



# Report and Accounts 2014



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Transportes de Lisboa



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## Report and Accounts 2014

**Translation disclaimer:**

The following translation is for information purposes only.



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## Message from the Chairman



This report refers to METROPOLITANO DE LISBOA's activity and results in the 2014 fiscal year.

In the context of a joint management with CARRIS, in 2014 METROPOLITANO DE LISBOA developed a strategy with recognised positive results, particularly in increasing the Company's efficiency levels and placing it in a prominent position when compared with other urban transport providers operating in several European cities.

In general, the main goals set were achieved, as the report clearly shows.

During 2014, the operational integration of METROPOLITANO DE LISBOA and CARRIS, which started in 2012, continued and it was possible to develop the necessary actions to enable the opening of management and the current concessions to the private sector. This has led to the adoption of a diverse set of technical and legal instruments, the result of which will be increasingly visible in 2015.

Worthy of mention were also the measures taken towards the integration of METROPOLITANO DE LISBOA and CARRIS groups, particularly regarding the standardisation of procedures, having sought to identify the best practices of each company, which were then transposed to the other companies of both groups.

Aiming at the progressive integration of the two business groups and, presently, of these companies with the TRANSTEJO group, within the new TRANSPORTES DE LISBOA company, we are well aware that there is a lot of work ahead to make the Company sustainable.

Thus, we continue to optimise the use of resources, whether external or internal, seeking to eliminate some remaining inefficiencies and aiming for a full operational integration.

This is a complex and demanding process, for which the Management Board is strongly committed and motivated, supported by many employees who we know are available to participate in this change.

The Management Board, appointed for the period 2015-2017, is aware that all measures adopted aim at achieving the primary mission of METROPOLITANO DE LISBOA, which is to ensure the mobility of its customers with environmental and economic sustainability.

People, and their ability to work with ambition as a team, have been the determining factor in building a more sustainable Company. The vast majority of these people are the ones who, with their skills, will build the future of the companies within the new TRANSPORTES DE LISBOA Group.

The Chairman of the Management Board

A blue ink signature of Rui Loureiro, consisting of a stylized 'R' and 'L' followed by a horizontal line.

Rui Loureiro, Engineer

## Review of the year 2014

### - Macroeconomic framework

The year 2014 was characterised by a continued recovery in consumer confidence and there were also some signs of improvement in employment in the labour market.

On the subject of public investment, after a sharp cumulative drop in recent years, 2014 showed a positive growth rate.

In addition, the mission of achieving the goals defined in the PET and PETI 3+ – Strategic Transport Plan for urban transport in Lisbon's metropolitan area, was continued.

In this sense, it was maintained the CARRIS | METRO integrated management logic, the consolidation and development of the quality of the public transport service provided in Lisbon, in order to strengthen the modal complementarities and intermodality and thus obtain significant gains in efficiency and productivity.

With regard to fares, additional restructuring measures were implemented during 2014, which allowed an increase in the price of intermodal and other passes (Navegante), with the subsequent positive impact in the Company's fare revenues.

Regarding the level of demand, the year 2014 was marked by the reversal of the downward trend observed since 2011, with an increase of 2.25% in transported passengers, based on ticket validations.

In terms of results, ML maintained a positive EBITDA of €12.95 million, which represents a decrease of €11.68 million in comparison to 2013.

With regard to compensatory allowances, the amount received excluding VAT amounted to €27,950,104, down 36.5% compared to the previous year.

The policy to reduce medium-term payments continued, with a decrease from 34 to 17 days.

During 2014, ML and CARRIS maintained the policy of sharing human and material resources as well as the shared contracting of goods and services, thus maximising the scale effects of integrated management.

Regarding the legal framework regulating ML's activity, it is worth highlighting:

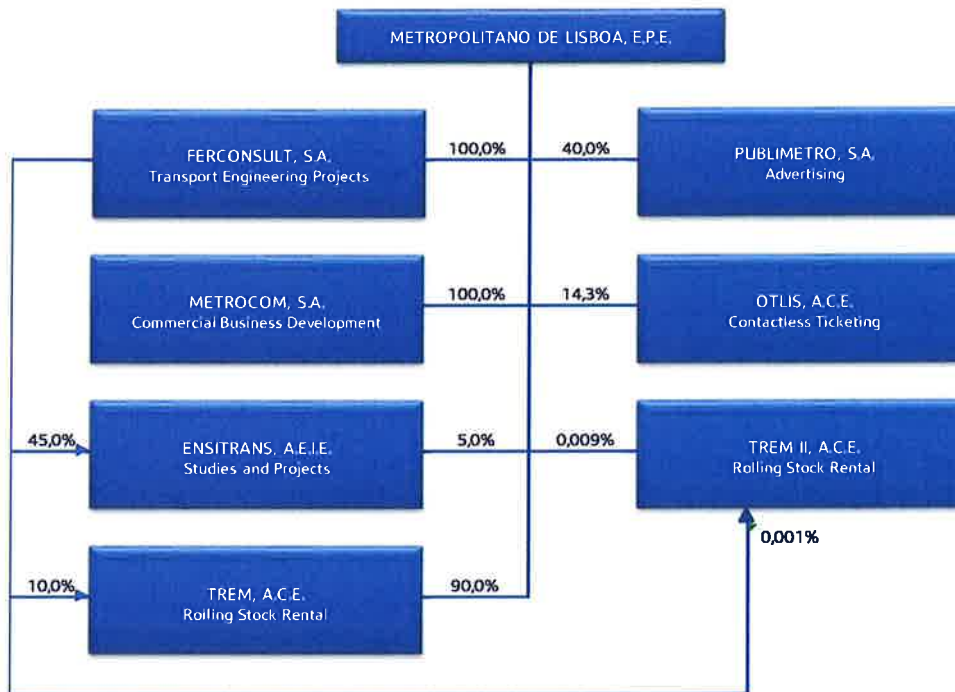
- Decree-Law 161/2014 of October 29, which establishes the accumulation regime of functions of the Executive Board Members of Metropolitano de Lisboa, E.P.E.; Companhia Carris de Ferro de Lisboa S.A.; Transtejo – Transportes Tejo, S.A.; and Soflusa – Sociedade Fluvial de Transportes, S.A., thus implementing the first amendment to Decree-Law 98/2012 of May 3.
- Decree-Law 175/2014 of December 5, that sets out the general legal framework for the public service concession of passenger transport service in metro mode in Lisbon and its neighbouring municipalities covered by the respective area at level III of the Nomenclature for Territorial and Statistical Purpose (NUTS), while fully maintaining the concession assigned to Metropolitano de Lisboa, E.P.E. (ML, E.P.E.).

In short, it can be concluded that the ML continued its responsibility as an economic and social agent in the field of urban mobility, thus contributing to the development and sustainability of Lisbon and its metropolitan area.

It is expected that the actual operational integration process, that will continue and be consolidated in 2015, will result in an increase in efficiency and productivity, with a positive impact on reducing operating costs and improving performance, in order to benefit the public transport customer.

## ML Group Subsidiary Companies

The ML Group subsidiary companies on December 31, 2014, were as follows:





## Key Performance Indicators

KPI		2010	2011	2012	2013	2014	Var. %
							2014/ 2013
<b>Demand</b>							
Passengers with paid tickets	10 <sup>3</sup>	170 858	164 845	141 382	129 625	129 815	0,15
Passengers carried	10 <sup>3</sup>	182 642	178 774	154 005	140 435	140 090	-0,25
Passengers x km	10 <sup>3</sup>	865 521	857 101	745 589	678 528	675 173	-0,49
<b>Supply</b>							
Cars x km	10 <sup>3</sup>	27 649	26 467	21 339	21 498	21 893	1,83
Seats x km	10 <sup>6</sup>	3 511	3 361	2 730	2 752	2 802	1,83
<b>Service quality</b>							
Regularity	%	92,3	89,4	84,9	87,8	86,5	-1,48 p.p.
Incidents causing delays ≥ 10 min.	n.º	147	202	245	185	222	20,00
MKBF	km	13 932	14 373	12 639	13 616	14 381	5,62
Infrastructure availability	%	n.a.	99,90	99,88	99,61	99,59	-0,02 p.p.
<b>Fleet</b>							
ML 90	n.º	57	57	57	57	54	-5,26
ML 95	n.º	114	114	114	114	114	0,00
ML 97	n.º	54	54	54	54	54	0,00
ML 99	n.º	113	113	113	113	113	0,00
<b>Total</b>	<b>n.º</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>335</b>	<b>-0,89</b>
<b>human resources</b>							
Operational areas	n.º	1 437	1 365	1 289	1 230	1 206	-1,95
Corporate services	n.º	235	225	236	221	220	-0,45
<b>Total staff</b>	<b>n.º</b>	<b>1 672</b>	<b>1 590</b>	<b>1 525</b>	<b>1 451</b>	<b>1 426</b>	<b>-1,72</b>
<b>Income and costs</b>							
Fare revenue <sup>1</sup>	10 <sup>3</sup> €	62 530	66 794	80 341	78 546	88 104	12,17
Compensatory allowances <sup>2</sup>	10 <sup>3</sup> €	26 503	42 000	44 000	44 000	27 950	-36,48
Operating income	10 <sup>3</sup> €	114 645	136 069	148 298	183 657	152 086	-17,19
Total income	10 <sup>3</sup> €	114 910	136 082	148 298	184 536	159 611	-13,51
Operating costs	10 <sup>3</sup> €	210 752	206 840	150 417	161 033	187 714	16,57
Total costs	10 <sup>3</sup> €	263 030	282 018	225 533	199 757	210 381	5,32
Operating results	10 <sup>3</sup> €	(96 107)	(70 771)	(2 118)	22 624	(35 628)	-257,48
Net results	10 <sup>3</sup> €	(148 337)	(146 052)	(77 332)	(15 308)	(50 838)	232,10
EBITDA	10 <sup>3</sup> €	(31 833)	4 638	20 878	24 635	12 952	-47,43

Key: n.a. - data not available.

<sup>1</sup> "Fare revenue" includes revenue from the sales of "Lisboa viva" and "7 Colinas" cards and compensation from the State Budget for the discounts granted on the "4\_18@escola.pt"; "sub23@superior.tp" and "Social +" travel passes.

<sup>2</sup> Values net of VAT.



## 1. Economic and financial management

The following key factors marked the economic and financial management of Metropolitano de Lisboa (ML) in 2014:

- As determined by the Line Ministry, the split of the intermodal passes revenue was reviewed in order to be based on the results of the 2007 Mobility Survey. This structural measure corrected the disparities in the allocation of revenues from the intermodal passes among the different transport operators, which resulted in a significant increase of the ML's fare revenue. This growth in earnings enabled to accommodate the considerable decrease of operating subsidies.
- The operating expenses maintained a downward trend, with emphasis on staff costs which decreased by 22%.
- The shareholder maintained its policy to support the Company financially through capital increases – by credit conversions and cash inflows – that generated the necessary funds to cover the debt service.

### 1.1. Economic analysis

In 2014, the net result amounted to - €51 million, an increase of 36 million compared to the results recorded in the previous year.

**Table 1 – Results**

Results	2014	2013	Un: Euros	
			Variation	
			Absolut	%
EBITDA *	12 951 879	24 635 377	(11 683 498)	-47,4%
Operating results	(35 628 370)	22 623 909	(58 252 279)	-257,5%
Net result for the year	(50 837 743)	(15 307 839)	(35 529 904)	-232,1%

The EBITDA evolution reflects a number of non-recurring events that are worth highlighting:

- gains of €15,4 million obtained with the early cancellation of derivatives contracts in the 2013 results;
- the recognition in 2014 of €20 million in losses as a result of the change of ML's participation in two subsidiary companies, namely GIL – Gare Intermodal do Oriente and TREM, A.C.E.

The EBITDA, adjusted to these effects, presents a growth exceeding 200% reflecting the real operational performance improvement:

**Table 2 – EBITDA analysis**

EBITDA evolution analysis	2014	2013	Un: Euros	
			Variation	
			Absolut	%
EBITDA *	12 951 879	24 635 377	(11 683 498)	-
Gains from cancellation of derivative instruments	-	(15 422 250)	15 422 250	-
Losses charged to subsidiaries	20 124 337	1 259 896	18 864 440	-
Corrected EBITDA	33 076 216	10 473 024	22 603 192	215,8%

The operating income in 2014 was negatively affected by a €30 million increase in provisions for legal proceedings as a consequence of the Line Ministry's decision to suspend the payment of accrued interest, following the case proceedings in a London Court, brought by the bank against the Portuguese State.

Operational income decreased by 17%, as shown in the following table:

**Table 3 – Operating income**

Un: €uros

Operating income	2014	2013	Variation	
			Absolut	%
Sales of tickets and travel passes	86 021 693	77 487 718	8 533 976	11,0%
4_18 / sub_23 / Social + travel passes	2 082 580	1 058 167	1 024 413	96,8%
PAll - Senior Citizens' Integrated Support subsidies	20 690	305 482	( 284 792)	-93,2%
Compensatory allowance and budget increase	32 775 104	44 000 000	(11 224 896)	-25,5%
<b>Public service revenue</b>	<b>120 900 067</b>	<b>122 851 367</b>	<b>(1 951 300)</b>	<b>-1,6%</b>
Non-fare revenue	3 879 048	3 600 669	278 379	7,7%
Own work capitalised	1 551 256	1 945 091	( 393 835)	-20,2%
Impairments	105 064	132 970	( 27 906)	-21,0%
Increases in fair value	13 618 875	23 199 397	(9 580 522)	-41,3%
Other income and gains	12 031 380	29 336 492	(17 305 112)	-59,0%
Provisions and reversals	-	2 591 191	(2 591 191)	-100,0%
<b>Other income</b>	<b>31 185 624</b>	<b>60 805 810</b>	<b>(29 620 186)</b>	<b>-48,7%</b>
<b>Total</b>	<b>152 085 691</b>	<b>183 657 177</b>	<b>(31 571 486)</b>	<b>-17,2%</b>

Fare revenue grew 11% because of the combined effect of the revision of the quotas in the split of travel passes in association with the recovery in demand. The number of passengers grew by 2.25% (system validations), as a result of increased demand for non-frequent tickets, which generated a revenue increase of over €4 million (5.2%). However, the fare revenue increase was not sufficient to compensate the reduction in the operating subsidies, thus the public service revenue decreased 1.6%.

Other revenue decreased by 49%, most notably:

- The positive evolution of non-fare revenue reflecting the Company's commitment to develop new business segments;
- The maintenance of the downward trend in "Own work capitalised", in line with the reduction in investment;
- The portfolio of derivatives maintained an upward trend, but with an inferior variation when compared to 2013, resulting in a reduction of 41.3% in the item "Fair value adjustments".
- The item "Other income" decreased by approximately 60% due to the mentioned one-off income obtained with the early cancellation of derivatives in 2013.

The next table compares the evolution of operating costs, which increased by 17%:

**Table 4 – Operating costs**

Un: €uros

Operating costs	2014	2013	Variation	
			Absolut	%
Staff costs	67 754 065	86 397 818	(18 643 753)	-21,6%
Supplies and external services	31 322 364	31 879 718	( 557 354)	-1,7%
Cost of goods sold and materials consumed	2 639 558	2 150 462	489 096	22,7%
Losses charged to subsidiaries	20 124 337	1 259 896	18 864 440	1497,3%
Other costs and losses	3 569 549	11 410 347	(7 840 798)	-68,7%
Provisions	30 575 894	-	30 575 894	-
Amortisations	27 044 540	27 910 026	( 865 486)	-3,1%
Impairment of depreciable assets	4 683 754	-	4 683 754	-
<b>Total</b>	<b>187 714 061</b>	<b>161 008 267</b>	<b>26 705 793</b>	<b>16,6%</b>

In table 25, it is possible to distinguish two different lines of evolution associated with different cost natures:

- i. Expenses directly related to the transport service production (Staff, Supplies and Services and Cost of materials consumed) that, globally, decreased by 15.5% as a consequence of the cost containment measures implemented by the Company;
- ii. Costs linked to the recognition of changes in Company assets (non-cash costs) which, in 2014, represented 44% of total expenditures, with an increase of €53 million:
  - Losses from the sale of ML's share in G.I.L and changes to the Company's participation in TREM, A.C.E.: €18.9 million;
  - Increase in provisions: €30.5 million;
  - Recorded impairments from the revaluation of real estate: €4.6 million.

Staff Costs decreased by approximately 22% mainly due to the suspension of payment of pension supplements, in line with article 75 of Law 83-C/2013 of December 31, as shown in table 26. The overall payrolls in turn decreased by €1.9 million due to reductions in staff during 2014.

**Table 5 – Staff costs**

Staff costs	2014	2013	Un: Euros	
			Variation	
			Absolut	%
Wages	56 107 982	59 810 307	(3 702 325)	-6,2%
Pension Plan	279 486	12 595 465	(12 315 979)	-97,8%
Pension liabilities	9 977 961	12 155 529	(2 177 568)	-17,9%
Other costs	1 388 636	1 836 517	( 447 881)	-24,4%
<b>Total</b>	<b>67 754 065</b>	<b>86 397 818</b>	<b>(18 643 753)</b>	<b>-21,6%</b>
Wage bill	44 282 629	46 190 709	(1 908 079)	-4,1%

The increase in consumption of material is connected with a plan for replacement of rolling stock components, which is expected to be concluded during 2015.

Expenses with "Supplies and external services" slowed the downward trend, with a reduction of less than 2%. This slowdown reflects the achieved results of the cost containment measures implemented, which generated overall savings of more than €7 million (19%), since 2010.

Expenses with electricity, which bear a significant weight in the operating costs' structure, decreased significantly (7%) reflecting the drop in the contracted price in combination with the implementation of energy saving measures.

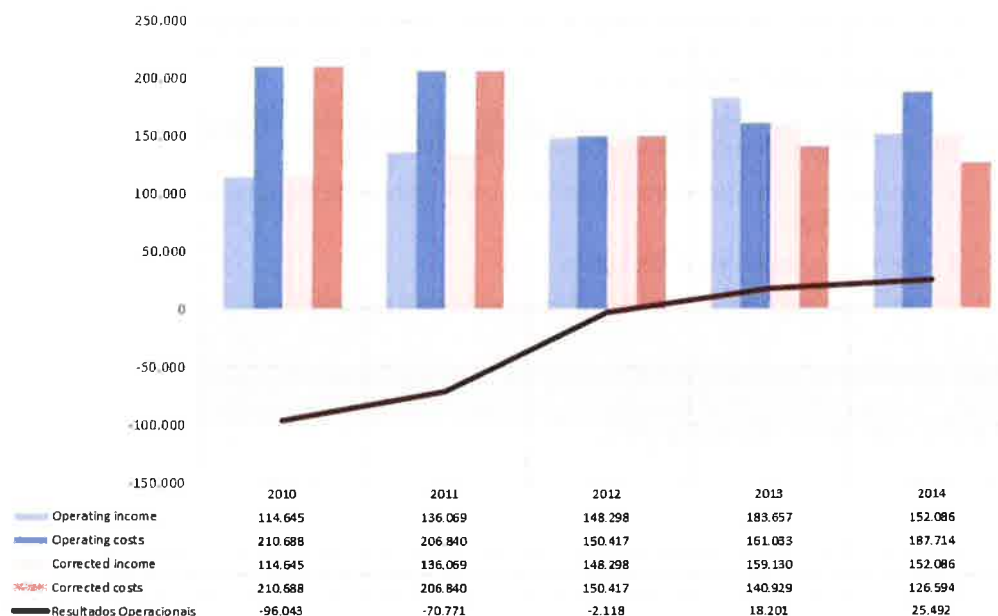
**Table 6 – Supplies and external services**

Supplies and external services	2014	2013	Un: Euros	
			Variation	
			Absolut	%
Electricity	7 593 732	8 148 655	( 554 923)	-6,8%
Rents and leases	7 948 916	7 918 025	30 891	0,4%
Conservation and repair	3 909 942	4 018 437	( 108 495)	-2,7%
Cleaning, hygiene and comfort	2 555 034	2 665 399	( 110 365)	-4,1%
Surveillance and security	5 208 525	5 186 241	22 285	0,4%
Specialised works	1 229 874	1 238 931	( 9 058)	-0,7%
Other	2 876 340	2 704 030	172 310	6,4%
<b>Total</b>	<b>31 322 364</b>	<b>31 879 718</b>	<b>( 557 354)</b>	<b>-1,7%</b>

The following graph shows the positive evolution of operating income, expenses and operating results over the past 5 years, adjusted for the impact of non-recurring expenses and income (cancellation of derivatives, interest provisions and recognition of subsidiary losses).



**Graph 1 – Evolution of Operating Income and Costs**



The financial results show a significant improvement with a reduction of over €22 million. This variation results from the provision of expenses related to derivatives contracts in litigation process. Financial earnings include the reversal of a €6.2 million budget that resulted from the financial discount recognised in previous fiscal years.

