ANNUAL REPORT AND ACCOUNTS

2018

Grupo ML

Metropolitano de Lisboa

FERCONSULT

metrocom

Trem, A.C.E.
Trem II, A.C.E.

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Message from the Chairman

The Metro group's Integrated Report describes, in a detailed and accurate manner, the activity of Metropolitano de Lisboa and of the companies held by it - Ferconsult, Metrocom, TREM and TREM II - as well as the profits obtained in the year 2018.

In 2018, Metropolitano de Lisboa has effected the resumption of infrastructure investment, the increase of the recovery of the rolling stock and continued to reinforce its staff and to steer the company's operations towards a more Customer-focused approach, having witnessed a progressive improvement of Metropolitano de Lisboa's performance and a consequent increase in the service quality provided by the company.

As the most relevant of all the planned Investments, ML launched, on the 26th of September, the tender named Network Modernization project of Metropolitano de Lisboa regarding the replacement of the current rail signalling system with a Communications-Based Train Control (CBTC) system.

It should be highlighted that this bold project will change a system which is over 40 years old, technically out-of-date, obsolete and the manufacture of which has been discontinued, and will replace it with a system with the most up-to-date technological developments and suitable for the company's demands, a fundamental condition for the current and future needs for purposes of quality, reliability and safety of the service provided.

Metropolitano de Lisboa, by means of the tender mentioned above, also wishes to acquire 14 new triple units (sets of 3 cars), as well as to adapt 70 existing triple units to the new signalling system (CBTC).

And in line with the priority investments and in parallel with the Modernization project, major steps have been taken regarding the network Expansion project, by continuing the works on the Rato - Cais do Sodré extension, which have culminated in the launching, in January 2019, of the tender for the Construction of the Structures of the Lots Rato – Santos and Santos – Cais do Sodré, in the scope of the Metropolitano de Lisboa's Expansion Plan - Yellow and Green Lines Extensions - Rato - Cais do Sodré.

Concerning rolling stock, in March 2018, Metropolitano de Lisboa launched the procedure for the purchase and installation of an electric system for the passenger doors of the ML90 series' rolling stock and the full review of the remaining series' door opening systems.

It should also be highlighted the start of implementation of the awarding project for the refurbishment of the Technical Installations Supervision System (TISS), carried out in May, and the launch of the procedure for the purchase and installation of equipment for the video surveillance-CITV system of the Blue, Yellow, Green and Red Lines and the Track Intrusion Detection Systems, carried out in October.

In what concerns the modernization and refreshing of the current infrastructure, the refurbishment of the Arroios station was continued, aiming to extend the platform to accommodate six-car trains, and the refurbishment and modernization of some stations was initiated, especially concerning lighting, cleaning, refreshing and the improvement of equipment, signalling and accessibilities and, in this regard, it should be highlighted the completion of the installation of the surface elevator at the Roma station, the substitution of two flights of escalators at the Baixa-Chiado station, the procedure launch for the Colégio Militar station, the project revision for the Areeiro station and, in addition, the replacement of the Rato surface elevator, among others.

Following the renovation and improvement project of the network's accessibility conditions, Metropolitano de Lisboa also continued with the implementation of the plan which foresees the evolution of the current 38 fully accessible stations to a total of 50 stations by 2022.

On the other hand, in the course of 2018, Metropolitano de Lisboa began investment in systems which will, in the short term, secure an increase of customer information, as well as investment in developing the bases for a very significant future change in the ticketing system, which shall impact greatly the improvement and ease of use of customer access to our network.

In parallel, at an internal level, ML followed up on the implementation of actions to consolidate the management's solidity, in particular through the creation of internal control systems, of which we highlight the creation of supporting tools for Procurement, Compliance, the implementation of the new General Data Protection Regulation and the initiation of the SAP IT database update.

In response to the staff needs observed in 2018, Metropolitano de Lisboa reinforced its staff by hiring 17 Maintenance Officers (10 of which are new Officers and the remaining 7 will replace workers departed in 2018) and by obtaining authorization to hire 20 Station Agents and 10 more Maintenance Officers during the course of 2019. This recruiting process was carried out based on the provisions on this matter set forth in Metropolitano de Lisboa's 2018 Activity and Budget Plan, and upon approval by the financial supervision authority for this purpose.

In terms of human capital management, it is also worth highlighting the company's continuous appreciation of collective bargaining as an indispensable instrument for the promotion of social peace.

On the other hand, in 2018, Metropolitano de Lisboa continued developing measures aimed at increasing energy efficiency, aligned with a commitment for sustainable mobility, notably in terms of matching supply and demand, and it developed a set of technological changes for more efficient systems, namely regarding lighting and the ventilation system. The measures implemented have given rise to a 4.2% energy efficiency improvement. For the year 2019, the implementation of new energy saving projects is expected to continue, as well as the launching of a project for energy production by photovoltaic systems.

Regarding assets not allocated to operation, significant steps were taken to capitalize ML's extensive asset portfolio namely regarding the plot of land of the Depot and Workshop (DW) I in Sete Rios.

In what concerns Ferconsult, its activity remained focused on providing services directly to its shareholder, thus securing the commitments made regarding ongoing national and international projects.

In this context, in 2018, in the scope of its activity, the company completed the studies and project stages necessary for the launching of Metropolitano de Lisboa's tender for the design/construction structures of the Rato /Cais do Sodré extension, and it provided the necessary support for the completion of the construction works of the Arroios and Areeiro stations.

Moreover, Ferconsult maintained the export of engineering services to the Algerian and Brazilian markets, following up on existing agreements.

In what regards Metrocom, in 2018, the company continued its activity, maximizing the capitalization of Metropolitano de Lisboa's commercial areas, as it sought to increase the number of spaces available to our customers and promoting the improvement of the image of such areas, in terms of dynamics and attractiveness, thus contributing in a proactive manner to the positive image of Metropolitano de Lisboa's network stations, as well as its brand. In 2018, following an increase in revenue and occupied space, it has adapted to the new market trends and sought new business models aimed at occupying new spaces in stations.

The projects described above and the remaining procedural changes and innovations made in the companies of the Group in the course of the past year and described in the present report represent without a doubt a qualitative leap for Metropolitano de Lisboa's future sustainability, making an actual contribution to the improvement of the quality of life, mobility and competitiveness of the city and the Lisbon Metropolitan Area.

In 2019 we will keep committed to reinforcing the role of Metropolitano de Lisboa as an operator and structural mobility agent in the city, undoubtedly contributing to the construciton of a better future for Lisbon.

Appreciation should also be shown to all those who, while serving the company or collaborating with it on a daily basis, contribute to make Metropolitano de Lisboa a reference company, essential to allow a more sustainable mobility in the metropolitan area of Lisbon.

Finally, a word of appreciation to the members of the corporate bodies for their commitment and availability, within their corresponding duties, to support the Board of Directors to achieve the objectives mentioned in this report, thus ensuring the company's normal operation.

Lisbon, the 24th of June 2019

The Chairman of the Board of Directors

Vítor Manuel Jacinto Domingues dos Santos

Nature of the Report

This Consolidated Annual Report comprises the information regarding Metropolitano de Lisboa's (ML) Group Companies, in accordance with the International Integrated Reporting Council (IIRC) Guidelines in relation to the strategy, management and performance of the Company's key business areas. In addition, it includes information on Governance, financial statements and performance of key sustainability aspects.

This (annual) Report includes financial and non-financial information of the ML Group concerning the year 2018. Nonetheless, it also presents data concerning previous years, thus allowing the analysis of the developments made.

Embedded in a global economy which aspires to be increasingly sustainable, the main objective of this report is to improve stakeholders' perceptions of the performance of ML and the companies whose equity it holds entirely.

The information presented herein is intended to reflect the Metropolitano de Lisboa, Ferconsult and Metrocom's determination, dedication and ongoing efforts in the continuous implementation of measures which enhance the creation of value, which is reflected in a better provision of public service, and sustainable mobility.

The separate financial statements were prepared pursuant to the Portuguese Accounting Standards System (SNC), as approved by Decree-Law no. 158/2009, of the 13th of July, and subsequently amended and republished by Decree-Law no. 98/2015, of the 2nd of June. The financial statements have been prepared in accordance with the International Standards ("IFRS"), as adopted in the European Union.

The non-financial information was prepared, for the second consecutive year, pursuant to the GRI Standards guidelines. It should be mentioned the non-financial information included herein has not been subject to any external verification, notwithstanding the compliance with the provisions of article 451(6) of the Decree-Law no. 89/2017, of the 28th of July.

According to the AA1000 Stakeholder Engagement Standard 2011 guidelines, stakeholders were identified, *i.e.*, all groups whose quality of life may be affected by the Metropolitano de Lisboa, Ferconsult and Metrocom's activity, both now and in the future. For this purpose, apart from the inclusion of all entities with who these companies maintain any contractual or regulatory relations (customers, workers and retired persons, suppliers and supervisory authority), we have made an analysis regarding the impact of these companies' activity in order to identify other types of dependencies or relations.

Figure 1 – The Metro Group's Stakeholders

I. METROPOLITANO DE LISBOA GROUP

1. Organization's profile

Metropolitano de Lisboa was founded on the 26th of January 1948 as a Public Limited Company and, after several studies carried out by the Lisbon Municipality, the construction of the network began on the first day of August 1955.

It was officially inaugurated on the 29th of December 1959, and on the day after the network was opened to the public. Metropolitano de Lisboa's network was then only 6.5 km long and comprised 11 stations, with terminals at Sete Rios (nowadays Jardim Zoológico), Entre Campos and Restauradores.

It expanded to Rossio in 1963, to Anjos in 1966 and to Alvalade in 1972. From that time until 1987, only the stations' platforms were extended to accommodate up to six-car formations.

In 1975, Metropolitano de Lisboa was nationalized and three years later, in 1978, it was incorporated as a Public Company, and the Metropolitano de Lisboa, E.P.'s new statutes were published.

The city's expansion required a new network increase and, in October 1988, the Laranjeiras, Alto dos Moinhos, Colégio Militar/Luz and Cidade Universitária stations were inaugurated. The Campo Grande connecting station would be inaugurated in 1993.

In 1995, with the disconnection of the "Y" from Rotunda (currently named Marquês de Pombal) allowing for the creation of two independent lines, a broad network expansion plan was initiated and its most significant developments took place in 1997, with the inauguration of the Carnide and Pontinha stations, and in 1998, with the inauguration of the Cais do Sodré and Baixa-Chiado stations, as well as the Red line, which connected Alameda to the Oriente station and integrated seven new stations.

In 2004, the public opening of the Yellow line extension between Campo Grande and Odivelas and of the Blue line extension between Pontinha and Amadora Este, totalling seven new stations, was a historical milestone for Metropolitano de Lisboa, leaving the Lisbon municipality, for the first time in 45 years, towards the municipalities of Odivelas and Amadora, establishing itself in high population density areas and enabling quick and peaceful commuting.

On July 26, 2009, it assumed its current name as Corporate Public Entity, Metropolitano de Lisboa, E.P.E. and in August of that same year, it extends the Red line from Alameda to S. Sebastião, crossing the Yellow lines (in Saldanha) and the Azul line (in S. Sebastião), a strategic extension for the reduction of travel times and various possibilities of routes.

In the second decade of the 21st century, the last two expansions of the network occurred, with the opening of the Airport station in 2012 and the extension to Reboleira in 2016.

Currently, Metropolitano de Lisboa has a network comprising 4 independent lines, 44.5 km in length and 56 stations (6 correspond to double and transfer stations), serving approximately 169 million passengers every year (2018 data).

Operating in Lisbon and in neighbouring municipalities, with stations connected to other public transport operators (CP, Transtejo/Soflusa and Fertagus), thus improving mobility and adding to the transport system's greater connection efficiency, from a standpoint of searching and creating intermodal solutions, promoting healthy lifestyles and playing a paramount role in facilitating Urban and Sustainable Mobility.

Figure 2 - Network diagram

The Metro Group consists of Metropolitano de Lisboa, E.P.E. and its subsidiary companies, entities over which it holds a controlling shareholder position.

In this respect, Metro holds the entire equity of the subsidiary Ferconsult, S.A. - Engineering and Transportation Projects, a company specialized in the areas of Transport Engineering Consultancy, Studies and Projects operating in the domestic and international markets.

By means of its subsidiary Ferconsult, Metro holds directly and indirectly a 50% share in Ensitrans, A.E.I.E. (a Transport Engineering and Systems Grouping), the main purpose of which is to develop studies and projects. Similarly, Metro holds a 100% equity share in TREM, ACE and TREM II, ACE, the main purpose of which is to purchase and lease railway equipment for ML.

Metro also holds equity shares in Metrocom, S.A. – Commercial Spaces Exploration (100%), in Publimetro, S.A. (40%), a company for exploring media advertising in Metro vehicles and spaces, as well as in OTLIS – Transport Operators of the Lisbon Region (Complementary Grouping of Companies – 14.3%), the main purpose of which is to develop, implement and manage new technologies in the area of contactless ticketing systems.

It should be noted that Otlis is assigned with the VIVA System, providing services to over twenty companies in the areas of mobility and transportation, and this grouping is held by Metropolitano de Lisboa, E.P.E., Companhia Carris de Ferro, S.A., CP - Comboios de Portugal, E.P.E., Transtejo/Soflusa, S.A., Barraqueiro Transportes, S.A., Transportes Sul do Tejo, S.A. and Rodoviária de Lisboa, S.A. in equal shares.

2. Mission, Vision and Values

Metropolitano de Lisboa, E.P.E. is an entity with legal personality and administrative, financial and patrimonial autonomy, and it is governed by its own statutes and by the laws applicable to public companies.

Ferconsult, S.A. and Metrocom, S.A. are companies entirely owned by Metropolitano de Lisboa.

The "Quality and Environment Management System's Handbook" was approved by Resolution no. 1416182, of the 15th of November 2018, authorizing the integration of the Metropolitano de Lisboa's and Ferconsult's Management Systems and their extension to Metrocom.

The abovementioned Handbook consists in a document defining the Metro Group's "management system" instructions, as well as indicating the main guidelines regarding the company's Mission, Vision and Values.

Mission

To provide a metropolitan public passenger transport Service, encompassing the infrastructure exploration, construction and management, which includes a customer-oriented commercial space exploration, and promoting sustainable mobility.

Vision

To affirm itself as the structural public transport operator which guarantees Lisbon's urban mobility, pursuant to the highest standards on quality, safety and economic, social and environmental effectiveness.

Values

- Economic, social and environmental responsibility as a sustainable company and promoting sustainability.
- Accuracy and transparency from an ethics and behaviour perspective, both in business and in individual terms, as an Organization governed by principles of honesty and transparency, respecting its stakeholders.
- Quality and safety in the provision of the service.

Metro assumes its mission with its customers according to the "Customer Charter" in which the company undertakes the following commitments:

CUSTOMER CHARTER

I. Transport service offer:

- To propose network developments which best meet the mobility need of Lisbon's metropolitan area;
- To implement train schedules which meet to the current demand in an effective manner.

II. Safety:

- To promote and implement all necessary actions which guarantee the transportation service's high safety standards;
- To ensure the implementation of the necessary actions to ensure customer safety on trains and stations, in permanent collaboration with the security forces.

III. Frequency:

To maintain high service frequency levels, promoting the possible measures to minimize disruptions caused by circulation problems, either due to the operation itself or to external factors.

IV. Information and customer support:

To make all relevant information available concerning the service provided, placed in special spaces in stations and trains and in other communication materials available to the customer, in both normal situations and cases of disruption of service, in a clear, comprehensible and accurate manner.

V. Equipment availability:

To ensure the existing equipment in stations, namely elevators, escalators and passenger conveyors, sales equipment and access points, are in perfect working conditions, and where it is not the case, pushing towards their repair in the shortest period possible.

VI. Cleaning and conservation:

To ensure the stations, trains and equipment are in a good state of repair and cleanliness and, for such purpose, are inspected and cleaned on a regular basis.

VII. Human resources:

To ensure the initial and continuous training of the human resources employed by Metro, enabling them to perform their service in a competent and professional manner, guaranteeing that trains are driven in such a way that customers' are offered comfort and safety conditions and they are served with quality and accuracy.

VIII. Accessibility:

To secure that the provided service may be easily used by all people, implementing the necessary measures to allow accessibility to those customers whose mobility may be reduced in some way, in collaboration with the relevant authorities. For this, a progressive accessibility implementation program is being developed in the stations not yet prepared for such purpose.

IX. Suggestions and claims:

- To make available to customers the necessary means for making suggestions and claims;

- To ensure careful examination of claims, promoting appropriate corrective and improvement measures at an internal level and providing responses in a timely manner.

3. Corporate Bodies

Board of Directors appointed by CMR no. 16/2017, of the 16th of January, solely applicable to ML, which took effect from the 1st of January 2017:

Figure 3 - Organization Chart

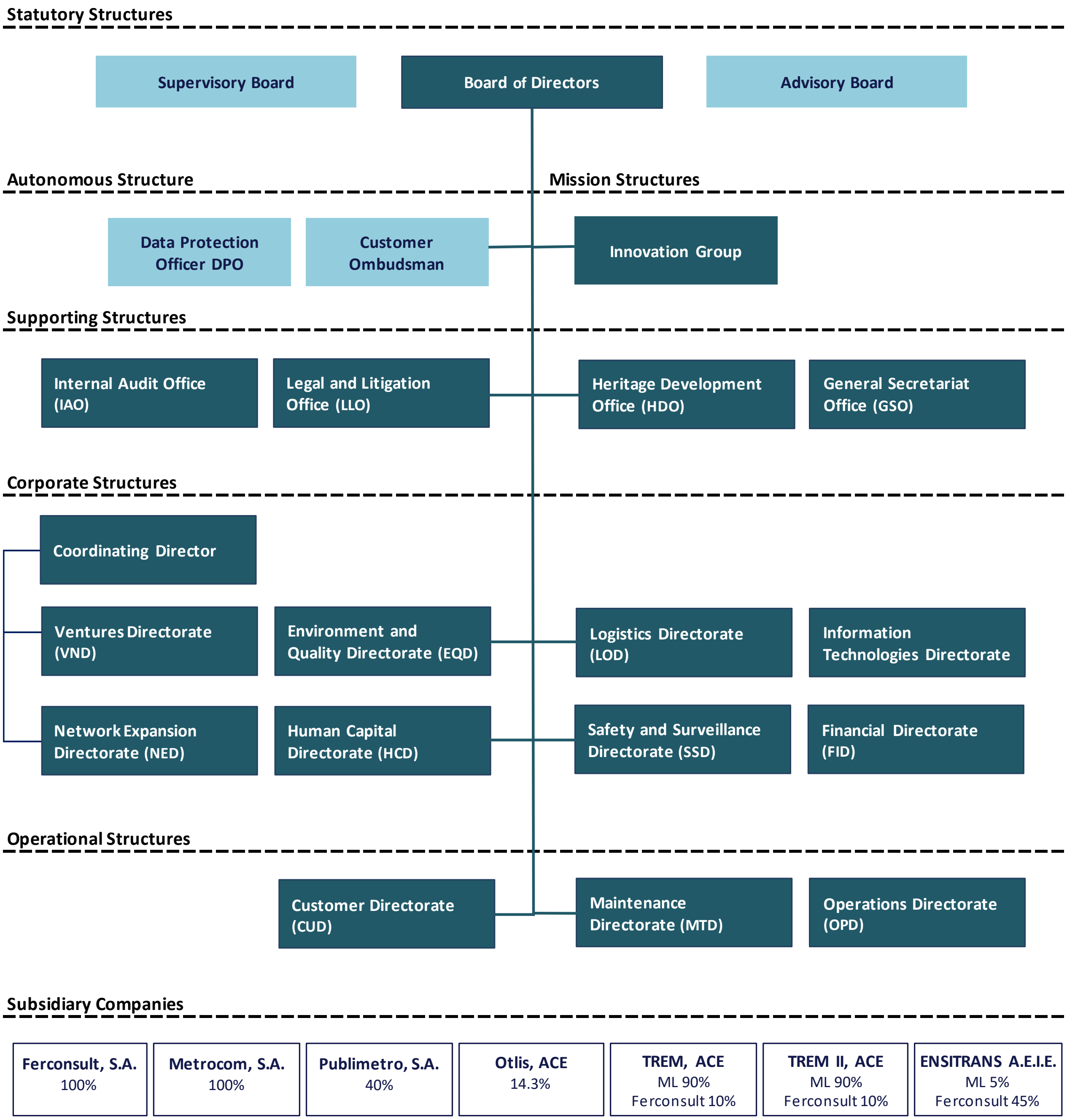


Table 1 - Identification of the members of Metropolitano de Lisboa's Board of Directors

Term(Start - End)	Position	Name	Academic Degree	Areas of Responsibility
2017-2019	Chairman	Eng.º Vitor Manuel Jacinto Domingues dos Santos	PADE – AESE Business SchoolMBA Degree in International Management - Universidade Católica Portuguesa - Licentiate Degree in Civil Engineering - Universidade do Porto (Faculty of Engineering)	Innovation Group (ING)General Secretariat Office (GSO)Internal Audit Office (IAO)Heritage Development Office (HDO)Information Technologies Directorate (ITD)
2017-2019	Board Meml	Dr. Luís Carlos Antunes Barroso	- Master's Degree in Management - Universidade Lusíada de Lisboa- Licentiate Degree in Management - Universidade Lusíada de Lisboa	Financial Directorate (FID)Customers Directorate (CUD)Operations Directorate (OPD)
2017-2019	Board Meml	Eng.ª Maria Helena Arranhado Carrasco Campos	- PhD Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães;- Master's Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães;- Post-graduation Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães- Licentiate Degree in Civil Engineering - Universidade de Coimbra, Faculty of Sciences and Technology, Coimbra	Network Expansion Group (NEG)Safety and Surveillance Directorate (SSD)Environment and Quality Directorate (EQD)Ventures Directorate (VND)Maintenance Directorate (MTD)
2017-2019	Board Meml	Dr. Rui Nelson Ferreira Dinis (*)	PhD candidate in Business Administration - ISCTE-IUL, Business School (since 2007);Master's Degree in Commercial and Business Law - Universidade de Coimbra (Faculty of Law) (1995);Licentiate Degree in Law - Universidade de Coimbra (Faculty of Law) (1990); Post-graduation Degrees: Public Regulation - CEDIPRE-FD Coimbra;Industrial Law - APDI-FD Lisbon;Corporate Finances - AESE, Management and Business School;Public Procurement - CEDIPRE-FD, Coimbra;Higher education study programs: "Business Law", at Institut des Droit des Affaires - Université d'Aix-Marseille;"Economic Regulation" - P.A.I. and Bath School of Management; "EMI", Kennedy School of Government - Harvard University.MBA	Legal and Litigation Office (LLO)Logistics Directorate (LOD)Human Capital Directorate (HCD)

(*) Dr. Rui Dinis has resigned from its position with effects from 21/04/2018 - Resolution of the BD no. 1325274.

Table 2 - Identification of Metropolitano de Lisboa's Supervisory Board

Term (Start - End)	Position	Name	Appointment Form (1)	Appointment Date
2017-2019	Chairman	Dr. José Carlos Pereira Nunes	DC SETF and SEAMB	11/01/2017
2017-2019	Effective Board Member	Dr. Cristina Maria Pereira Freire	DC SETF and SEAMB	11/01/2017
2017-2019	Effective Board Member	Dr. Margarida Carla Campos Freitas Taborda	DC SETF and SEOPTC	11/01/2017
2017-2019	Substitute Board Member	Dr. Maria Teresa Vasconcelos Abreu Flor de Morais	DC SETF and SEOPTC	11/01/2017

(1) In light of the Joint Order, of the 11th of January 2017, issued by the Assistant Secretary of State for the Treasury and Finances and the Assistant Secretary of State for the Environment.

Table 3 - Identification of Metropolitano de Lisboa's Chartered Accountant (Auditor)

Term(Start - End)	Position	Audit Firm / Chartered Accountant (Auditor) Identification			Appointment	
		Name	OROC Registry no.	CMVM Registry no.	Form	Date
2015-2017	SROC	BDO & Associados, SROC	29	20161409	Order	18/03/2015
	Effective Chartered Accountant (Auditor)	Dr. José Luís Areal Alves da Cunha		20160240		
	Substitute Chartered Accountant (Auditor)	Dr. Abílio Ançã Henriques		20160121		

(1) Notwithstanding the end of the term, the Chartered Accountant (Auditor) maintained in office during the financial year under analysis.

4. Management Policies and Mechanisms

Governance Model

Pursuant to the Company's Statutes, Metropolitano de Lisboa, E.P.E.'s corporate bodies are the Board of Directors, the Supervisory Board, the Statutory Auditor or an audit firm and the Advisory Board.

1. Board of Directors

The members of the Board of Directors of Metropolitano de Lisboa are appointed by Council of Ministers resolutions, on a proposal by the members of the Government responsible for finances and transport (in light of article 4(1) of the company's Statutes).

The Board of Directors of Metropolitano de Lisboa, for the term 2017-2019, was appointed by the Council of Ministers Resolution no. 16/2017 (Official Gazette, 1st series – no. 11, of the 16th of January 2017). The current members of the Board of Directors have taken office on the 1st of January 2017.

2. Supervisory Board

Pursuant to article 13(1) of the Metropolitano de Lisboa's Statutes, supervision is performed by a Supervisory Board and by Chartered Accountant (Auditor) (ROC) or by an Audit Firm (SROC), provided these do not participate in the said corporate body. The Supervisory Board is composed of three full members and a substitute member, and one of them shall serve as Chairman (in light of article 13(2)).

The Supervisory Board members are appointed by means of a joint order issued by the members of the Government responsible for finances and transport, for a three-year term which may be renewable up to a maximum of three times (in light of article 13(3)).

The Metropolitano de Lisboa's Supervisory Board in office for the 2017-2019 term was appointed by the Joint Order issued by the Assistant Secretary of State for Treasury and Finances (SETF) and the Assistant Secretary of State for the Environment (SEAMB), of the 11th of January 2017.

3. Chartered Accountant (Auditor)

Pursuant to article 14(3) of the Metropolitano de Lisboa's Statutes, the chartered accountant (auditor) shall carry out all examinations and verifications required for statutory auditing and certification, as well as to perform the following tasks:

a) Verifying that bookkeeping, accounting records and supporting documents are in order;

b) Verifying, if it is deemed appropriate and by whichever means considered fit, the cash flaw extension and inventories of any kind of goods or amounts pertaining to Metropolitano de Lisboa, E.P.E., or received as security, deposit or otherwise by the company;

c) Verifying the financial documents' accuracy;

d) Verifying if the accounting policies and the valuation criteria adopted by Metropolitano de Lisboa, E.P.E., are consistent with a correct asset and profit valuation;

e) Participating Supervisory Board's meetings, when summoned by its Chairman.

Advisory Board

The existence of the Board is set out in the ML's Statutes, but its appointment has not occurred.

Remuneration Statute

The remuneration of Metropolitano de Lisboa's Directors derives from the classification set out in the Council of Ministers Resolution no. 16/2012, of the 9th of February, whose effects have been extended to 2017 by means of article 134(o) of the Decree-Law no. 25/2017, of the 3rd of March.

As established in article 28(1) of the Decree-Law no. 8/2012, of the 18th of January, "*Public managers' remuneration is consists of a monthly wage which cannot exceed the Prime Minister's monthly wage*", as well as a monthly allowance for representation expenses, which corresponds to 40% of the said wage and shall be paid in 12 instalments throughout the year. Due to the accumulation of responsibilities, Directors receive only their remuneration and do not benefit from any additional allowances.

In addition, the Board of Directors' executive members receive the following compensation privileges or benefits:

a. Social benefits generally applicable to all company's employees;

b. The monthly fuel and tolling amount regarding the company's official vehicles corresponds to one-fourth of the monthly allowance for fixed representation expenses, as established in article 33(3) the Public Manager Statute (Decree-Law no. 71/2007, of the 27th of March, as amended by Decree-Law no. 8/2012, of the 18th of January);

c. Communications expenses allowance, which includes mobile phone, home telephone and Internet, and the maximum monthly amount of which may not exceed €80.00.

The remuneration statute of the Supervisory Board members, appointed for the 2017-2019 term, was determined by the Joint Order of 11-01-2017, issued by the Ministry of Finances and by the Ministry of the Environment.

The Chartered Accountant (Auditor) gross annual remuneration corresponds to that stipulated in the services provision agreement entered into between METRO and the company Alves da Cunha, A. Dias & Associados, Sociedade de Revisores Oficiais de Contas, of the 18th of March 2015, which complies with the maximum limit equal to 22.5% of the 12-month gross remuneration attributed by law to the Chairman of the Company's Board of Directors, pursuant to articles 59 and 60 of the Statutes of the Chartered Accountants' Association.

Management Policy

1. **Customer satisfaction as the core objective** – By designing and upholding a public passenger transport service which meets the expectations and needs of our customers and other stakeholders.
2. **A committed and engaged leadership** – By ensuring the organizational alignment at several levels, defining a clear strategy and clear objectives for the organization and following-up the fulfilment of such objectives.
3. **Shared and clearly defined responsibilities** – By defining clear responsibilities at the many organizational levels and providing the means for the assumption of responsibilities.
4. **The employees' participation and qualification** – By raising awareness, qualifying and encouraging all employees to actively take part in the improvement of processes, concerning their efficiency, their environmental performance and the mitigation of the risks related thereto.

5. **The Organization's management as a system consisting of interrelated processes** – By identifying the value chain's key processes and their interactions, in order to ensure the management's efficiency.
6. **Continuous performance improvement** – By means of a Quality and Environment Management System, equipped with mechanisms which enable to monitor of the efficiency of processes and of the environmental performance, including the energy performance, to disseminate such data in a transparent manner and to identify and implement improvement opportunities.
7. **Founded decision-making** – By guaranteeing there is data which allows for the decision-making to be based on facts.
8. **The establishment of partnership relations with suppliers** – By defining service levels and good quality and environmental practices, as well as working in a close manner to ensure compliance with them and a continuous improvement benefiting both parties.
9. **The management of environmental impacts** – By identifying and assessing the environmental aspects and impacts, implementing actions aimed at minimizing significant negative environmental aspects, including the consumption of energy and maximizing the positive environmental impacts.
10. **Full compliance with the applicable requirements** – By identifying the requirements applicable to the Organization (legislation, standards and commitments wilfully made) and by defining actions which ensure compliance with new requirements and the expeditious transposition therewith into the organization.
11. **Innovation as a differentiating factor for the quality of the service provided** – By seeking to learn at all times the best market practices and the best market solutions, by checking their applicability to the service provided and implement them wherever appropriate.

II. THE METROPOLITANO DE LISBOA'S ACTIVITY

1. Macroeconomic Framework[1]

In 2018, the Portuguese economy recorded a real growth of 2.1%, which converged with the euro area (1.8%), deriving from the positive contribution from the domestic demand (2.8 p.p.) and from the negative value of the net foreign demand (0.7 p.p.). The economy's expansion was established on a macroeconomic adjustment process, notably from a standpoint of indebtedness reduction in the many economic sectors and in a greater economic external openness, which has been reflected in employment growth.

In line with the data observed in the Euro rea, such an expansion has been more progressive than in previous cycles. Only in 2018, the real income exceeded the value recorded a decade earlier.

In Portugal, in spite of its growth, a slowdown was evidenced when compared to the previous year. The domestic demand played a smaller role in growth, in particular regarding investment (GFCF), which was increased by 4.4% (9.2% in 2017), partially compensated by a growth acceleration in consumption of households and of the general government: 2.5% and 0.8%, correspondingly (2.3% and 0.2% in 2017).

Imports have evidenced a profile of slowdown, even if less pronounced than exports.

The year 2018 showed a continuity of the unemployment rate's falling trend, as it stood at 6.3% in February 2019, the smallest level since 2002. It is important to highlight a significant reduction in long-term unemployment (-29.8% in 2018, in comparison with -25.2% in the preceding year), which made the ratio between long-term unemployed and the unemployed population to be reduced to 51.1% (57.5% in 2017). Employment increased by 2.3% (3.3% in 2017), above the historical average (0.4%) and above the average of the euro area for 2018 (1.5%). The working population, on its turn, increased for the second year running

The Portuguese budgetary policy has kept an overall neutral direction in the course of this stage of economic expansion and the European Central Bank's monetary policy has continued to provide a favourable environment for the economies belonging to the euro area, namely by means of the extended asset purchase program and the directions on the future evolution of interest rates.

EXTERNAL CONTEXT ANALYSIS

The annual analysis to the external context, presented within the integrated report, is conducted in accordance to the PESTAL method, *i.e.*, the analysis is carried out on the following areas:

- Political
- Economic
- Social
- Technological
- Environmental
- Legal

[1] Stability Program 2019-2023 – Ministry of Finances (12th of April 2019)

I. POLITICAL

"Transforming our world: 2030 Sustainable Development Agenda"

In September 2015, at the United Nations Conference, the Resolution A/RES/70/1 with the title above was adopted and it has been in force since the following year. This Agenda is founded on 17 Sustainable Development Goals (SDG) and 169 targets to be achieved by 2030 (see Attachment) by all 193 countries, also including Portugal.

Notwithstanding all are contributing for a common objective, the Agenda 2030 and SDG initiatives are based on five key pillars, also known as 5 P's:

- **People** - promoting a world in which all individuals enjoy healthy environments and live in dignity and equality;
- **Prosperity** - boosting individuals and nature's prosperity;
- **Planet** - protecting the planet by means of sustainable production and consumption, using resources in a responsible manner;
- **Peace** - building peaceful, fair and inclusive societies;
- **Partnerships** - achieving objectives by means of a spirit of solidarity, the participation of several entities, together enabling to abolish poverty and to achieve sustainable development through health, education, environmental protection, peace and justice.

Each country has been responsible to prioritize and incorporate SDG into policies and initiatives, to be developed at the national and regional levels.

COP21 - Paris Agreement

In December 2015, [2] the Paris Agreement was signed at the Paris' COP 21, in line with **SDG 13 – Climate Action**, aiming at establishing an action plan, to be initiated in 2020, envisaging to limit global warming

Portugal and the 2030 Agenda

As strategic priorities in the implementation of the 2030 Agenda[3], the Portuguese Government has defined the following SDG:

- **SDG4** – **Quality Education** – To ensure access to inclusive, quality and equitable education and to promote all people enjoy life-long learning opportunities.
- **SDG5 – Gender Equality** – To achieve gender equality and empower all women and girls.
- **SDG9 – Industry, Innovation and Infrastructure** – To build resilient infrastructure, to promote inclusive and sustainable industrialization and to boost innovation.
- **SDG10** – **Inequality Reduction** – To reduce inequalities within and between countries.
- **SDG13** – **Climate Action** – To take urgent measures to fight climate change and the impacts deriving thereof.
- **SDG14** – Marine Life Protection – Conserve and use in a sustainable manner oceans, seas and marine resources, envisaging sustainable development.

[2] 2015 (21st) United Nations Climate Change Conference, held in Paris.

[3] The "National Report on the Implementation of the 2030 Sustainable Development Agenda" was presented at the United Nations Policy Forum, which was held at the UN headquarters on the 18th of July 2017.

Carbon Neutrality Road Map - RNC2050

In November 2016, at the Marrakesh's COP22,[4] the Portuguese Prime Minister committed to the objective of reducing greenhouse gas emissions, thus enabling the balance between the emitted gases and those which are removed or captured from the atmosphere (for instance, by virtue of carbon fixation in trees' growing stage) to reache zero by 2050. This objective was named "carbon neutrality", as carbon dioxide constitutes the reference gas for determining global warming potential. Such an objective is inherently connected to the **SDG13 - Climate Action**.

In January 2018, the "2050 Carbon Neutrality Road Map" was launched, an event which was attended by ML, and featured the presentation of the following five Sectorial Groups:

- Group 1 – Energy
- Group 2 – Transport and mobility
- Group 3 – Wastes
- Group 4 – Agriculture and forests
- Group 5 – Circular economy

On the 4th of December 2018, the Carbon Neutrality Road Map was publicly presented by the Minister for the Environment and Energy Transition, which was then submitted to a phase of public consultation.

In conclusion

At a global scale, we are witnessing a moment when environmental issues are more on the agenda than ever, as a global policy promoting public transport, mainly electric, has emerged.

II. ECONOMIC

After a crisis situation, the national economy is growing, thus fostering an increase in employment and in the need for citizens' mobility.

At the same time, in Portugal and notably in Lisbon, tourism is experiencing a magnificent moment, and the sector's growth tendency has been maintained.

The demand for public transport thus kept its growing trend, as an increase of 5% has been observed in 2018.

In addition to an increase in demand, the impact of tourism also brings about two other positive aspects: tourist customers mitigate the demand disparity between peak and off-peak hours, and between working days and weekends, as their mobility needs differ from home-work or home-school commuting.

In addition, at the level of revenue, there is an additional increment, increasing the average revenue per passenger.km, by approximately 5% in 2018, in light of the type of tickets used.

[4] 2016 (22nd) United Nations Climate Change Conference, held in Marrakesh.

III. SOCIAL

The consequences arising from climate change, as well as the pursuit for healthier lifestyles, coupled with new economic trends such as the sharing economy, may have a strongly affect Metropolitano de Lisboa.

On the one hand, it is an opportunity to the extent of the increasing social pressure for the use of more environmentally friendly mobility solutions. On the other hand, the social trend particularly evidenced by new generations for concepts such as "non-possession", *i.e.*, the sharing of community resources, may lead to an increase in the use of public transport, while also creating other technology-based mobility forms, such as car sharing or bike sharing.

Similarly, non-motorized modes, such as scooters and bicycles, have been gaining supporters and consist in an option for a given segment of customers in short trips or the so-called last mile.

IV. TECHNOLOGICAL

New technologies, mainly at the digital level, have caused a true disruption in the various business models, to which the transport sector is not immune.

Accordingly, new mobility-promoting platforms have emerged, such as "UBER", "Cabify" or TeleTaxi, which have been gaining market share captured by traditional taxis only. Smartphone Apps have become widespread and act not just as supporting tools for shared mobility models, such as car sharing or bike sharing, but support also real-time information for traditional models, such as ML.

Moreover, at the ticketing level, transport ticket acquisition solutions through ATM, mobile phone or online will be increasingly frequent and it is mandatory for the ML to integrate such new technologies.

In a different quarter, technological evolution has been allowing significant progress in what regards energy efficiency, enabling the optimization of natural resources' management.

V. ENVIRONMENTAL

Climate change arising from the global temperature increase has already started to be felt, increasing the rate of extreme events, such as droughts, torrential rainfall or cyclones.

Metropolitano de Lisboa possesses a resilient structure for the direct effects of these phenomena, albeit a permanent concern on flooding risks is expressed. Nonetheless, in addition to direct influence, these phenomena may bring key resources' scarcity, in terms of electric energy and water, entailing an increasingly efficient management of natural resources.

In addition, regarding the materials used, the concern with their reduction and the increase of recyclable materials has become a must. Consequently, a set of actions were implemented and became obligations of the ML, such as the replacement of plastic bottles with glass bottles, the replacement of plastic cups with paper cups or the consumption reduction regarding printing in paper.

VI. LEGAL

The evolution of legal requirements applicable to ML in both domestic and European law, is becoming increasingly demanding regarding obligations, notably as to the environment and to reporting demands.

In what regards data protection, the legislation which came into force in 2018 has posed new challenges and compelled companies to adapt to new legal demands. The ML gained a DPO and has adopted all necessary amendments to ensure full compliance with the legislation in force.

In turn, the currently ongoing review of the concession agreement will most likely require a greater thoroughness from ML, not only regarding reporting but, most of all, the control of the quality demands of the provided public service.

Nevertheless, the existence of an appropriate concession agreement, albeit demanding, may assist the company in focusing on its objectives, guaranteeing its organizational orientation and allowing it to differentiate more easily the accessory from the essential.

INTERNAL CONTEXT ANALYSIS

Additionally to the external context analysis, an analysis is also conducted on the organization's internal context. Such analysis is made for the following areas:

- Organization
- Processes
- Human Resources
- Material Resources
- Financial Resources
- Infrastructure

I. ORGANIZATION

Metropolitano de Lisboa has a stable organization, in effect as of the 1st of April 2017, which is the date on which the company's organizational independence was restored.

Ever since then, notwithstanding small detail adjustments, this organization structure has remained stable and has evidenced adequacy for the purpose and objectives established for the current term by ML (refer to the Organizational Chart on the page 12).

Incidentally, it should be noted that the year 2018 has been the second year, since 2012, of the ML's full organizational autonomy as a Company.

II. PROCESSES

Work processes and the manner according to which Metropolitano de Lisboa's activities are performed are set out and documented, *inter alia*, in the Process Manuals.

Pursuant to the stability of the Metro's activity, the current experience and the practice of having processes based at all times on the best practices at a national and an international levels and backed by the knowledge and the following-up through the benchmarking of international organizations, such as UITP, Alamys or NOVA, leads to the work processes, by and large, being effective and efficient. This is not to say that seeking for continuous improvement as an organization's aspiration should not be maintained and does not bring results.

Process changes occur essentially in two ways:

- Legislative or regulatory changes which require adjustments to existing work methods; and,
- Technological changes which allow efficiency improvements by adopting new technologies.

III. HUMAN RESOURCES

Concerning human resources, generally, the necessary competences to perform the foreseen activities exist.

The high average age of the ML's workers, a circumstance across the different professional categories but singularly critical in areas with specific capabilities related to the Metro System, reflects an identified difficulty, the overcoming of which is based on a recruiting strategy concerning new workers for the next 5 to 10 years, which will allow for an adequate transfer of professional expertise and experience and, moreover, the updating and appreciation of the professional capabilities of workers in general, founded on learning new technologies present in the current performance of the ML's expansion and modernization.

In 2018, the recruitment of new employees for the commercial and maintenance areas was initiated, in order to allow for the headcount restoration, adjusting to the ML's new operational reality. 10 new employees were recruited to reinforce the maintenance teams and it was also possible to rejuvenate the staff by means of the replacement of 10 workers who permanently left the Company.

Absence continues to be the most impacting human resource problem within the Company, in light of the resource shortage.

IV. MATERIAL RESOURCES

In 2018, it was possible to restore the normal operation of the purchasing process, in relation to spare parts for the maintenance directorate, thus boosting the recovery of the outstanding maintenance. The new platform for public procurement which came into operation in the second half of 2018 has improved internal control over the entire process, enabling to recover delays and to shorten the durations of key processes in the context of the recovery mentioned above.

In addition, the problem related to single suppliers has been subject to analysis, resulting in a successful procurement effort to find alternative suppliers.

V. FINANCIAL RESOURCES

In 2018, as already observed in 2017, operating income was greater than operating expenses.

In light of the charges related to the historical debt, the ML is not able to replicate the said condition in the remaining profits.

However, the shareholder has been securing the means for the prompt payment of the financial obligations, either by means of equity contributions or by means of an authorization for debt with the Treasury.

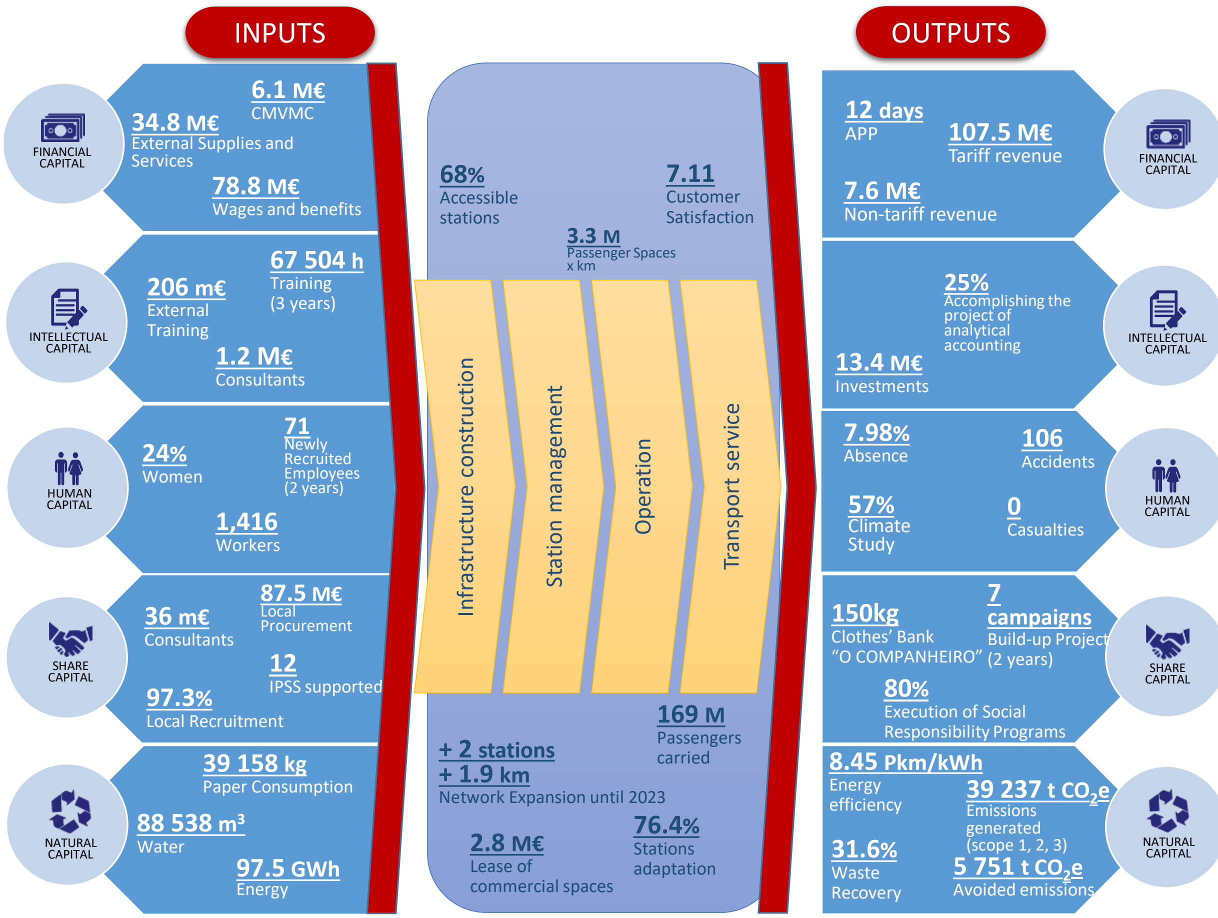
VI. INFRASTRUCTURE

Infrastructure is essential for the performance of ML's mission, and its availability is a key factor for the provided service's quality.

The maintenance, major interventions and current activities guarantee the operation of such infrastructure, extending its operating life.

Position in the Value Chain

Figure 4 - ML's Model for the Creation of Value



Highlights of the year / Relevant Facts

The ML's commercial activity focused essentially on the response to the consolidation of the demand growth trend which has been evidenced in the last years, notably with an increase in tourism (an economic leverage engine for the city and for the country), focusing its activity in improving the service provided to customers.

Simultaneously, partnerships with strategic players were strengthened by means of new project's implementation generating additional revenue, enhancing a more sustained mobility, adjusted to our customers' wishes.

In the context of the activity developed in 2018, due to the value added to the service provided to the customer, we may highlight the following:

- Bearing in mind ML's concern with increasing rolling stock availability, impacting directly the improvement of the transport service provision, 2018 has been the decisive year for the recovery of the railcars which had been stationary, notably as to the replacement of 26 triple units from a set of 30 previously stationary railcars (due to the non-existence of maintenance materials in stock), from a fleet of 111 triple units;
- The certification of the invoicing system for the sales network, the Automatic and Semi-Automatic Vending Machines, in compliance with the provisions set out in the Ordinance no. 363/2010, of the 23rd of June, and the consequent issuing of invoices with the customer's name and tax identification number;
- The provision of access ramps to be installed on the platforms of all stations with elevators, thus catering for the difficulties experienced by wheelchair user customers in the transfer between the boarding platform and the trains;
- The launching of a voucher payment system in the course of the Web Summit event in Lisbon. From the customers' perspective, this allowed for greater user comfort, as they arrived in Portugal with the already purchased ticket, accelerating in this way the purchase/loading process;
- The provision of a digital means of payment (ATM references) for purposes of payment of fines by the customers with issued fines, consequently facilitating their voluntary payment, in light of the legislation in force;
- The reinforcement of the signalling system at the Rossio station for the routing to the Rossio CP station;
- The development of the works for purposes of the implementation, in the beginning of 2019, of the External Automatic Defibrillation Program (EADP) in 32 stations of the ML's network, with the consequent training of around 300 EAD Operatives in the course of 2018;
- The preparation of the new fare's implementation process, with the accompanying reorganization of the ML's sales and after-sales services.

It should also be highlighted that, in 2018, special offer plans have been made, notably to extend the operation period, in order to adjust to the peak demand generated by the Eurovision Festival, by the night of Santo António, by Rock in Rio, by the Web Summit and by the New Year's Eve.

The replacement of the stationary compositions' workability conditions, alongside with the need for the equipment's continuous maintenance, required a very significant effort from the maintenance team's entire organization, thus enabling to achieve the proposed objectives.

Concerning the infrastructure maintenance, it should be highlighted the general stability of the performance of the main infrastructure, regarding both the service's availability and reliability, with greater average values than those established in the Quality and Environment Management System.

The strategic investment projects aimed at maintaining and reinforcing the network operating, monitoring and control conditions were resumed, notably the reform of the station centralized video surveillance system, the reform of the SCADA station equipment supervision and centralized command system as well as the reform of components of the ticketing and access control system. Concerning the rolling stock, and bearing in mind the improvement at the level of passenger safety, the company has developed review or renovation projects for the already obsolete door drive systems.

Regarding the improvement of passenger safety, a joint action plan with the Fire Brigade has been developed, with drills and exercises on a weekly basis performed at the stations, aiming at training the Network's Emergency structure in issuing Alarms, Alerts and in receiving the means of assistance at the stations.

We would also highlight the following actions:

- The joint participation with CP (Comboios de Portugal), IP (Infraestruturas de Portugal) and the police forces from 7 European countries, in a RAILPOL exercise for the transportation of football club groups of supporters;
- The performance of safety alert campaign for customers, in collaboration with the PSP's DSTP – Public Transport Safety Division.

Also noteworthy is the preparation of the Metropolitano de Lisboa's General Conditions of transport, which for the first time in its history shall have its own Regulation.

In respect to the works performed in the ML's network, one should highlight the following:

- The expansion of the platform at the Arroios Station: continuation of the development of the works contract at a lower rate than the one envisaged, which led to the termination of the agreement in 2019;
- The rehabilitation of the Red Line flyovers, between Olaias and Bela Vista, and the Yellow Line flyovers, between Senhor Roubado and Odivelas, as well as this station's Terminal, which entailed a 3.1 million euro investment;
- The communications upgrade of the CTC (Centralized Traffic Command) of the Green Line by means of IP (Internet Protocol), valued at 150 thousand euro, contributing to the modernization of the communications infrastructure of the ML's network;
- Under the work warranties, significant repair works were also performed in the stations and sections of the Oriente/Aeroporto extension;
- The rehabilitation of the accesses to the Restauradores station and the southern and northern atriums of the Anjos station;
- The renovation of the accesses to the car park at the Sete Rios station.

On an ancillary basis, public procurement procedures have been launched for the repairing works of structural pathologies and the modernization of the escalators at the Olivais Station, as well as for the installation of elevators and the repairing of the structural pathologies at the Colégio Militar station, and the investment for these works will be approximately 5.3 million euro, the execution of which will take place in 2019.

Concerning Metropolitano de Lisboa's Expansion Plan, in the course of 2018, the procurement procedures for the project named Modernization were prepared, which included the replacement of the ML's Signalling system in three of the four lines (Blue, Yellow and Green), the so-called CBTC – Communications-Based Train Control, as well as the acquisition of 14 new TU (Triple Units) and the reconditioning of 70 existing TU. By means of the CMR no. 107 of the 30th of August, it was possible to launch, still in 2018, the International Public Tender, which took place on the 25th of September.

Simultaneously with the Modernization project, ML has continued to develop the Yellow and Green Lines Expansion project, with the connection project of the Rato station to the Cais do Sodré station. The year 2018 reflects a crucial milestone in its advancement, given that the expenditure related to this extension of the ML's network has been authorized by the Council of Ministers Resolution no. 173/2018, of the 13th of December. Still in 2018, all the procedural documents were prepared in the context of the Tender Procedure for Expressions of Interest of the works contract for the design/construction structures.

Regarding the development of information technologies, we would highlight the following:

- The implementation of the financial, purchasing and document management (DMS) modules in SAP, in relation to the subsidiary Ferconsult;
- The dematerialization of regularizations in the attendance system which enabled the regularization of the online attendance and the implementation of an alert system for the management, a relevant step in reducing paper consumption.

The Human Capital management model is established on the same sustainability principles included in the business strategy and focused on the appreciation of knowledge. We take the assumption that our people are the ones to allow us to be the Lisbon's structural public transport operator, and thus we guide the development policies towards promoting capabilities, recognizing performance and upholding a good environment and social atmosphere.

We acknowledge the permanent need for optimizing and adapting, in a balanced way, the human capital to the actual needs of an efficient organization in the context of fulfilling its entrusted public service mission and to the need to react to the evolution and to the challenges to be faced ahead for future mobility.

Therefore, regarding human capital management, we would highlight the reinforcement of the staff, with a special emphasis on the station management and maintenance areas, with the recruitment in 2018 of 10 new Maintenance Officers. It was also possible, pursuant to the approval order of the ABP 2018, to rejuvenate the staff by replacing 10 permanent departures due to retirement. We would also underline the authorization given in December 2018 to recruit 30 additional workers for reinforcing the stations and maintenance teams.

It was also possible to consolidate the Ferconsult's Reorganization Plan in 2018, notably regarding the mobilization of permanent staff to react to the network expansion plan as well as the integration of its corporate services in the Metropolitano's structure, boosting the optimization of resources, giving rise to gains at the organizational level, procedural uniformity and the use of systems.

Concerning the ML's Quality and Environment Management System (QEMS), we would highlight:

- The integration of the Ferconsult, S.A.'s Integrated Management System with the Quality and Environment Management System of the Metro Group;
- The integration of Metrocom, S.A. in the Metro Group's Global Management System;
- The removal of all asbestos cement present in the roofs of the DW II;
- The starting of the implementation of the PPEC measure regarding the optimization of the Metro's ventilation system, with the completion of the first works contract for the installation of variable speed drives in all ventilators which still did not have such systems.

2. Passenger Transport Service

DEMAND

In 2018, demand was characterized by the continuation of the trend of growth evidenced in recent years.

Such demand behaviour has been influenced by several events internal and external to ML, from which we would highlight:

- The Rock in Rio Festival of 2018: the ML has extended its working hours in all lines until 03:00 a.m.;
- The night of Santo António, the celebrations of the city of Lisbon: the Metro's network was continuously operating all night long;
- The new year's eve: certain ML lines and stations operated all night long;
- The extension of the 25% discount to all higher education students, from September 2018 onwards;
- The continuous mobility increase in the Metropolitan Area of Lisbon.
- This last item, the growth in MAL mobility, can be justified to a large extent by the following factors:
- A reduction in the unemployment rate to 7.0%, 1.9 p.p. less regarding 2017;[5];
- An increase in tourism, both in the MAL and in the city of Lisbon, reflected in the +9.0% addition in passengers landed at the Lisbon Airport[5] in the course of the year 2018.

The conjunction of the many elements mentioned above contributed to the entry of new passengers into the system, and the impact on demand was reflected in a +4.7% increase in the total number of passengers carried, *i.e.* the Metro carried approximately 8 million more passengers in comparison with the year 2017.

Table 4 - Evolution of the no. of passengers carried

Passengers		2018	2017	2016	Var. 2018/17	
					Abs.	%
Occasional tickets	10^3	**45 077**	**43 582**	**41 809**	**1 495**	**3,43**
Single Ticket Carris | Metro	10^3	22 178	21 843	20 867	336	1,54
Zapping	10^3	15 746	14 633	14 256	1 113	7,61
Other occasional tickets	10^3	7 154	7 107	6 687	46	0,65
Monthly passes	10^3	**107 907**	**103 238**	**98 197**	**4 669**	**4,52**
Navegante urbano	10^3	47 148	45 836	43 538	1 312	2,86
Navegante rede	10^3	10 536	9 418	8 296	1 118	11,87
Inter-modal	10^3	22 159	20 246	17 088	1 913	9,45
Combined	10^3	28 064	27 738	29 275	326	1,18
Total with paid tickets	10^3	**152 984**	**146 820**	**140 007**	**6 164**	**4,20**
Free transportation and fraud	10^3	16 166	14 670	13 184	1 496	10,20
Total carried	10^3	**169 150**	**161 490**	**153 191**	**7 660**	**4,74**
Average route per passenger	km	4,867	4,816	4,799	0,051	1,06
Carried passengers x km	10^3	823 308	777 684	735 161	45 624	5,87

Note: Due to the supervision equipment's migration process, which was ongoing in the year 2017, the data regarding fraud with reference to the period from February to December have been estimated based in the fraud detected in the same period of 2015.

[5] Source: INE

Revenue

In what concerns fare revenue for 2018, deriving from the increase in demand, a +4.8% increase in comparison with 2017 has been observed, and this has been more expressive regarding monthly passes (+5.1%).

