100 million), Millennium BCP, Banco Bilbao Vizcaya and Amro Bank, at 175,000,000 euros, 50,000,000 euros and 83,059,805 euros, 2,057,393 euros, 41,233,268 euros, respectively, all loans have the guarantee of the Portuguese State. However, these were contracted in order to finance the investments made on behalf of the State and they were related with the ILD item.

On 31 December 2010 and 2009, the financings obtained which have associated covenants, in particular those associated with the rating of the Portuguese Republic or with detention clauses are broken down as follows:

Contract	Amount owed on 31/12/2010	Term	Guarantees	Pari Passu	Holding clause	Rating	Cross default	Other relevant clauses
BNP Paribas	50,000,000	08 May 2014	Yes – under the terms stated in Annex A	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	N/a
Barclays Bank	175,000,000	36 months	Yes – see 8. above	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	N/a
BEI – ML A	21,822,150,44	05 December 2017	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML B	17,849,737,08	15 September 2012	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/2	155,579,594,03	15 September 2019	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II	44,891,810,67	15 December 2019	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML III	53,038,843,05	15 June 2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II/B	66,506,386,4	15 December 2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/3	124,699,474,25	15 September 2021	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML I/3B	74,819,684,56	15 September 2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML II/C	42,065,289,33	15 June 2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML IV	169,591,285	15 September 2018	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/A	150,000,000	15 December 2020	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/B	80,000,000	15 June 2021	No	No	No	No	Yes	Guarantee of Portuguese Republic
BEI – ML V/C	80,000,000	15 June 2022	No	No	No	No	Yes	Guarantee of Portuguese Republic
Schuldschein Loan Agreement signed with ABN Amro Bank, NV on 20 July 2004, subject to German law and the courts of Frankfurt am Main	300,000,000	20 July 2024	Yes (cf. Annex D)	Yes	No	No	Yes	Guarantee of Portuguese Republic / Non-substantial change of nature or object of the enterprise
Schuldschein Loan Agreement signed with Goldman Sachs Bank (Europe) Plc on 10 July 2009, subject to German law and the courts of Frankfurt am Main	100,000,000	10 July 2016	Yes	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Negative Pledge / Non-substantial change of nature or object of the enterprise

Contract	Amount owed on 31/12/2010	Term	Guarantees	Pari Passu	Holding clause	Rating	Cross default	Other relevant clauses
Schuldschein Loan Agreement signed with Goldman Sachs Bank (Europe) Plc on 22 July 2009, subject to German law and the courts of Frankfurt am Main	50,000,000	24 July 2016	Yes	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Negative Pledge / Non-substantial change of nature or object of the enterprise
Schuldschein Loan Agreement signed with Deutsche Bank AG and Dexia Sabadell, S.A., Portuguese branch, on 24 July 2009, altered on 28 January 2011, subject to German law and the courts of Frankfurt am Main	150,000,000 (reduced in January 2011 to 50,000,000)	18 July 2014	Yes	Yes	Loss of Public Enterprise status (State participation less than 51%)	(2 notches below A+ by S&P or A3 by Moody's) (this clause was removed in the 2011 amendment)	Yes	Negative Pledge /Contract with guarantee of Portuguese Republic
Metro Issue 2019	400,000,000	2026	No	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Guarantee of Republic / Non-substantial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro Issue 2026	400,000,000	2027	No	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Guarantee of Republic / Non-substantial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro Issue 2025	400,000,000	2019	No	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Guarantee of Republic / Non-substantial change of nature or object of the enterprise / Traded on Euronext Lisbon
Metro Issue 2025	85,000,000	2025	No	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Guarantee of Republic / Non-substantial change of nature or object of the enterprise / Traded on Euronext Lisbon

5.7 Derived financial instruments

As mentioned in Note 3.16, in order to cover the interest rate variation financial risk, the Company contracted interest rate swaps with various banking entities relative to the bank loans related with the ILDs. It is the understanding of the Company Management Board, although they have not been guaranteed by the Portuguese State, that they were contracted under the scope of the durable infrastructure management policy, wherefore they are recorded under "Durable infrastructure investment activities".

On 31 December 2010, the swap contract related with ILDs and the fair value of same, determined by an independent body other than that which these were contracted, is broken down as follows:

Bank loans			Date			Capital covered 31/12/2010			Fair value		
Name		Entity	Swap	Initial	Final	Capital	Inc. Capital (BEI)	Total ass. financing	31/12/2010	31/12/2009	Variation
B E I (ML A)		BBVA	02/02/2006	05/12/2005	15/12/2017						
B E I (ML A)		M LYNCH	16/07/2010	15/06/2010	15/12/2017						
						21,071,254	750,896	21,822,150	38,976	533,340	(494,364)
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th DISBURSEMENTS	BST	18/10/2005	15/09/2005	15/09/2012	–	–	–	169,199	185,762	(16,563)
B E I (ML B)	1st, 2nd, 3rd, 4th, 5th DISBURSEMENTS	BARCLAYS	11/07/2008	15/09/2007	15/09/2012	12,469,947	–	12,469,947	(152,137)	(310,927)	158,790
B E I (ML B)	6th DISBURSEMENT	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	64,607	138,500	(73,893)
B E I (ML B)	6th DISBURSEMENT	BARCLAYS	06/12/2007	15/09/2007	15/09/2012	5,344,263	–	5,344,263	(39,315)	78,177	(117,492)
						17,814,210	–	17,814,210	42,354	91,512	(49,158)
B E I (ML I/2)	1st, 4th, 5th, 7th, 8th DISBURSEMENTS	DBI	26/03/2010	15/03/2010	15/09/2019	88,287,228	–	88,287,228	54,751	89,603	(34,852)
B E I (ML I/2)	2nd, 3rd and 6th DISBURSEMENTS	BST	30/03/2006	15/03/2006	15/09/2019	52,373,779	–	52,373,779	(1,348,508)	(324,607)	(1,023,901)
						140,661,007	–	140,661,007	(1,293,757)	(235,004)	(1,058,753)
B E I (ML II)	4th DISBURSEMENT	JP MORGAN	12/02/2012	15/06/2008	15/12/2019	17,956,724	–	17,956,724	484,395	1,478,504	(994,109)
B E I (ML II)	2nd and 3rd DISBURSEMENTS	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	(742,132)	(1,120,975)	378,843
B E I (ML II)	2nd and 3rd DISBURSEMENTS	RBS	16/01/2009	15/12/2008	15/12/2019	17,956,724	–	17,956,724	920,860	1,298,335	(377,475)
B E I (ML II)	1st DISBURSEMENT	BNPP	26/11/2008	15/09/2008	15/12/2019	8,978,362	–	8,978,362	(112,551)	96,797	(209,348)
						44,891,810	–	44,891,810	550,572	1,752,661	(1,202,089)
B E I (ML III)	1st and 4th DISBURSEMENTS	M LYNCH	26/09/2003	15/12/2003	15/06/2011	–	–	–	97,361	308,603	(211,242)
B E I (ML III)	1st and 4th DISBURSEMENTS	BBVA	02/02/2006	15/12/2005	15/06/2020	–	–	–	–		–
B E I (ML III)	1st and 4th DISBURSEMENTS	M LYNCH	16/07/2010	15/06/2010	15/06/2020	22,113,373	–	22,113,373	815,799	2,071,872	(1,256,073)
B E I (ML III)	2nd and 3rd DISBURSEMENTS	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	(519,134)	(779,193)	260,059
B E I (ML III)	2nd and 3rd DISBURSEMENTS	BARCLAYS	06/12/2007	15/09/2007	15/06/2020	12,636,213	–	12,636,213	(6,863)	371,312	(378,175)
						34,749,586	–	34,749,586	387,163	1,972,594	(1,585,431)
B E I (ML II/B)	1st, 2nd, 3rd, 4th DISBURSEMENTS	DBI	11/02/2008	15/12/2007	15/12/2020	66,506,386	–	66,506,386	(564,271)	(161,348)	(402,923)
B E I (ML I/3)	1st, 2nd, 3rd, 4th, 5th DISBURSEMENTS	SG	14/09/2010	15/03/2010	15/09/2021	91,446,281	33,253,193	124,699,474	(24,141,968)	1,022,416	(25,164,384)

Bank loans			Date			Capital covered 31/12/2010			Fair value		
Name		Entity	Swap	Initial	Final	Capital	Inc. Capital (BEI)	Total ass. Financing	31/12/2010	31/12/2009	Variation
B E I (ML I/3-B)	1st, 2nd DISBURSEMENTS	BNPP	19/05/2009	15/03/2009	15/06/2022	26,768,820	–	26,768,820	(9,909,856)	(8,622,502)	(1,287,354)
B E I (ML I/3-B)	3rd DISBURSEMENT	BST	31/07/2002	15/03/2003	15/03/2012	–	–	–	(1,277,206)	(1,897,446)	620,240
B E I (ML I/3-B)	3rd DISBURSEMENT	BARCLAYS	08/12/2006	15/09/2007	15/06/2022	30,592,938	–	30,592,938	121,504	1,120,567	(999,063)
						57,361,758	–	57,361,758	(11,065,558)	(9,399,381)	(1,666,177)
B E I (ML II/C)	1st, 2nd DISBURSEMENTS	BNPP	15/09/2009	15/03/2009	15/06/2012	42,065,289	–	42,065,289	(15,572,630)	(13,542,243)	(2,030,387)
B E I (ML IV)	1st, 2nd, 3rd, 4th and 5th DISBURSEMENTS	BES INV	11/02/2010	15/12/2009	15/09/2018	135,673,028	33,918,257	169,591,285	(5,547,367)	(2,023)	(5,545,344)
B E I (ML V/A)	1st, 2nd, 3rd and 4th DISBURSEMENTS	DBI	20/04/2009	15/03/2009	15/12/2020	150,000,000	–	150,000,000	(14,313,061)	(6,108,358)	(8,204,703)
B E I (ML V/B)	1st, 2nd, 3rd DISBURSEMENTS	BARCLAYS	10/07/2008	15/06/2008	15/06/2021	80,000,000	–	80,000,000	15,942,362	55,948	15,886,414
B E I (ML V/C)	1st DISBURSEMENT	BST	26/05/2003	16/06/2003	15/06/2022	–	–	–	(3,127,159)	(1,978,455)	(1,148,704)
B E I (ML V/C)	1st DISBURSEMENT	BNPP	14/02/2006	15/12/2005	15/06/2022	–	–	–	4,254,257	–	4,254,257
B E I (ML V/C)	1st DISBURSEMENT	JP MORGAN	31/05/2007	15/12/2006	15/06/2022	40,000,000	–	40,000,000	2,202,107	–	2,202,107
B E I (ML V/C)	2nd DISBURSEMENT	BNPP	26/11/2008	15/09/2008	15/06/2022	40,000,000	–	40,000,000	927,013	2,393,920	(1,466,907)
						80,000,000	–	80,000,000	4,256,218	415,465	3,840,753
BEI (REEST-REVESIBLE FIXED RATES)		BST	09/03/2006	15/03/2006	15/09/2012	34,583,321	–	34,583,321	(318,117)	(646,741)	328,624
BEI (REEST-INC CAPITAL)	TRANCHE A	C SUISSE	03/06/2008	15/03/2008	15/06/2022	59,311,821	–	59,311,821	(40,948,661)	(34,633,616)	(6,315,045)
BEI (REEST-INC CAPITAL)	TRANCHE B	BST	31/05/2007	15/03/2007	15/06/2022	–	–	–	(15,186,335)	10,447,295	(25,633,630)
BEI (REEST-INC CAPITAL)	TRANCHE B	JP MORGAN	15/07/2009	15/03/2010	15/06/2022	–	–	–	(5,187,218)	(20,858,315)	15,671,097
BEI (REEST-INC CAPITAL)	TRANCHE B	CAIXA BI	16/07/2009	15/03/2010	15/06/2022	29,655,911	–	29,655,911	(5,187,218)		(5,187,218)
BEI (REEST-INC CAPITAL)	TRANCHE C	DBI	26/03/2010	15/03/2010	15/06/2022	29,655,911	–	29,655,911	5,683,335	2,412,608	3,270,727
						118,623,643	–	118,623,643	(60,826,097)	(42,632,027)	(18,194,070)
A B N (SCHULDSCHEIN)	TRANCHE A	MORGAN STANLEY	08/07/2008	22/07/2010	22/07/2024	–	–	–	(12,710,614)	(7,703,711)	(5,006,903)
A B N (SCHULDSCHEIN)	TRANCHE A	C SUISSE	25/02/2010	22/07/2006	22/07/2024	100,000,000	–	100,000,000	6,624,737	3,069,333	3,555,404
A B N (SCHULDSCHEIN)	TRANCHE B	SG	10/09/2010	22/07/2010	22/07/2024	100,000,000	–	100,000,000	(26,603,242)	(4,591,215)	(22,012,027)
A B N (SCHULDSCHEIN)	TRANCHE C	BST	55/02/2005	22/07/2005	22/07/2024	–	–	–	(12,263,611)	(7,775,508)	(4,488,103)
A B N (SCHULDSCHEIN)	TRANCHE C	C SUISSE	03/03/2010	22/07/2006	22/07/2024	100,000,000	–	100,000,000	(480,579)	1,127,021	(1,607,600)
						300,000,000	–	300,000,000	(45,433,309)	(15,874,080)	(29,559,229)