**Table 7 – Financial results**

Financial results	2014	2013	Variation	
			Absolut	%
Financial investments	4 631	24 405	( 19 774)	-81,0%
Other financial gains	7 520 772	854 645	6 666 127	780,0%
Financial operating costs	(22 040 031)	(34 503 909)	12 463 878	-36,1%
Financial lease costs	( 626 543)	(4 219 365)	3 592 822	-85,2%
	(15 141 171)	(37 844 224)	22 703 053	-60,0%

## 1.2. Financial management

### 1.2.1. Total financing needs

In 2014, cash flows generated by the public transport service activity maintained a positive trend due to the sustained growth of fare revenue associated with a significant decrease in operating expenses (cash costs).

The combination of these factors allowed the cash generated by operations to settle investment expenses, given the substantial reduction in the received Community funds.

In 2014, ML amortised debt in the amount of €141.7 million and paid €103 million in rents and interest, with €211 million of funding from the Treasury. Thus, the financial activity generated a negative cash flow, supported by the flows released from operation.

**Table 8 – Variation in cash and cash equivalents**

Un: thousand Euros

Cash flow statement	2014	2013	Variation	
			Absolut	%
Flow of operating activities	47 707	33 753	13 954	41,3%
Flow of investment activities	( 8 211)	41 556	( 49 767)	-119,8%
Flow of financing activities	( 33 876)	( 81 543)	47 667	-58,5%
<b>Variation in cash and cash equivalents</b>	<b>5 620</b>	<b>( 6 234)</b>	<b>11 854</b>	<b>-190,2%</b>
Cash and cash equivalents at the beginning of the year	18 186	24 420	6 234	-
Cash and cash equivalents at the end of the year	23 806	18 186	5 620	30,9%

In 2014, the State altered the financing policy regarding Reclassified State-Owned Enterprises by replacing loan grants with capital provisions whenever such funds are earmarked for debt service or investment. Similarly, the payment of interest and the repayment of Treasury loans were converted into capital.

Table 30 details ML's financing in 2014: the State made a capital increase of €550 million through capital inflows, in the amount of €211 million, and through credit conversions, for €338 million, connected to the debt service of Treasury loans.

**Table 9 – Financing activity**

Un: thousand Euros

Financing activity	2014	2013	Variation	
			Absolut	%
Capital increases	549 684	475 429	74 255	15,6%
Financing	211 327	475 429	( 264 102)	-55,6%
Credit conversion	338 357	-	338 357	-
Bank loans – IGCP/DGTF	-	412 860	( 412 860)	-100,0%
Payment in lieu	16 152	-	16 152	-
<b>Financing</b>	<b>565 836</b>	<b>888 289</b>	<b>( 322 453)</b>	<b>-36,3%</b>
<b>Payments regarding:</b>				
Bank loans	121 503	121 503	-	0,0%
Treasury loans	315 628	153 483	162 145	105,6%
Lease transactions	20 250	41 034	( 20 784)	-50,7%
Debenture loans	7 731	7 731	-	0,0%
Early cancellation of derivatives	-	475 429	( 475 429)	-100,0%
Interest and similar expenses	95 460	109 625	( 14 165)	-12,9%
Treasury loans interest	38 881	36 235	2 646	7,3%
Term deposits (escrow)	259	19 701	( 19 442)	-98,7%
Loans granted	-	5 093	( 5 093)	-100,0%
<b>Payments</b>	<b>599 712</b>	<b>969 834</b>	<b>( 370 122)</b>	<b>-38,2%</b>
<b>Cash flows from financing activities</b>	<b>( 33 876)</b>	<b>( 81 545)</b>	<b>47 669</b>	<b>-58,5%</b>

### 1.2.2. Balance sheet

In 2014, ML maintained the Line Ministry's guidelines to record in its balance sheet the values of durable infrastructure construction (ILD), clearly showing the impact of the investment made in infrastructure on behalf of the State and the corresponding liabilities.

The value of assets amounted to €5,065 million, with the following distribution:

**Table 10 – Total assets**

Asset	2014	2013	Un: million Euros	
			Variation	
			Absolut	%
Non-current	4 677	4 362	316	7,2%
Current	-	2	( 2)	-100,0%
<b>ILD</b>	<b>4 677</b>	<b>4 364</b>	<b>314</b>	<b>7,2%</b>
Non-current	287	336	( 49)	-14,7%
Current	101	104	( 3)	-3,1%
<b>ML</b>	<b>388</b>	<b>440</b>	<b>( 53)</b>	<b>-12,0%</b>
<b>Total asset</b>	<b>5 065</b>	<b>4 804</b>	<b>261</b>	<b>5,4%</b>

The increase in Durable Infrastructures Asset (Asset – ILD) results mainly from expenses incurred by the Company in the Infrastructure Investment activity, recorded in accounts receivable. Investment in Durable Infrastructure grew by €8 million, 50% of which correspond to expenses in the network remodelling.

Total liabilities decreased 4% due to amortisation of financing, to total €5,056 million.

**Table 11 – Total liabilities and equity**

Liabilities	2014	2013	Un: million Euros	
			Variation	
			Absolut	%
Non-current	3 485	3 601	( 116)	-3,2%
Current	341	299	42	14,1%
<b>ILD</b>	<b>3 826</b>	<b>3 900</b>	<b>( 73)</b>	<b>-1,9%</b>
Non-current	1 022	1 132	( 111)	-9,8%
Current	208	226	( 19)	-8,2%
<b>ML</b>	<b>1 229</b>	<b>1 359</b>	<b>( 129)</b>	<b>-9,5%</b>
<b>Total liabilities</b>	<b>5 056</b>	<b>5 258</b>	<b>( 202)</b>	<b>-3,8%</b>
<b>Equity</b>	<b>9</b>	<b>( 454)</b>	<b>464</b>	<b>-102,1%</b>
<b>Total liabilities and equity</b>	<b>5 065</b>	<b>4 804</b>	<b>261</b>	<b>5,4%</b>

In 2014, the shareholder's financing policy, coupled with a progressive improvement of results, allowed ML to present positive equity, a condition which had not occurred since 2006.

### 1.2.3. Evolution of remunerated liabilities

In 2014, the Company amortised €457 million in debt, reducing remunerated liabilities by 11%.

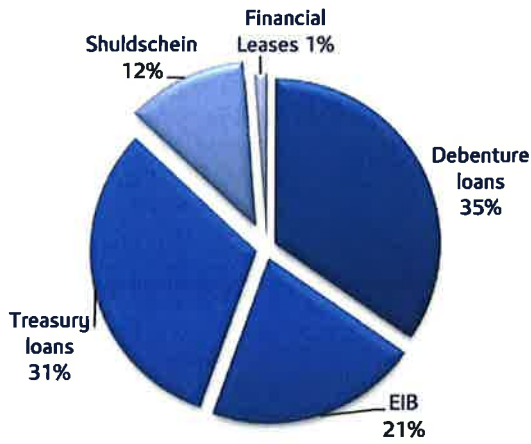


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**Table 12 – Remunerated liabilities**

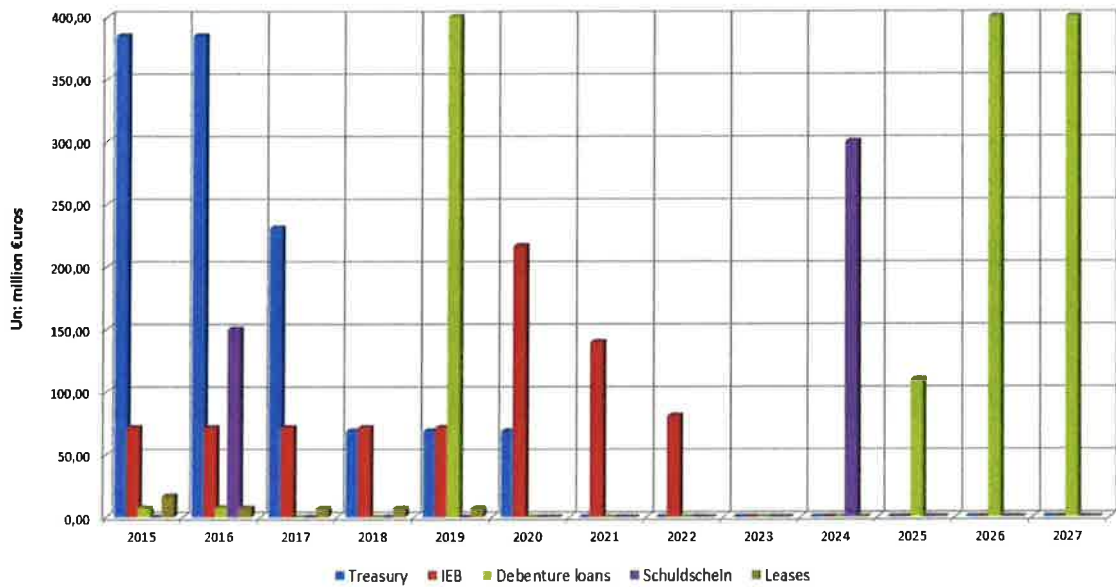
Remunerated liabilities	2014	2013	Un: thousand Euros	
			Variation	
			Absolut	%
Debenture loans	1 325 463	1 333 194	( 7 731)	-0,6%
EIB	794 854	866 357	( 71 503)	-8,3%
Other long-term / Treasury liabilities	1 206 262	1 521 891	( 315 629)	-20,7%
Shuldschein	450 000	500 000	( 50 000)	-10,0%
Finance leases	46 860	59 382	( 12 522)	-21,1%
<b>Medium and long-term debt</b>	<b>3 823 439</b>	<b>4 280 823</b>	<b>( 457 384)</b>	<b>-10,7%</b>
<b>Short-term debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3 823 439</b>	<b>4 280 823</b>	<b>( 457 384)</b>	<b>-10,7%</b>

**Graph 2 – Debt structure**



The debenture loans bear significant weight on the ML's debt structure, also showing higher maturities. The average maturity fell to 6.2 years (6.5 years in 2013).

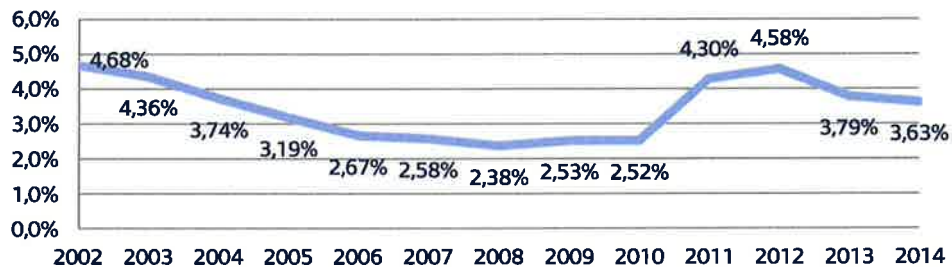
**Graph 3 – Financing maturity**



The next graph shows the evolution of the implicit interest rate on debt since 2002. As shown, this interest rate maintains a favourable trajectory until 2010. From that year forward, with the decline in the reference interest rates, the cash flows generated by hedging instruments initiate an accelerated loss trend, which significantly worsened the implicit interest rate.

The reversal in this trend from 2012 onwards is a consequence of the lower costs associated with Treasury loans, with an average rate of 2.4%, not being negligible the impact of the cancellation of derivatives with greater loss risks.

**Graph 4 – Implicit interest rate**



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#### 1.2.4. Metropolitano de Lisboa rating

Table 13 – ML rating

ML rating	Standard & Poor's	
	Rating	Outlook
17 January 2014	B	Negative
28 February 2014	BB	Negative
9 May 2014	BB	Stable
27 February 2015	BB	Stable
23 March 2015	BB	Positive

In May 2014, Standard & Poor's revised the ML rating, altering its outlook from negative to stable. In the annual assessment conducted in February 2015, S&P confirmed this assessment, which in March was revised to positive Outlook in line with the revision of the Portuguese Republic's rating. This assessment was based on the following aspects:

1. The continued financial support from the State with the additional factor that most of the Company's debt is guaranteed by the Republic.
2. The support and effort demonstrated by the State in honouring the debt service commitments, with funds provided for this purpose in the 2015 budget.

## 2. Prospects for 2015

The current macroeconomic projections point to a gradual recovery of the Portuguese economy in the coming years, slightly above the expected growth for the euro zone.

A broad consensus around this growth is crucial to increasing the credibility, predictability and implementation capacity of the policies supporting it.

The above conditions are essential to promote a better allocation of resources and productivity growth, thus contributing to the goal of increasing the sustained economic welfare levels in Portugal.

In this context that foresees a reversal of the economic cycle, with the gradual recovery of growth and employment in 2015, ML will pursue its activity under the new framework of the group TRANSPORTES DE LISBOA, while intensifying and consolidating the restructuring process and operational integration with CARRIS and the TRANSTEJO group, under the common management in which these companies already operate today.

ML will continue to invest in finding new ways to attract new customers and to promote customer loyalty, as well as increasing the fight on fraud in the use of the Public Transport service, thus anticipating a recovery in demand.

Simultaneously, in 2015 the measures to contain costs and improve productivity will continue in order to accommodate the Government's decision to end State financial support through compensatory allowances, although with the continued compensation for social fares assigned to vulnerable social groups (Social+ travel pass), thus improving the financial results: an indispensable condition for the Company's economic and financial sustainability.

There will also be a continued concern to preserve and consolidate social cohesion in the Company, strengthening the dialogue and conciliation climate, both essential to its regular operation.

At the same time, under the technical, financial and legal work developed with CARRIS, ML will materialise with the Shareholder, the concession process of the public transport service to private capital, as defined in the Strategic Plan for Transports (PET) and in line with the State Budget Law for 2014.

In 2013, an important step was taken with the Government's publication of a new legal document clarifying both the State subsidy and fare distribution models. However, for its effective application it will be necessary to completely rethink the current transport system model in the Lisbon region.

Only then, will it be possible to break with old habits, create new rules, new service requirements and, above all, to go forward with contracting the public service delivery, involving the State, Local Governments and Regulators, providing the process with total transparency in favour of the population of the Lisbon region, who will benefit from a truly integrated public transport system at the best possible price.

It should be noted that according to the European transport legislation, the adjustment to the system must be concluded until 2019.

Following the appointment of a new Management Board common to METROPOLITANO DE LISBOA, CARRIS and the TRANSTEJO Group, pursuant Decree-Law 161/2014 of October 29, new projects and measures will be carried out to expand the operational integration of these companies, as well as the necessary actions to allow the opening of the current management and concession process to the private sector. This will entail the adoption of a number of measures, the results of which will have increased visibility in 2015.

The 2015 fiscal year, which coincides with 56 years of ML activity, is thus simultaneously the period that marks the end of the Company's restructuring cycle, and the beginning of a new cycle characterised by a new organisational and operational model based on a different framework and new paradigms

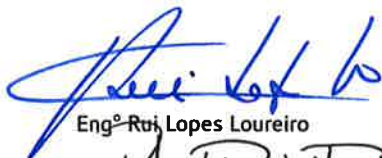
This new organisational and operational model will allow ML to assert itself as a public company with a different performance in the new cycle that begins in 2015. This will set forth the expectation that, under the new framework of the Group TRANSPORTES DE LISBOA, the Company will be more flexible, with renewed momentum and increased focus on the market, and conditions to ensure greater sustainability, pursuing through innovation new urban mobility solutions able to strengthen its important contribution to the competitiveness and quality of life in Lisbon.

Ensuring ML's sustainability, as well as its ability to continue to play an active role in the mobility of Lisbon and its metropolitan area are, after all, the main challenges that the Company will have to face and intrepidly overcome in 2015.

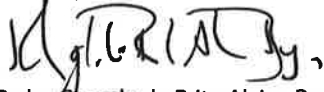
### 3. Proposed application of results

For the purposes of compliance with paragraph e) of No. 2 of article 7 of the By-laws of Metropolitano de Lisboa, E.P.E., the Management Board proposes that the losses reported in the fiscal year ended December 31, 2014, amounting to €50.837.743 be fully transferred to retained earnings.

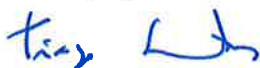
#### The Management Board



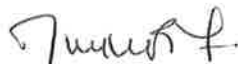
Eng<sup>o</sup> Rui Lopes Loureiro



Dr. Pedro Gonçalo de Brito Aleixo Bogas



Dr. Tiago Alexandre Carvalho dos Santos



Dr<sup>a</sup> Maria Manuela Bruno de Figueiredo



Dr. José Rui Roque

#### 4. Financial statements

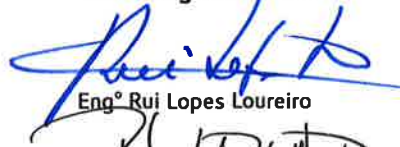
Table 14 – Balance sheets as of December 31, 2014 and 2013

Balance as at December 31, 2014 and 2013				
Asset	Notes	2014	2013	
<b>Non-current assets</b>				
Durable infrastructure investments	5	4.677.424.000	4.361.698.549	
Tangible fixed assets	6	227.413.137	259.863.291	
Investment properties	8	390.982	428.728	
Financial holdings - equity method	9	5.184.088	25.683.810	
Other accounts receivable	13	-	10.502.602	
Derivatives	10	3.678.000	3.271.187	
Other financial assets	11	50.089.996	36.449.583	
<b>Total non-current assets</b>		<b>4.964.180.203</b>	<b>4.697.897.750</b>	
<b>Current assets</b>				
Durable infrastructure investments	5	-	2.041.708	
Inventories	12	2.482.190	1.569.041	
Clients	13	3.166.534	4.342.615	
State and other public bodies	21	2.648.299	4.394.694	
Other accounts receivable	13	12.526.562	18.055.213	
Deferrals	14	56.349.086	57.691.347	
Cash and bank deposits	4	23.806.166	18.186.353	
<b>Total current assets</b>		<b>100.978.837</b>	<b>106.280.971</b>	
<b>Total Assets in Durable Infrastructure Investments</b>		<b>4.677.424.000</b>	<b>4.363.740.257</b>	
<b>Total assets linked to operation (ML)</b>		<b>387.735.040</b>	<b>440.438.464</b>	
<b>Total Assets</b>		<b>5.065.159.040</b>	<b>4.804.178.720</b>	

#### The Official Accountant


Dr. Carlos Emério Ferreira Mota

#### The Management Board

  
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Dr. Maria Manuela Bruno de Figueiredo

  
Dr. José Rui Roque

EQUITY AND LIABILITIES			
<b>Equity</b>			
Paid-up capital	15	1.628.862.756	1.079.179.039
Legal reserve		21.597	21.597
Other reserves		1.501.878	1.501.878
Retained earnings		(1.587.160.498)	(1.539.560.250)
Other variations in equity	16	17.012.122	19.918.353
		<b>60.237.856</b>	<b>(438.939.383)</b>
<b>Net result for the year</b>		<b>(50.837.743)</b>	<b>(15.307.839)</b>
<b>Total equity</b>		<b>9.400.113</b>	<b>(454.247.222)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Durable infrastructure Investments	5	3.485.256.785	3.600.774.086
Provisions	17	55.736.875	13.212.202
Financing obtained	18	520.076.153	691.360.435
Derivatives	10	198.710.014	210.714.948
Commitments for post-employment benefits	19	247.102.172	216.987.145
<b>Total non-current liabilities in durable infrastructure investments</b>		<b>3.485.256.785</b>	<b>3.600.774.086</b>
<b>Total non-current liabilities linked to operation (ML)</b>		<b>1.021.625.214</b>	<b>1.132.274.729</b>
<b>Total non-current liabilities</b>		<b>4.506.881.999</b>	<b>4.733.048.815</b>
<b>Current liabilities</b>			
Durable infrastructure investments	5	341.066.173	298.900.953
Suppliers	20	1.370.469	1.616.266
Advances from clients		269.798	-
State and other public bodies	21	2.520.432	2.597.692
Financing obtained	18	160.674.782	176.977.441
Other accounts receivable	23	41.484.990	42.353.773
Deferrals	24	1.490.284	2.931.002
<b>Total current liabilities in durable infrastructure investments</b>		<b>341.066.173</b>	<b>298.900.953</b>
<b>Total current liabilities linked to operation (ML)</b>		<b>207.810.755</b>	<b>226.476.174</b>
<b>Total current liabilities</b>		<b>548.876.928</b>	<b>525.377.127</b>
<b>Total liabilities in durable infrastructure investments</b>		<b>3.826.322.958</b>	<b>3.899.675.039</b>
<b>Total liabilities linked to operation (ML)</b>		<b>1.229.435.969</b>	<b>1.358.750.903</b>
<b>Total liabilities</b>		<b>5.055.758.927</b>	<b>5.258.425.942</b>
<b>Total equity and liabilities</b>		<b>5.065.159.040</b>	<b>4.804.178.720</b>

This annex is an integral part of the Balance as at December 31, 2014.