The following factors have contributed to such growth:

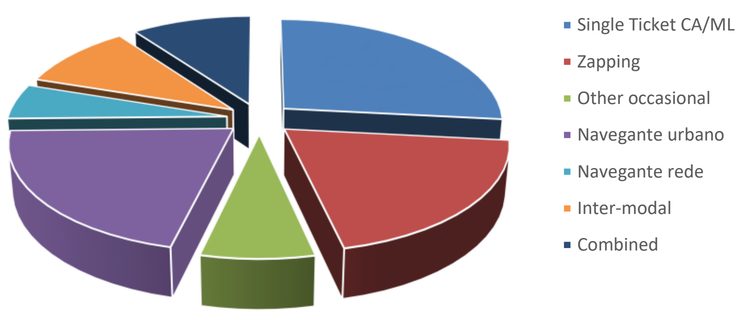
- A 1.4 fare increase in January 2018 regarding Inter-modal tickets, and 2.0% in the remaining tickets;
- The addition in the amount of tickets sold because of new customers in the system.

In the previous years, the revenue arising from Occasional Tickets has been evidencing greater additions than the ones verified in the Monthly Passes. In 2018, such trend was not observed anymore, as Occasional Tickets grew by +4.7%, while the revenue regarding Monthly Passes increased by +5.1%. The most relevant increase in demand regarding monthly passes substantiate such reversion of the trend which had been observed.

Table 5 - Evolution of the transport revenue

Revenues from transport tickets(excluded from VAT)		2018	2017	2016	Var. 2018/17	
					Abs.	%
Occasional tickets	**10^3€**	**55 651**	**53 178**	**48 470**	**2 473**	**4,7**
Single Ticket Carris | Metro	10^3€	27 622	27 198	24 785	425	1,6
Zapping	10^3€	20 558	18 990	17 529	1 568	8,3
Other occasional tickets *	10^3€	7 471	6 990	6 155	481	6,9
Monthly passes	**10^3€**	**47 977**	**45 664**	**44 224**	**2 313**	**5,1**
Navegante urbano	10^3€	21 748	21 101	21 203	646	3,1
Navegante rede	10^3€	5 589	4 979	4 469	611	12,3
Inter-modal	10^3€	10 220	9 467	8 199	754	8,0
Combined	10^3€	10 420	10 117	10 353	303	3,0
Total revenue	**10^3€**	**103 629**	**98 842**	**92 693**	**4 786**	**4,8**
Co-payments 4-18 / sub23 / social +	10^3€	3 152	2 408	2 116	744	30,9
Total co-payments revenue	**10^3€**	**106 781**	**101 250**	**94 809**	**5 530**	**5,5**

Chart 1 - Accumulated revenue - 2018



As a result of business managed by the commercial area, non-fare revenue recorded in 2018, including permanent agreements, stood at approximately 7.8 million euro.

Businesses regarding the capitalization of assets allocated to commercial spaces and advertising media sub-licensing contributed with approximately 3.5 million euro. Revenue arising from the sale of cards, associated services and sale commissions amounted to 4.2 million euro.

Among the aspects referred to in the paragraphs above, one should highlight the commercial spaces (Metrocom) and advertising media (Publimetro) sub-licensing which, in 2018, generated together approximately 3.1 million euro.

The lease of temporary spaces and optical fibre amounted to an amount close to 445 thousand euro, including the agreement entered into with the three major telecommunications operators for the coverage of mobile network, as well as the agreement for the lease of optical fibre, entered into with GoWi-Fi, currently ensuring Wi-Fi signal on the stations' platforms.

Presenting a less significant revenue impact, although benefiting Metropolitano de Lisboa's image and its stations' revitalization, we continued our efforts to attract events and filming to its infrastructure, as well as to provide logistical support for the city's main events.

In 2018, the carrying out of many company events stood out, including some photographic productions made at several stations in the ML's network. It should be highlighted the design, production and implementation works of the photographic exhibition in Brussels of the main projects financed by the Territorial Enhancement Operational Program (TEOP) in Continental Portugal, Azores and Madeira, the design and supervision of the implementation of the Transporlis APP and, moreover, the continuity of the commercial partnership with the Portuguese Marathon Club, aiming at carrying the participants of the EDP Lisbon Marathon, the Vodafone Mini Marathon, the EDP Lisbon Women and Life and the EDP Great Christmas Prize.

In 2018, the ML has customized about 165,000 Lisboa Viva cards, of which 67% urgent ones, as evidenced in the following table:

Table 6 - Lisboa Viva card production

LV card production			Transtejo	Carris	Meter	TOTAL
10 days	Normal		1.710	11.468	31.256	**44.434**
	4_18		29	1.143	2.562	**3.734**
	Sub23		49	765	2.734	**3.548**
		Total	**1.788**	**13.376**	**36.552**	**51.716**
Urgent	Normal		0	16.330	67.922	**84.252**
	4_18		0	2.911	5.816	**8.727**
	Sub23		0	3.038	14.292	**17.330**
		Total	**0**	**22.279**	**88.030**	**110.309**
Viva Web Portal			**13**	**107**	**218**	**338**
Employees			**0**	**1.209**	**918**	**2.127**
		TOTAL	**1.801**	**36.971**	**125.718**	**164.490**

SUPPLY

In 2018, the increase in supply was conditioned by the unavailability of rolling stock due to its stationary state for maintenance purposes planned for a significant portion of the preceding year. Given the increase in the fleet's availability rate during the year's last quarter, it was possible to increase supply, notably during the morning peak hour in the Blue and Yellow Lines, thus keeping up with the increase in demand observed throughout 2018.

Table 7 - Evolution of Supply

Evolution of Supply(public service)		2018	2017	2016*	Var. 2018/17	
					Abs.	%
Railcars x km						
Blue Line	10^3	8 599	8 485	8 331	114	1,34
Yellow Line	10^3	5 961	5 939	6 124	22	0,37
Green Line	10^3	5 269	4 285	3 451	984	22,96
Red Line	10^3	6 124	6 116	5 813	8	0,13
Total	10^3	**25 953**	**24 825**	**23 719**	**1 128**	**4,54**
Passenger Spaces x km						
Blue Line	10^3	1 100 706	1 086 061	1 066 419	14 645	1,35
Yellow Line	10^3	762 982	760 229	783 808	2 753	0,36
Green Line	10^3	674 480	548 525	441 777	125 955	22,96
Red Line	10^3	783 892	782 808	744 104	1 084	0,14
Total	10^3	**3 322 060**	**3 177 623**	**3 036 108**	**144 437**	**4,55**
Circulation						
Blue Line	no.	114 347	111 222	111 761	3 125	2,81
Yellow Line	no.	115 020	112 819	114 794	2 201	1,95
Green Line	no.	115 924	121 234	127 629	(5 310)	(4,38)
Red Line	no.	110 064	107 186	107 576	2 878	2,69
Total	**no.**	**455 355**	**452 461**	**461 760**	**2 894**	**0,64**

* The values for 2016 include a small adjustment in light of the 2016 Annual Report and Accounts.

In 2018, the planned train circulation realization rate stood at 98.31%, showing an increasing by 1.88 p.p. in comparison with 2017, due to a greater rolling stock availability.

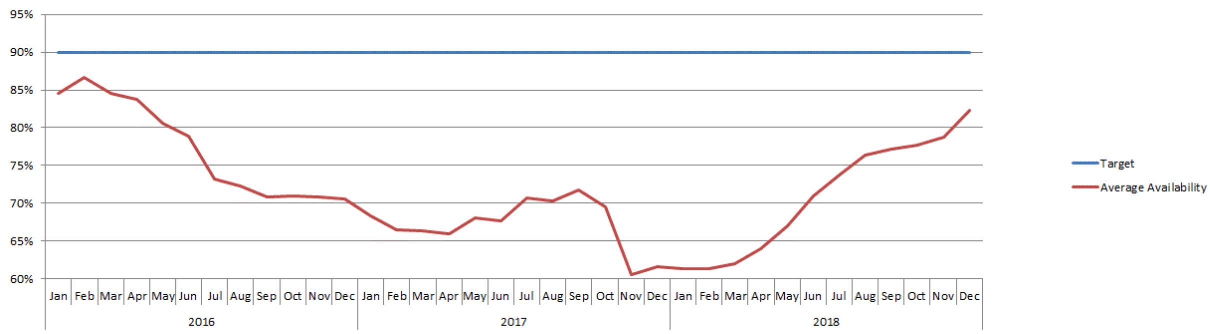
Table 8 - Realization rate

		2018	2017	2016	Var. 2018/17
Passenger spaces x km realization rate					
Blue Line	%	105,46	94,58	106,73	10,88 p.p.
Yellow Line	%	100,30	102,85	99,72	(2,55) p.p.
Green Line	%	102,73	90,84	62,55	11,89 p.p.
Red Line	%	106,62	88,09	106,84	18,53 p.p.
Within the network	**%**	**103,94**	**94,31**	**95,25**	**9,63 p.p.**
Circulation realization rate					
Blue Line	%	98,04	104,75	97,53	(6,71) p.p.
Yellow Line	%	98,20	105,03	96,45	(6,83) p.p.
Green Line	%	98,09	105,16	103,86	(7,07) p.p.
Red Line	%	98,93	102,56	97,44	(3,63) p.p.
Within the network	**%**	**98,31**	**104,41**	**98,90**	**(6,10) p.p.**

MAINTENANCE

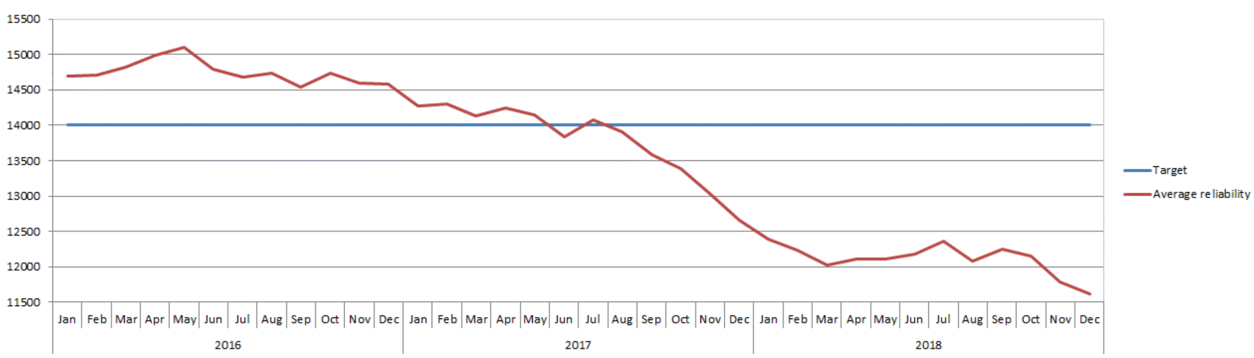
The year 2018 has been characterized by a steady rise in the values of rolling stock availability. By the end of such period, availability hit values close to the quality objective (90%), and such operating condition did not occur since the end of 2015.

Chart 2 - Average monthly availability of the rolling stock



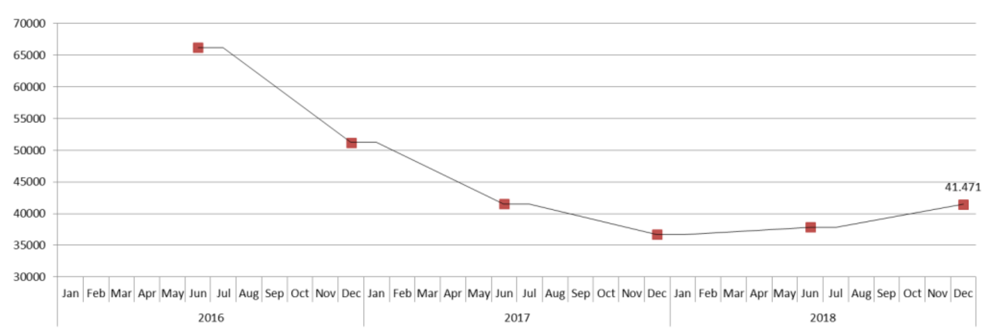
The reliability of rolling stock has maintained a trend of decrement from May 2016, notwithstanding its stabilization is expected. The following illustration reflects the reliability's evolution (MKBF – mean kilometres between failures) measured in kilometres traversed between any failures in the composition, regardless of arising from its commercial service.

Chart 3 - Reliability of the rolling stock, bearing in mind all the incidents (average for 12 months) (km)



Being more significant of the impact of the reliability on daily operations, the average interval between failures due to the cancellation of trains evidenced a positive trend throughout 2018. By the end of the reporting period, the average reliability (with the cancellation of trains) has stood at 41,471 km.

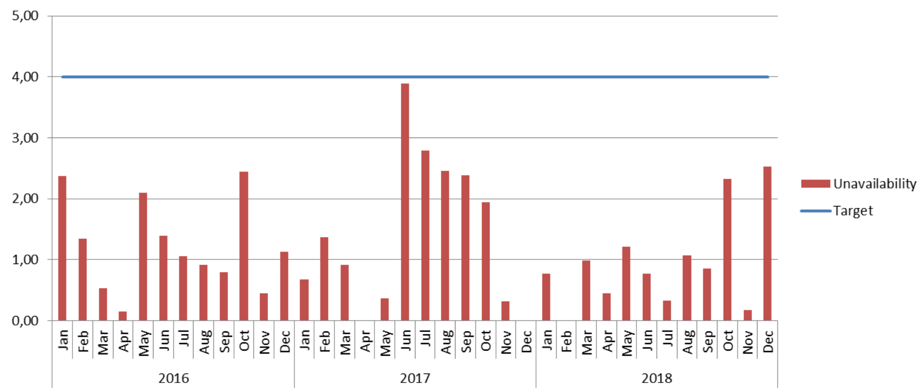
Chart 4 - Reliability of the rolling stock, bearing in mind incidents with the cancellation of trains (moving average for 12 months)



Operating performance of the main infrastructure

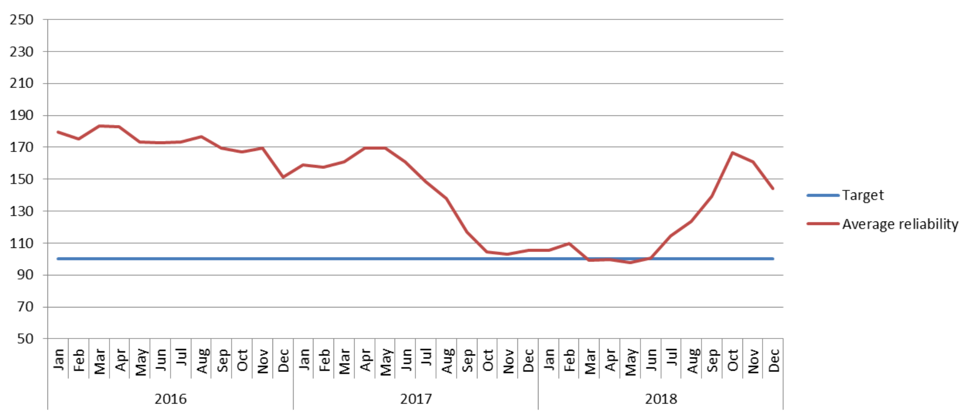
In 2018, the main infrastructure evidenced a regular behaviour, aligned with the history of the past years and in accord with the objectives set out for the quality management system.

Chart 5 - Average monthly unavailability of the main infrastructure



The main infrastructure's reliability maintains stable values above the objective set out for the quality management system. The following illustration represents the evolution of the reliability (MTBF – mean time between failures), measured in hours of use of the main infrastructure between any failures due to the disruption of train circulation.

Chart 6 - Reliability of the main infrastructure (moving average for 12 months)



INFRASTRUCTURE

Concerning the interventions performed in 2018, which have contributed for promoting and improving the quality of the passenger transport service, one should mention the following: the commissioning of the platform/atrium/surface elevator at the Roma station, thus equipping this station with full accessibility, as well as the modernization of the escalators 7 and 8 of the Baixa-Chiado station, in the context of the replacement program for all the stairs accessing Largo do Chiado, which will also happen in the subsequent years.

3. Other activities

METROCOM

Metrocom, S.A. exploits the promotion and the capitalization, under an exclusive concession regime, of shops, showcases and commercial spaces, currently existing or to be created, in the Metropolitano de Lisboa's stations and in any other facilities or spaces under its jurisdiction, whether current or future. In parallel, the company guarantees the maintenance of the spaces of the metro network's stations.

The year 2018 evidenced a major increase in the number of passengers carried in the metro network, which reflected a growth of approximately 5%, *i.e.* a total 169M customers transported, in comparison with the same period in the preceding year. The evolution of such demand has further contributed to an increase in the available commercial spaces' attractiveness in the station network, reflecting the shopkeepers' commercial activity, which, in conjunction with the Metrocom's proactive market dynamics, made it possible to leverage Metrocom's positive commercial performance, which ended such year with an invoicing growth of approximately 6%, which corresponds to €2.8 M.

The reporting period is also marked by the success in the occupation of certain less attractive commercial spaces in the Red Line, as a consequence of a policy for the ongoing commercial market prospection, ensuring an improvement in the stations' appearance and an increase in revenues for the organization.

According to the need to revitalize the business and to adapt to the new market trends, the repositioning of the Metrocom brand was initiated by means of the development of a new logo, under the name "Metrocom, Lojas no Metro".

With reference to the 31st of December 2018, Metrocom's total assets amounted to €3,678,866, reflecting an increase of approximately 3.5% in comparison with 2017.

As of the same date, equity and liabilities amounted to €3,004,247 and €674,619, correspondingly.

In the financial year 2018, Metrocom assessed a positive net profit of €132,491.

FERCONSULT

FERCONSULT S.A. is a multidisciplinary company specialized in the areas of Transport Engineering Consultancy, Studies and Projects operating in the domestic and international markets since 1991. The company has Metropolitano de Lisboa, E.P.E. as its sole shareholder.

It also participates as a member in several national and international associations, such as APPC (*Associação Portuguesa de Projetistas e Consultores*), LNEC (*Laboratório Nacional de Engenharia Civil*),

The most relevant and substantial portion of Ferconsult's business has been focused in works for its shareholder, Metropolitano de Lisboa, E.P.E., in particular within the scope of the new agreement entered into in 2018.

The agreement for the Acquisition of Services for the execution of the Preliminary draft for the connection of the green and yellow lines, Rato – Cais do Sodré and the flyovers of Campo Grande – circular line were entered into with Metropolitano de Lisboa, E.P.E..

In light of the said agreement, the studies and project phases required for the coordination and interaction of all disciplines were prepared, allowing for the launching of a tender for the civil section of the expansion from Rato to Cais do Sodré, comprising Batch 1 – Rato Terminal/Northern Top of the Santos Station and Batch 2 – Santos Station/Cais do Sodré, also including the preparation of all procedural documents for the launching of the tender.

Concerning the work performed for its shareholder, Ferconsult has kept the agreed services in relation to the Arroios and Areeiro Stations' refurbishment, as well as the feasibility analysis study of the ML's red line extension between São Sebastião and Campo de Ourique.

In what regards the International agreements in force in Algeria and Brazil, and considering the shareholder's project support needs, contacts were made with partners and awarding entities for the several projects aiming at seeking to transfer the Ferconsult's share to its partners and/or to seek to accelerate the agreements nearing finalization.

With reference to the 31st of December 2018, Ferconsult's total assets amounted to €3,992,991 reflecting a decrease of approximately -35.2% in comparison with 2017.

As of the same date, equity and liabilities amounted to €-837,014 and €4,830,005 correspondingly.

In the financial year 2018, Ferconsult assessed a negative net profit of €-3,094,616.

TREM

TREM – Aluguer de Material Circulante, ACE (TREM) was incorporated on the 2nd of March 2000, the main purpose of which is to acquire and lease railway equipment which may possibly be required or related to its main purpose.

In 2014, the entities CGD and BST were dismissed, without the need to make any payments or reimbursements for their corresponding contributions to the ACE, under the terms established in article 8(3)(4) of the entity's statutes, wherefore the allocated equity remains unchanged.

With reference to the 29th of December 2014, the Grouping had the following composition and structure:

1) Metropolitano de Lisboa, E.P.E. with a 90% equity share

2) Ferconsult – Consultoria, Estudos e Projetos de Engenharia de Transportes, S.A. with a 10% contribution.

With reference to the 31st of December 2018, TREM's total assets amounted to €1,881,583.46, reflecting a decrease of approximately 21.13% in comparison with 2017.

As of the same date, equity and liabilities amounted to €53,091,752.56 (negative) and €54,973,336.02 correspondingly.

In the financial year 2018, TREM assessed a positive net profit of €2,677,740.97.

TREM II

TREM II – Aluguer de Material Circulante, ACE (TREM II) was incorporated on the 21st of September 2001, the main purpose of which is to acquire and lease railway equipment which may possibly be required or related to its main purpose.

In 2015, the entities CGD and BST were dismissed, without the need to make any payments or reimbursements for their corresponding contributions to the ACE, under the terms established in article 8(3)(4) of the entity's statutes, wherefore the allocated equity remains unchanged.

With reference to the 29th of December 2015, the Group comprised Metropolitano de Lisboa, E.P.E., with an equity share of 90%, and Ferconsult – Consultoria, Estudos e Projetos de Engenharia de Transportes, S.A., with a contribution of 10%.

With reference to the 31st of December 2018, TREM II's total assets amounted to €5,363,261.58, reflecting a decrease of approximately 16.49% in comparison with 2017.

As of the same date, equity and liabilities amounted to €122,979,028.10 (negative) and €128,342,289.68 correspondingly.

In the financial year 2018, TREM II assessed a positive net profit of €5,095,453.25.

Main indicators:

Table 9 - Activity Indicators – Metropolitano de Lisboa

ACTIVITIY INDICATORS		2018	2017	2016	Var. 2018/2017	
					Abs	%
DEMAND indicators						
PC (Passengers Carried)	10^3	169 150	161 490	153 191	7 660	4,7
PKT (Passengers x km)	10^3	823 308	777 684	735 161	45 624	5,9
SUPPLY indicators						
PSK (Passenger Spaces x km)	10^6	3 322	3 178	3 039	144	4,5
Service quality						
Frequency	%	98,3	96,4	97,1	-	1,9 p.p.
Occupation Rate	%	24,8	24,5	24,2	-	0,3 p.p.
HR INDICATORS						
Headcount no. on the 31st of Dec	Un.	1 416	1 408	1 363	8	0,6
Average headcount number	Un.	1 414	1 397	1 369	17	1,2
Wage Bill	m€	55 156	49 812	44 741	5 344	10,7
Indemnities due to Resignations	m€	180	62	372	118	188,9
SHAREHOLDER STRUCTURE						
Total Shareholder's Equity	M€	2 543,8	2 368,6	2 176,5	175,2	7,4
Shareholder's Equity held by the State	%	100	100	100	-	0,0 p.p.
FINANCIAL POSITION						
Non-current assets	M€	5 309,6	5 235,5	5 229,1	74,1	1,4
Current assets	M€	68,0	77,2	77,9	(9,3)	(12,0)
Total Assets	M€	**5 377,6**	**5 312,8**	**5 307,0**	**5,8**	**1,2**
Equity	M€	741,8	603,3	412,6	138,5	23,0
Liabilities	M€	4 635,8	4 709,5	4 894,4	(73,7)	(1,6)
Total Equity and Liabilities	M€	**5 377,6**	**5 312,8**	**5 307,0**	**5,8**	**1,2**
INVESTMENTS	M€					
Long-term Infrastructure	M€	11,3	2,2	5,2	9,1	419,6
Other Investments	M€	2,1	2,8	0,2	-0,7	(23,7)
INVESTMENT EXPENDITURE	M€	**13,4**	**5,0**	**5,4**	**(0,5)**	**170,6**
STRUCTURE INDICATORS	M€					
Remunerated Liabilities	M€	3 780	3 441	3 487	339,0	9,9
Financial Autonomy %	%	13,79	11,36	7,77	-	2,4 p.p.
Solvency %	%	16,00	12,81	8,43	-	3,2 p.p.
FINANCIAL INDICATORS	M€					
Average period for payments (APP)	Days	12	19	22	(7)	(36,8)
Turnover	M€	114,5	109,4	101,2	5,1	4,7
EBITDA *(corrected)* 1 *	M€	(5,21)	0,38	(3,18)	(5,59)	(1476,0)
EBITDA margin *(corrected)*	%	(4,55)	0,35	(3,14)	-	(4,9) p.p.
Operating Income *(corrected)* 2	M€	115,58	114,16	106,30	1,42	1,2
Operating Expenses *(corrected)* 3	M€	120,79	118,39	105,04	2,40	2,0
Operating Expenses *(corrected)* **per Passenger Carried**	€	0,71	0,73	0,69	(0,02)	(2,6)
Operating Expenses Coverage Rate *(corrected)*	%	95,69	96,43	101,20	-	(0,7) p.p.

1) Excluding the items identified in notes 2) and 3)

2) Excluding Reversals, Adjustments and Investment subsidies

3) Excluding Provisions + Adjustments + Amortizations

** The amounts for 2017 and 2016 have been restated for enabling their comparison with 2018*

Table 10 - Activity Indicators – Ferconsult

ACTIVITIY INDICATORS		2018	2017	2016	Var. 2018/2017 Abs	Var. 2018/2017 %
PRODUCTION INDICATORS						
% Hours Worked Domestic Market	%	12,0	75,4	23,0	-	(63,4) p.p.
% Hours Worked International Market	%	88,0	24,6	77,0	-	63,4 p.p.
COMMERCIAL ACTIVITY						
Turnover Domestic Market	m€	1.748,0	753,6	498,0	994,4	994
Turnover International Market	m€	1.609,0	1.437,1	5.038,7	171,9	172
HR INDICATORS						
Volume of Employment (CMR no. 16/2012)[1]	Un.	50	64	81	(14)	(21,9)
Average headcount number	Un.	54	70	82	(16)	(22,9)
Wage Bill	m€	1 713	2 212	2 870	(499)	-499
SHAREHOLDER STRUCTURE						
Total Shareholder's Equity	m€	5 295,3	1 000,0	1 000,0	4 295,3	4.295
Shareholder's Equity held by the ML	%	100	100	100	-	0,0 p.p.
FINANCIAL POSITION						
Non-current assets	m€	3,4	309,8	1 101,3	(306,4)	-306
Current assets	m€	3 989,6	5 256,3	7 447,5	(1 266,8)	-1.267
Total Assets	M€	**3 993,0**	**5 566,2**	**8 548,8**	**(2 982,6)**	**(34,9)**
Equity	m€	(837,0)	(2 456,1)	(885,3)	1 619,1	1.619
Liabilities	m€	4 830,0	8 201,7	9 434,2	(3 371,7)	-3.372
Total Equity and Liabilities	m€	**3 993,0**	**5 745,6**	**8 548,8**	**(2 803,2)**	**(32,8)**
STRUCTURE INDICATORS	m€					
Financial Autonomy %	%	-21,0	-44,1	-8,9	-	23,2 p.p.
Solvency %	%	-17,3	-29,9	-8,2	-	12,6 p.p.
FINANCIAL INDICATORS	m€					
Turnover	m€	3 357,1	2 190,7	5 536,7	1 166,4	1.166
EBITDA	m€	(3 085,3)	(1 526,5)	(2 142,4)	(1 558,9)	-1.559
EBITDA margin	%	(0,92)	(0,70)	(0,39)	-	(0,2) p.p.
Operating Income	m€	3 667,8	2 673,5	5 613,8	994,3	994
Operating Expenses	m€	6 757,9	4 233,4	7 756,2	2 524,5	2.525
Operating Expenses Coverage Rate *(corrected)*	%	54,27	63,15	72,38	-	(8,9) p.p.

1) Pursuant to paragraph no. 6 of CMR no. 16/2012, employees placed outside the national territory and service providers with and effective work exceeding 3 months are considered.

Table 11 - Activity Indicators – Metrocom

ACTIVITIY INDICATORS		2018	2017	2016	Var. 2018/2017 Abs	Var. 2018/2017 %
COMMERCIAL ACTIVITY						
Turnover Blue Line	m€	1 027	1 024	884	4	0,4
Turnover Yellow Line	m€	1 037	939	957	99	10,5
Turnover Green Line	m€	179	170	158	9	5,4
Turnover Red Line	m€	599	557	523	43	7,6
HR INDICATORS						
Volume of Employment (CMR no. 16/2012)*	Un.	5	5	6	0	0,0
Average headcount number	Un.	5	5	5	0	0,0
Wage Bill	m€	176	173	160	3	1,9
SHAREHOLDER STRUCTURE						
Total Shareholder's Equity	m€	750,0	750,0	750,0	0	0,0
Shareholder's Equity held by the ML	%	100	100	100	-	0,0 p.p.
FINANCIAL POSITION						
Non-current assets	m€	7,0	8,7	10,3	(2)	(18,9)
Current assets	m€	3 671,8	3 546,4	3 660,5	125	3,5
Total Assets	m€	**3 678,9**	**3 555,1**	**3 670,8**	**123,8**	**3,5**
Equity	m€	3 004,2	2 871,8	2 620,1	132	4,6
Liabilities	m€	674,6	683,3	1 050,7	(9)	(1,3)
Total Equity and Liabilities	M€	**3 678,9**	**3 555,1**	**3 670,8**	**123,8**	**3,5**
STRUCTURE INDICATORS						
Financial Autonomy %	%	81,66	80,78	71,38	-	0,9 p.p.
Solvency %	%	445,33	420,28	249,37	-	25,0 p.p.
FINANCIAL INDICATORS						
Turnover	m€	2 842,4	2 688,5	2 521,8	154	5,7
EBITDA	m€	166,32	325,12	368,37	(159)	(48,8)
EBITDA margin	%	58,51	120,93	146,08	-	(62,4) p.p.
Operating Income	m€	2 953,6	2 802,8	2 616,4	151	5,4
Operating Expenses	m€	2 788,9	2 479,3	2 249,4	310	12,5
Operating Expenses Coverage Rate	%	105,90	113,05	116,32	-	(7,1) p.p.

*The amounts for 2016 and 2015 have been restated due to the fact that 2 employees, who have entered into a service agreement with the entity, have not been considered

4. ML's SDG

Metropolitano de Lisboa, as a socially responsible company suited for promoting Sustainability, is committed to the following Sustainable Development Goals (SDG) and corresponding goals:

Metropolitano de Lisboa publicly assumes its commitment to Sustainable Development, integrating 3 (three) of the UN 2030 Sustainable Development Agenda SDG in its strategy.

Sustainable Development Goals (SDG)

- **SDG 5 – <u>Gender Equality</u>:** To achieve gender equality and empower all women and girls;
- **SDG 9 – <u>Industry, Innovation and Infrastructure</u>:** To build resilient infrastructure, to promote inclusive and sustainable industrialization and to boost innovation;
- **SDG 13 – <u>Climate Action</u>:** To take urgent measures to fight climate change and the impacts deriving thereof.

Table 12 - Alignment of the Activities with the SDG

DEVELOPED ACTIVITIES AND PROJECTS	ML's SDG
• The 2018-2021 action plan for equality between women and men; • The endorsement of the "Declaration on Equal Opportunities for Women and Men in the Public Transport Sector"; • The signature for the adhesion to the "Business Forum for Gender Equality – our commitment".	
• The expansion of the Metro's network between Rato and Cais do Sodré (in progress).	
• The energy rationalization plan for the DW III (in progress); • The transition from the current lighting systems' technology to more energy efficient solutions (in progress); • The projects "25% reduction in paper consumption" and "Elimination of the use of disposable plastic in the ML's Cafeteria and Bars" (implementation of the CMR 141/2018, of the 26th of October).	

5. Risk Management

By the end of 2018, the 5th edition of the Metropolitano de Lisboa's Plan for Preventing Risks of Corruption and Related Offenses (PPRCRO)[6] was prepared, and it has maintained the presentation structure and risk types adopted in the previous edition, complying with the Recommendation of the Corruption Prevention Board (CPB) dated of the 1st of July 2009.

The PPRCRO identifies the vulnerable areas to acts of corruption, the main risks arising therefrom, the implemented internal controls which intend to mitigate and prevent such risks, the corresponding impacts and the likelihood of occurrence.

The methodology followed in the process of identifying the risks listed in the PPRCRO (encompassing corruption, conflicts of interest, information manipulation and property misappropriation) corresponds to the one recommended by the Association of Certified Fraud Examiners (ACFE) in its Fraud Risk Manual, adapted to Metropolitano de Lisboa's reality.

In 2018, the PPRCRO Implementation Report for the year 2017 was prepared and adequately publicized.[7]

By including the risks related to corruption and related offenses identified in the PPRCRO and mentioned above, the processes posing a high risk were listed in the Annual Audit Plan for 2018, notably the following:

1. People Safety, Infrastructure, Systems and other Assets (terrorist threat, accidents, hacking and undue network and infrastructure access, property misappropriation), with a particular emphasis on the security of information systems (cyber-security);
2. Maintenance of Infrastructure and Rolling Stock (availability and reliability);
3. Commercial (Customer relations, revenue and ticketing system);
4. Operations (compliance with transport plans, reliability, transport punctuality and inter-modal connectivity);
5. Economic and Financial (resources availability, expenditure control and information reliability);
6. Acquisitions (purchases of goods/services, stock and warehouse management and suppliers and service providers' relations management);
7. Ventures (costs and deadlines' slippage);
8. Human resources (wage processing, absence, training, knowledge loss);
9. Environmental and natural or unforeseeable phenomena (contingency plans);
10. Management, corruption and fraud (transversal);
11. Compliance (transversal).

[6] Available at the Company's website at:
https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2019/01/MetropolitanodeLisboa_PPRCIC2018.pdf
[7] Available at the Company's website at:
https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2018/01/MetropolitanodeLisboa_Relat_PPRCIC2017.pdf

In the year 2018, we highlight the following Metropolitano de Lisboa's audit work:

- Audit of single suppliers in the maintenance context;
- Audit of fixed cash flow funds;
- Audit of information systems (safety, intrusion and data network – external accesses), resorting to outsourcing[8].

Moreover, follow-up actions were also performed on the implementation of audit reports' recommendations approved by the BD, namely: Audit of Customer balances; Audit of the human resources; Audit of the agreement entered into with Publimetro – Publicidade em Meios de Transporte e Outros, S.A.; Audit of single suppliers in the maintenance context; Audit of fixed cash flow funds.

Bearing in mind all audit and follow-up actions performed, 12 Company Areas (71% of its total) were subject to a corruption risk analysis.

Table 13 - Corruption risks assessment

GRI Code	Description	2018
205-1	Percentage and total number of business units subjected to corruption risk assessment	71% 12

[8] Promoted by the ITD (Information Technologies Directorate).

6. Strategy and Prospects

The ML's most relevant project for the upcoming years consists in extending the current Metro network from the Rato station to the Cais do Sodré station, reflecting about 2 km in tunnel, as well as to build two new flyovers in Campo Grande, of approximately 500m, securing the new connections of the Yellow and Green Lines, and thus enabling the circular operation.

Moreover, two new metro stations will be built in consolidated areas of the city – Estrela and Santos - and the Cais do Sodré station will be subject to a refurbishment, which corresponds to one of the most important Lisbon interfaces, thus broadening its area of influence with the construction of a new atrium and new access to the surface and connections with the train. All stations will be fully accessible, ensured by elevators which shall connect the platforms to the surface.

The disconnection of the current Yellow and Green lines, with the creation of a circular line (Green), Campo Grande/Cais do Sodré/Campo Grande, without inversion in terminals, and another shorter line (Yellow), Telheiras/Campo Grande/Odivelas, will allow for a more balanced supply. Demand in these two cases is considerably distinctive: while the circular line also keeps certain demand levels throughout the day, the future yellow line will experience a demand mainly concentrated in the peak periods.

Subsequent to the project implementation, the increased supply in the Blue Line and of the Red Line's maximum speed, the network supply and carrying capacity in the year of the project implementation will be the following:

Network 2024				
	Blue Line Reboleira/Sta. Apolónia	Yellow Line Odivelas/Telheiras	Green Line C. Grande/C. Sodré/C. Grande	Red Line Aeroporto/S. Sebastião
Difference between trains in the PPM	3'50''	4'20''	3'40''	6'00''
Railcars.km/year	10 475 190	4 429 650	14 025 120	6 629 950
Passenger spaces.h/direction in the PPM	12 021	10 634	12 567	7 680

Figure 5 - Current network

Figure 6 - Future network

The acquisition of new rolling stock and the implementation of the aforementioned new signalling system (CBTC - Communications Based Train Control type in ATO-Automatic Train Operation) are related to the project, with already secured national financing.

The installation of a new signalling system will increase the operation's safety levels due to the speed continuous control and the more accurate location of the train, bringing efficiency to the system, reducing traction energy consumption by means of optimizing drifting management, regenerative braking energy and frequency management, thus also allowing for an increase in commercial speed.

The project's main objectives are:

- To promote modal transfers to less polluting means of transport, contributing to the decarbonization of the transport sector;
- To improve the integration of metropolitan and urban public transport networks, impacting the mobility in the city centre and of those accessing Lisbon, with a particular emphasis on the Cascais line and the south bank of the Tagus river, thus promoting multi-modality and enabling a swift distribution in Lisbon;
- To broaden the territorial coverage of the metro network and to improve the current service by means of increasing the metro's capacity/supply and demand and enabling a more convenient and swift circulation, by eliminating the need for transshipment within the network in a significant section of the travels;
- To restructure the network, merging the axes which record the highest demand in the ML's network and evidence similar features, consolidating the service in the city's central core and making future network expansions possible without compromising a sustainable service in the centre;
- To reduce air pollution and traffic congestion and to improve public health and the quality of life of the people living and working in Lisbon;
- To make the MAL more competitive by means of providing a better mobility for all citizens, including reduced mobility persons - the drive for accessing different fundamental rights and possibilities.

The transport infrastructure projects pose a potential for socio-economic development with many multiplier effects, which largely reach beyond the financial profits directly attributable the latter. The accessibility guarantee combines issues of regional fairness but also of the municipality's positioning in what concerns the attractiveness for private investment and employment creation.

The impact of this project is not only related to the urban areas to be served by the new stations (Estrela and Santos), as it also extends throughout the whole Metropolitan Area of Lisbon (MAL).

In fact, the direct beneficiaries of the project is the population living, working or studying in the area of influence of the Estrela and Santos future stations, of all the current network's stations which will be comprised in the future circular line (19 stations) and also the people who access the ML's network, notably through such line's main interfaces (Cais do Sodré, Entrecampos and Campo Grande). Therefore, the people from the Oeiras, Cascais, Cacilhas, Seixal and Montijo municipalities commuting to Cais do Sodré, as well as from the Sintra/Azambuja and South/Setúbal lines commuting to Entrecampos, will also benefit therefrom.

The project will strategically contribute for the socio-economic development to the extent the whole transport system will experience improvements, by means of developing strong connectivity based on an effective multi-modality, with a better quality and more capable service in the central area of the city.

Moreover, given it is a public service, it bolsters social inclusion, the use of the network by reduced mobility persons, as well as improves the system's sustainability.

III. THE PERFORMANCE

1. Financial Capital

1.1. Metropolitano de Lisboa, E.P.E.

OVERALL COMPANY PROFITS

The year 2018 was characterized by an unfavourable evolution regarding the overall company's profits in comparison with 2017:

- The **Operating Profit** has shown a decrease by 6.1 million euro in comparison with the previous year;
- The **corrected EBITDA** of a number of non-cash items (*inter alia*, accrual of investment grants, adjustments and impairments, fair value increases/reductions, equity method/subsidiaries, provisions, own capitalized work) evidenced a decrease of 5.6 million euro in comparison with 2017, due to increases in the main items of expenses, such as personnel expenses and external supplies and services. To enable the comparison, the amounts for this indicator have been restated for both 2017 and 2016;
- The **Financial Profit** has recorded a favourable evolution of 2 million euro, given the circumstance that in 2017, the payable amounts arising from the Santander swaps proceedings have been considered at the amount of the charges, a fact which has not occurred in 2018;
- Consequently, the **Profit before Taxes** showed a decline of approximately 4.1 million euro.

Table 14 - Profits

Profits (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Public Service Income	110 657	105 275	97 823	5 382	5,1
Other income	44 294	50 023	38 310	(5 729)	(11,5)
Total Operating Income	154 951	155 297	136 133	(347)	(0,2)
Total Operating Expenses	151 680	145 913	135 189	5 766	4,0
Operating Profit	**3 271**	**9 384**	**945**	**(6 113)**	**(65,1)**
Corrected EBITDA *	(5 211)	379	(3 180)	(5 590)	(1 476,0)
Financial Profit	**(31 122)**	**(33 124)**	**(43 295)**	**2 002**	**6,0**
Profit before Taxes	**(27 852)**	**(23 740)**	**(42 350)**	**(4 111)**	**(17,3)**

* Corrected EBITDA (excluding provisions, adjustments, impairments and fair value increases/reductions, investment grants and equity method / subsidiaries, as well as other non-*cash* items). The amounts for 2017 and 2016 have been restated for comparability purposes.

In what concerns **Operating Income**, a 0.2% decrease has been observed due to the increases in the fair value in risk hedging financial instruments (-10.6 million euro), which was compensated by an increase in public service revenues (+ 5.4 million euro), by a reduction in provisions (+ 2.5 million euro) and other income and gains (1.6 million euro). The increase in public service revenues arises from the growth in demand (a 4.2% increase in fare-paying passengers carried) and the consequent increase in the revenues with ticket and monthly pass sales (+5.1%).

Table 15 – Operating Income

Operating Income (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Monthly pass and ticket sales	107 505	102 457	95 876	5 047	4,9
Compensation 4_18/sub_23/Social +	3 152	2 817	1 947	335	11,9
Public Service Revenue	**110 657**	**105 275**	**97 823**	**5 382**	**5,1**
Non-tariff revenue	3 873	4 126	3 366	(252)	(6,1)
Own Work Capitalized	3 214	2 310	2 449	904	39,1
Fair value increases	27 726	38 333	26 690	(10 607)	(27,7)
Provision Reductions	2 456	-	-	2 456	-
Other income and gains	6 592	5 032	5 357	1 560	31,0
Asset impairments (Reversals)	433	223	448	209	93,8
Other income	**44 294**	**50 023**	**38 310**	**(5 729)**	**(11,5)**

The **Operating Expenses** maintained their growing trend, which reflected an increase of approximately 5.8 million euro in comparison with 2017. We would highlight the growth recorded in the main expenses items, as a consequence of the company's efforts in guaranteeing the quality of the provided public service, which is evidenced by the consumable materials for purposes of recovering the rolling stock fleet (+1.7 million euro) and the external supplies and services (+2.6 million euro). The personnel expenses have also recorded a significant increase (+7.1 million euro, 5.7 million euro of which are related to remunerations and approximately 1.4 million euro are related to employer charges), as a consequence, on the one hand, of the impact of careers' unfreezing and the remuneration valuations arising from the application of the State Budget Laws for 2017 and 2018, and, on the other hand, the newly recruited employees.

Table 16 – Operating Expenses

Operating Expenses (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Personnel expenses	78 806	71 667	66 082	7 139	10,0
External supplies and services	34 799	32 164	30 513	2 635	8,2
Costs of goods sold and materials consumed	6 068	4 409	2 180	1 659	37,6
Losses attributed to subsidiaries	5 008	3 957	5 149	1 051	26,6
Impairments	54	123	187	(69)	(56,3)
Other expenses and losses	1 277	10 151	6 265	(8 874)	(87,4)
Provisions	2 456	30	1 328	2 426	7.952,9
Amortizations	23 212	23 411	23 484	(200)	(0,9)
TOTAL	**151 680**	**145 913**	**135 189**	**5 766**	**4,0**

The Personnel Expenses evidence a 10% increase in comparison with the same period in the preceding year, as detailed in the analysis of the operating expenses.

Table 17 - Personnel Expenses

Personnel Expenses (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Remunerations	55 556	50 253	44 999	5 303	10,6
Pension Supplement	12 704	12 522	9 861	182	1,5
Liabilities with Pensions	7 484	7 365	7 629	119	1,6
Other expenses	3 062	1 527	3 594	1 535	100,5
TOTAL	**78 806**	**71 667**	**66 082**	**7 139**	**10,0**
Wage bill	55 156	49 812	44 741	5 344	10,7

The main cause for this variation refers to an increase in remunerations, by means of a growth in figures regarding career development, performance bonuses payments and annuity payments restitution, following the enforcement of the State Budget Laws for 2017 and 2018. The item "Other Expenses" includes expenses with the single social fee, which, following the remuneration trend, has shown an increase of approximately 1.3 million euro.

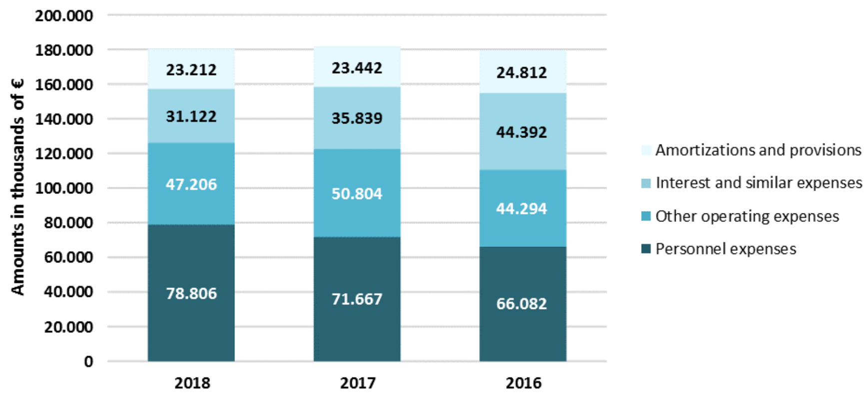
The Financial Profits have recorded a positive variation of about 2 million euro, but the amount of payable interest for 2018 would be greater than that for 2017, if the provision established in the preceding year related to the proceeding over the swaps agreed with Santander had been excluded.

Table 18 - Financial Profits

Financial Profits (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Financial applications	-	-	36	0	-
Other financial gains	-	2 715	1 061	(2 715)	(100,0)
Exploration financial expenses	(31 122)	(35 839)	(44 392)	4 717	(13,2)
Interest incurred with bank financing/TFD	(9 722)	(8 615)	(19 288)	(1 107)	12,8
Interest payable	(21 401)	(27 224)	(25 103)	5 823	(21,4)
TOTAL	**(31 122)**	**(33 124)**	**(43 295)**	**2 002**	**(6,0)**

Total Expenditure saw an increase by 1 million euro, a 0.6% growth compared to the previous year. The decrease evidenced in “Other operating expenses” (-1.14 million euro, deriving from the negative exchange rate variations in 2017 which have not occurred in 2018) and the damaging effect of the provision experienced in 2017 in “Interest and Similar Expenses” allowed for the compensation of the 7.1 million euro increase in Personnel Expenses.

Chart 7 - Evolution of Total Expenditure



The Plan for Reducing Expenses evidenced an increase in Consumption, compared to 2010, by 3.5 million euro, due to the purchase of components and parts involved in rolling stock maintenance interventions. It should also be noted that “transport tickets” expenses deriving from the purchase of card rolls, aimed at responding to the demand increase in occasional tickets.

Compared to 2010, External Supplies and Services evidenced a 3.9 million euro (10%) decrease, and Personnel Expenses evidenced of 8.9 million euro (10.1%) decrease, thus complying with the Plan for Reducing Expenses.

Table 19 - Plan for Reducing Expenses

ITEMS (amounts in thousands of euro)	2018	2017	2016	2010	Var. 2018/2010	
					Abs.	%
Consumption	6 068	4 409	2 180	2 607	3 461	132,8
External supplies and services	34 799	32 164	30 513	38 674	(3 875)	(10,0)
Personnel expenses	78 806	71 667	66 082	87 657	(8 851)	(10,1)
Total	**119 673**	**108 240**	**98 776**	**128 938**	**(9 265)**	**(7,2)**

FINANCIAL FLOWS

In 2018, the cash flows generated by the provision public service activity kept on improving, recording an amount of 3.7 million euro, deriving from the fare revenue's increase and without resorting to compensatory allowances.

Such flow, added of the 2.43 million euro receipt related to the Environmental Fund (Investment Grant), was insufficient for liberating the necessary treasury to cover investment expenses, and it was financed with resources released by the shareholder.

Table 20 - Variation of cash and its equivalents

STATEMENT OF CASH FLOWS (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Flow of Operating Activities	3 666	692	20 978	2 974	429,6
Flow of Investment Activities	(12 114)	(5 524)	(9 509)	(6 590)	119,3
Flow of Financing Activities	2 662	1 891	(1 944)	771	40,8
Variation of cash and its equivalents	**(5 786)**	**(2 941)**	**9 525**	**(2 845)**	**96,8**
Cash and its equivalents at the beginning of the	**22 024**	**24 965**	**15 440**	**(2 941)**	**(11,8)**
Cash and its equivalents at the end of the financ	**16 238**	**22 024**	**24 965**	**(5 786)**	**(26,3)**

Since 2011, ML is part of the reclassified entity list in the General Government perimeter, RCE – Reclassified Public Entities, equivalent to Autonomous Funds and Services, and this entails significant impacts on the company's budget framework, on information reporting and specific legislation compliance, namely the Law on Commitments and Payments in Arrears[9], the Budget Implementation Law[10] and mandatory preparation of Budgetary Proposals to be sent to the Budget Directorate-General (BDG) for direct inclusion in the State Budget (SB).

During the reporting year, the State maintained its financing policy regarding Reclassified Public Entities, through the granting of loans and equity contributions, by means of money injections, whenever the funds are aimed for debt service or investment.

Metropolitano loans obtained amounted to 597.2 million euro (422 million euro through loans obtained and 175.2 million euro in capital contributions), while amortizing 71.5 million euro in bank loans, paying 25 million euro regarding leasing operations on rolling stock (13.5 million in operational leasing and 11.5 million in financial leasing), as well as 498 million euro in loan expenses and losses. Thus, financing activities gave rise to a 2.7 million euro positive cash flow.

[9] Law no. 8/2012, of the 21st of February, and Decree-Law no. 127/2012, of the 21st of June.

[10] Law no. 91/2001, of the 20th of August, as republished by Law no. 52/2011, of the 13th of October, and amended by Law no. 37/2013, of the 14th of June, and, more recently, by Law no. 151/2015, of the 11th of September, carrying obligations on reporting to the Budget Directorate-General / Ministry of Finances.

Table 21 - Financing Activity

FINANCING ACTIVITIES (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Cash receipts arising from:					
Equity Increases	175 196	192 051	358 410	(16 855)	(8,8)
Bank Loans - IGCP/TFDG	421 974	32 584	0	389 390	1 195,0
Hedging of losses	0	27 809	0	(27 809)	(100,0)
Account Overdraft	0	0	84	0	-
Financing	**597 170**	**252 444**	**358 494**	**344 726**	**136,6**
Cash payments regarding to:					
Bank Loans	71 503	71 587	225 368	(84)	(0,1)
Leasing operations	24 954	15 314	14 932	9 640	63,0
Debenture loans	0	0	3 866	0	-
Interest and similar expenses	498 051	163 652	116 272	334 399	204,3
Fixed Deposit (guarantee)	0	0	0	0	-
Payments	**594 508**	**250 553**	**360 438**	**343 955**	**137,3**
Cash flows from financing activities	**2 662**	**1 891**	**(1 944)**	**771**	**40,8**

INVESTMENTS MADE

In 2018, Gross Fixed Capital Formation has recorded an amount of approximately 13 million euro, which includes the investments amounts which were capitalized in the Company's Fixed Assets accounts. In comparison with 2017, a 162% increase in the amount of investments made was observed, which may be broken down according to the following details:

Long-term Infrastructure (LTI)

- Amadora-Este / Reboleira extension: 3.3 million euro related to the payment of additional works and compensations for extra costs;
- Rato / Cais do Sodré extension: 2.7 million euro in terms of technical assistance - geotechnical structure studies' follow-up, geological and geotechnical reconnaissance, mapping and surveying services and environmental impact study;
- Yellow line refurbishment: 2 million euro, with a focus on the works contract for the rehabilitation of the Calçada de Carriche Flyover, the Odivelas Flyover and the Loads Transfer Structure at the Odivelas Terminal;
- Green line refurbishment: 1.6 million euro, mostly in the Arroios station (1.4 million euro);
- Red line refurbishment: 1.1 million euro, primarily for the rehabilitation of the Flyover of Olaias – Bela Vista.

ML

- Administrative Equipment 1.6 million euro, and we may highlight the acquisition of IT equipment, of business support applications and the implementation of the Plago system;
- Buildings and Other Constructions: relative to interventions in the Depot and Workshop II and III.

Table 22 - Investment expenditure

Investment Expenditure (amounts in euro)	GFCF Gross Fixed Capital Formation	ITC Investment at Technical Costs	IE Investment Expenditure
LTI	**10 755 486**	**13 881 842**	**14 454 439**
Alameda/S. Sebastião Extension	(301 656)	(301 656)	(301 656)
National Action Plan on Accessibilities	14 587	14 587	14 587
Amadora-Este/Reboleira Extension (includes L)*	3 265 611	3 265 611	3 265 611
Rato/Cais do Sodré Extension	2 687 953	2 687 953	2 687 953
Blue Line Refurbishment	464 632	464 632	464 632
Yellow Line Refurbishment	1 980 745	1 980 745	1 980 745
Green Line Refurbishment	1 636 261	1 636 261	1 922 559
Red Line Refurbishment	1 141 487	1 141 487	1 141 487
Global Network Refurbishment	(134 136)	(134 136)	(134 136)
Self-investment	**0**	**3 126 357**	**3 412 655**
ML	**2 219 061**	**2 219 061**	**2 219 061**
Buildings and other Constructions	378 102	378 102	378 102
Basic Equipment	192 159	192 159	192 159
Tools and Utensils	75 640	75 640	75 640
Administrative Equipment	1 573 160	1 573 160	1 573 160
Self-investment	**0**	**0**	**0**
Investment on Behalf of Third Parties	**8 156**	**8 156**	**8 156**
Investment on Behalf of Third Parties	8 156	8 156	8 156
Total investments	**12 982 703**	**16 109 060**	**16 681 656**

* Investments on behalf of ML and integrated in Ventures.

Table 23 - Evolution of Investment

Investments (amounts in euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Gross Fixed Capital Formation (GFCF)	12 982 703	4 951 992	5 418 459	8 030 711	162,2
Investment at Technical Costs (ITC)	16 109 060	7 147 029	8 235 868	8 962 031	125,4
Investment Expenditure (IE) - includes financial costs	16 681 656	7 422 547	8 887 060	9 259 109	124,7

ASSET STRUCTURE

BALANCE SHEET FOR THE FINANCIAL YEAR

Assets

Regarding its Balance Sheet's preparation, ML maintained the criterion, established by the Supervision Authority, to report the figures relating to the construction activity of long-term infrastructure (LTI), evidencing the effects of the infrastructure investment made on the State's behalf and the corresponding responsibilities.

Assets amounted to 5,378 million euro, distributed as follows:

Table 24 - Total Assets

Assets (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Non-Current	5 112	5 020	4 986	92	1,8
Current	0	0	0	0	-
LTI	**5 112**	**5 020**	**4 986**	**92**	**1,8**
Non-Current	198	215	243	(17)	(8,1)
Current	68	77	78	(9)	(12,0)
ML	**266**	**293**	**321**	**(27)**	**(9,1)**
Total Assets	**5 378**	**5 313**	**5 307**	**65**	**1,2**

The addition of the LTI Assets is a primary consequence of the variation of the financial instruments connected to the infrastructure investment activity (-110 million euro), the financing costs (178 million euro), the early termination of a derivative (23 million euro) and the provisions/reversals (7 million euro).

Liabilities and Equity

Table 25 - Liabilities and Equity

Liabilities and Equity (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Non-Current	2 326	2 707	3 071	(380)	(14,1)
Current	1 206	900	702	306	34,0
LTI	**3 532**	**3 607**	**3 773**	**(75)**	**(2,1)**
Non-Current	582	482	642	100	20,8
Current	521	621	480	(99)	(16,0)
ML	**1 104**	**1 103**	**1 122**	**1**	**0,1**
Total liabilities	**4 636**	**4 709**	**4 894**	**(74)**	**(1,6)**
Equity	742	603	413	138	23,0
Total liabilities and equity	**5 378**	**5 313**	**5 307**	**65**	**1,2**

Total Liabilities was reduced by 1.6% (a 74 million euro decrease), with a greater significance as to loans' amortization and to market-to-market recognition regarding potentially unfavourable financial instruments.

Equity, amounting to 742 million euro, maintain its growing trend, as a result of the support from the State by means of equity reinforcements.

It should be mentioned that, in 2018, ML continued to recover its structure indicators, reflected in a 2.4 percentage points growth in its Financial Autonomy ratio and a 3.2 percentage points growth in its Solvency ratio, by means of Equity increasing, as previously mentioned, with the shareholder's support.

FINANCIAL RISK MANAGEMENT

ML has been consolidating its equity structure through the permanent reinforcements promoted by the shareholder, with the resulting company indebtedness reduction.

Metropolitano de Lisboa's Rating

Table 26 - ML's Rating

Metro's Rating	Standard & Poor's	
	Rating	Outlook
16th of February 2016	BB+	Stable
14th of February 2017	BB+	Stable
19th of February 2018	BBB-	Stable
18th of March 2019	BBB	Stable

ML's classification as a Reclassified Public Entity, occurred in the end of 2011, led Standard & Poor's to review its risk analysis criteria for the Company for 2012 onwards. Consequently, ML's Rating began to follow the Portuguese Republic's Rating evolution.

The rationale behind this assessment was the following:

- Continuation of the State's financial support added to the fact most of the debt held by ML is secured by the Portuguese Republic;
- Support and engagement in meeting debt service commitments, as demonstrated by the State, with funds allocated in the budget for 2018 for such purposes.