Bank loans		Date			Capital covered 31/12/2010			Fair value		
Name	Entity	Swap	Initial	Final	Capital	Inc. Capital (BEI)	Total ass. financing	31/12/2010	31/12/2009	Variation
MERRILL LYNCH	M LYNCH	16/07/2010	15/04/2010	15/10/2016	46,388,204	–	46,388,204	(682,402)	(672,448)	(9,954)
					–	–	–	5,904,577	–	5,904,577
					46,388,204	–	46,388,204	5,222,175	(672,448)	5,894,623
DEBENTURE LOAN 2026	BARCLAYS	16/05/2008	04/12/2007	04/12/2026	100,000,000	–	100,000,000	(209,906)	(188,739)	(21,167)
DEBENTURE LOAN 2026	JP MORGAN	29/11/2010	04/12/2009	04/12/2026	100,000,000	–	100,000,000	(26,978,018)	(104,870,832)	77,892,814
DEBENTURE LOAN 2026	BBVA	15/12/2006	04/12/2006	04/12/2026	70,000,000	–	70,000,000	(4,264,833)	(75,315)	(4,189,518)
DEBENTURE LOAN 2026	M LYNCH	16/07/2010	04/12/2009	04/12/2026	30,000,000	–	30,000,000	466,963	–	466,963
DEBENTURE LOAN 2026	CGD	16/07/2010	04/12/2009	04/12/2026	30,000,000	–	30,000,000	5,528,035	(14,966,401)	20,494,436
DEBENTURE LOAN 2026	C SUISSE	29/03/2010	04/12/2009	04/12/2026	70,000,000	–	70,000,000	5,528,035	(25,164)	5,553,199
DEBENTURE LOAN 2026	BARCLAYS	17/05/2007	04/12/2006	04/12/2026	200,000,000	–	200,000,000	16,820,497	80,415	16,740,082
DEBENTURE LOAN 2026	JP MORGAN	06/07/2010	04/12/2009	04/12/2026	170,000,000	–	170,000,000	(27,896)	–	(27,896)
DEBENTURE LOAN 2026	JP MORGAN	29/11/2010	04/12/2009	04/12/2026	30,000,000	–	30,000,000	4,868,730	–	4,868,730
DEBENTURE LOAN 2026	BARCLAYS	15/05/2009	04/12/2009	04/12/2026	100,000,000	–	100,000,000	(90,738,160)	(1,918,891)	(88,819,269)
DEBENTURE LOAN 2026	CAIXA BI	28/04/2010	04/12/2009	04/12/2026	100,000,000	–	100,000,000	(9,013,841)	7,537,828	(16,551,669)
DEBENTURE LOAN 2026	DBI	26/03/2010	04/12/2009	04/12/2026	70,000,000	–	70,000,000	(39,234,478)	76,476	(39,310,954)
DEBENTURE LOAN 2026	DBI	27/07/2009	04/12/2009	04/12/2026	70,000,000	–	70,000,000	5,295,281	(358,144)	5,653,425
					1,140,000,000	–	1,140,000,000	(131,959,591)	(114,708,768)	(17,250,823)
DEBENTURE LOAN 2027	BARCLAYS	20/12/2007	07/12/2007	07/12/2022	200,000,000	–	200,000,000	(347,573)	(424,530)	76,957
DEBENTURE LOAN 2027	JP MORGAN	07/12/2007	07/12/2007	07/12/2022	100,000,000	–	100,000,000	(141,285)	(137,001)	(4,284)
DEBENTURE LOAN 2027	BNPP	28/04/2010	07/12/2009	07/12/2022	100,000,000	–	100,000,000	(7,870,272)	29,945,808	(37,816,080)
					400,000,000	–	400,000,000	(8,359,130)	29,384,277	(37,743,407)
DEBENTURE LOAN 2019	BARCLAYS	28/01/2009	04/02/2009	04/02/2019	400,000,000	–	400,000,000	11,670,851	(440,867)	12,111,718
DEBENTURE LOAN 2019	CITIBANK	15/01/2010	04/02/2010	04/02/2019	100,000,000	–	100,000,000	(257,448)	–	(257,448)
					500,000,000	–	500,000,000	11,413,403	(440,867)	11,854,270
DEBENTURE LOAN 2030	BARCLAYS	30/12/2010	30/12/2010	30/12/2030	300,000,000	–	300,000,000	(17,872,027)	–	(17,872,027)
					3,801,835,777	67,922,346	3,869,758,123	(299,413,660)	(169,195,074)	(130,218,586)

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. The fair value of derived financial instruments has no impact on the balance in the "Durable infrastructure investment activities" item given that the corresponding asset is intrinsically considered in this item, offsetting the net loss effect of these swaps on 31 December 2010.

6. Fixed tangible assets

During the years ending on 31 December 2010 and 2009, the book value entries in Company fixed tangible assets, as well as the respective accumulated amortisations and accumulated impairment losses were as follows:

2010	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other fixed tangible assets	Tangible fixed assets in progress	Total
Assets:								
Initial balance	24,285,925	251,242,072	494,721,270	1,115,553	25,539,042	23,817,442	3,907,197	824,628,501
Aquisitions	1,620	4,652	406,576	115,540	144,964	821,489	1,276,602	2,771,443
Sales	–	–	(313,112)	(13,000)	(7,479)	–	–	(333,591)
Transfers	–	–	2,724,618	–	26,820	–	(2,751,438)	–
Write-offs	–	–	(9,852)	–	(61,194)	(12,367)	–	(83,413)
Final balance	24,287,545	251,246,724	497,529,500	1,218,093	25,642,153	24,626,564	2,432,361	826,982,940
Accumulated amortisation and impairment losses:								
Initial balance	–	137,873,145	284,084,867	992,391	24,112,142	7,627,106	–	454,689,651
Amortisation during the year	–	10,856,068	19,773,568	67,562	563,474	888,385	–	32,149,057
Sales	–	–	(206,226)	(6,501)	(4,499)	–	–	(217,226)
Write-offs	–	–	(9,195)	–	(60,158)	(12,073)	–	(81,426)
Final balance	–	148,729,213	303,643,014	1,053,452	24,610,959	8,503,418	–	486,540,056
Net assets	24,287,545	102,517,511	193,886,486	164,641	1,031,194	16,123,146	2,432,361	340,442,884

The increase seen in the year ending on 31 December 2010 in the "Basic Equipment" item, at the sum of 406,576 euros, is essentially with regard to the acquisition of mobile radio stations.

The increase seen in 2010 in the "Fixed assets in progress" item includes 581,911 euros relative to expenses with the Plago System – Resource Planning and Operation Management System, 468,084 euros relative to the acquisition of Tetra mobile and portable radios for Rolling Stock and 265,472 euros in expenses with the acquisition of equipment for communications management for the Operation Control Centre.

Transfers occurred during 2010 to the "Basic equipment" item, to the sum of 2,724,618 euros, essentially include 825,305 euros referent to centralised station video surveillance equipment, 455,804 euros relatives to upgrading the information panels at the stations and 242,843 euros related with the S2000 access control system.

	2009							
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other fixed tangible assets	Tangible fixed assets in progress	Total
Assets:								
Initial balance	24,285,925	251,016,435	492,519,251	1,020,419	25,355,551	23,884,660	2,988,971	821,069,593
Aquisitions	1,620	11,299	1,576,712	117,691	172,758	35,489	1,918,763	3,834,331
Sales	–	–	(25,838)	(22,557)	(505)	–	–	(48,900)
Transfers	–	214,338	653,034	–	52,028	(81,137)	(838,263)	–
Write-offs	–	–	(1,889)	–	(40,790)	(21,570)	(162,274)	(226,523)
Final balance	24,285,925	251,242,072	494,721,270	1,115,553	25,539,042	23,817,442	3,907,197	824,628,501
Accumulated amortisation and impairment losses:								
Initial balance	–	126,972,908	264,217,381	1,000,847	23,246,864	6,583,104	–	422,021,104
Amortisation during the year	–	10,900,237	19,895,213	14,100	905,591	1,046,708	–	32,761,849
Sales	–	–	(25,838)	(22,556)	(155)	(2,706)	–	(51,255)
Write-offs	–	–	(1,889)	–	(40,158)	–	–	(42,047)
Final balance	–	137,873,145	284,084,867	992,391	24,112,142	7,627,106	–	454,689,651
Net assets	24,285,925	113,368,927	210,636,403	123,162	1,426,900	16,190,336	3,907,197	369,938,850

The increase occurring in the year ending on 31 December 2009 in the "Basic equipment" item, at the amount of 1,576,712 euros essentially refers to the acquisition of sales and ticket monitoring equipment installed in the new stations on the Alameda/S. Sebastião extension.

The increase occurring in 2009 in "Fixed tangible assets in progress", includes the amount of 1,085,011 euros, referring to expenditure on the Plago System – Resource Planning and Operation Management System.

Transfers and write-offs occurring during 2009 for the "Basic equipment" item, at the amount of 651,145 euros, essentially refer to the transfer from "Fixed assets in progress", of an automatic machine for washing trains and a system for controlling access to the vault rooms.

During the years ending on 31 December 2010 and 2009, the Company capitalised the following financial charges relating to loans obtained to finance fixed assets under construction and departmental costs, as follows:

	2010	2009
Capitalised costs:		
Loan costs	84,194	75,960
Departmental costs	-	87,671
	84,194	163,631

Amortisations for the year, at the amount of 32,149,057 euros (32,761,849 euros in 2009), were recorded under "Depreciation and amortisation costs/reversals" in the income statement.

7. Leases

Financial leases

As referred to in note 3.5. the Company records assets leased under financial lease regimes under tangible assets (Note 6). As at 31 December 2010 and 2009, the Company is the lessee in financial lease contracts related essentially with the acquisition of 55 triple traction units and a photocopier, recorded under "Fixed tangible assets – basic equipment" and "Fixed tangible assets – office equipment", respectively.

Goods held under a financial lease regime during the year ending on 31 December 2010 and 2009 are broken down as follows:

	2010			2009
	Gross amount	Accumulated amortisation	Net amount	Net amount
Basic equipment	305,858,686	145,755,164	160,103,522	171,027,130
Office equipment	8,777	5,561	3,216	4,972
	305,867,463	145,760,725	160,106,738	171,032,102

Financial lease instalments for the triple traction units pay annual interest rates of between 3.328% and 5.567%.