#### The Official Accountant

Dr. Carlos Emério Ferreira Mota

#### The Management Board

Eng.º Rui Lopes Loureiro

Dr. Pedro Gonçalo de Brito Aleixo Bogas

Dr. Tiago Alexandre Carvalho dos Santos

Dr.ª Maria Manuela Bruno de Figueiredo

Dr. José Rui Roque



**Table 15 – Income Statement by nature for the fiscal years ended December 31, 2014 and 2013**

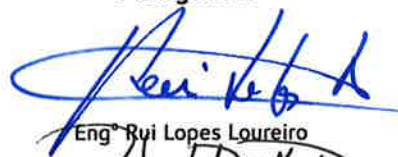
Income and Costs	Notes	2014	2013
Sales and services provided	25	89.900.742	81.088.387
Operating subsidies	26	34.878.374	45.363.649
Gains / losses imputed to subsidiaries, associates and joint ventures	9	(20.124.337)	(1.259.896)
Own work capitalised		1.551.256	1.945.091
Cost of goods sold and materials consumed	12	(2.639.558)	(2.150.462)
Supplies and external services	27	(31.322.364)	(31.879.718)
Staff costs	28	(67.754.065)	(86.397.818)
Impairment of inventories (losses / reversals )	12	105.064	(25.000)
Provisions (increases / decreases)	17 e 19	(30.575.894)	2.591.191
Increases / (decreases) in fair value	10 e 11	13.618.875	23.199.397
Other income and gains	29	12.031.380	29.336.492
Other costs and losses	30	(3.569.549)	(11.410.347)
<b>Income before depreciation, financing costs and taxes</b>		<b>(3.900.076)</b>	<b>50.400.965</b>
(Costs) / reversals of depreciation and amortisation	6 e 8	(27.044.540)	(27.910.026)
Impairment of depreciable / amortisable assets (losses) / reversals	6 e 8	(4.683.754)	132.970
<b>Operating results (before financing costs and taxes)</b>		<b>(35.628.370)</b>	<b>22.623.909</b>
Interest and similar income received	31	7.525.403	879.050
Interest and similar costs borne	31	(22.666.574)	(38.723.273)
<b>Result before taxes</b>		<b>(50.769.541)</b>	<b>(15.220.314)</b>
Income tax for the year	22	(68.202)	(87.525)
<b>Net profit / loss for the year</b>		<b>(50.837.743)</b>	<b>(15.307.839)</b>

The annex is an integral part of the income statements by nature for the year ended December 31, 2014.


**The Official Accountant**

Dr. Carlos Emério Ferreira Mota

**The Management Board**



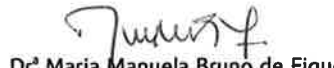
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Dr. Tiago Alexandre Carvalho dos Santos



Dr.ª Maria Manuela Bruno de Figueiredo



Dr. José Rui Roque



**Table 16 – Cash Flow Statements for the fiscal years ended December 31, 2014 and 2013**

Cash Flow Statements for the years ended December 31, 2014 and 2013				
ITEMS	Notes	2014	2013	
<b>Operating activities:</b>				
Sales of tickets and travel passes		86.467.539	85.826.671	
Compensatory allowance	3.18	30.032.684	47.882.886	
Clients receivables		14.323.316	9.049.365	
Payments to suppliers		(37.563.309)	(30.910.102)	
Staff payments		(43.348.054)	(61.237.094)	
<b>Cash generated by operations</b>		<b>49.912.176</b>	<b>50.611.726</b>	
Tax payments and receivables		(202.183)	(9.500.406)	
Other payments / receivables from operating activities		(2.002.829)	(7.358.310)	
<b>Cash flows from operating activities</b>		<b>47.707.164</b>	<b>33.753.010</b>	
<b>Investment activities</b>				
<b>Receivables from:</b>				
Tangible fixed assets		-	1.534.630	
Investment subsidies		2.161.774	56.447.910	
Interest, dividends and other similar income		19.395	223.302	
<b>Total received</b>		<b>2.181.169</b>	<b>58.205.842</b>	
<b>Payments relating to:</b>				
Financial investments		(28.571)	-	
Tangible fixed assets		(10.363.975)	(16.649.361)	
Intangible assets		-	-	
<b>Total payments</b>		<b>(10.392.547)</b>	<b>(16.649.361)</b>	
<b>Cash flow from investment activities</b>		<b>(8.211.377)</b>	<b>41.556.481</b>	
<b>Financing activities</b>				
<b>Receivables from:</b>				
Capital increases	15	211.326.846	475.429.039	
Bank loans		-	129.885.756	
Bank loans - IGCP/DGTF		-	282.974.244	
Early cancellation of SWAP contracts		-	15.422.250	
<b>Total loans</b>		<b>211.326.846</b>	<b>903.711.289</b>	
<b>Payments relating to:</b>				
Bank loans	18	(121.502.576)	(274.985.576)	
Operating lease transactions		(7.725.180)	(10.610.120)	
Finance lease transactions		(12.525.199)	(30.423.708)	
Debenture loans		(7.731.367)	(7.731.367)	
Financing costs and losses		(95.459.528)	(91.216.934)	
Early cancellation of SWAP contracts	5.5	-	(490.851.289)	
Term deposits (escrow)		(258.969)	(19.700.540)	
Loans granted	9	-	(5.092.660)	
<b>Total payments</b>		<b>(245.202.819)</b>	<b>(930.612.194)</b>	
<b>Cash flow from financing activities</b>		<b>(33.875.973)</b>	<b>(26.900.905)</b>	
<b>Variations in cash and cash equivalents</b>		<b>5.619.814</b>	<b>48.408.586</b>	
Cash and cash equivalents at the beginning of the year	4	18.186.353	24.420.301	
Cash and cash equivalents at the end of the year	4	23.806.166	18.186.353	
Cash		303.270	15.369	
Bank deposits		23.502.896	18.170.984	
<b>Cash and cash equivalents at the end of the year</b>		<b>23.806.166</b>	<b>18.186.353</b>	

The annex is an integral part of the cash flow statement for the year ended December 31, 2014.

The Official

Dr. Carlos Emério Ferreira da Mota

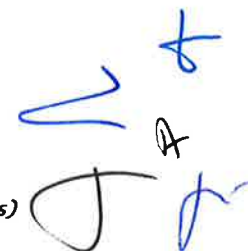
The Management Board

  
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 Dr. Pedro Gonçalo Aleixo Borges  
  
 Dr. Tiago Alexandre Carvalho dos Santos  
  
 Dr.ª Maria Manuela Bruno de Figueiredo  
  
 Dr. Jose Rui Roque



## Notes to the financial statements as of December 31, 2014

(Amounts in Euros)



### 1. INTRODUCTION

With the entry into force on June 26, 2009 of the relevant Decree-Law, *Metropolitano de Lisboa, E.P.E.* (Corporate Public Enterprise) took on its current designation, henceforth referred to as "Company".

This change is in line with Decree-Law 148-A/2009, DR No. 122, Supplement, Series I of June 26, 2009, by the Ministry of Public Works, Transport and Communications, which approves the legal framework for *Metropolitano de Lisboa, E.P.E.*, as well as its By-laws, thus revoking Decree-Law 439/78 of December 30.

The previous designation, *Metropolitano de Lisboa, E.P.*, resulted from the 1975 nationalisation of the limited liability Company *Metropolitano de Lisboa, S.A.R.L.*, as per the Decree-Law 280-A/75, of June 5.

The Company's main purpose is the operation, on an exclusive basis, of the public passenger transport service based on the use of Lisbon city's underground and that of its neighbouring municipalities, as well as the maintenance and development of the metro network.

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

The provision of services abides by the fare policy set by the Line Ministry (Ministry of Finance and Economy), allowing the Company to benefit from the allocation of official funds, including statutory capital and investment funds, compensatory allowances and other subsidies.

These financial statements concern the Company in individual terms and were prepared in harmony with the legal framework for approval by the Management Board, the investments having been accounted for under the equity method, as stated in Note 9. The Company will prepare and present separate consolidated financial statements, including those of the companies where it holds management control or the majority of shares. Therefore, these individual financial statements were considered in equity on December 31, 2014 and net income ending at that date, the effect of consolidation of the equity and results of subsidiaries based on the corresponding financial statements, but not the effect of full consolidation of assets, liabilities, expenses and income.

The attached financial statements are presented in Euros and were approved by the Management Board at the meeting on May 28, 2015. However, they are subject to approval by the Portuguese State, through the Line Ministries that oversee the Company's activity, owner of the statutory capital, as per the specific Portuguese legal framework in force for public companies.

The Company's financial statements for the fiscal years ended December 31, 2012 and 2013 were not subject to formal approval by the Line Ministry. The Company's Management Board proceeded with the accounting records of the application of results for those years, in harmony with the proposals of the Company's management reports on those fiscal years, for considering that such financial statements and proposed application of results will be approved without significant changes.

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

### 2. Accounting standards for financial reporting

The attached consolidated financial statements were prepared under the provisions in force in Portugal, pursuant Decree-Law 158/2009, of July 13, and in line with the conceptual framework, accounting and financial reporting standards (NCRF) and interpretive standards (NI) applicable to the fiscal year which ended December 31, 2014.

### 3. Main Accounting Policies

The main accounting policies used in these financial statements are as follows:

#### 3.1. Basis of presentation

The appended financial statements have been prepared on the assumption of the ongoing operations and in line with the accrual basis of accounting, from the Company's books and records maintained in accordance with the Accounting and Financial Reporting Standards (NCRF).

#### 3.2. Durable infrastructure investment activities (ILD)

Over the years, the Company assumed the responsibility for building, renovating and managing of the durable infrastructures for the regular operation of the public passenger transport service based on the use of Lisbon's underground and that of its neighbouring surroundings. This activity abides by State directives and it is primarily funded by grants and loans, mainly backed by the State.

Until the 2009 fiscal year, the Company recognised in its balance sheet the assets and liabilities related the ILD in line with Decree-Law 196/1980 of June 20, whereby the Portuguese State undertook to financially and economically restructure the Company, namely bearing the burden of ILD investments performed until December 31, 1978. The Decree-Law also states that for investments made after January 1, 1979, the State would set the outstanding amounts that it would assume, a provision that was never issued. In the 2010 and 2011 fiscal years, the Board decided to cancel the assets and liabilities related to ILD, and consequently the Company's total balance in those years decreased significantly. In the 2012 fiscal year, following Order No. 1491/12 of the Treasury and Finance State Department, the Board decided to resume the recording of ILD related assets and liabilities in the Company's balance sheet.

Therefore, all resulting flows from this activity are disclosed in the balance sheet under "Durable infrastructure investments", which include:

##### In assets:

- The durable infrastructures (ILD) under public domain built by the Company and over which it has the right of access in order to provide "Passenger Transport" and "Infrastructure management" services, including the revaluations made in previous years;
- The materials purchased for ILD construction/repair, recorded in inventories;
- The subsidies received to co-finance ILD construction, to be deducted from investments in ILD;
- The financial expenses directly incurred by loans to fund the ILD construction and repair activity, corresponding to the interest, endorsement fees and stamp duty arising from the activity carried out on behalf of the State, which has not been capitalised in ILD cost during the construction phase;
- The derivative financial instruments contracted by the Company to hedge the risk of variations in interest rates on loans obtained to finance the ILD activity, which are recognised at fair value under assets where their fair value is negative.

It should be noted that the fixed tangible and intangible assets net of allowances and impairments under the item ILD in assets are not being amortised (Notes 3.3 and 3.4).

##### In liabilities:

- The amounts payable to suppliers of ILD construction services;
- The loans taken out to finance ILD construction and repair activities, particularly those endorsed by the State;
- The derivative financial instruments contracted by the Company to hedge the risk of variations in interest rates on loans obtained to finance the ILD activity, which are recognised at fair value under liabilities, where their fair value is positive.

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

Pursuant Decree-Law 196/80 of June 20, the Government settled the Portuguese State's responsibility to finance the construction of durable infrastructures carried out by the Company, defining the following types of investments:

- Studies concerning the network development;
- Tunnels, stations and other ancillary or complementary buildings;
- Railway track;
- High and low voltage networks;
- Telecommunications and control systems;
- Ventilation and pumping;
- Mechanical accesses

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This commitment was fulfilled by non-refundable subsidies granted by the Portuguese State, for investments carried out until December 31, 1980 and for the corresponding finance charges incurred with these investments. At that date, the amount of investments made and the value of the subsidies granted coincided and were recorded in assets financed by the State and investment reserves, respectively.

The abovementioned Decree-Law contained a clause calling for its revision before its expiry date on December 31, 1980. However, this revision was never carried out. Hence, and from that date, funds have been allocated based on *ad hoc* legislation incorporated in the Investment Plans of the State-Owned Enterprise Sector, and in the form of statutory capital provisions and generic subsidies for investments and financial restructuring and, as a result, there is no correspondence between the investments made and the granted subsidies.

Due to the change in the recognition policy, during the transition to the Accounting Standards System, the Company proceeded to quantify the financial expenses with interest, stamp duty, endorsement fees and financing set-up costs incurred in previous years, not borne by the State, recording them under "Durable infrastructure investments".

### 3.3. Tangible fixed assets

#### Related to infrastructure management (non-durable infrastructure assets)

Tangible fixed assets are recorded at acquisition or production cost, which includes the purchase cost, finance expenses and any costs directly attributable to the activities required to place the asset at the location and the necessary conditions for it to be operated as intended and, when applicable, the initial cost estimate for dismantling and removing the asset and restoring the installation/operation areas, which the Company expects to incur, minus accumulated amortisations and accumulated impairment losses (when applicable).

Amortisations are calculated after the goods become available for use, according to the straight-line method on a monthly basis, in line with the period of estimated useful lives for each class of assets:

Class of assets	Years
<b>Buildings and other constructions</b>	10 - 50
<b>Basic equipment</b>	
Operation Rolling stock	14 - 28
Engineering Rolling stock	10 - 30
Control systems and telecommunications	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Office equipment	7 - 10
Other tangible fixed assets	4 - 10

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

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

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

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

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

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

#### Related to durable infrastructures (ILD)

Tangible fixed assets related to ILD are recorded under "Durable infrastructure investments" at acquisition or production cost, which includes the purchase cost, finance expenses and any costs directly attributable to the activities required to place the asset at the location and the necessary conditions for it to be operated as intended and, when applicable, the initial cost estimate for dismantling and removing the asset and restoring the installation/operation areas, in which the Company expects to incur.

The record of amortisations related to these assets was determined for the tangible fixed assets linked to infrastructure management, but only until December 31, 1997. After January 1, 1998, these assets have not been amortised.

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

### **3.4. Intangible assets**

Intangible assets linked to ILD are recorded under "Durable Infrastructure investments" mainly including studies for the development of the network, and are not currently being amortised.

### **3.5. Leases**

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

#### Leases in which the Company acts as lessor:

The situations in which the Company acts as lessor concern rental contracts with the tenants of buildings and storey-flats owned by the Company.

Pursuant to the Law on Urban Leases, these lease contracts have no established duration and were concluded following the relocation process carried out by the Company due to the metro's network expansion works.

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

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

Operating lease payments are recognised as costs on a straight-line basis during the lease period. Contingent rents are recognised as costs for the period in which they are incurred.

### **3.6. Investment properties**

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



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

Depreciation is calculated after the goods have become available for use, as per the straight-line method on a monthly basis, and according to the period of estimated useful lives for each class of assets.

The depreciation rates correspond to the following estimated useful lives:

Class of assets	Years
Buildings and other constructions	10 - 50

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

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

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

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

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

### 3.7. Impairment of tangible fixed assets (non-durable infrastructure assets)

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

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

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

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

### **3.8. Financial investments in subsidiaries, associates and affiliates**

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

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

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

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

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

### **3.9. Inventories**

Inventories are stated at the lower of cost or net realisable value. The cost of raw materials, subsidiaries and consumables are valued at acquisition cost, which does not exceed the respective market value. The inventories of the Company as at December 31, 2014 mainly consist of transport tickets, maintenance and cleaning equipment.

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

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

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

### **3.10. Financial assets and liabilities**

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

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

#### **(i) At cost or amortised cost**

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

- They are on demand or have a defined maturity;
- They have an associated fixed or determinable return; and
- Are not derivative financial instruments or do not incorporate a derivative financial instrument.

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

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

#### **a) Clients and other receivables**

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



b) Cash and bank deposits

The amounts included under "Cash and bank deposits" correspond to cash, bank deposits and term deposits and other treasury applications which mature within twelve months.

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

c) Other financial assets

Other financial assets include bank deposits held as collateral for the fulfilment of two loans. These assets are recorded at amortised cost.

d) Suppliers and other payables

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

e) Financing obtained

Financing obtained is recorded as liabilities at amortised cost.

Any costs incurred in obtaining such financing, including bank charges and stamp duty as well as interest charges and similar expenses, are recognised using the effective interest method in the income statement over the financing period. Those costs incurred, for the period during which they are not recognised, are recorded as deducted under "Financing obtained". Interests accrued but not yet paid are shown under "Other payables".

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

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

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

In the case of the Company, this category only includes the derivatives that do not qualify for hedge accounting purposes in harmony with the provisions of NCRF 27 - Financial instruments and financing collaterals.

## (iii) Impairment of financial assets

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

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

Impairment losses are recorded under "Impairment losses" in the period in which they are determined.

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

## (iv) Derecognition of financial assets and liabilities

The Company derecognises financial assets only when the contractual rights to the cash flows expire after collection, or when the control of these financial assets is transferred to another entity as well as all significant risks and rewards associated with its ownership.

The Company derecognises financial liabilities only when the underlying obligation is settled, cancelled or expired. According to the description, the financial assets and liabilities had following classification:

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Financial Assets	Notes	2014		2013	
		Fair value	Cost or amortised cost	Fair value	Cost or amortised cost
<b>Non-current:</b>					
Other accounts receivable	13	-	-	-	10.502.602
Derivatives	10	3.678.000	-	3.271.187	-
Other financial assets	11	50.089.996	-	-	36.449.583
		<b>53.767.996</b>	<b>-</b>	<b>3.271.187</b>	<b>46.952.185</b>
<b>Current:</b>					
Clients	13	-	3.166.534	-	4.342.615
Other accounts receivable	13	-	12.526.562	-	18.055.213
Cash and bank deposits	4	-	23.806.166	-	18.186.353
		-	<b>39.499.262</b>	-	<b>40.584.181</b>
		<b>53.767.996</b>	<b>39.499.262</b>	<b>3.271.187</b>	<b>87.536.366</b>

Financial liabilities	Notes	2014		2013	
		Derivatives (fair value)	Cost or amortised cost	Derivatives (fair value)	Cost or amortised cost
<b>Non-current:</b>					
Financing obtained	18	-	520.076.153	-	691.360.435
Derivatives	10	198.710.014	-	210.714.948	-
		<b>198.710.014</b>	<b>520.076.153</b>	<b>210.714.948</b>	<b>691.360.435</b>
<b>Current:</b>					
Suppliers	20	-	1.370.469	-	1.616.266
Financing obtained	18	-	160.674.782	-	176.877.441
Other accounts payable	23	-	41.484.990	-	42.353.773
		-	<b>203.530.240</b>	-	<b>220.847.481</b>
		<b>198.710.014</b>	<b>723.606.393</b>	<b>210.714.948</b>	<b>912.207.915</b>

### 3.11. Financial costs on loans obtained

Financial charges related to financing obtained are recognised as costs as they are incurred.

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

Pursuant to Decree-Law 196/80 of June 20, the Government settled the principle that it was the Portuguese State's responsibility to fund the Metro's ILD. This commitment was carried out through non-refundable grants awarded by the Portuguese State for investments up to December 31, 1980 and all finance charges incurred with these investments until that date. As per this principle, the Company records the financial costs related to ILD under "Durable infrastructure investments".

### 3.12. Income tax

The Company is subject to Corporate Income Tax at the rate of 23%.

The calculation of the current payable tax is based on taxable income. Taxable profit differs from accounting income as it excludes several expenses and income that are only taxable or deductible in other years, as well as costs and income that are not taxable or deductible. In the Company's case, because its taxable income will be significantly negative, the current tax corresponds to the autonomous taxation payable, mainly originated by costs incurred during the fiscal year with passenger and mix-use vehicles, travel, representation or public relations' expenses.

The Company has not recorded deferred taxes, which are not fully quantified to the date. The deferred tax assets would correspond to tax losses and non-tax deductible provisions, and deferred tax liabilities would correspond to non-tax deductible amortisation of revalued assets, and capital gains tax with deferred taxation.

In the years ranging from December 31, 2009 to 2014, several situations led to the recording of deferred tax assets in the estimated amount of €96,000,000 concerning reportable tax losses and non-tax deductible provisions, which were not recognised because there was no reasonable expectation of sufficient future taxable profits to use these deferred tax assets.

### 3.13. Government grants (non-ILD)

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

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

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

### 3.14. Provisions, contingent assets and liabilities

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

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

### 3.15. Post-employment benefits

#### Established benefit plan

The Company has a plan for retirement supplement (old age, disability and survival) paid by the Social Security. The Company's liabilities concerning this plan are determined by the projected credit unit method, the corresponding actuarial valuations being carried out at each reporting date, according to internationally accepted actuarial methods and assumptions, in order to meet the value of the liabilities at the balance sheet date and the expenses with pensions to be recorded during the fiscal year.