Evolution of Remunerated Liabilities

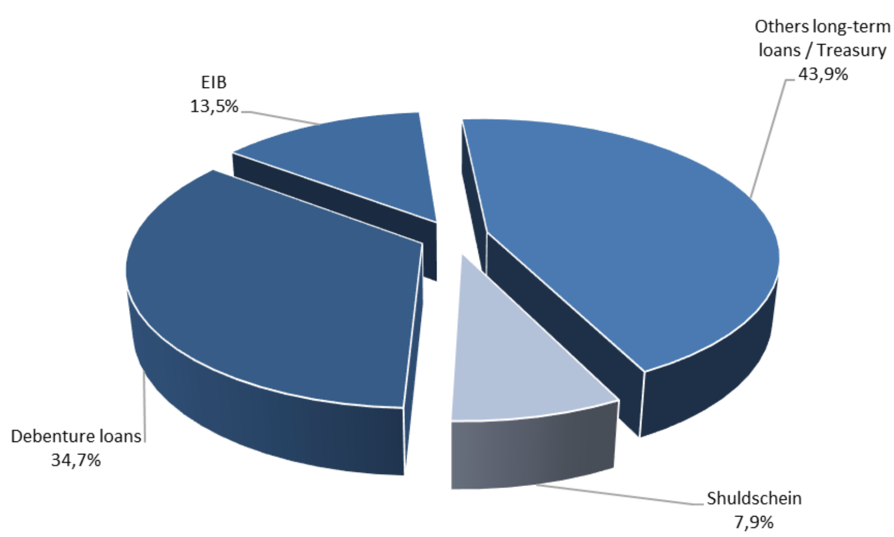
Metropolitano de Lisboa had amortized 96.5 million euro in debt, and entered into new loans totalling 422 million euro, which resulted in an approximately 10% increase in its remunerated liabilities.

Table 27 - Structure Remunerated Liabilities

Remunerated Liabilities (amounts in thousands of euro)	2018	2017	2016	Var. 2018/2017	
				Abs.	%
Debenture loans	910 000	1 310 000	1 310 000	(400 000)	(30,5)
EIB	437 341	508 844	580 346	(71 503)	(14,1)
Other long-term loans / Treasury	517 937	170 204	206 430	347 733	204,3
Shuldschein	300 000	300 000	300 000	0,0	0,0
Financial leasing	0	0	18 998	0,0	
Medium and long-term debt	**2 165 279**	**2 289 048**	**2 415 775**	**(123 769)**	**(5,4)**
Debenture loans	400 000	0	0	400 000	
EIB	71 503	71 503	71 503	0	0,0
Other short-term loans / Treasury	1 142 883	1 068 642	999 832	74 241	6,9
Financial leasing	0	11 470	0	(11 470)	(100,0)
Overdrafts	0	0	84	0	-
Short-term debt	**1 614 386**	**1 151 615**	**1 071 419**	**462 771**	**40,2**
Total	**3 779 664**	**3 440 663**	**3 487 194**	**339 002**	**9,9**

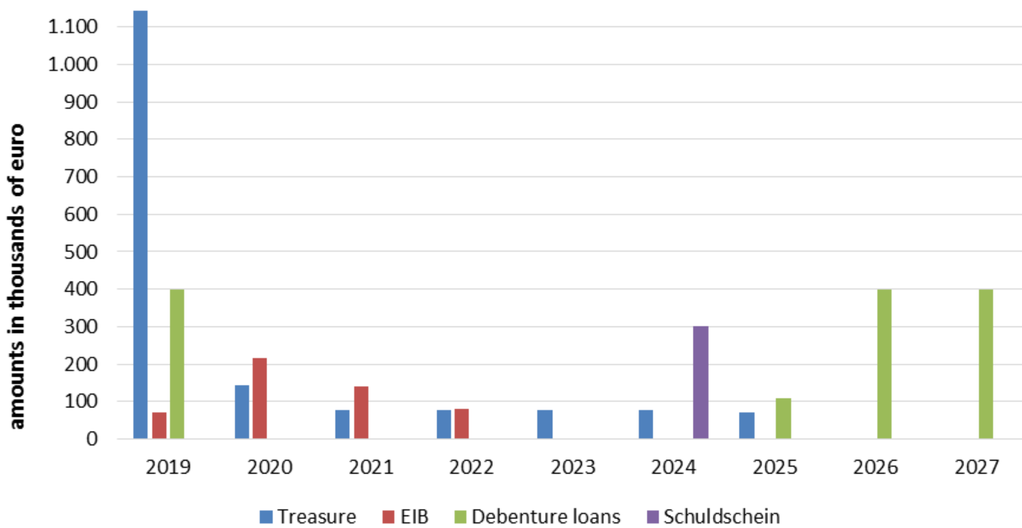
Regarding the company's debt structure, Treasury bond debts (44%) and debenture loans (35%) correspond to the financing with a greater proportion, in relation to the total ML's debt.

Chart 8 - Indebtedness distribution



The amortization of a considerable part of the Treasury bond debts is expected to occur in 2019, following the foreseen operation of converting the current debt (LTI and ML) by means of incorporation into the State's assets – Receivables.

Chart 9 - Loan Maturity



Evolution of the implicit interest rate

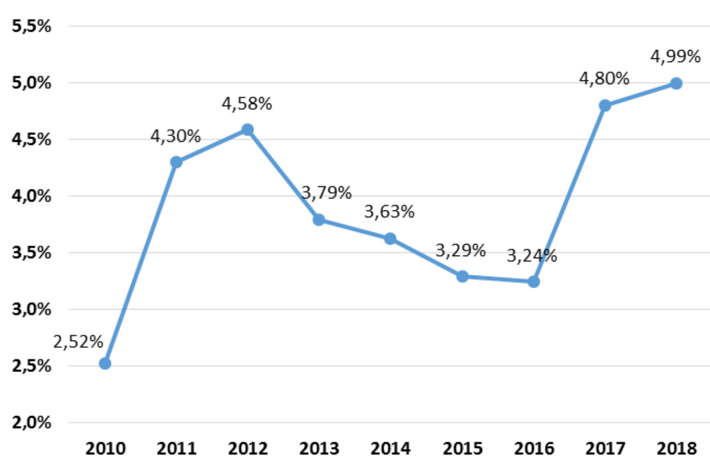
Chart 10 evidences the evolution of the implicit interest rate since 2010, regarding indebtedness.

Interest rates presented an unfavourable evolution between 2010 and 2012. With the decline in reference interest rates, the cash flows generated by risk hedging instruments initiated a fast-paced loss trajectory, increasing the implicit interest rate significantly.

This trend's reversal resulted, as of 2012, from fewer Treasury loans' costs, coupled with the effects arising from the cancellation of high loss risk derivatives and, as of 2013, from non-payment of derivatives related to the legal proceedings brought in London by Banco Santander Totta, S.A. against Public Transport Companies.

Since 2017, subsequent to the settlement agreement concluded between Banco Santander Totta, S.A. and the Portuguese Republic, the Santander swaps' payment, previously under litigation, was resumed, contributing since then to a 1.75 percentage points increase in the implicit interest rate.

Chart 10 - Implicit interest rate



PRODUCTIVITY

From analysing the table below, it is evidenced that ML keeps its supply growth trend, thus responding to the number of passengers carried increase, pursuing its objective of service levels' improvement.

Table 28 - Productivity Indicators

PRODUCTIVITY INDICATORS		2018	2017	2016	Var. 2018/2017	
					Abs.	%
Average Ckm (Carriages x km)/Headcount		18.360	17.770	17.326	590	3,3
Average PSK (Passenger Spaces x km)/Headcount	10^3	2.350	2.275	2.218	75	3,3

It should also be mentioned that basic indicators' variation on calculating the productivity indicators identified above was as follows:

- Rkm (Railcars x km) and Psk (Passenger Spaces x km): +4.5%;
- Average Headcount: +1.2%

1.2. The Metropolitano de Lisboa Company Group's Consolidation Perimeter

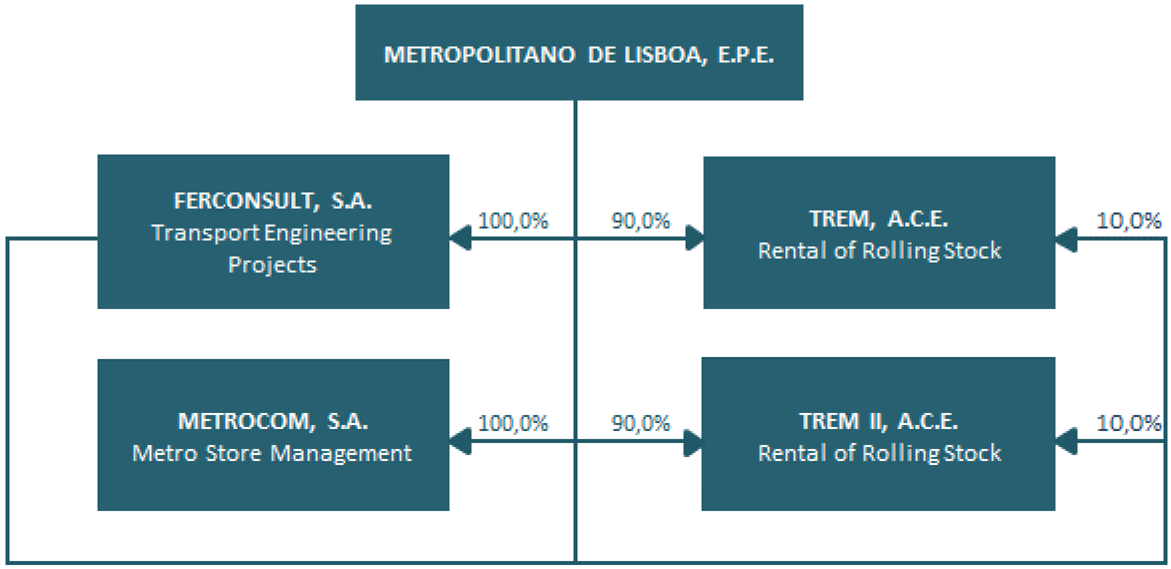
Article 6 of Decree-Law no. 158/2009, the 13th of July, provides that all parent companies subject to Portuguese law shall prepare consolidated financial statements for the Group which includes itself and all subsidiaries over which the former may have a dominant influence or control. In this sense, Metropolitano de Lisboa, E.P.E. ("Metropolitano" or "ML") (trade name set out on the 26th of June 2009), in the capacity of parent company of the Metropolitano Group ("Group" or "ML Group"), has prepared the Company Group's consolidated financial statements in compliance with the International Financial Reporting Standards ("IFRS"), as adopted within the European Union and with effects from the 1st of January 2016 onwards. These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the former Standing Interpretations Committee ("SIC") which may have been adopted within the European Union.

The Group's consolidated financial statements were prepared based on the assumption of companies' business continuity and according to the accrual basis of accounting, bearing in mind the accounting books and records of the companies included in the consolidated group, kept pursuant to the generally accepted Portuguese accounting principles, adjusted in the process of consolidation in such a way that the consolidated financial statements comply with the International Financial Reporting Standards, as adopted within the European Union.

This consolidation shall be tax neutral, particularly in what concerns income taxes, as it no expectations were assumed according to which the Group will obtain future taxable profits which allow using its accumulated tax losses.

The ML Group's scope of consolidation is composed of the following companies:

Figure 7 - ML Group's consolidation perimeter



The accounts of the companies identified in the table below have been included in the consolidated financial statements for 2018 as financial interests.

Table 29 - Minority Interests

Company	Corporate Headquarters	Percentage of Equity held		
		Directly	Indirectly	Total
Publimetro - Transportation Advertising and Others, S.A.	Lisbon	40%	-	40%
Ensitrans - Engineering and Transportation Systems, A.E.I.E.	Lisbon	5%	45%	50%
Otlis, A.C.E.	Lisbon	14,29%	-	14,29%

PROFIT ANALYSIS

2018 saw a turnover growth of 4.7% (a 5.27 million euro increase) compared to 2017, primarily resulting from a demand increase (a 4.2% growth), which reflected in an addition of 5.4 million euro in Public Service Income. To a lesser extent, the turnover's increase also derives from the capitalization of commercial spaces in metro stations (a positive growth of 5.7%) and from the increase of Ferconsult's turnover in 1.2 million euro (+53%).

In 2018, the Group's Operating Income stood at 159 million euro, roughly the same amount of the previous year.

Operating Expenses stood at 155.75 million euro, representing expenses by and large directly related to the transport service production (Personnel, External Supplies and Services and Costs of Materials Consumed) and, to a lesser extent, expenses related to the development of projects in Algeria, Brazil and Portugal.

Table 30 - Evolution in 2018-2017

Un.: M€

Indicators	Consolidated Accounts		Variation	
	2018	2017	Abs.	%
Turnover	116,43	111,17	5,27	4,74
Operating Income	159,09	159,07	0,02	0,01
Operating Expenses	155,75	149,57	6,18	4,13
EBITDA	36,49	43,09	-6,60	-15,31
Corrected EBITDA *	7,57	2,46	5,11	208,02
Operating Profit	3,34	9,50	-6,16	-64,85
Net Profit	-27,89	-24,50	-3,39	-13,84

* Excluding the effects deriving from provisions, impairments and fair value increases/reductions, investment grants and equity method / subsidiaries.

The ML Group's economic performance has recorded a deteriorated in 2018, which may be evidenced by the reduction of the operating profit by 65% and of the Net Profit for the Financial Year by 14%.

Table 31 - Consolidated accounts for 2018

Un.: M€

Indicators	Consolidated Accounts	Separate Accounts				
		ML	Ferconsult	Metrocom	TREM	TREM II
Turnover	116,43	114,53	3,36	2,84	2,68	4,99
Operating Income	159,09	152,49	3,67	2,95	2,72	5,22
Operating Expenses	155,75	149,22	6,76	2,79	0,03	0,04
EBITDA	36,49	26,05	-3,09	0,17	2,69	5,12
Corrected EBITDA *	7,57	-5,21	-1,24	0,17	2,69	5,12
Operating Profit	3,34	3,27	-3,09	0,16	2,69	5,12
Net Profit	-27,89	-27,89	-3,09	0,13	2,68	5,10

* Excluding the effects deriving from provisions, impairments and fair value increases/reductions, investment grants and equity method / subsidiaries.

Table 32 - Consolidated accounts for 2017

Un.: M€

Indicators	Consolidated Accounts	Separate Accounts				
		ML	Ferconsult	Metrocom	TREM	TREM II
Turnover	111,17	109,40	2,19	2,69	2,55	4,88
Operating Income	159,07	155,30	3,46	2,80	2,62	5,11
Operating Expenses	149,57	145,91	4,60	2,48	0,03	0,00
EBITDA	43,09	32,57	-1,11	0,33	2,58	5,10
Corrected EBITDA *	2,46	0,38	-1,32	0,33	2,58	5,10
Operating Profit	9,50	9,38	-1,14	0,32	2,58	5,10
Net Profit	-24,50	-24,50	-1,15	0,25	2,57	5,08

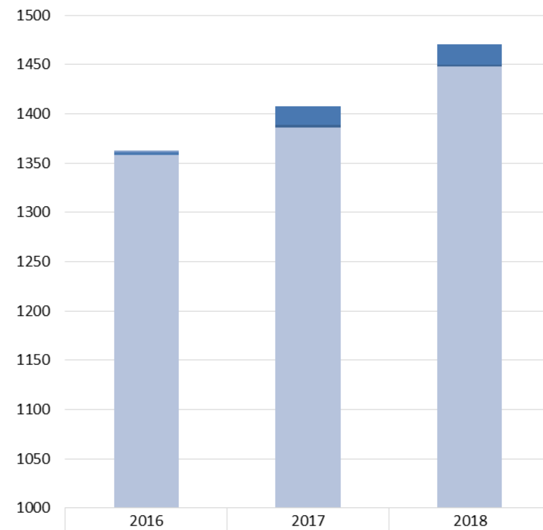
* Excluding the effects deriving from provisions, impairments and fair value increases/reductions, investment grants and equity method / subsidiaries.

2. Human Capital

Headcount characterization

The year 2018 has been characterized by the continuity of the strategy for rehabilitating operation and maintenance conditions, with the recruiting of 10 new employees to reinforce the maintenance teams, thus confirming the reversion of the employee reduction trend which had characterized the period 2012-2016, started in the preceding year. In addition to this recruitment, it was also possible to rejuvenate the staff by means of the replacement of 10 workers who permanently left the Company.

Chart 11 - ML Group's headcount characterization



	2016	2017	2018
Fixed-term contracts	2	0	0
Secondment agreements	3	19	20
External Service Commission	0	3	2
open-ended agreements	1358	1386	1448

Bearing in mind the ML's employees only, in 2018 the headcount would stand at 1416.

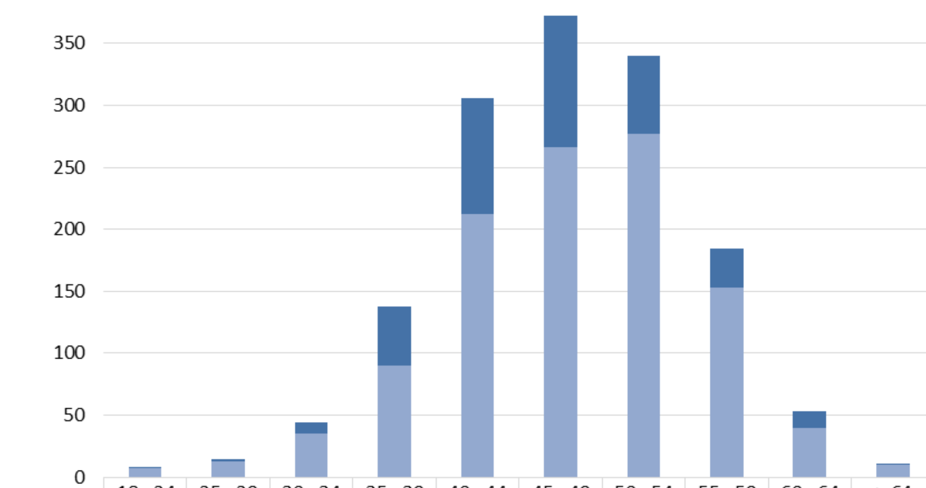
Table 33 - Global headcount

	Women	Men	Total
Global Headcount	367	1103	1470
% of Global Headcount	25%	75%	100%
Average Age	46,9	48,2	47,9
Average Service Seniority	19,7	21,8	21,3

With reference to the 31st of December 2018, the ML Group's global headcount stood at 1470 employees, of which 367 were women and 1103 were men, which reflects a representation of 25% women and 75% men. The structure of the ML Group's headcount mainly consists of male workers, as the significance of men is greater regarding all professional careers. In structure positions, the significance of women stands at 37%.

The ML Group's headcount is also characterized by a high average age (47.9 years), and men evidence an older age than the average (48.2), in comparison to women (46.9), and it is observed that the age of 40% of the total headcount is over 50. In the ML's core business areas, such as Operation and Maintenance, these numbers are even more worrying as their average ages are higher and exceed an average of 47.3 years of age.

Chart 12 - ML Group's headcount age



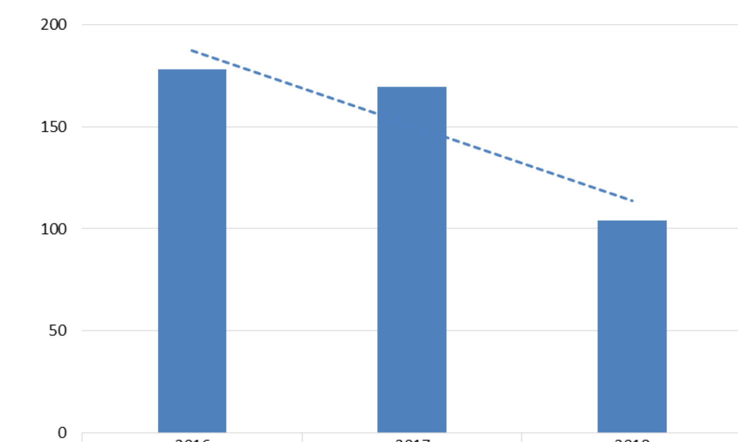
	18 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60 - 64	> 64
Women	1	1	9	48	94	106	63	31	13	1
Men	7	13	35	90	212	266	277	153	40	10

As it happens with the headcount's average age, the average service seniority is relatively high (at 21.3 years), as 63% of the workers have over 20 years of service within the Group, while 34% have over 25 years of service, a trend accompanied irrespective of gender.

These variables validate the strategy followed for the replacement of the ML's workability conditions, notably regarding the urgency in the headcount restoration in specific business areas, thus allowing for the rejuvenation of the staff and enabling a knowledge transition for the younger generations.

Remuneration

Chart 13 - Ratio between the Group ML's lowest wage and the national minimum wage



	2016	2017	2018
Ratio (%)	177,9	169,3	104,2

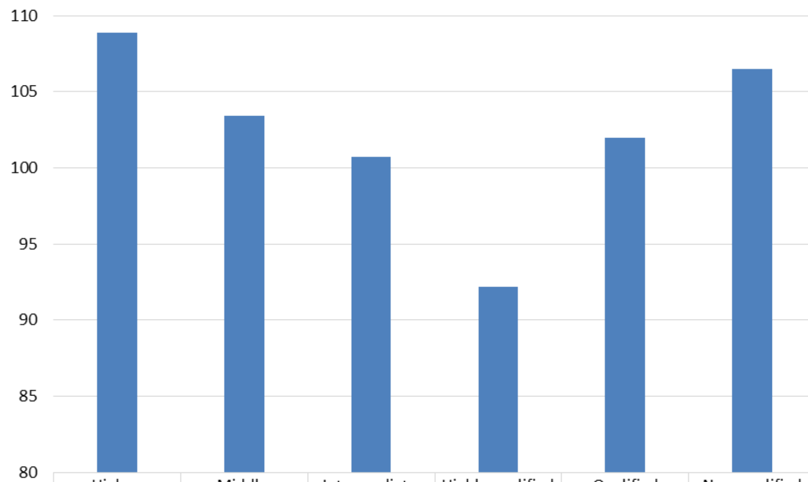
Taking into account the ML's wages in 2018 only, this ratio would stand at 173.7%.

The State Budget Law for 2018 has carried out the restitution of all the acquired rights, by determining in its article 23 the application of the collective regulatory instruments' provisions. Therefore, as a consequence of the performance assessment, it was possible to process all the effects on career progression and performance bonuses.

In compliance with the State Budget for 2017, in light of the provisions of article 21, the remaining 50% of the acquired rights granted as a result of evaluations have been processed and, pursuant to article 24(9), the full payment of the Christmas allowance has been resumed.

However, this year was marked by the wage maintenance applicable for the year 2018 as a consequence of the agreement entered into in the context of the collective bargaining. This agreement will be extended to the upcoming year 2019.

Chart 14 - Ratio of base wage between women and men



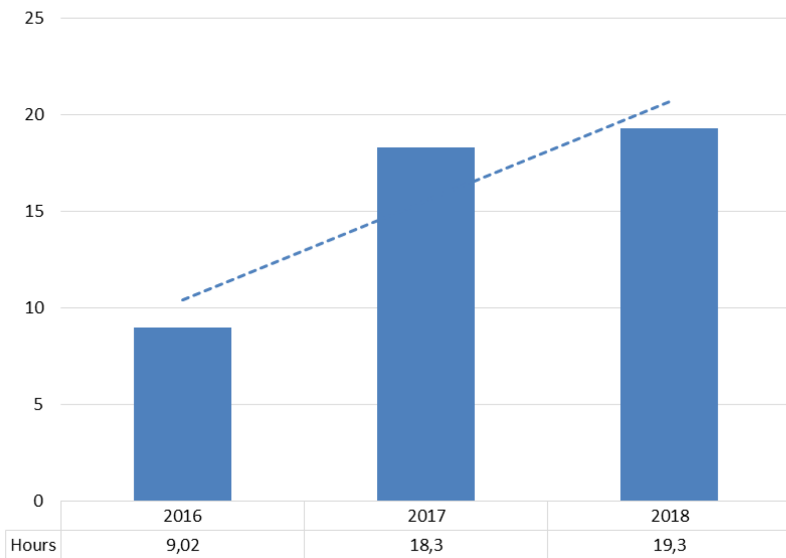
	Higher Management	Middle Management	Intermediate Management	Highly qualified professionals	Qualified professionals	Non-qualified professionals
2018	108,9	103,4	100,7	92,2	102	106,5

From the analysis of the women's base wages in comparison with the men's, by qualification levels, we would highlight the higher management and the middle management's ratios, in which men evidence a higher base wage. It should also be highlighted the highly qualified professionals ratio, in which women evidence a higher base wage. As to the remaining qualification levels, there are no differences. Nonetheless, such wage distinctions between women and men derive from objective criteria substantiated by differences in service seniority and performance which influence the position and the development of the levels of professional category, and there are no differences in the attribution of women and men's base wages.

Training

The year 2018 has reflected a continuation of the investment efforts, the appreciation of knowledge and human capital, thus awarding strategic added value to the improvement of workers' qualifications and capabilities. Such effort was intended to better align training with the business strategy, and has resulted in an increase of training hours (+9%) as well as in the reinforcement of the financial resources allocated to training, with a 113% increase in training expenses in comparison with the preceding year.

Chart 15 - Average training hours per worker



Were we to take into exclusive consideration the training hours and the ML's employees in 2018, such value would be 19.9h.

The training solutions developed were aimed at reflecting the following policies and guidelines:

- Customer satisfaction as the core objective;
- Development of management and leadership capabilities;
- Involvement and qualification of employees;
- Continuous performance improvement.

In the context of the said policies and guidelines, we would highlight the Lead with VivaCidade and #Move: Earn Metros in Leadership! campaigns for purposes of reinforcing the key corporate messages, of aligning management and communication practices with the teams and of strengthening the relations between the Customer Directorate's middle management teams.

Furthermore, pursuant to the Decree-Law no. 184/2012, the 8th of August, we would highlight the qualification of 80% of the people providing their service at the stations to use the External Automatic Defibrillation (DAE) equipment installed at the stations which have a daily flow average greater than 10,000 passengers.

Work Safety and Health

In the scope of Work Safety and Health, the improvement measures and actions have been developed, in a sustainable manner, regarding the working conditions and the promotion of health conditions, bearing in mind personal and professional fitness criteria, notably for purposes of work accidents and occupational diseases prevention and improving the quality of life, on a basis integrated with the professional performance.

In this regard, aiming at ensuring that all workers perform their roles under conditions of appropriate medical supervision, 1157 regular medical examinations were carried out in 2018, reflecting 97.3% of the anticipated regular examinations/ consultations.

In light of the Law no. 102/2009, of the 10th of September, occupational risk analyses have been performed, collecting the key risk situations to improve prevention and safety at work. Such risk analysis is also intended to reinforce the prevention policy to eliminate or, at least, to mitigate risks before they result in personal damages or injuries.

Additionally to the occupational risk analysis, a study has been carried out regarding the psychosocial risks of workers providing their service at stations, which identified the causes which cause less positive behaviours and sentiments. The said study has led to the preparation of a training program aiming at the Development of Emotional Capabilities.

In the context of the promotion of health and fitness, campaigns for influenza and tetanus vaccination were conducted in 2018, as well as numerous screenings aimed at preventing the most prevalent chronic diseases in the Portuguese population, most notably for Prostate Cancer and for Cardiovascular Diseases.

Furthermore, in the context of prevention, an awareness program has been initiated regarding work safety, the prevention of accidents and ergonomics for the area of railway maintenance.

Table 34 - Accidents at work

	2016	2017	2018
No. of Work Accidents	115	111	101
No. of Lost Days WA	4233	5552	4557
Absence Rate (WA)	9,11	8,98	7,68

In 2018, in what concerns work accidents, a significant reduction in the number of lost days (-18%) has been observed, as well as the continuation of a decrease in the number of work accidents (-9%).

Table 35 - Accidents at work - 2018

2018	Women	Men	Total
No. of Work Accidents	12	89	101
No. of Lost Days WA	624	3933	4557

Regarding the significance by gender, accidents at work reflect a male predominance in the ML's Group headcount structure and an absence of female significance professions involving a higher risk.

In overall terms, the reasons which have most contributed to the occurrence of work accidents were actions involving the use of force (opening, lifting, twisting or tightening, 37%), due to falling or imbalance (22%) and collisions with objects (15%). The remaining occurrences have been divided between assaults, slips and other.

Such reduction in lost days arising from work accidents has contributed in a decisive fashion to the reduction in the absence rate, which decreased from 8.98% to 7.68% (were only ML's employees to be taken into consideration, the absence rate would have been 8% in 2018).

Bearing in mind the Group, the absence rate confirmed the reduction trend which started in 2016. As in the previous years, absences arising from illness continue to be the most emphatic vector as to this indicator (52.6% of the absent hours in 2018), followed by absences arising from work accidents (15.3% of the absent hours).

Equality and Non-discrimination

The ML Group made a commitment to Sustainable Development, integrating the UN 2030 Sustainable Development Agenda's Sustainable Development Goals (SDG) in its strategy, notably the SDG 5 - To achieve gender equality and empower all women and girls (https://www.metrolisboa.pt/institucional/conhecer/sustentabilidade/).

In this regard, converging with the 2018-2030 National Strategy for Equality and Non-Discrimination (NSEND) – A More Equal Portugal, has promoted values and practices in accordance with the guiding principles of management commitment to promote equal opportunities and non-discrimination, from which we would highlight:

- The preparation and disclosure of the *"Code of Good Conduct for preventing and combating situations of harassment at work"*, as a reference for the ML Group companies daily life in the context of combating and eliminating behaviours which may correspond to situations of harassment at work and, in parallel, of preventing such occurrences through the endeavour and consultation with all parties, and of promoting a healthy working environment which uplift the people and the organization's dignity.

- The preparation and disclosure of the *"2018-2021 action plan for equality between women and men"* (APEWM), reflecting the establishment of clear commitments and defining the way to obtain improvements in terms of sustainability, organizational justice and employee satisfaction, by means of the development of promotion campaigns for gender equality and non-discrimination.

  The 2018-2021 APEWM reflects the proposal for the adoption of non-discriminatory actions between women and men, specifically involving certain dimensions in which GENE can be observed, such as the organization's mission and values, the recruiting and selection, the learning process throughout life, the obligation to respect the dignity of women and men in the workplace, information and communication and the balance of professional, family and personal lives.

  It is also intended at contributing for all employees to perceive the company's concerns with equality issues and the balance of professional, family and personal lives, thus making the said measures may stimulate satisfaction, motivation and productivity.

- The renewal of the accession agreement for the *"Business Forum for Gender Equality – Our commitment"* (https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2019/02/Acordo-de-Ades%C3%A3o-IGEN_original-assinado.pdf), recognizing this topic's significance in social sustainability.

- In the context acceding to the Declaration on equal opportunities for women and men in the public transport sector (https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2018/02/MetropolitanodeLisboaDeclara%C3%A7%C3%A3oIgualdadeOportunidadesUITP.docx.pdf), Metropolitano de Lisboa has shared on the Women in Transport-EU Platform for Change (https://ec.europa.eu/transport/themes/social/women-transport-eu-platform-change_pt) good practices regarding gender equality, under the UITP's coordination. The said platform's objective consists in sharing and exchanging good practices of Organizations undertaken to the improvement of female employment in the transport sector, thus improving the gender balance.

- The hosting of a Management Meeting on Gender Equality, with the presentation of the 2018-2030 National Strategy for Equality and Non-Discrimination (NSEND) – A More Equal Portugal and the comparative study on Gender Inequalities between Portugal and the other EU countries.

- The development of "Training on Sign Language for the Human Capital Directorate", aimed at reinforcing the inclusion and participation of two deaf employees, culminating in the theatre play "Mãos que Falam", in the context of the week for Combating Inequalities and Abolishing Poverty, performed in partnership with the Cultural and Sports Centre of the Metropolitano de Lisboa's Workers (CSCMLW), as a way to promote the inclusion of all employees.

3. Intellectual Capital

Identification of R&D projects implemented or to be implemented in 2018:

- The production of photovoltaic energy at the DW III;
- The model for obtaining the waiting times for the 3 subsequent trains;
- The model for autonomous power regarding the M identifying the Metropolitano de Lisboa's station entrances (Totem);
- The model for the transition from the classic signalling to the CBTC, without any traffic disruption;
- The reform of the remote control systems of the older sub-stations' energy network and the placement of consumer telemetry equipment in all sub-stations.

In the course of the year 2018, the launching of a voucher payment system in the course of the Web Summit event in Lisbon was carried out. A visual communication intervention has also been performed aiming at identifying those vending Machines card-only payments and, in collaboration with OTLIS, the company developed the process for adopting the Metro to the Viva GO system, an innovative post-paid public transport traveling payment system.

4. Share Capital

The year 2018 has been characterized by the consolidation of the commitment made to stakeholders, reinforcing supportive measures for the employees for balancing family life and parenting protection as well as reinforcing the contribution for charitable causes with the community within the Metro network's surrounding environment.

By integrating sustainability and social responsibility principles into its business strategy, Metropolitano de Lisboa has appreciated the dimension undertaken in the Social Responsibility Charter (https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2018/02/MetropolitanodeLisboa_CartaResponsabilidadeSocial.pdf), thus developing and supporting several social charitable initiatives or supportive of groups of persons in need or at risk.

In the course of the financial year 2018, the following initiatives may be highlighted:

- The organization, under the partnership concluded with the Social Affairs Group of the CEEP – European Centre of Employers and Enterprises providing Public Services and Services of General Interest, of the Workshop "Corporate Social Responsibility in Portugal: Perspectives and Challenges".
- Interventions supporting charitable causes in the Metro network's surrounding environment, in partnership with several institutions, namely:
    - The renewal of the collaboration protocol entered into with "COMPANHEIRO" – IPSS, which supports prisoners, ex-prisoners and their families' psychosocial inclusion, by means of personal and professional skills development, envisaging the integration of ex-prisoners or other citizens going through an unfavourable situation in a work team and their participation in workshop-related activities.
    - The collaboration with C.A.S.A. – Centro de Apoio ao Sem-Abrigo, IPSS, which provides assistance to Lisbon's poorest populations, in the context of collecting foodstuffs, the concession of kitchen equipment and the organization of the Charity Christmas Lunch for the Homeless, as well as in commemorating the International Volunteer's Day.
    - The delivery of IT equipment – PC monitors to ENTRAJUDA-Banco de Bens Doados, IPSS with a project in the area of social charity, supporting charity institutions to improve their management and organization, enabling them to fight poverty in a more effective manner, notably, by sending non-food products donated by companies and individuals to institutions supported by it.
    - The improvement of the housing conditions at the Obra do Ardina, an institution dedicated to the social reintegration of children and adolescents in a situation of social vulnerability and under socio-family and psychological risks.
    - The support to the Associação Portuguesa do Cidadão com Deficiência Mental – Centro Atividades Ocupacionais (APPACDM-CAO) in Ajuda at developing its inclusion, diversity and human development mission.
    - The improvement of the Casa das Cores, Centro de Acolhimento Temporário's facilities for children at risk, the protection of whom involves, at a given moment in their lives, institutionalization.
    - REDE project – An initiative led by Metropolitano (https://www.redesolidaria.pt/) and participated by other operators, aiming at assisting areas, affected by the dramatic forest fire experiences which devastated Portugal in 2017, in Reviving and Pulling them up through Dedication and Community Involvement, notably by giving assistance to the honey producers from the Oliveira do Hospital municipality.
    - The campaign for blood collection, in partnership with IPST, with the visit of the mobile unit to the ML' facilities.

INSTITUTIONAL COMMUNICATION

In 2018, ML has strengthened its strategic and operational planning concerning the field of institutional communication, envisaging to ensure, foresee, adjust and remedy the communication focuses and moments occurred during the previous year in a more effective manner.

The plan developed in 2018 gave support to top management decision-making, assisting in developing the communication strategy for the media, stakeholders and the rest of the community, involving the former in communication initiatives and projects intended to achieve, consolidate and strengthen the company's positive image.

The existing plan also enabled to identify and promote the most relevant positive adopted measures, making it possible for the company to tackle threats and seize the transport sector's opportunities, regarding urban mobility and society in general. The challenges and threats which were dealt with by Metro on a daily basis in 2018 represented opportunities for developing solutions and new business perspectives.

The Communication Plan also sought to set out an institutional communication policy, reflected in a set of consistent and coordinated actions, developed by means of communication strategies' implementation which helped the organization to achieve better performance and efficiency levels, with more sustainable results, foreseeing and identifying a set of actions, measures and projects for the media, in a segmented or general fashion.

In a strategic and planned way, ML has achieved to provide its brand a greater visibility, guaranteeing the company's external image reinforcement, progressively boosting the relations maintained with the press and its institutional stakeholders, regarding general matters and in relation to the network's modernization and expansion, including, *inter alia*, the Supervision Authority, Parishes, Municipalities, Associations of retailers from the areas of influence of certain stations, the Public Transport User Commission.

Likewise, several institutional and contingency communication plans have been implemented, in what regards the situation occurred at the Arroios station works, the development and implementation of the accessibility plan and the network expansion plan, and the corresponding enforced measures resulted in the Metropolitano de Lisboa's greater brand prestige and reputation levels.

In this context, Metropolitano de Lisboa has organized numerous events and institutional campaigns in the course of 2018, and we would highlight two preliminary market tests within the scope of the launching of tenders for purposes of expanding, modernizing and signalling the network, of information sessions aimed at specific target audiences according to the relevant topics, the launching of public tenders, a video related to the network's expansion (which will be granted funding from the Environmental Fund and from the POSEUR), numerous support and partnerships in the context of conferences, lecture series, congresses, the Ministry of Health, the Lisbon Municipality, among others, in the context of transport, mobility, smart and sustainable cities, which reflect an increase in Metropolitano de Lisboa's drive and approval index.

Additionally, we would highlight the releases in relation to the Arroios station's expansion, the refurbishment of the Areeiro station and the investments made with some stations' equipment and accessibility refurbishment and modernization.

In 2018, ML disclosed its relevant initiatives which were developed and implemented, aiming at improving the quality of the provided service to its Customers by addressing press releases, establishing segmented contacts with the media for the promotion of information and several campaigns.

Regarding press contacts, we can highlight the Metro's participation in several information and entertainment television shows, which brought a positive image for the company.

In the course of 2018, Metropolitano de Lisboa had a media coverage reflected in its inclusion in 5,515 news articles in 276 media outlets.

From all news, 67% were published in online media, 13% in the press and 20% in audio-visual media, while the general information media reported 85% of all news.

During the reporting the period, the number of positive or neutral articles accounted for 81% of all news. As to contact opportunities, Metro de Lisboa reached out to 13,519,582,449 personal contacts.

In 2018, in the context of the development of Internal Institutional Communication campaigns, we would also highlight the completion of several pieces of news and articles for the company's intranet, disclosing matters concerning its organization to all workers.

Moreover, several Management and Staff meetings were organized, aimed at updating and sharing information in the context of the company's strategy.

INTERNATIONAL RELATIONS

In 2018, Metropolitano de Lisboa has reinforced its international activity by means of a greater involvement in the work of the international organizations of which it is a member, and it has participated in 31 events including meetings, conferences and exhibitions.

The ML has also resumed the hosting of international meetings, notably the 98th Transport Economy Committee meeting, which took place in October, with an associated conference entitled "Free Transport", which was attended by representatives of 40 operators and entities from all around the globe.

Benefiting from the aforementioned event, the ML has celebrated the 60th anniversary of the ML's UITP membership, which was attended by the association's Secretary-General, Mohamed Mezghani, at the invitation of the ML.

Furthermore, the ML has assumed additional responsibilities in 2018 regarding the governing bodies of the entities in which it is represented, notably the UITP's Metro Division and the Asociación Latino-Americana de Metros y Subterráneos (ALAMYS).

MISSIONS BY ENTITY:

UITP – International Association of Public Transport		
Meeting of the EU Committee	Brussels	January
Meeting of the Safety Committee	Dubai	April
Meeting of the Transport Economy Committee	Stuttgart	May
Meeting of the Operation Sub-committee	Brussels	May
Meeting of the Transport and City Committee	London	May
Meeting of the Human Resource Management Committee	Lausanne	June
Travel Info, Signage and Wayfinding Conference	Paris	June
Meeting of the Transport and City Commission	Porto	October
Meeting of the Sustainable Development Commission	Milan	October
Round table on Safety	Milan	October
Extraordinary General Assembly	Brussels	November
Meeting of the Marketing and Product Development Commission	Prague	November
Mobility as a Service (MaaS) Conference	Hamburg	December

ALAMYS – *Asociación Latino-Americana de Metros y Subterráneos*

In 2018, the ML has continued to its increasing involvement in the ALAMYS' activities, an association of Latin American and the Iberian Peninsula countries' authorities, operators and companies which perform their activity in the context of metro railway systems, including the active participation in the meeting of the Boarding Committee and the Technical Committees in May, which took place in Madrid.

For this purpose, the company has assumed additional responsibilities, notably with the election of the ML as the 5th Member of the ALAMYS' Boarding Committee, guaranteeing the representation of the ML and its subsidiary companies' interests, namely Ferconsult.

Nova Benchmarking Group of Metros

The company has enhanced its participation level in the NOVA Group's activities regarding medium-sized metro benchmarking, and it has been represented at the annual meeting in May which took place in London, including a CEO-dedicated session, which celebrated the group's 20th anniversary. Moreover, the ML has attended the annual meeting in September, which took place in Montreal. A significant enhancement of the ML's participation rate in the group Forum has been observed, with a positive return for the company.

CEEP Portugal – Serviços de Interesse Geral

At the CEEP Portugal, the national branch of the European Centre of Employers and Enterprises providing Public Services and Services of General Interest, based in Brussels and recognized as a social partner by the European Union, ML has continued its participation in social cohesion topics.

Other international missions:

In the year 2018, the ML has maintained its efforts in order to reinforce the information exchange with many counterpart operators, which has resulted in the participation of company representatives in technical visits to factories and metro networks, thus making it possible to obtain knowledge regarding recent implementation experiences of state-of-the-art railway signalling and rolling stock systems.

Visits to the ML by foreign delegations:

O ML has hosted visits from foreign delegations from Brazil, China, India, Ireland, Malaysia, Nigeria, the United Kingdom, Sweden, Switzerland, Thailand and Turkey, which mobilized about fifty visitors, and appreciation testimonies were recorded regarding the ML's capacities and the manner how those delegations were received.

Performance in terms of customer satisfaction

The customer profiling and satisfaction studies were performed, and the latter was performed in accordance with the quality criteria set out in NP EN 13816 and 4415. The Overall Satisfaction, obtained by means of the several service components, has been 7.11.

Customer communication

In this chapter, we would highlight the continuing of the "Remember, the Metro belongs to everyone" campaign, which culminated in an exhibition at the European Mobility Week, the development and launching, in October 2018, of the emotional campaign "We are your company", marking the turnover of the offer and service provided by the Company, the development of the "Metro-by-metro safety" campaign, in partnership with the Lisbon Police Metropolitan Command, the continuing of the "University Communication" project, with the Metro's presence at the University of Lisbon and at the Instituto Superior Técnico, the launching of the ML's website, with a new layout and new functions and the launching of the website of the Metrox children's club. We should also highlight the transfer of the Control Room service to the Administrative Building at the DW II in Carnide, which has been strategically connected to the Internal Support Centre (ISC), therefore enabling the extension of the support to our station employees during the operating hours, including holidays and weekends

Claims and information requests versus responses by the ML

In the course of 2018, 4,958 complaints processes have been recorded, with 4,961 associated grounds.

Such a number of claims corresponds to a decrease of -21.5% in comparison with 2017, aligned with the process decrease regarding the provided service, thus validating the effort in making rolling stock available.

Fighting against Fraud

In 2018, a digital payment method has been made available for purposes of the payment of fines by the customers with issued fines, through the generation of ATM references.

5. Natural Capital

Environmental performance

Metropolitano de Lisboa is a relevant player regarding the economic decarbonisation and the minimization of the environmental impacts.

In this context, and additionally to the effort for the modal transfer of more polluting mobility means to the ML, a constant monitoring of the organization's environmental performance is adopted, which has implemented and certified the Environmental Management System in accordance with the NP EN ISO 14001, as a reference for such purposes.

In 2018, efforts continued to be made for the implementation of more energy efficient solutions, notably regarding the lighting and ventilation systems. In overall terms, there has been an increase in the consumption of energy, but deriving from the increase in supply due to the said modal transfer.

Concerning energy efficiency, passengers.km carried per energy unit upheld its growing trend.

For 2019, taking also into consideration the CMR no. 141/2018, efforts shall be made in order to reduce paper consumption and to eliminate the use of disposable plastic in the cafeteria and bars.

Likewise, measures aimed at improving energy efficiency shall be upheld by means of technological amendments in lighting and ventilation systems, while improvements shall be implemented regarding water efficiency.

Chart 16 - Energy efficiency (pass.km/kWh)

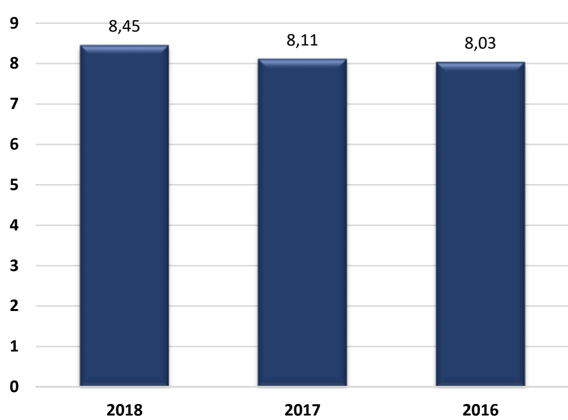


Chart 17 - Light bulb consumption

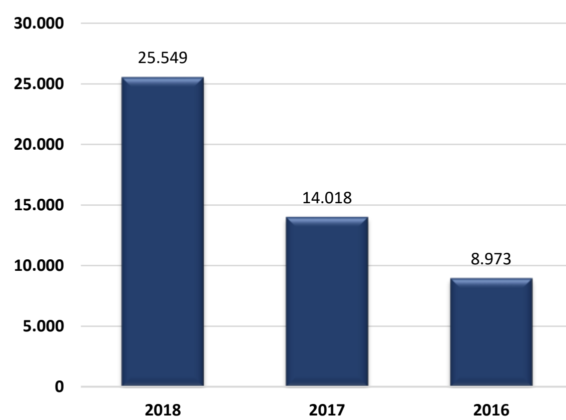


Chart 18 - Paper consumption (kg)

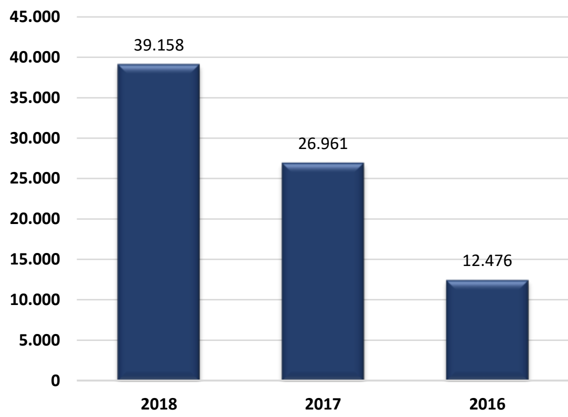


Chart 19 - Steel consumption (t)

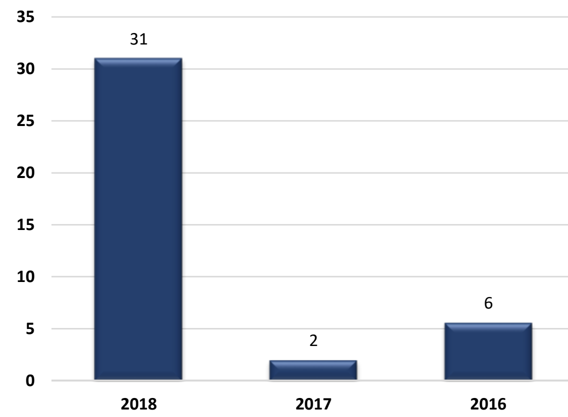


Chart 20 - Concrete consumption (m^3)

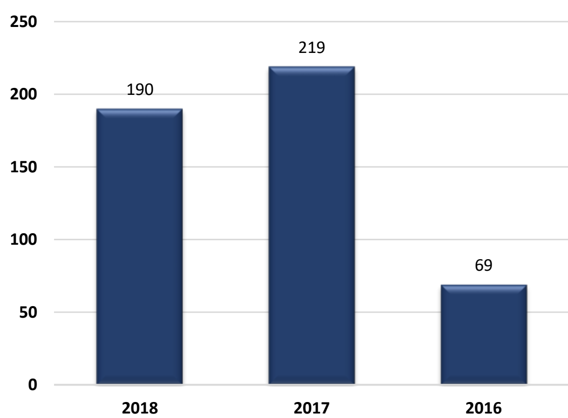


Chart 21 - Toner consumption (un.)

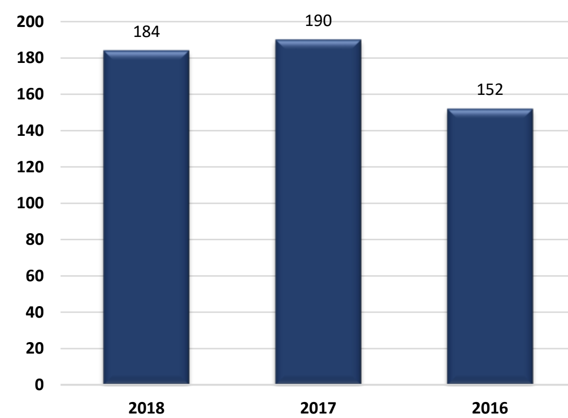


Chart 22 - Clamp consumption (un.)

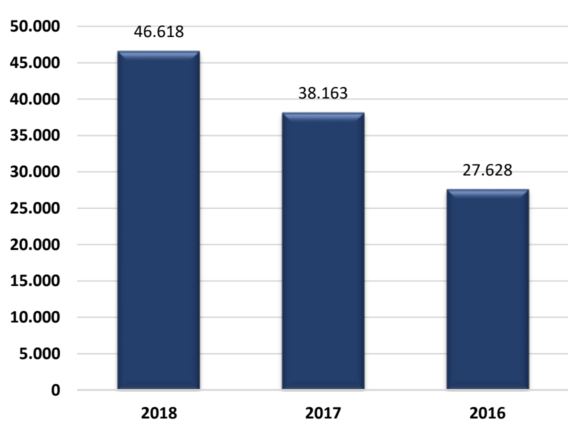
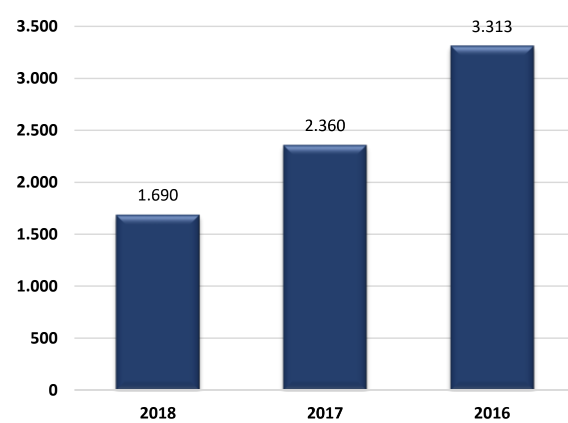


Chart 23 - Cable consumption (m)



IV. PROPOSAL FOR APPLICATION OF PROFITS

For purposes of complying with article 7(2)(e) of Metropolitano de Lisboa, E.P.E.'s Statutes, the Board of Directors proposes that the loss computed for the financial year ended on the 31st of December 2018, amounting to -27,892,434.94 euro, is fully transferred to the profits carried over account.

The financial statements attached to the present report evidence the loss of half of the share capital, according to the provisions set out in article 35 of the Portuguese Companies Code.

The Board of Directors shall submit the adoption of measures intended to replenish the Company's share capital to a shareholder's resolution.

The Board of Directors

Vítor Manuel Jacinto Domingues dos Santos, Engineer

Maria Helena Arranhado Carrasco Campos, Engineer

Dr. Pedro Miguel de Bastos Veiga da Costa

V. ATTACHMENTS

1. Compliance with Legal Guidelines

Management Objectives

Table 36 - Management objectives

	YEAR 2018 REAL	YEAR 2018 ABP	Status of Implementation	Notes/Justification for deviations
Financial Principles of Reference				
EBITDA increase compared to the previous year.	-1476%	-9,4%		The corrected EBITDA has been considered. The real EBITDA's deviation regarding the projection is justified by the exchange losses not considered in the projected statements.
Operational Efficiency (reduction of expenses with the CMVMC, FSE and Personnel in comparison with December 2016)	21,4%	15,6%		
PRC (1) - maintenance or reduction of expenses related to travel, daily allowances, accommodation in comparison with December 2016	626,7%	245,3%		As of 2017, travel/accommodation expenses are no longer shared with Carris and Transtejo. In addition, the Rato-Cais do Sodré expansion required greater expenses of such nature. Inadvertently, no amount has been included in the ABP 2017 for daily allowances.
PRC (2) - maintenance or reduction of expenses related to the procurement of studies, opinions, projects and consulting in comparison with December 2016	70,5%	199,2%		
PRC (3) - maintenance or reduction of expenses related to the car fleet expenses in comparison with December 2016	145,2%	123,2%		In 2016, the amount incurred with the fleet has benefited from the synergies resulting from the sharing of expenses with Carris and Transtejo. In 2017, it was necessary to renovate ML's car fleet, which justifies the increase in expenditure. In 2017, ML has obtained authorization to waive the ESPAP's preliminary opinion (Order of 17-05-2017, Ruling no. 855), relative to the substitution of ML's operating light vehicle fleet, as per article 39(8) of Budget Implementation Decree-Law.
Investment				
Long-term Infrastructure	10.755.486 €	29.644.108 €	36,3%	Due to delays/problems in the public procurement procedure, namely delays in multi-annual expenditure authorizations, it has not been possible to carry out all projected investments.
Fleet Renewal and Upgrade	- €	1.810.000 €	0,0%	
Other Investments	2.227.217 €	8.567.983 €	26,0%	
TOTAL	**12.982.703 €**	**40.022.091 €**	**32,4%**	
Human Resources Indicators				
Headcount number on the 31st of De	1.416	1.484		
Average headcount number on the 31	1.414	1.457		
Indebtedness				
Indebtedness variation	8,79%	7,37%		Increase due to the payment of SWAP agreements.

Status of implementation of the budget uploaded on the SIGO/SOE

Table 37 - Status of Implementation of the budget uploaded on the SIGO/SOE - Management Account for 2018

Item		Budget	Realization	Status of implementation	Justification
R05.07	07-CAPITAL EARN. – GENERAL REVENUES	0 €	70.321 €		Dividends of the subsidiary OTLIS, not projected in the budget.
R06.03	03-CENTRAL ADMINISTRATION	4.536.048 €	4.511.959 €	99,5%	
R07.02	02-SERVICES	119.741.422 €	117.974.293 €	98,5%	The non-chargeable character of tickets of 12-year-old children (decision taken subsequent to the preparation of the budget) and the extension, in the course of September, of the 25% discount on the Sub23 monthly passes related to the transfer for certain types of monthly passes in which the ML holds a smaller share have prevented the scope of the projected revenue.
R08.01	01-OTHER	1.565.013 €	1.860.193 €	118,9%	Amount of VAT reimbursements exceeding the estimated.
R09.03	03-BUILDINGS	520.350 €	0 €	0,0%	Notwithstanding the property sale expectations during budget preparation, no sale occurred in 2018.
R09.04	04-OTHER CAPITAL GOODS	3.910 €	14.291 €	365,5%	Vehicle disposal amount exceeding the estimated.
R10.03	03-CENTRAL ADMINISTRATION	1.300.000 €	0 €	0,0%	Notwithstanding the budget allocation amounting to €1,300,000.00 foreseen in the PIDDAC, and the payment request in that amount has been made, no transfer has occurred.
R12.06	06-FINANCIAL SUPPORT	445.095.546 €	421.973.932 €	94,8%	Readjustment of the budget allocation and financing amounts initially provided and approved in the State Budget for 2018. Order no. 1832/2018/BSS.
R12.07	07-OTHER FINANCIAL LIABILITIES	175.195.680 €	175.195.680 €	100,0%	Readjustment of the budget allocation and financing amounts initially provided and approved in the State Budget for 2018. Order no. 1832/2018/BSS.
R15.01	01-REFUNDS NOT DEDUCTED IN PAYMENTS	0 €	267.411 €		Normalization of agreements, municipal fees and insurance.
R16.01	01-MANAGEMENT BALANCE	22.023.844 €	22.023.844 €		Use of the Cash Balance for 2017 as a Cash Resource, thus avoiding the increase in indebtedness by means of a TFDG financing.
R17.02	00-OTHER TREASURY OPERATIONS	0 €	98.601 €		Extra-budgetary revenue.