The capital owed on financial leases on 31 December 2010 and 2009 is broken. Financial lease rents down as follows:

	2010	2009
	Capital owed (Note 18)	
Up to 1 year	18,306,283	17,383,628
Between 1 year and 5 years	80,327,221	80,327,221
More than 5 years	32,057,524	50,361,984
	130,691,028	148,072,833

Operating leases

On 31 December 2010, the Company had responsibilities with ten operating lease contracts with TREM, A.C.E. and TREM II, A.C.E. (Note 9) and Hewlett-Packard International Bank, not recognised in the balance sheet (Note 3.5) at the amount of 240,572,570 euros (Note 17).

The minimum payments for operating leases in 2010 and 2009 are broken down as follows:

	2010	2009
	Non-cancellable minimum payments	
Up to 1 year	7,863,758	10,741,259
Between 1 year and 5 years	74,082,390	74,082,390
More than 5 years	158,626,402	173,442,880
	240,572,550	258,266,529

8. Investment properties

Entries under the “Investment properties” item on 31 December 2010 and 2009 were as follows:

	31/12/2010				31/12/2009				
	Gross amount	Accumulated amortisation	Accumulated impairment losses	Net amount	Gross amount	Accumulated amortisation	Accumulated impairment losses	Net amount	Fair value
Property rented to third parties	3,555,595	1,140,467	2,009,042	406,086	3,555,595	1,069,333	2,072,626	413,636	413,636
	3,555,595	1,140,467	2,009,042	406,086	3,555,595	1,069,333	2,072,626	413,636	413,636

The investment properties held by the Company refer to 35 building in the Lisbon metropolitan area, for rehousing of low income families that are affected by the network expansion programme. They are being amortised for a period of fifty years.

The fair value of the investment properties was determined by the difference between the expected cash flows from rents on lease contracts signed, as stated in Note 3.6, and the estimated costs (in particular, municipal property tax and condominium and maintenance costs) until the term of said contracts. On 31 December 2010 and 2009, the following income and costs related with investment properties were recognised:

	31/12/2010				31/12/2009			
	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income
Property rented to third parties	23,984	10,406	71,133	(57,555)	23,768	10,413	71,133	(57,778)
	23,984	10,406	71,133	(57,555)	23,768	10,413	71,133	(57,778)

Amortisation for the years ending on 31 December 2010 and 2009, at the sum of 71,133 euros, were recorded under “Depreciation and amortisation costs/reversals”.

9. Financial investments

On 31 December 2010 and 2009, the Company showed the following investments in subsidiaries, associates and other companies:

2010

	Head office	Assets	Liabilities	Equity		Total income	Net income		% held	Proportion in income	Amount recorded	Share held	
Subsidiaries:													
Ferconsult, S.A.	Lisbon	19,320,571	13,225,464	6,095,107		12,416,491	(2,836,702)		100.00%	(2,836,702)	(2,836,702)	6,095,107	b)
Metrocom, S.A.	Lisbon	2,307,084	1,614,030	693,053		3,089,289	126,236		80.00%	100,989	100,989	554,442	b)
Associated companies:													
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	7,694,788	7,554,324	140,465		2,289,021	(367,246)		40.00%	(146,898)	(146,898)	56,186	
Fernave, S.A.	Lisbon	2,355,707	6,136,161	(3,800,454)		2,363,204	(2,103,490)		20.00%	(420,698)	–	–	
Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	4,540,693	4,368,514	172,179		6,348,360	172,179		5.00%	8,609	8,609	8,609	
Total investments in subsidiaries and associated companies												6,714,345	
Investments in other companies:													
Edel – Empresa Editorial, Lda.	Lisbon	c)	c)	c)		c)	c)		c)	c)	c)	20	a)
GIL – Gare Intermodal de Lisboa, S.A.	Lisbon	78,248,158	87,176,815	(8,928,657)		5,377,667	(1,128,564)		16.00%	(180,570)	–	–	
GIL – Gare Intermodal de Lisboa, S.A. – loans (Note 32)	Lisbon	N/a	N/a	N/a		N/a	N/a		N/a	N/a	N/a	4,819,621	
Otlis, A.C.E.	Lisbon	7,461,271	5,260,134	1,901,137		5,092,513	352,875		14.29%	50,408	50,408	271,577	
TREM, A.C.E.	Lisbon	17,858,848	78,073,468	(8,079,936)	d)	2,961,543	(1,360,221)	d)	0.01%	(122)	–	–	
TREM II, A.C.E.	Lisbon	48,167,241	173,714,152	(14,050,253)	d)	5,810,554	(3,295,320)	d)	0.01%	(297)	–	–	
Total investments in other companies												5,091,218	
Total												11,805,563	

a) Financial information not audited as at 31 December 2009.
b) Entities being consolidated by the comprehensive method in the Company's consolidated financial statemens.
c) Information not available.
d) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

	2009									
	Head office	Assets	Liabilities	Equity	Total income	Net income	% held	Proportion in income	Amount recorded	Share held
Subsidiaries:										
Ferconsult, S.A.	Lisbon	24,275,107	15,343,298	8,931,809	19,037,153	1,395,834	100.00%	1,395,834	1,395,834	8,931,809
Metrocom, S.A.	Lisbon	2,347,585	1,780,768	566,817	3,183,063	146,075	80.00%	116,860	116,860	453,454
Associated companies:										
Publimetro – Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	5,278,758	4,771,047	507,711	3,049,147	211,013	40.00%	84,405	84,405	203,084
Fernave, S.A.	Lisbon	2,718,068	4,407,755	(1,689,687)	3,579,409	(1,851,863)	20.00%	(370,373)	–	–
Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	3,946,842	3,900,012	46,830	4,938,308	46,830	5.00%	2,342	2,342	2,342
Total investments in subsidiaries and associated companies										9,690,689
Investments in other companies:										
Edel – Empresa Editorial, Lda.	Lisbon	a)	a)	a)	a)	a)	a)	a)	a)	20
GIL – Gare Intermodal de Lisboa, S.A.	Lisbon	79,676,321	87,105,296	(7,428,975)	5,380,190	(1,905,571)	16.00%	(304,891)	–	–
GIL – Gare Intermodal de Lisboa, S.A. – loans (Note 32)	Lisbon	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	1,500,000
Otlis, A.C.E.	Lisbon	6,038,051	3,513,532	2,524,519	4,812,817	390,166	14.29%	55,735	55,735	360,627
TREM, A.C.E.	Lisbon	20,738,804	80,493,232	(6,719,715) b)	3,898,124	(1,529,517) b)	0.01%	(138)	–	–
TREM II, A.C.E.	Lisbon	56,449,889	178,619,681	(10,754,935) b)	8,254,712	(3,408,144) b)	0.01%	(307)	–	–
Total investments in other companies										1,860,647
Total										11,451,336

a) Information not available.
b) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

On 31 December 2010, the financial investment held by the Company in the subsidiary, Ferconsult, S.A., was recorded by the equity method. It made a loss during the 2010 financial year to the amount of 2,836,702 euros, which was recognised in the income statement under "Gains/losses in subsidiaries, associates and affiliates".

The Company's financial investment in the affiliate, GIL – Gare Intermodal de Lisboa, S.A., is recorded at nil, given that the Management Board believes that despite the current economic situation of this associate, which according to financial information on 31 December 2010 showed accumulated losses of 8,928,657 euros, there will be no additional losses for the Company.

In addition, during the year ending on 31 December 2010, the Company made loans to this entity, to the sum of 3,319,621 euros, under the scope of the shareholder loan contract established. The Company did not recognise any impairment losses relative to this sum as the Management Board believes that it will be realised in the future.

Entries into financial investments held by the Company during 2010 and 2009 were as follows:

	2010		
	Equity method	Cost	Total
Financial holdings:			
Initial balance	9,951,316	1,812,366	11,763,682
Application of equity method	(2,823,594)	–	(2,823,594)
Dividends	(2,342)	–	(2,342)
Other changes in equity – subsidies	(139,458)	–	(139,458)
Loan increases – GIL	–	3,319,621	3,319,621
Winding-up	–	–	–
Other changes	21	(20)	1
Final balance	6,985,942	5,131,967	12,117,909
Impairment losses:			
Initial balance	–	(312,346)	(312,346)
Reversals of impairment losses	–	–	–
Final balance	–	(312,346)	(312,346)
Net assets	6,985,942	4,819,621	11,805,563

	2009		
	Equity method	Cost	Total
Financial holdings:			
Initial balance	9,845,487	335,231	10,180,718
Application of equity method	1,655,176	–	1,655,176
Dividends	(450)	–	(450)
Other changes in equity – subsidies	294,917	–	294,917
Loan impairment losses – Fernave	(1,844,013)	–	(1,844,013)
Loan increases – GIL	–	1,500,000	1,500,000
Winding-up	–	(18,060)	(18,060)
Other changes	199	(4,805)	(4,606)
Final balance	9,951,316	1,812,366	11,763,682
Impairment losses:			
Initial balance	–	(312,346)	(312,346)
Reversals of impairment losses	–	–	–
Final balance	–	(312,346)	(312,346)
Net assets	9,951,316	1,500,020	11,451,336

During the years ending on 31 December 2010 and 2009, and as a result of the Company having signed a Share Transfer Promissory Contract with Refer and CP in 2009, establishing the sale for 1 euro of the 20% share in Fernave, the Company does not have to take on any additional responsibility for accumulated losses in that affiliate. On 31 December 2010 and 2009, these losses reached 760,091 euros and 337,937 euros, respectively. In addition, as a result of this agreement, during 2009, the Company proceeded with cancellation of that affiliate's account receivable relative to the loan granted during the year, to the sum of 1,844,013 euros.

Entries in 2009 and 2010 in "Other changes in equity – subsidies" to the amount of (139,458) euros and 294,917 euros, respectively, arise from entries into this item of capital from the affiliate, Otlis.

As a result of the winding up and liquidation of the affiliate Sotrans, in 2009, the Company cancelled the financial investment, corresponding to a holding in the company, which was 18,060 euros.

10. Derivatives

The balance in the "Derivatives" item on 31 December 2010 and 2009, corresponds to the fair value of swap contracts, determined by an independent body, other than that with which these were contracted, and are broken down as follows:

Bank loans		Date				Fair value				
						31/12/2010		31/12/2009		
Name	Entity	Swap	Initial	Final	Capital	Assets	Liabilities	Assets	Liabilities	Variation
GOLDMAN SACHS (SCHULDSCHEIN)	GSI	09/07/2009	21/07/2009	21/07/2016	71,042,080	–	(8,094,816)	1,594,856	–	(9,689,672)
GOLDMAN SACHS (SCHULDSCHEIN)	GSI	21/07/2009	24/07/2009	24/07/2016	50,000,000	–	(5,604,700)	–	(14,100)	(5,590,600)
DB EXPORT/95	BST	26/02/2003	15/06/2003	30/12/2013	33,515,108	–	(1,417,367)	–	(1,493,889)	76,522
DB EXPORT/97	BST	26/02/2003	15/06/2003	30/12/2015	33,791,868	–	(1,752,852)	–	(1,544,330)	(208,522)
BSN-CGD (US LEASE)	BST	22/09/2005	01/07/2005	01/01/2019		–	(33,155,300)	–	(22,613,094)	(10,542,206)
BSN-CGD (US LEASE)	JP MORGAN	15/07/2009	01/07/2009	01/01/2019	63,382,229	4,715,062	–	9,770,432	–	(5,055,369)
BSN-CGD (US LEASE)	CAIXA BI	16/07/2009	01/07/2009	01/01/2019		4,715,062	–	–	–	4,715,062
TREM I	C SUISSE	25/08/2010	20/03/2007	20/03/2020	77,765,198	–	(5,495,474)	–	(1,733,136)	(3,762,337)
TREM II	C SUISSE	25/08/2010	24/03/2007	24/09/2021	85,515,116	–	(77,715,053)	–	(18,598,011)	(59,117,041)
TREM II (2ª TRANCHE)	BST	06/06/2005	23/09/2005	23/09/2022		12,128,573	–	–	(45,679,042)	57,807,614
TREM II (2ª TRANCHE)	JP MORGAN	19/03/2010	23/09/2009	23/09/2022	87,586,203	–	–	3,442,411	–	
TREM II (2ª TRANCHE)	JP MORGAN	19/03/2010	23/09/2009	23/09/2022		–	(9,815,117)	–	(3,719,788)	(3,442,411)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2014	150,000,000	–	(1,317,495)	2,641,117	–	(6,095,329)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2016	25,500,000	158,203	–	313,294	–	(3,958,612)
DEUTSCHE BANK (SCHULDSCHEIN)	DBI	27/07/2009	18/08/2009	18/08/2016	24,500,000	835,950	–	670,761	–	(155,092)
BNP COMERCIAL PAPER		31/05/2007	12/02/2007	11/02/2010					(296,968)	165,189
BNP 07 COMERCIAL PAPER		26/11/2008	10/11/2008	11/02/2010					(459,268)	296,968
						22,552,850	(144,368,172)	18,432,871	(96,151,627)	(44,096,566)

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.