The liability of the guaranteed benefits recognised in the balance sheet represents the current value of the corresponding obligation, adjusted for actuarial gains and losses and the cost of unrecognised past services minus the fair value of the plan's assets.

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

The provided benefit plans identified by the Company to calculate these liabilities are:

- a) a) Supplementary retirement, disability and survival pensions;
- b) b) Pre-pension plans.

#### **Health care**

The Company has also committed to the responsibility to pay employees up to retirement age, health care benefits that are not recorded in the balance sheet as at December 31, 2014. To meet these responsibilities, the Company secured health insurance for its active staff allowing access to medical care subsidised by the Company. These costs are recorded in the income statement in the year in which they are paid.

### 3.16. Derivative financial instruments

The Company uses derivative financial instruments for loans contracted to finance activities regarding management of infrastructures and ILD affectations.

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

Derivative financial instruments that do not meet all the requirements of NCRF 27 – Financial Instruments used for hedge accounting are considered speculative.

The valuation of these derivative financial instruments at the end of each fiscal year is performed in line with the valuation of the banks with which they were contracted. The exception are the derivative financial instruments currently in litigation with the Santander Bank, which are valued according to the valuation determined by the Portuguese Treasury and Debt Management Agency (IGCP), which is mandated to manage all of ML's derivative instruments.

On December 31, 2014 and 2013, the Company did not classify any financial derivative instruments as hedge, as it does not comply with the NCRF 27 requirements.

In the case of derivative financial instruments contracted by the Company for financing the infrastructure management activity, if the fair value is positive it is recognised as a financial asset under "Derivatives", and if the fair value is negative, it is recognised as a financial liability under "Derivatives". Variations in fair value of these derivative financial instruments are recognised in the income statement in the fiscal year in which they occur under "Increases / decreases in fair value".

The financial instruments contracted by the Company regarding loans to finance the ILD activity are recognised under "Durable infrastructure investments" in assets or liabilities, depending on whether the fair value at the reporting date is negative or positive, respectively, with variations in fair value recognised in these items at each balance sheet date, wherefore the effect of variations in fair value of the Company's equity in this case is nil.

### 3.17. Balance sheet classification

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

### 3.18. Revenue

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

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

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

Revenue from the provision of services comprises revenue from sales of ML's own tickets and a share of the revenue from sales of multimodal passes valid for the Metro and other urban and suburban transport services provided by other operators whose fares are set by the State.

The Company records revenue related to the provision of services as follows:

- Multimodal passes – The revenue from multimodal passes sold by the Company and other transport operators is distributed among operators based on a monthly split determined by the Institute for Mobility and Transport (IMT, I.P.). This distribution is calculated according to statistical indexes that take into account the level of use of the Company's services and that of each of the other operators.
- Tickets and pre-paid tickets – The Company records this revenue at the time of ticket sales.

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

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

### **3.19. Departmental costs included in ILD**

Internal running costs of the various management services not functioning exclusively for investment are recorded at 10% of the value of current investments.

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

### **3.20. Transactions and balances in foreign currency**

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

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

### **3.21. Accruals**

The Company records its income and costs according to the accrual principle by which income and costs are recognised as they are generated, regardless of the time they were received or paid. The difference between the amounts received and paid and the corresponding income and costs are recorded as assets or liabilities.

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

In the preparation of the appended financial statements, financial reporting judgments and estimates as well as various assumptions were made that have an effect on the reported amounts of assets and liabilities and the reported amounts of income and costs for the period.

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

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

- a) Useful lives of tangible fixed assets;
- b) Impairment analysis for tangible fixed assets;
- c) Loss on impairment of receivables – these are calculated taking into account the overall risk for the collection of accounts receivable;
- d) Determination of fair value of derivative financial instruments – which as at December 31, 2014 and 2013 was determined by the bank with which they were contracted, except for the derivative financial instruments currently in litigation with the Santander Bank, the value of which is determined by the Portuguese Treasury and Debt Management Agency (IGCP), mandated to manage all of ML's derivative instruments.
- e) Determination of liabilities for retirement benefits – at the end of each fiscal year, an actuarial valuation of pension liabilities prepared by the actuary is carried out.

### 3.23. Subsequent events

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

## 4. Cash and cash equivalents

For statement purposes of cash flows, cash and cash equivalents, it includes cash, bank deposits immediately available (three months or less in maturity) and cash investments in money market instruments, net of bank overdrafts and other short-term financing equivalent. Cash and cash equivalents as at December 31, 2014 and 2013 were as follows:

Cash flows	2014	2013
Cash	303.270	15.369
Bank deposits available on demand	23.502.896	18.170.984
	<b>23.806.166</b>	<b>18.186.353</b>

## 5. Durable infrastructure investments

The balance under "Durable infrastructure investments" results from the activity of infrastructure investments made by the Company, and is broken down by asset and liability items as follows:

	Notes	2014	2013
<b>Investment activities in ILD</b>			
<b>Non-current assets:</b>			
Tangible fixed assets	5.1	3.081.873.280	3.073.855.435
Intangible assets	5.2	6.934.526	6.919.091
Subsidies	5.3	(985.705.613)	(983.543.839)
Accounts receivable - State	5.4	2.572.280.099	2.264.467.862
Other accounts receivable	5.5	2.041.708	-
		<b>4.677.424.000</b>	<b>4.361.698.549</b>
<b>Current assets:</b>			
Other accounts receivable	5.5	-	2.041.708
		-	<b>2.041.708</b>
<b>Total Assets</b>		<b>4.677.424.000</b>	<b>4.363.740.257</b>
<b>Non-current liabilities:</b>			
Provisions	5.4.1	47.815.256	19.729.602
Financing obtained	5.6	2.822.757.942	3.135.580.620
Derivatives	5.7	614.683.586	445.463.864
		<b>3.485.256.785</b>	<b>3.600.774.086</b>
<b>Current liabilities:</b>			
Suppliers	5.8	1.519.933	2.267.294
Financing obtained	5.6	312.822.678	265.660.304
Other accounts payable	5.9	26.723.562	30.973.355
		<b>341.066.173</b>	<b>298.900.953</b>
<b>Total liabilities</b>		<b>3.826.322.957</b>	<b>3.899.675.039</b>
<b>Total net ILD</b>		<b>851.101.043</b>	<b>464.065.217</b>

The change in net balance of ILD compared to December 31, 2013, is mainly due to the following factors:

- Conversion in capital of financing from the State in the amount of €186,426,360 (Note 15);
- Amortisation of financing obtained according to the repayment plans stipulated in the amount of €79,233,944; and
- Interest incurred during the 2014 fiscal year related to financing obtained for €113,769,965 (Note 5.4.2).

### 5.1. Tangible fixed assets

During the years ended December 31, 2014 and 2013, variations in the carrying amount of tangible fixed assets were as follows:



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31 December 2014						
Gross Assets	Initial balance	Revaluations	Initial balance (historic cost)	Increases	Transfers / write-offs	Final balance
<b>Tangible fixed assets - ILD</b>	<b>3.171.864.273</b>	<b>(199.062.008)</b>	<b>2.972.802.266</b>	<b>3.932.541</b>	<b>21.530.090</b>	<b>2.998.264.898</b>
Land and natural resources	16.314.977	(2.388.442)	13.926.535	24.908	(472.500)	13.478.943
Buildings and other constructions	2.709.907.329	(176.310.029)	2.533.597.300	3.789.824	19.538.599	2.556.925.723
Basic equipment	445.641.967	(20.363.537)	425.278.431	117.809	2.463.991	427.860.231
<b>Tangible fixed assets in progress</b>	<b>99.171.926</b>	<b>-</b>	<b>99.171.926</b>	<b>5.096.930</b>	<b>(22.083.131)</b>	<b>82.185.724</b>
Land and natural resources	32.112	-	32.112	-	-	32.112
Buildings and other constructions	88.149.665	-	88.149.665	3.622.748	(19.599.189)	72.173.224
Basic equipment	10.990.149	-	10.990.149	1.474.182	(2.483.942)	9.980.389
<b>Advance payments for tangible fixed assets</b>	<b>3.295.531</b>	<b>-</b>	<b>1.881.243</b>	<b>-</b>	<b>(226.472)</b>	<b>1.654.771</b>
<b>Perdas por Imparidade Edifícios e outras construções</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(232.112)</b>	<b>-</b>	<b>(232.112)</b>
<b>Total do activo fixo tangível bruto - ILD's</b>	<b>3.274.331.731</b>	<b>(199.062.008)</b>	<b>3.073.855.435</b>	<b>8.797.359</b>	<b>(779.514)</b>	<b>3.081.873.280</b>

Additions in the fiscal year ended December 31, 2014 under "Tangible fixed assets in progress – Buildings and other constructions", in the amount of €3,789,824 refer mainly to the Amadora Este/Reboleira undertaking for €1,024,473, and network remodelling works for €1,530,525.

The transfers made during the 2014 fiscal year to the items "Tangible fixed assets – Buildings and other constructions" and "Tangible fixed assets – Basic equipment", in the amounts of €19,599,599 and €2,463,991 respectively, refer essentially to the transfer from tangible fixed assets in progress of investments made in the Cais do Sodré interface.

31 December 2013						
Gross Assets	Initial balance	Revaluations	Initial balance (historic cost)	Increases	Transfers / write-offs	Final balance
<b>Tangible fixed assets - ILD</b>	<b>3.140.144.000</b>	<b>(199.062.008)</b>	<b>2.941.081.992</b>	<b>5.559.606</b>	<b>26.160.668</b>	<b>2.972.802.266</b>
Land and natural resources	16.098.382	(2.388.442)	13.709.940	216.595	-	13.926.535
Buildings and other constructions	2.692.985.861	(176.310.029)	2.516.675.832	5.194.330	11.727.138	2.533.597.300
Basic equipment	431.059.757	(20.363.537)	410.696.220	148.681	14.433.530	425.278.431
<b>Tangible fixed assets in progress</b>	<b>125.926.855</b>	<b>-</b>	<b>125.926.855</b>	<b>3.126.215</b>	<b>(29.881.145)</b>	<b>99.171.926</b>
Land and natural resources	32.112	-	32.112	-	-	32.112
Buildings and other constructions	102.362.526	-	102.362.526	1.217.841	(15.430.702)	88.149.665
Basic equipment	23.532.217	-	23.532.217	1.908.375	(14.450.443)	10.990.149
<b>Advance payments for tangible fixed assets</b>	<b>3.295.531</b>	<b>-</b>	<b>2.710.811</b>	<b>-</b>	<b>(829.569)</b>	<b>1.881.243</b>
<b>Total do activo fixo tangível bruto - ILD's</b>	<b>3.269.366.386</b>	<b>(199.062.008)</b>	<b>3.069.719.658</b>	<b>8.685.821</b>	<b>(4.550.046)</b>	<b>3.073.855.435</b>

The additions in the year ended December 31, 2013 in the items "Tangible fixed assets in progress – Basic equipment", in the amount of €1,908,375 refer essentially to the Oriente/Aeroporto undertakings for €768,079 and network remodelling works for €855,342.

The write-offs during the 2013 fiscal year primarily concern the reduction of advances granted for the Oriente/Aeroporto undertaking, network remodelling and Areiro station, in the amounts of €851,822, €693,006 and €158,816, respectively.

Transfers occurred during 2013 for the items "Tangible fixed assets – buildings and other constructions" and "Tangible fixed assets – basic equipment", in the amounts of €15,430,702 and €14,450,443 respectively, refer essentially the transfer of ongoing tangible fixed asset costs linked to the Oriente / Aeroporto undertaking, as a consequence of the station opening during the 2012 fiscal year.

On December 31, 2013, the amount of € 99,171,926 recorded under "Tangible fixed assets in progress" mainly includes €53,431,060 for the expansion project of the Amadora Este/Reboleira undertaking and €5,253,492 for the Oriente/Aeroporto undertaking.

On December 31, 2014 the tangible fixed assets in progress under "Land and natural resources", "Buildings and other constructions" and "Basic equipment", amounting to €32,112 Euros, €72,173,224 and €9,980,389, respectively, are as follows:

2014	Land and natural resources	Buildings and other constructions	Basic equipment
Network remodelling	-	14.914.567	4.250.244
Rato / Estrela extension	-	1.456.432	-
Amadora Este / Reboleira extension	-	53.400.558	996.634
S. Sebastião / Campolide extension	-	3.061.938	718.339
Cais do Sodré Interface	-	13.743.758	1.264.810
Oriente / Aeroporto extension	-	13.388.254	17.988.895
Promotion of accessibilities	-	1.669.544	-
Other	32.112	(29.461.827)	(15.238.533)
	32.112	72.173.224	9.980.389

The amounts of (€29,461,827) and (€15,238,533) concern transfers occurring until the end of December 31, 2014, to the corresponding tangible fixed assets items.

Cost value of tangible fixed assets (including those in progress) as of December 31, 2014 and 2013, includes the following additional departmental expenses:

Capitalised costs	2014			2013		
	Tangible	Tangible in progress	Total	Tangible	Tangible in progress	Total
Departmental costs	68.926.989	6.229.944	75.156.933	67.585.309	6.086.648	73.671.957
	68.926.989	6.229.944	75.156.933	67.585.309	6.086.648	73.671.957

## 5.2. Intangible assets

During the 2014 and 2013 fiscal years, the movements in the carrying amount of intangible assets were as follows:

31 December 2014				
Gross assets	Initial balance	Increases	Transfers / Write-offs	Final balance
<b>Intangible assets - ILD:</b>				
Research and development expenses	3.152.663	2.439	752.745	3.907.846
Set up expenses	2.019.827	-	-	2.019.827
Intangible assets in progress	1.746.601	12.996	(752.745)	1.006.853
<b>Total gross intangible assets - ILD</b>	<b>6.919.091</b>	<b>15.435</b>	<b>-</b>	<b>6.934.526</b>

The amount of €752,745 transferred to the item "Research and development expenditure" regard the studies carried out for the Red line extension.

31 December 2013				
Gross assets	Initial balance	Increases	Transfers / Write-offs	Final balance
<b>Intangible assets - ILD:</b>				
Research and development expenses	3.151.465	-	1.198	3.152.663
Set up expenses	2.019.827	-	-	2.019.827
Intangible assets in progress	1.736.932	10.867	(1.198)	1.746.601
<b>Total gross intangible assets - ILD</b>	<b>6.908.224</b>	<b>10.867</b>	<b>-</b>	<b>6.919.091</b>

The amount of €1,198 transferred to the item "Research and development expenditure" regards risk analysis services carried out for the Red line.



### 5.3. Subsidies

The movement in subsidies for the year ended December 31, 2014 was as follows:

Description	31 December 2014			
	Initial balance	Increases	Decreases	Final balance
Feder	229.464.397	-	-	229.464.397
Piddac	174.422.124	3.937.500	-	178.359.624
Cohesion Fund	375.139.922	5.625.648	(7.401.374)	373.364.196
Other subsidies	204.517.396	-	-	204.517.396
<b>Total subsidies</b>	<b>983.543.839</b>	<b>9.563.148</b>	<b>(7.401.374)</b>	<b>985.705.613</b>

The increase during the 2014 fiscal year, amounting to €9,563,148, refers to subsidies allocated under: (i) the Cohesion Fund as reimbursement for the costs incurred with the Oriente/Aeroporto extension for €5,625,648 and (ii) PIDDAC for €3,937,500, regarding the Amadora Este/Reboleira extension.

The decrease for the year ended December 31, 2014, amounting to €7,401,374 related mainly to the return of the reimbursement of expenses with the Amadora Este/Reboleira extension.

### 5.4. Receivables from the State

This item refers to the receivables from the Portuguese State concerning durable infrastructure investment activities, broken down as follows:

Description	Notes	2014	2013
Financial instruments	5.7	614.683.586	445.463.864
Provisions for legal proceedings in progress	5.4.1	47.815.256	19.729.602
Interest, sureties and stamp duty	5.4.2	1.603.258.910	1.489.488.945
Issue expenses	5.4.2	20.230.150	20.230.150
Initial balance corrected on transition to the NCRF	5.4.2	289.555.301	289.555.301
Impairment losses on buildings and other constructions	5.4.3	232.111	-
Gains on tangible fixed assets	5.4.4	(3.495.216)	-
		<b>2.572.280.099</b>	<b>2.264.467.862</b>

#### 5.4.1. Provisions for legal proceedings in progress

The amount of €47,815,256 on December 31, 2014 (€19,729,602 on December 31, 2013) includes: (i) €9,084,338 related to a provision recorded for legal proceedings in the resolution phase as a result of investments made; and (ii) the amount of €38,219,570 regarding accrued and unpaid interest from September 2013 to December 2014, to the bank with which the two related derivative financial instruments were contracted, as per decision of the Line Ministry and the Portuguese State to suspend such payments during the ongoing proceedings brought by the bank against the Portuguese State in a London Court.

Thus, on December 31, 2014, overdue liabilities are reflected in the financial statements under the ILD item, as well as the expenses that the Company will incur with these proceedings in case of favourable outcome, which on December 31, 2014 are estimated at €511,348, recorded under "Provision for legal proceedings in progress."

## 5.4.2. Loan costs

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

Until 2009, the financial burdens with ILD that could not be capitalised in this item were recorded in the income statement. With effect from the 2010 fiscal year (restated), during the transition to the Accounting and Financial Reporting Standards (NCRF), the Company decided to recapture these financial burdens in order to add them to the item "Durable infrastructure investments – Loan costs", as per the principle described in Note 3.11 regarding financial charges of approximately €1,017,000,000 incurred until 1995, the Company having made its quantification based on the available accounting records.

However, with regard to financial charges incurred prior to that date, due to the difficulty in quantifying the amount, the Management Board opted to record the amount of €285,555,301 which allowed to settle the asset and liability items of ILD on December 31, 2009, as the possible estimate at that date of the interest and other charges incurred and previously recognised in the income statement until 1995.

As of December 31, 2014 and 2013, loan costs were as follows:

Description	2014	2013	Year variation
Interest, stamp duty sureties	1.603.258.910	1.489.488.945	113.769.966
Issue expenses	20.230.150	20.230.150	-
Initial balance corrected on transition to the NCRF	289.555.301	289.555.301	-
<b>Total loan costs</b>	<b>1.913.044.361</b>	<b>1.799.274.396</b>	<b>113.769.966</b>

## 5.4.3. Impairment losses on buildings and other structures

During the 2014 fiscal year, the Company obtained a valuation on properties carried out by a specialised and independent entity, which resulted in an impairment of €232,111.

## 5.4.4. Gains on assets

During the 2014 fiscal year, the Company transferred to the State's assets the plot of land in the Cais do Sodr  terminal, which resulted in gains of €3,495,216.

Additionally, on December 31, 2014 and 2013, financial costs capitalised under "Intangible assets", "Tangible fixed assets" and "Tangible assets in progress" were as follows:

Description	31 December 2014				31 December 2013			
	Intangible	Tangible	In progress	Total	Intangible	Tangible	In progress	Total
Loan costs	152.231	297.350.438	11.142.300	308.644.969	150.125	297.349.532	10.282.040	307.781.697
	152.231	297.350.438	11.142.300	308.644.969	150.125	297.349.532	10.282.040	307.781.697

## 5.5. Other receivables

The balance of the item other receivables refers to a contractual penalty regarding the debit made to the contractor because of delays in the delivery of the expansion and remodelling works of Areeiro station.