Item		Budget	Realization	Status of implementation	Justification
D01.01	01-CERTAIN AND PERMANENT EARNINGS	50.777.856 €	50.554.909 €	99,6%	
D01.02	02-VARIABLE OR POTENTIAL ALLOWANCES	4.721.268 €	4.410.366 €	93,4%	This item was subject to blocking, at the amount of €0.3M.
D01.03	03-SOCIAL SECURITY	24.846.396 €	24.846.351 €	100,0%	
D02.01	01-ACQUISITION OF GOODS	10.922.252 €	10.255.495 €	93,9%	Notwithstanding there was a reinforcement against investment and the release of €4M (Order 529/2018/BSS), the amount of €0.3M was maintained blocked.
D02.02	02- ACQUISITION OF SERVICES	53.082.484 €	41.584.386 €	78,3%	Notwithstanding there was a reinforcement against investment and the release of €4M (Order 529/2018/BSS), the amount of €11M was maintained blocked.
D03.01	01- PUBLIC DEBT INTEREST	22.023.844 €	22.023.844 €	100,0%	Use of the Cash Balance for 2017 to deal with an early termination of a derivative, thus avoiding TFDG financing.
D03.05	05-OTHER INTEREST	473.549.837 €	471.548.279 €	99,6%	
D03.06	06-OTHER FINANCIAL COSTS	85.361 €	84.135 €	98,6%	
D06.02	02-MISCELLANIOUS	19.585.128 €	4.798.593 €	24,5%	The low status of implementation did not follow the budget estimates for the computing of the tax payment. The budgeted also considers €12.9M in Reserves.
D07.01	01-INVESTMENTS	3.601.675 €	2.914.465 €	80,9%	The deviation is related to the delays observed in the public procurement processes. Bearing in mind the status of implementation, the budget allowance transfer to D.02 has been authorized (Order 529/2018/BSS).
D07.02	02-FINANCIAL LEASES	11.469.683 €	11.413.112 €	99,5%	
D07.03	03-PUBLIC DOMAIN ASSETS	17.275.988 €	11.869.588 €	68,7%	The deviation is related to the delays observed in the public procurement processes. Bearing in mind the status of implementation, the budget allowance transfer to D.02 has been authorized (Order 529/2018/BSS).
D09.06	06-Central Public Administration– STATE	0 €	0 €		
D10.06		71.502.576 €	71.502.576 €	100,0%	
D12.02	00-OTHER TREASURY OPERATIONS	0 €	98.601 €		Extra-budgetary expense.

Financial Risk Management

Table 38 - Evolution of the annual average rate of financing and incurred interest

Years	2018	2017	2016	2015	2014
Financial Costs (€)	498 051 303	163 652 365	116 271 878	91 461 531	95 459 528
Average Financing Rate (%)	4,99	4,80	3,24	3,29	3,63

Indebtedness Growth Limit

Table 39 – Remunerated liabilities and indebtedness variation

Un: €

Remunerated liabilities (amounts in euro)	2018	2017	Variation 2018/2017	
			Amount	%
Remunerated Loans Obtained (Current and Non-Cur	3.779.664.233	3.440.662.560	339.001.673	9,9
- of which, granted by the TFDG	1.660.820.587	1.238.846.655	421.973.932	34,1
Equity Increases by budget allocation	175.195.680	192.050.802	-16.855.122	-8,8
Equity Increase by credit conversion	0	0	0	-

New Investments	2.687.953

Indebtedness variation	**8,79%**

Average Period for Payments (APP) payments in arrears

Table 40 - Average Period for Payments

APP	2018	2017	Variation 2018/2017	
			Amount	%
Period (days)	12	19	-7	-36,8

Table 41 - Overdue debts

Overdue Debts (amounts in euro)	Amount (€) 0-90 days	Overdue debts amount pursuant to article 1 of the DL 65-A/2011 (€)			
		90-120 days	120-240 days	240-360 days	> 360 days
Purchase of Goods and Servic	202.297	975	2.618	0	7.146
Purchase of Equity	0	0	17.460	36.044	0
Total	**202.297**	**975**	**20.078**	**36.044**	**7.146**

Shareholder's recommendations

In order to comply with its special information duties and the periodically addressed shareholder's recommendations, Metropolitano de Lisboa aims at reporting all the requested information and clarifications in due time.

Bearing in mind the Shareholder has not yet approved the company's accounts for 2014, 2015, 2016 and 2017, for the purposes of this section, no relevant specific recommendations were transmitted to the Company.

Remunerations

i. Identification of the Corporate Bodies and the External Auditor

Table 42 - Identification of the members of the Board of Directors

Term (Start - End)	Position	Name	Appointment		OPRLO			No. of terms
			Form	Date	Yes/No	Entity of Origin	Paying Entity (O/D)	
2017-2019	Chairman	Eng.º Vitor Manuel Jacinto Domingues dos Santos	RCM no. 16/2017	16/01/2017	No	n.a.	D	1
2017-2019	Board Member 1	Dr. Luís Carlos Antunes Barroso	RCM no. 16/2017	16/01/2017	No	n.a.	D	1
2017-2019	Board Member 2	Eng.ª Maria Helena Arranhado Carrasco Campos	RCM no. 16/2017	16/01/2017	No	n.a.	D	1
2017-2019	Board Member 3	Dr. Rui Nelson Ferreira Dinis [a]	RCM no. 16/2017	16/01/2017	No	n.a.	D	1

(a) Has resigned from its position with effects from 21/04/2018 – Resolution of the BD no. 1325274.

Table 43 - Identification of the Supervision Commission

Term (Start - End)	Position	Name	Appointment Form (1)	Appointment Date	Monthly Fixed Remuneration	No. of terms
2017-2019	Chairman	Dr. José Carlos Pereira Nunes	DC SETF and SEAMB	11/01/2017	1.362,01	2 [(2)]
2017-2019	Effective Board I	Dr. Cristina Maria Pereira Freire	DC SETF and SEAMB	11/01/2017	1.021,51	1
2017-2019	Effective Board I	Dr. Margarida Carla Campos Freitas Taborda	DC SETF and SEOPTC	11/01/2017	1.021,51	1
2017-2019	Substitute Boarc	Dr. Maria Teresa Vasconcelos Abreu Flor de Morais	DC SETF and SEOPTC	11/01/2017	-	2

(1) In light of the Joint Order, of the 11th of January 2017, issued by the Assistant Secretary of State for the Treasury and Finances and the Assistant Secretary of State for the Environment.

(2) Dr. José Carlos Pereira Nunes' 1st term has been completed has an effective board member.

Table 44 - Identification of the Chartered Accountant (Auditor)

Term (Start - End)	Position	Audit Firm / Chartered Accountant (Auditor) Identification: Name	OROC Registry no.	CMVM Registry no.	Appointment: Form	Date	Date of the agreement	No. of years of services performed in the group	No. of years of services performed in the company
2015-2017	SROC	Alves da Cunha, A. Dias & Associados, SROC, Lda. represented by:	74	20161409	Order	18/03/2015	18/03/2015	4	4
	Effective Chart	Dr. José Luís Areal Alves da Cunha	585	20160240					
	Substitute Cha	Dr. Abílio Ançã Henriques	413	20160121					

(1) Notwithstanding the end of the term, the Chartered Accountant (Auditor) maintained in office during the financial year under analysis.

Table 45 - Identification of the External Auditor

Identification of the External Auditor: Name of External Auditor	OROC no.	CMVM no.	Contracting Date	Agreement Duration	No. of years of services performed in	No. of years of services performed in
BDO & ASSOCIADOS, SROC, LDA. represented by:	29	20161384	01/01/2017	3 years	3	3
Dr. João Paulo Torres Cunha Ferreira	956	20160573				

ii. Accumulation of roles of the Board of Directors

Table 46 - Identification of the accumulation of roles of the Board of Directors

Member of the BD	Accumulation of Roles: Entity	Role	Regime
Eng.º Vitor Manuel Jacinto Domingues dos Santos	FERCONSULT	Chairman	Public
	METROCOM	Chairman	Public
Dr. Luís Carlos Antunes Barroso	METROCOM	Director	Public
	FERCONSULT (since 21/11/2018)	Director	Public
	TREM A.C.E. (since 30/03/2018	Chairman	Public
	TREM II A.C.E. (since 30/03/2018)	Chairman	Public
	OTLIS A.C.E. (since 02/04/2018)	Director	Public
Eng.ª Maria Helena Arranhado Carrasco Campos	FERCONSULT	Director	Public
	METROCOM (since 14/05/2018)	Director	Public
Dr. Rui Nelson Ferreira Dinis	METROCOM [(a)]	Director	Public

(a) Has resigned from its position with effects from 21/04/2018 – Resolution of the BD no. 1325274.

iii. Remuneration of the Corporate Bodies and the External Auditor

Table 47 - Annual remuneration of the members of the Board of Directors

Member of the BD (Name)	Annual Remuneration - 2018 (€)				
	Fixed	Variable	Gross Amount	Remuneration Reductions	Final Gross Amount
	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)-(4)
Eng.º Vitor Manuel Jacinto Domingues dos Santos	103.123,98		103.123,98	5.175,37	97.948,61
Dr. Luís Carlos Antunes Barroso	82.499,17		82.499,17	4.124,91	78.374,26
Eng.ª Maria Helena Arranhado Carrasco Campos	82.499,17		82.499,17	4.140,17	78.359,00
Dr. Rui Nelson Ferreira Dinis	36.802,99		36.802,99	1.175,06	35.627,93
			304.925,31	**14.615,51**	**290.309,80**

(1) The **Fixed** remuneration amount corresponds to the wage + representation expenses (without reductions).

(4) Reduction provided in article 12 of the Law 12-A/2010, of the 30th of June.

Table 48 - Social benefits of the Board of Directors

Member of the BD (Name)	Social Benefits (€)							
	Meal Allowance		Social Protection Scheme		Annual Cost Health Insurance	Annual Cost Life Insurance	Other	
	Amount / Day	Paid Amount Year	Identify	Annual Cost			Identify	Amount
Eng.º Vitor Manuel Jacinto Domingues dos Santos	10,35	2.390,85	SNS	23.262,79	562,30	129,93	Work accidents insurance	598,32
Dr. Luís Carlos Antunes Barroso	10,35	2.390,85	CGA SAMS CGD	18.613,89 7.280,97 555,72	562,30	64,21	Work accidents insurance	598,32
Eng.ª Maria Helena Arranhado Carrasco Campos	10,35	2.390,85	CGA	18.610,26	562,30		Work accidents insurance	598,32
Dr. Rui Nelson Ferreira Dinis	10,35	807,30	SNS	8.461,63	175,72	43,59	Work accidents insurance	180,32
		7.979,85		**76.785,27**	**1.862,62**	**237,73**		**1.975,28**

Table 49 - Remuneration of the Supervisory Board

Term (Start - End)	Position	Name	Appointment		Monthly Fixed Remuneration	No. of terms
			Form (1)	Date		
2017-2019	Chairman	Dr. José Carlos Pereira Nunes	DC SETF and SEAMB	11/01/2017	1.362,01	2 (2)
2017-2019	Effective Board I	Dr. Cristina Maria Pereira Freire	DC SETF and SEAMB	11/01/2017	1.021,51	1
2017-2019	Effective Board I	Dr. Margarida Carla Campos Freitas Taborda	DC SETF and SEOPTC	11/01/2017	1.021,51	1
2017-2019	Substitute Boarc	Dr. Maria Teresa Vasconcelos Abreu Flor de Morais	DC SETF and SEOPTC	11/01/2017	-	2

(1) In light of the Joint Order, of the 11th of January 2017, issued by the Assistant Secretary of State for the Treasury and Finances and the Assistant Secretary of State for the Environment.

(2) Dr. José Carlos Pereira Nunes' 1st term has been completed has an effective board member.

Table 50 - Annual remuneration of the Supervisory Board

Name	Annual Remuneration (€)		
	Gross	Remuneration Reductions	Final Amount
	(1)	(2)	(3)=(1)-(2)
Dr. José Carlos Pereira Nunes	19.068,13	0,00	19.068,13
Dr. Cristina Maria Pereira Freire	14.301,19	0,00	14.301,19
Dr. Margarida Carla Campos Freitas Taborda	14.301,19	0,00	14.301,19
Dr. Maria Teresa Vasconcelos Abreu Flor de Morais	0,00	0,00	0,00
			47.670,51

Table 51 - Annual amount of the service provision agreement of the Chartered Accountant (Auditor)

Name (Chartered Accountant (Auditor)/Statutory Auditor)	Annual Amount of the Services Provision Agreement - 2018 (€)			Annual Amount of Additional Services - 2018 (€)			
	Amount	Reductions	Final Amount	Service	Amount	Reductions	Final Amount
	(1)	(2)	(3)=(1)-(2)	Identification	(1)	(2)	(3)=(1)-(2)
Alves da Cunha, A. Dias & Associados, SROC	20.550,36	0,00	**20.550,36**		0,00	0,00	**0,00**

Table 52 - Annual amount of the service provision agreement of the External Auditor

Name of External Auditor	Annual Amount of the Services Provision Agreement - 2018 (€)			Annual Amount of Additional Services - 2018 (€)			
	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)
BDO & ASSOCIADOS, SROC, LDA.	29.780,00	0,00	**29.780,00**	-	0,00	0,00	**0,00**

Public Manager Statute

Table 53 - Public Manager Statute

Member of the BD (Name)	PMS				
	Fixed		Classification	Monthly gross remuneration (€)	
	[Y/N]	Financial year	[A/B/C]	Monthly wage	Representation Expenses
Eng.º Vitor Manuel Jacinto Domingues dos Santos	Y	Jan - Sep (+HA)	A	5.722,75	2.289,10
	Y	Oct - Dec (+CA)	B	4.864,34	1.945,74
Dr. Luís Carlos Antunes Barroso	Y	Jan - Sep (+HA)	A	4.578,20	1.831,28
	Y	Oct - Dec (+CA)	B	3.891,47	1.556,59
Eng.ª Maria Helena Arranhado Carrasco Campos	Y	Jan - Sep (+HA)	A	4.578,20	1.831,28
	Y	Oct - Dec (+CA)	B	3.891,47	1.556,59
Dr. Rui Nelson Ferreira Dinis	Y	Jan - Apr	A	4.578,20	1.831,28

Table 54 - Charges with travel, daily allowances and accommodation

Member of the BD	Annual Mission Traveling Expenses (€)					
	Mission Traveling	Accommodation Costs	Daily Allowances	Other		Total costs with traveling (€)
				Identify	Amount	
Eng.º Vitor Manuel Domingues dos Santos	6.971,90	1.757,22	0,00	-	0,00	8.729,12
Dr. Luís Carlos Antunes Barroso	6.248,70	1.041,00	0,00	-	0,00	7.289,70
Eng.ª Maria Helena Arranhado Carrasco Campos	294,34	475,00	0,00	-	0,00	769,34
Dr. Rui Nelson Ferreira Dinis	6.123,20	2.280,00	0,00	-	0,00	8.403,20
						25.191,36

a) In 2018, in light of articles 32 and 33 of the Public Manager Statute, no credit cards or other payment instruments were used by the members of the Board of Directors, for incurring in business expenses on the Company's behalf;

b) There were no reimbursements of expenses made for personal representation purposes;

c) Amount for communication expenses:

Table 55 - Communications expenses

Member of the BD	Communication Expenses (€)		
	Monthly Defined Limit	Annual Amount	Notes
Eng.º Vitor Manuel Domingues dos Santos	80,00	168,24	
Dr. Luís Carlos Antunes Barroso	80,00	146,07	
Eng.ª Maria Helena Arranhado Carrasco Campos	80,00	81,81	
Dr. Rui Nelson Ferreira Dinis	80,00	297,67	
		693,79	

d) Monthly amount for fuel and tolls allocated to the service vehicles:

Table 56 - Vehicle expenses

Member of the BD	Monthly Limit for Fuel and Tolls	Annual Vehicle Expenses			
		Fuel	Tolls	Total	Notes
Eng.º Vitor Manuel Domingues dos Santos	543,66 €	2 486,51 €	1 197,74 €	3 684,25 €	
Dr. Luís Carlos Antunes Barroso	434,93 €	2 877,10 €	389,68 €	3 266,78 €	
Eng.ª Maria Helena Arranhado Carrasco Campos	434,93 €	2 661,55 €	2 067,98 €	4 729,53 €	
Dr. Rui Nelson Ferreira Dinis	434,93 €	1 680,60 €	569,79 €	2 250,39 €	
				13 930,95	

Table 57 - Costs with vehicles

Member of the BD	Costs with Vehicles - 2018								
	Attributed vehicle [Y/N]	Conclusion of agreement [Y/N]	Vehicle reference amount (€)	Type	Year Start	Year End	Monthly Rental Amount (€)	Annual Rental Expenditure (€)	Remaining Agreement Instalments (no.)
Eng.º Vitor Manuel Domingues dos Santos	Y	Y	45 353,00 €	AOV	2017	2021	616,63 €	7 399,56 €	27
Dr. Luís Carlos Antunes Barroso	Y	Y	41 401,00 €	AOV	2017	2021	555,15 €	6 661,80 €	27
Eng.ª Maria Helena Arranhado Carrasco Campos	Y	Y	42 072,00 €	AOV	2017	2021	558,47 €	6 701,64 €	27
Dr. Rui Nelson Ferreira Dinis	Y	Y	40 692,07 €	AOV	2017	2021	544,50 €	6 534,00 €	27

Non-documented expenses

Metropolitano de Lisboa complied with the provisions set out in article 16(2) of Decree-Law no. 133/2013, of the 3rd of October, in the RJSPE and in article 11 of the PMS, and no non-documented expenses were incurred.

Report on remunerations paid to women and men

Report on Remunerations by Gender - 2018 (Pending the Board of Directors' approval)

Annual Report on Corruption Prevention, Management of Conflicts of Interest and Compliance

Regarding the Plan for Preventing Risks of Corruption and Related Offenses (PPRCRO), by the end of 2018, the 4th edition was prepared, complying with the Recommendation of the Corruption Prevention Board (CPB) dated of the 1st of July 2009. In the beginning of 2018, the PPRCRO Implementation Report for the year 2017 was prepared and adequately publicized, pursuant to the provisions of article 46(1) of the RJSPE.

With a view to reinforce Metropolitano de Lisboa's organizational culture for the prevention and management of conflicts of interest, the project on the voluntary subscription of conflicts of interest absence declarations sent to the Board of Directors has been broadened to the other Company Areas not covered by the 1st phase and to Ferconsult. Furthermore, following the recommendation of the IAO, an awareness raising campaign on combating collusion has been promoted by the Competition Authority to all the LOD's Employees, and the Good Practices Guide on Combating Collusion has been published on the Company's intranet.

Metropolitano de Lisboa also has an Ethics Line at the organization, which aims at promoting its transparency. It is a direct channel of communication for any suspicion of fraud, conflicts of interest and/or corruption practices, in light of the good practices at GRC (Governance, Risk Management & Compliance).

Metropolitano de Lisboa's implementation of a compliance IT tool (internally developed) is another significant measure which ensures legal compliance.

General Data Protection Regulation (GDPR)

Subsequent to the approval of the Regulation on the Protection of Natural Persons with regard to the Processing of Personal Data and the Free Movement of such Data (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27.04.2016), in 2018, the GDPR implementation works were continued by the internal Working Group, which includes representatives from the Areas with a greater impact regarding data protection (notably, Customers and Employees).

A pre-contractual procedure has been launched aiming at the acquisition of Data Protection Officer (DPO) services, and the IAO shall be responsible for the management of the corresponding service agreement attributed to the IAO. In the course of 2018, the designated DPO has performed several GDPR implementation works.

Public Procurement

In 2018, ML applied the Public Procurement Code (PPC), approved by Decree-Law no. 18/2008, of the 29th of January, in its current wording, to the public procurement subject to such legal regime. Concerning the subsidiary company Ferconsult, it is not included in the special transport sector, and thus the Public Procurement Code is applicable to all its procurement.

The ML Group has also observed the guidelines established in Recommendation no. 1/2015, of the 7th of January, issued by the Corruption Prevention Board (Court of Auditors), supplied by means of the Circular no. 4766, of the 10th of August, as well as the ones established in Order no. 438/10-SETF, of the 10th of May, supplied by means of the Circular no. 6132, of the 6th of August 2010.

Moreover, the ML Group complied with all applicable rules regarding procurement, notably the ones relative to the sounding of the Agency for Administrative Modernization regarding the purchase of goods and services, under Decree-Law no. 107/2012, of the 18th of May, as amended by Law no. 83-C/2014, of the 31st of December, as well as under Decree-Law no. 151/2015, of the 6th of August, and complied also with the authorization requests regarding multi-annual commitments, pursuant to article 6 of Law no. 8/2012, of the 21st of February, as amended by Law no. 22/2015, of the 17th of March, and to article 11 of Decree-Law no. 127/2012, of the 21st of June, as amended by Decree-Law no. 99/2015, of the 2nd of June, and it has also complied with article 59(2) of the State Budget for 2018, read in conjunction with article 46(6) and article 47(4) of the Decree-Law no. 33/2018, of the 15th of May, on the communications regarding the procurement of external legal services with JurisAPP and the prior requests to Parpública - Participações Públicas, SGPS, S. A., correspondingly, in what regards the acquisition of services the subject matter of which are consulting studies, opinions, projects and services or other specialized works of an intellectual nature.

At an internal level, ML and its subsidiary companies complied with the corresponding Purchase Process Manuals provisions, and small purchases followed the procedural protocol, thus promoting greater transparency by means of a specially developed web application, which ensures the proposals' confidentiality until their submission term's conclusion.

Additionally to complying with the procurement rules, statistical reports on this matter have been prepared and submitted to the relevant authorities, as well as other procurement reports in the context of audits.

Lastly, it should be highlighted that, in 2018, Metropolitano de Lisboa arranged for the procurement of electricity supply, with the conjunction of the awarding entities with Carris, thus resulting in a reduction of costs. Nonetheless, given that the agreed amount exceeds € 5M, article 47(1)(c) of the Law no. 98/97, of the 26th of August (the Court of Auditors' Organization and Procedural Law) foresees the waiver of the *ex ante* visa in what concerns agreements on the supply of electricity.

National Public Procurement System

In what regards this topic, from 2010 Metropolitano de Lisboa has been implementing the measures established in the Stability and Growth Pact (SGP) 2010-2013, and has voluntarily adhered to the National Public Procurement System (NPPS).

It should be mentioned that, in the context of the new organization model, the Corporate Management area responsible for Logistics began to centralize procurement procedures, seeking, where possible, to obtain the best purchase conditions regarding goods and services, entering into agreements by resorting to the method of aggregating contracting entities.

Measures for Reducing Operating Expenses

Article 145 of the Budget Implementation Decree-Law for 2018, establishing the standards for the implementation of the State Budget for 2018, sets out the objectives to be attained by Public Companies in what concerns their operating expenses. We would highlight the following:

The operating expenses' ratio, corrected from charges deriving from the provisions of collective employment regulatory instruments as a consequence of the application of the provisions set forth in article 21 of the Law no. 42/2016, of the 28th of December, as well as from indemnities due to termination, on the turnover, shall be equivalent to or smaller than the one evidenced in 2017.

The following operating expenses shall be equivalent to or smaller than the amounts recorded in 2017:

Personnel expenses, corrected from charges driving from indemnities due to termination, from the application of the provisions set forth in article 21 of the Law no. 42/2016, of the 28th of December, and of the remuneration valuations pursuant to the provisions of the State Budget Law;

All joint charges related to travel, daily allowances, accommodation and those related to the car fleet;

Set of charges with the procurement of studies, opinions, projects and consulting.

Table 58 - Plan for Reducing Expenses

PRC	2018 Impl.	2018 Budg.	2017 Impl.	2016 Impl.	2018/2017 Δ Absol.	Var. %
(0) EBITDA	-5.210.989	-928.901	378.706	-3.180.141	-5.589.694	-1.476
(1) CMVMC	6.067.798	8.110.872	4.408.604	2.180.092	1.659.194	38
(2) FSE	34.798.822	35.720.457	32.163.996	30.513.040	2.634.826	8
(3) Personnel expenses, corrected from costs i), ii) e iii)	72.211.716	68.861.283	70.386.333	65.710.690	1.825.383	3
(3.i) Indemnities paid due to termination	179.830	13.152	62.244	371.709	117.586	189
(3.ii) Remuneration valuations according to the SBL for 2018	3.977.347	1.093.114	0	n.a.	3.977.347	-
(3.iii) Impact of compliance with the provisions of article 21 of the Law no. 42/2016, of the 29th of December	2.437.322	388.743	1.218.661	n.a.	1.218.661	100
(4) Operating Expenses = (1)+(2)+(3)	**113.078.336**	**112.692.612**	**106.958.933**	**98.403.823**	6.119.403	6
(5) Turnover (TO)[b)]	111.378.018	112.368.614	106.583.034	99.241.786	4.794.985	4
(6) Contribution of Costs/TO = (4)/(5)	**102%**	**100%**	**100%**	**99%**	**0**	**1**
(i) Communication expenses (FSE)	84.220	41.534	45.300	12.498	38.920	86
(ii) Daily Allowance Expenses and Accommodation Expenses (Personnel expense	13.249	4.774	5.448	913	7.802	143
(iii) Expenses related to the vehicle fleet[c)]	287.846	261.954	191.416	117.369	96.430	50
Total = (i) + (ii) + (iii)	**385.316**	**308.262**	**242.164**	**130.780**	**143.151**	**59**
(7) Expenses related to the procurement of studies, opinions, projects and consulting	1.164.824	2.043.476	1.133.607	683.050	31.216	3
HR Total Number (CB+MR+Employees)	1.422	1.491	1.415	1.376	7	0
No. of Corporate Bodies (CB)	6	7	7	8	-1	-14
No. of Management Positions (MR)	17	16	16	11	1	6
No. of Employees (excluding CB and MR)	1.399	1.468	1.392	1.357	7	1
No. of Employees / No. of MR	82	92	87	123	-5	-5
No. of vehicles	42	42	47	47	-5	-11

a) In order to calculate the number level of performance of the measures to reduce the operating expenses (CMCMC + FSE + Personnel expenses), the expenses incurred with termination indemnities, those arising from the application of article 21 of the Law no. 42/2016, of the 28th of December and those arising from remuneration valuations, pursuant to the SBL for 2018.

b) The turnover is corrected from operating grants and compensatory indemnities.

c) The vehicle expenses shall include: rents/amortization, inspections, insurance, tolls, fuel, maintenance, repair, tires, fees and taxes.

The increase of the operating expenses' proportion on the turnover, in comparison with the preceding financial years, is substantiated by the effect of expenses with materials, for purposes of recovering rolling stock, of the addition in personnel expenses, due to both the application of the provisions of the State Budget Law and the recruitment for 2017 and 2018, as well as of a turnover lower than projected.

The amount regarding travel and daily allowances results from the need for contacts with other metro networks and with the market, deriving from the expansion projects and the acquisition of rolling stock and the signalling system.

The amounts related to the car fleet, in comparison with the same period in the preceding year, are substantiated by the fleet renewal process concerning those vehicles under operating lease schemes and by unforeseen expenses both in terms of vehicle characterization and reconditioning and inspection for purposes of delivery at the end the lease agreement.

Principle of the State's Treasury Unity

Table 59 - Resources at the IGCP

STU	2018
Resources on 31-12-2018	**71 639 177 €**
Deposited with the IGCP	13 236 574 €
Other	58 402 602 €
Resources at the IGCP [%]	**18,5%**

Table 60 - Resources at the commercial banks

Commercial Banks	1st Quarter €	2nd Quarter €	3rd Quarter €	4th Quarter €
Wilmington Trust	23.875.570	23.875.570	23.875.570	25.220.545
Wells Fargo	28.313.020	28.313.020	28.313.020	30.197.168
Banco Português de Investimento	3.152.331	1.035.582	1.891.501	1.974.743
Banco Santander Totta	77.492	1.300.937	681.964	878.986
Banco Bilbao Vizcaya Argentaria	7.845	23.771	20.205	25.993
Caixa Banco Investimento	499	499	499	24.315
Millennium BCP	469.700	158.273	409.977	38.112
Caixa Geral de Depósitos	856.708	259.665	72.634	40.870
Haitong Bank (former BES Investimento)	1.933	1.871	1.871	1.871
Total	**56.755.098**	**54.969.188**	**55.267.241**	**58.402.602**
Interest earned	0	0	0	0

Audits carried out by the Court of Auditors

In the last three years (2015-2017), no audit was carried out by the Court of Auditors to Metropolitano de Lisboa, E.P.E..

Information disclosed in the SEE

Table 61 - Information disclosed on the SEE website

Information placed in the SEE website	Disclosure				Notes
	Y	N	N.A.	Revision date	
Statutes	X			mar/2019	
Company Presentation	X			out/2018	
Supervising and shareholding roles	X			abr/2019	
Governance Model / Corporate Bodies Members:					
- Identification of Corporate Bodies	X			mar/2019	
- Fixed Remuneration Statute	X			nov/2018	
- Disclosure of the remuneration earned by the Corporate Bodies	X			nov/2018	
- Identification of the roles and responsibilities attributed to the members of the Board of Directors	X			mar/2019	
- Presentation of curricula summaries of the members of the Corporate Bodies	X			mar/2019	
Public Financial Effort	X			out/2018	
Summary Sheet	X			mar/2019	
Historical and current Financial Information	X			ago/2017	The accounts for the financial years 2014 to 2017 are pending the Shareholder's approval.
Good Governance Principles:					
- Internal and external Regulations binding the company	X			nov/2018	
- Relevant transactions with related entities	X			nov/2018	
- Other transactions	X			nov/2018	
- Sustainability analysis of the company for the following areas:				nov/2018	
Economic	X			nov/2018	
Social	X			nov/2018	
Environmental	X			nov/2018	
- Compliance assessment regarding the Principles of Good Governance	X			nov/2018	
- Code of ethics	X			nov/2018	

Summary table – Compliance with Legal Guidelines

Table 62 - Summary table - Compliance with legal obligations

Compliance with the Legal Guidelines - 2018	Compliance			Quantification/ Identification	Justification/Reference to the Report's item
	Y	N	N.A.		
Management objectives					
Management objectives set for 2018					Page 73
Targets to be achieved included in ABP 2018					
Financial Principles of Reference					
EBITDA (growth compared with the previous year)		X		-1,476%	Management Objectives - Page 73
Operational Efficiency (reduction compared with Dec/2016)		X		21.4%	Management Objectives - Page 73
PRC (1)		X		626.7%	Management Objectives - Page 73
PRC (2)	X			70.5%	Management Objectives - Page 73
PRC (3)		X		145.2%	Management Objectives - Page 73
Investment		X		32.4%	Management Objectives - Page 73
Personnel Expenses		X			Table 17 - Personnel Expenses - Page 46
Status of implementation of the budget uploaded on SIGO/SOE	X				Compliance with Legal Guidelines - Page 74
Financial Risk Management	X				Compliance with Legal Guidelines - Page 74
Indebtedness Growth Limits		X		8.79%	Compliance with Legal Guidelines - Page 75
Evolution of APP to suppliers	X			12 days	Compliance with Legal Guidelines - Page 75
Disclosure of Payments in Arrears	X				Compliance with Legal Guidelines - Page 75
Shareholder's recommendations from the last legal accounts reporting			X		Compliance with Legal Guidelines - Page 75
Remunerations					
No attribution of management bonuses	X				Compliance with Legal Guidelines - Page 74
BD - remuneration reductions and reversals enforced in 2018 (if applicable)	X				Compliance with Legal Guidelines - Page 77
Inspection (SB/ROC/SA) - remuneration reductions enforced in 2018 (if applicable)			X		Compliance with Legal Guidelines - Page 77
External Auditor - remuneration reduction enforced in 2018 (if applicable)			X		Compliance with Legal Guidelines - Page 77
Public Manager Statute (PMS) - articles 32 and 33 of PMS					
No use of credit cards.	X				Compliance with Legal Guidelines - Page 78
No reimbursement for personal representation expenses	X				Compliance with Legal Guidelines - Page 78
Maximum amount for communication expenses	X				Compliance with Legal Guidelines - Page 78
Maximum monthly amount for fuel and tolls allocated to the service vehicles	X				Compliance with Legal Guidelines - Page 79

Table 63 - Summary table - Compliance with legal obligations II

Compliance with the Legal Guidelines - 2018	Compliance			Quantification/ Identification	Justification/Reference to the Report's item
	Y	N	N.A.		
Non-documented or confidential expenses - article 16(2) of the RJSPE and article 11 of the PMS					
Prohibition incurring in non-documented or confidential expenses	X				Compliance with Legal Guidelines - Page 79
Promoting equality between women and men - paragraph 2 of the CMR no. 18/2014					
Preparation and disclosure of the report on remunerations paid to women and men	X				Compliance with Legal Guidelines - Page 79
Preparation of the annual report on corruption prevention	X				Compliance with Legal Guidelines - Page 79
Public Procurement					
Enforcement of public procurement rules by the Company	X				Compliance with Legal Guidelines - Page 80
Enforcement of public procurement rules by the Subsidiary Companies			X		
Agreements are subject to prior approval of the Court of Auditors	X				Compliance with Legal Guidelines - Page 80
Audits by the Court of Auditors			X		
Car parking					
No. of vehicles	X			42	Compliance with Legal Guidelines - Page 82 - Table 58 - Plan for Reducing Expenses
Public Companies' Operating Expenses					
Principle of Treasury Unity (article 28 of the DL 133/2013)					
Resources and applications of funds centralized at the IGCP		X		€13,236,574	Compliance with Legal Guidelines - Page 82
Resources and applications of funds at the Commercial Banks		X		€58,402,602	Compliance with Legal Guidelines - Page 83
Interest earned in non-compliance with UTE and paid to the State			X		Compliance with Legal Guidelines - Page 83

2. Financial Statements and Corresponding Notes (Separate Accounts)

Table 64 - Separate balance sheet with reference to the 31st of December 2018

Un:€

ITEMS	Notes	31st of December 2018	31-12-2017
Assets			
Non-current assets			
Long-term infrastructure investments	7	5.111.618.059	5.020.086.976
Property, plant and equipment	8	126.986.144	151.269.820
Investment property	10	12.176.217	8.534.641
Financial interests - equity method	11	3.350.018	3.122.902
Derivatives	12	81.966	330.000
Other financial assets	13	55.418.340	52.188.819
Total non-current assets		**5.309.630.743**	**5.235.533.158**
Current assets			
Inventories	14	7.134.976	4.076.539
Clients	15	1.031.813	4.999.392
State and other public entities	23	5.230.197	3.053.159
Other credits receivable	15	7.008.736	11.213.598
Deferrals	16	31.339.224	31.881.775
Cash and bank deposits	5	16.237.584	22.023.844
Total current assets		**67.982.531**	**77.248.306**
Total Long-term Infrastructure Investment assets		**5.111.618.059**	**5.020.086.976**
Total operation-allocated assets (ML)		**265.995.215**	**292.694.489**
Total assets		**5.377.613.273**	**5.312.781.465**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	17	2.543.791.006	2.368.595.326
Legal reserves		21.597	21.597
Other reserves		1.501.878	1.501.878
Profits carried over		(1.768.793.599)	(1.744.292.684)
Adjustments/Other changes in equity	18.21	(6.834.714)	1.976.909
		769.686.168	**627.803.026**
Net profit for the financial year		**(27.892.435)**	**(24.500.916)**
Total equity		**741.793.733**	**603.302.111**
Liabilities			
Non-current liabilities			
Long-term infrastructure investments	7	2.326.298.242	2.706.575.594
Provisions	19	52.920.819	54.251.294
Borrowings	20	194.179.525	66.402.003
Derivatives	12	81.623.896	108.844.147
Responsibilities with post-employment benefits	21	253.711.461	252.627.865
Total non-current liabilities		**2.908.733.943**	**3.188.700.902**
Current liabilities			
Long-term infrastructure investments	7	1.205.630.052	900.000.200
Suppliers	22	1.765.542	4.631.433
State and other public entities	23	3.017.415	1.637.406
Borrowings	20	472.210.525	451.492.197
Other debts payable	25	44.259.228	162.604.700
Deferrals	26	202.837	412.516
Total current liabilities		**1.727.085.598**	**1.520.778.452**
Total Long-term Infrastructure Investment liabilities		**3.531.928.293**	**3.606.575.794**
Total operation-allocated liabilities (ML)		**1.103.891.247**	**1.102.903.561**
Total liabilities		**4.635.819.540**	**4.709.479.354**
Total equity and liabilities		**5.377.613.273**	**5.312.781.465**

These notes are included in the individual balance sheet with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

Eng.º Vítor Manuel Jacinto Domingues dos Santos

Engª Maria Helena Arranhado Carrasco Campos

Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Table 65 - Separate statement of profits and losses by nature with reference to the 31st of December 2018

Un:€

INCOME AND EXPENSES	Notes	2018	2017
Sales and provisions of services	27	114.530.094	109.400.211
Profits / losses attributed to subsidiaries, associate companies and joint ventures	11,19	(5.008.337)	(3.957.329)
Own work capitalized		3.213.739	2.309.612
Costs of goods sold and materials consumed	14	(6.067.798)	(4.408.604)
External supplies and services	28	(34.798.822)	(32.163.996)
Personnel expenses	29	(78.806.214)	(71.667.238)
Impairments in debts receivable (losses / reversals)	15,16	(53.678)	(122.858)
Provisions (increases / reductions)	19,33	-	(30.498)
Fair value increases / reductions	12,13	27.726.370	38.332.888
Other income	30	6.591.834	5.031.619
Other expenses	31	(1.277.146)	(10.151.345)
Profit before interest, taxes, depreciation and amortization		**26.050.041**	**32.572.461**
Depreciation and amortization expenses / reversals	8.10	(23.211.671)	(23.411.484)
Impairments of investments subject to depreciation/amortization (losses/reversals)	8.10	432.570	223.155
Operating profit (before interest and taxes)		**3.270.940**	**9.384.132**
Interest and similar income obtained	32	-	2.714.695
Interest and similar expenses incurred	19,32	(31.122.480)	(35.839.186)
Profit before taxes		**(27.851.540)**	**(23.740.359)**
Income tax for the financial year	24	(40.895)	(760.557)
Net profit for the financial year		**(27.892.435)**	**(24.500.916)**

These notes are included in the individual statement of profits and losses by nature with reference to the 31st of December 2018.

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Table 66 - Separate statement of cash flows with reference to the 31st of December 2018

Un:€

ITEMS	Notes	2018	2017
Cash flows from operating activities			
Receipts from Customers		119.054.692	121.576.498
Payments to Suppliers		(38.224.790)	(39.386.354)
Payments to Personnel		(66.664.794)	(63.549.931)
Cash generated from the operations		**14.165.108**	**18.640.212**
Payments and receipts from Taxes		(2.670.054)	(5.934.791)
Other receipts/ payments		(7.829.003)	(12.013.175)
Cash flows from operating activities (1)		**3.666.051**	**692.246**
Cash flows from investment activities			
Receipts arising from:			
Investment Grants		2.433.400	1.137.500
Financial Investments		70.321	71.975
Cash payments regarding to:			
Property, plant and equipment		(14.617.905)	(6.733.354)
Cash flows from investment activities (2)		**(12.114.184)**	**(5.523.879)**
Cash flows from financing activities			
Receipts arising from:			
Borrowings		421.973.932	32.584.270
Realizations of capital and other equity instruments	17	175.195.680	192.050.802
Hedging of losses	17		27.808.509
Payments arising from:			
Borrowings		(71.502.576)	(71.586.662)
Interest and similar expenses		(523.005.163)	(178.966.107)
Cash flows from financing activities (3)		**2.661.873**	**1.890.812**
Variation of cash and cash equivalents (4)=(1)+(2)+(3)		**(5.786.260)**	**(2.940.820)**
Cash and its equivalents at the beginning of the financial year	**5**	**22.023.844**	**24.964.665**
Cash and its equivalents at the end of the financial year	**5**	**16.237.584**	**22.023.844**

These notes are included in the statement of cash flows with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

THE CERTIFIED ACCOUNTANT

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Table 67 - Separate statement of changes in equity for the financial years 2017 and 2018

Un:€

	Notes	Subscribed capital	Legal reserves	Other reserves	Profits carried over	Adjustments / Other changes in equity	Net profit for the financial year	Total equity
Position on the 1st of January 2017		2.176.544.524	21.597	1.501.878	(1.727.960.807)	6.606.343	(44.140.386)	**412.573.151**
Changes occurred in the financial year:								
Application of the net profit for the financial year ended on the 31st of Decemb	17	-	-	-	(44.140.386)	-	44.140.386	**-**
Investment grants	18	-	-	-	-	(2.577.927)	-	**(2.577.927)**
Established benefit plan - actuarial gains and losses	21	-	-	-	-	(2.051.508)	-	**(2.051.508)**
Net profit for the financial year							(24.500.916)	**(24.500.916)**
Comprehensive income							**(29.130.351)**	**(29.130.351)**
Operations with shareholders in the financial year								
Capital subscriptions	17	192.050.802	-	-	-	-	-	**192.050.802**
Hedging of losses	17	-	-	-	27.808.509	-	-	**27.808.509**
Position on the 31st of December 2017		**2.368.595.326**	**21.597**	**1.501.878**	**(1.744.292.684)**	**1.976.908**	**(24.500.916)**	**603.302.111**
Position on the 1st of January 2018		**2.368.595.326**	**21.597**	**1.501.878**	**(1.744.292.684)**	**1.976.908**	**(24.500.916)**	**603.302.111**
Changes occurred in the financial year:								
Application of the net profit for the financial year ended on the 31st of Decemb	17	-	-	-	(24.500.916)	-	24.500.916	**-**
Investment grants	18	-	-	-	-	(2.542.158)	-	**(2.542.158)**
Established benefit plan - actuarial gains and losses	21	-	-	-	-	(6.269.465)	-	**(6.269.465)**
Net profit for the financial year							(27.892.435)	**(27.892.435)**
Comprehensive income							**(36.704.057)**	**(36.704.057)**
Operations with shareholders in the financial year								
Capital subscriptions	17	175.195.680	-	-	-	-	-	**175.195.680**
Hedging of losses	17	-	-	-	-	-	-	**-**
Position on the 31st of December 2018		**2.543.791.006**	**21.597**	**1.501.878**	**(1.768.793.599)**	**(6.834.715)**	**(27.892.435)**	**741.793.733**

These notes are included in the statement of changes in equity with reference to the 31st of December 2017 and 2018.

THE BOARD OF DIRECTORS

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THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Notes to the separate financial statements with reference to the 31st of December 2018

(Amounts expressed in euro)

1. Identification of the Entity

Metropolitano de Lisboa, E.P.E. (hereinafter referred to as "ML" or "Company") is a public business entity, incorporated in 1949, with its corporate headquarters at Av. Fontes Pereira de Melo, n.º 28, in Lisbon, the current legal regime and Statutes of which have been approved by the Decree-Law no. 148-A/2009, of the 26th of June. Its main purpose consists in the provision of activities and services focused on public transport by means of a passenger metropolitan in the city of Lisbon and the neighbouring municipalities of the Greater Lisbon, in light of the concession agreement entered into with the Portuguese State on the 23rd of March 2015.

The financial statements, which include the balance sheet, the statement of profits and losses by nature, the statement of changes in equity, the statement of cash flows and the present notes, have been approved by the Board of Directors on the 24th June 2019. Nonetheless, they are still subject to approval by the sector and financial supervision authority pursuant to the provisions set forth in the legal regime for the public business sector.

The Supervision Authority has not yet formally approved the financial statements for the years ended on the 31st of December 2014 to 2017. The Board of Directors has accounted for the application of the profits regarding the said financial years, according to the proposals included in the corresponding Annual Reports, since it considers that the present financial statements and those proposals for the application of profits will be approved without any significant modifications.

The Board of Directors considers that the present financial statements reflect, in a true and adequate manner, the Company's financial position, the profits from its operations, the changes in equity and the cash flows.

In light of the Decree-Law no. 158/2009, of the 13th of July, additionally to the present individual financial statements, the Company is subject to the preparation of consolidated financial statements, which shall be separately disclosed.

2. Accounting framework for the preparation of the financial statements

2.1 Basis of preparation

These financial statements were prepared pursuant to the Portuguese Accounting Standards System (SNC), as approved by Decree-Law no. 158/2009, of the 13th of July, and subsequently amended and republished by Decree-Law no. 98/2015, of the 2nd of June.

The financial statements are expressed in euro and have been prepared on a going concern assumption and according to the accrual basis of accounting (economic historical periods).

2.2 Comparability of the financial statements

The elements included in the present financial statements are, overall, comparable with those of the preceding financial year.

3. First-time implementation of the NCRF - transitional disclosure

Not applicable.

4. Key accounting policies

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

4.1 Long-term infrastructure (LTI) investment activities

Throughout the years, the Company has been responsible for the construction, renovation and management of long-term infrastructure associated with the regular operation of the collective public passenger transport services on the basis of the exploitation of the Lisbon underground and its neighbouring areas. This is an activity developed in compliance with State instructions, and its financing is guaranteed by means of grants and loans which are mostly guaranteed by the State.

Up to the financial year 2009, the Company has recognized the assets and liabilities of LTI in its balance sheet pursuant to the interpretation of the Decree-Law no. 196/1980, of the 20th of June, according to which the Portuguese State committed to restructure the Company economically and financially, notably by bearing the charges related to the investments in LTI made until the 31st of December 1978, and such Decree-Law also provided that, regarding the investments to be made subsequent to the 1st of January 1979, the State would establish the amounts overdue, which it would take up, but such provision has never been issued. In the financial years 2010 and 2011, the Directors have deemed more appropriate to cancel the assets and liabilities allocated to the LTI, and therefore the Company's total balance sheet in the said financial years has been significantly reduced. In the course of the financial year 2012, the year in which the Order no. 1491/12 has been issued by the Secretariat of State for Treasury and Finances, the Directors have determined to resume the recording in the Company's balance sheet of the assets and liabilities related to the LTI.

Therefore, all the flows deriving from this activity are recorded in the balance sheet under the items "Long-term infrastructure investments", and these include the following elements:

In assets:

- The public domain long-term infrastructure ("LTI") built by the Company and regarding which it holds the right of access for purposes of providing "Passenger transport" and "Infrastructure management" services, which include free revaluations performed in the preceding years;
- The materials acquired related to the construction/repairing of LTI, with an inventory nature;
- The grant amounts received for purposes of co-financing the construction of LTI to be deducted from the investments in LTI;
- The financial costs directly borne with the financing agreed for financing the construction and repairing activities of LTI, corresponding to interest, guarantee fee and stamp duty deriving from the activity performed on behalf of the State, which have not been capitalized in the LTI cost in the course of its construction period;
- The derivative financial instruments agreed by the Company aimed at dealing with interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in assets at their fair value, in the event their fair values is positive.

It should be mentioned that property, plant and equipment and intangible assets, deducted from grants and impairments, disclosed in the item LTI are not subject to depreciation/amortization (Notes 4.2 and 4.3).

In liabilities

- The balances payable to the service providers regarding the construction of LTI;
- The agreed borrowings aimed at financing the construction and repairing of the LTI, particularly those guaranteed by the State;
- The derivative financial instruments agreed by the Company aimed at hedging interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in liabilities at their fair value, in the event their fair values is negative.

The expenses with maintenance and repairing which do not increase these assets' operating life are recorded in the statement of profits and losses with reference to the financial year in which they occur, as a consequence of the fact these arise from the Company's infrastructure management activity.

In light of the provisions of the Decree-Law no. 196/80, of the 20th of June, the Government has undertaken the principle according to which it was the Portuguese State's role to finance the long-term infrastructure built by the Company, and for this purpose it has defined the following types of investments:

- Studies for the development of the network;
- Galleries, stations and other ancillary or supplementary constructions;
- Railway tracks;
- High and low power networks;
- Telecommunication and control systems;
- Ventilation and pumping equipment;
- Mechanical accesses.

The aforementioned principle had practical implementation by means of grants awarded by the Portuguese State, non-repayable, regarding those investments made until the 31st of December 1980 and for the financial costs incurred up to such date with those investments. On the said date, the amount of investments made and the sum of the awarded grants were concordant and were reflected in the accounts, correspondingly, in the assets financed by the State and in the investment reserves.

The Decree-Law referred to above includes a clause which laid down its revision until the end of its duration, on the 31st of December 1980. However, this has not occurred. Therefore, from such date, the funds started being allocated on the basis of occasional legislation framed within the Investment Plans of the State's Business Sector and in the form of contributions for statutory equity or for generic grants for investments and financial restructuring and, as a result, no concordance between the investments made and the grants awarded has been observed ever since.

As a result of the recognition policy's modification in the moment of the transition to the Portuguese Accounting Standards System (SNC), the Company has measured the financial costs related to interest, stamp duty, guarantee fee and expenses incurred with the establishment of the financing in the preceding years, and not borne by the State, and transferred them to the item "Long-term infrastructure investments".

4.2. Property, plant and equipment

Allocated to infrastructure management (non-LTI assets):

Property, plant and equipment are initially recorded at their cost of acquisition or production, which includes the cost of acquisition, the financial costs and expenses directly attributable to the necessary activities to place the assets in the necessary location and conditions to operate as intended and, where applicable, the initial expenses estimate regarding the assets' decommissioning and removal, as well as the restoration of their corresponding installation/operation sites, expected to be incurred by the Company, deducted from accumulated depreciation and accumulated impairment losses (where applicable).

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group:

Class of goods	**Years**
Buildings and other constructions	10 - 50
Basic equipment:	
Rolling stock for exploration	14 - 28
Rolling stock for operation	10 - 30
Control and telecommunication system	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Administrative equipment	7 - 10
Other property, plant and equipment	4 - 10

The Board of Directors considers that, at any moment, the assets' accounting value shall be subject to realization both by means of their disposal or of their use, on a going concern basis.

The operating life and methods of depreciation of the several goods are reviewed on an annual basis. The effect of any changes in such estimates is prospectively recognized in the statement of profits and losses.

All maintenance and repair expenses (subsequent overheads) which are not capable of generating additional future economic benefits are recorded as expenses in the period in which they are incurred.

Major repairs are recorded under the corresponding item "Property, plant and equipment" and depreciated over the same period of years of the related investment.

The main spare parts are recognized as property, plant and equipment in the moment in which they are expected to be used for more than one financial year.

The gain (or loss) deriving from the disposal or the writing-off of property, plant and equipment is determined as the result of the difference between the fair value of the amount received or receivable with the transaction and the asset's net carrying sum of accumulated depreciation, being recognized in profits and losses in the period in which the said disposal or writing-off occurs.

<u>Allocated to long-term infrastructure ("LTI"):</u>

Property, plant and equipment allocated to LTI are initially recorded under the item "Long-term infrastructure investments" at their cost of acquisition or production, which includes the cost of acquisition, the financial costs and any expenses directly attributable to the necessary activities to place the assets in the necessary location and conditions to operate as intended and, where applicable, the initial expenses estimate regarding the assets' decommissioning and removal, as well as the restoration of their corresponding installation/operation sites, expected to be incurred by the Company.

The grants obtained for financing the LTI activities shall be deducted from the value of the property, plant and equipment allocated to the long-term infrastructure.

Such assets are not subject to depreciation.

4.3. Intangible assets

The intangible assets related to the LTI are recorded under the item "Long-term infrastructure investments" and primarily include studies for the development of the network, and they are not subject to amortization.

4.4. Leases

Leases are classified as financial where, in light of the corresponding terms, all the risks and benefits related to the asset's ownership are substantially transferred to the lessee. The remaining leases shall be classified as operating. The classification of leases is based on the substance and not by their corresponding contractual forms.

Leases in which the Company acts as a lessor:

The circumstances in which the Company acts as a lessor are related to the agreements entered with the lessees of the buildings and levels owned by the Company.

Under the Law on Leasing, these lease agreements have no term and have been entered into as a consequence of the Company's resettlement process resulting from the construction works performed.

In light of the corresponding conditions, such agreements are classified as operating leases, and the remunerations due are recognized as income in the statement of profits and losses of the financial year to which they relate.

The assets acquired by means of financial lease agreements, as well as their respective responsibilities, shall be recorded on the starting of the lease at the lower between the assets' fair value and the minimum lease payments present value. The financial lease payments are divided between financial costs and reduction of the responsibilities, thus obtaining a regular interest rate on the outstanding responsibility balance and the asset's depreciation, computed in accordance with the Note 4.2 and recognized in the statement of profits and losses of the financial year to which it relates.

The operating lease payments are recognized as expenses on a straight-line basis in the course of the lease period.

The contingent rents are recognized as expenses in the financial year in which they are incurred.

4.5. Investment property

The investment property primarily comprises immovable property owned for purposes of obtaining rents or capital appreciations (or both), and it shall not be intended for use in the production or supply of goods or services, for administrative purposes or for sale in the context of the normal course of business.

Investment property is measured at its cost deducted from the respective accumulated depreciation and any potential impairment losses.

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group.

The depreciation rates used reflect the following estimated operating life periods:

Class of goods	Years
Buildings and other constructions	10 - 50

The expenses incurred in relation to the investment property, notably maintenance, repairs, insurance and taxes, shall be recognized as expenses in the financial year to which they relate. The improvements or upgrades to investment property for which there are expectations of generating additional future economic benefits are capitalized under the item “Investment property”.

Whenever, on the balance sheet date, the recoverable sum of the investment property is smaller than the corresponding net carrying amount, the corresponding impairment loss shall be recognized in the statement of profits and losses for the corresponding financial year.

The asset’s (or the cash-generating unit) recoverable sum corresponds to the greater amount between: (i) its fair value deducted from the selling costs; and (ii) its value in use. When determining the value in use, the estimated future cash flows are discounted by using a discount rate which reflects the market’s expectations in what regards the time value of money (which in the case of the Company was considered not to exist) and the asset’s (or the cash-generating unit) specific risks in relation to which the estimates of future cash flows were not subject to adjustments.

The reversals of impairment losses recognized in previous financial years are recorded whenever there is evidence the previously recognized impairment losses have ceased to exist or have decreased. The reversals of the impairment loss are performed up to the sum which would be recognized (net from depreciation) if such loss had not been recorded.

The gain (or loss) arising from the disposal or write-off of any component of the investment property shall be measured as the difference between the amount received on the transaction and the asset’s net carrying amount, and shall be recorded at its net value in the statement of profits and losses.

4.6. Impairment of property, plant and equipment (non-LTI)

On each reporting date, a review of the net carrying amounts of the Company’s property, plant and equipment is carried out in order to determine the presence of any impairment indicator. Should there be any indicators, the corresponding assets’ (or the cash-generating units’) recoverable sum is estimated in order to determine the extent of the impairment loss (if applicable).

The asset’s (or the cash-generating unit) recoverable sum corresponds to the greater amount between: (i) its fair value deducted from the selling costs; and (ii) its value in use. When determining the value in use, the estimated future cash flows are discounted by using a discount rate which reflects the market’s expectations in what regards the time value of money (which in the case of the Company was considered not to exist) and the asset's (or the cash-generating unit) specific risks in relation to which the estimates of future cash flows were not subject to adjustments.

Whenever the asset's (or the cash-generating unit) net carrying sum is greater than its recoverable sum, an impairment loss is recognized. The impairment loss is immediately recorded in the statement of profits and losses, except if such loss compensates for a revaluation surplus recorded in equity. In case of the latter, such loss will be deemed as a decrease in the said revaluation.

The reversals of impairment losses recognized in previous financial years are recorded whenever there is evidence the previously recognized impairment losses have ceased to exist or have decreased. The reversals of the impairment loss are performed up to the amount that would be recognized (net from depreciation) if such previous impairment loss had not been recorded.

4.7. Financial interests in subsidiaries, associates companies and joint ventures

Financial interests in subsidiaries, associate companies and joint ventures are recorded pursuant to the equity method. Pursuant to the equity method, financial holdings are initially recorded at its cost of acquisition and subsequently adjusted according to the changes observed, after the acquisition, in the Company's share in the net assets of the corresponding entities.

The Company's profits include its corresponding share in these entities' profits.

When there is evidence that the asset may be impaired, an assessment of the financial investments is carried out and any impairment losses shown to exist are recorded in the statement of profits and losses as expenses.

When the Company's proportion in the accumulated losses of the subsidiary, associate company or joint venture is greater than the amount according at which the investment was recorded, the investment is reported at nil, except when the Company has agreed to commitments regarding the coverage of losses of the subsidiary, associate company or joint venture, and in such cases the additional losses give rise to the recognition of a liability. If the subsidiary, associate company or joint venture reports profits at a subsequent stage, the Company resumes the recognition of its share in the said profits only to the extent its share of profits equals the part of the unrecognized losses.

The unrealized gains on transactions with subsidiaries, associate companies and joint ventures are eliminated in proportion to the Company's interest in such entities against the corresponding item of the investment. Unrealized losses are eliminated in a similar manner, but only to the extent the loss does not derive from a situation in which the transferred asset is impaired.

4.8. Inventories

The inventories are measured at the smaller amount between their cost and their net realization amount. Raw materials, other raw materials and consumables are recorded at their cost of acquisition, which shall not exceed their corresponding market value.

The net realization amount represents the estimated selling price net from all estimated expenses necessary to complete the inventories and to sell them. In those events where the cost value exceeds the net realization amount, an impairment loss is recorded for the corresponding difference.

The inventories cost method adopted by the Company corresponds to the average weighted cost.

4.9. Financial assets and financial liabilities

The financial assets and financial liabilities are recognized in the balance sheet when the Company enters into the corresponding contractual provisions as a party, and the effect foreseen in NCRF 27 - Financial Instruments is used.

Therefore, the financial assets and the financial liabilities are measured in light of the following criteria: (i) at their amortized cost deducted from impairment losses and (ii) at their fair value, with their changes being recognized in the statement of profits and losses.

(i) At their amortized cost deducted from impairment losses

The financial assets which meet the conditions set out below are measured "at their amortized cost deducted from impairment losses":

- They are in sight or have a defined maturity;
- They are related to a fixed or determinable yield; and
- They do not contain any agreement clause which could derive in a nominal value loss for their holder.

With the exception of the financial liabilities classified as held for trading, all financial liabilities must be measured at their amortized cost.

The amortized cost is determined by means of the effective interest method. The effective interest is computed through the rate which accurately discounts future estimated payments or receipts during the financial instrument's operating life from the financial asset or financial liability's net carrying sum (effective interest rate).