The effect of the variation in the fair value of derivatives in 2010, to the sum of 44,096,566 euros, is recorded under "Fair value increases/reductions".

11. Other financial assets – non-current

On 31 December 2010 and 2009, the item, "Other financial assets – non-current" had the following composition:

	Notes	2010	2009
Term deposits - Wells Fargo Bank		22,854,238	22,576,503
Bank deposits		21,289,146	21,102,807
		44,143,384	43,679,310

The sum of 22,854,238 euros, regarding an additional guarantee the Company had to give in April 2009 at the amount of 22,576,503 euros, in favour of Bank of America Leasing & Capital, LCC, under the scope of the operating lease contract signed for the acquisition of the 24 TUs (traction units), which was guaranteed by the Portuguese State as a result of the fall in rating attributed to the Portuguese Republic, which was reinforced during the year ending on 31 December 2010, by the sum of 277,735 euros, as a result of another fall in rating.

The sum of 21,289,146 euros regards a term deposit earning interest at normal market rates and which serves as collateral for a medium-term loan.

12. Inventories

On 31 December 2010 and 2009, the Company inventories were broken down as follows:

	2010		
	Gross amount	Impairment losses	Net amount
Raw materials, subsidiaries and consumables:			
Materials	820,518	(280,000)	540,518
Tools	38,614	-	38,614
Cleaning products	17,490	-	17,490
Fuel	22,187	-	22,187
Tickets	883,162	-	883,162
Other materials	62,265	-	62,265
	1,844,236	(280,000)	1,564,236

	2009		
	Gross amount	Impairment losses	Net amount
Raw materials, subsidiaries and consumables:			
Materials	697,628	(100,000)	597,628
Tools	35,670	-	35,670
Cleaning products	21,042	-	21,042
Fuel	28,272	-	28,272
Tickets	770,071	-	770,071
Other materials	63,942	-	63,942
	1,616,625	(100,000)	1,516,625

On 31 December 2010 and 2009, the Company had no inventory in the keeping of third parties, nor was any in transit or on consignment on those dates.

Cost of goods sold and raw materials consumed

The cost of goods sold and raw materials consumed recognised in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
	Raw materials, subsidiaries and consumables	
Initial balance	1,616,625	802,580
Purchases	3,459,070	3,574,763
Adjustments	(624,860)	(400)
Final balance	1,844,236	1,616,625
Cost of goods sold and raw materials consumed	2,606,599	2,760,318

Impairment losses

The evolution of accumulated impairment losses in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010			
	Initial balance	Increases	Reversals	Final balance
Goods	100,000	180,000	–	280,000
	100,000	180,000	–	280,000

	2009			
	Initial balance	Increases	Reversals	Saldo final
Goods	50,000	50,000	–	100,000
	50,000	50,000	–	100,000

The increases in impairment losses on inventories in the years ending on 31 December 2010 and 2009 were recorded under "Inventory impairment – (losses/reversals)" in the income statement.

13. Customers and other accounts receivable

On 31 December 2010 and 2009, the Company's accounts receivable had the following composition:

	2010		
	Gross amount	Accumulated impairment	Net amount
Non-current:			
Other accounts receivable	12,455,669	–	12,455,669
	12,455,669	–	12,455,669
Current:			
Customers	5,318,400	(2,755)	5,315,645
Other accounts receivable	37,973,953	(4,614,650)	33,359,303
	43,292,353	(4,617,405)	38,674,948
	55,748,022	(4,617,405)	51,130,617

	2009		
	Gross amount	Accumulated impairment	Net amount
Non-current:			
Other accounts receivable	12,955,669	–	12,955,669
	12,955,669	–	12,955,669
Current:			
Customers	2,054,287	(2,755)	2,051,532
Other accounts receivable	26,767,966	(4,557,315)	22,210,651
	28,822,253	(4,560,070)	24,262,183
	41,777,922	(4,560,070)	37,217,852

Accounts receivable and the distribution between current and non-current are broken down as follows:

	2010		2009	
	Current	Non-current	Current	Non-current
Customers:				
Simtejo	2,216,989	–	–	–
Optimus – Comunicações, S.A.	773,232	–	534,157	–
Ar Telecom	463,383	–	463,383	–
Direcção Geral de Transportes Terrestres	233,649	–	233,649	–
TMN – Telecomunicações Móveis Nacionais, S.A.	239,075	–	234,126	–
C.P. – Caminhos de Ferro Portugueses, E.P.E.	188,309	–	188,310	–
Refer	1,045	–	1,045	–
Group companies, associates and affiliates (Note 31)	47,809	–	–	–
Other	1,154,909	–	399,617	–
	5,318,400	–	2,054,287	–
Impairment of accounts receivable	(2,755)	–	(2,755)	–
	5,315,645	–	2,051,532	–
Other debtors:				
Parque Expo' 98	7,980,766	–	7,980,766	–
Transtejo	2,045,587	12,002,602	2,631,901	12,502,602
C.P. – Caminhos de Ferro Portugueses, E.P.E.	921,737	–	720,016	–
Câmara Municipal do Barreiro	2,658,789	–	2,585,524	–
Câmara Municipal de Lisboa	–	423,105	–	423,105
Rodoviária de Lisboa	1,400,085	–	1,390,822	–
Refer	7,220,274	–	24,835	–
Fare revenue	741,169	–	773,102	–
Staff	902,700	–	569,870	–
Group companies, associates and affiliates (Note 31)	7,294,232	–	7,201,359	–
Other	6,808,614	29,962	3,087,771	29,962
	37,973,953	12,455,669	26,965,966	12,955,669
Impairment of accounts receivable	(4,614,650)	–	(4,755,315)	–
	33,359,303	12,455,669	22,210,651	12,955,669
	38,674,948	12,455,669	24,262,183	12,955,669

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 Red line and respective stations ahead of time. The offset, at a total amount of 9,975,957 euros, was to be paid by Parque Expo'98 during the years 1995 to 1998, at the amounts of 1,995,191 euros, 2,493,990 euros, 2,493,990 euros and 2,992,787 euros, respectively. As a result of this agreement protocol, the Company recorded an account receivable and income to be recognised at the amount of 9,975,957 euros. Up to 31 December 2010, of the total offset, the Company has received 1,995,191 euros relative to the 1995 parcel, having recorded on that date, under "Other accounts receivable" the sum of 7,980,766 euros.

In 1998, with the conclusion of the construction work and beginning of operation of the Red 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 begin operation in this line).

On 29 September 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 euros for the expropriation of the area required for the implementation and construction of the "Gare do Oriente" metro 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 Red line Alameda/S. Sebastião and respective stations, at the amount of 7,082,930 euros and recorded an account payable in "Other accounts payable" for the same amount (Note 23).

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 euros relative to work carried out on behalf of that river terminal entity at Cais do Sodré .

As a result of this contract, Transtejo undertook to pay the Company an annual sum of 1,000,000 euros and, as contracted, this could be reduced to 500,000 euros if that entity so informed the Company. This happened during the year ending on 31 December 2010.

This account receivable earns interest at normal market rates. The amount classified as non-current has the following payment plan:

Year	Amount
2012	1,000,000
2013	1,000,000
2014	1,000,000
2015	1,000,000
2016 and following	8,002,602
	12,002,602

The balance receivable from REFER, at 7,220,274 euros, includes the sum of 6,027,829 euros for expenses with the construction of the river terminal and interface at Cais do Sodré, incurred by the Company on behalf of same.

The Management Board believes that the accounting value of accounts receivable for the year ending on 31 December 2010 is close to its fair value.

Entries into impairment losses during 2010 and 2009 were as follows:

	2010				2009			
	Initial balance	Increases	Reversals	Final balance	Initial balance	Increases	Reversals	Final balance
Impairment of customer receivables	2,755	–	–	2,755	17,909	–	(15,154)	2,755
Impairment of other accounts receivable	4,557,315	57,335	–	4,614,650	4,494,606	62,709	–	4,557,315
	4,560,070	57,335	–	4,617,405	4,512,515	62,709	(15,154)	4,560,070

14. Deferred assets

On 31 December 2010 and 2009, the current assets item "Deferrals" had the following composition:

	2010	2009
Insurance	3,842	45,079
Costs with lease contracts	2,656,502	2,458,394
Financing costs	1,725,061	4,471,428
Work on behalf of third parties	40,654,538	39,566,433
Technical assistance contracts	30,825	32,711
Other	72	22,482
	45,070,840	46,596,526

"Deferred costs – costs with lease contracts", at the amount of 2,656,502 euros, refers to costs incurred with financial and operating lease contracts signed in 1995, 1997, 1999, 2000, 2001 and 2002, which are recorded in the income statement during the lifetime of the respective contracts.

The "Deferred assets – work carried out on behalf of third parties" item essentially includes the amounts of 28,474,843 euros (which includes 1,016,374 euros relative to work carried out on the Transtejo terminal, in Cais Sodré, and 27,458,469 euros relative to work carried out by the Company in Terreiro do Paço which, the Management Board believes, will have to be the object of a protocol to regularise the situation), 9,550,544 euros and 109,371 euros concerning work carried out by the Company on behalf of Lisbon Municipal Council and Refer, respectively.

15.Equity instruments

On 31 December 2010, the fully subscribed and paid-up capital of the Company, which is not represented by a fixed amount, totalled 603,750,000 euros on that date, fully held by the Portuguese State.

During the year ending on 31 December 2010, the amount of 30,120,397 euros was paid-up on the capital increase carried out in 2001 and which had been pending.

16. Government subsidies

During the years ending on 31 December 2010 and 2009, the Company benefited from the following subsidies, not linked to ILDs:

2010	Total amount	Amount received	Revenue from period	Accumulated revenue	Other changes in equity
Subsidies related with assets:					
FEDER – PRODAC	10,942,880	10,942,880	494,838	6,283,869	4,659,011
FEDER – QCA	54,528,374	54,528,374	2,411,393	30,550,340	23,978,035
	65,471,254	65,471,254	2,906,231	36,834,209	28,637,046

2009	Total amount	Amount received	Revenue from period	Accumulated revenue	Other changes in equity
Subsidies related with assets:					
FEDER – PRODAC	10,942,880	10,942,880	494,838	5,789,031	5,153,849
FEDER – QCA	54,528,374	54,528,374	2,411,393	28,138,947	26,389,428
	65,471,254	65,471,254	2,906,231	33,927,978	31,543,277

The subsidies received by the Company under the scope of FEDER – PRODAC 1993 and QCA 1994, are aimed at financing investments made by the Company with regard to the PMO II and PMO III prototypes and at the intermediate series of 17 TUs, a supplementary series of 10 TUs and PMO III.