## 5.6. Financing obtained

The breakdown of financing obtained for ILD activities on December 31, 2014 and 2013 is as follows:

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2014						2013			
Bank	Limit	Current	Non-current	Total	Limit	Current	Non-current	Total	
<b>Debtenture loans</b>									
"Private placement" Issue	Merrill Lynch	77.313.674	7.731.367	7.731.367	15.462.735	77.313.674	7.731.367	15.462.735	23.194.102
Metro 2019 Issue	JP Morgan	400.000.000	-	400.000.000	400.000.000	400.000.000	-	400.000.000	400.000.000
Metro 2026 Issue	BNPP	400.000.000	-	400.000.000	400.000.000	400.000.000	-	400.000.000	400.000.000
Metro 2027 Issue	Barclays	400.000.000	-	400.000.000	400.000.000	400.000.000	-	400.000.000	400.000.000
Metro 2025 Issue	DBI, AG	110.000.000	-	110.000.000	110.000.000	110.000.000	-	110.000.000	110.000.000
		<b>7.791.967</b>	<b>1.517.731.367</b>	<b>1.525.462.735</b>		<b>7.791.967</b>	<b>1.525.462.735</b>	<b>1.998.194.102</b>	
<b>Bank loans:</b>									
ML A	BEI	57.193.405	3.183.611	6.367.221	9.550.832	57.193.405	3.183.611	9.550.832	12.734.442
ML B	BEI	-	-	-	-	-	-	-	-
ML I/2	BEI	234.435.012	18.000.000	65.579.594	83.579.594	234.435.012	18.000.000	83.579.594	101.579.594
ML II	BEI	74.819.685	4.987.979	19.951.916	24.939.895	74.819.685	4.987.979	24.939.895	29.927.874
ML III	BEI	54.867.769	5.584.000	25.119.084	30.703.084	54.867.769	5.584.000	30.703.084	36.287.084
ML II/B	BEI	99.759.579	6.650.639	33.253.193	39.903.832	99.759.579	6.650.639	39.903.832	46.554.471
ML II/C	BEI	54.867.769	3.657.851	23.776.033	27.433.884	54.867.769	3.657.851	27.433.884	31.091.736
ML IV	BEI	169.591.285	22.400.000	62.704.090	85.104.090	169.591.285	22.400.000	85.104.090	107.504.090
ML I/3	BEI	124.699.474	7.038.497	101.780.559	108.819.056	124.699.474	7.038.497	108.819.056	115.857.552
ML I/3B	BEI	74.819.685	-	74.819.685	74.819.685	74.819.685	-	74.819.685	74.819.685
ML V/A	BEI	150.000.000	-	150.000.000	150.000.000	150.000.000	-	150.000.000	150.000.000
ML V/B	BEI	80.000.000	-	80.000.000	80.000.000	80.000.000	-	80.000.000	80.000.000
ML V/C	BEI	80.000.000	-	80.000.000	80.000.000	80.000.000	-	80.000.000	80.000.000
Loan CP 175 M EUR	Barclays Bank	-	-	-	-	-	-	-	-
Loan CP 50 M EUR	BNP Paribas	-	-	-	-	-	-	-	-
Loan CP 50 M EUR	Deutsche Bank	-	-	-	-	-	-	-	-
Loan LP 613,9 M EUR	DGTF (part)	507.957.564	126.989.391	126.989.391	253.978.782	507.957.564	126.989.391	253.978.782	380.968.173
Loan LP 648,6 M EUR	DGTF (part)	237.747.877	59.436.969	118.873.939	178.310.908	237.747.877	59.436.969	178.310.908	237.747.877
Loan LP 412,9 M EUR	DGTF (part)	282.974.244	47.162.374	235.811.870	282.974.244	282.974.244	-	282.974.244	282.974.244
		<b>905.061.910</b>	<b>1.205.026.575</b>	<b>1.510.117.885</b>		<b>257.928.936</b>	<b>1.510.117.889</b>	<b>1.768.046.821</b>	
<b>Other loans obtained:</b>									
Schuldschein	ABN AMRO	300.000.000	-	300.000.000	300.000.000	300.000.000	-	300.000.000	300.000.000
		-	-	<b>900.000.000</b>	<b>900.000.000</b>	-	-	<b>900.000.000</b>	<b>900.000.000</b>
<b>Credit lines</b>									
<b>Total loans obtained</b>		<b>312.822.678</b>	<b>2.822.757.942</b>	<b>3.135.580.620</b>		<b>265.660.304</b>	<b>3.135.580.620</b>	<b>3.401.240.924</b>	

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

The debenture loan "Metro 2019", guaranteed by the Portuguese State, was contracted in February 4, 2009, for a period of ten years at a fixed rate. The applicable law is the Portuguese Law.

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

The issue was admitted to quotation on Euronext Lisbon.

In the year ended December 31, 2010, the Company contracted a debenture loan guaranteed by the Portuguese State for €85,000,000, for a period of 15 years, which was increased by €25,000,000 during the 2011 fiscal year. The applicable law is the Portuguese Law.

Given the conditions of the financial markets, specifically the stock market, during the year ended December 31, 2011, it was not possible to issue long-term bonds, whereby the Company contracted with the Directorate General of Treasury and Finance (DGTF) funding in the amount of €613.932,000, of which €507,957,564 regard liabilities with durable infrastructures (ILD), for a period of 5 years repayable in 8 equal half yearly instalments, the first of which in May 2013.

Given the conditions of the financial markets, specifically the stock market, during the year ended December 31, 2012, it was not possible to issue long-term bonds, whereby the Company contracted with the DGTF funding in the amount of €648,581,846, of which €237,747,877 regard liabilities with durable infrastructures (ILD), for a period of 5 years repayable in 8 equal half yearly instalments, the first of which in May 2014.

Given the conditions of the financial markets, specifically the stock market, during the year ended December 31, 2013, it was not possible to issue long-term bonds, whereby the Company contracted with the DGTF funding in the amount of €412,860,000, of which €282,974,244 regard liabilities with durable infrastructures (ILD), for a period of 6 years repayable in 12 equal half yearly instalments, the first of which in May 2015.

During the year ended December 31, 2014, following an Order of the Ministry of Finance and Economy dated December 31, 2014, the Company converted into capital part of the debt contracted with the DGTF in 2011 and 2012, in the amount of €315,628,462 of which, €186,426,360 had been recorded in ILD financing (Note 15).

On December 31, 2014, these loans classified as non-current liabilities had the following amortisation schedule:

<b>Years</b>	<b>Amount</b>
2016	7.731.367
2017	
2018	-
2019	400.000.000
2020 and following	910.000.000
	<b>1.317.731.367</b>

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

<b>Years</b>	<b>Amount</b>
2016	305.091.310
2017	178.101.919
2018	118.664.950
2019	118.664.950
2020 and following	484.503.446
	<b>1.205.026.575</b>

On December 31, 2014 and 2013, obtained financing with associated covenants, including those associated with the Portuguese Republic rating, or that include custody clauses, are broken down as follows:

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CONTRACT	Amount owed on 31-12-2018 (€)	TERM	NEGATIVE PLEDGE (YES / NO)	PAIN PASSU (YES / NO)	OWNERSHIP CLAUSE (YES / NO)	RATING DOWNGRADE (YES / NO)	GROSS UP (YES / NO)	CROSS DEFAULT	EXPENSES / STAMP DUTY (YES / NO)	OTHER REVISION CLAUSES / COMMENTS
Financing Contract signed with the European Investment Bank, on 7 December 1992, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML A"), amended on 10 March 2006.	9.550.831,89	5 December 2017	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 28 October 1994, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML V2"), amended on 10 March 2006.	83.579.594,03	15 September 2019	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 16 December 1994, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML I"), amended on 10 March 2006.	24.939.894,75	15 December 2019	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 7 September 1995, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML III"), amended on 10 March 2006.	30.703.084,02	15 June 2020	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 18 December 1995, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML I/B1"), amended on 10 March 2006.	39.903.832,00	15 December 2020	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 28 October 1996, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML V3"), amended on 10 March 2006.	108.819.055,59	15 September 2021	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, in 1997, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML I/B2"), amended on 10 March 2006.	74.819.684,56	15 September 2022	No	No	No	No	Ma	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 14 July 1997, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML I/C"), amended on 10 March 2006.	27.433.884,37	15 June 2022	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 26 November 1998, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML IV"), amended on 10 March 2006.	85.104.089,68	15 September 2018	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 23 February 2003, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML V/A"), amended on 10 March 2006.	150.000.000,00	15 December 2020	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 19 December 2003, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML V/B"), amended on 10 March 2006.	80.000.000,00	15 June 2021	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Financing Contract signed with the European Investment Bank, on 9 May 2003, subject to the Portuguese law and the jurisdiction of the Lisbon District ("ML V/C"), amended on 10 March 2006.	80.000.000,00	15 June 2022	No	No	No	No	No	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic
Schuldchein Loan Agreement signed with ABN Amro Bank, NV on 20 July 2004, subject to the German law and the courts of Frankfurt am Main	300.000.000,00	20 July 2024	SIM (cfr. Anexo D)	YES	No	No	YES	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic / Non substantial change of nature or object of the company
US \$ 100,000,000.00 7.42% Notes due 2018 - Merrill Lynch - Private Placement	15.462.734,85	17 October 2016	SIM	YES	YES - loss of State-Owned status	No	YES	YES	Expenses and taxes borne by ML	No change to the nature or object of the company (operation of the Metro system)
EUR 400.000.000,00 4,065% Guaranteed Notes due 2026 IP Morgan Securities Ltd / December 2006, subject to the Portuguese law and the jurisdiction of the Portuguese courts, except for the Subscription Agreement, regulated by British law and subject to the jurisdiction of the British courts	400.000.000,00	2026	No	YES	YES - loss of State-Owned status (State participation less than 51%)	No	YES	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic / Non substantial change of nature or object of the company
EUR 400.000.000,00 4,799% Guaranteed Notes due 2027 BNP Paribas / December 2007, subject to the Portuguese law and the jurisdiction of the Portuguese courts, except for the Subscription Agreement, regulated by British law and subject to the jurisdiction of the British courts	400.000.000,00	2027	No	YES	YES - Loss of State-Owned status (State participation less than 51%)	No	YES	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic / Non substantial change of nature or object of the company
EUR 400.000.000,00 5,75% Guaranteed Notes due 2019 Barclays Capital, BNP Paribas, Caixa - Banco de Investimento, S.A, Santander Global Banking & Markets / February 2009, subject to the Portuguese law and the jurisdiction of the Portuguese courts, except for the Subscription Agreement, regulated by British law and subject to the jurisdiction of the British courts	400.000.000,00	2019	No	YES	YES - Loss of State-Owned status (State participation less than 51%)	No	YES	YES	Expenses and taxes borne by ML	Guarantee of the Portuguese Republic / Non substantial change of nature or object of the company



## 5.7. Derivative financial instruments

As stated in Note 3.16, the Company hired interest rate SWAPS with several banks concerning loans allocated to ILD. According to the Company's Management Board, although these have not been endorsed by the Portuguese State, they were hired under the scope of the durable infrastructure management policy, wherefore they are recorded under "Durable infrastructure investments".

On December 31, 2014 and 2013 the fair value of swap contracts allocated to ILD was determined as described in Note 3.16 and is detailed below:

Derivative bank loans	Date	Capital covered 31.12.2014			Fair value							
					Fair value ("JV")		Variation					
					(counterpart)							
Name	Bank	Swap	Initial	Final	Capital	Inc. Capital (BEI)	Total associated financing	31.12.2014	31.12.2013			
BEI (ML A)		BBVA	02/02/2006	05/12/2005	15/12/2017				(349.496)	(463.502)	114.006	
BEI (ML I/2)	2º, 3º E 6º DISBURSEMENTS	BST	30/03/2006	15/03/2006	15/09/2019	9.030.538	520.294	9.550.832	29.096.544	(20.280.511)	(14.880.443)	(5.400.068) (*)
BEI (ML II)	2º E 3º DISBURSEMENTS	RBS	16/01/2009	15/12/2008	15/12/2019	78.145.004	5.414.590	83.579.594	9.975.956	62.051	65.958	(3.907)
BEI (ML III)	1º E 4º DISBURSEMENTS	BBVA	02/02/2006	15/12/2005	15/06/2020	24.939.895		24.939.895	12.802.479	(801.531)	(673.433)	(128.098)
BEI (ML IV)	1º, 2º, 3º, 4º E 5º DISBURSEMENTS BES INV		11/02/2010	15/12/2009	15/09/2018	20.118.182	10.584.902	30.703.084	74.819.685			
BEI (ML V/C)	1º DISBURSEMENT	BST	26/05/2003	16/06/2003	15/06/2022	37.409.842	37.409.842	74.819.685	67.836.514	(5.075.869)	(7.472.612)	2.396.743
BEI (REEST-INC CAPITAL)	TRANCHE B	BST	31/05/2007	15/03/2007	15/06/2022	67.836.514	17.267.576	85.104.090	33.333.333	(6.912.860)	(5.609.517)	(1.303.343)
BEI (REEST-INC CAPITAL)	TRANCHE B	CAIXABI	16/07/2009	15/03/2010	15/06/2022	66.666.667	13.333.333	80.000.000	2.883.000		429.430	2.453.571
ABN (SCHULDSCHHEIN)	TRANCHE C	BST	25/02/2005	22/07/2005	22/07/2024	193.843.172	(193.843.172)	100.000.000	300.000.000	(36.451.644)	(21.739.690)	(14.711.954)
MERRILL LYNCH		MLYNCH	16/07/2010	15/04/2010	15/10/2016	300.000.000		300.000.000	15.462.735	1.801.828	(81.791)	1.883.619
OBRIGAÇÕES 2026		BBVA	15/12/2006	04/12/2006	04/12/2026	15.462.735		15.462.735	70.000.000	(31.523.089)	(18.831.618)	(12.691.471)
OBRIGAÇÕES 2026		MLYNCH	16/07/2010	04/12/2009	04/12/2026	300.000.000		300.000.000	30.000.000	(34.996.719)	(5.754.850)	(29.241.869)
OBRIGAÇÕES 2026		CGD	16/07/2010	04/12/2009	04/12/2026	300.000.000		300.000.000	30.000.000	(34.941.808)	(5.754.850)	(29.186.958)
OBRIGAÇÕES 2026		CAIXABI	28/04/2010	04/12/2009	04/12/2026	400.000.000		400.000.000	100.000.000	20.962.644	22.195.656	(1.233.012)
OBRIGAÇÕES 2019		CITIBANK	15/01/2010	04/02/2010	04/02/2019	400.000.000		400.000.000	100.000.000	(24.364.337)	(24.152.174)	(212.163)
						400.000.000		400.000.000				
						2.712.219.766		2.712.219.766	2.161.591.799	(614.681.566)	(445.461.864)	(169.219.722)

During the year ended December 31, 2013, the Company began measuring derivative financial instruments according to the "marked-to-market" determined by the counterparty with which they were hired. The methodology used is that of the contracting banks, consisting in the projection of updated cash flows to the present moment, using the current zero coupon curve in order to project the Indexing factors payable and receivable by the Company, as stated in the contracts made with the various banks.

The fair value of derivative financial instruments have nil impact on the Company's equity, as the liability is made against an account receivable from the State under the ILD item.

During the year ended December 31, 2013, the Company settled 34 SWAP contracts having paid the sum of €490,851,289, with a "marked-to-market" on the settlement date determined by the counterparty with which they were contracted, amounting to €671,686,152.

The detail of the settled SWAP contracts is as follows:

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Base financing	Order	Bank	Type of instrument	Maturity	NOTIONAL (original)	Cancellation date	Net amount paid	PRESENT VALUE Counterpart	Variation
BEI ML I/3	548/13-SET	Société Generale	Vanilla swap	15/9/2021	95.602.930	20/03/2013	(21.900.000)	(24.812.540)	(2.912.540)
BEI ML I/3	548/13-SET	Société Generale	Vanilla swap	22/7/2024	100.000.000	20/03/2013	(38.960.000)	(50.401.491)	(11.441.491)
ABN1	549/13-SET	Morgan Stanley	CMS Steepener	22/7/2024	100.000.000	21/03/2013	(23.000.000)	(30.751.213)	(7.751.213)
BEI REESTRUT -IC	660/13-SET	Crédit Suisse	Worst of 2 Spreads	15/6/2022	17.364.188	08/04/2013	(21.400.000)	(40.883.076)	(19.483.076)
	660/13-SET	Crédit Suisse	Floors, Overlay	22/7/2024	100.000.000	08/04/2013	(7.300.000)	10.897.948	18.197.948
	660/13-SET	Crédit Suisse	Spread Option, Overlay	22/7/2024	100.000.000	08/04/2013	(9.800.000)	(12.318.660)	(2.518.660)
	660/13-SET	Crédit Suisse	Index linked + Inflation Floor + (EUR10Y-EUR2Y) Digital + (EUR 20Y1a -EUR 10Y1a) Leveraged Floor	4/12/2026	70.000.000	08/04/2013	(7.900.000)	(6.982.720)	917.280
OBRIG 2026-5	879/13-SET	Barclays	Vanilla, Overlay	15/6/2022	77.895.605	07/05/2013	(4.832.919)	(6.098.999)	(1.266.080)
BEI ML V/8	879/13-SET	Barclays	Index linked	15/6/2021	80.000.000	07/05/2013	(16.188.865)	(19.318.887)	(3.130.022)
OBRIG 2026-1	879/13-SET	Barclays	Index linked	4/12/2026	100.000.000	07/05/2013	(16.450.389)	(22.722.434)	(6.272.045)
OBRIG 2026-6	879/13-SET	Barclays	Cap Knock Out	4/12/2026	200.000.000	07/05/2013	(1.334.193)	(1.742.306)	(408.113)
OBRIG 2026-7	879/13-SET	Barclays	Index linked	4/12/2026	100.000.000	07/05/2013	(50.229.558)	(60.610.697)	(10.381.139)
OBRIG 2027-1	879/13-SET	Barclays	Index linked	7/12/2022	200.000.000	07/05/2013	(38.398.650)	(48.840.456)	(12.441.806)
OBRIG 2019	879/13-SET	Barclays	Vanilla	4/2/2019	400.000.000	07/05/2013	65.078.000	59.796.768	(5.281.232)
OBRIG 2030	879/13-SET	Barclays	Vanilla	30/12/2030	300.000.000	07/05/2013	(84.149.925)	(94.973.821)	(10.823.896)
BEI ML II/C 1 <sup>o</sup> e 2 <sup>o</sup>	966/13-SET	BNP Paribas	Index linked	15/6/2022	86790834	16/05/2013	(10.140.000)	(16.471.820)	(6.331.820)
	966/13-SET	BNP Paribas	Snowball, Overlay	15/6/2022	40.000.000	16/05/2013	(780.000)	(1.103.064)	(323.064)
BEI ML II 1 <sup>o</sup>	966/13-SET	BNP Paribas	Callable Swap	15/12/2019	11.472.352	16/05/2013	(990.000)	(553.696)	(163.696)
BEI ML V/C 2 <sup>o</sup>	966/13-SET	BNP Paribas	Callable Swap	15/6/2022	40.000.000	16/05/2013	(3.055.000)	(4.558.493)	(1.503.493)
OBRIG 2027-3	966/13-SET	BNP Paribas	Vanilla	7/12/2027	100.000.000	16/05/2013	585.000	1.108.690	523.690
	1007/13-SET	Goldman Sachs	Floor, Overlay	4/2/2019	300.000.000	20/05/2013	(26.999.828)	(47.492.424)	(20.492.596)
BEI ML II 4 <sup>o</sup>	1161/13-SET	JP Morgan	Vanilla Swap	15/12/2019	21.947.108	13/06/2013	(435.007)	(630.458)	(195.451)
	1161/13-SET	JP Morgan	Vanilla	15/6/2022	40.000.000	13/06/2013	850.721	1.222.515	371.794
	1161/13-SET	JP Morgan	Snowball, Overlay	15/6/2022	12.545.916	13/06/2013	931.613	1.342.312	410.699
OBRIG 2026-2	1161/13-SET	JP Morgan	Vanilla + Short Cap.	4/12/2026	100.000.000	13/06/2013	(4.966.196)	(6.558.103)	(1.591.907)
OBRIG 2026-6A	1161/13-SET	JP Morgan	Range Accrual GBP 10y JPY6m	4/12/2026	170.000.000	13/06/2013	(72.985.315)	(99.503.117)	(26.517.802)
OBRIG 2026-6B	1161/13-SET	JP Morgan	KO Swap, Overlay	4/12/2026	30.000.000	13/06/2013	(1.180.408)	(1.639.317)	(458.909)
OBRIG 2027-2	1161/13-SET	JP Morgan	Index Linked	7/12/2027	100.000.000	13/06/2013	(28.439.707)	(43.018.822)	(14.579.115)
BEI ML I/2 - 1 <sup>o</sup> , 4 <sup>o</sup> , 5 <sup>o</sup> , 7 <sup>o</sup> e 8 <sup>o</sup>	1234/13-SET	Deutsche	Index Linked	15/9/2019	93.192.074	28/06/2013	(10.621.473)	(16.793.772)	(6.172.299)
BEI ML II/B	1234/13-SET	Deutsche	Inverse Flooter Eur 10-2	15/12/2020	86.458.302	28/06/2013	(3.093.298)	(4.994.948)	(1.901.650)
BEI ML V/A	1234/13-SET	Deutsche	Convertible Swap	15/12/2020	150.000.000	28/06/2013	(19.719.623)	(30.436.427)	(10.716.804)
	1234/13-SET	Deutsche	Snowball	15/6/2022	25.091.632	28/06/2013	(4.162.465)	(5.325.071)	(1.162.606)
	1234/13-SET	Deutsche	Inflation linked, overlay	4/12/2026	70.000.000	28/06/2013	(5.041.073)	(5.859.731)	(818.658)
OBRIG 2026-5A	1234/13-SET	Deutsche	Index Linked	4/12/2026	70.000.000	28/06/2013	(26.442.728)	(40.657.824)	(14.215.096)
							(490.851.289)	(671.686.152)	(180.834.863)

## 5.8. Suppliers

The item suppliers comprise mainly current liabilities arising in connection with works carried out under the policy for the expansion and modernisation/remodelling of the network.

## 5.9. Other payables

The item other payables consist mainly of expenses with loan interests, derivatives interests and sureties payable during the course of the following fiscal year.





Amortisations amounting to €26,973,406 (€27,838,892 in 2013) were recorded under "Costs/reversals of depreciation and amortisation" in the income statement.