As a consequence, such category includes the following financial assets and financial liabilities:

a) Customers and other credits receivable

Those balances related to customers and to other credits receivable are recorded at their amortized cost deducted from any impairment losses. Normally, the amortized cost of such financial assets is not different from their nominal value.

b) Cash and bank deposits

The amounts included in the item "Cash and bank deposits" reflect the amounts of cash, bank deposits and savings deposits and other treasury applications which mature in less than twelve months. Normally, the amortized cost of such financial assets is not different from their nominal value.

c) Suppliers and other debts payable

The balances regarding suppliers and other debts payable are recorded at their amortized cost. Normally, the amortized cost of such financial liabilities is not different from their nominal value.

d) Borrowings

Borrowings are recorded as a liability at their amortized cost.

Any potential expenses incurred with such borrowings, in particular bank commissions and stamp duty, as well as interest and similar expenses, are recognized using the effective interest method in profits and losses for the financial year throughout the life period of such borrowings. While these are not recognized, such expenses incurred are evidenced as a deduction in the item "Borrowings". The interest incurred and not yet paid is evidenced under the item "Other debts payable".

The financial assets included in the category of "at their amortized cost" are subject to impairment tests at each reporting date. Such financial assets are deemed to be impaired when there is objective evidence that, as a consequence of one or more events occurring after their initial recognition, their estimated future cash flows are affected.

For the financial assets measured at their cost, the impairment loss to be recognized equals the difference between the asset's net carrying sum and the best estimate of the asset's fair value.

The impairment losses are recorded in profits and losses in the period in which they are assessed.

Subsequently, should the amount of the impairment loss decrease and such decrease be objectively related to an event which has occurred after the recognition of the loss, it should be reversed through profits and losses. The reversals must be performed up to the sum that would be recognized (amortized cost) if such loss had not been initially recorded.

The Company only derecognizes financial assets when the contractual rights to its cash flows expire due to collection or when it transfers to another entity the control over those financial assets and all significant risks and benefits connected to possession of such.

The Company only derecognizes financial liabilities when the corresponding obligation is settled, cancelled or expired

(ii) At their fair value, with their changes being recognized in the statement of profits and losses

All financial assets and financial liabilities which were not classified in the category "at their amortized cost" are included in the category "at their fair value, with their changes being recognized in the statement of profits and losses."

Such financial assets and financial liabilities are measured at their fair value, and changes to such fair value are recorded in profits and losses.

In what regards the specific case of the Company, this category includes the derivative financial instruments which do not meet the conditions for purposes of hedge accounting according to the provisions set forth in the NCRF 27 - Financial Instruments and the collaterals granted for purposes of guaranteeing the financing.

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

Financial Assets	Notes	2018 Fair value	2018 Amortized cost	2017 Fair value	2017 Amortized cost
Non-Current:					
Derivatives	12	81.966	-	330.000	-
Other financial assets	13	55.418.340	-	52.188.590	-
		55.500.306	**-**	**52.518.590**	**-**
Current:					
Clients	15	-	1.031.813	-	4.999.392
State and other public entities	23	-	5.230.197	-	3.053.159
Other credits receivable	15	-	7.008.736	-	11.213.598
Cash and bank deposits	5	-	16.237.584	-	22.023.844
		-	**29.508.331**	**-**	**41.289.992**
		55.500.306	**29.508.331**	**52.518.590**	**41.289.992**

Financial Liabilities	Notes	2018 Fair value	2018 Amortized cost	2017 Fair value	2017 Amortized cost
Non-Current:					
Borrowings	20	-	194.179.525	-	66.402.003
Derivatives	12	81.623.896	-	108.844.147	-
		81.623.896	**194.179.525**	**108.844.147**	**66.402.003**
Current:					
Suppliers	22	-	1.765.542	-	4.631.433
State and other public entities	23	-	3.017.415	-	1.637.406
Borrowings	20	-	472.210.525	-	451.492.197
Other debts payable	25	-	44.259.228	-	162.604.700
		-	**521.252.709**	**-**	**620.365.736**
		81.623.896	**715.432.234**	**108.844.147**	**686.767.739**

4.10 Financial costs related to borrowings

Financial costs related to borrowings are recognized as expenses as they are incurred.

The financial costs related to borrowings directly associated with asset acquisition and construction are capitalized, and are an integral part of the asset's cost. The beginning of these costs' capitalization shall start after the beginning of the preparation of the asset's construction activities and shall be interrupted following the start of use or completion of the asset or when the relevant asset is suspended. Any income generated by borrowings obtained in advance associated with a specific investment is deducted from the financial costs the capitalization of which is permissible.

In light of the provisions of the Decree-Law no. 196/80, of the 20th of June, the Government undertook the principle according to which it was the Portuguese State's role to finance the Metro's LTI: The aforementioned principle had practical implementation by means of grants awarded by the Portuguese State, non-repayable, regarding those investments made until the 31st of December 1980 and for the financial costs incurred up to such date with those investments. As a consequence of the said principle, the Company records the financial costs related to LTI under the item "Long-term infrastructure investments".

4.11. Income tax

The Company is subject to the payment of the Corporate Income Tax at a rate of 21%.

The current tax payable is computed based on the taxable profit. The taxable profit differs from the accounting profit as it excludes several expenses and income which shall only be deductible or taxable in other financial years, as well as expenses and income which will never be deductible or taxable.

The Company has performed the recording of deferred taxes and, to the present date, these are not entirely measured. The deferred tax assets would correspond to tax losses carried forward and provisions not deductible for tax purposes, while the deferred tax liabilities would correspond to depreciations of revalued assets not accepted for tax purposes and capital gains and losses with deferred taxation.

4.12. Government Grants (non-LTI)

Government grants are only recognized when there is a reasonable certainty that the Company will meet the conditions of attribution and that they will be received.

Government grants associated with the acquisition or production of non-current assets are initially recognized through equity and are subsequently recognized on a systematic basis (in proportion to the depreciation of the underlying assets) as income for the financial year in the course of the operating lives of the assets to which they relate.

Other Government grants are generally recognized as income in a systematic manner in the periods necessary to balance them with the expenses they are intended to compensate. The Government grants which are intended to compensate losses already incurred or which do not have associated future costs are recognized as income with reference to the period in which they become receivable.

4.13 Provisions, contingent assets and contingent liabilities

Provisions are recorded when the Company has a present (legal or constructive) obligation deriving from a past event, it is probable for purposes of settlement of such obligation that an outflow of resources occurs and the amount of the obligation can be reasonably estimated. Provisions are reviewed at each balance sheet's reporting date and adjusted in order to reflect the best estimate at such date.

Contingent liabilities are not recognized in the financial statements and are disclosed whenever there is a non-remote likelihood of an outflow of resources comprising economic benefits. Contingent assets are not recognized in the financial statements and are disclosed when there is a likelihood of a future economic inflow of resources.

4.14 Post-employment benefits

<u>Established benefit plan</u>

The Company has an established benefit plan for purposes of supplementing the retirement (due to old age, disability and death), additionally to the amount paid by Social Security. The Company's responsibilities related to the aforementioned plan are determined by means of the projected unit credit method, and the corresponding actuarial assessments are performed on each reporting date, which is carried out according to the internationally accepted actuarial methods and assumptions, thus making it possible to learn the responsibilities' value on the balance sheet date and the expense with pensions to be recorded with reference to the financial year.

The responsibility related to the guaranteed benefits recognized in the balance sheet reflect the corresponding obligation's present value, adjusted for actuarial gains and losses and for unrecognized past service expenses, deducted from the plan assets' fair value.

The actuarial gains and losses are recognized on an annual basis in equity.

The granted benefit plans which have been identified by the Company for purposes of determining such responsibilities are:

a) Retirement, disability and death pension supplements;
b) Early-retirements.

Health care

The Company has also assumed responsibilities for the payment of health care benefits to its employees, up to their age of retirement, which are not recorded in the balance sheet with reference to the 31st of December 2018. For purposes of meeting the said responsibilities, the Company has guaranteed a collective health insurance to its active employees, which grants them access to medical services subsidized by the Company. These costs are recorded in the statement of profits and losses with reference to the financial year in which they are paid.

4.15 Derivative financial instruments

The Company establishes agreements on derivative financial instruments for borrowings in order to finance the infrastructure management activities and those related to LTI.

Derivative financial instruments are first recognized at their fair value and they are measured, on each reporting date, at their fair value, and the changes in the fair value are recognized in the statement of profits and losses, expect if such instruments are designated as established and effective hedge accounting instruments.

Regarding the derivative financial instruments which do not meet all the requirements of the NCRF 27 – Financial Instruments for the application of hedge accounting, they are deemed as speculation financial instruments.

The measurement of such derivative financial instruments is, at the end of each financial year, carried out pursuant to the measurement of the banks with which these were entered into.

With reference to the 31st of December 2018 and 2017, the Company does not classify any derivative financial instruments as hedge accounting, as a consequence of the non-compliance with the requirements of the NCRF 27.

Regarding the derivative financial instruments entered into by the Company associated with the financing for the infrastructure management activity, should their fair value be positive, they are recognized as financial assets in the item "Derivatives", and should their fair value be negative, they are recognized as financial liabilities in the item

"Derivatives". The changes in these derivative financial instruments' fair value are recognized in the statement of profits and losses with reference to the financial year to which they relate.

Regarding the derivative financial instruments entered into by the Company, associated with the financing for the LTI activity, these are recognized in the item "Long-term infrastructure investments" in assets or liabilities, in light of the aggregate of the various financial instruments' fair values assessed on the reporting date being positive or negative, correspondingly, and they are recorded against a receivable/payable in the item LTI, in order for the effect of the variations in the fair value in the Company's equity to be, in this case, null.

4.16 Classification of the balance sheet

The assets subject to realization and the liabilities payable for a period exceeding one year after the balance sheet date are classified, correspondingly, as non-current assets and non-current liabilities.

4.17 Revenue

Revenue is measured at the fair value of the received or receivable consideration. The recognized revenue is deducted from the amount of returns, discounts and other reductions and does not include VAT and other taxes assessed in relation with the sale.

The revenue arising from the provision of public transport public services results from the division of the revenues deriving from the sale of tickets enabling access to the mode operated by Metropolitano de Lisboa, E.P.E.. It is recognized to the extent all the following conditions are met:

- The revenue amount can be measured in a reliable manner;
- There is a likelihood that future economic benefits connected to the transaction flow into the Company;
- The expenses incurred or to be incurred with the transaction can be measured in a reliable manner;

The revenue arising from the provision of services comprises revenues from the sale of transport tickets on its own network, as well as the distribution of the proceeds from the sale of inter-modal social monthly passes which may be used on its own network and on other means of urban and suburban public transport ran by other operators, and the sale prices of these tickets shall be determined by the State.

The Company recognizes the revenues associated to the provision of services as follows:

- Inter-modal monthly passes – Tickets valid for a month period, the revenues generated by the inter-modal monthly passes sold by the Company and by other transport operators are allocated to each one of the operators based on a monthly distribution established by the Metropolitan Area of Lisbon, with reference to the quotas established in the traffic survey performed in 2007.
- Combined monthly passes – Tickets combined with other operators with quotas defined in accordance with established protocols.
- Occasional Traveling/Zapping – Tickets combined with other operators and valid for a previously established number of travels. The revenue arising from the sale of these tickets is divided in accordance with the uses recorded with each operator, with the exception of the Carris/ML 24-hour ticket, which has a defined quota.

For the monthly sales tabulation process mentioned in the paragraphs above, the revenue is determined:

- For the transport tickets in which the sale performed by the Company has been lower than the allocated revenue: the Company invoices its quota to the other operators;
- For the transport tickets in which the sale performed by the Company has been higher than the allocated revenue: the other operators invoice their quota to the Company;

The interest revenue is recognized using the effective interest method, provided there is a likelihood that economic benefits will flow to the Company and their amount can be measured in a reliable manner.

Non-refundable fare compensations are awarded to the Company by the State in order to compensate the use of the public transport by ticket-holders with low-fare transport tickets, and these revenues are recorded in the financial year during which they are attributed.

4.18 Department expenses included in LTI

The internal operating expenses of the several management services which are not exclusively intended for investment purposes are allocated, at a percentage of 10%, to the amount of the investments in progress.

These expenses are allocated to investments in long-term infrastructure – LTI, to equipment and studies for the rolling stock for exploration and depots and workshops (assets financed by the Company) (Note 7 and 8), given that these expenses are the ones executed in a longer period and are more complex from a technical perspective, therefore requiring a more intensive management in terms of human resources.

4.19 Transactions and balances in foreign currency

Transactions in foreign currency (in a currency different from the Company's functional currency) are recorded at the exchange rates in force at the transaction dates. At each reporting date, the carrying sums of the monetary items denominated in foreign currency are updated at the exchange rates in force on such date.

The exchange differences assessed on the date of receipt or payment of the transactions in foreign currency and those deriving from the updates referred above are recorded in the statement of profits and losses with reference to the period in which they are generated.

4.20 Accrual basis (economic historical periods)

The Company records its income and expenses on an accrual basis (economic historical periods), according to which the income and expenses are recognized as they are generated, irrespective of the moment of their receipt or payment. The differences between the amounts received and paid and the corresponding generated income and expenses are recorded as assets or liabilities.

4.21 Critical judgments and key uncertainty sources related to estimates

In the context of preparing the financial statements attached hereto, judgments and estimates were carried out and several assumptions were used affecting the assets and liabilities' reported sums, as well as the reported sums of profits and losses with reference to the financial period.

The estimates and the underlying assumptions were established with reference to the reporting date on the basis of the best knowledge existing at the date of approval of the financial statements of the events and transactions in progress, as well as of the experience of past and/or current events. Nonetheless, there may be situations in subsequent periods which, due to not been expected to occur at the date of approval of the financial statements, were not taken into consideration in such estimates. The changes to estimates which occur after the date of the financial statements shall be corrected in a prospective manner. That is why, and given the associated uncertainty level, the actual profits and losses of the relevant transactions may be different from the corresponding estimates.

The key judgments and estimates carried out in the preparation of the financial statements attached hereto were the following:

a) Operating lives of the property, plant and equipment;
b) Impairment analyses of property, plant and equipment;
c) Impairment losses of receivables - computed bearing in mind the overall collection risk regarding the balances receivable;
d) Determination of the derivative financial instruments' fair value – by the end of each financial year, it is determined by the entity with which they were entered into;
e) Determination of the responsibilities with retirement benefits – by the end of each financial year, the actuarial assessment of the responsibilities with pension supplements is obtained and subsequently prepared by the actuary.

4.22 Subsequent events

The events occurred after the balance sheet date which provide additional information regarding the existing conditions on the balance sheet date (adjusting events) are reflected in the financial statements. The events occurred after the balance sheet date which provide information regarding the conditions which occur after the balance sheet date (non-adjusting events) are disclosed in the financial statements to the extent they are deemed material.

5. CASH AND ITS EQUIVALENTS

For the purposes of the statement of cash flows, cash and its equivalents shall include cash, bank deposits available on demand (with a maturity of less than or equivalent to three months) and cash market treasury applications, deducted from bank overdrafts and other short-term equivalent financing. With reference to the 31st of December 2018 and 2017, the cash and its equivalents item were the following:

Cash Flows	2018	2017
Cash	16.120	10.470
Bank deposits available on demand	16.221.464	22.013.374
	16.237.584	**22.023.844**

6. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

With reference to the 31st of December 2018, the company has carried out the classification change regarding a building located in Praça General Humberto Delgado, from Property, Plant and Equipment to Investment Property.

	Gross amount	Accumulated depreciation	Impairment losses	Accounting Value
Praça General Humberto Delgado	22 309 373	18 634 644	-	3 674 729

7. LONG-TERM INFRASTRUCTURE INVESTMENTS

The balance evidenced in the item "Long-term infrastructure investments" derives from the Company's infrastructure investment activity, which may be broken down into asset and liability items as follows:

	Notes	2018	2017
LTI investment activities:			
Non-current assets:			
Property, plant and equipment	7.1	3.123.933.023	3.111.500.240
Intangible assets	7.2	6.974.803	6.955.344
Investment Property	7.3	1.804.209	-
Grants	7.4	(995.926.760)	(993.493.360)
State receivables	7.5	2.955.028.532	2.871.311.908
Derivatives	7.9	19.804.252	23.812.843
		5.111.618.059	**5.020.086.976**
Current assets:			
Other credits receivable	7.7	-	-
		-	**-**
Total assets		**5.111.618.059**	**5.020.086.976**
Non-current liabilities:			
Provisions	7.6	14.214.246	20.816.971
Borrowings	7.8	1.971.099.037	2.230.326.599
Derivatives	7.9	340.984.959	455.432.023
		2.326.298.242	**2.706.575.594**
Current liabilities:			
Suppliers	7.10	1.087.844	1.671.865
Borrowings	7.8	1.142.175.147	692.441.762
Other debts payable	7.11	62.367.061	205.886.573
		1.205.630.052	**900.000.200**
Total liabilities		**3.531.928.293**	**3.606.575.794**
Total net LTI		**1.579.689.765**	**1.413.511.182**

The variation evidenced in the net balance of the item regarding LTI, in comparison with the 31st of December 2018, is essentially a consequence from the facts below:

- The interest incurred in the financial year 2018 in relation to borrowings in the amount of 177,872,625.63 euro (Note 7.5.1.);
- The financial instruments' fair value in the amount of (110,438,473) euro (Note 7.9);
- The provisions for pending legal proceedings, in the amount of 6,602,725 euro (Note 7.6).

7.1 Property, plant and equipment

In the course of the financial years ended on the 31st of December 2018 and 2017, the movements evidenced in the net carrying amount of property, plant and equipment was the following:

31st of December 2018						
Gross Assets	**Start Balance**	**Revaluations**	**Start balance (historic cost)**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI Property, plant and equipment	**3.303.354.795**	**(199.793.426)**	**3.104.292.787**	**8.854.434**	**995.352**	**3.114.142.573**
Land and natural resources	15.899.497	(2.388.442)	13.511.055	-	-	13.511.055
Buildings and other constructions	2.818.796.243	(177.041.447)	2.642.486.214	7.897.621	1.788.552	2.652.172.388
Basic equipment	468.659.056	(20.363.537)	448.295.519	956.812	(793.201)	448.459.130
Property, plant and equipment in progress	**6.295.544**	**-**	**6.295.544**	**5.242.115**	**(2.819.726)**	**8.717.934**
Land and natural resources	-	-	-	-	-	-
Buildings and other constructions	5.194.534	-	5.194.534	4.936.747	(2.310.462)	7.820.819
Basic equipment	1.101.010	-	1.101.010	305.368	(509.263)	897.115
Advance payments for the account of property, plant a	**-**	**-**	**1.603.793**	**65.805**	**-**	**1.669.598**
Impairment losses in Buildings and other constructions	**-**	**-**	**(691.885)**	**94.803**	**-**	**(597.082)**
Total gross LTI property, plant and equipment	**3.309.650.340**	**(199.793.426)**	**3.111.500.240**	**14.257.157**	**(1.824.374)**	**3.123.933.023**

31-12-2017						
Gross Assets	**Start Balance**	**Revaluations**	**Start balance (historic cost)**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI Property, plant and equipment	**3.261.886.622**	**(199.793.426)**	**3.062.824.614**	**2.247.793**	**39.220.380**	**3.104.292.787**
Land and natural resources	15.867.385	(2.388.442)	13.478.943	-	32.111	13.511.055
Buildings and other constructions	2.791.933.843	(177.041.447)	2.615.623.814	768.417	26.093.983	2.642.486.214
Basic equipment	454.085.394	(20.363.537)	433.721.857	1.479.376	13.094.286	448.295.519
Property, plant and equipment in progress	**43.267.328**	**-**	**43.267.328**	**2.232.628**	**(39.204.411)**	**6.295.544**
Land and natural resources	32.112	-	32.112	-	(32.111)	-
Buildings and other constructions	29.238.899	-	29.238.899	2.015.692	(26.060.058)	5.194.534
Basic equipment	13.996.318	-	13.996.318	216.935	(13.112.242)	1.101.010
Advance payments for the account of property, plant a	**-**	**-**	**1.595.855**	**-**	**7.938**	**1.603.793**
Impairment losses in Buildings and other constructions	**-**	**-**	**(727.865)**	**35.980**	**-**	**(691.885)**
Total gross LTI property, plant and equipment	**3.305.153.951**	**(199.793.426)**	**3.106.959.933**	**4.516.400**	**23.907**	**3.111.500.240**

The additions occurred in the financial year ended on the 31st of December 2018 in the item "Property, plant and equipment – Buildings and other constructions and Basic equipment", in the amount of 8,854,434 euro, are primarily related to the refurbishment of the network, at 3,908,441 euro, and to the Amadora/Reboleira project, at 4,115,198 euro.

The additions occurred in the financial year ended with reference to the 31st of December 2018 in the item "Property, plant and equipment in progress", in (a) Buildings and other constructions, amounting to 4,936,747 euro, are primarily related to the Rato/Cais do Sodré project and to the refurbishment of the network, amounting to 3,352,467 euro and 1,544,969 euro, and (b) Basic equipment, amounting to 305,368 euro, is primarily related to the Oriente/Aeroporto project and the refurbishment of the network, amounting to 143,186 euro and 96,158 euro.

The cost value of property, plant and equipment (including those in progress) with reference to the 31st of December 2018 and 2017 encompasses the following department expenses:

	2018			2017		
Capitalized expenses	Property, plant and equipment	Property, plant and equipment in progress	Total	Property, plant and equipment	Property, plant and equipment in progress	Total
Department expenses	73.216.081	12.467.302	85.683.383	71.552.906	11.335.358	82.888.264
	73.216.081	**12.467.302**	**85.683.383**	**71.552.906**	**11.335.358**	**82.888.264**

7.2 Intangible assets

In the course of the financial years ended in 2018 and 2017, the movements evidenced in the net carrying amount of intangible assets was the following:

	31st of December 2018			
Gross Assets	**Start Balance**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI intangible assets:				
Research and development expenses	4.812.580	13.660	112.917	4.939.157
Installation expenses	2.019.827	-	-	2.019.827
Intangible assets in progress	122.937	5.799	(112.917)	15.818
Total gross LTI intangible assets	**6.955.344**	**19.458**	**-**	**6.974.803**

	31st of December 2017			
Gross Assets	**Start Balance**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI intangible assets:				
Research and development expenses	4 574 690	43 790	194 100	4 812 580
Installation expenses	2 019 827	-	-	2 019 827
Intangible assets in progress	343 767	7 195	(228 025)	122 937
Total gross LTI intangible assets	**6 938 284**	**50 986**	**(33 925)**	**6 955 344**

7.3 Investment Property

The movements in the item "Investment property" with reference to the 31st of December 2018 and 2017 were the following:

	31st of December 2018					31st of December 2017				
	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Praça General Humberto Delgado	1.804.209	-	-	1.804.209	4.616.469	-	-	-	-	-
	1.804.209	**-**	**-**	**1.804.209**	**4.616.469**	**-**	**-**	**-**	**-**	**-**

As referred in the Note 6, the Company has transferred the building in Praça General Humberto Delgado from the item Property, plant and equipment to the item investment property.

7.4 Grants

The amount evidenced in the item grants with reference to the financial year ended on the 31st of December 2018 was the following:

	31st of December 2018			
Description	**Start Balance**	**Additions**	**Reductions**	**Final Balance**
Feder	229.464.397	-	-	229.464.397
Piddac	182.871.505	-	-	182.871.505
Cohesion Fund	376.640.062	-	-	376.640.062
Environmental Fund	-	2.433.400	-	2.433.400
Sundry grants	204.517.396	-	-	204.517.396
Total grants	**993.493.360**	**2.433.400**	**-**	**995.926.760**

The increase observed in the financial year ended on the 31st of December 2018, amounting to 2,433,400 euro, is related to the implementation of the project "Expansion Plan of Metropolitano de Lisboa – Yellow and Green Lines Extensions – Rato – Cais do Sodré".

7.5 State receivables

The said item is related to the State receivables regarding long-term infrastructure investment activities, and its break down is the following:

Description	Notes	2018	2017
Derivatives	7.9	321.180.708	431.619.181
Provisions	7.6	14.214.246	170.913.768
Interest, guarantee fee and stamp duty	7.5.1	2.308.140.717	1.957.191.295
Issuing expenses	7.5.1	20.230.150	20.230.150
Corrected start balance in the transition to the NCR	7.5.1	289.555.301	289.555.301
Impairment losses in property, plant and equipme	7.5.2	597.082	691.885
Capitalized financial costs	7.5.3	(3.495.216)	(3.495.216)
Specialized Works	7.5.4	2.563.836	2.563.836
Impairment losses in debts receivable	7.7	2.041.708	2.041.708
		2.955.028.532	**2.871.311.908**

7.5.1 Borrowing expenses

The item borrowing expenses is related to those costs incurred by the Company with borrowings to finance long-term investment and infrastructure activities which have not been capitalized in the finished LTI.

Up to 2009, the financial costs borne regarding LTI which could not be capitalized in such infrastructure were recognized in the statement of profits and losses. With effects from the financial year 2010 (restated) onwards, in the course of the transition to the NCRF, the Company has determined to recapture the amount of such financial costs for purposes of adding them to the item "Long-term Infrastructure Investments – Borrowing expenses", and in compliance with the principle referred to in the Note 4.10 regarding the financial costs approximately amounting to 1,017,000,000 euro, incurred from 1995 to 2008, the Company has measured them based on the available accounting records. However, in what concerns the financial costs incurred before 1995, and due to an evident difficulty in their measurement, the Board of Directors has chosen to record the amount of 289,555,301 euro, thus enabling to settle the LTI asset and liability items, with reference to the 31st of December 2009, as the possible estimate on such date of interest and other costs incurred and previously recognized in the statement of profits and losses up to 1995.

7.5.2 Impairment losses in property, plant and equipment

In the course of the financial year 2018, the Company has obtained an assessment of the immovable properties, which was performed by a specialized and independent entity, and it has resulted in the recording of an impairment loss' reversal of 94,803 euro.

7.5.3 Capitalized financial costs

With reference to the 31st of December 2018 and 2017, the financial costs capitalized in the item “Intangible assets”, “Property, plant and equipment” and “Property, plant and equipment in progress” are the following:

Description	31st of December 2018				31st of December 2017			
	Intangible assets	Property, plant and equipment	In progress	Total	Intangible assets	Property, plant and equipment	In progress	Total
Borrowing expenses	152.981	298.367.991	11.785.262	310.306.234	152.981	298.092.776	11.774.179	310.019.936

7.5.4 Specialized works

Following the legal proceedings pending at a Court in London, initiated by a financial institution and the Portuguese State, the Lawyers’ fees relating to the derivative financial instruments which related to the LTI activity were recognized in the financial year 2016.

7.6 Provisions

With reference to the 31st of December 2018, the amount of 14,214,246 euro (20,816,971 euro with reference to the 31st of December 2017) are related to the provision established to deal with the legal proceedings which were in a resolution stage as consequence of the investments made.

7.7 Other credits receivable

With reference to the 31st of December 2018, the item “Customers” includes an amount of 2,041,708 euro related to a contractual penalty corresponding to the debit made to the works contractor subsequent to delays in delivering the construction work for the Areeiro station’s extension and refurbishment, which has been recorded as an impairment loss against the item LTI.

7.8 Borrowings

The borrowings allocated to the LTI activity with reference to the 31st of December 2018 and 2017 are detailed below:

	Financing er	2018 Limit	2018 Current	2018 Non-Current	2018 Total	2017 Limit	2017 Current	2017 Non-Current	2017 Total
Debenture loans:									
Metro Issuing 2019	Barclays	400.000.000	400.000.000	-	400.000.000	400.000.000	-	400.000.000	400.000.000
Metro Issuing 2025	DBI, AG	110.000.000	-	110.000.000	110.000.000	110.000.000	-	110.000.000	110.000.000
Metro Issuing 2026	JP Morgan	400.000.000	-	400.000.000	400.000.000	400.000.000	-	400.000.000	400.000.000
Metro Issuing 2027	BNPP	400.000.000	-	400.000.000	400.000.000	400.000.000	-	400.000.000	400.000.000
			400.000.000	**910.000.000**	**1.310.000.000**		**-**	**1.310.000.000**	**1.310.000.000**
Bank loans:									
ML A	EIB	-	-	-	-	-	-	-	-
ML B	EIB				-				-
ML I/2	EIB	234.435.012	15.679.594	-	15.679.594	234.435.012	15.600.000	15.679.594	31.279.594
ML II	EIB	74.819.685	4.987.979	-	4.987.979	74.819.685	4.987.979	4.987.979	9.975.958
ML III	EIB	54.867.769	5.584.000	3.009.084	8.593.084	54.867.769	5.358.000	8.593.084	13.951.084
ML II/B	EIB	99.759.579	6.650.639	6.650.639	13.301.277	99.759.579	6.650.639	13.301.278	19.951.916
ML II/C	EIB	54.867.769	3.657.851	9.144.628	12.802.479	54.867.769	3.657.851	12.802.479	16.460.331
ML IV	EIB	169.591.285	-	-	-	169.591.285	17.904.090	-	17.904.090
ML I/3	EIB	124.699.474	24.251.933	47.172.453	71.424.386	124.699.474	14.579.180	71.424.386	86.003.566
ML I/3B	EIB	74.819.685	10.690.580	61.364.266	72.054.847	74.819.685	2.764.838	72.054.847	74.819.685
ML V/A	EIB	150.000.000	-	150.000.000	150.000.000	150.000.000	-	150.000.000	150.000.000
ML V/B	EIB	80.000.000	-	80.000.000	80.000.000	80.000.000	-	80.000.000	80.000.000
ML V/C	EIB	80.000.000	-	80.000.000	80.000.000	80.000.000	-	80.000.000	80.000.000
Loan CP 175 M EUR	rclays Bank				-				-
Loan CP 50 M EUR	ꞵNP Paribas				-				-
Loan CP 50 M EUR	ıtsche Bank				-				-
Loan LP 613.9 M EUR	TFDG (part)	507.957.564	253.978.782	-	253.978.782	507.957.564	253.978.782	-	253.978.782
Loan LP 648.6 M EUR	TFDG (part)	237.747.877	178.310.908	-	178.310.908	237.747.877	178.310.908	-	178.310.908
Loan LP 412.9 M EUR	TFDG (part)	282.974.244	235.811.870	47.162.374	282.974.244	282.974.244	188.649.496	94.324.748	282.974.244
Loan LP 32.6 M EUR	TFDG (part)	17.158.204	2.571.011	14.587.193	17.158.204	17.158.204	-	17.158.204	17.158.204
Loan LP 421.97 M EUR	TFDG (part)	262.008.399	-	262.008.399	262.008.399	-	-	-	-
			742.175.147	**761.099.036**	**1.503.274.183**		**692.441.762**	**620.326.599**	**1.312.768.361**
Other borrowings:									
Schuldschein	ABN AMRO	300.000.000	-	300.000.000	300.000.000	300.000.000	-	300.000.000	300.000.000
			-	**300.000.000**	**300.000.000**		**-**	**300.000.000**	**300.000.000**
Total borrowings			**1.142.175.147**	**1.971.099.037**	**3.113.274.183**		**692.441.762**	**2.230.326.599**	**2.922.768.361**

The “Metro 2019” bond loan has been entered into on the 4th of February 2009, for a ten year term, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law.

The “Metro 2025” bond loan has been entered into on the 23rd of December 2010, for a fifteen year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law.

In the financial year ended on the 31st of December 2010, the Company has entered into a bond loan amounting to 85,000,000 euro, for a 15 year term, with the State granting a personal guarantee, and such loan was reinforced by 25,000,000 euro in the financial year ended on the 31st of December 2011. The applicable law is the Portuguese Law.

The “Metro 2026” bond loan has been entered into on the 4th of December 2007, for a twenty year term, at a bullet fixed rate, and the State granted a personal guarantee. The applicable law is the English Law.

The “Metro 2027” bond loan has been entered into on the 7th of December 2007, for a twenty year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law, with the exception of the “subscription agreement”, which is governed by the English Law. The issuing has been admitted to listing at the Euronext Lisbon.

In the course of the financial year ended on the 31st of December 2011, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 613,932,000 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 507,957,564 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 5-year period, reimbursable in 8 equal and half-yearly instalments, and the first shall be due in May 2013.

In the course of the financial year ended on the 31st of December 2012, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 648,581,846 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 237,747,877 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 5-year period, reimbursable in 8 equal and half-yearly instalments, and the first shall be due in May 2014.

In the course of the financial year ended on the 31st of December 2013, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 412,860,000 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 282,974,244 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 6-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2015.

In light of the Order no. 421/18-SEATF, of the 30th of May, issued by the Assistant Secretary of State for Treasury and Finances, a moratorium regarding the payment of the debt service of the aforementioned loans has been granted. Pursuant to the said moratorium, the debt service is not yet subject to the payment of interest.

In the course of the financial year ended on the 31st of December 2017, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 32,584,270 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 17,158,204 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 7-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2019.

In the course of the financial year ended on the 31st of December 2018, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 421,973,931 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 262,008,399 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 7-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2020.

With reference to the 31st of December 2018, the bond loans classified as non-current involve the following reimbursement plan:

Years	Amount
2025 and subsequent	910.000.000
	910.000.000

The portion referring to bank loans and other borrowings classified as non-current involve the following reimbursement plan:

Years	Amount
2020	310.493.430
2021	186.391.724
2022	127.490.281
2023	46.527.767
2024 and subsequent	390.195.834
	1.061.099.036

With reference to the 31st of December 2018, the borrowings with associated covenants, notably those associated with the Portuguese Republic's rating or those including holding clauses, are detailed below:

AGREEMENT	Amount due on 31-12-2018 (€)	TERM	NEGATIVE PLEDGE (YES /NO)	PARI PASSU (YES / NO)	OWNERSHIP CLAUSE (YES / NO)	RATING DOWNGRADE (YES/NO)	GROSS UP (YES / NO)	CROSS DEFAULT	EXPENSES/STAMP DUTY (YES/NO)	OTHER RELEVANT CLAUSES/COMMENTS
Financing Agreement entered into with the European Investment Bank, on the 28th of October 1994, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/2"), amended on the 10th of March 2006	15.679.594,03	15th of September 2019	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 16th of December 1994, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II")	4.987.978,98	15th of December 2019	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 7th of September 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML III"), amended on the 10th of March 2006	8.593.084,02	15th of June 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 18th of October 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/B")	13.301.277,20	15th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 28th of October 1996, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3"), amended on the 10th of March 2006	71.424.386,29	15th of September 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, in 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3 B"), amended on the 10th of March 2006	72.054.846,68	15th of September 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 14th of July 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/C")	12.802.479,35	15th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 23rd of February 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/A"), amended on the 10th of March 2006	150.000.000,00	15th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 19th of December 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/B"), amended on the 10th of March 2006	80.000.000,00	15th of June 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 9th of May 2003, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/C"), amended on the 10th of March 2006	80.000.000,00	15th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Schuldschein Loan Agreement entered into with the ABN Amro Bank, NV on the 20th of July 2004, governed by the German law and subject to the jurisdiction of the Frankfurt am Main Courts	300.000.000,00	20th of July 2024	Yes (as per Annex D)	YES	NO	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.061% Guaranteed Notes due 2026 JP Morgan Securities Ltd / December 2006, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2026	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.799% Guaranteed Notes due 2027 BNP Paribas / December 2007, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2027	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 5.75% Guaranteed Notes due in 2019. Barclays Capital, BNP Paribas, Caixa - Banco de Investimento, S.A., Santander Global Banking & Markets / February 2009, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2019	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
TOTAL	2.008.843.647									

7.9 Derivatives

As mentioned in the Note 4.15, the Company has entered into interest rate swap agreements with several banking entities, related to the bank loans for LTI. According to the opinion of the Company's Board of Directors, notwithstanding these have not been guaranteed by the Portuguese State, they have been entered into in the context of the management of long-term infrastructure and, for that reason, are reflected in the item "Long-term infrastructure investments".

With reference to the 31st of December 2018 and 2017, the LTI-related swap agreements' fair value has been determined according to the description provided in the Note 4.15, which may be detailed as follows:

Derivative bank financing		Date			Hedged principal on 31.12.2018			Fair value		
								Fair value ("N") (counterparty)		
Appointment	Entity	Swap	Start	End	Capital	Inc. Principal (EIB)	Total associated financing	31.12.2018	31.12.2017	Variation
E I B (ML I/2) 2ND, 3RD AND 6TH DISBURSEMENTS	BST	30/03/2006	15/03/2006	15/09/2019			5.819.309	(1.458.672)	(5.312.519)	4.196.184
Total financing					**15.629.001**	**50.593**	**15.679.594**			
E I B (ML III) 1ST AND 4TH DISBURSEMENTS	BBVA	02/02/2006	15/12/2005	15/06/2020			3.491.585	(89.044)	(218.228)	188.751
Total financing					**5.486.777**	**3.106.307**	**8.593.084**			
E I B (ML IV) 1ST, 2ND, 3RD, 4TH AND 5TH DISBURSEMENTS	BES INV	11/02/2010	15/12/2009	15/09/2018					(353.760)	1.382.170
Total financing										
E I B (ML V/C) 1ST DISBURSEMENT	BST	26/05/2003	16/06/2003	15/06/2022			22.666.667	(2.846.153)	(3.737.816)	716.403
Total financing					**45.333.334**	**29.333.333**	**80.000.000**			
EIB (REST-INC TRANCHE B	BST	31/05/2007	15/03/2007	15/06/2022				(261.637.094)	(338.528.822)	20.546.501
Total financing					**258.904.978**	**(258.904.978)**				
A B N (SCHULI TRANCHE C	BST	25/02/2005	22/07/2005	22/07/2024			100.000.000	(24.087.652)	(26.863.771)	(802.490)
Total financing					**300.000.000**		**300.000.000**			
BONDS 2026	BBVA	15/12/2006	04/12/2006	04/12/2026			70.000.000	-	(22.514.178)	318.431
BONDS 2026	M LYNCH	16/07/2010	04/12/2009	04/12/2026			30.000.000	(23.970.205)	(24.626.318)	(12.937.291)
BONDS 2026	CGD	16/07/2010	04/12/2009	04/12/2026			30.000.000	(23.914.710)	(24.278.042)	(12.529.987)
Total financing					**400.000.000**		**400.000.000**			
BONDS 2019	CITIBANK	15/01/2010	04/02/2010	04/02/2019			100.000.000	(2.981.429)	(8.998.569)	5.077.442
Total financing					**400.000.000**		**400.000.000**			
					1.425.354.090	**(226.414.745)**	**1.566.250.239**	**(340.984.959)**	**(455.432.023)**	**6.156.112**

Derivative bank financing		Date			Hedged principal on 31.12.2018			Fair value		
								Fair value ("N") (counterparty)		
Appointment	Entity	Swap	Start	End	Capital	Inc. Principal (EIB)	Total associated financing	31.12.2018	31.12.2017	Variation
E I B (ML II) 2ND AND 3RD DISBURSEMENTS	RBS	16/01/2009	15/12/2008	15/12/2019			1 995 191	3 795	12 503	(8 707)
EIB (REST-INC TRANCHE B	CAIXA BI	16/07/2009	15/03/2010	15/06/2022				1 983 000	2 378 000	(395 000)
BONDS 2026	CAIXA BI	28/04/2010	04/12/2009	04/12/2026			100 000 000	17 817 456	21 422 340	(3 604 884)
					-	**-**	**101 995 191**	**19 804 252**	**23 812 843**	**(4 008 591)**

The derivative financial instruments' fair value does not impact the Company's equity, given that the liability/asset is recorded against a State receivable in the item LTI.

7.10 Suppliers

The item suppliers primarily consists of current debts generated from works performed regarding the continuation of the network expansion and modernization/refurbishment policy.

7.11 Other debts payable

Other debts payable primarily include expenses with interest arising from loans, from derivative financial instruments and from guarantee fees to be paid in the course of the subsequent financial year.

8. PROPERTY, PLANT AND EQUIPMENT

In the course of the financial years ended on the 31st of December 2018 and 2017, the movements occurred in the net carrying amounts of the Company's property, plant and equipment, as well as in the corresponding accumulated depreciation and accumulated impairment losses, were the following:

2018

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
Assets								
Start balance	24 287 679	233 354 835	496 458 200	157 373	22 612 951	24 311 931	270 328	801 453 297
Acquisitions	-	333 894	170 583	-	1 536 044	73 862	5 421	2 119 805
Disposals	-	-	-	-	(1 517)	-	-	(1 517)
Transfers	(3 320 494)	(18 581 455)	(187 757)	-	(30 965)	(45)	(168 493)	(22 289 208)
Write-offs	-	-	(2 925)	-	(720 729)	(6 166)	-	(729 820)
	20 967 185	**215 107 273**	**496 438 101**	**157 373**	**23 395 785**	**24 379 583**	**107 256**	**780 552 557**
Accumulated depreciation and impairment losses								
Start balance	-	213 192 518	401 112 569	157 373	21 398 225	14 322 792	-	650 183 477
Depreciation of the financial year	-	8 568 326	12 891 056	-	494 637	816 327	-	22 770 346
Disposals	-	-	-	-	-	-	-	-
Transfers	-	(18 225 234)	(376 414)	-	(30 252)	(573)	-	(18 632 473)
Write-offs	-	-	(2 925)	-	(719 277)	(5 638)	-	(727 840)
	-	**203 535 609**	**413 624 285**	**157 373**	**21 143 334**	**15 132 909**	**-**	**653 593 509**
Impairments	-	-	(27 097)	-	-	-	-	(27 097)
	20 967 185	**11 571 664**	**82 840 913**	**-**	**2 252 451**	**9 246 674**	**107 256**	**126 986 144**

2017

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
Assets								
Start balance	24 287 679	253 615 585	494 195 974	560 863	22 893 359	24 250 919	1 280 148	821 084 527
Acquisitions	-	182 602	1 499 266	-	1 029 025	61 795	-	2 772 688
Disposals	-	-	(2 735)	(355 619)	(658 508)	-	-	(1 016 862)
Transfers	-	(20 443 353)	945 019	-	76 098	-	(1 009 820)	(20 432 055)
Write-offs	-	-	(179 325)	(47 871)	(727 024)	(782)	-	(955 001)
	24 287 679	**233 354 835**	**496 458 200**	**157 373**	**22 612 951**	**24 311 931**	**270 328**	**801 453 297**
Accumulated depreciation and impairment losses								
Start balance	-	216 504 925	388 409 744	558 450	22 566 214	13 509 680	-	641 549 014
Depreciation of the financial year	-	9 463 598	12 884 884	2 413	214 249	813 889	-	23 379 032
Disposals	-	-	(182 059)	(355 619)	(630 256)	(777)	-	(1 168 711)
Transfers	-	(7 406 952)	-	-	-	-	-	(7 406 952)
Write-offs	-	-	-	(47 871)	(751 982)	-	-	(799 853)
	-	**218 561 571**	**401 112 569**	**157 373**	**21 398 225**	**14 322 792**	**-**	**655 552 530**
Impairments	-	(23 418)	-	-	-	-	-	(23 418)
Impairments - Transfers	-	(5 345 636)	-	-	-	-	-	(5 345 636)
	24 287 679	**14 816 681**	**95 345 631**	**-**	**1 214 726**	**9 989 139**	**270 328**	**151 269 820**

In the course of the financial year 2018, the company has obtained assessments for several immovable properties, giving rise to their impairment's reversal, in the amount of 27,097 euro.

9. LEASES

Financial leases

As referred to in the Note 4.4., the Company records assets acquired under a financial lease regime in its property, plant and equipment (Note 8). With reference to the 31st of December 2018 and 2017, the Company is the lessee of a financial lease agreement, primarily related to the acquisition of 24 triple traction units, recorded in the item "Property, plant and equipment – basic equipment".

In the financial year ended on the 31st of December 2018 and 2017, the assets held under a financial lease regime are detailed below:

Financial Leases - Goods	2018			2017		
	Gross amount	Accumulated amortization	Net amount	Gross amount	Accumulated amortization	Net amount
Basic equipment	299.632.078	228.118.986	71.513.092	299.632.078	217.417.758	82.214.320

The rents arising from the financial leases of the triple traction units have borne annual interest, the average rate of which stood at 33.3059%.

The financial leases' principal due with reference of the 31st of December 2018 and 2017 is detailed below:

Financial Leases	Principal due	
	2018	2017
Up to 1 year	-	3 788 999
Between 1 year and 5 years	-	7 680 685
	-	**11 469 683**

In the course of the financial year 2018, the Company has paid all the outstanding debt.

Operating leases

With reference to the 31st of December 2018, the Company holds responsibilities with ten operating lease agreements entered into with TREM, A.C.E. and TREM II, A.C.E. which are not recognized in the balance sheet (Note 4.4), amounting to 183,305,296 euro.

The minimum payments for the operating leases in 2018 and 2017 are detailed below:

Operating Leases	Minimum payments	
	2018	2017
Up to 1 year	7.877.929	7.531.329
Between 1 year and 5 years	175.427.367	185.097.378
	183.305.296	**192.628.706**

10. INVESTMENT PROPERTY

With reference to the 31st of December 2018 and 2017, investment property evidenced the following breakdown:

	31st of December 2018					31st of December 2017				
	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Immovable property leased to third	22.064.892	8.661.447	4.904.656	8.498.789	8.729.035	22.064.892	8.220.122	5.310.129	8.534.641	8.892.671
Immovable property for valuation	22.309.373	18.631.945	-	3.677.428	104.456.531	-	-	-	-	-
	44.374.266	**27.293.393**	**4.904.656**	**12.176.217**	**113.185.566**	**22.064.892**	**8.220.122**	**5.310.129**	**8.534.641**	**8.892.671**

As referred in the Note 6, the Company has transferred the building in Praça General Humberto Delgado from the item Property, plant and equipment to the item investment property.

The immovable properties leased to third parties held by the Company are related to 34 immovable properties located in the metropolitan area of Lisbon, for purposes of resettling low-income families affected by the network expansion program and for an office building in Lisbon, which are depreciated in a 50-year period.

The investment property's fair value was based on an assessment made by a specialized and independent entity. With reference to the 31st of December 2018 and 2017, the following income and expenses related to investment property were recognized in profits and losses:

	31st of December 2018				31st of December 2017			
	Rent income (Note 30)	Direct expenses	Depreciations of the financial year	Profit	Rent income (Note 30)	Direct expenses	Depreciations of the financial year	Profit
Immovable property leased to thirc	191.046	43.813	441.325	(294.092)	204.662	22.364	66.532	115.765
Praça General Humberto Delgado	-	217.104	40.832	(257.936)	-	-	-	-
	191.046	**43.813**	**441.325**	**(294.092)**	**204.662**	**22.364**	**66.532**	**115.765**

In the course of the financial year ended on the 31st of December 2018, the Company has written-off impairment losses previously recognized, amounting to 405,473 euro.

11. FINANCIAL INTERESTS

With reference to the 31st of December 2018 and 2017, the Company evidenced the following investments in subsidiaries, associate companies and joint ventures:

	2018										
	Corporate Headquarters	% held	Asset	Liabilities	Equity	Total income	Net profit	Proportion of the profit	Effect in profits and losses	Interest held	
Subsidiary companies:											
Ferconsult, S.A.	Lisbon	100,00%	3.992.991	4.830.005	(837.014)	3.667.838	(3.094.616)	(837.014)	(837.014)	-	a)
Metrocom, S.A.	Lisbon	100,00%	3.678.866	674.619	3.004.247	2.958.253	132.491	132.491	132.491	3.004.247	a)
TREM, A.C.E.	Lisbon	90,00%	1.881.583	54.973.336	(53.091.753)	2.721.913	2.677.741	2.409.967	2.409.967	-	a)
TREM II, A.C.E.	Lisbon	90,00%	5.363.262	128.342.290	(122.979.028)	5.158.948	5.095.453	4.585.908	4.585.908	-	a)
Associate companies:											
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	40,00%	-	-	-	-	-	-	-	10.843	b)
Total investment in subsidiary and associate companies									**6.291.351**	**3.015.090**	
Joint ventures											
Otlis, A.C.E.	Lisbon	14,29%	5.345.333	3.000.839	2.344.494	6.073.238	918.539	131.220	131.220	334.928	
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	5,00%	3.138.047	3.181.125	(43.077)	672.208	(43.077)	(2.154)	(2.154)	-	
Total Joint ventures										**334.928**	
Total										**3.350.018**	

a) Entities to be consolidated in the Company's consolidated financial statements by means of the full consolidation method.

b) The information relative to the financial year 2018 is not available.

	2017										
	Corporate Headquarters	% held	Asset	Liabilities	Equity	Total income	Net profit	Proportion of the profit	Effect in profits and losses	Interest held	
Subsidiary companies:											
Ferconsult, S.A.	Lisbon	100,00%	6.164.007	8.201.716	(2.037.708)	3.462.683	(1.152.373)	(1.152.373)	(1.152.373)	-	a)
Metrocom, S.A.	Lisbon	100,00%	3.555.051	683.294	2.871.757	2.802.483	251.630	251.630	251.630	2.871.757	a)
TREM, A.C.E.	Lisbon	90,00%	2.385.681	58.155.174	(55.769.494)	2.618.259	2.574.102	2.316.692	2.316.692	-	a)
TREM II, A.C.E.	Lisbon	90,00%	6.422.326	134.496.808	(128.074.481)	5.105.017	5.078.904	4.571.014	4.571.014	-	a)
Associate companies:											
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	40,00%	1.912.938	1.882.244	30.694,00	1.768.485	30.236	12.094	12.094	12.278	
Total investment in subsidiary and associate companies									**5.999.058**	**2.884.034**	
Joint ventures											
Otlis, A.C.E.	Lisbon	14,29%	5.950.266	4.278.188	1.672.078	6.593.052	492.246	70.321	70.321	238.868	
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	5,00%	2.610.350	2.708.595	(98.245)	1.521.356	(98.245)	(4.912)	(4.912)	-	
Total Joint ventures										**238.868**	
Total										**3.122.902**	

a) Entities to be consolidated in the Company's consolidated financial statements by means of the full consolidation method.

With reference to the 31st of December 2018, the financial interest held by the Company in the subsidiary company Ferconsult, S.A. is recorded according to the equity method, and this has recorded a loss in the course of the financial year 2018, amounting to 3,094,616 euro, as well as a provision amounting to 837,014 euro, which corresponds to the negative capital value of the said subsidiary company.

With reference to the 31st of December 2018, the financial interest held by the Company in the joint venture Ensitrans, A.E.I.E. is recorded according to the equity method, and this has recorded a loss in the course of the financial year 2018, amounting to 25,027 euro, as well as a provision amounting to 1,251 euro.

The movements occurred in the financial interests held by the Company in the course of the financial year 2018 are:

	2018		
	Equity Method	**Amortized**	**Total**
Financial interests			
Start balance	2.814.343	308.559	3.122.902
Application of the equity method	227.115	-	227.115
End balance	3.041.459	308.559	3.350.018
Net assets	**3.041.459**	**308.559**	**3.350.018**

12. DERIVATIVES

The balance in the items "Derivatives" with reference to the 31st of December 2018 and 2017 corresponds to the SWAP agreements' fair value, assessed by the contracted banks, as detailed below:

						Fair value ("FV") (counterparty) 31.12.2018		Variation	Fair value ("FV") (counterparty) 31.12.2017	
Appointment	**Entity**	**Swap**	**Start**	**End**	**Capital**	**Asset**	**Liabilities**		**Asset**	**Liabilities**
BSN-CGD (US LEASE)	BST	22/09/2005	01/07/2005	01/01/2019	7 630 670		(877 253)	4 732 602	-	(5 609 855)
BSN-CGD (US LEASE)	CAIXA BI	16/07/2009	01/07/2009	01/01/2019	3 815 335	81 966		(248 034)	330 000	-
TREM II (2ND TRANCHE)	BST	06/06/2005	23/09/2005	23/09/2022	65 575 340		(80 746 643)	22 487 649	-	(103 234 292)
					77 021 345	**81 966**	**(81 623 896)**	**26 972 217**	**330 000**	**(108 844 147)**

Pursuant to a sensitivity analysis with reference to the 31st of December 2018, performed by the IGCP and bearing in mind certain assumptions and hypothesis, the impact of the 1% interest rate variation on the fair value of the Company's financial investments portfolio, as detailed above and allocated to the LTI (Note 7.9), would be the following:

2018	1%	-1%
Fair value	73 165 397	(125 377 884)

13. OTHER FINANCIAL ASSETS

With reference to the 31st of December 2018, the item "Other financial assets - non-current" comprises: (i) the amount of 30,197,168 euro related to a collateral obligatorily granted by the Company in April 2009 in favour of Bank of America Leasing & Capital, LCC, which has been guaranteed by the Portuguese State, as a consequence of the Company's rating decrease, and the effect deriving from the change in its fair value, amounting to 541,443 euro, is recorded in the item "Fair value increases/reductions"; and (ii) the amount of 25,220,545 euro related to a collateral established by the Company in 2013 in bonds from the USA with Wilmington Trust, as a consequence of the Company's rating decrease, and the effect deriving from the change in its fair value, amounting to 212,710 euro, is recorded in the item "Fair value increases/reductions".

Appointment	FV Variation 2018	FV Variation 2017
Bank of America Leasing & Capital, LCC	541.443	211.641
Wilmington Trust	212.710	306.825
	754.153	**518.466**

With reference to the 31st of December 2018, the company held the amount of 627 euro in a Work Compensation Fund.

14. INVENTORIES

With reference to the 31st of December 2018 and 2017, the Company's inventories were detailed as shown below:

Inventories	2018 Gross amount	2018 Impairment losses	2018 Net amount	2017 Gross amount	2017 Impairment losses	2017 Net amount
Raw materials, other raw materials and consumables:						
Materials	6.187.706	(299.936)	5.887.770	3.441.117	(299.936)	3.141.181
Tools	15.092	-	15.092	20.001	-	20.001
Cleaning products	35.014	-	35.014	26.405	-	26.405
Fuel	26.039	-	26.039	22.354	-	22.354
Transport tickets	705.010	-	705.010	676.484	-	676.484
Other materials	450.522	-	450.522	173.663	-	173.663
Promotional items/publications	15.529	-	15.529	16.451	-	16.451
	7.434.912	**(299.936)**	**7.134.976**	**4.376.475**	**(299.936)**	**4.076.539**

With reference to the 31st of December 2018 and 2017, the Company had no inventories held by third parties, and on the said dates, there were no inventories in transit and on consignment.

Costs of goods sold and materials consumed

The cost of goods sold and materials consumed recognized with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

	Raw materials, other raw materials and consumables	
Cost of the goods sold	**2018**	**2017**
Start balance	4.376.475	2.473.205
Procurement	9.078.568	6.265.897
Normalizations	47.667	45.977
End balance	7.434.912	4.376.475
	6.067.798	**4.408.604**

Impairment losses

The evolution of the accumulated impairment losses on inventories with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

	2018			
Impairment losses - Inventories	**Start balance**	**Additions**	**Reversals**	**End balance**
Goods	299.936	-	-	299.936
	299.936	**-**	**-**	**299.936**

	2017			
Impairment losses - Inventories	**Start balance**	**Additions**	**Reversals**	**End balance**
Goods	299.936	-	-	299.936
	299.936	**-**	**-**	**299.936**

15. CUSTOMERS AND OTHER CREDITS RECEIVABLE

With reference to the 31st of December 2018 and 2017, the Company's receivables evidenced the following breakdown:

Customers and Other credits receivable	2018			2017		
	Gross amount	Accumulated impairment	Net amount	Gross amount	Accumulated impairment	Net amount
Clients	1.951.539	(919.725)	1.031.813	5.925.501	(926.109)	4.999.392
Other credits receivable	10.514.628	(3.505.892)	7.008.736	14.674.481	(3.460.883)	11.213.598
	12.466.167	**(4.425.618)**	**8.040.549**	**20.599.982**	**(4.386.992)**	**16.212.990**

The detail of customers and other receivables is the following:

	2018	2017
Clients	**Current**	**Current**
Ar Telecom	463.383	463.383
Subsidiary, associated companies and joint ventures	767.149	928.438
Uncharged fines	50.880	3.763.745
Other	670.126	769.935
	1.951.539	**5.925.501**
Impairment in receivables	(919.725)	(926.109)
	1.031.813	**4.999.392**

The balance of the item "Uncharged fines" corresponds to the fines which are still to be charged due to the absence of a valid transport ticket, and such amount is offset in the same amount in the item "Other debts payable" in liabilities.

	2018	2017
Other credits receivable	**Current**	**Current**
C.P. - Caminhos de Ferro Portugueses, E.P.E.	311.311	495.211
Serviços Municipais Transportes Coletivos Barreiro	3.360.343	3.257.361
Fertagus - Travessia do Tejo, S.A.	319.644	149.670
Secretariat-General of the Presidency of the Council of Ministers	100.685	121.881
Traffic revenue	3.376.172	4.414.113
Financial compensation for the 4_18, Sub23, Social+	2.182.112	913.560
Staff	331.609	384.456
Subsidiary, associated companies and joint ventures	269.524	4.593.816
Other	263.228	344.413
	10.514.628	**14.674.481**
Impairment in other credits receivable	(3.505.892)	(3.460.883)
	7.008.736	**11.213.598**

The movements in impairment losses in the course of the financial years 2018 and 2017 has been the following:

Impairments	2018 Start balance	Increases	Reversals	Use	End balance
Clients	926.109	33.696	(38.840)	(1.239)	919.725
In other credits receivable	3.460.883	59.427	(604)	(13.814)	3.505.892
	4.386.992	**93.123**	**(39.445)**	**(15.053)**	**4.425.618**

Impairments	2017 Start balance	Increases	Reversals	Use	End balance
Clients	935.224	24.304	(33.419)	-	926.109
In other credits receivable	3.328.910	132.295	(322)	-	3.460.883
	4.264.134	**156.599**	**(33.741)**	**-**	**4.386.992**

16. DEFERRED ASSETS

On the 31st of December 2018 and 2017, the item "Deferrals" in current assets evidenced the following breakdown:

Deferred assets	2018	2017
Charges with lease agreements	437.560	689.664
Works carried out on behalf of third parties	30.445.699	30.442.102
Other	1.090.549	1.384.593
Impairment - Other expenses to be Recogni	(634.584)	(634.584)
	31.339.224	**31.881.775**

The item "Deferred assets - charges with lease agreements", in the amount of 437,560 euro, is related to charges incurred in the carrying out of operating lease agreements entered into in 1995, 1997, 1999, 2000, 2001 and 2002, which are recognized in the statement of profits and losses in the course of the term of the corresponding agreements.