17. Provisions and contingent liabilities

The evolution of provisions in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010			
	Initial balance	Increases	Reversals	Final balance
Provisions for risks and costs:				
Legal proceedings in progress	109,682	237,852	–	347,534
Interest owed	261,881	–	–	261,881
Expenses with staff	142,971	–	–	142,971
	514,534	237,852	–	752,386
Other provisions:				
Impairment of financial investments	1,572	–	–	1,572
	1,572	–	–	1,572
	516,106	237,852	–	753,958

	2009			
	Initial balance	Increases	Reversals	Final balance
Provisions for risks and costs:				
Legal proceedings in progress	119,645	–	9,963	109,682
Interest owed	261,881	–	–	261,881
Expenses with staff	142,971	–	–	142,971
	524,497	–	9,963	514,534
Other provisions:				
Impairment of financial investments	–	1,572	–	1,572
Other provisions (Note 30)	1,194,336	–	1,194,336	–
	1,194,336	1,572	1,194,336	1,572
	1,718,833	1,572	1,204,299	516,106

Contingent liabilities

On 31 December 2010, compensation had been claimed from the Company totalling 35,194,989 euros, 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 2010, 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 charges under "Durable infrastructure investment activities". During 2010, the Company paid compensation for damages caused by network expansion work, through monetary payments of the sum of 868,413 euros, which was recorded in the balance sheet under "Durable infrastructure investment activities".

Financial commitments not included in the balance sheet

a) Health responsibilities

The Company has been paying benefits to its active staff in relation with health services 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 2010, health costs of 962,977 euros (Notes 3.15 and 28) were recorded, corresponding to the health insurance premiums paid during that year with assets.

b) Commitments with fixed asset suppliers

On 31 December 2010, the Company had undertaken commitments with fixed asset suppliers totalling 130,691,028 euros (Note 18) and 128,691,028 euros, respectively. These commitments are basically with regard to network expansion. In addition, the Company also has ten operating lease contract commitments at the amount of 240,572,570 euros (Note 7).

18. Financings obtained

The breakdown of financings linked with infrastructure management on 31 December 2010 and 2009 is as follows:

		2010			2009				
			Amount used			Amount used			
	Financing entity	Limit	Current	Non-current	Limit	Current	Non-current	Term	Type of amortisation
Financial institutions:									
Bank loans:									
Loan CP 50 M EUR	BNP Paribas	50,000,000	50,000,000	–	–	–	–	09/Aug/12	Maturity
Loan CP 150 M EUR	CGD	150,000,000	65,000,000	–	–	–	–	12/Jul/11	Maturity
Loan CP 50 M EUR	Deutsche Bank	50,000,000	50,000,000	–	–	–	–	26/Jul/11	Yearly
Loan LP 100 M EUR	Goldman Sachs Bank	100,000,000	–	100,000,000	100,000,000	–	100,000,000	21/Jul/16	Maturity
Loan LP 50 M EUR	Goldman Sachs Bank	50,000,000	–	50,000,000	50,000,000	–	50,000,000	24/Jul/16	Maturity
Loan CP/LP 150 M EUR	Deutsche Bank	150,000,000	2,000,000	–	150,000,000	–	150,000,000	18/Aug/14	Maturity
Loan CP/LP 50 M EUR	Deutsche Bank	25,500,000	–	25,500,000	25,500,000	–	25,500,000	18/Aug/16	Maturity
Loan CP/LP 50 M EUR	Deutsche Bank	24,500,000	–	24,500,000	24,500,000	–	24,500,000	18/Aug/16	Maturity
Loan LP 100 M EUR	Santander Totta	100,000,000	100,000,000	–	100,000,000	–	100,000,000	15/Jul/11	Maturity
Loan LP 50 M EUR	BPI	50,000,000	50,000,000	–	50,000,000	–	50,000,000	15/Jul/11	Maturity
Loan LP 20 M EUR	BPI	20,000,000	20,000,000	–	20,000,000	–	20,000,000	15/Jul/11	Maturity
			337,000,000	200,000,000		–	520,000,000		
Credit lines:									
	Santander Totta	30,000,000	26,492,909	–	30,000,000	11,821,421	–	01/Nov/11	Rollover
	Bilbao Vizcaya	18,119,311	18,119,311	–	1,821,492	1,821,492	–	31/Dec/11	Rollover
	Barclays Bank	25,000,000	18,745,269	–	–	–	–	24/Jul/12	Rollover
	Millenium BCP	22,942,607	17,487,050	–	126,694,670	4,746,325	–	31/Mar/11	Rollover
	Amro Bank	–	–	–	94,354,496	9,185,811	–	30/Jun/10	Rollover
			80,844,539	–		27,575,049	–		
Financial leases:									
Loan CP/LP M EUR	D.B.Export - Leases		7,315,356	26,199,752		6,836,207	33,515,108	30/Dec/13	Half-yearly
Loan CP/LP M EUR	D.B.Export - Leases		4,658,903	29,132,966		4,391,463	33,791,868	30/Dec/15	Half-yearly
Loan CP/LP M EUR	Santander Totta		6,332,025	57,052,027		6,155,959	63,382,229	02/Jan/19	Half-yearly
			18,306,283	112,384,745		17,383,628	130,689,205		
Financial charges			(2,498,006)	–		(1,962,228)	–		
Total financial institutions			433,652,816	312,384,745		42,996,449	650,689,205		

On 11 February 2011, the Company had to proceed with the payment of 2,000,000 euros, which was considered in the short-term parcel, to Deutsche Bank, given that it was defaulting on the covenants contracted.

The parcel of bank loans classified as non-current have the following repayment plan:

Year	Amount
2012	-
2013	-
2014	50,000,000
2015	-
2016 and following	150,000,000
	200,000,000

On 29 December 1995 and 30 December 1997, the Company signed two lease contracts with DB EXPORT Leasing Gmbh involving 17 and 14 triple traction units (TUs), respectively. On 31 December 2010, accounts payable to that entity had reached 67,306,977 euros (55,332,718 euros, classified as non-current and 11,974,259 euros as current).

On 31 December 1998, the Company signed a financial lease contract for the acquisition of 24 ML95 TUs at a cost of 124,699,474 euros 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 twenty years and indexed to the six-month EURIBOR minus 0.71%, where the Portuguese State, as holder of 100% of the capital, provided the guarantee. The contract was signed on 06 January 1999. On 31 December 2010, the outstanding amount under this financial lease contract was 63,384.052 euros.

As at 31 December 2010, the Company was using 55 triple traction units and one photocopier under financial lease. The commitments undertaken for the payment of financial lease contract instalments are as follows:

Description	Current	Non-current	Total
55 Traction units (Note 17)	18,306,283	112,384,745	130,691,028
	18,306,283	112,384,745	130,691,028

The parcel classified as non-current has the following repayment plan:

Year	Amount
2012	19,289,884
2013	30,299,778
2014	12,438,276
2015	20,434,276
2016 and following	29,922,531
	112,384,745

Financial lease instalments earn annual interest rates of between 3.328% and 5.567%.

On 31 December 2010, the Company had lines of credit, current accounts and authorise bank overdrafts at the sum of 725,000,000 euros, of which 127,804,995 euros was still to be used.

On 31 December 2010, the financings obtained which have associated covenants, in particular those associated with the rating of the Portuguese Republic or with detention clauses are broken down as follows:

Contract	Amount owed on 31/12/2010	Term	Guarantees	Pari Passu	Holding clause	Rating	Cross default	Other relevant clauses
Santander Totta Bank	26,492,909	01 November 2011	No	No	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
Santander Totta Bank	100,000,000	Within 24 months of signature	No	No	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
Bilbao Vizcaya Argentaria Bank	59,352,579	Valid until termination with 30 days notice from either party	Seizure or attachment of any of its assets, or similar processes	No	Alteration to legal status of the companhy or to its shareholder structure considered relevant to BBVA, in particular if the Portuguese State no longer holds 67% of the share capital of ML	No	No	Guaranteed by blank promissory note
Comercial Português Bank	19,544,443	01 July 2011	Only related with the blank promissory note subscribed by the Company	No	No	No	Yes	Guaranteed by blank promissory note
Banque Nationale de Paris	83,059,805	One year automatically renewable for equal successive periods	Inventory, seizure or freezing of any Company assets	No	Loss of Public Enterprise status (State participation less than 51%)	No	No	n/a
BNP Paribas	50,000,000	09 August 2012	Yes – under the terms mentioned in Annex B	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
Barclays Bank	18,745,269	36 months	In the case of seizure, attachment or any similar measures on any ML assets or rights insofar as such measure determines a material and adverse alteration to the respective solvency	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
Caixa Geral de Depósitos	65,000,000	12 months renewable for equal successive periods	Yes – under the terms mentioned in Annex B	No	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
Deutsche Bank	50,000,000	12 months renewable	Yes – under the terms mentioned in Annex B	No	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
BPI	50,000,000	24 months, can be renewed for equal periods	Yes – under the terms mentioned in Annex B	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	n/a
BPI	20,000,000	24 months, can be renewed for equal periods	Yes – under the terms mentioned in Annex B	Yes	Loss of Public Enterprise status (State participation less than 51%)	No	Yes	Guaranteed by first-degree attachment on the term deposit account balance set up by the company with BPI Bank

19. Post-employment benefits – defined benefit plans

As mentioned in Note 3.15, the Company undertook the commitment to give its employees supplementary retirement benefits covering retirement due to old age, disability and survival pensions. On 31 December 2010, the number of active staff and retired people/pensioners had reached 1,273 and 1,360, respectively (1,297 and 1,343 on 31 December 2009).

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

In the year ending on 31 December 2010, an actuarial assessment was carried out on the assets in the plan and the present value of the commitment and the benefits were defined by an independent body.

According to the actuarial studies as at 31 December 2010 and 2009, the current value of the Company's responsibilities for past services of active staff and retired people was estimated at:

	31/12/2010	31/12/2009
Active employees	61,420,995	56,918,514
Retired	167,611,224	167,963,361
	229,032,219	224,881,875

The actuarial study referring to 31 December 2010 was conducted using the "Projected Unit Credit" method and took into account the following main assumptions and technical and actuarial bases.

	2010	2009
Mortality tables	TV 73/77 France	TV 73/77 France
Disability tables	EVK 80 – Switzerland	EVK 80 – Switzerland
Average salary growth rate	2.25%	2.25%
Average annual fund revenue rate	6%	6%
Average annual pension growth rate	2%	2%
Average annual update rate until normal retirement age for pre-retirement instalments	5%	5%

The evolution in Company pension responsibilities in 2010 and 2009 was as follows:

	31/12/2010	31/12/2009
Total responsibilities at beginning of period	224,881,875	218,152,836
Costs of current services	3,405,187	2,832,945
Cost of interest	12,925,370	12,575,178
Benefits paid during the year (Note 28)	(12,216,471)	(12,001,675)
Actuarial gains / losses during the year	36,258	3,322,591
Total responsibilities at end of period	229,032,219	224,881,875

Current service cost and interest costs for 2010, at the amounts of 3,405,187 euros and 12,925,370 euros, respectively, were recorded in the income statement under "Staff costs" and "Interest and similar costs", respectively.

On 31 December 2010 and 2009, the Company recognised 36,258 euros in its financial statements regarding the actuarial losses calculated for the year, as this was lower than 10% of total responsibilities.

In the year ending on 31 December 2010, responsibilities relative to payment of pension supplements of 229,032,219 euros, are recorded in liabilities under "Responsibilities for post-employment benefits".

On 31 December 2010, the Company had constituted no fund for those responsibilities. They are recorded in the balance sheet.