## 7. Leases

### Finance leases

As mentioned in Note 3.5, the Company records in its tangible assets (Note 6), the assets acquired under a financial lease regime. On December 31, 2014 and 2013, the Company is the lessee in finance lease contracts related primarily to the purchase of 55 triple traction units and one passenger vehicle, recorded under "Tangible fixed assets – basic equipment" and "Tangible fixed assets – office equipment", respectively.

Assets held under finance leases for the year ended December 31, 2014 and 2013 are as follows:

Finance leases - Equipment	2014		2013	
	Gross amount	Accumulated amortisation	Net amount	Net amount
Basic equipment	299.632.078	185.314.074	114.318.004	127.332.698
Transport equipment	77.399	77.399	-	4.458
	299.709.477	185.391.473	114.318.004	127.337.156

Rents from the finance lease of the triple traction units paid interest at annual rates ranging between – 3.6796% and 3.0861%.

The outstanding finance leases as at December 31, 2014 and 2013 are as follows:

Finance leases	Capital owed (Note 18)	
	2014	2013
Up to 1 year	16.932.255	9.024.101
Between 1 and 5 years	29.927.430	42.731.314
More than 5 years	-	7.630.671
	46.859.685	59.386.086

### Operating leases

As at December 31, 2014, the Company holds responsibilities with ten operating lease contracts with TREM, A.C.E. and TREM II, A.C.E. (Note 9) not recognised in the appended balance sheet (Note 3.5) for €219,035,255 (Note 17).

The minimum lease payments of operating leases in 2014 and 2013 are as follows:

Operating leases	Minimum payments	
	2014	2013
Up to 1 year	7.125.473	7.179.113
Between 1 and 5 years	31.665.755	31.654.789
More than 5 years	180.244.028	188.507.045
	219.035.255	227.340.947

## 8. Investment properties

The evolution in "Investment properties" as at December 31, 2014 and 2013 was as follows:

31 December 2014					
	Gross amount	Accumulated amortisations	Accumulated impairment losses	Net amount	Fair value
Property rented to third parties	3.555.595	1.425.003	1.739.610	390.982	390.982
	3.555.595	1.425.003	1.739.610	390.982	390.982

31 December 2013					
	Gross amount	Accumulated amortisations	Accumulated impairment losses	Net amount	Fair value
Property rented to third parties	3.555.595	1.353.869	1.772.999	428.728	428.728
	3.555.595	1.353.869	1.772.999	428.728	428.728

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

The fair value of the investment properties was determined by the difference between the expected cash flows from rents on lease contracts, as described in Note 3.6 and the estimated costs (namely, Property Tax, condominium and maintenance expenses) until the expiry date of contracts. On December 31, 2014 and 2013, the following income and costs regarding investment properties was recognised:

31 December 2014				
	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income
Property rented to third parties	24.753	16.372	71.134	(62.753)
	24.753	16.372	71.134	(62.753)

31 December 2013				
	Income from rents (Note 29)	Direct costs	Amortisation during the year	Income
Property rented to third parties	22.925	14.426	71.134	(62.635)
	22.925	14.426	71.134	(62.635)

During the year ended December 31, 2014, the Company derecognised the previously recognised impairment losses amounting to €33,389, which was recorded in the income statement under "Impairment of depreciable/amortisable assets (losses / reversals)".

The amortisation for the years ended December 31, 2014 and 2013, for €71,134, were recorded under "Costs/reversals of depreciation and amortisation".

## 9. Financial investments

On December 31, 2014 and 2013, the Company held the following investments in subsidiaries, associates and other companies:

2014										
	Head Office	% Held	Assets	Liabilities	Equity	Total Income	Net result	Proportion in the result	Recorded amount	Share held
<b>Subsidiaries:</b>										
Ferconsult, S.A.	Lisboa	100,00%	8.455.942	5.519.055	2.936.887	8.028.033	(1.554.212)	(1.554.212)	(1.554.212)	2.936.887 a)
Metrocom, S.A.	Lisboa	100,00%	2.967.511	877.969	2.089.542	2.504.515	220.205	220.205	220.205	2.089.542 a)
<b>Associated companies:</b>										
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisboa	40,00%	2.017.659	2.019.257	(1.598)	1.896.754	1.166	466	466	-
Enstrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisboa	5,00%	3.937.017	3.858.242	78.775	5.497.223	78.775	3.939	3.939	3.939
<b>Total investments in subsidiaries and associated companies</b>										<b>5.090.368</b>
<b>Investments in other companies:</b>										
Otlis, A.C.E.	Lisboa	14,29%	2.575.215	1.499.315	1.075.900	3.984.319	296.068	42.293	42.293	153.720
TREM, A.C.E.	Lisboa	90,00%	3.763.935 b)	67.162.956	(13.399.021) b)	2.589.484	(1.097.755) b)	(987.980)	(987.980)	- a)
TREM II, A.C.E.	Lisboa	0,01%	13.376.786 b)	152.061.519	(26.170.944) b)	5.092.897	(2.672.524) b)	(241)	(241)	- a)
<b>Total investments in other companies</b>										<b>153.720</b>
<b>Total</b>										<b>5.184.038</b>

a) Consolidation of the entities by comprehensive method in the Company's consolidated financial statements.

b) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

c) The Company controls directly and indirectly, 100% of the capital of this company.

2013										
	Head Office	% Held	Assets	Liabilities	Equity	Total Income	Net result	Proportion in the result	Recorded amount	Share held
<b>Subsidiaries:</b>										
Ferconsult, S.A.	Lisboa	100,00%	10.698.003	6.206.904	4.491.099	6.687.002	121.488	121.488	121.488	4.491.099 b)
Metrocom, S.A.	Lisboa	100,00%	2.830.322	960.986	1.869.337	2.570.108	337.702	337.702	337.702	1.869.337 b)
<b>Associated companies:</b>										
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisboa	40,00%	2.884.907	2.887.671	(2.764)	1.842.904	103	41	41	-
Enstrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisboa	5,00%	5.159.755	5.150.377	9.378	7.278.533	9.378	469	469	469
<b>Total investments in subsidiaries and associated companies</b>										<b>6.360.895</b>
<b>Investments in other companies:</b>										
Edel - Empresa Editorial, Lda	Lisboa	c)	c)	c)	c)	c)	c)	c)	c)	20 a)
GIL - Gare Intermodal de Lisboa, S.A.	Lisboa	16,00%	75.805.477	87.156.402	(11.350.891)	4.865.888	60.265	9.642	9.642	-
GIL - Gare Intermodal de Lisboa, S.A. - suprimentos (Nota 32)	Lisboa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19.143.134
Otlis, A.C.E.	Lisboa	14,29%	2.683.601	1.425.289	1.258.312	4.541.006	678.480	96.921	96.921	179.750
TREM, A.C.E.	Lisboa	0,01%	4.782.878 d)	69.992.068	(11.875.856) d)	2.547.293	(1.173.613) d)	(106)	(106)	- b)
TREM II, A.C.E.	Lisboa	0,01%	22.209.014 d)	157.642.186	(23.076.987) d)	5.024.680	(2.812.678) d)	(253)	(253)	- b)
<b>Total investments in other companies</b>										<b>19.322.904</b>
<b>Total</b>										<b>25.681.810</b>

a) Financial information not audited as at December 31, 2013.

b) Consolidation of the entities by comprehensive method in the Company's consolidated financial statements.

c) Information not available.

d) Amounts corrected with the adjustments to be considered in the preparation of the Company's consolidated financial statements.

The investment held by the Company in the subsidiary Ferconsult, S.A. on December 31, 2014 is recorded by the equity method, having the latter reported losses in 2014 of €1,554,212, recognised in the income statement under "Gains/losses charged to subsidiaries, associates and joint ventures".

Pursuant an Order of the Directorate General of Treasury and Finance, during the 2014 fiscal year the Company sold its share in GIL – Gare Intermodal de Lisboa, S.A., at the cost of €1 (Note 29). The Company's share in GIL – Gare Intermodal de Lisboa, S.A. was recorded at nil value and, during the 2013 fiscal year, the Company recognised in the income statement a provision of €1,816,143 corresponding to its share of the accumulated losses recorded by this affiliate in this and in previous fiscal years. In addition, the Company granted loans of €19,143,134, for which the Company did not record any impairment. As a consequence of the sale, the Company recognised a net loss of €17,326,990, under "Gains/losses charged subsidiaries, associates and joint ventures" in the 2014 fiscal year.

In the year ended December 31, 2014, following a decision of the General Assembly of Trem, S.A. ("Trem") of December 23, 2014, it was accepted the exoneration of the Banks Santander and Caixa Geral de Depósitos as partners of Trem in which each bank held a 49.9950% share. As provided for in the Trem By-laws, following this decision, the Company, which previously held 0.0090% in equity, acquired 90% of its share, and Ferconsult (owned 100% by the Company) and which previously owned 0.0010% now holds 10% of the capital, not having resulted from the exit of the previous partners the payment or receipt of any amount, either by the Company or by Ferconsult.

Consequently, because the Management Board considers that the losses recorded by Trem on December 31, 2014 will not reverse in the future and that it is the Company's responsibility to meet Trem's commitments, it was recognised at that date a provision of €13,399,021 (Note 17), corresponding to 100% of the negative equity presented by Trem on December 31, 2014 (adjusted for consolidation adjustments), of which €13,394,217 were recognised during the 2014 fiscal year as follows: (i) the amount of €11,875,855 was recognised under "Retained earnings" because the Management Board considered that, due to the 2014 events, the exoneration of those affiliates and effects thereof should have been recognised in prior years; and (ii) the amount of €1,518,362, regarding the net result recorded in

2014 by the subsidiary (adjusted for consolidation adjustments) was recognised against "Gains / losses charged to subsidiaries, associates and joint ventures" in the income statement, in turn, the amount of €4,804 had been recognised in prior years.

In addition, during the 2013 fiscal year, the Company granted loans to GIL – Gare Intermodal de Lisboa, S.A., for €5,092,660 and, on December 31, 2013, the total grants to this affiliate amount to €19,143,134. The Company did not recognise any impairment losses regarding this amount, as the Management Board believes that it will be realised in the future.

The evolution in financial investments held by the Company during the 2014 and 2013 fiscal years were as follows:

	2014		
	Equity method	Cost	Total
<b>Financial holdings</b>			
Initial balance	6.540.676	19.143.134	25.683.810
Application of the equity method	(1.287.765)	-	(1.287.765)
Dividends	(68.823)	-	(68.823)
Loan decreases - GIL	-	(19.143.134)	(19.143.134)
Final balance	5.184.088	-	5.184.088
<b>Perdas por imparidade</b>			
Initial balance	-	-	-
Final balance	-	-	-
Net assets	5.184.088	-	5.184.088

	2013		
	Equity method	Cost	Total
<b>Financial holdings</b>			
Initial balance	6.094.435	14.050.474	20.144.909
Application of the equity method	556.580	-	556.580
Dividends	(39.655)	-	(39.655)
Loan increases - GIL	-	5.092.660	5.092.660
Other variations	(70.684)	-	(70.684)
Final balance	6.540.676	19.143.134	25.683.810
<b>Perdas por imparidade</b>			
Initial balance	(313.493)	-	(313.493)
Reclassification to the item "Provisions"	313.493	-	313.493
Net assets	6.540.676	19.143.134	25.683.810



## 10. Derivatives

The balance of the item "Derivatives" on December 31, 2014 and 2013 corresponds to the fair value of the SWAP contracts, as determined by the contracted banks, and has the following detail:

Loans	Date	Fair value			Fair value						
		Fair value ("JV") (counterpart)		Variation	Fair value ("JV") (counterpart)						
		31.12.2014		31.12.2013							
Name	Bank	Swap	Initial	Final	Capital	Assets	Liabilities	Assets	Liabilities		
DB EXPORT/97	BST	26/02/2003	15/06/2003	30/12/2015	18.946.700	-	(443.914)	533.566	-	(977.480)	
BSN-CGD (US LEASE)	BST	22/09/2005	01/07/2005	01/01/2019	43.846.560	-	(32.359.608)	10.871.515	(*)	-	(43.231.123)
BSN-CGD (US LEASE)	CAIXA BI	16/07/2009	01/07/2009	01/01/2019	21.923.280	3.678.000	-	406.813	3.271.187	-	-
TREM II (2nd TRANCHE)	BST	06/06/2005	23/09/2005	23/09/2022	79.850.569	-	(165.906.491)	599.854	(*)	-	(166.506.345)
					164.567.109	3.678.000	(198.710.014)	12.411.747		3.271.187	(210.714.948)

According to the sensitivity analysis reported on December 31, 2014, performed by IGCP and based on certain estimates and assumptions, the impact of 1% variation in interest rates on the fair value of the investment portfolio held by the Company, as detail above and in the ILD affections (Note 5.7), would be as follows:

2014	+1%	-1%
Fair value	21.466.653	(62.675.519)
	21.466.653	(62.675.519)

During the year ended December 31, 2013, the Company settled 9 SWAP contracts having paid €15,422,250. The gains resulting from the settlement of these contracts, in the amount of €24,527,071, which corresponds to the difference between the amount paid and the "marked-to-market" determined by the counterparty with whom they were contracted with reference to December 31, 2012, was recorded under "Other income and gains" (Note 29), and the loss, in the amount of €9,104,821, was recorded under "Other costs and losses" (Note 30).

The settled SWAP contracts are detailed below:

Base financing	Type	Order	Bank	Type of Instrument	Maturity	Notional (original)	Cancellation date	Net amount paid	PRESENT VALUE Counterpart	Variation
TREM I	ML	660/13-SET	Crédit Suisse	Index linked + Inflation Floor + (EUR10Y-EUR2Y) Digital + (EUR 20Y ia - EUR 10Y ia) Leveraged Floor	20/3/2020	80.222.338	08/04/2013	(1.300.000)	(877.164)	422.836
	ML	660/13-SET	Crédit Suisse	Index linked + Inflation Floor + (EUR10Y-EUR2Y) Digital + (EUR 20Y ia - EUR 10Y ia) Leveraged Floor	21/9/2024	88.007.484	08/04/2013	(3.000.000)	(1.674.198)	1.325.802
GOLDMAN SCHUKDESCHEN	ML	1007/13-SET	Goldman Sachs	Bullet Swap	21/7/2016	71.042.080	20/05/2013	8.112.044	14.430.951	6.318.907
	ML	1007/13-SET	Goldman Sachs	Bullet Swap	24/7/2016	50.000.000	20/05/2013	5.792.784	10.278.688	4.485.904
	ML	1161/13-SET	JP Morgan	Snawball, Overlay	1/1/2019		13/06/2013	3.066.515	4.685.342	1.618.827
DEUTSCHE SCHUKDESCHEN	ML	1161/13-SET	JP Morgan	Vanilla (Restructured)	23/9/2022		13/06/2013	7.361.246	10.590.719	3.229.473
	ML	1234/13-SET	Deutsche	Range	18/8/2016		28/06/2013	(1.243.210)	(5.117.906)	(3.874.696)
	ML	1234/13-SET	Deutsche	Swap & Short cap	18/8/2014		28/06/2013	(3.561.611)	(1.943.975)	1.617.636
	ML	1234/13-SET	Deutsche	Swap & Short cap	18/8/2016		28/06/2013	194.482	886.918	692.436
								15.422.250	31.259.376	15.837.128

## 11. Other financial assets

On December 31, 2014 the item "Other financial assets – non-current" includes: (i) €27,530,523 regarding a collateral provided by the Company in April 2009 to Bank of America Leasing & Capital, LLC, under the operating lease contract for the purchase of 24 traction units, endorsed by the Portuguese State as a result of the downgrade in the Company's rating, wherein the effect from the change in fair value in the amount of €9,636 is recorded under "Increases/decreases in fair value"; and (ii) €22,559,473 regarding a collateral provided by the Company in 2013 in American bonds to Wilmington Trust as a result of the downgrade in the Company's rating, wherein the effect from the change in fair value in the amount of €1,197,492, is recorded under "Increases/decreases in fair value."

## 12. Inventories

On December 31, 2014 and 2013, Company inventories were as follows:

Inventories	2014			2013		
	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
<b>Raw, subsidiary and consumable materials:</b>						
Materials	2.409.930	(299.936)	2.109.994	1.144.973	(405.000)	739.973
Tools	17.588	-	17.588	18.732	-	18.732
Cleaning products	39.015	-	39.015	41.216	-	41.216
Fuel	38.553	-	38.553	37.025	-	37.025
Transport tickets	-	-	-	433.525	-	433.525
Other materials	255.836	-	255.836	298.571	-	298.571
Promotional items / publications	21.203	-	21.203	-	-	-
	<b>2.782.126</b>	<b>(299.936)</b>	<b>2.482.190</b>	<b>1.974.041</b>	<b>(405.000)</b>	<b>1.569.041</b>

As at December 31, 2014 and 2013, the Company had no inventory in the custody of third parties, nor in transit or consignment.

### Cost of goods sold and materials consumed

The cost of goods sold and materials consumed recognised in the years ended December 31, 2014 and 2013 is detailed below:

Cost of goods sold	Raw, subsidiary and consumable materials:	
	2014	2013
Initial balance	1.974.041	1.602.617
Purchases	2.584.879	2.208.435
Adjustments	862.764	313.452
Final balance	2.782.126	1.974.041
	<b>2.639.558</b>	<b>2.150.462</b>

### Impairment losses

The evolution of impairment losses of inventories for the years ended December 31, 2014 and 2013 is detailed below:

Impairment losses - Inventories	2014			
	Initial balance	Increases	Reversals	Final balance
Goods	405.000	-	105.064	299.936
	<b>405.000</b>	<b>-</b>	<b>105.064</b>	<b>299.936</b>

Impairment losses - Inventories	2013			
	Initial balance	Increases	Reversals	Final balance
Goods	380.000	25.000	-	405.000
	<b>380.000</b>	<b>25.000</b>	<b>-</b>	<b>405.000</b>

The increases/reversals in impairment losses on inventories for the years ended December 31, 2014 and 2013 were recorded under "Impairment of inventories (losses/reversals)" in the income statement.



### 13. Clients and other receivables

On December 31, 2014 and 2013 the Company's accounts receivable were as follows:

Clients and Other accounts receivable	2014			2013		
	Gross amount	Accumulated impairment	Net amount	Gross amount	Accumulated impairment	Net amount
<b>Non-current:</b>						
Other accounts receivable	-	-	-	10.502.602	-	10.502.602
	-	-	-	<b>10.502.602</b>	-	<b>10.502.602</b>
<b>Current:</b>						
Clients	3.166.955	(421)	3.166.534	4.343.036	(421)	4.342.615
Other accounts receivable	16.909.370	(4.382.808)	12.526.562	22.438.021	(4.382.808)	18.055.213
	<b>20.076.326</b>	<b>(4.383.229)</b>	<b>15.693.096</b>	<b>26.781.057</b>	<b>(4.383.229)</b>	<b>22.397.828</b>
	20.076.326	(4.383.229)	15.693.096	37.283.659	(4.383.229)	32.900.430

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

Clients	2014		2013	
	Current	Non-current	Current	Non-current
Simtejo	59.624	-	59.624	-
Optimus - Comunicações, S.A.				
Ar Telecom	463.383	-	463.383	-
Lisbon Tourism Association	41.221	-	84.596	-
Directorate General for Land Transport	23.644	-	23.644	-
Tmn - Telecomunicações Móveis Nacionais, S.A.	-	-	262.958	-
C.P. - Caminhos de Ferro Portugueses, E.P.E.				
Refer	1.045	-	1.045	-
Soflusa - Soc. Fluvial Transportes	36.697	-	2.023	-
Group companies, associates and affiliates (Note 32)	1.437.506	-	2.666.854	-
Meo - Serv. Comun. Multimédia, SA	140.425	-	-	-
Other	963.411	-	863.505	-
	<b>3.166.955</b>	-	<b>4.343.036</b>	-
Impairment of accounts receivable	(421)	-	(421)	-
	<b>3.166.534</b>	-	<b>4.342.615</b>	-

Other debtors	2014		2013	
	Current	Non-current	Current	Non-current
Parque Expo' 98	7.980.766	-	7.980.766	-
Transtejo	98.420	-	3.157.679	10.502.602
C.P. - Caminhos de Ferro Portugueses, E.P.E.	731.832	-	747.716	-
Barreiro Municipality	3.082.811	-	3.101.278	-
Lisbon Municipality	430.387	-	437.240	-
Rodoviária de Lisboa	34.222	-	76.782	-
Refer	24.139	-	114.414	-
Fare revenue	1.965.733	-	2.317.465	-
Staff	359.488	-	584.270	-
Group companies, associates and affiliates (Note 32)	478.149	-	312.721	-
Other	1.723.424	-	3.607.690	-
	<b>16.909.370</b>	-	<b>22.438.021</b>	<b>10.502.602</b>
Impairment of accounts receivable	(4.382.808)	-	(4.382.808)	-
	<b>12.526.562</b>	-	<b>18.055.213</b>	<b>10.502.602</b>
	15.693.096	-	22.397.827	10.502.602

On August 17, 1994, the Company signed a Memorandum of Agreement with Parque Expo'98, S.A. ("Parque Expo'98") regarding an offset payment to be received by the Company for the advance in the construction and operation of the

Red line and corresponding stations Alameda-Oriente. The offset in the total amount of €9,975,957 was to be paid by Parque Expo'98 from 1995 to 1998 in the amounts of €1,995,191, €2,493,990, €2,493,990 and €2,992,787, respectively. Because of this protocol, the Company recorded as accounts receivable and income to be recognised in the amount of €9,975,957. Until December 31, 2014, of the total offset, the Company has received €1,995,191 regarding the 1995 instalment and recorded the amount of €7,980,766 under "Other receivables".