The item "Deferred assets – works carried out on behalf of third parties" includes the amounts related to the construction works made by the Company on behalf of entities from the State's business sector, regarding which the Board of Directors considers it shall be subject of a protocol for purposes of normalizing the situation.

17. EQUITY INSTRUMENTS

With reference to the 31st of December 2018, the Company's subscribed and paid-up capital, whose value is not established but amounted to 2,543,791,006 euro on that date, is fully held by the Portuguese State.

In the course of the financial year ended on the 31st of December 2018, a 175,195,680 euro capital increase has been carried out, and such amount was fully subscribed and paid-up in cash.

The negative net profits for the financial years ended on the 31st of December 2017, 2016, 2015 and 2014 have been transferred to the item "Profits carried over" relative to the subsequent years, notwithstanding the financial statements for the financial years ended on the said dates have not yet been formally approved by means of the Supervision Authority's ministry order.

Legal reserve

Pursuant to the commercial law in force, at least 5% of annual net profit, if positive, shall be allocated to the reinforcement of the legal reserve, until such reserve corresponds to 20% of the equity. This reserve shall not be distributable, except in cases of the Company's liquidation, albeit it shall only be used to absorb losses, after the other reserves have been exhausted or integrated in capital.

18. GOVERNMENT GRANTS

In the course of the financial years ended on the 31st of December 2018 and 2017, the Company has benefited from the following grants not allocated to LTI:

	2018				
Grants	**Total amount**	**Received amount**	**Income of the financial year**	**Accumulated income**	**Other changes in equity**
Grants related to assets:					
FEDER-PRODAC	10.942.882	10.942.882	130.765	10.550.586	392.296
FEDER-QCA	57.126.530	57.126.530	2.411.392	51.224.197	5.902.332
	68.069.412	**68.069.412**	**2.542.158**	**61.774.784**	**6.294.628**

	2017				
Grants	**Total amount**	**Received amount**	**Income of the financial year**	**Accumulated income**	**Other changes in equity**
Grants related to assets:					
FEDER-PRODAC	10.942.882	10.942.882	166.534	10.419.821	523.061
FEDER-QCA	57.126.530	57.126.530	2.411.393	48.812.805	8.313.725
	68.069.412	**68.069.412**	**2.577.927**	**59.232.626**	**8.836.785**

The grants received by the Company in light of the ERDF – PRODAC 1993 and QCA 1995 and 1997, have been aimed at financing investments made by the Company regarding the DW II, the DW III and the 17 TU's interim series, the 20 TU's complementary 95 series and the DW III.

19. PROVISIONS

The evolution of the provisions with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Provisions	2018 Start balance	Additions	Reversals / Use	End balance
Pending legal proceedings	640.500	-	-	640.500
Interest payable (note 32)	-	-	-	-
Taxes	2.305.777	-	2.305.777	-
Hedging of losses	51.305.017	3.434.190	2.458.888	52.280.320
	54.251.294	**3.434.190**	**4.764.665**	**52.920.819**
				0,00

Provisions	2017 Start balance	Additions	Reversals / Use	End balance
Pending legal proceedings	610.002	40.498	10.000	640.500
Interest payable (note 32)	108.479.022	10.915.898	119.394.920	-
Taxes	2.305.777	-	-	2.305.777
Hedging of losses	47.013.663	4.291.354	-	51.305.017
	158.408.464	**15.247.750**	**119.404.920**	**54.251.294**

In 2016, the Company has been notified by the Portuguese Tax Authorities (PTA) to submit elements relevant for tax purposes regarding the financial year 2014. Subsequent to the procedure, the PTA made a correction to the CIT for 2014 in the amount of 2,305,777 euro, regarding which the ML has submitted an administrative appeal. With reference to the 31st of December 2016, a provision has been established which is reflected in the sub-item "Taxes", amounting to 2,305,777 euro. In the course of the financial year 2018, the Portuguese Tax Authorities have upheld the tax corrections, and the Company has paid the amount in contention.

The sub-item "Coverage of losses" evidences an accumulated amount of 52,280,320 euro, which derives from the negative equity amounts of the subsidiary companies Trem ACE, Trem II ACE and of the joint venture Ensitrans AEIE, and regarding Trem ACE and Trem II ACE, the adjusted equity are considered and not the ones in the accounts of the said CGC (as shown in the Note 11), including the depreciation of rolling stock held by the said CGC on a straight-line basis. In comparison with 2017, this sub-item has recorded an increase of 137,385 euro in 2018, subsequent to:

(i) the losses assessed in 2018 at the level of Trem ACE (655,592 euro) and Trem II ACE (1,941,584 euro), including both the 90% directly held by ML and the 10% indirectly held through Ferconsult;
(ii) the losses assessed in 2018 at the level of Ferconsult, amounting to 837,014 euro;
(iii) the proportional amount held of 2,758 euro (4,912 euro in 2017) in Ensitrans AEIE's negative net profit for 2018.

20. BORROWINGS

The borrowings allocated to the operation activity with reference to the 31st of December 2018 and 2017 are detailed below:

		2018			2017		
			Amount used			Amount used	
Financing	Financing entity	Limit	Current	Non-Current	Limit	Current	Non-Current
Financial institutions:							
Bank loans:							
Loan LP 613.9 M EUR	T F D G 2011 (part)	105.974.436	52.987.218	-	105.974.436	52.987.218	-
Loan LP 648.6 M EUR	T F D G 2012 (part)	410.833.969	308.125.476	-	410.833.969	308.125.476	-
Loan LP 412.9 M EUR	T F D G 2013 (part)	129.885.756	108.238.130	21.647.626	129.885.756	86.590.504	43.295.252
Loan LP 32.6 M EUR	T F D G 2017 (part)	15.426.066	2.859.701	12.566.365	15.426.066	-	15.426.066
Loan LP 421.97 M EUR	T F D G 2018 (part)	159.965.533	-	159.965.533	-	-	-
Overdraft	-				-	-	-
Total bank loans			**472.210.525**	**194.179.525**		**447.703.198**	**58.721.318**
Financial leases:							
Loan CP/LP M EUR	Santander Totta	-	-	-	11.469.683	3.788.999	7.680.685
Total financial leases			**-**	**-**		**3.788.999**	**7.680.685**
Total financial institutions			**472.210.525**	**194.179.525**		**451.492.197**	**66.402.003**

The portion referring to bank loans classified as non-current involve the following reimbursement plan:

Year	Amount
2019	23.742.020
2020	28.755.318
2021 and subsequent	141.682.187
	194.179.525

On the 31st of December 1998, the Company entered into a financial lease agreement, regarding 24 TU of the ML 95 series rolling stock, for the amount of 124,699,474 euro and with a residual value of 3% of the equipment's amount, aimed at the partial financing of the Metro Network Expansion and Modernization Plan, with a 20-year term and bearing interest at the 6-month EURIBOR rate less 0.71%, and the Portuguese State, in its capacity as holder of the full capital, has granted a guarantee. The financing agreement has been entered into on the 6th of January 1999. With reference to the 31st of December 2017, the amount payable deriving from the said financial lease agreement amounts to 15,308,696 euro. In the course of the financial year 2018, the Company has paid all the outstanding amount.

In the past months, the Company has been borrowing, on a regular communication and coordination with its shareholder, additional amounts to deal with its short-term responsibilities, and to the present date, no outstanding and unpaid bank debt situations have occurred.

The Company's Board of Directors understands that the reimbursement of its liabilities, notably regarding borrowings with potential short-term reimbursements, will continue to be performed, notably by means of the borrowing of additional amounts in coordination with its shareholder.

In light of the Company's budget for 2018, as approved by the Portuguese Parliament and taken into consideration in the State Budget for 2019, the following events have been projected: (i) the receipt of a 148,941,847 euro loan from the TFDG intended to reimburse interest which will be borne in the course of the financial year 2019 and to repay loans entered into with banking entities, and it is projected that such amount will be converted in a capital increase which on the date of the present financial statements' approval is not yet accomplished.

The Company's rating downgrade, as well as of the rating of an international bank which issued a credit letter, has placed Metropolitano de Lisboa in a non-compliance situation regarding the agreed guarantees of US Cross Border Lease transactions, with respect to the financing of rolling stock. As a consequence of this situation, in the course of the financial year 2018, the Company had granted a collateral amounting to 25,220,545 euro (Note 13).

21. POST-EMPLOYMENT BENEFITS – ESTABLISHED BENEFIT PLANS

As referred to in the note 4.14, the Company has undertaken to grant employees financial allowances for their retirement, disability and death pension supplements. With reference to the 31st of December 2018, the number of active employees and retirees/pensioners amounted to 1,000 and 1,272, respectively (1,012 and 1,344 with reference to the 31st of December 2017).

The allowances mentioned above correspond to pension supplements guaranteed by the Social Security scheme and are determined depending on the number of service years at the Company, of Social Security contributions and the last wage earned on the retirement date.

In the financial year 2004, the Company has decided and agreed with the trade unions that all employees who have been integrated in the staff subsequent to the 31st of December 2003 shall no longer be covered by this pension plan.

In the financial year ended on the 31st of December 2018, an actuarial assessment has been carried out by an independent entity regarding the plan's assets and of the present value of the established obligation and benefits.

Pursuant to the actuarial studies reported on the 31st of December 2018 and 2017, the current value of the Company's liabilities for its active and retired employees' past services has been estimated at:

	2018	2017
Active workers	88.466.080	78.860.745
Retired persons	165.245.381	173.767.120
	253.711.461	**252.627.865**

The increase in the Past Service Responsibilities' Current Value arises in part from the fact that, in overall terms, 2018 saw a higher actual wage increase than projected.

The actuarial study reported on the 31st of December 2018 has been carried out using a method named "Projected Unit Credit", which took into consideration the following assumptions and technical and actuarial bases:

Projected Unit Credit	2018	2017
Life table		
Male life table	TV73/77-1	TV73/77-1
Female life table	TV88/90	TV88/90
Disability table	EKV80	EKV80
Rates		
Pension Technical Rate	1,75%	1,75%
Wage Growth Rate	1,50%	1,50%
PRT Allowance Update Rate	1,50%	1,50%
Discount Rate	1,75%	1,75%

The evolution of the Company's responsibilities with pensions in the financial year 2018 and 2017 was the following:

	2018	2017
Total responsibilities at the start of the financial year	252.627.865	255.738.256
Cost with current services	3.063.065	2.889.482
Cost with interest	4.420.988	4.475.419
Benefits paid in the financial year	(12.669.921)	(12.526.801)
Actuarial gains (losses) in the financial year	6.269.465	2.051.508
Total responsibilities in the end of the financial year	**253.711.461**	**252.627.865**

The cost of current services and the cost of interest for the financial year 2018, correspondingly, amounting to 3,063,065 euro and to 4,420,988 euro, have been recognized in the statement of profits and losses in the item "Personnel expenses".

With reference to the 31st of December 2018 and 2017, the Company has recognized, correspondingly, the amounts of 6,269,465 euro and 2,051,509 euro in its financial statements, regarding actuarial gains (losses) assessed in the financial year, against the item "Adjustments/Other variations in equity", as described in its accounting policy (Note 4.14).

The evolution of the actuarial gains (losses) with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

	2018			
Other changes in equity	**Start balance**	**Additions**	**Reductions**	**End balance**
Actuarial gains (losses)	-6.859.877	-	6.269.465	-13.129.342

	2017			
Other changes in equity	**Start balance**	**Additions**	**Reductions**	**End balance**
Actuarial gains (losses)	-4.808.369	-	2.051.508	-6.859.877

With reference to the 31st of December 2018, the actuarial losses mainly derive from the fact that 2018 saw a higher actual wage increase than projected.

With reference to the 31st of December 2018, the Company did not evidence the establishment of any funds to deal with such responsibilities, and they are recorded in the balance sheet.

22. SUPPLIERS

The balance of the item "Suppliers" with reference to the 31st of December 2018 and 2017 is the following:

Suppliers	2018	2017
Companhia Carris de Ferro	850.022	2.341.765
Edp Comercial	-	841.514
VILLAS-BOAS ACP - Corretores Associados de Seguros, Lda	558	767.439
Rodoviaria de Lisboa, SA	114.895	40.921
Bonatrans Group A.S.	186.865	41.540
Otlis - Operadores de Transportes da Região de Lisboa, A.C.E.	80.228	89.203
EFACEC Engenharia e Sistemas, S.A.	65.779	-
SAFIRA Facility Services, S.A.	42.652	42.652
EPAL - Empresa Portuguesa das Águas Livres, S.A.	34.932	-
Petards Joyce-Lobebl LTD.	32.331	-
ONDAGRAFE - Artes Gráficas, Lda.	30.256	358
EFACEC - Energia, Máquinas e Equipamentos Eléctricos, S.A.	27.060	-
GRUPO 8- Vigilância e Prevenção Electrónica, Lda	24.028	67.285
ISS - Facility Services - Gestão e Manutenção de Edifícios	36.795	83.212
LIMPERSADO - Limpeza,máquinas e transportes	-	77.299
Iberlim - Sociedade Técnica de Limpezas, S.A.	-	21.711
Other	239.141	216.534
	1.765.542	**4.631.433**

23. STATE AND OTHER PUBLIC ENTITIES

Under the legislation currently in force, the tax returns are subject to review and correction by the tax authorities for a period of four years (five years in case of the Social Security), unless tax losses have been assessed, tax benefits have been granted, or there are pending tax audits, complaints or appeals, in which cases, in light of the circumstances, such deadlines may be extended or suspended. Therefore, the tax returns referring to the years 2015 to 2018 are still subject to review.

According to article 88 of the CIT Code, the Company is also subject to flat-rate taxation regarding a set of charges, levied at the rates established in the said article.

The Board of Directors considers that any potential corrections arising from reviews/tax audits performed by the tax authorities on the said tax returns shall not impact significantly the financial statements with reference to the 31st of December 2018 and 2017.

On the 31st of December 2018 and 2017, the items "State and other public entities" evidenced the following breakdown:

	2018		2017	
	Asset	Liabilities	Asset	Liabilities
Corporate income tax	3.608.657	-	1.661.578	-
Personal income tax	461.995	1.125.098	12.262	1.084.838
Value added tax	1.079.866	-	1.299.643	-
Social Security contributions	-	1.392.542	-	53.236
Other Taxes	79.679	499.775	79.675	499.331
	5.230.197	**3.017.415**	**3.053.159**	**1.637.406**

With reference to the 31st of December 2018, the amounts related to Personal Income Tax and to Social Security contributions correspond to withholdings made in the context of the wage processing for December 2018, which will be paid in January 2019.

24. INCOME TAX

The expense with income tax with reference of the 31st of December 2018 and 2017 is detailed below:

Income tax	2018	2017
Current tax	40.895	760.557

With reference to the 31st of December 2018 and 2017, the tax losses carried forward stood at 37,386,360 euro. The deadlines for the use of such tax losses existing on the said dates are the following:

	2018		2017	
Tax losses	Amount	Expiry date for use	Amount	Expiry date for use
Originated in 2013	33.889.639	2018	33.889.639	2018
Originated in 2014	3.496.721	2026	3.496.721	2026
	37.386.360		**37.386.360**	

The tax rate adopted for determining the tax amount in the financial statements is as follows:

Income tax	2018	2017
Nominal tax rate	21,00%	21,00%
Surcharge	1,50%	1,50%
State Surcharge *	7,00%	7,00%
Current income tax	**29,50%**	**29,50%**

* 3% levied on the taxable income between €1.5M and €7.5M, 5% levied on the taxable income between €7.5M and €35M, 7% levied on the taxable income exceeding €35M.

The reconciliation of the effective tax rate for the financial years under analysis is evidenced below:

Reconciliation of the effective tax rate	2018	2017
Profits before tax	(27.892.435)	(23.801.492)
Nominal tax rate	21,00%	21,00%
	(5.857.411)	(4.998.313)
Accounting expenses non-deductible for tax purposes in the year	(4.851.705)	(23.209.084)
Accounting income not computed for tax purposes	16.065.213	16.097.796
Tax losses deducted in the year	147.592	4.977.901
Excessive / insufficient tax estimate	(105.667)	(1.447.694)
State surcharge	-	286.669
Flat-rate taxation	22.607	25.876
Current tax	5.420.629	(8.266.848)
Tax expense (income)	(196.759)	291.761
Effective tax rate	**n.a.**	**n.a.**

25. OTHER DEBTS PAYABLE

On the 31st of December 2018 and 2017, the item “Other debts payable” evidenced the following breakdown:

Other debts payable	2018	2017
Staff	517.318	483.326
Holidays, holiday allowance and corresponding social costs	10.178.109	9.448.549
Interest payable	26.203.103	142.186.436
Creditors for accrued expenses	1.273.119	363.059
Investment suppliers	3.438.886	3.425.687
Uncharged fines (Note 15)	61.632	4.639.932
Other	2.587.061	2.057.711
	44.259.228	**162.604.700**

With reference to the 31st of December 2018 and 2017, the balance of the item “Creditors for accrued expenses” is primarily concerned with expenses incurred by the Company with investments made, for which the corresponding invoice had not yet been received on the balance sheet date.

The amount of 3,435,305 euro (3,425,687 euro with reference to the 31st of December 2017) regarding the item “Investment suppliers” is related to the balance payable to suppliers, concerning the acquisition of property, plant and equipment, from which we may highlight: (i) 498,798 euro payable to the Lisbon Municipality; (ii) 1,332,881 euro payable to CJC – Engenharia e Projetos.

26. DEFERRED LIABILITIES

On the 31st of December 2018 and 2017, the item “Deferrals” in current liabilities evidenced the following breakdown:

Liability deferrals	2018	2017
Financial leases - deferred capital gains	-	293.561
Income from immovable property	29.725	29.703
Other accrued income	173.112	89.252
	202.837	**412.516**

The capital gains arising from financial lease agreements regarding the 14 TU and the 24 TU are currently being deferred for their corresponding terms (Note 30).

27. REVENUE

The revenue recognized by the Company with reference of the 31st of December 2018 and 2017 is detailed below:

Revenue	2018	2017
Sales:		
Scrap	46.059	37.699
Provision of services:		
Tickets	54.210.739	52.022.168
Monthly passes	52.707.810	49.669.835
Cards	3.738.242	3.582.587
Secondary services	3.827.245	4.087.921
	114.530.094	**109.400.211**

The increase observed regarding revenues in 2018 primarily results from the increase in the number of passengers carried.

In the course of the financial year ended on the 31st of December 2018, the State granted a financial compensation for the 4_18@escola.tp, sub23@superior.tp and social+ monthly passes, amounting to 3,341,201 euro (3,152,076 euro recognized as revenue after the VAT deduction), of which 3,341,201 have been received (VAT included).

In the course of the financial year ended on the 31st of December 2017, the State granted a financial compensation for the 4_18@escola.tp, sub23@superior.tp and social+ monthly passes, amounting to 2,986,208 euro (2,817,177 euro recognized as revenue after the VAT deduction), of which 1,693,997 have been received (VAT included).

28. EXTERNAL SUPPLIES AND SERVICES

The item "External supplies and services" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

External supplies and services	2018	2017
Electricity	9.403.879	8.368.838
Rents and leases	8.650.761	7.564.214
Maintenance and repair	4.368.818	4.548.186
Cleaning, hygiene and comfort	3.026.258	2.752.699
Surveillance and safety	5.205.275	5.035.691
Specialized works	1.164.824	1.133.607
Other	2.979.007	2.760.761
	34.798.822	**32.163.996**

The item "Leases and rents" essentially encompasses the amount of 8,430,707 euro related to the operating lease rents (7,400,261 euro with reference to the 31st of December 2017).

29. PERSONNEL EXPENSES

The item "Personnel expenses" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Personnel expenses	2018	2017
Remuneration of the corporate bodies	353.053	401.851
Remuneration of the personnel	55.763.628	50.277.320
Post-employment benefits (Note 21)	7.517.793	7.359.821
Charges on remunerations	12.609.609	11.355.077
Work accidents insurance and occupational diseases insurance	845.110	668.658
Health insurance	853.160	842.075
Social action expenses	367.311	483.787
Indemnities for termination	182.833	62.244
Other	313.718	216.406
	78.806.214	**71.667.238**

With reference to the financial year ended on the 31st of December 2018, the Company has recognized pension responsibilities in this item, and the responsibility with current services amounts to 3,063,065 euro, while the costs with interest amount to 4,420,988 euro.

In the course of the financial years ended on the 31st of December 2018 and 2017, the average employee number has stood at 1414 and 1397 people, correspondingly, and the headcount number by the end of the financial year has been 1416 and 1408, correspondingly.

30. OTHER INCOME

The detail of the item "Other income" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Other income	2018	2017
Investment grants (Note 18)	2.542.158	2.577.927
Recognition of lease-related capital gains	293.561	195.707
Sale of energy	205.009	188.530
Exchange rate differences	2.480.356	3.379
Rents from immovable property (Note 10)	191.046	204.662
Disposals - Gains regarding immovable property	-	68.426
Corrections relative to preceding financial years	57.960	109.894
Excessive tax estimate	-	1.447.694
Other	821.745	235.401
	6.591.834	**5.031.619**

The balance of the item "Recognition of capital gains" is related to the amortization of the capital gains assessed regarding the 24 TU, the amounts of which stood at 293,561 euro with reference to the 31st of December 2018. (Note 26).

The balance of the item "Exchange differences" is related to the revision of two collaterals which the Company has established in bonds from the USA (Note 13).

31. OTHER EXPENSES

With reference to the financial years ended on the 31st of December 2018 and 2017, the breakdown of the item "Other expenses" is detailed below:

Other expenses	2018	2017
Donations		0
Municipal tax on immovable property	314.058	281.762
Membership fees	106.694	59.680
Losses in inventories	156.853	86.256
Insufficient tax estimate	196.759	291.761
Corrections relative to preceding financial years	59.266	1.373.746
Exchange rate differences	-	7.117.448
Disposals - Losses regarding immovable property	2.649	9.658
Other	440.866	931.034
	1.277.146	**10.151.345**

32. FINANCIAL PERFORMANCES

On the 31st of December 2018 and 2017, the balance of this item evidenced the following breakdown:

Financial profits	2018	2017
Expenses:		
Interest borne with bank loans	31.122.480	24.923.288
Interest payable (Note 19)	-	10.915.898
	31.122.480	**35.839.186**
Income from interest:		
Interest obtained in financial applications	-	2.714.695
Other	-	-
	-	**2.714.695**
Financial profits	**(31.122.480)**	**(33.124.491)**

33. RELATED PARTIES

With reference to the 31st of December 2018 and 2017, the Company evidenced the following balances with related parties:

	2018					
	Accounts receivable			Accounts payable		
Related parties	Customers (Note 15)	CIT - Withholding tax	Other credits receivable	Suppliers (Note 22)	Other debts payable	Net effect
Subsidiary companies:						
Ferconsult, S.A.	-	79.675	216.585	-	545.721	(249.461)
Metrocom, S.A.	-	550.315	-	-	-	550.315
Associate companies:						
Publimetro	766.032	-	-	-	-	766.032
Joint ventures:						
Otlis, A.C.E.	1.118	-	-	80.228	-	(79.110)
Ensitrans A.E.I.E.	-	-	-		-	-
	767.149	**629.990**	**216.585**	**80.228**	**545.721**	**987.776**

	2017					
	Accounts receivable			Accounts payable		
Related parties	Customers (Note 15)	CIT - Withholding tax	Other credits receivable	Suppliers (Note 22)	Other debts payable	Net effect
Subsidiary companies:						
Ferconsult, S.A.	-	79.675	4.546.759	-	113.195	4.513.239
Metrocom, S.A.	211.138	565.118	-	-	-	776.256
Associate companies:						
Publimetro	639.312	-	-	-	-	639.312
Joint ventures:						
Otlis, A.C.E.	77.988	-	-	89.203	-	(11.215)
Ensitrans A.E.I.E.						-
	928.438	**644.793**	**4.546.759**	**89.203**	**113.195**	**5.917.592**

The balance of the item "Other debts payable", regarding Ferconsult with reference to the 31st of December 2018, includes the amount of 531,395 euro, which is recorded in the item "Long-term infrastructure investment activities".

In the course of the financial years ended on the 31st of December 2018 and 2017, the following transactions were carried out with related parties:

	2018			
Related parties	**Purchase of inventories**	**Purchase of property, plant and equipment**	**Services acquired**	**Services provided**
Subsidiary companies:				
Ferconsult, SA	-	2.051.977	14.326	85.769
Metrocom, SA	-	-	6.178	2.127.768
Associate companies:				
Publimetro	-	-	-	1.171.636
Joint ventures:				
Otlis, ACE	2.254.615	-	123.071	4.720.222
Ensitrans AEIE	-	-	-	-
	2.254.615	**2.051.977**	**143.575**	**8.105.396**

	2017			
Related parties	**Purchase of inventories**	**Purchase of property, plant and equipment**	**Services acquired**	**Services provided**
Subsidiary companies:				
Ferconsult, SA	-	650.408	340.653	91.147
Metrocom, SA	-		4.000	2.027.960
Associate companies:				
Publimetro	-	-	-	1.026.187
Joint ventures:				
Otlis, ACE	2.482.874	-	-	7.225.426
Ensitrans AEIE	-	-	-	-
	2.482.874	**650.408**	**344.653**	**10.370.720**

34. GUARANTEES GRANTED

With reference to the 31st of December 2018, the Company's responsibilities related to guarantees granted are the following:

	2018		
Entity	**Amount**	**Start Date**	**Beneficiary**
Banco BPI	7.494	10-03-2006	COURT.ADM.F.LX-2ND SECTION
Banco BPI	95.482	11-05-2006	TAX SERVICES 4TH TAX DISTRICT
Banco BPI	1.583	30-06-2010	COURT.TAX.-2ND.JURISD.LIS
Banco BPI	7.661	17-08-2011	LISBON MUNICIPALITY
Banco BPI	7.500	17-06-2014	PETROGAL
Banco BPI	1.820	01-06-2015	SMAS SINTRA
Banco BPI	438.047	03-07-2015	Lisbon District Court Central Juris. 1 Empl
Banco BPI	760.610	28-04-2016	Lisbon District Court Central Juris. 1 Empl
	1.320.197		

35. CONTINGENT LIABILITIES

With reference to the 31st of December 2018, there are indemnity claims for damages sent to the Company amounting to 22,049 euro, which primarily refer to expropriation legal proceedings and damages caused by construction works related to the network expansion plan. With reference to the 31st of December 2018, the Company is at a stage of assessing the total expropriation amount, and a provision for the legal proceedings the outcome of which is unknown until the financial statements' date of approval has been recorded. With respect to the remaining legal proceedings, no provisions have been recorded with reference to the 31st of December 2018, given that, in case such indemnities are paid, these shall be recorded as expropriation charges in the item "Long-term infrastructure investments".

36. DISCLOSURES REQUIRED BY LEGAL ACTS

Fees invoiced by the Chartered Accountant (Auditor)

The total fees invoiced by the Chartered Accountant (Auditor), with reference to the financial year ended on the 31st of December 2018, in relation to the annual accounts statutory audit amounted to 20,550 euro.

37. EVENTS OCCURRED AFTER THE BALANCE SHEET DATE

Pursuant to the Regulation no. 278-A/2019, of the 19th of March 2019, Metropolitano de Lisboa's Regulation on the General Rules for the Implementation of the Fare System in the Metropolitan Area of Lisbon was approved.

Such Regulation carries out the implementation in the metropolitan area of Lisbon from the 1st of April 2019 onwards, of a new metropolitan fare, municipal monthly passes and an affordable metropolitan monthly pass system, as well as child-mode, family, senior citizens and retirees/pensioners monthly passes, benefiting from low fares, which are valid in the networks of the public passenger transport service operators in the metropolitan area of Lisbon. At the present date, it is not possible to project and measure the impacts of such a profound fare change, both in terms of the levels of service supply, demand and revenue generated with the transport service provided.

THE BOARD OF DIRECTORS

Vítor Manuel Jacinto Domingues dos Santos, Engineer

Eng.ª Maria Helena Arranhado Carrasco Campos, Engineer

Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

3. Financial Statements and Corresponding Notes (Consolidated Accounts)

Table 68 – Consolidated statement of the financial position with reference to the 31st of December 2018

Metropolitano de Lisboa, E.P.E. and subsidiary companies

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

ON THE 31ST OF DECEMBER 2018

(Amounts expressed in euro)

	Notes	31st of December 2018	31st of December 2017
ASSETS			
NON-CURRENT ASSETS:			
Long-term infrastructure investments	6	5.111.618.059	5.020.086.976
Property, plant and equipment	7	255.143.212	286.281.402
Investment property	9	12.176.217	8.534.641
Intangible assets		1.518	3.251
Financial interests - equity method	10	345.772	251.145
Other credits receivable	14	-	303.660
Derivatives	11	81.966	330.000
Other financial assets	12	55.418.340	52.188.819
Total non-current assets		5.434.785.084	5.367.979.894
CURRENT ASSETS:			
Inventories	13	7.134.976	4.076.539
Clients	14	3.912.627	7.004.674
State and other public entities	21	6.044.609	3.906.321
Other credits receivable	14	38.758.707	39.500.633
Deferrals	15	1.757.774	2.386.721
Cash and bank deposits	4	24.033.770	32.990.146
Total current assets		81.642.463	89.865.034
Total long-term infrastructure (LTI) investment assets		5.111.618.059	5.020.086.976
Total operation-allocated assets (ML)		404.809.488	437.757.952
Total assets		5.516.427.547	5.457.844.928
ID LIABILITIES			
EQUITY AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS:			
Subscribed capital	16	2.543.791.006	2.368.595.326
Legal reserves		21.597	21.597
Other reserves		1.501.878	1.501.878
Profits carried over		(1.780.611.158)	(1.751.571.377)
		764.703.323	618.547.424
Net profit for the financial year		(27.892.435)	(24.500.916)
Total equity		736.810.888	594.046.508
LIABILITIES			
NON-CURRENT LIABILITIES:			
Long-term infrastructure investments	6	2.326.298.242	2.706.575.594
Provisions	17	5.322.316	3.899.528
Borrowings	18	367.887.870	249.707.299
Other debts payable	23	4.982.846	6.294.628
Derivatives	11	81.623.896	108.844.147
Responsibilities with post-employment benefits	19	253.711.461	252.627.865
Total non-current liabilities		3.039.826.631	3.327.949.060
CURRENT LIABILITIES:			
Long-term infrastructure investments	6	1.205.630.052	900.000.200
Suppliers	20	4.108.141	6.621.108
State and other public entities	21	3.455.244	1.968.833
Borrowings	18	481.808.304	460.816.436
Other debts payable	23	44.788.286	166.442.784
Total current liabilities		1.739.790.027	1.535.849.360
Total long-term infrastructure (LTI) investment liabilities		3.531.928.294	3.606.575.794
Total operation-allocated liabilities (ML)		1.247.688.364	1.257.222.628
Total liabilities		4.779.616.658	4.863.798.420
Total equity and liabilities		5.516.427.547	5.457.844.928
		-	-

These notes are included in the consolidated statement of the financial position with reference to the 31 st of December 2018.

THE BOARD OF DIRECTORS

THE CERTIFIED ACCOUNTANT

Eng.º Vitor Manuel Jacinto Domingues dos Santos

Dr. Carlos Emério Ferreira da Mota

Dr.ª Maria Helena Arranhado Carrasco Campos

Dr. Pedro Miguel de Bastos Veiga da Costa

Table 69 - Consolidated statement of profits and losses by nature with reference to the 31st of December 2018

Metropolitano de Lisboa, E.P.E. e subsidiárias

CONSOLIDATED STATEMENT OF PROFITS AND LOSSES
OF THE FINANCIAL YEARS ENDED ON THE 31ST OF DECEMBER 2018

(Amounts expressed in euro)

INCOME AND EXPENSES	Notes	2018 2015	2017 2015
Sales and provisions of services	24	116.433.609	111.165.245
Profits / losses attributed to subsidiaries, associate companies and joint ver	10	(2.298.762)	(383.828)
Own work capitalized	3.20	5.265.716	3.630.671
Costs of goods sold and materials consumed	13	(6.067.798)	(4.408.604)
External supplies and services	25	(29.190.754)	(25.778.468)
Personnel expenses	26	(81.933.770)	(74.689.257)
Impairments in debts receivable (losses / reversals)	14	(1.264.150)	(188.570)
Provisions (increases / reductions)	17 and 29	2.218.499	295.639
Fair value increases / reductions	11 and 12	27.726.370	38.332.888
Other income	27	7.013.745	5.420.794
Other expenses	28	(1.408.066)	(10.304.640)
Profit before interest, taxes, depreciation and amortization		**36.494.639**	**43.091.871**
Depreciation and amortization expenses / reversals	7 and 9	(33.588.452)	(33.816.944)
Impairments of investments subject to depreciation/amortization (losses/rev	7 and 9	432.570	223.155
Operating profit (before interest and taxes)		**3.338.757**	**9.498.082**
Interest and similar income obtained	29	4.647	2.714.695
Interest and similar expenses incurred	29	(31.153.591)	(35.870.393)
Profit before taxes		**(27.810.187)**	**(23.657.616)**
Income tax for the financial year	22	(82.248)	(843.300)
Consolidated net profit for the financial year		**(27.892.435)**	**(24.500.916)**
Consolidated net profit for the financial year attributable to the parent company's equi		(27.892.435)	(24.500.916)
		(27.892.435)	**(24.500.916)**

These notes are included in the consolidated statement of profits and losses with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

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Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Table 70 - Consolidated statement of cash flows with reference to the 31st of December 2018

Metropolitano de Lisboa, E.P.E. e subsidiárias

CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE FINANCIAL YEARS ENDED ON THE 31ST OF DECEMBER 2018

(Amounts expressed in euro)

	Notes	31st of December 2018	31st of December 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from clients		119.446.728	131.423.944
Payments to suppliers		(39.286.147)	(45.046.881)
Payments to the personnel		(69.644.014)	(66.415.710)
Cash generated from the operations		**10.516.567**	**19.961.353**
Payments and receipts from taxes		(2.773.086)	(6.177.825)
Other receipts / payments		(8.165.515)	(12.236.861)
Cash flows from operating activities [1]		**(422.034)**	**1.546.667**
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Receipts resulting from:			
Property, plant and equipment		4.000	-
Investment Grants	6.3	2.433.400	1.137.500
Interest and similar income		297.686	883.377
Cash payments regarding to:			
Property, plant and equipment		(12.529.139)	(6.736.527)
Intangible assets		-	-
Cash flows from investment activities [2]		**(9.794.053)**	**(4.715.650)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipts resulting from:			
Equity increases	16	175.195.680	192.050.802
Interest and similar income		-	-
Borrowings		421.973.932	60.392.779
Payments arising from:			
Borrowings		(80.825.987)	(80.643.574)
Interest and similar expenses		(515.087.957)	(171.213.352)
Cash flows from financing activities [3]		**1.255.668**	**586.655**
Variation in Cash and its equivalents [4]=[1]+[2]+[3]		**(8.960.419)**	**(2.582.328)**
Effects from exchange differences		4.043	8.237
Cash and its equivalents at the beginning of the financial year	**4**	**32.990.146**	**35.564.237**
Cash and its equivalents at the end of the financial year	**4**	**24.033.770**	**32.990.146**

These notes are included in the consolidated statement of cash flows with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

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THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Table 71 - Consolidated statement of changes in equity for the financial years 2017 and 2018

Metropolitano de Lisboa, E.P.E. e subsidiárias

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
OF THE FINANCIAL YEARS ENDED ON THE 31ST OF DECEMBER 2018 AND 2017

(Amounts expressed in euro)

	Notes	Subscribed capital	Legal reserves	Other reserves	Profits carried over	Net profit for the financial year	Total	Total of equity
Position on the 1st of January 2017		2.176.544.525	21.597	1.501.878	(1.733.187.993)	(44.140.386)	400.739.621	400.739.621
Changes occurred in the financial year:								
Application of the net profit for the financial year ended on the 31st of December 2016		-	-	-	(44.140.386)	44.140.386	-	-
Established benefit plan - actuarial gains and losses	19	-	-	-	(2.051.508)	-	(2.051.508)	(2.051.508)
Equity increase	16	192.050.802	-	-	-	-	192.050.802	192.050.802
Recognition of accumulated losses in subsidiary companies and joint ventures	16				27.808.509	-	27.808.509	27.808.509
		2.368.595.327	21.597	1.501.878	(1.751.571.378)	-	618.547.424	618.547.424
Net profit for the financial year ended on the 31st of December 2017		-	-	-	-	(24.500.916)	(24.500.916)	(24.500.916)
Position on the 31st of December 2016		2.368.595.327	21.597	1.501.878	(1.751.571.378)	(24.500.916)	594.046.508	594.046.508
Position on the 1st of January 2018		2.368.595.327	21.597	1.501.878	(1.751.571.378)	(24.500.916)	594.046.508	594.046.508
Changes occurred in the financial year:								
Application of the net profit for the financial year ended on the 31st of December 2017		-	-	-	(24.500.916)	24.500.916	-	-
Established benefit plan - actuarial gains and losses	19	-	-	-	(6.269.465)	-	(6.269.465)	(6.269.465)
Equity increase	16	175.195.680	-	-	-	-	175.195.680	175.195.680
Hedging of losses	16	-	-	-	1.730.601	-	1.730.601	1.730.601
		2.543.791.007	21.597	1.501.878	(1.780.611.158)	-	764.703.323	764.703.323
Net profit for the financial year ended on the 31st of December 2018		-	-	-	-	(27.892.435)	(27.892.435)	(27.892.435)
Position on the 31st of December 2018		2.543.791.006	21.597	1.501.878	(1.780.611.158)	(27.892.435)	736.810.888	736.810.888

These notes are included in the consolidated statement of changes in equity with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

Eng.º Vítor Manuel Jacinto Domingues dos Santos

Dr.ª Maria Helena Arranhado Carrasco Campos

Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Table 72 - Consolidated statement of the comprehensive income for the financial years ended on the 31st of December 2018

Metropolitano de Lisboa, E.P.E. e subsidiárias

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
OF THE FINANCIAL YEARS ENDED ON THE 31ST OF DECEMBER 2018

(Amounts expressed in euro)

	Notes	2018	2017
Consolidated net profit for the financial year		(27.892.435)	(24.500.916)
Established benefit plan - actuarial losses	19	(6.269.465)	(2.051.508)
Recognition of accumulated losses in subsidiary companies		(2.154)	(47.404)
Other comprehensive income for the financial year		(6.271.619)	(2.098.912)
Total consolidated comprehensive income for the financial year		**(34.164.054)**	**(26.599.828)**

These notes are included in the consolidated statement of comprehensive income with reference to the 31st of December 2018.

THE BOARD OF DIRECTORS

Eng.º Vítor Manuel Jacinto Domingues dos Santos

Dr.ª Maria Helena Arranhado Carrasco Campos

Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

Notes to the consolidated financial statements with reference to the 31st of December 2018

(Amounts expressed in euro)

1. Introductory note

Metropolitano de Lisboa, E.P.E. (hereinafter referred to as "ML" or "Company") is a public business entity, incorporated in 1949, with its corporate headquarters at Av. Fontes Pereira de Melo, n.º 28, in Lisbon, the current legal regime and Statutes of which have been approved by the Decree-Law no. 148-A/2009, of the 26th of June. Its main purpose consists in the provision of activities and services focused on public transport by means of a passenger metropolitan in the city of Lisbon and the neighbouring municipalities of the Greater Lisbon, in light of the concession agreement entered into with the Portuguese State on the 23rd of March 2015.

The consolidated financial statements, which include the consolidated statement of the financial position, the consolidated statement of profits and losses, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the present notes, have been approved by the Board of Directors on the 24th June 2019. Nonetheless, they are still subject to approval by the sector and financial supervision authority pursuant to the provisions set forth in the legal regime for the public business sector.

The Supervision Authority has not yet formally approved the consolidated financial statements for the years ended on the 31st of December 2014 to 2017. The Board of Directors has accounted for the application of the profits regarding the said financial years, according to the proposals included in the corresponding Annual Reports, since it considers that the present financial statements and those proposals for the application of profits will be approved without any significant modifications.

The Board of Directors considers that the present consolidated financial statements reflect, in a true and adequate manner, the financial position of the set of companies included in the consolidation perimeter, the consolidated profits and comprehensive income from its operations, the consolidated changes in equity and the consolidated cash flows.

The Company is the parent company of the Metropolitano Group ("Group"), which consists of the ML and its subsidiary companies (Note 3.2)

2. Accounting framework for the preparation of the financial statements

These financial statements have been prepared in accordance with the International Standards ("IFRS"), as adopted in the European Union, in force for the financial years starting on the 1st of January 2018. These correspond to the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the former Standing Interpretations Committee ("SIC") which may have been adopted within the European Union.

3. Key accounting policies

The main accounting policies adopted by the Group applied in the preparation of the consolidated financial statements are described below. Such policies were consistently applied to all financial years presented, unless otherwise stated.

3.1. Bases of preparation

The Group's consolidated financial statements were prepared based on the assumption of companies' business continuity and according to the accrual basis of accounting, bearing in mind the accounting books and records of the companies included in the consolidated group, kept pursuant to the generally accepted Portuguese accounting principles, adjusted in the process of consolidation in such a way that the consolidated financial statements comply with the International Financial Reporting Standards, as adopted within the European Union.

<u>**New standards, interpretations and amendments, taking effect from the 1st of January 2018 onwards**</u>

- **Implementation of the IFRIC 22: Transactions in Foreign Currency and Advance Consideration (Regulation 2018/519, of the 28th of March)**
  - The IFRIC 22 identifies the transaction date as the determining factor for the computing of the exchange rate to be used regarding considerations paid or received in advance denominated in foreign currency. It applies to the financial years starting on or after the 1st of January 2018.

- **Transfers of Investment Property – Amendments to the IAS 40 (Regulation 2018/400, of the 14th of March)**
  - The amendments to the IAS 40 - Investment Property - aim at clarifying that the transfer of assets may only be performed where there is evidence of a change in its use, and that a change in the management's decision is not enough to operate the transfer. It applies to the financial years starting on or after the 1st of January 2018.

- **Classification and Measurement of transactions with share-based payments – Amendments to the IFRS 2 (Regulation 2018/289, of the 26th of February)**
  - These amendments to the IFRS 2 are concerned with classification and measurement aspects regarding a set of aspects in which the guidance provided by the Standard was not clear enough. It applies to the financial years starting on or after the 1st of January 2018.

- **Annual improvements: 2014-2016 cycle (Regulation 2018/182, of the 7th of February)**
  - The improvements comprise small amendments to three international accounting standards, two of which are applicable to the financial years starting on or after the 1st of January 2018:
    - **IFRS 1 First-time Adoption of the IFRS:** This improvement eliminates the temporary exemptions established by the transition to the IFRS 7, the IFRS 10 and the IAS 19.
    - **IAS 28 Investments in Associate Companies and Joint Ventures:** This improvement clarifies that the investments in associate companies or joint ventures held by a venture capital company may be measured at their fair value, on an individual basis. The improvement also mentions that an entity which is not an investment entity, while holding investments in associate companies and joint ventures which are themselves investment entities, may maintain the measurement of the fair value of the interest held by these associate companies or joint ventures in their own subsidiary companies, by applying the equity method.

- **Application of the IFRS 9 Financial Instruments in line with the IFRS 4 Insurance Contracts – Amendments to the IFRS 4 (Regulation 2017/1988, of the 3rd of November)**
  - These amendments to the IFRS 4 provide a solution to the concerns of those entities the predominant activity of which is insurance, in respect to the implementation of the new standard on financial instruments (IFRS 9), previously to the entry into force of the IFRS 17 - Insurance Contracts. These amendments are applicable to the financial years starting on or after the 1st of January 2018.

- **IFRS 15: Revenue arising from Agreements entered with Customers (Regulation no. 2016/1905, of the 22nd of September)**
  - This new standard is applicable to agreements for the delivery of products or the provision of services, and requires the entity to recognize the revenue in the moment of performance of the contractual obligation to deliver the assets or to provide the services, according to the amount which reflects the consideration to which the entity is entitled, in accordance with the "5-step methodology" provisions. This standard shall be applicable to the financial years starting on or after the 1st of January 2018.

- **Revenue arising from Agreements entered with customers – Clarifications to the IFRS 15 (Regulation 2017/1987, of the 31st of October)**
  - These amendments to the IFRS 15 aim at clarifying certain requirements and to provide greater convenience in transition regarding those Entities currently implementing this Standard such as: a) the determination of an agreement's performance obligations; b) the determination of the moment for the recognition of revenue arising from an intellectual property license; c) the selection of new transitional regimes aimed at implementing the IFRS 15. It applies to the financial years starting on or after the 1st of January 2018.

  The Group does not yet have IT solutions which allow the full application of this standard in the Zapping and the 1-hour Carris Metro tickets, and these tickets are divided based on the monthly validations, irrespective of the fact that travels are transferred to the following period.

- **IFRS 9: Financial Instruments (Regulation no. 2016/2067, of the 22nd of November)**
  - The IFRS 9 replaces the requirements of the IAS 39 in respect to: (i) the classification and measurement of financial assets and financial liabilities; (ii) the recognition of impairments on credits receivable (by means of the expected loss model); and (iii) the requirements for the recognition and classification of hedge accounting. Furthermore and in accordance with the above, the implementation of this standard involves: (i) amendments to the standards (IAS/IFRS) and the interpretations (IFRIC/SIC): IAS 1, IAS 2, IAS 8, IAS 10, IAS 12, IAS 20, IAS 21, IAS 23, IAS 28, IAS 32, IAS 33, IAS 36, IAS 37, IAS 39, IFRS 1, IFRS 2, IFRS 3 , IFRS 4 Insurance Contracts, IFRS 5, IFRS 7, IFRS 13, IFRIC 2, IFRIC 5, IFRIC 10, IFRIC 12, IFRIC 16, IFRIC 19, SIC 27; and (ii) the repealing of the IFRIC 9 Reassessment of Embedded Derivatives. This standard shall be applicable to the financial years starting on or after the 1st of January 2018.

  The Group is unable to apply this standard to financial assets. The Group has established collaterals with two USA financial institutions regarding bonds from the USA, for which it did not yet obtain enough information in order to allow its performance of the SPPI (Solely payments of principal and interest) test.

<u>New standards, interpretations and amendments, taking effect in the financial years starting on or after the 1st of January 2019</u>

- **Amendments to the IFRS 9: Prepayment features with negative compensation (Regulation 2018/498, of the 22nd of March)**
  - This amendment to the IFRS 9 makes it possible for given instruments to be qualified for measurement at their amortized cost or their fair value by means of other comprehensive income (depending on the business model), irrespective of not meeting the SPPI test's conditions. It applies to the financial years starting on or after the 1st of January 2019.

- **IFRS 16: Leases (Regulation 2017/1986, of the 31st of October)**

- The IFRS 16 provides the principles applicable to leases' recognition, measurement, presentation and disclosure. The objective of this standard consists in ensuring that lessees and lessors give relevant information in a manner truthfully representing such transactions, repealing the IAS 17 - Leases, as well as a set of (SIC and IFRIC) interpretations, notably: The IFRIC 4 – Determining whether an Agreement Contains a Lease; the SIC 15 – Operating Leases – Incentives; and the SIC 27 – Substance Assessment regarding Transactions Involving the Legal Form of a Lease. This standard shall be applicable to the financial years starting on or after the 1st of January 2019.

- **Implementation of the IFRIC 23: Uncertainty regarding the treatment for purposes of income tax (Regulation 2018/1595, of the 23rd of October)**
  - This interpretation clarifies how the recognition and measurement requirements of the IAS 12 shall be applied in those cases there are uncertainties regarding the treatment for purposes of income tax. This interpretation shall be applicable to the financial years starting on or after the 1st of January 2019.

In the present note, where applicable, we should also mention the following:

1	The impact of these new standards, interpretations and amendments, differentiating the disclosures between those situations of significant impact and those of lesser or non-existing impact, *i.e.*, "*the disclosure of known or reasonably foreseeable information which is relevant for purposes of assessing the potential impact that the implementation of the new standards/interpretations will have on the entity's financial statements with reference to the period of the initial implementation, including: (i) a discussion on the expected impact of each standard/interpretation's initial implementation on the entity's financial statements, or (ii) should such impact not be known or reasonably foreseeable, a statement for such purposes"*.

<u>(New or revised) standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), not yet endorsed by the European Union</u>

In addition, until the date of approval of the present financial statements, the following standards and interpretations have also been issued by the IASB, not yet been endorsed by the European Union:

- **Sale or Asset Contribution between an Investor and its Associate Company or Joint Venture - Amendments to the IFRS 10 and to the IAS 28 (issued by the IASB on 11Sep14)**
  - This amendment proceeds to the clarification of the accounting treatment of transactions in which a parent company loses control in a subsidiary company by means of the sale of all or part of its interest in such subsidiary company to an associate company or to a joint venture recorded in accordance with the equity method. The implementation date of these amendments has not yet been defined and the European Union endorsement procedure shall only start following the IASB's confirmation of the amendments' implementation date.
- **IFRS 14: Recording of Regulatory Deferrals (issued by the IASB on 30Jan14)**
  - This standard enables first-time adopters of the IFRS to continue to recognize regulatory assets and liabilities pursuant to the policy followed in the context of the previous standard. Notwithstanding, in order to enable the comparability with entities already adopting the IFRS and not recognizing regulatory assets / liabilities, the said amounts shall be individually disclosed in the financial statements. It applies to the financial years starting on or after the 1st of January 2016, and the European Commission has decided not to start the endorsement procedure concerning this transitional standard and to wait for the final standard to be issued by the IASB.

- **IFRS 17: Insurance Contracts (issued by the IASB on 18May17)**
  - The IFRS 17 provides a solution for the comparison problem created by the IFRS 4, requiring all insurance contracts to be coherently recorded, thus benefiting both investors and insurance companies. The insurance obligations start to be recorded by means of their current values instead of their historical cost. The information starts to be updated on a regular basis, providing the financial statements' users with more useful information. It applies to the financial years starting on or after the 1st of January 2021, and this new standard is also subject to the European Union's endorsement procedure.

- **Amendments to the IAS 28: Long-term interests held in associate companies and joint ventures (issued by the IASB on 12Oct17)**
  - This amendment proceeds to the clarification that an entity shall apply the IFRS 9 to long-term interests held in associate companies and joint ventures to which the equity method is not applied. It applies to the financial years starting on or after the 1st of January 2019, and this new standard is also subject to the European Union's endorsement procedure.

- **Annual improvements: 2015-2017 cycle (issued by the IASB on 12Dec17)**
  - The improvements include small amendments to three international accounting standards, as described below:
    - **IFRS 3 Business combinations and IFRS 11 Joint agreements**
    - **IAS 12 Income taxes**
    - **IAS 23 Costs of borrowings**

  These amendments apply to the financial years starting on or after the 1st of January 2019, and they are also subject to the European Union's endorsement procedure.

- **Amendments to the IAS 19: Change, reduction or settlement of the established benefit plan (issued by the IASB on 7Feb18)**
  - This amendment requires an entity to use updated assumptions for purposes of remeasuring the cost of the current service and of the net interest cost for the remaining period subsequent to the plan's change. It applies to the financial years starting on or after the 1st of January 2019, and this amendment is also subject to the European Union's endorsement procedure.

- **Amendments to the references to the revised Conceptual Framework of the IFRS (issued by the IASB on 29Mar18)**
  - In March 2018, the IASB has carried out the revision of the Conceptual Framework of the IFRS. For entities using the Conceptual Framework for purposes of developing accounting policies in those circumstances where no IFRS is applicable to a certain transaction, the revised Conceptual Framework takes effect for annual periods starting on or after the 1st of January 2020. In addition, the necessary amendments to the several IFRS arising from the revision of the Conceptual Framework have been already issued by the IASB, and this amendment is also subject to the European Union's endorsement procedure.

- **Amendments to the IFRS 3 – Business combinations (issued by the IASB on 22oct18)**
  - These amendments to the IFRS 3 aim at improving the definition of business combination, thus helping entities to determine whether a particular acquisition actually is related to a business activity or to an asset group only. Additionally to amending the definition, this amendment provides some additional guidelines. It applies to the financial years starting on or after the 1st of January 2020, and this new standard is also subject to the European Union's endorsement procedure.

- **Amendments to the IAS 1 and to the IAS 8: Definition of Material (issued by the IASB on 31Oct18)**
  - These amendments to the IAS 1 and to the IAS 8 update the definition of "material" in order to make it easier for entities to produce judgments concerning the materiality. The definition of "material", a crucial accounting concept in the context of the IFRS, assists entities in deciding if the information is to be included or not in the financial statements. The amendments clarify the definition of "material" and the way it should be used by including in the definition of guidelines which, until the present date, was not included in the IFRS. In addition, the explanations accompanying this definition have been improved. Finally, the amendments made guarantee that the definition of "material" is consistent throughout all the IFRS. It applies to the financial years starting on or after the 1st of January 2020, and this new standard is also subject to the European Union's endorsement procedure.

In the present note, where applicable, we should also mention the following:

1 The impact of these new standards, interpretations and amendments, differentiating the disclosures between those situations of significant impact and those of lesser or non-existing impact, *i.e.*, "*the disclosure of known or reasonably foreseeable information which is relevant for purposes of assessing the potential impact that the implementation of the new standards/interpretations will have on the entity's financial statements with reference to the period of the initial implementation, including: (i) a discussion on the expected impact of each standard/interpretation's initial implementation on the entity's financial statements, or (ii) should such impact not be known or reasonably foreseeable, a statement for such purposes*".

3.2 Consolidation principles

a) Financial interests in subsidiary companies

The consolidated financial statements comprise the Company's financial statements as well as the financial statements of its controlled entities (its subsidiary companies). Control is deemed to exist when the Company has the power to set an entity's financial and operating policies, in order to obtain benefits from its activities, usually related to the direct or indirect control of over half of the voting rights. The existence and the effect of potential voting rights which are currently exercisable or convertible are taken into consideration in the assessment of the Company's control over an entity.

The subsidiary companies are included in the consolidated financial statements by means of the full consolidation method, with reference to the date on which the Company takes control of its financial and operating activities and up to the moment such control ends.

The profits of the subsidiary companies acquired or disposed in the course of the financial year are comprised in the consolidated statement of comprehensive income, from its acquisition date or up to the disposal date.

The interests held in the net assets of subsidiary companies not included in the Group (non-controlling interests) are disclosed in equity, individually from the equity attributable to the shareholders of the parent company, in the item "Non-controlling interests". Non-controlling interests consist in the amount of such interests on the date of acquisition and their proportion in the changes in equity of the subsidiary companies acquired subsequent to the date of acquisition.

The net profit and each one of the comprehensive income's components are attributed to the Group and to the non-controlling interests in the proportion of their ownership (ownership interest), even if it gives rise to the non-controlling interests' deficit balance. The transactions (including potential capital gains or losses arising from disposals between companies of the Group), balances and dividends distributed between Group companies are eliminated in the process of consolidation.

The changes observed in the Group's ownership interest in the subsidiary company which do not gives rise to a loss of control are recorded as equity transactions.

In those situations in which the Group holds substantial control over other entities created for a specific purpose, irrespective of holding direct equity interests in the said entities, they are consolidated according to the full consolidation method. On the reference date of the present financial statements, no entities were in this situation.

With reference to the 31st of December 2018 and 2017, the companies included in the consolidation perimeter are the following:

Company	Corporate Headquarters	% of equity held	
		2018	2017
Parent company:			
Metropolitano de Lisboa, E.P.E.	Lisbon	n/a	n/a
Subsidiary companies:			
Ferconsult – Consultoria, Estudos e Projectos de Engenharia de Transportes, S.A.	Lisbon	100,00%	100,00%
Metrocom, S.A.	Lisbon	100,00%	100,00%
TREM - Aluguer de Material Circulante, ACE	Lisbon	100,00%	100,00%
TREM II - Aluguer de Material Circulante, ACE	Lisbon	100,00%	100,00%

These subsidiary Companies have been included in the consolidation perimeter according to the full consolidation method per the majority of the voting rights.

b) Joint ventures and associate companies

The joint control of an entity derives from a special form of joint venture, which results in the creation of an entity which, by means of an agreement, is jointly controlled by the several venturers.

The financial investments' classification concerning joint ventures is determined based on shareholders agreements which govern joint control and require the unanimity of decisions.

An associate company is an entity in which the Group exercises significant influence, which shall be presumed in the event the voting rights exceed 20%, or when the Group holds the power to take part in the entity's financial and operational policy decisions, while not exercising control or joint control over such policies.

The financial interests in joint ventures and associate companies are included in the consolidated financial statements according to the equity method.