20. Suppliers

The balance in the "Suppliers" item on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Suppliers:		
2045 Empresa de Segurança	1,255,100	990,437
Edp Comercial	1,239,736	782,624
GRUPO 8 – Vigilância e Prevenção	564,266	571,690
Group companies (Note 31)	459,547	485,417
Vadeca Ambiente	409,377	549,130
Safira Facility Services	384,348	294,960
Emel	281,486	–
Itau	162,372	218,751
Optimus Comunicações, S.A.	156,261	87,492
Thyssenkrupp Elevadores, S.A.	150,260	37,925
Public Security Police	136,802	303,267
Iss Facility Services	123,621	323,631
Efacec Ambiente, S.A.	13,191	225,420
Other	2,467,353	2,904,840
	7,803,720	7,775,585

On 31 December 2010 and 2009, the "State and other public bodies" items had the following composition:

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Corporate income tax:				
Payments on account				
Tax estimate	280,000	–	361,496	–
Withholding tax	–	67,122	–	58,620
Personal income tax	2,035,028	–	1,982,623	–
Value added tax				
Social security contributions	–	983,028	–	864,535
Other taxes	544,118	384,464	3,723,784	–
	–	1 545,394	–	1,421,317
	–	358,492	20,382	214,642
	2,859,146	3,338,500	6,088,285	2,559,114

21. State and other public bodies

In accordance with current legislation, tax declarations are subject to revision and correction by tax authorities for a period of four years (five years for Social Security), 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. Thus, tax declarations for 2007 to 2010 could still be subject to review.

Under the terms of article 81 of the Corporate Income Tax (IRC) code, the Company is also subject to autonomous taxation on a set of charges at the rates provided for in that article.

The Management Board believes that any adjustments arising from review/inspection of tax declarations by the tax authorities on those tax declarations would not significantly affect the financial statements on 31 December 2010 and 2009.

On 31 December 2010, the amounts regarding the individual income tax and Social Security contributions corresponded to the withholding done in salary processing in December 2010, which will be paid in January 2011.

22. Income tax

Costs with income tax on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Current tax	217,174	58,320
	217,174	58,320

The current tax amount on 31 December 2010 and 2009, includes the sum of 150,052 euros relative to the insufficiency of the estimate and the amount of 300 euros relative to the excessive estimate, respectively, determined in the previous year.

On 31 December 2010 and 2009, reportable fiscal losses reached 834,153,435 euros and 841,782,549 euros, respectively. The limit date for utilisation of the fiscal losses existing on those dates is as follows:

	2010		2009	
	Amount	Limit date for use	Amount	Limit date for use
Generated in 2004	–	–	155,241,079	2010
Generated in 2005	152,356,406	2011	152,356,406	2011
Generated in 2006	151,322,961	2012	151,322,961	2012
Generated in 2007	143,790,051	2013	143,790,051	2013
Generated in 2008	118,382,911	2014	118,382,911	2014
Generated in 2009	120,689,141	2015	120,689,141	2015
Generated in 2010	147,611,965	2014	–	–
	834,153,435		841,782,549	

23. Other accounts payable

On 31 December 2010 and 2009, "Other accounts payable" had the following composition":

	2010	2009
Other creditors:		
Parque Expo' 98 (Note 13)	7,082,930	7,082,930
Staff	337,232	198,379
Rodoviária de Lisboa	99,679	37,295
Companhia Carris de Ferro de Lisboa, S.A.	4,899,251	3,938,864
Transtejo	35,760	25,234
Holidays, holiday subsidy and social charges	8,481,209	8,481,209
Overdue interest	11,416,955	6,101,658
Accrued expenses creditors	7,015,019	9,962,776
Other	3,784,617	5,243,086
	43,152,652	42,116,507

The balance in "Creditors due to cost increases" on 31 December 2010 and 2009 is essentially with regard to the costs incurred by the Company on investments made, relative to which the respective invoice had still not been received.

24. Deferred liabilities

On 31 December 2010 and 2009, the current liabilities item "Deferrals" had the following composition:

	2010	2009
Financial leases – deferred capital gains	2,918,119	3,364,748
Fare revenue	1,146,879	1,122,510
Income from property	2,008	2,008
	4,067,006	4,489,266

Capital gains arising from financial lease contracts regarding the 14 TUs and 24 TUs are being deferred by the period they are in force (Note 29).

25. Revenue

The revenue recognised by the Company on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Sales:		
Scrap	11,996	15,779
Provision of services:		
Fare revenue	59,583,045	59,298,757
Secondary services	4,444,301	4,518,840
Other	123	86
	64,039,465	63,833,462

26.Operating subsidies

The breakdown of operating subsidies received by the Company on 31 December 2010 and 2009 is as follows:

	2010	2009
Compensatory allowances	26,502,996	26,755,406
"4_18@escola.tp" pass	952,817	648,318
"Sub23@superior.tp" pass	1,994,602	–
PAII – Senior Citizens' Integrated Support Programme	–	136,317
	29,450,415	27,540,041

As at 31 December 2010 the financial subsidies attributed by the State, in the form of non-refundable compensatory allowances, to partially finance its operations in compliance with public service obligations, reached 28,093,176 euros (26,502,996 euros recognised as revenue after deduction of VAT) under the terms of Council of Ministers Resolution 96/2010 of 02 December. On 31 December 2009, subsidies of 28,093,176 euros (26,755,406 euros recognised as revenue, after deduction of VAT) were attributed.

In the years ending on 31 December 2010 and 2009, the State also attributed a financial subsidy for 4_18@escola.tp and sub23@superior.tp passes, at 3,118,970 euros (2,947,419 euros recognised as revenue after deduction of VAT) and 680,734 euros (648,318 euros recognised as revenue after the deduction of VAT) respectively.

27. Supplies and external services

The "Supplies and external services" item in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Electricity	7,512,632	6,499,596
Rents and leases	8,757,924	14,493,287
Conservation and repair	5,408,784	6,623,898
Cleaning, hygiene and comfort	3,270,285	3,409,690
Surveillance and safety	7,831,461	7,997,163
Specialised work	1,523,037	2,071,575
Other	4,370,249	4,862,475
	38,674,372	45,957,684

The increase in the "Electricity" item is essentially due to the fact that the extension of the Red line between Alameda and S. Sebastião only came into operation during the course of the second half of 2009.

The "Rents and leases" item essentially includes the amount of 8,492,522 euros relative to operating lease instalments (14,158,660 euros on 31 December 2009). The reduction seen compared with 2009 comes from the fact that these rents have a derived financial instrument associated, which had a positive impact of 3,615,397 euros (Note 31) in the year ending on 31 December 2009.

28. Staff costs

The "Staff costs" item in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Remuneration of the executive bodies	522,077	461,206
Staff remuneration	58,521,448	56,515,417
Post-emplyment benefits (Note 19)	12,216,471	12,001,675
Charges on remuneration	13,196,971	12,685,254
Insurance against accidents at work and occupational diseases (Note 17)	845,674	685,138
Social action costs	1,132,460	1,236,328
Other	1,221,829	1,226,311
	87,656,930	84,811,329

The increase in "Staff remuneration" in the year ending on 31 December 2010, resulted essentially from the increase in the number of employees working for the Company (due to the Red line extension coming into operation), the modifications introduced at career level, the salary increase and the promotion of various employees.

During the years ending on 31 December 2010 and 2009, the average number of employees was 1,672 and 1,611, respectively; the number of permanent staff at the end of the year was 1,672 and 1,636, respectively.

29. Other income and gains

The "Other income and gains" item in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Investment subsidies	2,906,230	2,906,230
Recognition of capital gains	446,629	446,629
Social services	251,891	264,984
Inventory gains - extras	151,836	232,692
Energy sale	81,231	180,369
Late payment interest	57,334	62,709
Property rents (Note 8)	23,984	23,768
Other	1,447,116	1,670,184
	5,366,251	5,787,565

The balance in the "Recognition of capital gains" item is relative to the amortisation of the 14 TUs and 24 TUs, which amount reached 250,922 euros and 195,707 euros, respectively (Note 24), as at 31 December 2010.

30. Other costs and losses

The "Other costs and losses" item in the years ending on 31 December 2010 and 2009 is broken down as follows:

	2010	2009
Donations	983,554	914,678
Corrections regarding previous years	340,291	1,454,242
Property tax (IMI)	261,180	204,538
Contributions	104,458	103,571
Inventory losses	88,225	501,856
Late payment interest	6,090	2,567,132
Bad debts	–	21,656
Other	510,419	653,643
	2,294,217	6,421,316

On 31 December 2010, the sum of 340,291 euros recorded under "Corrections relative to previous years" includes the sum of 38,439 euros regarding corrections in the Company health insurance in 2009 and 60,609 euros on charges with employee insurance borne by the Company.

On 31 December 2009, the amount of 1,454,242 euros recorded in "Corrections regarding to previous years", includes the sum of 1,194,336 euros regarding credit issued in 2009 in favour of a subsidiary on account of debits made during 2008, and which were fully provisioned on that date.

On 31 December 2009, the "Late payment interest" item was essentially with regard to interest debited by the Alameda /S. Sebastião line contractor for late payment of investment invoices with regard to what had been contractually agreed.

31. Financial results

On 31 December 2010 and 2009, the balance for this item was broken down as follows:

	2010	2009
Costs and losses:		
Interest borne on bank loans	46,923,016	34,135,787
Financial leases	5,355,149	5,571,540
	52,278,165	39,707,327
Financial results	(52,013,403)	(35,385,433)
	264,762	4,321,894
Interest income:		
Interest obtained on financial investments	264,762	706,497
Leases – Swap (Note 27)	–	3,615,397
	264,762	4,321,894

The amount of 5,355,149 euros recorded under "Financial leases" is with regard to the financial charges incurred on financial lease contracts signed by the Company (Note 18).

The amount of 264,762 euros recorded under "Interest obtained on financial investments" is with regard to the interest earned on short term investments made during 2010, which earned interest at normal market rates.

32. Related parties

On 31 December 2010 and 2009, the Company showed the following related party balances:

2010

	Accounts receivable				Accounts payable	
	Customers (Note 13)	Loans (Note 9)	IRC-Withholding tax	Other accounts receivable (Note 13)	Suppliers (Note 20)	Other accounts payable
Subsidiaries:						
Ferconsult, S.A.	–	–	79,675	4,308,308	–	6,416,249
Metrocom, S.A.	–	–	276,263	507,984	40,808	
Associates:						
Fernave, S.A.	787	–	–	–	3,167	–
Publimento	–	–	–	2,392,491	–	–
Ensitrans, A.E.I.E.	–	–	–	85,450	–	136,839
Joint ventures:						
Otlis, A.C.E.	47,022	–	–	–	303,966	–
Related companies:						
GIL, S.A.	–	4,819,621	–	–	111,606	–
	47,809	4,819,621	355,938	7,294,232	459,547	6,553,088

2009

	Accounts receivable				Accounts payable	
	Customers (Note 13)	Loans (Note 9)	IRC-Withholding tax	Other accounts receivable (Note 13)	Suppliers (Note 20)	Other accounts payable
Subsidiaries:						
Ferconsult, S.A.	–	250,000	318,542	4,774,891	–	11,816,181
Metrocom, S.A.	–	–	203,121	56,031	65,395	
Associates:						
Fernave, S.A.	–	–	–	–	33,674	–
Publimento	–	–	–	2,284,988	–	–
Ensitrans, A.E.I.E.	–	–	–	85,450	–	129,587
Joint ventures:						
Otlis, A.C.E.	–	–	–	–	277,059	–
Related companies:						
GIL, S.A.	–	1,500,000	–	–	109,290	–
	–	1,750,000	521,663	7,201,359	485,417	11,945,768

The balance under "Other accounts payable" is with regard to balances to be paid to Ferconsult and Ensitrans on 31 December 2010 and 2009, 6,553,088 euros and 11,945,768 euros, respectively. These are recorded under "Durable infrastructure investment activities" (Note 5.3.2).

On 31 December 2009, the Company had an account receivable from Ferconsult, at the sum of 250,000 euros regarding the income distributed in previous years, which was settled during the course of 2010.