In 1998, with the conclusion of the construction work and start of operation in the Red line and corresponding stations, the Company decided to initiate the recognition of recognisable income related the compensation assigned between May 1998 (the date the line became operational) and 2003 (the date the Company would conclude the construction phase and begin the operation in this line).

On September 29, 1995, the Company signed a Memorandum of Agreement with Parque Expo'98 and the Lisbon Municipality, which stipulated that the Company would pay Parque Expo'98 the amount of €7,082,930 for the expropriation of the area required for the implementation and construction of the Oriente metro station, not having been decided a deadline or plan for such payment. Consequently, due to this agreement, the Company capitalised in the costs incurred with the construction of the Red line Alameda/Oriente and its stations, the amount of €7,082,930 and recorded a payable account under "Other payables" for the same amount (Note 23).

During the fiscal year ended December 31, 2009 the Company signed a protocol with Transtejo, with the purpose of transferring to that company the amount of €14,502,602, for works carried out on its behalf in the Cais do Sodré river terminal.

During the year ended December 31, 2014, the Company entered into an agreement in Lieu of Compliance with the Portuguese State and Transtejo, which resulted in the payment by Transtejo of the entire debt regarding the Cais do Sodré river terminal, which at December 31, 2013 amounted to €10,502,002.

Impairment losses during the years 2014 and 2013 were as follows:

Impairment	2014				2013			
	Initial balance	Increases	Reversals	Final balance	Initial balance	Increases	Reversals	Final balance
Client receivables	421			421	421			421
Other accounts receivable	4.382.808			4.382.808	4.382.808			4.382.808
	4.383.229	-	-	4.383.229	4.383.229	-	-	4.383.229


## 14. Deferred assets

On December 31, 2014 and 2013, the balance of current assets "Deferrals" comprised the following:

Deferred assets	2014	2013
Insurance	-	8.115
Costs with lease contracts	1.445.487	1.730.816
Work for third parties	54.651.573	55.707.366
Other	252.027	245.050
	56.349.086	57.691.346

The item "Deferred assets – costs with lease contracts" in the amount of €1,445,487, regards costs incurred with operating lease contracts signed in 1995, 1997, 1999, 2000, 2001 and 2002, which are recorded in the income statements of the corresponding fiscal years.

The item "Deferred assets – work for third parties" includes the amounts due for works carried out by the Company on behalf of the companies of the State-Owned Enterprise Sector, which the Management Board considers should be the subject of a protocol to rectify this situation.



## 15. Equity instruments

On December 31, 2014, the Company's capital, subscribed and paid, the value of which is not fixed, but amounted to €1,628,862,756 at that date, is owned by the Portuguese State in its entirety.

During the year ended December 31, 2014, a capital increase was made of €549,683,716, of which: (i) €211,326,846 were subscribed and paid in cash; (ii) €315,628,462 by conversion of debt into capital (including €186,462,360 of loans made for ILD (Note 5.6) and €129,202,102 of finance loans granted to the Company (Note 18); (iii) €13,537,361 by conversion of interest payable on the abovementioned loans; and (iv) €16,152,430 from the Agreement in Lieu of Payment concluded by the Portuguese State, Transtejo and the Company.

The negative net result of the years ended December 31, 2012 and 2013 were transferred to "Retained earnings" in subsequent fiscal years, despite the fact that the Line Ministry has not yet formally approved the financial statements for those years.

### Legal reserve

According to the commercial legislation in force, at least 5% of annual net profit if positive should be appropriated to the legal reserve until this reserve corresponds to 20% of the capital. This reserve is not available for distribution except upon liquidation of the company, but may be used to absorb losses after other reserves are exhausted, or incorporated in the capital.

## 16. Government grants

During the years ended December 31, 2014 and 2013, the Company received the following grants not allocated to ILD:

2014					
Subsidies	Total amount	Amount received	Revenue for the period	Accumulated revenue	Other variations in equity
<b>Asset related subsidies:</b>					
FEDER-PRODAC	10.942.880	10.942.880	494.838	8.263.221	2.679.659
FEDER-QCA	54.528.374	54.528.374	2.411.393	40.195.911	14.332.463
	<b>65.471.254</b>	<b>65.471.254</b>	<b>2.906.231</b>	<b>48.459.132</b>	<b>17.012.122</b>

2013					
Subsídios	Total amount	Amount received	Revenue for the period	Accumulated revenue	Other variations in equity
<b>Asset related subsidies:</b>					
FEDER-PRODAC	10.942.880	10.942.880	494.838	7.768.383	3.174.497
FEDER-QCA	54.528.374	54.528.374	2.411.393	37.784.518	16.743.856
	<b>65.471.254</b>	<b>65.471.254</b>	<b>2.906.232</b>	<b>45.552.901</b>	<b>19.918.353</b>

The grants received by the Company under the FEDER - PRODAC 1993 and QCA 1994 were intended to finance investments made by the Company in the prototypes for Depot and Workshops II, Depot and Workshops III and the intermediate series of 17 triple traction units, a supplementary series of 10 triple tractions units and Depot and Workshops III.

## 17. Provision and contingent liabilities

The evolution of provisions in the years ended December 31, 2014 and 2013 is detailed below:

Provisions and Contingent liabilities	2014			
	Initial balance	Increases	Reversals	Final balance
<b>Provisions for risks and costs:</b>				
Legal proceedings in progress	334.194	461.034	-	795.227
Interest owed	10.999.739	30.394.346	-	41.394.085
Expenses with staff	142.971	-	-	142.971
	<b>11.476.904</b>	<b>30.855.380</b>	-	<b>42.332.284</b>
<b>Other provisions:</b>				
Financial investments	1.819.593	-	1.816.143	3.450
Other	15.705	13.394.217	8.788	13.401.133
	<b>1.835.298</b>	<b>13.394.217</b>	<b>1.824.931</b>	<b>13.404.584</b>
	<b>13.312.202</b>	<b>44.249.596</b>	<b>1.824.931</b>	<b>55.736.867</b>

Provisions and Contingent liabilities	2013			
	Initial balance	Increases	Reversals	Final balance
<b>Provisions for risks and costs:</b>				
Legal proceedings in progress	100.007	334.192	100.005	334.194
Interest owed	261.881	10.737.858	-	10.999.739
Expenses with staff	142.971	-	-	142.971
	<b>504.859</b>	<b>11.072.050</b>	<b>100.005</b>	<b>11.476.904</b>
<b>Other provisions:</b>				
Financial investments	1.973	1.817.620	-	1.819.593
Other	15.705	-	-	15.705
	<b>17.678</b>	<b>1.817.620</b>	-	<b>1.835.298</b>
	<b>522.537</b>	<b>12.889.670</b>	<b>100.005</b>	<b>13.312.202</b>

On December 31, 2014 the Company recognised €30,394,346 under "Provisions for risks and costs" regarding accrued and unpaid interest during 2014 (10,737,858 as at December 31, 2013), to the bank with which the two derivative financial instruments were hired, as per the decision of the Line Ministry and the Portuguese State to suspend such payments during the ongoing legal proceedings brought by the bank against the Portuguese State in a London Court.

Thus, on December 31, 2014, overdue liabilities are reflected in the financial statements, as well as the amount of expenses that the Company will incur with these proceedings in case of a favourable outcome, which on December 31, 2014 are estimated at €545,226 and reflected under "Provision for legal proceedings in progress."

The increase in "Other provisions - others" corresponds to the liability recognised by the Company to cover the accumulated losses of Trem which, as mentioned in Note 9, was recognised in the 2014 fiscal year under "Retained earnings" regarding the losses accumulated by Trem by December 31, 2013 in the amount of €11,875,855 and against the item "Gains / losses charged to subsidiaries, associates and joint ventures" in the amount of €1,518,362 (Note 9).

The reversal in "Other provisions - financial investments", amounting to €1,816,143 relates to the provision made by the Company on December 31, 2013 to cover losses incurred in that year and in previous years regarding the subsidiary company GIL, as described in Note 9.

## Contingent liabilities

On December 31, 2014, there are compensation claims from the Company in the amount of €3,372,993 (€2,078,851 in December 31, 2013), which mainly refer to legal proceedings regarding expropriation processes and damages caused by the network expansion works. On December 31, 2014, the Company is in the process of assessing the total value of expropriations, having been recorded a provision for those legal cases, whose outcome is unknown at the date of approval of these financial statements. For the remaining cases, no provision was recorded as at December 31, 2014, because, if such claims are paid, they will be recorded as expropriation charges under "Durable infrastructure investments".

## Financial commitments and off-balance

### a) Health care liabilities

The Company pays health benefits to its active staff, specifically medical services reimbursed by the Company. These costs are recorded in the income statement of the year in which they are paid. In the year ended December 31, 2014, health costs were recorded at €701,257 (Notes 3.15 and 28) regarding health insurance premiums paid during that year with assets.

### b) Commitments to suppliers of fixed assets

On December 31, 2014 and 2013, the Company had undertaken commitments to suppliers of fixed assets for €46,859,685 and 59,386,085 (Note 7 and 18), respectively. These commitments mainly concern the network expansion. In addition, the Company also signed ten operating lease contracts for €219,035,255 (Note 7).

## 18. Financing obtained

The detail of financing related to operational activity as of December 31, 2014 and 2013 is shown in the table below:

Financing	Bank	2014			2013			
		Limit	Current	Non-current	Limit	Current	Non-current	
<b>Banks:</b>								
<b>Bank loans</b>								
	Emp. LP 100 M EUR	Goldman Sachs Bank	100.000.000	-	100.000.000	100.000.000	-	100.000.000
	Emp. LP 50 M EUR	Goldman Sachs Bank	50.000.000	-	50.000.000	50.000.000	-	50.000.000
	Emp. CP/LP 50 M EUR	Deutsche Bank	50.000.000	-	-	50.000.000	50.000.000	-
	Emp. LP 613,9 M EUR	D G T F 2011 (parte)	105.974.436	26.493.609	26.493.609	105.974.436	26.493.609	52.987.218
	Emp. LP 648,6 M EUR	D G T F 2012 (parte)	410.833.969	102.708.492	205.416.984	410.833.969	102.708.492	308.125.476
	Emp. LP 412,9 M EUR	D G T F 2013 (parte)	129.885.756	21.647.626	108.238.130	129.885.756	-	129.885.756
<b>Total bank loans</b>			<b>150.849.727</b>	<b>490.148.723</b>		<b>179.702.101</b>	<b>640.998.450</b>	
<b>Finance leases</b>								
	Emp. CP/LP M EUR	D.B.Export - Leasing						
	Emp. CP/LP M EUR	D.B.Export - Leasing	13.383.727	13.383.727	-	18.946.700	5.562.973	13.383.727
	Emp. CP/LP M EUR	Santander Totta	33.475.958	3.548.528	29.927.430	40.434.927	3.456.669	36.978.258
	Emp. CP/LP M EUR	BMW Bank GmbH - Sucursal Portugal					4.458	-
<b>Total finance leases</b>			<b>16.932.255</b>	<b>29.927.430</b>		<b>9.024.101</b>	<b>50.361.984</b>	
<b>Finance expenses</b>				<b>(7.107.200)</b>			<b>(11.348.761)</b>	
<b>Total banks</b>			<b>160.674.782</b>	<b>520.076.153</b>		<b>178.727.411</b>	<b>691.360.435</b>	

As described in Note 15, during the year ended December 31, 2014, as per order of the Ministry of Finance and Economy, the amount of €129,202,102 was converted into capital.

During the year ended December 31, 2013, considering the conditions of the financial markets, specifically the stock market, it was not possible to issue long-term bonds, whereby the Company contracted with the DGTF financing in the amount of €412,860,000, of which €129,885,756 regard the transport operation activity, to be repaid over 6 years in 12 equal and consecutive half yearly instalments, the first of which in May 2015.

During the year ended December 31, 2012, considering the conditions of the financial markets, specifically the stock market, it was not possible to issue long-term bonds, whereby the Company contracted with the DGTF financing in the



amount of €648,581,846, of which €410,833,969 regard the infrastructure management activity, to be repaid over 5 years, in 8 equal half yearly instalments, the first of which in May 2014.

During the year ended December 31, 2011, given the state of the financial markets, namely the stock market, it was not possible to issue long-term bonds, whereby the Company contracted with the DGTF financing in the amount of €613,932,000, of which €105,974,438 regard the infrastructure management activity, to be repaid over 5 years, in 8 equal half yearly instalments, the first of which in May 2013.

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

Year	Amount
2016	300.849.727
2017	124.356.118
2018	21.647.626
2019 and following	43.295.252
	<b>490.148.723</b>

On December 29, 1995 and December 30, 1997, the Company signed with DB EXPORT Leasing GmbH, two lease contracts for 17 and 14 triple traction units, respectively. On December 31, 2014, accounts payable to that entity amounted to €13,383,727.

On December 31, 1998, the Company signed a lease contract for 24 traction units of the ML 95 rolling stock series, for €124,699,474 and with a residual value of 3% of the equipment's value, for the partial funding of the Metro network Expansion and Modernisation Plan over 20 years, indexed to EURIBOR 6 months minus 0.71%, for which the Portuguese State, owner of 100% of the capital, provided endorsement. The financing contract was signed on January 6, 1999. As at December 31, 2014, the amount payable for this lease contract amounts to €33,475,958.

As at December 31, 2014, the Company has 55 triple traction units under finance lease, and the commitments to pay the rents on the finance lease contracts are as follows:

2014			
	Current	Non-current	Total
55 Traction Units (Note 17)	16.932.255	29.927.430	46.859.685
	<b>16.932.255</b>	<b>29.927.430</b>	<b>46.859.685</b>

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

Years	Amount
2015	7.238.201
2016	7.430.547
2017	7.628.011
2018	7.630.670
	<b>29.927.430</b>

Income from finance leases bears annual interest rates between – 3.6796% and 3.0861%.

Income from finance leases of the triple traction units bears annual interest rates between –3.6796% and 3.0861%.

The Company has obtained in recent months, in constant communication and coordination with its shareholder, additional lines of credit to meet short-term liabilities and, to this date, there have not been any cases of overdue and unpaid bank debts.

The Management Board considers that the settlement of its liabilities, particularly regarding short-term repayable financings, will continue to be met mainly by additional financing lines in coordination with the shareholder.



In harmony with the Company's budget for 2015, approved by the Portuguese Assembly of the Republic and considered in the State Budget for 2015, the following is anticipated: (i) a DGTf loan of €189,272,225 to pay interest that will expire during the 2015 fiscal year and to repay bank loans; it is expected that this amount be converted into a capital increase which, at the date of these financial statements, is already partially realised through a capital increase of €29,000,000 (Note 35); and (ii) the conversion of loans granted by the DGTf in capital increases in the amount of €410,758,820 (Note 35).

As at December 31, 2014, financing obtained with associated covenants, including those associated with the rating of the Portuguese Republic or with custody clauses, were as follows:

CONTRACT	Amount owed on 31.12.2014 (€)	TERM	NEGATIVE PLEDGE (YES/NO)	PAIR PLEDGE (YES/NO)	OWNERSHIP CLAUSE (YES/NO)	RATING DOWNGRADE (YES/NO)	GROSS IP (YES/NO)	CROSS DEFAULT	EXPENSES / STAMP DUTY (YES/NO)	OTHER RELEVANT CLAUSES / COMMENTS
Schuldzinseln Loan Agreement signed with Goldman Sachs Bank (Europe) Plc on 10 July 2009, subject to German law and and courts of Frankfurt am Main	100.000.000	10 July 2016	YES	YES	YES - Loss of State-Owned status (State participation less than 51%)	NO	YES	YES	Expenses and taxes borne by ML	Negative Pledge in similar terms to those mentioned in Annex C below / Non-substantial change of nature or object of the enterprise
Schuldzinseln Loan Agreement signed with Goldman Sachs Bank (Europe) Plc on 22 July 2009, subject to German law and and courts of Frankfurt am Main	50.000.000	24 July 2016	YES	YES	YES - Loss of State-Owned status (State participation less than 51%)	NO	YES	YES	Expenses and taxes borne by ML	Negative Pledge in similar terms to those mentioned in Annex C below / Non-substantial change of nature or object of the enterprise

**Appendix A - Section 11.7.** As long as the obligations under this Agreement have not been fully satisfied, it cannot provide any guarantees or otherwise encumber any assets, other than durable infrastructure (ID), part or to become part of its assets, as long as this significantly affects the assets of the Borrower or its ability to fulfil its obligations under this Agreement, except:

- a) Guarantees with prior written agreement, by the Bank, which shall be provided within 5 working days from the date of its communication;
- b) Guarantees under the leases on rolling stock, provided that such guarantees are made in favour of the banks responsible for those operations and only guarantee the amount provided by such entities to finance its operations;
- c) Guarantees constituted by legal or statutory requirement or by virtue of a regulation or license related to the business of the Borrower;
- d) Assignment of credits from EU aid related investment projects undertaken by the Borrower, provided that such assignment is made in favour of the banks financing these projects before the assignment of those aids and that ensure only the amounts made available by such banks;
- e) Guarantees on property deeds, insurance policies or sale and purchase contracts related to metro passenger transport service constituted as part of the Borrower's business activity to secure the purchase price of such assets;
- f) Any guarantee to replace an existing guarantee prior to the date of execution of this Agreement or to substitute any of the guarantees recognised under this clause;
- g) Any guarantee resulting from a holding right related to any property or asset acquired by or provided to the Borrower under its regular business activity;
- h) Guarantees in connection with or arising out of the transactions referred to in b).

**Clause 11.8.** Not sell, assign or otherwise convey any of its assets, other than durable infrastructure (ID) without the prior consent of the Bank.

This prohibition does not apply to any sale, assignment, transfer or other forms of disposition, if:

- a) Related metro passenger transport service carried out as part of the business of the Borrower or by legal or statutory requirement or by virtue of a regulation or license related to sold business activity;
- b) Consist of a return for comparable or superior in kind, value and quality assets or if the earned return match their market value;
- c) Is carried out in the framework of structured leases and / or sale and leaseback, in favour of the banks financing these transactions to finance the assets in progress;
- d) The sum of the corresponding market value or the received compensation, whichever is higher, and the market value or the compensation received, whichever is higher, for any sale, lease, transfer or other form of disposition (not including with the operations allowed in the preceding paragraphs) shall not exceed in any fiscal year the amount of €15,000,000 (fifteen million Euros).

**Annex B -** The company may, however, provide over the currently constituted or future constituted movable or immovable property, and without prejudice to the obligations stated in paragraph one of this clause:

- (i) Guarantees with prior written agreement, by the Bank, which shall be provided within 5 (five) working days from the date of its communication;
- (ii) Guarantees under the leases on rolling stock, provided that such guarantees are made in favour of the banks responsible for those operations and that only guarantee the amount provided by such entities to finance such transactions, as well as related guarantees with those obligations which are required as obligations of the Corporation by the banks responsible for those operations;
- (iii) Guarantees constituted by legal or statutory requirement or by instructions from the Government / Line Ministry under the business conducted by the Company;
- (iv) Assignment of credits from EU aid related to investment projects developed by the Company, provided that such assignment is made in favour of the banks financing these projects before the assignment of those aids and that ensure only the amounts made available by such banks;
- (v) Guarantees on property deeds, insurance policies or sale and purchase contracts related to metro passenger transport service constituted as part of the Company's business to secure the purchase price of such assets;
- (vi) Any guarantee to replace an existing guarantee prior to the date of execution of this Agreement or to substitute any of the guarantees recognised under this clause;
- (vii) Any guarantee resulting from a holding right related to any property or asset acquired by or provided to the Borrower under its regular business activity;

Following the downgrade of the Company's rating, and that of an international bank issuing a letter of credit, the Company defaulted on the contractual guarantees of the "US Cross Border Lease" operation regarding rolling stock financing. Due to this situation, during the 2014 fiscal year, the Company issued collateral of €22,559,473 (Note 11).

## 19. Post-employment benefits – established benefits plan

As mentioned in Note 3.15, the Company undertook the commitment to pay its employees supplements for retirement, disability and survival pensions. On December 31, 2014, the number of active employees and retirees/pensioners totalled 1,050 and 1,412 respectively (1,068 and 1,425 as at December 31, 2013).

The abovementioned benefits correspond to supplements to the pension plan provided by Social Security and its definition is based on the number of years of service to the Company, contributions to the Social Security system and the value of the last salary before retirement.