With reference to the 31st of December 2018 and 2017, the joint ventures, the associate companies and the corresponding proportion of equity held are the following:

Company	Corporate Headquarters	2018	2017
		% de capital detida	% de capital detida
		Directly	Directly
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	40,00%	40,00%
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	50,00%	50,00%
Otlis, A.C.E.	Lisbon	14,29%	14,29%

In the specific case of Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E., notwithstanding the holding percentage by the Group corresponding, directly, to 50%, the Board of Directors considers that it does not have the control over the entity, and thus it has recognized its interest according to the equity method.

3.3. Long-term infrastructure (LTI) investment activities

Throughout the years, the Company has been responsible for the construction, renovation and management of long-term infrastructure associated with the regular operation of the collective public passenger transport services on the basis of the exploitation of the Lisbon underground and its neighbouring areas. This is an activity developed in compliance with State instructions, and its financing is guaranteed by means of grants and loans which are mostly guaranteed by the State.

Up to the financial year 2009, the Company has recognized the assets and liabilities of LTI in its balance sheet pursuant to the interpretation of the Decree-Law no. 196/1980, of the 20th of June, according to which the Portuguese State committed to restructure the Company economically and financially, notably by bearing the charges related to the investments in LTI made until the 31st of December 1978, and such Decree-Law also provided that, regarding the investments to be made subsequent to the 1st of January 1979, the State would establish the amounts overdue, which it would take up, but such provision has never been issued. In the financial years 2010 and 2011, the Directors have deemed more appropriate to cancel the assets and liabilities allocated to the LTI, and therefore the Company's total balance sheet in the said financial years has been significantly reduced. In the course of the financial year 2012, following the Order no. 1491/12 has been issued by the Secretariat of State for Treasury and Finances, the Directors have determined to resume the recording in the Company's balance sheet of the assets and liabilities related to the LTI.

Therefore, all the flows deriving from this activity are recorded in the balance sheet under the items "Long-term infrastructure investments", and these include the following elements:

<u>In assets:</u>

- The public domain long-term infrastructure ("LTI") built by the Company and regarding which it holds the right of access for purposes of providing "Passenger transport" and "Infrastructure management" services, which include free revaluations performed in the preceding years;
- The materials acquired related to the construction/repairing of LTI, with an inventory nature;
- The grant amounts received for purposes of co-financing the construction of LTI to be deducted from the investments in LTI;
- The financial costs directly borne with the financing agreed for financing the construction and repairing activities of LTI, corresponding to interest, guarantee fee and stamp duty deriving from the activity performed on behalf of the State, which have not been capitalized in the LTI cost in the course of its construction period;
- The derivative financial instruments agreed by the Company aimed at dealing with interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in assets at their fair value, in the event their fair values is positive.

It should be mentioned that property, plant and equipment and intangible assets, deducted from grants and impairments, disclosed in the item LTI are not subject to depreciation/amortization (Notes 3.4 and 3.5).

<u>In liabilities:</u>

- The balances payable to the service providers regarding the construction of LTI;
- The agreed borrowings aimed at financing the construction and repairing of the LTI, particularly those guaranteed by the State;
- The derivative financial instruments agreed by the Company aimed at hedging interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in liabilities at their fair value, in the event their fair values is negative.

The expenses with maintenance and repairing which do not increase these assets' operating life are recorded in the statement of profits and losses with reference to the financial year in which they occur, as a consequence of the fact these arise from the Company's infrastructure management activity.

In light of the provisions of the Decree-Law no. 196/80, of the 20th of June, the Government has undertaken the principle according to which it was the Portuguese State's role to finance the long-term infrastructure built by the Company, and for this purpose it has defined the following types of investments:

- Studies for the development of the network;
- Galleries, stations and other ancillary or supplementary constructions;
- Railway tracks;
- High and low power networks;
- Telecommunication and control systems;
- Ventilation and pumping equipment;
- Mechanical accesses.

The aforementioned principle had practical implementation by means of grants awarded by the Portuguese State, non-repayable, regarding those investments made until the 31st of December 1980 and for the financial costs incurred up to such date with those investments. On the said date, the amount of investments made and the sum of the awarded grants were concordant and were reflected in the accounts, correspondingly, in the assets financed by the State and in the investment reserves.

The Decree-Law referred to above included a clause which laid down its revision until the end of its duration, on the 31st of December 1980. However, this has not occurred. Therefore, from such date, the funds started being allocated on the basis of occasional legislation framed within the Investment Plans of the State's Business Sector and in the form of contributions for statutory equity or for generic grants for investments and financial restructuring and, as a result, no concordance between the investments made and the grants awarded has been observed ever since.

As a result of the recognition policy's modification in the moment of the transition to the Portuguese Accounting Standards System (SNC), the Company has measured the financial costs related to interest, stamp duty, guarantee fee and expenses incurred with the establishment of the financing in the preceding years, and not borne by the State, and transferred them to the item "Long-term infrastructure investments".

3.4. Property, plant and equipment

Allocated to infrastructure management (non-LTI assets):

Property, plant and equipment are initially recorded at their cost of acquisition or production, which includes the cost of acquisition, the financial costs and any expenses directly attributable to the necessary activities to place the assets in the necessary location and conditions to operate as intended and, where applicable, the initial expenses estimate regarding the assets' decommissioning and removal, as well as the restoration of their corresponding installation/operation sites, expected to be incurred by the Company, deducted from accumulated depreciation and accumulated impairment losses (where applicable).

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group:

Class of goods	**Years**
Buildings and other constructions	10 - 50
Basic equipment:	
Rolling stock for exploration	14 - 28
Rolling stock for operation	10 - 30
Control and telecommunication system	12 - 16
Transport equipment	4 - 5
Tools and utensils	4 - 10
Administrative equipment	7 - 10
Other property, plant and equipment	4 - 10

The Board of Directors considers that, at any moment, the assets' accounting value shall be subject to realization both by means of their disposal or of their use, on a going concern basis.

The operating life and methods of depreciation of the several goods are reviewed on an annual basis. The effect of any changes in such estimates is prospectively recognized in the statement of profits and losses.

All maintenance and repair expenses (subsequent overheads) which are not capable of generating additional future economic benefits are recorded as expenses in the period in which they are incurred.

Major repairs are recorded under the corresponding item "Property, plant and equipment" and depreciated over the same period of years of the related investment.

The main spare parts are recognized as property, plant and equipment in the moment in which they are expected to be used for more than one financial year.

The gain (or loss) deriving from the disposal or the writing-off of property, plant and equipment is determined as the result of the difference between the fair value of the amount received or receivable with the transaction and the asset's net carrying sum of accumulated depreciation, being recognized in profits and losses in the period in which the said disposal or writing-off occurs.

<u>Allocated to long-term infrastructure ("LTI"):</u>

Property, plant and equipment allocated to LTI are initially recorded under the item "Long-term infrastructure investments" at their cost of acquisition or production, which includes the cost of acquisition, the financial costs and any expenses directly attributable to the necessary activities to place the assets in the necessary location and conditions to operate as intended and, where applicable, the initial expenses estimate regarding the assets' decommissioning and removal, as well as the restoration of their corresponding installation/operation sites, expected to be incurred by the Company.

The grants obtained for financing the LTI activities shall be deducted from the value of the property, plant and equipment allocated to the long-term infrastructure.

Such assets are not subject to depreciation.

3.5. Intangible assets

The intangible assets related to the LTI are recorded under the item "Long-term infrastructure investments" and primarily include studies for the development of the network, and they are not subject to amortization.

3.6. Leases

Leases are classified as financial where, in light of the corresponding terms, all the risks and benefits related to the asset's ownership are substantially transferred to the lessee. The remaining leases shall be classified as operating. The classification of leases is based on the substance and not by their corresponding contractual forms.

<u>Leases in which the Company acts as a lessor:</u>

The circumstances in which the Company acts as a lessor are related to the agreements entered with the lessees of the buildings and levels owned by the Company.

Under the Law on Leasing, these lease agreements have no term and have been entered into as a consequence of the Company's resettlement process resulting from the construction works performed.

In light of the corresponding conditions, such agreements are classified as operating leases, and the remunerations due are recognized as income in the statement of profits and losses of the financial year to which they relate.

The assets acquired by means of financial lease agreements, as well as their respective responsibilities, shall be recorded on the starting of the lease at the lower between the assets' fair value and the minimum lease payments present value. The financial lease payments are divided between financial costs and reduction of the responsibilities, thus obtaining a regular interest rate on the outstanding responsibility balance and the asset's depreciation, computed in accordance with the Note 3.4 and recognized in the statement of profits and losses of the financial year to which it relates.

The operating lease payments are recognized as expenses on a straight-line basis in the course of the lease period.

The contingent rents are recognized as expenses in the financial year in which they are incurred.

3.7. Investment property

The investment property primarily comprises immovable property owned for purposes of obtaining rents or capital appreciations (or both), and it shall not be intended for use in the production or supply of goods or services, for administrative purposes or for sale in the context of the normal course of business.

Investment property is measured at its cost deducted from the respective accumulated depreciation and any potential impairment losses.

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group.

The depreciation rates used reflect the following estimated operating life periods:

Class of goods	Years
Buildings and other constructions	10 - 50

The expenses incurred in relation to the investment property, notably maintenance, repairs, insurance and taxes, shall be recognized as expenses in the financial year to which they relate. The improvements or upgrades to investment property for which there are expectations of generating additional future economic benefits are capitalized under the item "Investment property".

Whenever, on the date of the consolidated statement of the financial position, the recoverable sum of the investment property is smaller than the corresponding net carrying amount, the corresponding impairment loss shall be recognized in the statement of profits and losses for the corresponding financial year.

The asset's (or the cash-generating unit) recoverable sum corresponds to the greater amount between: (i) its fair value deducted from the selling costs; and (ii) its value in use. When determining the value in use, the estimated future cash flows are discounted by using a discount rate which reflects the market's expectations in what regards the time value of money (which in the case of the Company was considered not to exist) and the asset's (or the cash-generating unit) specific risks in relation to which the estimates of future cash flows were not subject to adjustments.

The reversals of impairment losses recognized in previous financial years are recorded whenever there is evidence the previously recognized impairment losses have ceased to exist or have decreased. The reversals of the impairment loss are performed up to the sum which would be recognized (net from depreciation) if such loss had not been recorded.

The gain (or loss) arising from the disposal or write-off of any component of the investment property shall be measured as the difference between the amount received on the transaction and the asset's net carrying amount, and shall be recorded at its net value in the statement of profits and losses.

3.8. Impairment of property, plant and equipment (non-LTI)

On each reporting date, a review of the net carrying amounts of the Company's property, plant and equipment is carried out in order to determine the presence of any impairment indicator. Should there be any indicators, the corresponding assets' (or the cash-generating units') recoverable sum is estimated in order to determine the extent of the impairment loss (if applicable).

The asset's (or the cash-generating unit) recoverable sum corresponds to the greater amount between: (i) its fair value deducted from the selling costs; and (ii) its value in use. When determining the value in use, the estimated future cash flows are discounted by using a discount rate which reflects the market's expectations in what regards the time value of money (which in the case of the Group was considered not to exist) and the asset's (or the cash-generating unit) specific risks in relation to which the estimates of future cash flows were not subject to adjustments.

Whenever the asset's (or the cash-generating unit) net carrying sum is greater than its recoverable sum, an impairment loss is recognized. The impairment loss is immediately recorded in the statement of profits and losses, except if such loss compensates for a revaluation surplus recorded in equity. In case of the latter, such loss will be deemed as a decrease in the said revaluation.

The reversals of impairment losses recognized in previous financial years are recorded whenever there is evidence the previously recognized impairment losses have ceased to exist or have decreased. The reversals of the impairment loss are performed up to the amount that would be recognized (net from depreciation) if such previous impairment loss had not been recorded.

3.9. Financial interests in associate companies and joint ventures

Financial interests in associate companies and joint ventures, companies in which the Group may have a significant influence but not holding control are measured pursuant to the equity method.

In accordance with the equity method, the financial interests in associate companies are recorded at their adjusted cost of acquisition after the date of acquisition, at the amount corresponding to the Group's interest in the variation in equity of the associate companies (including their net profit) subsequent to the said date. By means of applying the equity method, the Group's proportion in the associate companies and joint ventures' net profit is recorded against the statement of profits and losses and the received dividends shall be deducted from the amount of the investment.

The Group's profits include its corresponding share in these entities' profits.

When there is evidence that the asset may be impaired, an assessment of the financial investments is carried out and any impairment losses shown to exist are recorded in the statement of profits and losses as expenses.

When the Group's proportion in the accumulated losses of the associate company is greater than the amount according at which the investment was recorded, the investment is reported at nil, except when the Group has agreed to commitments regarding the coverage of losses of the associate company, and in such cases the additional losses give rise to the recognition of a liability. If the associate company reports profits at a subsequent stage, the Group resumes the recognition of its share in the said profits only to the extent its share of profits equals the part of the unrecognized losses.

The unrealized gains on transactions with associate companies and joint ventures are eliminated in proportion to the Group's interest in such entities against the corresponding item of the investment. Unrealized losses are eliminated in a similar manner, but only to the extent the loss does not derive from a situation in which the transferred asset is impaired.

The remaining financial investments are recorded at their cost of acquisition, which shall be lower than their market value.

The financial investments held in associated companies and joint ventures are detailed in the Note 10.

3.10. Inventories

The inventories are measured at the smaller amount between their cost and their net realization amount. Raw materials, other raw materials and consumables are recorded at their cost of acquisition, which shall not exceed their corresponding market value.

The net realization amount represents the estimated selling price net from all estimated expenses necessary to complete the inventories and to sell them. In those events where the cost value exceeds the net realization amount, an impairment loss is recorded for the corresponding difference.

The inventories cost method adopted by the Group corresponds to the average weighted cost.

3.11. Financial assets and financial liabilities

The financial assets and financial liabilities are recognized in the balance sheet when the Group enters into the corresponding contractual provisions as a party.

Therefore, the financial assets and the financial liabilities are measured in light of the following criteria: (i) at their cost or amortized cost and (ii) at their fair value, with their changes being recognized in the statement of profits and losses.

(i) At their amortized cost deducted from impairment losses

The financial assets which meet the conditions set out below are measured "at their amortized cost deducted from impairment losses":

- They are in sight or have a defined maturity;
- They are related to a fixed or determinable yield; and
- They do not contain any agreement clause which could derive in a nominal value loss for their holder. With the exception of the financial liabilities classified as held for trading, all financial liabilities must be measured at their cost.

The amortized cost is determined by means of the effective interest method. The effective interest is computed through the rate which accurately discounts future estimated payments or receipts during the financial instrument's operating life from the financial asset or financial liability's net carrying sum (effective interest rate).

As a consequence, such category includes the following financial assets and financial liabilities:

a) Customers and other credits receivable

Those balances related to customers and to other credits receivable are recorded at their amortized cost deducted from any impairment losses. Normally, the amortized cost of such financial assets is not different from their nominal value

b) Cash and bank deposits

The amounts included in the item "Cash and bank deposits" reflect the amounts of cash, bank deposits and savings deposits and other treasury applications which mature in less than twelve months. Normally, the amortized cost of such financial assets is not different from their nominal value.

c) Suppliers and other debts payable

The balances regarding suppliers and other debts payable are recorded at their amortized cost. Normally, the amortized cost of such financial liabilities is not different from their nominal value.

d) Borrowings

Borrowings are recorded as a liability at their amortized cost.

Any potential expenses incurred with such borrowings, in particular bank commissions and stamp duty, as well as interest and similar expenses, are recognized using the effective interest method in profits and losses for the financial year throughout the life period of such borrowings. While these are not recognized, such expenses incurred are evidenced as a deduction in the item "Borrowings". The interest incurred and not yet paid is evidenced under the item "Other debts payable".

(ii) At their fair value, with their changes being recognized in the statement of profits and losses

All financial assets and financial liabilities which were not classified in the category "at their amortized cost" are included in the category "at their fair value, with their changes being recognized in the statement of profits and losses."

Such financial assets and financial liabilities are measured at their fair value, and changes to such fair value are recorded in profits and losses.

In what regards the specific case of the Company, this category solely includes the derivative financial instruments which do not meet the conditions for purposes of hedge accounting according to the provisions set forth in the IAS 39 - Financial Instruments and the collaterals granted for purposes of guaranteeing the financing.

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

		2018		2017	
Financial Assets	**Notes**	**Fair value**	**Amortized cost**	**Fair value**	**Amortized cost**
Non-current:					
Clients	14	-	-	-	303.660
Derivatives	11	81.966	-	330.000	-
Other financial assets	12	55.418.340	-	52.188.819	-
		55.500.306	**-**	**52.518.819**	**303.660**
Current:					
Clients	14	-	3.912.627	-	7.004.674
State and other public entities	21	-	6.044.609	-	3.906.321
Other credits receivable	14	-	38.758.707	-	39.500.633
Cash and bank deposits	4	-	24.033.770	-	32.990.146
		-	**72.749.713**	**-**	**83.401.774**
		55.500.306	**72.749.713**	**52.518.819**	**83.705.434**

Financial Liabilities	Notes	2018 Fair value	2018 Amortized cost	2017 Fair value	2017 Amortized cost
Non-current:					
Borrowings	18	-	367.887.870	-	249.707.299
Other debts payable	23	-	4.982.846	-	6.294.628
Derivatives	11	81.623.896	-	108.844.147	-
		81.623.896	**372.870.716**	**108.844.147**	**256.001.927**
Current:					
Suppliers	20	-	4.108.141	-	6.621.108
State and other public entities	21	-	3.455.244	-	1.968.833
Advance payments from clients	-	-	88.526	-	280.687
Borrowings	18	-	481.808.304	-	460.816.436
Other debts payable	23	-	44.788.286	-	166.442.784
		-	**534.248.501**	**-**	**636.129.848**
		81.623.896	**907.119.217**	**108.844.147**	**892.131.775**

3.12. Financial costs related to borrowings

Financial costs related to borrowings are recognized as expenses as they are incurred.

The financial costs related to borrowings directly associated with asset acquisition and construction are capitalized, and are an integral part of the asset's cost. The beginning of these costs' capitalization shall start after the beginning of the preparation of the asset's construction activities and shall be interrupted following the start of use or completion of the asset or when the relevant asset is suspended. Any income generated by borrowings obtained in advance associated with a specific investment is deducted from the financial costs the capitalization of which is permissible.

In light of the provisions of the Decree-Law no. 196/80, of the 20th of June, the Government undertook the principle according to which it was the Portuguese State's role to finance the Metro's LTI: The aforementioned principle had practical implementation by means of grants awarded by the Portuguese State, non-repayable, regarding those investments made until the 31st of December 1980 and for the financial costs incurred up to such date with those investments. As a consequence of the said principle, the Company records the financial costs related to LTI under the item "Long-term infrastructure investments".

3.13. Income tax

The income tax for the financial year is computed based on the taxable profits of the companies included in the consolidation perimeter.

The current tax payable is computed based on the taxable profit. The taxable profit differs from the accounting profit as it excludes several expenses and income which shall only be deductible or taxable in other financial years, as well as expenses and income which will never be deductible or taxable.

The Group has performed the recording of deferred taxes and, to the present date, these are not entirely measured. The deferred tax assets would correspond to tax losses carried forward and provisions not deductible for tax purposes, while the deferred tax liabilities would correspond to depreciations of revalued assets not accepted for tax purposes and capital gains and losses with deferred taxation.

3.14. Government Grants (non-LTI)

Government grants are only recognized when there is a reasonable certainty that the Company will meet the conditions of attribution and that they will be received.

Government grants associated with the acquisition or production of non-current assets are initially recognized through equity and are subsequently recognized on a systematic basis (in proportion to the depreciation of the underlying assets) as income for the financial year in the course of the operating lives of the assets to which they relate.

Other Government grants are generally recognized as income in a systematic manner in the periods necessary to balance them with the expenses they are intended to compensate. The Government grants which are intended to compensate losses already incurred or which do not have associated future costs are recognized as income with reference to the period in which they become receivable.

3.15. Provisions, contingent assets and contingent liabilities

Provisions are recorded when the Group has a present (legal or constructive) obligation deriving from a past event, it is probable for purposes of settlement of such obligation that an outflow of resources occurs and the amount of the obligation can be reasonably estimated. Provisions are reviewed at each balance sheet's reporting date and adjusted in order to reflect the best estimate at such date.

Contingent liabilities are not recognized in the consolidated financial statements and are disclosed whenever there is a non-remote likelihood of an outflow of resources comprising economic benefits. Contingent assets are not recognized in the consolidated financial statements and are disclosed when there is a likelihood of a future economic inflow of resources.

3.16. Post-employment benefits

Established benefit plan

The ML has an established benefit plan for purposes of supplementing the retirement (due to old age, disability and death), additionally to the amount paid by Social Security. The Company's responsibilities related to the aforementioned plan are determined by means of the projected unit credit method, and the corresponding actuarial assessments are performed on each reporting date, which is carried out according to the internationally accepted actuarial methods and assumptions, thus making it possible to learn the responsibilities' value on the balance sheet date and the expense with pensions to be recorded with reference to the financial year.

The responsibility related to the guaranteed benefits recognized in the balance sheet reflect the corresponding obligation's present value, adjusted for actuarial gains and losses and for unrecognized past service expenses, deducted from the plan assets' fair value.

The actuarial gains and losses are recognized on an annual basis in equity.

The granted benefit plans which have been identified by the Company for purposes of determining such responsibilities are:

a) Retirement, disability and death pension supplements;

b) Early-retirements.

Health care

The Company has also assumed responsibilities for the payment of health care benefits to its employees, up to their age of retirement, which are not recorded in the balance sheet with reference to the 31st of December 2018. For purposes of meeting the said responsibilities, the Company has guaranteed a collective health insurance to its active employees, which grants them access to medical services subsidized by the Company. These costs are recorded in the statement of profits and losses with reference to the financial year in which they are paid.

3.17. Derivative financial instruments

The Group establishes agreements on derivative financial instruments for borrowings in order to finance the infrastructure management activities and those related to LTI.

Derivative financial instruments are first recognized at their fair value and they are measured, on each reporting date, at their fair value, and the changes in the fair value are recognized in the statement of profits and losses, expect if such instruments are designated as established and effective hedge accounting instruments.

Regarding the derivative financial instruments, these do not meet all the requirements of the IAS 39 – Financial Instruments for the application of hedge accounting, being therefore deemed as speculation financial instruments.

The measurement of such derivative financial instruments is, at the end of each financial year, carried out pursuant to the measurement of the banks with which these were entered into.

With reference to the 31st of December 2018 and 2017, the Group does not classify any derivative financial instruments as hedge accounting, as a consequence of the non-compliance with the requirements of the IAS 39.

Regarding the derivative financial instruments entered into by the Group associated with the financing for the infrastructure management activity, should their fair value be positive, they are recognized as financial assets in the item “Derivatives”, and should their fair value be negative, they are recognized as financial liabilities in the item “Derivatives”. The changes in these derivative financial instruments’ fair value are recognized in the statement of profits and losses with reference to the financial year to which they relate.

Regarding the derivative financial instruments entered into by the Group, associated with the financing for the LTI activity, these are recognized in the item “Long-term infrastructure investments” in assets or liabilities, in light of the aggregate of the various financial instruments’ fair values assessed on the reporting date being positive or negative, correspondingly, and they are recorded against a receivable/payable in the item LTI, in order for the effect of the variations in the fair value in the Group’s equity to be, in this case, null.

3.18. Classification of the consolidated statement of the financial position

The assets subject to realization and the liabilities payable for a period exceeding one year after the reporting date are classified, correspondingly, as non-current assets and non-current liabilities.

3.19. Revenue

Revenue is measured at the fair value of the received or receivable consideration. The recognized revenue is deducted from the amount of returns, discounts and other reductions and does not include VAT and other taxes assessed in relation with the sale.

The revenue deriving from the provision of services is recognized based on the transaction/service's percentage of completion, to the extent all of the following conditions are met:

- The revenue amount can be measured in a reliable manner;
- There is a likelihood that future economic benefits connected to the transaction flow into the Group;
- The expenses incurred or to be incurred with the transaction can be measured in a reliable manner;
- The transaction/service's finishing stage can be measured in a reliable manner.

The revenue arising from the provision of services mainly comprises revenues from the sale of transport tickets on its own network, as well as the distribution of the proceeds from the sale of inter-modal social monthly passes which may be used on its own network and on other means of urban and suburban public transport ran by other operators, and the sale prices of these tickets shall be determined by the State, as well as the revenue arising from the consulting projects.

The Group recognizes the revenues associated to the provision of services as follows:

- Inter-modal monthly passes – Tickets valid for a month period, the revenues generated by the inter-modal monthly passes sold by the Company and by other transport operators are allocated to each one of the operators based on a monthly distribution established by the Metropolitan Area of Lisbon, with reference to the quotas established in the traffic survey performed in 2007.
- Combined monthly passes – Tickets combined with other operators with quotas defined in accordance with established protocols.
- Occasional Traveling/Zapping – Tickets combined with other operators and valid for a previously established number of travels. The revenue arising from the sale of these tickets is divided in accordance with the uses recorded with each operator, with the exception of the Carris/ML 24-hour ticket, which has a defined quota.
- Studies and performing consulting projects – The Group recognizes the revenue arising from the projects under a time and materials regime, on the date of the provision of services (percentage of completion), normally on the basis of the cost of the hours incurred monthly by the team allocated to the project. The revenue arising from the remaining projects is recognized according to the agreement's performance, by means of the percentage of completion method, on a basis of the total expenses incurred, an estimate of expenses to be incurred for the conclusion of the agreement, and the overall amount of the agreed invoices.

The difference between the revenue amount determined as described above and the invoiced amount is recorded in the item "Other credits receivable" or "Other debts payable".

The interest revenue is recognized using the effective interest method, provided there is a likelihood that economic benefits will flow to the Group and their amount can be measured in a reliable manner.

Non-refundable fare compensations are awarded to the Company by the State in order to compensate its operation in compliance with the public service obligations, and these revenues are recorded in the financial year during which they are attributed.

3.20. Department expenses included in LTI

The internal operating expenses of the several management services which are not exclusively intended for investment purposes are allocated, at a percentage of 10%, to the amount of the investments in progress.

These expenses are allocated to investments in long-term infrastructure – LTI, to equipment and studies for the rolling stock for exploration and depots and workshops (assets financed by the Group) (Note 6 and 7), given that these expenses are the ones executed in a longer period and are more complex from a technical perspective, therefore requiring a more intensive management in terms of human resources.

3.21. Transactions and balances in foreign currency

Transactions in foreign currency (in a currency different from the Group's functional currency) are recorded at the exchange rates in force at the transaction dates. At each reporting date, the carrying sums of the monetary items denominated in foreign currency are updated at the exchange rates in force on such date.

The exchange differences assessed on the date of receipt or payment of the transactions in foreign currency and those deriving from the updates referred above are recorded in the statement of profits and losses with reference to the period in which they are generated.

3.22. Accrual basis (economic historical periods)

The Group records its income and expenses based on the accruals principle, according to which the income and expenses are recognized as they are generated, irrespective of the moment of their receipt or payment. The differences between the amounts received and paid and the corresponding generated income and expenses are recorded as assets or liabilities.

3.23. Risk management policy

In performing its business, the Group is exposed to a range of risks: the market risk (including the exchange rate risk, the interest rate risk and the price risk), the credit risk and the liquidity risk. The Group's overall risk management program is focused on the unpredictability of financial markets and intends to minimize the adverse effects on its financial performance arising therefrom.

The risk management is controlled by the Company's financial department, pursuant to policies approved by the Board of Directors. In this regard, the Board of Directors has defined the key principles for a comprehensive risk management, as well as specific policies for certain areas, such as the hedging of the exchange rate risk, the interest rate risk and the credit risk.

a) <u>Foreign exchange rate risk</u>

The Group's operating activity is performed in Portugal and, as a consequence the vast majority of its transactions are denominated in euro. The hedging policy for this specific risk consists in avoiding, where possible, entering into agreements on services denominated in foreign currency.

b) Liquidity risk

The treasury needs are managed in an appropriate manner, managing liquidity excesses and deficits. The treasury needs are hedged by means of financing guaranteed by the Portuguese State or of direct borrowings from the Portuguese State, by means of non-repayable compensatory indemnities and equity contributions.

c) Interest rate risk

The Group's revenues and cash flows are influenced by the variations in the interest rate, to the extent the Group's resources and any potential loans granted to other companies of the Group depend on the evolution of the interest rates in euro, which have a low historical volatility.

Interest rate sensitivity analysis

The sensitivity analysis below has been computed on the basis of the exposure to the interest rates regarding the derivative financial instruments existing on the reporting date. With respect to assets and liabilities with variable rates, the following assumptions have been taken into consideration:

- The changes in market interest rates affect the amounts of interest receivable or payable, regarding the financial instruments indexed to floating rates and, regarding fixed rates agreed in the period under analysis, changes in interest rates also affect such component;
- The changes in market interest rates only affect the amount of interest receivable or payable regarding the financial instruments with fixed rates if these are recorded at their fair value;
- The changes in market interest rates affect the derivatives' fair value;
- The derivative financial instruments' and other financial assets and financial liabilities' fair values are estimated by means of discounting the future cash flows for the present moment, at the market interest rates existing by the end of each year; and,
- For purposes of the sensitivity analysis, such analysis is performed on the basis of all the financial instruments existing in the course of the financial year.

The sensitivity analyses assume the change in one variable, while all the remaining ones are kept constant. In fact, such an assumption is hardly occurring, and the changes in certain assumptions may happen to be correlated.

In light of these assumptions, an increase or decrease of 1% in market rates regarding the derivative financial instruments with reference to the 31st of December 2018 would derive in an increase of about 73,165,397 euro and a decrease of about 125,377,884 euro in profit before taxes (correspondingly, 99,847,153 euro and 165,017,078 euro, with reference to the 31st of December 2017).

3.24. Critical judgments and key uncertainty sources related to estimates

In the context of preparing the consolidated financial statements attached hereto, judgments and estimates were carried out and several assumptions were used affecting the assets and liabilities' reported sums, as well as the reported sums of profits and losses with reference to the financial period.

The estimates and the underlying assumptions were established with reference to the reporting date on the basis of the best knowledge existing at the date of approval of the consolidated financial statements of the events and transactions in progress, as well as of the experience of past and/or current events. Nonetheless, there may be situations in subsequent periods which, due to not been expected to occur at the date of approval of the financial statements, were not taken into consideration in such estimates. The changes to estimates which occur after the date of the consolidated financial statements shall be corrected in a prospective manner, in accordance with the provisions of the IAS 8. That is why, and given the associated uncertainty level, the actual profits and losses of the relevant transactions may be different from the corresponding estimates.

The key judgments and estimates carried out in the preparation of the consolidated financial statements attached hereto were the following:

a) Operating lives of the property, plant and equipment;

b) Impairment analyses of property, plant and equipment;

c) Impairment losses of receivables - computed bearing in mind the overall collection risk regarding the balances receivable;

d) Determination of the derivative financial instruments' fair value – by the end of each financial year, it is determined by the entity with which they were entered into.

e) Determination of the responsibilities with retirement benefits – by the end of each financial year, the actuarial assessment of the responsibilities with pensions is obtained and subsequently prepared by the actuary.

3.25. Operational segments

The operational segments are reported according to the information internally used by the Group's management bodies.

3.26. Subsequent events

The events occurred after the reporting date which provide additional information regarding the existing conditions on the reporting date (adjusting events) are reflected in the consolidated financial statements. The events occurred after the balance sheet date which provide information regarding the conditions which occur after the balance sheet date (non-adjusting events) are disclosed in the consolidated financial statements to the extent they are deemed material.

4. Cash and its equivalents

For the purposes of the consolidated statement of cash flows, cash and its equivalents shall include cash, bank deposits available on demand and cash market treasury applications, deducted from bank overdrafts and other short-term equivalent financing. With reference to the 31st of December 2018 and 2017, the cash and its equivalents item were the following:

Cash Flows	2018	2017
Cash	23.883	18.066
Bank deposits available on demand	24.009.887	32.972.080
Cash and bank deposits	**24.033.770**	**32.990.146**

5. Accounting Policies, Changes in Accounting Estimates and Errors

With reference to the 31st of December 2018, the company has carried out the classification change regarding a building located in Praça General Humberto Delgado, from Property, Plant and Equipment to Investment Property.

	Gross amount	Accumulated depreciation	Impairment losses	Accounting Value
Praça General Humberto Delgado	22.309.373	18.634.644	-	3.674.729

6. Long-term infrastructure investments

The balance evidenced in the item "Long-term infrastructure investments" derives from the Group's infrastructure investment activity, which may be broken down into asset and liability items as follows:

	Notes	2018	2017
LTI investment activities:			
Non-current assets:			
Property, plant and equipment	6.1	3.123.933.023	3.111.500.240
Intangible assets	6.2	6.974.803	6.955.344
Investment Property	6.3	1.804.209	-
Grants	6.4	(995.926.760)	(993.493.360)
State receivables	6.5	2.955.028.532	2.871.311.908
Derivatives	6.9	19.804.252	23.812.843
		5.111.618.059	**5.020.086.976**
Current assets:			
Other credits receivable	6.7	-	-
		-	**-**
Total assets		**5.111.618.059**	**5.020.086.976**
Non-current liabilities:			
Provisions	6.6	14.214.246	20.816.971
Borrowings	6.8	1.971.099.037	2.230.326.599
Derivatives	6.9	340.984.959	455.432.023
		2.326.298.242	**2.706.575.594**
Current liabilities:			
Suppliers	6.10	1.087.844	1.671.865
Borrowings	6.8	1.142.175.147	692.441.762
Other debts payable	6.11	62.367.061	205.886.573
		1.205.630.052	**900.000.200**
Total liabilities		**3.531.928.293**	**3.606.575.794**
Total net LTI		**1.579.689.765**	**1.413.511.182**

The variation evidenced in the net balance of the item regarding LTI, in comparison with the 31st of December 2018, is essentially a consequence from the facts below:

- The interest incurred in the financial year 2018 in relation to borrowings in the amount of 177,872,626 euro (Note 6.5.1.);
- The financial instruments' fair value in the amount of (110,438,473) euro (Note 6.9);
- The provisions for pending legal proceedings, in the amount of 6,602,725 euro (Note 6.6).

6.1. Property, plant and equipment

In the course of the financial years ended on the 31st of December 2018 and 2017, the movements evidenced in the net carrying amount of property, plant and equipment was the following:

	31st of December 2018					
Gross Assets	**Start Balance**	**Revaluations**	**Start balance (historic cost)**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI Property, plant and equipment	**3 303 354 795**	**(199 793 426)**	**3 104 292 787**	**8 854 434**	**995 352**	**3 114 142 573**
Land and natural resources	15 899 497	(2 388 442)	13 511 055	-	-	13 511 055
Buildings and other constructions	2 818 796 243	(177 041 447)	2 642 486 214	7 897 621	1 788 552	2 652 172 388
Basic equipment	468 659 056	(20 363 537)	448 295 519	956 812	(793 201)	448 459 130
Property, plant and equipment in progress	**6 295 544**	**-**	**6 295 544**	**5 242 115**	**(2 819 726)**	**8 717 934**
Land and natural resources	-	-	-	-	-	-
Buildings and other constructions	5 194 534	-	5 194 534	4 936 747	(2 310 462)	7 820 819
Basic equipment	1 101 010	-	1 101 010	305 368	(509 263)	897 115
Advance payments for the account of property, plant and equipment	**-**	**-**	**1 603 793**	**65 805**	**-**	**1 669 598**
Impairment losses in Buildings and other constructions	**-**	**-**	**(691 885)**	**94 803**	**-**	**(597 082)**
Total gross LTI property, plant and equipment	**3 309 650 340**	**(199 793 426)**	**3 111 500 240**	**14 257 157**	**(1 824 374)**	**3 123 933 023**

	31st of December 2017					
Gross Assets	**Start Balance**	**Revaluations**	**Start balance (historic cost)**	**Additions**	**Transfers/Write-offs**	**Final Balance**
LTI Property, plant and equipment	**3 261 886 622**	**(199 793 426)**	**3 062 824 614**	**2 247 793**	**39 220 380**	**3 104 292 787**
Land and natural resources	15 867 385	(2 388 442)	13 478 943	-	32 111	13 511 055
Buildings and other constructions	2 791 933 843	(177 041 447)	2 615 623 814	768 417	26 093 983	2 642 486 214
Basic equipment	454 085 394	(20 363 537)	433 721 857	1 479 376	13 094 286	448 295 519
Property, plant and equipment in progress	**43 267 328**	**-**	**43 267 328**	**2 232 628**	**(39 204 411)**	**6 295 544**
Land and natural resources	32 112	-	32 112	-	(32 111)	-
Buildings and other constructions	29 238 899	-	29 238 899	2 015 692	(26 060 058)	5 194 534
Basic equipment	13 996 318	-	13 996 318	216 935	(13 112 242)	1 101 010
Advance payments for the account of property, plant and equipment	**-**	**-**	**1 595 855**	**-**	**7 938**	**1 603 793**
Impairment losses in Buildings and other constructions	**-**	**-**	**(727 865)**	**35 980**	**-**	**(691 885)**
Total gross LTI property, plant and equipment	**3 305 153 951**	**(199 793 426)**	**3 106 959 933**	**4 516 400**	**23 907**	**3 111 500 240**

The additions occurred in the financial year ended on the 31st of December 2018 in the item "Property, plant and equipment – Buildings and other constructions and Basic equipment", in the amount of 8,854,434 euro, are primarily related to the refurbishment of the network, at 3,908,441 euro, and to the Amadora/Reboleira project, at 4,115,198 euro.

The additions occurred in the financial year ended with reference to the 31st of December 2018 in the item "Property, plant and equipment in progress", in (a) Buildings and other constructions, amounting to 4,936,747 euro, are primarily related to the Rato/Cais do Sodré project and to the refurbishment of the network, amounting to 3,352,467 euro and

1,544,969 euro, and (b) Basic equipment, amounting to 305,368 euro, is primarily related to the Oriente/Aeroporto project and the refurbishment of the network, amounting to 143,186 euro and 96,158 euro.

The cost value of property, plant and equipment (including those in progress) with reference to the 31st of December 2018 and 2017 encompasses the following department expenses:

Capitalized expenses	2018			2017		
	Property, plant and equipment	Property, plant and equipment in progress	Total	Property, plant and equipment	Property, plant and equipment in progress	Total
Department expenses	73.216.081	12.467.302	85.683.383	71.552.906	11.335.358	82.888.264
	73.216.081	**12.467.302**	**85.683.383**	**71.552.906**	**11.335.358**	**82.888.264**

6.2. Intangible assets

In the course of the financial years ended in 2018 and 2017, the movements evidenced in the net carrying amount of intangible assets was the following:

Gross Assets	31st of December 2018 Start Balance	Additions	Transfers/Write-offs	Final Balance
LTI intangible assets:				
Research and development expenses	4.812.580	13.660	112.917	4.939.157
Installation expenses	2.019.827	-	-	2.019.827
Intangible assets in progress	122.937	5.799	(112.917)	15.818
Total gross LTI intangible assets	**6.955.344**	**19.458**	**-**	**6.974.803**

Gross Assets	31st of December 2017 Start Balance	Additions	Transfers/Write-offs	Final Balance
LTI intangible assets:				
Research and development expenses	4.574.690	43.790	194.100	4.812.580
Installation expenses	2.019.827	-	-	2.019.827
Intangible assets in progress	343.767	7.195	(228.025)	122.937
Total gross LTI intangible assets	**6.938.284**	**50.986**	**(33.925)**	**6.955.344**

6.3. Investment Property

The movements in the item "Investment property" with reference to the 31st of December 2018 and 2017 were the following:

	31st of December 2018					31st of December 2017				
	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Immovable property for valuatior	1.804.209	-	-	1.804.209	4.616.469	-	-	-	-	-
	1.804.209	**-**	**-**	**1.804.209**	**4.616.469**	**-**	**-**	**-**	**-**	**-**

As referred in the Note 5, the Company has transferred the building in Praça General Humberto Delgado from the item Property, plant and equipment to the item investment property.

6.4. Grants

The amount evidenced in the item grants with reference to the financial year ended on the 31st of December 2018 was the following:

	31st of December 2018			
Description	**Start Balance**	**Additions**	**Reductions**	**Final Balance**
Feder	229 464 397	-	-	229 464 397
Piddac	182 871 505	-	-	182 871 505
Cohesion Fund	376 640 062	-	-	376 640 062
Environmental Fund	-	2 433 400	-	2 433 400
Sundry grants	204 517 396	-	-	204 517 396
Total grants	**993 493 360**	**2 433 400**	**-**	**995 926 760**

The increase observed in the financial year ended on the 31st of December 2018, amounting to 2,433,400 euro, is related to the implementation of the project "Expansion Plan of the Metropolitano de Lisboa – Yellow and Green Lines Extensions – Rato – Cais do Sodré".

6.5. State receivables

The said item is related to the State receivables regarding long-term infrastructure investment activities, and its break down is the following:

Description	Notes	2018	2017
Derivatives	6.9	321 180 708	431 619 181
Provisions	6.6	14 214 246	170 913 768
Interest, guarantee fee and stamp duty	6.5.1	2 308 140 717	1 957 191 295
Issuing expenses	6.5.1	20 230 150	20 230 150
Corrected start balance in the transition to the NCRF	6.5.1	289 555 301	289 555 301
Impairment losses in property, plant and equipment	6.5.2	597 082	691 885
Capitalized financial costs	6.5.3	(3 495 216)	(3 495 216)
Specialized Works	6.5.4	2 563 836	2 563 836
Impairment losses in debts receivable	6.7	2 041 708	2 041 708
		2 955 028 532	**2 871 311 908**

6.5.1. Borrowing expenses

The item borrowing expenses is related to those costs incurred by the Company with borrowings to finance long-term investment and infrastructure activities which have not been capitalized in the finished LTI.

Up to 2009, the financial costs borne regarding LTI which could not be capitalized in such infrastructure were recognized in the statement of profits and losses. With effects from the financial year 2010 (restated) onwards, in the course of the transition to the NCRF, the Company has determined to recapture the amount of such financial costs for purposes of adding them to the item “Long-term Infrastructure Investments – Borrowing expenses”, and in compliance with the principle referred to in the Note 3.20 regarding the financial costs approximately amounting to 1,017,000,000 euro, incurred from 1995 to 2008, the Company has measured them based on the available accounting records. However, in what concerns the financial costs incurred before 1995, and due to an evident difficulty in their measurement, the Board of Directors has chosen to record the amount of 289,555,301 euro, thus enabling to settle the LTI asset and liability items, with reference to the 31st of December 2009, as the possible estimate on such date of interest and other costs incurred and previously recognized in the statement of profits and losses up to 1995.

6.5.2. Impairment losses in property, plant and equipment

In the course of the financial year 2018, the Company has obtained an assessment of the immovable properties, which was performed by a specialized and independent entity, and it has resulted in the recording of an impairment loss’ reversal of 94,803 euro.

6.5.3. Capitalized financial costs

With reference to the 31st of December 2018 and 2017, the financial costs capitalized in the item “Intangible assets”, “Property, plant and equipment” and “Property, plant and equipment in progress” are the following:

Description	31st of December 2018				31st of December 2017			
	Intangible assets	Property, plant and equipment	In progress	Total	Intangible assets	Property, plant and equipment	In progress	Total
Borrowing expenses	152 981	298 367 991	11 785 262	310 306 234	152 981	298 092 776	11 774 179	310 019 936

6.5.4. Specialized works

Following the legal proceedings pending at a Court in London, initiated by a financial institution and the Portuguese State, the Lawyers' fees relating to the derivative financial instruments which related to the LTI activity were recognized in the financial year 2016.

6.6. Provisions

With reference to the 31st of December 2018, the amount of 14,214,246 euro (20,816,971 euro with reference to the 31st of December 2017) are related to the provision established to deal with the legal proceedings which were in a resolution stage as consequence of the investments made.

6.7. Other credits receivable

With reference to the 31st of December 2018, the item "Customers" includes an amount of 2,041,708 euro related to a contractual penalty corresponding to the debit made to the works contractor subsequent to delays in delivering the construction work for the Areeiro station's extension and refurbishment, which has been recorded as an impairment loss against the item LTI.

6.8. Borrowings

The borrowings allocated to the LTI activity with reference to the 31st of December 2018 and 2017 are detailed below:

		2018				2017			
	Financing entity	Limit	Current	Non-Current	Total	Limit	Current	Non-Current	Total
Debenture loans:									
Metro Issuing 2019	Barclays	400 000 000	400 000 000	-	400 000 000	400 000 000	-	400 000 000	400 000 000
Metro Issuing 2025	DBI, AG	110 000 000	-	110 000 000	110 000 000	110 000 000	-	110 000 000	110 000 000
Metro Issuing 2026	JP Morgan	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000
Metro Issuing 2027	BNPP	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000
			400 000 000	**910 000 000**	**1 310 000 000**		**-**	**1 310 000 000**	**1 310 000 000**
Bank loans:									
ML I/2	EIB	234 435 012	15 679 594	-	15 679 594	234 435 012	15 600 000	15 679 594	31 279 594
ML II	EIB	74 819 685	4 987 979	-	4 987 979	74 819 685	4 987 979	4 987 979	9 975 958
ML III	EIB	54 867 769	5 584 000	3 009 084	8 593 084	54 867 769	5 358 000	8 593 084	13 951 084
ML II/B	EIB	99 759 579	6 650 639	6 650 639	13 301 277	99 759 579	6 650 639	13 301 278	19 951 916
ML II/C	EIB	54 867 769	3 657 851	9 144 628	12 802 479	54 867 769	3 657 851	12 802 479	16 460 331
ML IV	EIB	169 591 285	-	-	-	169 591 285	17 904 090	-	17 904 090
ML I/3	EIB	124 699 474	24 251 933	47 172 453	71 424 386	124 699 474	14 579 180	71 424 386	86 003 566
ML I/3B	EIB	74 819 685	10 690 580	61 364 266	72 054 847	74 819 685	2 764 838	72 054 847	74 819 685
ML V/A	EIB	150 000 000	-	150 000 000	150 000 000	150 000 000	-	150 000 000	150 000 000
ML V/B	EIB	80 000 000	-	80 000 000	80 000 000	80 000 000	-	80 000 000	80 000 000
ML V/C	EIB	80 000 000	-	80 000 000	80 000 000	80 000 000	-	80 000 000	80 000 000
Loan LP 613.9 M EUR	TFDG (part)	507 957 564	253 978 782	-	253 978 782	507 957 564	253 978 782	-	253 978 782
Loan LP 648.6 M EUR	TFDG (part)	237 747 877	178 310 908	-	178 310 908	237 747 877	178 310 908	-	178 310 908
Loan LP 412.9 M EUR	TFDG (part)	282 974 244	235 811 870	47 162 374	282 974 244	282 974 244	188 649 496	94 324 748	282 974 244
Loan LP 32.6 M EUR	TFDG (part)	17 158 204	2 571 011	14 587 193	17 158 204	17 158 204	-	17 158 204	17 158 204
Loan LP 421.97 M EUR	TFDG (part)	262 008 399	-	262 008 399	262 008 399	-	-	-	-
			742 175 147	**761 099 036**	**1 503 274 183**		**692 441 762**	**620 326 599**	**1 312 768 361**
Other borrowings:									
Schuldschein	ABN AMRO	300 000 000	-	300 000 000	300 000 000	300 000 000	-	300 000 000	300 000 000
			-	**300 000 000**	**300 000 000**		**-**	**300 000 000**	**300 000 000**
Total borrowings			**1 142 175 147**	**1 971 099 037**	**3 113 274 183**		**692 441 762**	**2 230 326 599**	**2 922 768 361**

The "Metro 2019" bond loan has been entered into on the 4th of February 2009, for a ten year term, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law.

The "Metro 2025" bond loan has been entered into on the 23rd of December 2010, for a fifteen year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law.

In the financial year ended on the 31st of December 2010, the Company has entered into a bond loan amounting to 85,000,000 euro, for a 15 year term, with the State granting a personal guarantee, and such loan was reinforced by 25,000,000 euro in the financial year ended on the 31st of December 2011. The applicable law is the Portuguese Law.

The "Metro 2026" bond loan has been entered into on the 4th of December 2007, for a twenty year term, at a bullet fixed rate, and the State granted a personal guarantee. The applicable law is the English Law.

The "Metro 2027" bond loan has been entered into on the 7th of December 2007, for a twenty year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law, with the exception of the "subscription agreement", which is governed by the English Law. The issuing has been admitted to listing at the Euronext Lisbon.

In the course of the financial year ended on the 31st of December 2011, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 613,932,000 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 507,957,564 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 5-year period, reimbursable in 8 equal and half-yearly instalments, and the first shall be due in May 2013.

In the course of the financial year ended on the 31st of December 2012, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 648,581,846 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 237,747,877 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 5-year period, reimbursable in 8 equal and half-yearly instalments, and the first shall be due in May 2014.

In the course of the financial year ended on the 31st of December 2013, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 412,860,000 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 282,974,244 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 6-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2015.

In light of the Order no. 421/18-SEATF, of the 30th of May, issued by the Assistant Secretary of State for Treasury and Finances, a moratorium regarding the payment of the debt service of the aforementioned loans has been granted. Pursuant to the said moratorium, the debt service is not yet subject to the payment of interest.

In the course of the financial year ended on the 31st of December 2017, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 32,584,270 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 17,158,204 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 7-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2019.

In the course of the financial year ended on the 31st of December 2018, bearing in mind the financial markets' situation, notably the capital markets, it was not possible to carry out any issuing of long-term bonds, and the Company has entered into a financing agreement of 421,973,931 euro with the Treasury and Finances Directorate-General ("TFDG"), of which 262,008,399 euro is related to responsibilities with Long-term Infrastructure (LTI), for a 7-year period, reimbursable in 12 equal and consecutive half-yearly principal instalments, and the first shall be due in May 2020.

With reference to the 31st of December 2018, the bond loans classified as non-current involve the following reimbursement plan:

Years	Amount
2025 and subsequent	910 000 000
	910 000 000

The portion referring to bank loans and other borrowings classified as non-current involve the following reimbursement plan:

Years	Amount
2020	310 493 430
2021	186 391 724
2022	127 490 281
2023	46 527 767
2024 and subsequent	390 195 834
	1 061 099 036

With reference to the 31st of December 2018, the borrowings with associated covenants, notably those associated with the Portuguese Republic's rating or those including holding clauses, are detailed below:

AGREEMENT	Amount due on 31-12-2018 (€)	TERM	NEGATIVE PLEDGE (YES /NO)	PARI PASSU (YES / NO)	OWNERSHIP CLAUSE (YES / NO)	RATING DOWNGRADE (YES/NO)	GROSS UP (YES / NO)	CROSS DEFAULT	EXPENSES/STAMP DUTY (YES/NO)	OTHER RELEVANT CLAUSES/COMMENTS
Financing Agreement entered into with the European Investment Bank, on the 28th of October 1994, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/2"), amended on the 10th of March 2006	15.679.594,03	15th of September 2019	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 16th of December 1994, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II")	4.987.978,98	15th of December 2019	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 7th of September 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML III"), amended on the 10th of March 2006	8.593.084,02	15th of June 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 18th of October 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/B")	13.301.277,20	15th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 28th of October 1996, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3"), amended on the 10th of March 2006	71.424.386,29	15th of September 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, in 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3 B"), amended on the 10th of March 2006	72.054.846,68	15th of September 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 14th of July 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/C")	12.802.479,35	15th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 23rd of February 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/A"), amended on the 10th of March 2006	150.000.000,00	15th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 19th of December 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/B"), amended on the 10th of March 2006	80.000.000,00	15th of June 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 9th of May 2003, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/C"), amended on the 10th of March 2006	80.000.000,00	15th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Schuldschein Loan Agreement entered into with the ABN Amro Bank, NV on the 20th of July 2004, governed by the German law and subject to the jurisdiction of the Frankfurt am Main Courts	300.000.000,00	20th of July 2024	Yes (as per Annex D)	YES	NO	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.061% Guaranteed Notes due 2026 JP Morgan Securities Ltd / December 2006, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2026	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.799% Guaranteed Notes due 2027 BNP Paribas / December 2007, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2027	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 5.75% Guaranteed Notes due in 2019. Barclays Capital, BNP Paribas, Caixa - Banco de Investimento, S.A., Santander Global Banking & Markets / February 2009, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400.000.000,00	2019	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Republic / Not a substantial change of the company's nature or its corporate purpose
TOTAL	**2.008.843.647**									

6.9. Derivatives

As mentioned in the Note 3.17, the Group has entered into interest rate swap agreements with several banking entities, related to the bank loans for LTI. According to the opinion of the Company's Board of Directors, notwithstanding these have not been guaranteed by the Portuguese State, they have been entered into in the context of the management of long-term infrastructure and, for that reason, are reflected in the item "Long-term infrastructure investments".

With reference to the 31st of December 2018 and 2017, the LTI-related swap agreements' fair value has been determined according to the description provided in the Note 3.17, which may be detailed as follows:

Derivative bank financing			Date			Hedged principal on 31.12.2018			Fair value		
									Fair value ("N") (counterparty)		
Appointment		Entity	Swap	Start	End	Capital	Inc. Principal (EIB)	Total associated financing	31.12.2018	31.12.2017	Variation
E I B (ML I/2)	2ND, 3RD AND 6TH DISBURSEMENTS	BST	30/03/2006	15/03/2006	15/09/2019			5.819.309	(1.458.672)	(5.312.519)	4.196.184
	Total financing					**15.629.001**	**50.593**	**15.679.594**			
E I B (ML III)	1ST AND 4TH DISBURSEMENTS	BBVA	02/02/2006	15/12/2005	15/06/2020			3.491.585	(89.044)	(218.228)	188.751
	Total financing					**5.486.777**	**3.106.307**	**8.593.084**			
E I B (ML IV)	1ST, 2ND, 3RD, 4TH AND 5TH DISBURSEMENTS	BES INV	11/02/2010	15/12/2009	15/09/2018					(353.760)	1.382.170
	Total financing										
E I B (ML V/C)	1ST DISBURSEMENT	BST	26/05/2003	16/06/2003	15/06/2022			22.666.667	(2.846.153)	(3.737.816)	716.403
	Total financing					**45.333.334**	**29.333.333**	**80.000.000**			
EIB (REST-INC PRINCIPAL)	TRANCHE B	BST	31/05/2007	15/03/2007	15/06/2022				(261.637.094)	(338.528.822)	20.546.501
	Total financing					**258.904.978**	**(258.904.978)**				
A B N (SCHULDSCHEIN)	TRANCHE C	BST	25/02/2005	22/07/2005	22/07/2024			100.000.000	(24.087.652)	(26.863.771)	(802.490)
	Total financing					**300.000.000**		**300.000.000**			
BONDS 2026		BBVA	15/12/2006	04/12/2006	04/12/2026			70.000.000	-	(22.514.178)	318.431
BONDS 2026		M LYNCH	16/07/2010	04/12/2009	04/12/2026			30.000.000	(23.970.205)	(24.626.318)	(12.937.291)
BONDS 2026		CGD	16/07/2010	04/12/2009	04/12/2026			30.000.000	(23.914.710)	(24.278.042)	(12.529.987)
	Total financing					**400.000.000**		**400.000.000**			
BONDS 2019		CITIBANK	15/01/2010	04/02/2010	04/02/2019			100.000.000	(2.981.429)	(8.998.569)	5.077.442
	Total financing					**400.000.000**		**400.000.000**			
						1.425.354.090	**(226.414.745)**	**1.566.250.239**	**(340.984.959)**	**(455.432.023)**	**6.156.112**

Derivative bank financing			Date			Hedged principal on 31.12.2018			Fair value		
									Fair value ("N") (counterparty)		
Appointment		Entity	Swap	Start	End	Capital	Inc. Principal (EIB)	Total associated financing	31.12.2018	31.12.2017	Variation
E I B (ML II)	2ND AND 3RD DISBURSEMENTS	RBS	16/01/2009	15/12/2008	15/12/2019			1.995.191	3.795	12.503	(8.707)
EIB (REST-INC PRINCIPAL)	TRANCHE B	CAIXA BI	16/07/2009	15/03/2010	15/06/2022				1.983.000	2.378.000	(395.000)
BONDS 2026		CAIXA BI	28/04/2010	04/12/2009	04/12/2026			100.000.000	17.817.456	21.422.340	(3.604.884)
						-	**-**	**101.995.191**	**19.804.252**	**23.812.843**	**(4.008.591)**

The derivative financial instruments' fair value does not impact the Company's equity, given that the liability/asset is recorded against a State receivable in the item LTI.

6.10. Suppliers

The item suppliers primarily consists of current debts generated from works performed regarding the continuation of the network expansion and modernization/refurbishment policy.

6.11. Other debts payable

Other debts payable primarily include expenses with interest arising from loans, from derivative financial instruments and from guarantee fees to be paid in the course of the subsequent financial year.