During the course of the years ending on 31 December 2010 and 2009, the following transactions were made with related parties:

	2010			
	Inventory purchase	Fixed assets purchase	Services received	Services rendered
Subsidiaries:				
Ferconsult, S.A.	–	4,708,848	161,815	213,060
Metrocom, S.A.	–	–	60,852	2,248,553
Associates:				
Fernave, S.A.	–	–	61,830	650
Publimento	–	–	–	1,905,756
Ensitrans, A.E.I.E.	–	–	–	–
Joint ventures:				
Otlis, A.C.E.	–	37,143	789,439	1,034,045
Related companies:				
GIL, S.A.	–	4,819,621	368,945	–
	–	4,745,990	1,442,882	5,402,064

	2009			
	Inventory purchase	Fixed assets purchase	Services received	Services rendered
Subsidiaries:				
Ferconsult, S.A.	–	9,913,262	549,351	692,536
Metrocom, S.A.	–	–	68,281	986,047
Associates:				
Fernave, S.A.	–	–	153,050	700
Publimento	–	–	–	1,939,595
Ensitrans, A.E.I.E.	–	–	18,245	–
Joint ventures:				
Otlis, A.C.E.	1,567,070	758	613,031	1,143,984
Related companies:				
GIL, S.A.	–	–	364,299	–
	1,567,070	9,914,020	1,766,257	4,762,862

33. Guarantees provided

On 31 December 2010 and 2009, guarantees provided by the Company totalled 60,985,479 euros and 60,970,810 euros, and are essentially related with financing contracts and legal proceedings in progress.

The breakdown of the responsibilities taken on by the Company relating to guarantees provided for legal proceedings in progress on 31 December 2010 is as follows:

Entity	Amount	Begin date	Beneficiary
Bilbao Vizcaya Argentaria BPI Bank	62,512	18/05/1990	Tribunal Trabalho
Bilbao Vizcaya Argentaria Bank	1,746	15/10/1993	Gás de Portugal
Bilbao Vizcaya Argentaria Bank	9,506	05/08/1997	Lte
BPI Bank	180,000	08/04/2008	Maria Augusta & Filhos, Lda.
BPI Bank	5,185	19/12/2003	C.M. Lisboa
BPI Bank	7,500	02/05/2006	Refer
BPI Bank	7,086	03/07/2006	Tribunal Trab.Lisboa
BPI Bank	7,451	02/12/2008	Tribunal Trab.Lisboa
BPI Bank	16,213	19/10/2009	Farmácia Cardeira
BPI Bank	13,087	30/03/2010	EDP – Serv.Universal, S.A.
BPI Bank	1,583	30/06/2010	Trib.Tribut.2ª.Inst.Lis
BPI Bank	11,886	05/12/2001	Trib.Tribut.1ª.Inst.Lis
BPI Bank	7,494	10/03/2006	Trib.Adm.F.Lx-2º Juízo
BPI Bank	95,482	11/05/2006	Finanças 4º Bairro Fiscal
BPI Bank	6,940	03/07/2006	Trib.Adm.F.Lx-2º Juízo
Barclays Bank	17,458	25/05/1994	Petrogal
Barclays Bank	335,980	20/06/1994	Tribunal Cível
Barclays Bank	18,256	07/07/1994	Tribunal Cível
Barclays Bank	10,101	03/08/1994	Tribunal Cível
Barclays Bank	23,005	03/08/1994	Tribunal Cível
Cosec	47,067	27/06/1994	Tribunal Cível C.Lisboa
Cosec	60,757	27/06/1994	Tribunal Cível C.Lisboa
Cosec	39,186	27/06/1994	Tribunal Cível C.Lisboa
	985,479		

34. Disclosures required by law

Fees invoiced by the Chief Accountant

Total fees invoiced by the Chief Accountant during the year ending on 31 December 2010 related with the legal certification of annual accounts reached 16,634 euros.

The fees invoiced by the Chief Accountant as at 31 December 2010 and 2009 are broken down as follows:

	2010	2009
Type of services	Fees invoiced	
Statutory audit	16,634	16,634
Other services and reliability guarantee	12,432	14,567
	29,065	31,201

35. Events after the balance sheet date

On 04 March 2011, the rating agency Standard & Poor's revised ML's credit risk rating downwards from BBB to BB, keeping it on "watch negative". On 31 March 2011, it revised ML's credit risk rating downwards again, from BB to B+, keeping it on "watch negative".

On 24 March 2011, the Company signed the contract relative to the Transitory Regime of Financing the Provision of a Public Service with the Portuguese State. This provides for the Company receiving the following estimated amounts as compensatory allowances (plus VAT at the legal rate in force):

Amount compensatory allowances	
2011	42,000,000
2012	44,000,000
2013	46,000,000
2014	48,000,000
2015	50,000,000
2016	52,000,000
2017	54,000,000
2018	56,000,000
2019	58,000,000

The aforementioned multi-annual expenditure authorisation was the object of Council of Ministers Resolution 23/2011, of 24 March, published in the Diário da República 76, 1st Series of 18 April 2011.

The Chief Accountant

Mr. Carlos Alberto Meira Rodrigues

The Management Board

Mr. Francisco José Cardoso dos Reis

Mr. Carlos José Bento Nunes

Mr. Jorge Manuel Quintela de Brito Jacob

Mr. Luís Miguel Silva Ribeiro

Mr. António Gregório Ventura

Opinion of the Supervisory Board

I – Introduction

In compliance with the duties assigned to it under the law and the by-laws 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 regarding the year ending on 31 December 2010, which was approved by this body at its meeting of 08 September 2011.

Operation of the underground transport system in Lisbon City originated with Decree-Law 36.620 of 24 November 1947, following Sociedade Metropolitana de Lisboa, S.A.R.L. which was set up on 26 January 1948. However, it only opened to the public as a transport service on 31 December 1959.

Later, Sociedade Metropolitano de Lisboa, S.A.R.L., was nationalised through Decree-Law 280-A/75 of 05 June, thereby becoming a Public Enterprise.

Currently, the Company is governed by Decree-Law 148-A/2009 of 26 June which includes its new by-laws and also by the Legal Regime of the State Enterprise Sector, set up by Law 558/99 of 17 December with the new wording given by Decree-Law 300/2007, of 23 August and by the Commercial Companies Code, with Metropolitano de Lisboa now being called a “Public Enterprise (E.P.E.)”.

As a relevant and characterising aspect of its management matrix, it is important to repeat that Metropolitano de Lisboa being a public company, in which considerable resources are involved, 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 a requirement arises from the legal provisions to which this companies are subject and their management should fundamentally follow the “principles of good governance in the State Enterprise Sector”, set out in the annex to Council of Ministers Resolution 49/2007 of 01 February and with respective to its strategic guidelines, provided for in the annex to Council of Ministers Resolution 70/2008 of 27 March.

II – Activities carried out by the Supervisory Board

During 2010, in the performance of 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 became aware, 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. Also for the same purpose, visits were made to the Company’s operating area and the evolution of various work fronts was monitored.

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

Of note, as an aspect restricting the assessment of company management during 2010, is that responsibility for this has been practically divided into two half years by two Management Boards. Management from 18 June onwards was the responsibility of the current Management Board.

The Management Board Report presented to us clearly states how Metropolitano de Lisboa activity was carried out during 2010. From this document, the Supervisory Board deems it important to briefly mention the following points on account of their relevance to overall company performance:

- For the first time, and bearing in mind the statutory alteration which took place in 2009 and the entry into force in 2010 of a new Accounting Standards System whose transition was also reported to 2009, the company accounts for the year show the separation between the durable infrastructure construction activity, carried out on behalf of the State, and the passenger transport and the maintenance of rolling stock and network equipment activity, which is up to the Company, shown in the balance sheet only as assets and liabilities associated with this last activity and assets and liabilities related with ILDs appearing compensated in a single Asset item called ILD activities, of a financial nature and which shows a nil balance as at 31/12/10;

- The Company began its second half century of activity as a public transport service in metro mode in the Lisbon Metropolitan Area, a benchmark in the market today as high quality transport;

- For the fifth consecutive year, ML rated first place in the Customer Satisfaction Index;

- At the moment, the underground transport network, made up of four lines stretching for 40 km, 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;

- During the last quarter of the year, the Management Board implemented a new Company organisational structure, providing for new functional descriptions, their respective objectives and first level KPIs;

- As an evolutional result of the qualitative importance of the service provided, both the Maintenance Area (GM) and Commercial Operations (EC) have already obtained Quality Management Certification and a process is underway for overall certification of the entire Company;

- Also of note is the fare update approved in 2010, under the terms of Joint Regulatory Order 17/2010 (2nd series) of 11 June, published in the Diário da República 123 of 28 June, significantly altered the source of revenue and sale of passes and tickets. However, we believe that the present distribution of monies from intermodal tickets comes from an outdated scenario and, because of this, substantially prejudices ML operating revenue;

- During 2010, around 183 million passengers were carried, reversing the trend that had been seen since 2005 towards a progressive reduction in the number of carried passengers. This reversal is certainly justified by the greater appeal of public transport associated with, as an important factor, the high index of satisfaction among customers, who have once again deemed ML to be an excellent mode of public transport;

- During the year, around 89 million euros (at technical costs) were invested, corresponding to close to 56% of what had been budgeted. Also, another 8 million euros were invested on behalf of third parties, both overall values, significantly lower than the previous year;

- As a result of the increase in the number of passengers, there was a relative, yet significant, increase in fare revenue as well as, on the other hand, a reduction in external supplies and services compared with the previous year;

- The Company's overall indebtedness process continued, with remunerated liabilities increasing by 185 million euros, corresponding to a growth rate of 5.1%, but still below the 7% limit imposed by the Ministry of Finance and Public Administration;

- According to the records of the indicators issued by the Department of Human Resources, at the end of December 2010, Metropolitano de Lisboa had 1,672 employees, 36 more (2.2%) than in the previous year. This caused an increase of around 3.7% in labour costs, despite there were no updating of nominal salaries, as per instructions from the ministry;

- Also of note during the year was the reduction in the number of industrial accidents. Unfortunately, this did not occur with days lost which contributed to the increase in the level of absenteeism to 9.6%. For this reason, a project has been launched, covering the entire Company, aimed at fighting absenteeism in a participatory manner;

- Still to be implemented are projects involving definitive solutions in relation to the Sete Rios Depot and Workshops (PMO I), object of a protocol agreement between the Company and Lisbon Municipality;

- During the year, as was also the case last year, the Company found it necessary, by order of the ministry, to deal with the requirements of affiliates through the provision of loans.

IV – Economic and financial situation

The 2010 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 "emphasis" deemed adequate, with which documents the Supervisory Board is in full agreement.

In accordance with the Income Statement, in 2010 the Company showed a net loss of 148 million euros, slightly more than the 147 million euros recorded in 2009, as a result of the conjugation of the improved operating income, 15.4 million euros, with the poorer financial income, at 16.6 million euros. The favourable effect of the variation in fair value of derived financial instruments, at 9.5 million euros, should be taken into account in the improvement in the operating income.

The persistently high net losses and the continued growth of the company's remunerated liabilities call into question its long-term sustainability, aggravated now by the current restrictions in access to credit and by the specific circumstances of the country itself, making the implementation of economic and financial rationalisation measures in addition to those already taken in 2011 a pressing matter in order to reduce operating costs by at least 15% and to increase revenue through fare increases and signing a contract with the State defining the transitory financing regime for the provision of a public passenger transport service.

Under this scope, we deem that the following are still true:

- The need to sign an infrastructure concession and passenger transport service contract with the Company, under the terms provided for in Decree-Law 148-A/2009 which establishes responsibility for investment in ILDs and which clearly defines the way for the company to pursue its activity of provision of underground passenger transport services in Lisbon city and the surrounding area 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 to the difficulty in access to credit in the present climate.

- The urgent need to define, under the scope of the provision of a passenger transport service, of a 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 compensatory allowances attributed by the State are clearly insufficient considering the economic structure of the company, leading to systematic operating deficits.

- The need to revise the revenue split model common to all of the Lisbon Metropolitan Area transport operators (revenue generated by intermodal tickets, commonly known as "social 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, at least since that date, a value substantially higher than it actually did. According to Company estimates, this value would have been in the region of 12 million euros in 2009.

We would also 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.