During the 2004 fiscal year, the Company, in agreement with the Unions, decided that all employees admitted post December 31, 2003, would no longer benefit from these pension plan supplements.

In the year ended December 31, 2014, an actuarial assessment was carried out of the plan's assets and of the current value of the commitment and benefits, defined by an independent entity.

According to actuarial studies reported on December 31, 2014 and 2013, the current value of the Company's responsibilities to active and retired staff for past services was calculated at:

	2014	2013
Active employees	61.053.296	50.459.418
Retired	186.048.877	166.527.727
	<b>247.102.172</b>	<b>216.987.145</b>

The actuarial study reported on December 31, 2014 was performed using the "Projected Unit Credit" method and considered the following assumptions as well as technical and actuarial techniques:

Projected Unit Credit	2014	2013
Mortality tables		
Male mortality table	TV73/77-1	TV73/77-1
Female mortality table	TV88/90	TV88/90
Disability tables	EKV80	EKV80
<b>Rates</b>		
Technical Pension Rate	2,00%	3,50%
Wage growth rate 2015 and 2016	0,00%	
PTR Provision Update Rate 2015 and 2016	0,00%	
PTR Provision Update Rate post 2016	1,50%	
Wage growth rate after 55 years of age		1,50%
Discount rate	2,00%	3,50%
Average annual pension growth rate	0,00%	0,00%
Average annual update rate until normal retirement age for pre-retirement instalments	1,50%	1,50%

As at December 31, 2014, the following was taken into account in the quantification of liabilities for post-employment benefits: (i) the amendment made by the 2014 State Budget concerning the suspension of payments pension supplements by public companies with losses; and (ii) the increase of retirement age from 65 to 66 years of age (in 2014 and 2015). After 2015, the normal retirement age varies according to the average life expectancy at 65 years of age, pursuant article 20 of Decree-Law 167-E/2013.

The evolution of the Company's pension liabilities in the 2014 and 2013 fiscal years is as follows:

	2014	2013
Total liabilities at beginning of the year	216.987.145	262.739.100
Costs of current services	2.383.411	2.302.813
Cost of interest	7.594.550	9.852.716
Benefits paid during the year	(279.486)	(13.563.235)
Actuarial gains / losses during the year	20.416.552	(44.344.250)
<b>Total responsibilities at year end</b>	<b>247.102.172</b>	<b>216.987.145</b>

The cost of current services and the cost of interest for 2014, in the amounts of €2,383,411 and €7,594,550, respectively, were recorded in the income statement under "Staff costs".

The decrease during the year ended December 31, 2014 in the item "Benefits paid during the year" resulted from the suspension of the pension supplements as imposed by Law 83-C/2013 of the 2014 State Budget.

As at December 31, 2014 and 2013, the Company recognised in its financial statements the amounts of €20,416,552 and (€44,344,250), respectively, regarding actuarial gains/losses for the year, against the item "Retained earnings", as described in the accounting policy (Note 3.15).

As at December 31, 2014, actuarial losses result mainly from changes in the discount rate from 3.5% to 2%.

In the year ended December 31, 2014, liabilities for the payment of supplemental pension benefits in the amount of €247,102,172 are recorded under "Liabilities for post-employment benefits".

As at December 31, 2014 the Company has not provided any funds to meet those responsibilities, which are recorded in the balance sheet.

## 20. Suppliers

The balance of the item "Suppliers" as at December 31, 2014 and 2013 is as follows:

Suppliers	2014	2013
Companhia Carris de Ferro	11.262	64.378
Edp Comercial	761.779	840.714
Efacec Engenharia e Sistemas, S.A.	24.600	29.021
Emel	-	1.170
Empresas do Grupo (Nota 32)	52.468	461.039
Eurest, S.A.	378	1.916
EPAL-Emp Portuguesa Aguas Livres,SA	18.841	6.613
Iberlin, S.A.	12.161	10.891
Optimus Comunicações, S.A.	-	1.720
Thyssenkrupp Elevadores, S.A.	-	42.818
Other	488.980	155.986
	<b>1.370.469</b>	<b>1.616.266</b>

## 21. State and Other Public Entities

Pursuant to the applicable legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there are tax losses, tax benefit grants or ongoing inspections, claims and appeals, in which case, depending on the circumstances, the periods are extended or suspended. Therefore, tax returns for the years 2011 to 2014 may still be subject to revision.

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

The Management Board considers that any adjustments resulting from reviews/inspections by the tax authorities to these tax returns will not have a significant effect on the financial statements ended December 31, 2014 and 2013.

As at December 31, 2014 and 2013, the item "State and other public bodies" had the following structure:

State and other public bodies	2014		2013	
	Assets	Liabilities	Assets	Liabilities
<b>Corporate income tax:</b>				
Payments on account	280.000	-	280.000	-
Tax estimate	-	68.202	-	87.525
Withholding tax	1.626.411	-	2.103.321	-
<b>Personal income tax</b>	-	821.597	-	1.082.278
<b>Added value tax</b>	4.025	97.663	1.255.287	-
<b>Contributions for Social Security</b>	-	1.117.498	-	1.131.299
<b>Other taxes</b>	737.863	415.473	756.087	296.590
	<b>2.648.299</b>	<b>2.520.432</b>	<b>4.394.694</b>	<b>2.597.692</b>

As of December 31, 2014, amounts regarding Personal Income Tax and contributions to Social Security correspond to the withholdings in the wages processed in December 2014, to be paid in January 2015.

## 22. Income tax

Expenses with income taxes as of December 31, 2014 and 2013 were as follows:

Income Tax	2014	2013
Current tax	68.202	87.525
	<b>68.202</b>	<b>87.525</b>

Following the amendment to the Corporate Income Tax Code, starting in the 2012 fiscal year, the deduction of tax losses to carry in each tax period cannot exceed the equivalent to 75% and 70% of the respective taxable income, in 2013 and 2014, respectively. Due to this situation, tax authorities may consider that the transition adjustments to the Accounting Standards System (reported on January 1, 2010) for approximately €1,017,000,000 might be relevant to the calculation of income tax for the year.

The Company considers that given the nature of the transition adjustments made, these should not contribute to the calculation of taxable income for the year 2013 and 2014. Hence, the Company intends to request binding information on this topic to the tax authorities.

On December 31, 2014 and 2013 reportable tax losses amounted to €613,179,594 and €706,933,656, respectively. The expiry date of the existing tax losses on those dates is as follows:

Fiscal losses	Amount		2013	
	Montante	Expiry date	Montante	Expiry date
Generated in 2006				
Generated in 2007				
Generated in 2008			120.689.141	2014
Generated in 2009	147.456.480	2015	147.456.480	2015
Generated in 2010	155.633.266	2016	155.633.266	2016
Generated in 2011	159.811.290	2017	159.811.290	2017
Generated in 2012	90.695.009	2018	90.695.009	2018
Generated in 2013	33.889.684	2019	32.648.471	2019
Generated in 2014	25.693.866	2020		
	613.179.594		706.933.656	

### 23. Other payables

As at December 31, 2014 and 2013, the item "Other payables" had the following composition:

Other accounts payable	2014	2013
Other creditors		
Parque Expo' 98 (Note 13)	7.082.930	7.082.930
Staff	585.663	492.748
Vacation, vacation allowance and associated social expenses	6.404.787	7.198.543
Overdue unpaid interest	18.937.640	18.546.087
Accrued expenses creditors	208.824	277.341
Investment suppliers	6.423.495	6.044.202
Other	1.841.651	2.711.923
	41.484.990	42.353.773

The balance of the item "Accrued expenses creditors" as of December 31, 2014 and 2013, refers mainly to expenses incurred by the Company with investments which, at the date of this balance sheet, had not yet been invoiced.

The amount of €6,423,495 (€6,044,200 on December 31, 2013) concerning "Trade investment" refers to the balance payable to suppliers regarding the purchase of tangible fixed assets, of which: (i) €1,300,017 are payable to the Lisbon Municipality; (ii) €1,315,421 are payable to CJC – Engenharia e Projetos; and (iii) €541.461 are payable to Siemens.

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## 24. Deferred liabilities

As at December 31, 2014 and 2013, the item "Deferred liabilities" had the following composition:

Deferred liabilities	2014	2013
Financial leases - deferred capital gains	1.131.603	1.578.232
Fare revenue	-	1.350.735
Income from property	358.681	2.035
	<b>1.490.284</b>	<b>2.931.002</b>

Capital gains arising from finance lease agreements linked to the 14 and 24 triple traction units are deferred to their respective terms (Note 29).

## 25. Revenue

The revenue recognised by the Company on December 31, 2014 and 2013 is broken down as follows.

Revenue	2014	2013
<b>Sales:</b>		
Scrap	24.488	90.937
<b>Provision of services:</b>		
Fare revenue	86.021.693	77.487.718
Secondary services	3.854.558	3.509.726
Other	2	6
	<b>89.900.742</b>	<b>81.088.387</b>

The increase in revenues during 2014 results mainly from the update in the split model between transport operators.

## 26. Operating subsidies

The detail of operating subsidies received by the Company as at December 31, 2014 and 2013 is as follows:

Operating subsidies	2014	2013
Compensatory allowances	27.950.104	44.000.000
4_18 pass	589.088	312.602
Sub23 pass	597.266	296.105
PAII - Senior Citizens' Integrated Support Programme	20.690	305.482
Social+ pass	896.226	449.460
Other earnings	4.825.000	
	<b>34.878.374</b>	<b>45.363.649</b>

On December 31, 2014, the financial compensation granted by the State as non-refundable compensatory allowance to partially fund its operations, in compliance with the public service obligations, amounted to €29,627,110 (€27,950,104 recognised as revenue after VAT deduction), as per the Council of Ministers Resolution 52/2014, of August 21.



On December 31, 2013, the financial compensation granted by the State as non-refundable compensatory allowance to partially fund its operations in compliance with the public service obligations, amounted to €46,640,000 (€44,000,000 recognised as revenue after VAT deduction), as per the Council of Ministers Resolution 23/2013, of April 4.

In the year ended December 31, 2014 the State also assigned financial compensation for the travel passes 4\_18@escola.tp and sub23@superior.tp, in the amounts of €624,433 (€589,088 recognised as revenue after VAT deduction) and €639,102 (€597,266 recognised as revenue after VAT deduction), respectively.

In year ended December 31, 2014 the State assigned financial compensation of €4,825,000 to compensate for the changes to the remuneration policy following the decision of the Constitutional Court.

## 27. Supplies and external services

For the fiscal years ended December 31, 2014 and 2013, the item "Supplies and external services" was as follows:

Supplies and external services	2014	2013
Electricity	7.593.732	8.148.655
Rents and leases	7.948.785	7.918.023
Conservation and repair	3.909.942	4.018.437
Cleaning, hygiene and comfort	2.555.034	2.665.399
Surveillance and security	5.208.525	5.186.241
Specialised work	1.229.874	1.238.931
Other	2.876.471	2.704.030
	<b>31.322.364</b>	<b>31.879.716</b>

The item "Rents and leases" mainly includes the amount of €7,904,947 related to operating lease instalments (€7,764,008 as at December 31, 2013). The decrease compared to the 2013 fiscal year is because the variable component that makes up the income decreased when compared to 2013, due to the reduction of the indexed interest rate.

## 28. Staff costs

"Staff costs" for the years ended December 31, 2014 and 2013 comprise the following:

Gastos com pessoal	2014	2013
Wages of the executive bodies	149.968	187.688
Staff wages	44.533.047	46.425.805
Post-employment benefits	279.486	12.595.465
Company responsibilities with pensions	9.977.961	12.155.529
Expenses with wages	10.196.978	10.007.051
Insurance for work related accidents and occupational diseases	622.095	575.435
Health insurance (Note 17)	701.257	730.688
Welfare expenses	232.995	660.936
Other	1.060.278	3.059.221
	<b>67.754.065</b>	<b>86.397.818</b>

The decrease in "Staff wages" for the year ended December 31, 2014, was mainly due to the wage restraint measures imposed by Law 83-C/2013 of the 2014 State Budget.



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During the year ended December 31, 2014, the Company recognised pension liabilities in this item, with liabilities for current services amounting to €2,383,411 and interest costs amounting to €7,594,550.

During the years ended December 31, 2014 and 2013, the average number of employees was 1,439 and 1,490, respectively. At year-end employees were in total 1,426 and 1,451, respectively.

## 29. Other income and gains

The item "Other income and gains" for the years ended December 31, 2014 and 2013 comprises the following:

Other income and gains	2014	2013
Investment subsidies (Note 16)	2.906.231	2.906.231
Recognition of capital gains	446.629	446.629
Social services	1.289	150.738
Inventory gains - leftover	4.341	181.581
SWAP gains (Note 10)	-	24.527.071
Energy sales	239.600	488.224
Late payment interest	1.496.073	-
Exchange rate differences	6.019.407	4.135
Property rents (Note 8)	24.753	22.925
Sale - Investment in other companies (Note 9)	1	-
Other	893.057	608.957
	<b>12.031.380</b>	<b>29.336.492</b>

The balance of the item "Recognition of capital gains" relates to the amortisation of capital gains from the 14 triple traction units and 24 triple traction units, which on December 31, 2014 amounted to €250,922 and €195,707, respectively (Note 24).

The balance of the item "SWAP gains" reflects the difference between the "marked-to-market" reported on December 31, 2012 and the amount by which the SWAP contracts cancellation was carried out during the year ended December 31, 2013 (Note 10). Losses from the cancellation of SWAP contracts were recognised under "Other costs and losses" (Note 30).

The balance of the item "Overdue interest" regards the late payment by the Transtejo for the construction of the Cais do Sodr  river terminal.

The balance in the item "Exchange rate differences" concerns the update of two collaterals the Company undertook in US bonds (Note 11).

### 30. Other costs and losses

The item "Other costs and losses" for the years ended December 31, 2014 and 2013 comprises the following:

Other costs and losses	2014	2013
Municipal property tax	212.878	100.150
Fees / Contributions	88.742	91.844
Inventory losses	206.095	55.912
Losses on non-financial investments	2.396.253	-
SWAP losses (Note 10)	-	9.104.821
Late payment interest	53.495	421.610
Other	612.087	1.636.009
	<b>3.569.549</b>	<b>11.410.347</b>

The amount of €2,396,253 recorded under "Losses on non-financial investments" results of write-offs of tangible fixed assets carried out during the year (Note 6).

The balance of the item "SWAP losses" reflects the difference between the "marked-to-market" reported on December 31, 2012 and the amount by which the SWAP contracts cancellation was carried out during the year ended December 31, 2013 (Note 10). Gains from the cancellation of SWAP contracts are recognised under "Other income and gains" (Note 29).

The item "Late payments interest" on December 31, 2014 and 2013, related mainly to interest charged by contractors for the late payment of investment invoices as per the established in the contracts.

### 31. Financial results

On December 31, 2014 and 2013, the balance in this item was as follows:

Financial results	2014	2013
<b>Expenses and losses:</b>		
Interest borne on bank loans	22.040.031	34.503.909
Finance leases	626.543	4.219.365
	<b>22.666.574</b>	<b>38.723.274</b>
<b>Income from interest :</b>		
Interest from financial investments	4.631	24.405
Other	7.520.772	854.645
	<b>7.525.403</b>	<b>879.050</b>
<b>Financial results</b>	<b>(15.141.171)</b>	<b>(37.844.224)</b>

The amount of €626,543, recorded under "Finance leases", regards financial costs incurred with lease contracts hired by the Company (Note 18).

## 32. Related parties

As of December 31, 2014 and 2013, the balance in the item "related parties" was as follows:

2014							
Related parties	Accounts Receivable				Accounts payable		Net effect
	Clients (Note 13)	Loans (Note 9)	IRC - Withholding tax	Other accounts receivable (Note 13)	Suppliers (Note 20)	Other accounts payable	
<b>Subsidiaries:</b>							
Ferconsult,	-	-	79.675	388.968	-	538.037	(69.394)
Metrocom, !	6.763	-	415.964	3.731	4.113	-	422.346
<b>Associates:</b>							
Publimetro	1.389.299	-	-	-	-	-	1.389.299
Ensitrans A	-	-	-	85.450	-	96.915	(11.465)
<b>Joint ventures:</b>							
Otlis, A.C.E.	41.444	-	1.097	-	48.355	48.356	(54.170)
<b>Related companies:</b>							
GIL, S.A.	-	-	-	-	-	-	-
	1.437.507	-	496.736	478.149	52.468	683.308	1.676.617

2013							
Related parties	Accounts Receivable				Accounts payable		Net effect
	Clients (Note 13)	Loans (Note 9)	IRC - Withholding tax	Other accounts receivable (Note 13)	Suppliers (Note 20)	Other accounts payable	
<b>Subsidiaries</b>							
Ferconsult,	-	-	79.675	223.540	-	194.379	108.836
Metrocom, !	6.763	-	379.542	3.731	4.373	-	440.148
<b>Associates</b>							
Publimetro	2.281.624	-	-	-	-	-	2.281.624
Ensitrans A	-	-	-	85.450	-	97.384	(11.934)
<b>Joint ventures</b>							
Otlis, A.C.E.	323.982	-	1.097	-	456.666	-	(131.587)
<b>Related companies</b>							
GIL, S.A.	-	19.143.134	-	-	-	-	19.143.134
	2.666.854	19.143.134	460.314	312.721	461.039	291.763	21.830.221

The item "Other payables" concerns the amounts payables to Ferconsult as at December 31, 2014 and 2013, in the amounts of €43,037 and €194,379, respectively, which are recorded under "Durable infrastructure investments" (Note 5.9).

During the years ended December 31, 2014 and 2013, the following transactions were carried out with related parties:

2014				
Related parties	Inventory purchase	Fixed assets purchase	Services received	Services rendered
<b>Subsidiaries:</b>				
Ferconsult, S.A.	-	1.792.836	11.199	83.626
Metrocom, S.A.	-	-	6.498	1.740.144
<b>Associates:</b>				
Publimetro	-	-	-	1.266.837
Ensitrans A.E.I.E.	-	-	-	-
<b>Joint ventures:</b>				
Otlis, A.C.E.	971.779	-	79.518	4.304.016
<b>Related companies:</b>				
GIL, S.A.	-	-	303.981	-
	971.779	1.792.836	401.197	7.394.623

2013				
Related parties	Inventory purchase	Fixed assets purchase	Services received	Services rendered
<b>Subsidiaries:</b>				
Ferconsult, S.A.	-	2.748.038	79.944	323.397
Metrocom, S.A.	-	-	8.411	1.189.829
<b>Associates:</b>				
Publimetro	-	-	-	1.141
Ensitrans A.E.I.E.	-	-	-	-
<b>Joint ventures:</b>				
Otlis, A.C.E.	120.011	8.040	1.271.139	2.881.903
<b>Related companies:</b>				
GIL, S.A.	-	-	304.234	-
	120.011	2.756.079	1.663.727	4.396.270

### 33. Guarantees

On December 31, 2014 and 2013, Company guarantees amounted to €60.139.747 and €61.157.244 respectively, primarily related to financing contracts and ongoing legal proceedings.

The breakdown of the Company's liabilities related to guarantees over legal proceedings on December 31, 2014 is as follows:

2014			
Bank	Amount	Start date	Beneficiary
BPI Bank	7.661	17/08/2011	Lisbon Municipality
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	95.482	11-05-2006	Finanças 4ºbairro Fiscal
BPI Bank	7.494	10-03-2006	Trib.Adm.F.Lx-2ªjuizo
BPI Bank	6.940	03-07-2006	Trib.Adm.F.Lx-2ªjuizo
BPI Bank	7.500	25-05-1994	Petrogal
	139.747		

### 34. Disclosures required by law

#### Fees billed by the Statutory Auditor

Total aggregate fees billed by the Statutory Auditor for the year ended December 31, 2014 regarding the statutory audit of the annual accounts amounted to €11,306.

### 35. Events after the balance sheet date

Following the Order of February 17, 2015, and based on item 2 of article 59 of Decree-Law 133/2013 of October 3 and article 4 of the Metropolitano de Lisboa, E.P.E. By-laws, approved by Decree-Law 148-A/2009, of June 26, it was determined to increase the Company's share capital by €29,000,000, subscribed in cash by the State, until February 20, 2015 and the conversion of finance granted by the DGTF in capital increases in the amount of €410,758,820. At the date of approval of these financial statements the aforementioned capital increase was fully subscribed and paid, and the By-laws were amended accordingly, reflecting the Company's share capital increase to €1,657,862,755.86.

Pursuant the Council of Ministers Resolution of February 26, 2015, the Portuguese State launched the international public tender for the sub-concession of the services provided by Metropolitano de Lisboa, on March 23, 2015.

#### The Official Accountant

Dr. Carlos Emério Ferreira Mota

#### The Management Board




Eng.º Rui Lopes Loureiro



Dr. Pedro Gonçalo de Brito Aleixo Bogas



Dr. Tiago Alexandre Carvalho dos Santos



Dr.ª Maria Manuela Bruno de Figueiredo



Dr. José Rui Roque