Finally, of note is the adoption of the new Accounting Standards System based on the Accounting and Financial Reporting Standards and the alteration in accounting policies, in particular the policy for recognising investments, financing and costs associated with ILDs, resulted in a reduction of 3.203 billion euros in the Company's Net Assets (including a reduction in the net loss of 1.6 million euros) and a reduction of 3 billion euros in Liabilities as at 31 December 2009, the date of the last financial statements this Committee gave an opinion on.

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 2010, the Supervisory Board is of the Opinion that:

1. The Management Board's 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 49/2007 of 28 March and 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. A separate document will give our assessment of the individual performance of the executive directors as well as an analysis of levels of compliance with the management goals proposed.

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 Notes to the Accounts truly and appropriately present the economic and financial position of Metropolitano de Lisboa, E.P.E. on 31 December 2010.

Given the above, the Metropolitano de Lisboa, E.P.E. Supervisory Board formally issues a FAVOURABLE OPINION for the approval of the Management Board's Report and the Financial Statements and respective Annex for 2010, and also agrees with the Distribution of Profits proposed by the Board of Directors.

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, 14 September 2011

The Supervisory Board

(Mr. Renato A. Vieira Campos)

(Mr. Luis Caiano Pereira) Statutory Auditor

(Mr. Evaristo da Cruz Branquinho)

legal certification of accounts

Introduction

1. We have examined the Metropolitano de Lisboa, E.P.E. Financial Statements attached, comprising the Balance Sheet on 31 December 2010 (which shows a Balance Sheet total of 520,115,911 euros and a total negative Equity of 658,437,877 euros, including a Net Loss of 148,337,248 euros), the Income Statement by nature, the Statement of Changes in Equity for the year ending on that date and the respective Notes.

Responsibilities

2. The Management Board is responsible for the preparation of financial statements that truly and appropriately reflect the financial position of the Company, the income from its operations, the cash flows and changes in equity, along 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 sampling 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 Management Board 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 11 below, we believe that this examination provides an acceptable basis for the expression of our opinion

Reservations

7. As stated in Notes 3.2) and 5) of the annex to the financial statements, the Government has previously assumed the principle that it is up to the Portuguese State to finance Metropolitano de Lisboa E.P.E. durable infrastructures (ILDs), the Company having, according to its by-laws, the responsibility to manage the public domain assets related with its activity, in particular to assure, by delegation from the State, the construction, installation, renewal, maintenance and management of it railway structures (ILDs). It is up to the State to safeguard the economic and financial balance of the company and the service of debts contracted for the construction, installation and renewal of the aforementioned infrastructures. Given the non-existence of the contractual provisions defining the terms of the action on the part of the company and on the administration of those assets, in particular the non-existence of a concession contract permitting it to fit into the framework of the Accounting and Financial Reporting Standards, all of the investments made and the respective financing and costs supported for ILDs are recorded at their net amount under Assets, called Durable infrastructure investment activities, which takes on a financial nature and shows a nil balance as at 31 December 2010 (also nil on 31 December 2009) as a result of the alteration of the accounting recognition policy adopted by the Company on 31 December 2010 and reported from 01 January 2009, the date of transition to the Accounting Standards System. Therefore, we were unable to conclude on the amortisations policy to be adopted for such assets or on the criteria for allocating the different subsidies which are attributed by the State and by EU programmes, and (i) if the amounts relative to durable infrastructure investments and the corresponding equity (subsidies attributed and

revaluation reserves) identified by the Company on 31 December 2010 as being related to those investments, of 3,191,408,284 euros and 1,055,676,322 euros respectively (3,100,549,914 euros and 1,009,232,082 euros on 31 December 2009) which are part of the balance in the Durable infrastructure investment activity item as a result of the aforementioned alteration in recognition policy should be recognised in the company balance sheet nor conclude on the reasonability of the procedure of non-amortisation of these assets (ii) as to the clear acceptance by the State of the inclusion of the value of those investments of financial and departmental costs incurred up to 31 December 2010 at sums of 297,697,506 euros and 63,262,624 euros respectively (294,016,010 euros and 60,130,092 euros on 31 December 2009), (iii) as to the criteria for distribution of financing (bank, debenture loans and financial lease financings) considered by the Company on 31 December 2010 among the ILD investment activities and management of infrastructures which are the property of the Company, reflected in the balance sheet as at 31 December 2010 by the sums of 3,063,602,925 euros and 746,037,561 euros, respectively, of which the former is integrated into the balance of the item in question (2,931,496,956 euros and 693,685,654 euros as at 31 December 2009); (iv) as to recognition in the same item of the derived financial instruments contracted by the Company relative to the loans contracted to finance the ILD activity, which as at 31 December 2010, according to the assessment made, in accordance with that stated in paragraph 9 below, had a negative fair value of 299,413,660 euros (169,195,074 euros as at 31 December 2009); (v) as to the amount of costs incurred by the Company with loans during this year and in previous years and which according to the abovementioned policy alteration were quantified and recorded under ILDs and whose accumulated balance as at 31 December 2010 reached 901,828,074 euros (845,184,328 euros as at 31 December 2009); and (vi) as to the sum of 289,555,301 euros (included in the sums of 901,828,074 euros and 845,184,328 euros previously mentioned) relative to possible interest and other costs incurred by the Company prior to 1995 as a counter entry of "retained earnings" which balanced the ILD item on 1 January 2009. Given the above, it is not possible to come to a conclusion on the accounting policy adopted by the company for recognition of assets, liabilities, equity and financial and departmental costs related with ILDs as at 31 December 2010 and as at 31 December 2009 and, consequently, to come to a conclusion as to the value, nil, of the Durable infrastructure investment activity item on those dates.

8. As referred to in Note 14 of the Annex, assets as at 31 December 2008, the item "Assets - Deferred Costs – Work carried out for third parties" totalling 40,654,538 euros (32,840,335 on 31 December 2009) relative to work carried out by the Company for third parties, which are not invoiced by Metropolitano de Lisboa, E.P.E. and which were not subject to a contract or any other type of formal agreement between the Company and other entities involved, defining the amounts to be invoiced and the invoice date or type. 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.

9. In accordance with NCRF 27, the Company began recognising in its financial statements the fair value of derived financial instruments it contracts to cover the risk of interest rate fluctuation in the loans taken out to finance the operating activity and financing for durable investments, with reference to 01 January 2009 (Notes 2 and 10). The fair value considered in the financial statements was determined by an outside consultant based on presumptions and assumptions made due to the information relative to some of the derived financial instruments not being available, which would be considered if the fair value assessment had been determined by the entity with which the financial instrument was contracted. To date, the Company does not have fair value information for the derived financial instruments contracted that has been quantified by the entities that are party to the respective contracts wherefore it was not possible for us to come to a conclusion as to the reasonability of the value at which they are reflected in the financial statements as at 31 December 2010 and 2009, nor as to the effects, if any, on the retained earnings and on the financial statements arising from fair value alterations.

10. As at 31 December 2010, the balance sheet included, under "Responsibility for post-employment benefits" the sum of 229,032,219 euros, relative to the commitment undertaken by the Company to give its employees pecuniary instalments as a complement to retirement pensions (old age, disability and survival) paid by Social Security, according to the actuarial study prepared by an independent body. The actuarial assessment considers the TV 73/77 mortality table. As we were unable to receive confirmation from the body responsible for the assessment, this mortality table is the most adequate given the populational reality covered by these retirement pension supplements.

11. As at 31 December 2010, the Company had a financial holding in the associate, GIL – Gare Intermodal de Lisboa, S.A., which is recognised in the balance sheet at a value of nil due to that associate presenting a negative equity of 8,928,657 euros (Note 9). In addition, the sum of 4,819,621 euros, relative to loans granted by the Company to that affiliate, is recorded under "Financial investments. However, bearing in mind the net worth of this associate as at 31 December 2010 and as we did not obtain information permitting us to conclude as to the capacity of same to settle such loans, we cannot come to a conclusion as to the time and value of settlement of said amount.

Opinion

12. 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 11 above did not exist, the aforementioned Financial Statements would truly and appropriately present, in all materially relevant aspects, the financial position of Metropolitano de Lisboa, E.P.E. on 31 December 2010, the income from its operations and cash flows and changes in equity for the year ending on that date, in accordance with the accounting principles generally accepted in Portugal.

Emphases

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

13. In the past, the company's activity has been chronically in deficit, generating successive losses of significant value (148,337,248 euros in 2010), partially compensated by compensatory allowances and capital grants from the Portuguese State, while continuing to have large investment plans in progress and which also require major financing. The Company has an extremely unbalanced financial structure, seen in the existence of negative equity of 658,437,877 euros as at 31 December 2010 and the insufficiency of its current assets to overcome 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 Portuguese State.

14. The financial statements which are the object of this Certification were prepared on an individual basis for approval and publication under the terms of the applicable legislation. Investments in subsidiary and associate companies on the balance sheet are recorded using the equity method as stated in Notes 2.8) and 9) of the Annex. The Company will prepare consolidated financial statements which will more appropriately show the financial position and the operating income, the changes in equity and the cash flows of the group formed by the Company, its subsidiaries and associates in accordance with the Accounting and Financial Reporting Standard for separate approval and publication.

15. As stated in Note 2) of the annex to the financial statements, the Company adopted, with effect from 1 Janeiro 2010, the Accounting Standards System, including the corresponding conceptual structure, financial statement models and accounting and financial reporting standards ("NCRF"). In the process of transition from the accounting standards previously used in Portugal, set out in the National Plan of Accounts ("POC"), to the NCRF, the Company followed the requirements provided for in NCRF 3 – First-time adoption of Accounting and Financial Reporting Standard, having on the date of transition been reported on 01 January 2009. In addition, and with reference

to the transition date, the Company altered its recognition policy for ILD investments under the terms set out in paragraph 7 above and altered the recognition policy for responsibilities for post-employment benefits, abandoning the “corridor” method. Consequently, the financial information for 2009, previously presented according to the POC was restated, for the purposes of comparison, according to the NCRF (Note 2). This restatement resulted in the reduction of Net Assets as at 31 December 2009 by 3,203,254,806 euros; a reduction in equity of 203,084,720 euros (including a reduction in net loss of 1,614,707 euros) and a reduction in Liabilities of 3,000,170,087 euros.

16. The financial statements as at 31 December 2009 prepared according to the National Plan of Accounts, restated for comparison purposes under the terms of the NCRF were examined by us and our Legal Certification of Accounts, dated 19 May 2010, includes two reservations due to limitation of scope, the first related with the matter set out in paragraph 7 and the second similar to that set out in paragraph 8 above.

Report on other legal requirements

17. We are also of the opinion that the information in the management reports is in agreement with the financial statements for the year.

Lisbon, 08 September 2011

CAIANO PEREIRA, ANTÓNIO E JOSÉ REIMÃO
Audit firm
Represented by

Mr. Luis Pedro Caiano Pereira
Statutory Auditor 842

Credits

Edition
Metropolitano de Lisboa, E.P.E.
Studies, Planning, Budget and Controlling
Coordination
Marta Laborinho
Sandra Tavares

Production
Marketing, Communication and Image
Coordination
Filipe Trigo
Graphic creation
Maria João Rodrigues

Photography
1st and 2nd Photo Marathon 2010/2011

David Jorge Fernandes	1
Alexandre Miguel Baganha	3
Dulce Maria de Campos	6
Rita Campos de Oliveira	8
Anabela C. Santos Lopes	11
Inês Maria Gomes	24
Aicton César Gomes	26
Emanuel Magessi	29
Rui Fernandes Martins	34
Joana Garrido Carvalho	49
Metro – Omuseumaisvisitado	56
Carlos Bruno Costa	59
Francisco Fernandes	60
Dulce Maria Gomes Campos	74
Clarisse Manuela Domingos	76
Nuno Serrano Colaço	81
Tânia Espírito Santo	84
Luciana Reis	95
Ana Rita Reis	107
João Paca	125
Paulo Nunes	140
Helena Leiria de Matos	145