7. Property, plant and equipment

In the course of the financial years ended on the 31st of December 2018 and 2017, the movements occurred in the net carrying amounts of the Group's property, plant and equipment, as well as in the corresponding accumulated depreciation and accumulated impairment losses, were the following:

	2018							
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
Assets								
Start balance	24 287 679	235 243 039	808 028 111	304 074,31	23 618 202	24 367 494	270 328	1 116 118 927
Acquisitions	-	333 894	170 583	-	1 537 102	74 818	5 421	2 121 818
Disposals	-	-	-	(123 063,15)	(1 517)	-	-	(124 580)
Transfers	(3 320 494)	(18 581 455)	(187 757)	-	(30 965)	(45)	(168 493)	(22 289 209)
Write-offs	-	-	(2 925)	-	(899 158)	(6 166)	-	(908 249)
End balance	**20 967 185**	**216 995 478**	**808 008 012**	**181 011,16**	**24 223 664**	**24 436 101**	**107 256**	**1 094 918 707**
Accumulated depreciation and impairment losses								
Start balance	-	215 072 061	574 163 508	304 074,12	22 401 007	14 378 355	-	826 319 006
Depreciation of the financial year	-	8 569 961	23 261 879	-	497 092	816 460	-	33 145 393
Disposals	-	-	-	(123 063,15)	-	-	-	(123 063)
Transfers	-	(18 225 236)	(376 414)	-	(30 252)	(573)	-	(18 632 475)
Write-offs	-	-	(2 925)	-	(897 706)	(5 638)	-	(906 269)
End balance	**-**	**205 416 786**	**597 046 049**	**181 011,16**	**21 970 141**	**15 188 604**	**-**	**839 802 591**
Impairments	-	-	(27 097)	-	-	-	-	(27 097)
Impairments - Transfers	-	-	-	-	-	-		-
Net assets	**20 967 185**	**11 578 692**	**210 989 060**	**-**	**2 253 522**	**9 247 497**	**107 256**	**255 143 212**

	2017							
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Administrative equipment	Other property, plant and equipment	Property, plant and equipment in progress	Total
Assets								
Start balance	24 287 679	255 503 790	805 765 885	735 028	23 901 874	24 306 482	1 280 148	1 135 780 885
Acquisitions	-	182 602	1 499 266	-	1 029 515	61 795	-	2 773 178
Disposals	-	-	(2 735)	(383 083)	(658 508)	-	-	(1 044 326)
Transfers	-	(20 443 353)	945 019	-	76 098	-	(1 009 820)	(20 432 056)
Write-offs	-	-	(179 325)	(47 871)	(730 778)	(782)	-	(958 755)
End balance	**24 287 679**	**235 243 039**	**808 028 111**	**304 074**	**23 618 202**	**24 367 494**	**270 328**	**1 116 118 927**
Accumulated depreciation and impairment losses								
Start balance	-	218 382 833	551 089 012	732 615	23 560 454	13 565 034	-	807 329 948
Depreciation of the financial year	-	9 465 233	26 775 567	2 413	231 011	813 889	-	37 288 113
Disposals	-	-	(182 059)	(383 083)	(630 256)	(777)	-	(1 196 175)
Transfers	-	(7 406 952)	-	-	-	-	-	(7 406 952)
Write-offs	-	-	(493)	(47 871)	(755 546)	-	-	(803 910)
End balance	**-**	**220 441 115**	**577 682 027**	**304 074**	**22 405 662**	**14 378 146**	**-**	**835 211 024**
Impairments	-	(23 418)	-	-	(4 655)	209	-	(27 864)
Impairments - Transfers	-	(5 345 636)	-	-	-	-	-	(5 345 636)
Net assets	**24 287 679**	**20 170 978**	**230 346 084**	**0**	**1 217 194**	**9 989 139**	**270 328**	**286 281 402**

In the course of the financial year 2018, the Group has obtained assessments for several immovable properties, giving rise to their impairment's reversal, in the amount of 27,097 euro.

8. Leases

Financial leases

As referred to in the Note 3.6., the Group records assets acquired under a financial lease regime in its property, plant and equipment (Note 7). With reference to the 31st of December 2018 and 2017, the Group is the lessee of financial lease agreements, primarily related to the acquisition of 24 triple traction units, recorded in the item "Property, plant and equipment – basic equipment".

In the financial year ended on the 31st of December 2018 and 2017, the assets held under a financial lease regime are detailed below:

Financial Leases - Goods	2018			2017		
	Gross amount	Accumulated amortization	Net amount	Gross amount	Accumulated amortization	Net amount
Basic equipment	299 632 078	228 118 986	71 513 092	299 632 078	217 417 758	82 214 320

The rents arising from the financial leases of the triple traction units have borne annual interest, the average rate of which stood at 33.3059%.

The financial leases' principal due with reference of the 31st of December 2018 and 2017 is detailed below:

Financial Leases	Principal due	
	2018	2017
Up to 1 year	-	3 788 999
Between 1 year and 5 years	-	7 680 685
	-	**11 469 683**

Operating leases

With reference to the 31st of December 2018, the Company holds responsibilities with ten operating lease agreements entered into with TREM, A.C.E. and TREM II, A.C.E. which are not recognized in the balance sheet (Note 3.6), amounting to 183,305,296 euro.

The minimum payments for the operating leases in 2018 and 2017 are detailed below:

Operating Leases	Minimum payments	
	2018	2017
Up to 1 year	7 877 929	7 531 329
Between 1 year and 5 years	175 427 367	185 097 378
	183 305 296	**192 628 706**

9. Investment Property

With reference to the 31st of December 2018 and 2017, investment property evidenced the following breakdown:

	31st of December 2018					31st of December 2017				
	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Immovable property leased to thir	22 064 892	8 661 447	4 904 656	8 498 789	8 729 035	22 064 892	8 220 122	5 310 129	8 534 641	8 892 671
Immovable property for valuation	22 309 373	18 631 945	-	3 677 428	104 456 531	-	-	-	-	-
	44 374 266	**27 293 393**	**4 904 656**	**12 176 217**	**113 185 566**	**22 064 892**	**8 220 122**	**5 310 129**	**8 534 641**	**8 892 671**

As referred in the Note 7, the Group has transferred the building in Praça General Humberto Delgado from the item Property, plant and equipment to the item investment property.

The investment property held by the Group are related to 34 immovable properties located in the metropolitan area of Lisbon, for purposes of resettling low-income families affected by the network expansion program, which are depreciated in a 50-year period.

The investment property's fair value was based on an assessment made by a specialized and independent entity. With reference to the 31st of December 2018 and 2017, the following income and expenses related to investment property were recognized in profits and losses:

	31st of December 2018				31st of December 2017			
	Rent income (Note 31)	Direct expenses	Depreciations of the financial year	Profit	Rent income (Note 31)	Direct expenses	Depreciations of the financial year	Profit
Immovable property leased to thir	191 046	43 813	441 325	(294 092)	204 662	22 364	66 532	115 765
Immovable property for valuation	-	217 104	40 832	(257 936)	-	-	-	-
	191 046	**43 813**	**441 325**	**(294 092)**	**204 662**	**22 364**	**66 532**	**115 765**

In the course of the financial year ended on the 31st of December 2018, the Group has written-off impairment losses previously recognized, amounting to 405,473 euro.

10. Financial interests

With reference to the 31st of December 2018 and 2017, the Group evidenced the following investments in associate companies and joint ventures:

	2018									
	Corporate Headquarters	% held	Assets	Liabilities	Equity	Total income	Net profit	Proportion of the profit	Amount recorded	Interest held
Associate companies:										
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	40,00%								10 843 a)
Joint ventures										
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	5,00%	3 138 047	3 181 125	(43 077)	672 208	(43 077)	(2 154)	(2 154)	-
Otlis, A.C.E.	Lisbon	14,29%	5 345 333	3 000 839	2 344 494	6 073 238	918 539	131 220	131 220	334 928
Total										**345 772**

a) 2018 information not available

	2017									
	Corporate Headquarters	% held	Assets	Liabilities	Equity	Total income	Net profit	Proportion of the profit	Amount recorded	Interest held
Associate companies:										
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	Lisbon	40,00%	1 912 938	1 882 244	30 694	1 768 485	30 236	12 094	12 094	12 277
Joint ventures										
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	Lisbon	50,00%	2 610 350	2 708 595	(98 245)	1 521 356	(98 245)	(49 123)	(49 123)	-
Otlis, A.C.E.	Lisbon	14,29%	5 950 266	4 278 188	1 672 078	6 593 052	492 246	70 321	70 321	238 868
Total										**251 145**

In the specific case of Ensitrans – Engenharia e Sistemas de Transporte, A.E.I.E., notwithstanding the holding percentage by the Group corresponding, directly and indirectly, to 50%, the Board of Directors considers that it does not have the control over the entity, and thus it has recognized its interest according to the equity method.
The movements occurred in the financial interests held by the Group in the course of the financial year 2018 are:

	2018	2017
	Equity method	Equity method
Financial interests		
Start balance	251.145	194.216
Application of the equity method	237.324	176.091
Dividends	(70.321)	(68.323)
End balance	418.148	301.985
Impairment losses		
Start balance	50.840	1.717
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	21.539	49.123
End balance	72.378	50.840
Net assets	**345.772**	**251.145**

11. Derivatives

The balance in the items “Derivatives” with reference to the 31st of December 2018 and 2017 , corresponds to the SWAP agreements’ fair value, assessed by the contracted banks, as detailed below:

						Fair value ("FV") (counterparty) 31.12.2018		Variation	Fair value ("FV") (counterparty) 31.12.2017	
Appointment	Entity	Swap	Start	End	Capital	Asset	Liabilities		Asset	Liabilities
BSN-CGD (US LEASE)	BST	22/09/2005	01/07/2005	01/01/2019	7.630.670		(877.253)	4.732.602	-	(5.609.855)
BSN-CGD (US LEASE)	CAIXA BI	16/07/2009	01/07/2009	01/01/2019	3.815.335	81.966		(248.034)	330.000	-
TREM II (2ND TRANCHE)	BST	06/06/2005	23/09/2005	23/09/2022	65.575.340		(80.746.643)	22.487.649	-	(103.234.292)
					77.021.345	**81.966**	**(81.623.896)**	**26.972.217**	**330.000**	**(108.844.147)**

Pursuant to a sensitivity analysis with reference to the 31st of December 2018, performed by the IGCP and bearing in mind certain assumptions and hypothesis, the impact of the 1% interest rate variation on the fair value of the Group’s financial investments portfolio, as detailed above and allocated to the LTI (Note 6.8), would be the following:

2018	1%	-1%
Fair value	73 165 397	(125 377 884)

12. Other financial assets – non-current

With reference to the 31st of December 2018, the item "Other financial assets - non-current" comprises: (i) the amount of 30,197,168 euro related to a collateral obligatorily granted by the Group in April 2009 in favour of Bank of America Leasing & Capital, LCC, which has been guaranteed by the Portuguese State, as a consequence of the Company's rating decrease, and the effect deriving from the change in its fair value, amounting to 541,443 euro, is recorded in the item "Fair value increases/reductions"; and (ii) the amount of 25,220,545 euro related to a collateral established by the Company in 2013 in bonds from the USA with Wilmington Trust, as a consequence of the Company's rating decrease, and the effect deriving from the change in its fair value, amounting to 212.7105 euro, is recorded in the item "Fair value increases/reductions".

Appointment	FV Variation 2018	FV Variation 2017
Bank of America Leasing & Capital, LCC	541.443	211.641
Wilmington Trust	212.710	306.825
	754.153	**518.466**

With reference to the 31st of December 2018, the Group held the amount of 627 euro in a Work Compensation Fund.

13. Inventories

With reference to the 31st of December 2018 and 2017, the inventories were detailed as shown below:

	2018			2017		
Inventories	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Raw materials, other raw materials and consun						
Materials	6.187.706	(299.936)	5.887.770	3.441.117	(299.936)	3.141.181
Tools	15.092	-	15.092	20.001	-	20.001
Cleaning products	35.014	-	35.014	26.405	-	26.405
Fuel	26.039	-	26.039	22.354	-	22.354
Transport tickets	705.010	-	705.010	676.484	-	676.484
Other materials	450.522	-	450.522	173.663	-	173.663
Promotional items/publications	15.529	-	15.529	16.451	-	16.451
	7.434.912	**(299.936)**	**7.134.976**	**4.376.475**	**(299.936)**	**4.076.539**

With reference to the 31st of December 2018 and 2017, the Group had no inventories held by third parties, and on the said dates, there were no inventories in transit and on consignment.

Costs of goods sold and materials consumed

The cost of goods sold and materials consumed recognized with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Cost of the goods sold	Raw materials, other raw materials and consumables 2018	2017
Start balance	4.376.475	2.473.205
Procurement	9.078.568	6.265.897
Normalizations	47.667	45.977
End balance	7.434.912	4.376.475
	6.067.798	**4.408.604**

Impairment losses

The evolution of the accumulated impairment losses on inventories with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Impairment losses - Inventories	2018 Start balance	Additions	Reversals	End balance
Goods	299.936	-	-	299.936
	299.936	**-**	**-**	**299.936**

Impairment losses - Inventories	2017 Start balance	Additions	Reversals	End balance
Goods	299.936	-	-	299.936
	299.936	**-**	**-**	**299.936**

14. Customers and other credits receivable

On the 31st of December 2018 and 2017, the items "Customers" and "Other receivables" evidenced the following breakdown:

	2018				2017			
	Gross amount	Financial discount	Accumulated impairment	Net amount	Gross amount	Financial discount	Accumulated impairment	Net amount
Non-current:								
Clients	303.661	-	(303.661)	-	395.604	(91.944)	-	303.660
	303.661	**-**	**(303.661)**	**-**	**395.604**	**(91.944)**	**-**	**303.660**
Current:								
Clients	5.911.975	-	(1.999.347)	3.912.627	7.930.783	-	(926.109)	7.004.674
Other credits receivable	42.264.598	-	(3.505.892)	38.758.707	42.961.516	-	(3.460.883)	39.500.633
	48.176.573	**-**	**(5.505.239)**	**42.671.334**	**50.892.299**	**-**	**(4.386.992)**	**46.505.307**
	48.480.234	**-**	**(5.808.900)**	**42.671.334**	**51.287.903**	**(91.944)**	**(4.386.992)**	**46.808.967**

The detail of the item “Customers” and the division between current and non-current is the following:

Clients	2018		2017	
	Current	Non-Current	Current	Non-Current
Associate companies and joint ventures (Note 30)	2 266 691	-	1 540 396	-
Ar Telecom	463 383	-	463 383	-
Uncharged fines	50 880	-	3 763 745	-
GIBB Portugal	-	-	-	303 659
Other	3 131 020	-	2 163 259	303 660
	5 911 975		7 930 783	303 660
Impairment in other customer accounts receivable	(1 999 347)	-	(926 109)	-
	3 912 627	**-**	**7 004 674**	**303 660**

The balance of the sub-item Fines corresponds to the fines which are still to be charged due to the absence of a valid transport ticket, and such amount may be identified, in the same amount, in the item “Other debts payable” in liabilities.

According to the information included in the consolidated statement of the financial position, the aging of the balance in “Customers” is as follows:

Clients	31.12.2018	31.12.2017
Not matured	1 615 607	1 632 664
Matured but not adjusted:		
0-90 days	427 162	63 984
90-180 days	524 781	488 923
180-360 days	881 939	414 430
+360 days	463 139	4 404 673
Matured and adjusted:		
+360 days	1 999 347	926 109

The detail of the item “Other receivables” and the division between current and non-current is the following:

Other receivables	2018		2017	
	Current	Non-Current	Current	Non-Current
Works carried out on behalf of third parties	29 811 115	-	30 442 102	-
Debtors by accrued income	431 578	-	880 973	-
Serviços Municipais Transportes Coletivos Barreiro	3 360 343	-	3 257 361	-
Traffic revenue	3 376 172	-	4 414 113	-
Associate companies and joint ventures (Note 30)	269 524	-	149 111	-
C.P. - Caminhos de Ferro Portugueses, E.P.E.	311 311	-	495 211	-
Staff	331 706	-	386 622	-
Financial compensation for the 4_18, Sub23. Social +	2 182 112	-	913 560	-
Other	2 190 738	-	2 022 463	-
	42 264 598	-	42 961 516	-
Impairment in other credits receivable	(3 505 892)	-	(3 460 883)	-
	38 758 707	**-**	**39 500 633**	**-**

According to the information included in the consolidated statement of the financial position, the aging of the balance in “Other receivables” is as follows:

Other receivables	31.12.2018	31.12.2017
Not matured	8.664.212	4.444.310
Matured but not adjusted:		
0-90 days	255.092	241.469
90-180 days	63.554	61.904
180-360 days	154.149	394.676
+360 days	29.621.699	34.358.274
Matured and adjusted:		
+360 days	3.505.892	3.460.883

The item “Works carried out on behalf of third parties” includes the amounts related to the construction works made by the Group on behalf of entities from the State's business sector, regarding which the Board of Directors considers it shall be subject of a protocol for purposes of normalizing the situation.

The movements in impairment losses in the course of the financial years 2018 and 2017 has been the following:

	2018					2017				
Impairments	Start balance	Increases	Reversals	Use	End Balance	Start balance	Increases	Reversals	Use	End Balance
In customer credits debts receiva	926.109	1.292.459	(87.131)	(132.090)	1.999.347	1.042.695	90.016	(206.602)	-	926.109
In other accounts receivable	3.460.883	59.427	(604)	(13.814)	3.505.892	4.039.675	132.295	(711.087)	-	3.460.883
	4.386.992	**1.351.886**	**(87.735)**	**(145.904)**	**5.505.239**	**5.082.370**	**222.311**	**(917.689)**	**-**	**4.386.992**

15. Deferred assets

On the 31st of December 2018 and 2017, the item "Deferrals" in current assets evidenced the following breakdown:

Deferred assets	2018	2017
Insurance paid in advance	36.173	2.016
Charges with lease agreements	437.560	689.664
Other	1.284.041	1.695.041
	1.757.774	**2.386.721**

The item "Deferred assets - charges with lease agreements", in the amount of 437,560 euro, is related to charges incurred in the carrying out of operating lease agreements entered into in 1995, 1997, 1999, 2000, 2001 and 2002, which are recognized in the statement of profits and losses in the course of the term of the corresponding agreements.

16. Equity instruments

With reference to the 31st of December 2018, the Group's equity, subscribed and paid-up, amounted to 2,543,791,006 euro, being fully held by the Portuguese State.

In the course of the financial year ended on the 31st of December 2018, a 175,195,680 euro capital increase has been carried out, and such amount was fully subscribed and paid-up in cash.

Profits carried over:

The negative net profit for the financial years ended on the 31st of December 2014 to 2017 evidenced in the Metropolitano de Lisboa, E.P.E.'s financial statements, taking into account for purposes of the consolidation, has been transferred to the item "Profits carried over" relative to the subsequent years, notwithstanding the financial statements for the financial years ended on the said dates have not yet been formally approved by means of the Supervision Authority's ministry order.

Legal reserve

Pursuant to the commercial law in force, at least 5% of annual net profit, if positive, shall be allocated to the reinforcement of the legal reserve, until such reserve corresponds to 20% of the equity. This reserve shall not be distributable, except in cases of the Company's liquidation, albeit it shall only be used to absorb losses, after the other reserves have been exhausted or integrated in capital.

17. Provisions

The evolution of the provisions with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

	2018				
	Start balance	**Increases**	**Reversals**	**Use**	**End Balance**
Provisions for risks and charges					
Pending legal proceedings	693.339	3.843	-	-	697.182
Interest payable (Note 29)	-	-	-	-	-
Taxes	2.577.895	-	2.305.777	-	272.118
Onerous contracts	551.482	375.650	141.861	-	785.271
	3.822.716	379.493	2.447.638	-	1.754.571
Other provisions:					
Hedging of losses	76.812	3.434.190	56.743	-	3.567.745
	76.812	3.434.190	56.743	-	3.567.745
	3.899.528	**3.813.683**	**2.504.381**	**-**	**5.322.316**
					-

	2017				
	Start balance	**Increases**	**Reversals**	**Use**	**End Balance**
Provisions for risks and charges					
Pending legal proceedings	756.915	72.072	10.000	125.648	693.339
Interest payable (Note 29)	108.479.022	10.915.898	-	119.394.920	-
Taxes	2.523.471	54.424	-	-	2.577.895
Onerous contracts	963.617	50.156	462.291	-	551.482
	112.723.025	11.092.550	472.291	119.520.568	3.822.716
Other provisions:					
Hedging of losses	29.408	47.404	-	-	76.812
	29.408	47.404	-	-	76.812
	112.752.433	**11.139.954**	**472.291**	**119.520.568**	**3.899.528**

In 2016, the Company has been notified by the Portuguese Tax Authorities (PTA) to submit elements relevant for tax purposes regarding the financial year 2014. Subsequent to the procedure, the PTA made a correction to the CIT for 2014 in the amount of 2,305,777 euro, regarding which the Company has submitted an administrative appeal. With reference to the 31st of December 2017, a provision has been established which is reflected in the sub-item "Taxes", amounting to 2,305,777 euro. In the course of the financial year 2018, the Portuguese Tax Authorities have upheld the tax corrections, and the Company has allocated the payment of the amount in contention.

18. Borrowings

The borrowings, including those allocated to the operation activity with reference to the 31st of December 2018 and 2017, are detailed below:

		2018			2017		
			Amount used			Amount used	
Financing	Financing entity	Limit	Current	Non-Current	Limit	Current	Non-Current
Financial institutions:							
Bank loans:							
Loan LP 613.9 M EUR	T F D G 2011 (part)	105.974.436	52.987.218	-	105.974.436	52.987.218	-
Loan LP 648.6 M EUR	T F D G 2012 (part)	410.833.969	308.125.476	-	410.833.969	308.125.476	-
Loan LP 412.9 M EUR	T F D G 2013 (part)	129.885.756	108.238.130	21.647.626	129.885.756	86.590.504	43.295.252
Loan LP 32.6 M EUR	T F D G 2017 (part)	15.426.066	2.859.701	12.566.365	15.426.066	-	15.426.066
Loan LP 421.97 M EUR	T F D G 2018 (part)	151.363.298	-	159.965.533	-	-	-
Loan TREM I LP 2000 (50 M EUR)	Banco Santander	50.000.000	1.643.157	25.841.702	50.000.000	1.590.919	27.484.859
Loan TREM I LP 2000 (50 M EUR)	Caixa Geral de Depósitos	50.000.000	1.643.157	25.841.702	50.000.000	1.590.919	27.484.859
Loan TREM II LP 2001 (105 M EUR)	Banco Santander	52.777.778	1.615.948	29.764.172	52.777.778	1.558.630	31.380.119
Loan TREM II LP 2001 (105 M EUR)	Caixa Geral de Depósitos	26.388.889	807.974	14.882.086	26.388.889	790.646	15.690.059
Loan TREM II LP 2001 (105 M EUR)	Caixa BI	26.388.889	807.974	14.882.086	26.388.889	790.646	15.690.059
Loan TREM II LP 2002 (105 M EUR)	Banco Santander	52.777.778	1.539.370	31.248.300	52.777.778	1.491.310	32.787.670
Loan TREM II LP 2002 (105 M EUR)	Caixa Geral de Depósitos	26.388.889	769.685	15.624.150	26.388.889	755.170	16.393.835
Loan TREM II LP 2002 (105 M EUR)	Caixa BI	26.388.889	769.685	15.624.150	26.388.889	755.170	16.393.835
Total bank loans			**481.807.476**	**367.887.870**		**457.026.609**	**242.026.614**
Financial leases:							
Loan CP/LP M EUR	Santander Totta	-	-	-	11.469.683	3.788.999	7.680.685
Total financial leases			**-**	**-**		**3.788.999**	**7.680.685**
Bank overdrafts (Note 4)		-	828	-	-	828	-
Total financial institutions			**481.808.304**	**367.887.870**		**460.816.436**	**249.707.299**

The portion referring to bank loans classified as non-current involve the following reimbursement plan:

Years	Amount
2019	23.742.020
2020	86.923.096
2021 and subsequent	257.222.754
	367.887.870

On the 31st of December 1998, the Company entered into a financial lease agreement, regarding 24 TU of the ML 95 series rolling stock, for the amount of 124,699,474 euro and with a residual value of 3% of the equipment's amount, aimed at the partial financing of the Metro Network Expansion and Modernization Plan, with a 20-year term and bearing interest at the 6-month EURIBOR rate less 0.71%, and the Portuguese State, in its capacity as holder of the full capital, has granted a guarantee. The financing agreement has been entered into on the 6th of January 1999. With reference to the 31st of December 2017, the amount payable deriving from the said financial lease agreement amounts to 15,308,696 euro. In the course of the financial year 2018, the Company has paid all the outstanding amount.

The Group has been borrowing, on a regular communication and coordination with its shareholder, additional amounts to deal with its short-term responsibilities, and to the present date, no outstanding and unpaid bank debt situations have occurred.

The Company's Board of Directors understands that the reimbursement of its liabilities, notably regarding borrowings with potential short-term reimbursements, will continue to be performed, notably by means of the borrowing of additional amounts in coordination with its shareholder.

In light of the Company's budget for 2019, as approved by the Portuguese Parliament and taken into consideration in the State Budget for 2019, the following events have been projected: (i) the receipt of a 421,973,931 euro loan from the TFDG intended to reimburse interest which will be borne in the course of the financial year 2019 and to repay loans entered into with banking entities, and it is projected that such amount will be converted in a capital increase which on the date of the present financial statements' approval is not yet accomplished.

The Company's rating downgrade, as well as of the rating of an international bank which issued a credit letter, has placed the Metropolitano in a non-compliance situation regarding the agreed guarantees of US Cross Border Lease transactions, with respect to the financing of rolling stock. As a consequence of this situation, in the course of the financial year 2013, the Company established a collateral, the fair value of which, with reference to the 31st of December 2018, amounted to 25,220,545 euro (Note 12).

19. Post-employment benefits – established benefit plans

As referred to in the Note 3.16, the Company has undertaken to grant employees financial allowances for their retirement, disability and death pension supplements. With reference to the 31st of December 2018, the number of active employees and retirees/pensioners amounted to 1,000 and 1,272, respectively (1,012 and 1,344 with reference to the 31st of December 2017).

The allowances mentioned above correspond to pension supplements guaranteed by the Social Security scheme and are determined depending on the number of service years at the Company, of Social Security contributions and the last wage earned on the retirement date.

In the financial year 2004, the Company has decided and agreed with the trade unions that all employees who have been integrated in the staff subsequent to the 31st of December 2003 shall no longer be covered by this pension plan.

In the financial year ended on the 31st of December 2018, an actuarial assessment has been carried out by an independent entity regarding the plan's assets and of the present value of the established obligation and benefits.

Pursuant to the actuarial studies reported on the 31st of December 2018 and 2017, the current value of the Company's liabilities for its active and retired employees' past services has been estimated at:

	2018	2017
Active workers	88.466.080	78.860.745
Retired persons	165.245.381	173.767.120
	253.711.461	**252.627.865**

The increase in the Past Service Responsibilities' Current Value arises in part from the fact that, in overall terms, 2018 saw a higher actual wage increase than projected.

The actuarial study reported on the 31st of December 2018 has been carried out using a method named "Projected Unit Credit", which took into consideration the following assumptions and technical and actuarial bases:

Projected Unit Credit	2018	2017
Life table		
Male life table	TV73/77-1	TV73/77-1
Female life table	TV88/90	TV88/90
Disability table	EKV80	EKV80
Rates		
Pension Technical Rate	1,75%	1,75%
Wage Growth Rate	1,50%	1,50%
PRT Allowance Update Rate	1,50%	1,50%
Discount Rate	1,75%	1,75%

The evolution of the Company's responsibilities with pensions in the financial year 2018 and 2017 was the following:

	2018	2017
Total responsibilities at the start of the financia	252.627.865	255.738.256
Cost with current services	3.063.065	2.889.482
Cost with interest	4.420.988	4.475.419
Benefits paid in the financial year	(12.669.921)	(12.526.801)
Actuarial gains (losses) in the financial year	6.269.465	2.051.508
Total responsibilities in the end of the financial year	**253.711.461**	**252.627.865**

The cost of current services and the cost of interest for the financial year 2018, correspondingly, amounting to 3,063,065 euro and to 4,420,988 euro, have been recognized in the statement of profits and losses in the item "Personnel expenses".

With reference to the 31st of December 2018 and 2017, the Company has recognized, correspondingly, the amounts of 6,269,465 euro and 2,051,509 euro in its financial statements, regarding actuarial gains (losses) assessed in the financial year, against the item "Adjustments/Other variations in equity", as described in its accounting policy (Note 3.16).

The evolution of the actuarial gains (losses) with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

	2018			
Other changes in equity	**Start balance**	**Additions**	**Reductions**	**End balance**
Actuarial gains (losses)	(6.859.877)	-	6.269.465	(13.129.342)

Other changes in equity	2017 Start balance	Additions	Reductions	End balance
Actuarial gains (losses)	(4.808.369)	-	2.051.508	(6.859.877)

With reference to the 31st of December 2018, the actuarial losses mainly derive from the fact that 2018 saw a higher actual wage increase than projected.

With reference to the 31st of December 2018, the Company did not evidence the establishment of any funds to deal with such responsibilities, and they are recorded in the balance sheet.

20. Suppliers

The balance of the item "Suppliers" with reference to the 31st of December 2018 and 2017 is the following:

Suppliers	2018	2017
Suppliers:		
CJC Engenharia e Projectos, Lda.	690.500	690.500
Companhia Carris de Ferro	850.022	2.341.765
CENOR - Consultores, S.A.	290.672	290.672
Rodoviaria de Lisboa, S.A.	111.495	40.921
Bonatrans Group A.S.	186.865	41.540
Edp Comercial	-	841.514
Otlis	80.228	89.203
TPF - Consultores de Engenharia e Arquitetura, S.A.	1.100.396	214.974
Other	797.964	2.070.019
	4.108.141	**6.621.108**

According to the information included in the consolidated statement of the financial position, the balance in "Suppliers" evidences the following maturing dates:

Suppliers	31.12.2018	31.12.2017
Not matured	1.748.062	3.870.340
Matured:		
30-90 days	550.278	1.086.081
90-180 days	86.855	9.778
180-360 days	371.796	636.963
+360 days	1.351.150	1.017.946

21. State and Other Public Entities

Under the legislation currently in force, the tax returns are subject to review and correction by the tax authorities for a period of four years (five years in case of the Social Security), unless tax losses have been assessed, tax benefits have been granted, or there are pending tax audits, complaints or appeals, in which cases, in light of the circumstances, such deadlines may be extended or suspended. Therefore, the tax returns referring to the years 2015 to 2018 are still subject to review.

According to article 88 of the CIT Code, the Group is also subject to flat-rate taxation regarding a set of charges, levied at the rates established in the said article.

The Board of Directors considers that any potential corrections arising from reviews/tax audits performed by the tax authorities on the said tax returns shall not impact significantly the financial statements with reference to the 31st of December 2018 and 2017.

On the 31st of December 2018 and 2017, the items "State and other public entities" evidenced the following breakdown:

	2018		2017	
State and Other Public Entities	**Asset**	**Liabilities**	**Asset**	**Liabilities**
Corporate income tax	4.335.149	4.515	2.472.479	10.886
Personal income tax	461.995	1.311.921	12.262	1.161.425
Value added tax	1.167.785	185.935	1.341.905	187.063
Social Security contributions	-	1.453.095	-	110.128
Other Taxes	79.679	499.775	79.675	499.330
	6.044.609	**3.455.244**	**3.906.321**	**1.968.833**

With reference to the 31st of December 2018, the amounts related to Personal Income Tax and to Social Security contributions correspond to withholdings made in the context of the wage processing for December 2018, which will be paid in January 2019.

22. Income tax

The expense with income tax with reference of the 31st of December 2018 and 2017 is detailed below:

Income tax	2018	2017
Current tax	82.248	843.300
	82.248	**843.300**

With reference to the 31st of December 2018 and 2017, the tax losses carried forward stood at 41,050,463 euro and 39,999,550 euro, correspondingly. The deadlines for the use of such tax losses existing on the said dates are the following:

Tax losses	2018 Amount	2018 Expiry date for use	2017 Amount	2017 Expiry date for use
Originated in 2013	34.026.334	2018	34.026.334	2018
Originated in 2014	5.277.942	2026	5.277.942	2026
Originated in 2015	695.274	2027	695.274	2027
Originated in 2016	378.323	2028	378.323	2018
Originated in 2017	672.590	2022	-	-
	41.050.463		**39.999.550**	

23. Other debts payable

On the 31st of December 2018 and 2017, the item "Other debts payable" evidenced the following breakdown:

ther debts payable	2018	2017
on-Current:		
ıvestment grants to be recognized	4.982.846	6.294.628
	4.982.846	**6.294.628**
ırrent:		
ther creditors:		
Staff	517.318	483.326
Other	62.376	70.843
ıvestment grants to be recognized	2.542.158	2.542.158
olidays, holiday allowance and corresponding social cos	10.452.945	9.813.080
ıterest not matured and not paid	26.203.103	142.186.436
reditors for accrued expenses	1.641.669	610.987
ıvestment suppliers	2.924.689	3.433.468
ncharged fines (Note 13)	61.632	4.639.932
ther	382.396	2.662.554
	44.788.286	**166.442.784**

With reference to the 31st of December 2018 and 2017, the balance of the item "Creditors for accrued expenses" is primarily concerned with expenses incurred by the Group with investments made, for which the corresponding invoice had not yet been received on the reporting date.

In the course of the financial years ended on the 31st of December 2018 and 2017, the Group has benefited from the following grants not allocated to LTI:

Grants	2018 Total amount	Received amount	Revenue of the financial year (Note 27)	Accumulated revenue	Amount to be recognized in the financial year 2017	Other current liabilities	Other non-current liabilities
Grants related to assets:							
FEDER-PRODAC	10.942.882	10.942.882	130.765	10.550.586	130.765	130.765	261.530
FEDER-QCA	57.126.530	57.126.530	2.411.392	51.224.197	2.411.392	2.411.392	4.721.315
	68.069.412	**68.069.412**	**2.542.157**	**61.774.783**	**2.542.158**	**2.542.157**	**4.982.846**

Grants	2017 Total amount	Received amount	Revenue of the financial year (Note 27)	Accumulated revenue	Amount to be recognized in the financial year 2016	Other current liabilities	Other non-current liabilities
Grants related to assets:							
FEDER-PRODAC	10.942.882	10.942.882	166.534	10.419.821	166.534	166.534	523.061
FEDER-QCA	57.126.530	57.126.530	2.411.393	48.812.805	2.411.393	2.411.393	8.313.725
	68.069.412	**68.069.412**	**2.577.927**	**59.232.626**	**2.577.927**	**2.577.927**	**8.836.785**

The grants received by the Company in light of the ERDF – PRODAC 1993 and QCA 1994, have been aimed at financing investments made by the Company regarding the DW II, the DW III and the 17 TU's interim series, the 10 TU's complementary series and the DW III.

24. Revenue

The revenue recognized by the Group with reference of the 31st of December 2018 and 2017 is detailed below:

Revenue	2018	2017
Sales:		
Scrap	46.059	37.699
Provision of services:		
Tickets	54.210.739	52.022.168
Monthly passes	52.707.810	49.669.835
Cards	3.738.242	3.582.587
Secondary services	3.827.245	1.624.161
Technical consulting	1.305.125	1.540.298
Lease agreements	126.150	126.150
Exploration Agreements	472.239	2.562.347
	116.433.609	**111.165.245**

The increase observed regarding revenues in 2018 primarily results from the increase in the number of passengers carried.

In the course of the financial year ended on the 31st of December 2018, the State granted a financial compensation for the 4_18@escola.tp, sub23@superior.tp and social+ monthly passes, amounting to 3,341,201 euro (3,152,076 euro recognized as revenue after the VAT deduction), of which 3,341,201 have been received (VAT included).

In the course of the financial year ended on the 31st of December 2017, the State granted a financial compensation for the 4_18@escola.tp, sub23@superior.tp and social+ monthly passes, amounting to 2,986,208 euro (2,817,177 euro recognized as revenue after the VAT deduction), of which 1,693,997 have been received (VAT included).

25. External supplies and services

The item "External supplies and services" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

External supplies and services	2018	2017
Electricity	9.554.600	8.518.562
Rents and leases	246.684	223.738
Surveillance and safety	5.205.275	5.035.691
Maintenance and repair	4.736.693	4.694.312
Cleaning, hygiene and comfort	3.026.258	2.752.699
Specialized works	2.784.054	2.230.699
Professional Fees	300	24.030
Travel and subsistence	19.514	30.596
Other	1.580.071	2.268.141
	29.190.754	**25.778.468**

26. Personnel expenses

The item "Personnel expenses" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Personnel expenses	2018	2017
Remuneration of the corporate bodies	420.875	470.823
Remuneration of the personnel	57.639.695	52.661.981
Post-employment benefits - paid supplements (Note 19)	7.517.793	7.359.821
Charges on remunerations	13.103.422	11.852.059
Work accidents insurance	846.834	670.339
Health insurance	853.160	842.075
Social action expenses	371.897	483.787
Indemnities	818.206	64.354
Other	361.889	284.017
	81.933.770	**74.689.257**

With reference to the financial year ended on the 31st of December 2018, the Group has recognized pension responsibilities in this item, and the responsibility with current services amounts to 3,063,065 euro, while the costs with interest amount to 4,420,988 euro.

In the course of the financial years ended on the 31st of December 2018 and 2017, the average employee number has stood at 1,473 and 1,475 people, correspondingly, and the headcount number by the end of the financial year has been 1,471 and 1,478, correspondingly.

27. Other income

The detail of the item "Other income and gains" with reference to the financial years ended on the 31st of December 2018 and 2017 is detailed below:

Other income and gains	2018	2017
Investment grants (Note 23)	2.542.158	2.577.927
Interest	209.953	299.054
Sale of energy	308.687	288.260
Recognition of lease-related capital gains	293.561	195.707
Recovery of charges	75.786	31.620
Exchange rate differences	2.480.356	3.379
Concession of spaces	177.186	190.802
Disposals - Gains regarding immovable property	39.171	70.526
Corrections relative to preceding financial years	104.518	128.743
Other	782.369	1.634.776
	7.013.745	**5.420.794**

The balance of the item "Recognition of lease capital gains" is related to the amortization of the capital gains assessed regarding the 24 TU, the amounts of which stood at 293,561 euro with reference to the 31st of December 2018.

The balance of the item "Exchange differences" is related to the revision of two collaterals which the Company has established in bonds from the USA (Note 12).

28. Other expenses

With reference to the financial years ended on the 31st of December 2018 and 2017, the breakdown of the item "Other expenses and losses" is detailed below:

Other expenses and losses	2018	2017
Municipal tax on immovable property	314.058	281.762
Donations	14.220	14.220
Losses in inventories	156.853	86.256
Taxes	55.338	64.451
Membership fees	109.934	69.489
Corrections relative to preceding financial years	98.495	1.373.746
Insufficient tax estimate	196.759	291.761
Exchange Differences	-	7.117.448
Other	459.758	1.005.317
	1.408.066	**10.304.640**

29. Financial performances

On the 31st of December 2018 and 2017, the balance of this item evidenced the following breakdown:

Financial profits	2018	2017
Expenses and losses		
Interest borne with bank loans	31.122.480	24.923.288
Interest payable (Note 17)	-	10.915.898
Other financial expenses	31.111	31.207
	31.153.591	35.870.393
Income from interest:		
Interest obtained in financial applications	4.647	2.714.695
Other financial income	-	-
	4.647	2.714.695
Financial profits	**(31.148.944)**	**(33.155.698)**

30. Related parties

With reference to the 31st of December 2018 and 2017, the Group evidenced the following balances with related parties:

	2018				
	Accounts receivable		Accounts payable		
Related parties	Customers (Note 14)	Other credits receivable (Note 14)	Suppliers (Note 20)	Other debts payable (Note 23)	Net effect
Associate companies					
Publimetro	766.032	216.585	-	-	982.617
Joint ventures					
Ensitrans A.E.I.E.	953.821	143.027	-	49.602	1.047.246
Otlis, A.C.E.	1.118	-	80.228	-	(79.110)
	1.720.971	**359.612**	**80.228**	**49.602**	**1.950.753**

	2017				
	Accounts receivable		Accounts payable		
Related parties	Customers (Note 14)	Other credits receivable (Note 14)	Suppliers (Note 20)	Other debts payable (Note 23)	Net effect
Associate companies					
Publimetro	639.312	-	-	-	639.312
Joint ventures					
Ensitrans A.E.I.E.	823.096	149.111	-	189	972.018
Otlis, A.C.E.	77.988	-	89.203	-	(11.215)
	1.540.396	**149.111**	**89.203**	**189**	**1.600.115**

In the course of the financial years ended on the 31st of December 2018 and 2017, the following transactions were carried out with related parties:

	2018			
Related parties	**Purchase of inventories**	**Services acquired**	**Services provided**	**Other income and gains**
Associate companies				
Publimetro	-	-	1.171.636	-
Joint ventures				
Ensitrans A.E.I.E.	-	-	102.721	17.500
Otlis, A.C.E.	2.254.615	123.071	4.720.222	-
	2.254.615	**123.071**	**5.994.579**	**17.500**

	2017			
Related parties	**Purchase of inventories**	**Services acquired**	**Services provided**	**Other income and gains**
Associate companies				
Publimetro	-	-	1.026.187	-
Joint ventures				
Ensitrans A.E.I.E.	-	-	685.282	17.500
Otlis, A.C.E.	2.482.874	-	7.225.426	-
	2.482.874	**-**	**8.936.895**	**17.500**

31. Guarantees granted

With reference to the 31st of December 2018 and 2017, the guarantees granted by the Group amounted, correspondingly, to 1,979,574 euro and 5,469,725 euro, and they are primarily related to the financing agreements and to the pending legal proceedings.

With reference to the 31st of December 2018, the Group's responsibilities related to guarantees granted for pending legal proceedings are the following:

	2018		
Entity	**Amount**	**Start Date**	**Beneficiary**
Banco BPI	7.494	10-03-2006	Court.Adm.F.Lx-2nd section
Banco BPI	95.482	11-05-2006	Tax Services 4th Tax District
Banco BPI	1.583	30-06-2010	Trib.Tribut.2ª.Inst.Lisboa
Banco BPI	7.661	17/08/2011	Municipality of Lisbon
Banco BPI	7.500	17/06/2014	Petrogal
Banco BPI	1.820	03/06/2015	SMAS SINTRA
Banco BPI	438.047	31-12-2015	Lisbon District Court Central Juris. 1 Emp
Banco BPI	760.160	28/04/2016	Lisbon District Court Central Juris. 1 Emp
Banco BBVA	3.990	19/02/1998	Petrogal
Banco BBVA	1.632	21/03/2007	Public Treasury
Banco BBVA	272.118	06/12/2010	Public Treasury
Banco CGD	222.640	02/06/2016	Entreprise Metro D´Alger
Banco CGD	34.663	02/06/2016	Entreprise Metro D´Alger
Banco CGD	86.130	02/06/2016	Entreprise Metro D´Alger
Banco CGD	36.360	02/06/2016	Entreprise Metro D´Alger
Banco CGD	2.294	11/03/1996	LTE, SA
	1.979.574		

32. Contingent liabilities

With reference to the 31st of December 2018, there are indemnity claims for damages sent to the Group amounting to 22,049 euro, which primarily refer to expropriation legal proceedings and damages caused by construction works related to the network expansion plan. With reference to the 31st of December 2018, the Group is at a stage of assessing the total expropriation amount, and a provision for the legal proceedings the outcome of which is unknown until the consolidated financial statements' date of approval has been recorded. With respect to the remaining legal proceedings, no provisions have been recorded with reference to the 31st of December 2018, given that, in case such indemnities are paid, these shall be recorded as expropriation charges in the item "Long-term infrastructure investments".

33. Operational segments

The segments used by the Group's management bodies are the following:

- Passenger transport and infrastructure management activities;
- Other.

The profits by segment with reference to the financial year ended on the 31st of December 2018 are the following:

YEAR 2018

	Passenger transport and infrastructure management	Other segments	Adjustments	Eliminations	Group
Sales and provisions of services	114.530.094	13.870.441	-	(11.966.926)	116.433.609
Own work capitalized	3.213.739	-	-	2.051.977	5.265.716
Provisions (increases / reductions)	2.456.130	-	-	-	2.456.130
Fair value increases / reductions	27.726.370	-	-	-	27.726.370
Other income	6.591.834	631.864	-	(209.953)	7.013.745
Impairments of assets subject to depreciation/amortization (losses/reversals)	432.570	-	-	-	432.570
Total operating income	154.950.737	14.502.305	-	(10.124.902)	159.328.140
Costs of goods sold and materials consumed	(6.067.798)	-	-	-	(6.067.798)
External supplies and services	(34.798.822)	(4.516.834)	-	10.124.902	(29.190.754)
Personnel expenses	(78.806.214)	(3.127.556)	-	-	(81.933.770)
Depreciation and amortization expenses / reversals	(23.211.672)	(6.409)	(10.370.370) (1)	-	(33.588.452)
Impairments in debts receivable (losses / reversals)	(53.678)	(1.210.472)	-	-	(1.264.150)
Provisions (increases / reductions)	-	(237.631)	-	-	(237.631)
Other expenses	(1.277.146)	(130.920)	-	-	(1.408.066)
Total operating expenses	(144.215.330)	(9.229.823)	(10.370.370)	10.124.902	(153.690.621)
	10.735.407	5.272.482	(10.370.370)	-	5.637.518
Interest and similar income obtained	-	4.647	-	-	4.647
Interest and similar expenses incurred	(31.122.480)	(31.111)	-	-	(31.153.591)
Gains / losses allocated to subsidiary, associate and affiliate companies	(7.464.467)	(393.596)	5.559.301 (2)	-	(2.298.762)
Profit before taxes	(27.851.540)	4.852.422	(4.811.069)	-	(27.810.187)
Income tax for the financial year	(40.895)	(41.353)	-	-	(82.248)
Consolidated net profit for the financial year	(27.892.435)	4.811.069	(4.811.069)	-	(27.892.435)

(1) Consolidation adjustment for purposes of standardization of the accounting policy.
(2) Consolidation adjustment arising from the cancelation of the equity method's effects.

The profits by segment with reference to the financial year ended on the 31st of December 2017 are the following:

YEAR 2017

	Passenger transport and infrastructure management	Other segments	Adjustments	Eliminations	Group
Sales and provisions of services	109.400.211	12.303.424	-	(10.538.390)	111.165.245
Own work capitalized	2.309.612	670.651	-	650.408	3.630.671
Provisions (increases / reductions)	(30.498)	326.137	-	-	295.639
Fair value increases / reductions	38.332.888	-	-	-	38.332.888
Other income	5.031.619	688.229	-	(299.054)	5.420.794
Impairments of assets subject to depreciation/amortization (losses/reversals)	223.155	-	-	-	223.155
Total operating income	155.266.987	13.988.441	-	(10.187.036)	159.068.392
Costs of goods sold and materials consumed	(4.408.604)	-	-	-	(4.408.604)
External supplies and services	(32.163.996)	(3.801.508)	-	10.187.036	(25.778.468)
Personnel expenses	(71.667.238)	(3.022.019)	-	-	(74.689.257)
Depreciation and amortization expenses / reversals	(23.411.484)	(35.089)	(10.370.370) (1)	-	(33.816.944)
Impairments in inventories (losses / reversals)				-	-
Impairments in debts receivable (losses / reversals)	(122.858)	(65.712)	-	-	(188.570)
Provisions (increases / reductions)					-
Other expenses	(10.151.345)	(153.295)	-	-	(10.304.640)
Total operating expenses	(141.925.525)	(7.077.622)	(10.370.370)	10.187.036	(149.186.482)
	13.341.462	6.910.819	(10.370.370)	-	9.881.910
Interest and similar income obtained	2.714.695	-	-	-	2.714.695
Interest and similar expenses incurred	(35.839.186)	(31.207)	-	-	(35.870.393)
Gains / losses allocated to subsidiary, associate and affiliate companies	(3.957.329)	(463.028)	4.036.529 (2)	-	(383.828)
Profit before taxes	(23.740.358)	6.416.584	(6.333.841)	-	(23.657.615)
Income tax for the financial year	(760.557)	(82.743)	-	-	(843.300)
Consolidated net profit for the financial year	(24.500.915)	6.333.841	(6.333.841)	-	(24.500.916)

(1) Consolidation adjustment for purposes of standardization of the accounting policy.
(2) Consolidation adjustment arising from the cancelation of the equity method's effects.

The inter-segment transactions are carried out under market conditions and terms and are comparable to transactions with third parties.

The revenue included in the segment “Other segments” is primarily related to the provision of consulting services to group entities and to third parties.

The assets and liabilities by segment with reference to the financial year ended on the 31st of December 2018 are the following:

31st of December 2018

	Passenger transport and infrastructure management	Other segments	Adjustments	Eliminations	Group
ASSETS					
NON-CURRENT:					
Long-term infrastructure investments	5 111 618 059	-	-	-	5 111 618 059
Property, plant and equipment	126 986 144	8 920	128 148 148 (1)	-	255 143 212
Investment property	12 176 217	-	-	-	12 176 217
Intangible assets	-	1 518	-	-	1 518
Financial interests - equity method	3 350 019	-	(3 004 247) (2)	-	345 772
Derivatives	81 966	-	-	-	81 966
Other financial assets	55 418 340	-	-	-	55 418 340
Total non-current assets	5 309 630 745	10 438	125 143 901	-	5 434 785 084
CURRENT:					
Inventories	7 134 976	-	-	-	7 134 976
Clients	1 031 813	2 880 814	-	-	3 912 627
State and other public entities	5 230 197	814 412	-	-	6 044 609
Other credits receivable	7 008 736	3 185 188	29 811 115 (3)	(1 246 332)	38 758 707
Deferrals	31 339 224	229 665	(29 811 115) (3)	-	1 757 774
Cash and bank deposits	16 237 584	7 796 186	-	-	24 033 770
Total current assets	67 982 530	14 906 264	-	(1 246 332)	81 642 462
Total long-term infrastructure (LTI) investment assets	5 111 618 059	-	-	-	5 111 618 059
Total operation-allocated assets (ML)	265 995 216	14 916 702	125 143 901	(1 246 332)	404 809 487
Total assets	5 377 613 275	14 916 702	125 143 901	(1 246 332)	5 516 427 546
					-
LIABILITIES:					
NON-CURRENT:					
Long-term infrastructure investments	2 326 298 242	-	-	-	2 326 298 242
Provisions	52 920 819	1 161 144	(48 759 647) (2)	-	5 322 316
Borrowings	194 179 525	173 708 345	-	-	367 887 870
Other debts payable	-	-	4 982 846 (3)	-	4 982 846
Derivatives	81 623 896	-	-	-	81 623 896
Responsibilities with post-employment benefits	253 711 461	-	-	-	253 711 461
Total long-term infrastructure (LTI) investment non-current liabilities	2 326 298 242	-	-	-	2 326 298 242
Total operation-allocated non-current liabilities (ML)	582 435 701	174 869 489	(43 776 801)	-	713 528 389
Total non-current liabilities	2 908 733 943	174 869 489	(43 776 801)	-	3 039 826 631
CURRENT:					
Long-term infrastructure investments	1 205 630 052	-	-	-	1 205 630 052
Suppliers	1 765 542	2 342 599	-	-	4 108 141
State and other public entities	3 017 415	437 829	-	-	3 455 244
Customer advance payments	-	88 526	-	-	88 526
Borrowings	472 210 525	9 597 779	-	-	481 808 304
Other debts payable	44 462 065	1 484 027	-	(1 246 332)	44 699 760
Total long-term infrastructure (LTI) investment current liabilities	1 205 630 052	-	-	-	1 205 630 052
Total operation-allocated current liabilities (ML)	521 455 547	13 950 760	-	(1 246 332)	534 159 975
Total current liabilities	1 727 085 599	13 950 760	-	(1 246 332)	1 739 790 027
Total long-term infrastructure (LTI) investment liabilities	3 531 928 294	-	-	-	3 531 928 294
Total operation-allocated liabilities (ML)	1 103 891 248	188 820 249	(43 776 801)	(1 246 332)	1 247 688 364
Total liabilities	4 635 819 542	188 820 249	(43 776 801)	(1 246 332)	4 779 616 658

(1) Consolidation adjustment for purposes of standardization of the accounting policy.
(2) Consolidation adjustment arising from the cancelation of the equity method’s effects.
(3) Consolidation adjustment arising from the conversions of NCRF accounts to IFRS accounts.

The assets and liabilities by segment with reference to the financial year ended on the 31st of December 2017 are the following:

31st of December 2017

	Passenger transport and infrastructure management	Other segments	Adjustments	Eliminations	Group
ASSETS					
NON-CURRENT:					
Long-term infrastructure investments	5 020 086 976	-	-	-	5 020 086 976
Property, plant and equipment	151 269 820	11 582	138 518 518 (1)	(3 518 519)	286 281 401
Investment property	8 534 641	-	-	-	8 534 641
Intangible assets	-	3 251	-	-	3 251
Financial interests - equity method	3 122 902	-	(2 871 757) (2)	-	251 145
Clients	-	303 660	-	-	303 660
Derivatives	330 000	-	-	-	330 000
Other financial assets	52 188 819	-	-		52 188 819
Total non-current assets	5 235 533 158	318 493	135 646 761	(3 518 519)	5 367 979 893
CURRENT:					
Inventories	4 076 539	-	-	-	4 076 539
Clients	4 999 392	2 216 420	-	(211 138)	7 004 674
State and other public entities	3 053 159	853 162	-	-	3 906 321
Other credits receivable	11 213 598	3 441 801	24 845 234 (3)	-	39 500 633
Deferrals	31 881 775	312 465	(29 807 519) (3)	-	2 386 721
Cash and bank deposits	22 023 844	10 966 302	-	-	32 990 146
Total current assets	77 248 307	17 790 150	(4 962 285)	(211 138)	89 865 034
Total long-term infrastructure (LTI) investment assets	5 020 086 976	-	-	-	5 020 086 976
Total operation-allocated assets (ML)	292 694 489	18 108 643	130 684 476	(3 729 657)	437 757 951
Total assets	5 312 781 465	18 108 643	130 684 476	(3 729 657)	5 457 844 927
					-
LIABILITIES:					
NON-CURRENT:					
Long-term infrastructure investments	2 706 575 594	-	-	-	2 706 575 594
Provisions	54 251 294	948 339	(54 818 623) (2)	3 518 517	3 899 527
Borrowings	66 402 003	183 305 296	-	-	249 707 299
Other debts payable	-	-	8 836 786 (3)	-	8 836 786
Derivatives	108 844 147	-	-	-	108 844 147
Responsibilities with post-employment benefits	252 627 865	-	-	-	252 627 865
Total long-term infrastructure (LTI) investment non-current liabilities	2 706 575 594	-	-	-	2 706 575 594
Total operation-allocated non-current liabilities (ML)	482 125 309	184 253 635	(45 981 837)	3 518 517	623 915 624
Total non-current liabilities	3 188 700 903	184 253 635	(45 981 837)	3 518 517	3 330 491 218
CURRENT:					
Long-term infrastructure investments	900 000 200	-	-		900 000 200
Suppliers	4 631 433	2 200 813	-	(211 138)	6 621 108
State and other public entities	1 637 406	331 427	-	-	1 968 833
Customer advance payments	-	293 632	-	-	293 632
Borrowings	451 492 197	9 324 239	-	-	460 816 436
Other debts payable	163 017 216	5 133 247	-	(2 420 127)	165 730 336
Total long-term infrastructure (LTI) investment current liabilities	900 000 200	-	-	-	900 000 200
Total operation-allocated current liabilities (ML)	620 778 252	17 283 357	-	(2 631 265)	635 430 344
Total current liabilities	1 520 778 452	17 283 357	-	(2 631 265)	1 535 430 544
Total long-term infrastructure (LTI) investment liabilities	3 606 575 794	-	-	-	3 606 575 794
Total operation-allocated liabilities (ML)	1 102 903 561	201 536 992	(45 981 837)	887 252	1 259 345 968
Total liabilities	4 709 479 355	201 536 992	(45 981 837)	887 252	4 865 921 762

(1) Consolidation adjustment for purposes of standardization of the accounting policy.
(2) Consolidation adjustment arising from the cancelation of the equity method's effects.
(3) Consolidation adjustment arising from the conversions of NCRF accounts to IFRS accounts.

The items of the consolidated statement of the financial position and the consolidated statement of profits and losses for each business segment derive from the amounts directly recorded in the individual financial statements of the companies included in the Group.

34. Disclosures Required by Legal Acts

The total fees invoiced by the Chartered Accountants (Auditors), with reference to the financial year ended on the 31st of December 2018, in relation to the annual accounts statutory audit amounted to 32,250 euro.

With reference to the financial year ended on the 31st of December 2018, the total fees invoiced by the auditors in the context of the audit performed on the individual and consolidated accounts amounted to 29,780 euro.

35. Events occurred after the Balance Sheet date

Pursuant to the Regulation no. 278-A/2019, of the 19th of March 2019, the Metropolitano's Regulation on the General Rules for the Implementation of the Fare System in the Metropolitan Area of Lisbon has been approved.

Such Regulation carries out the implementation in the metropolitan area of Lisbon, from the 1st of April 2019 onwards, of a new metropolitan fare, municipal monthly passes and an affordable metropolitan monthly pass system, as well as child-mode, family, senior citizens and retirees/pensioners monthly passes, benefiting from low fares, which shall be valid in the networks of the public passenger transport service operators in the metropolitan area of Lisbon. On the present date, it is not possible to project and measure the impacts of such profound fare change, both at the levels of the service supply and of the demand and revenue generated with the transport service provided.

THE BOARD OF DIRECTORS

Vítor Manuel Domingues dos Santos, Engineer

Maria Helena Arranhado Carrasco Campos, Engineer

Dr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Dr. Carlos Emério Ferreira da Mota

4. Statement pursuant to the article 245(1)(c) of the Portuguese Securities Code

According to article 245(1)(c) of the Portuguese Securities Code, each one of the issuers' persons responsible shall make a set of statements established therein. In the case of the Metropolitano de Lisboa, E.P.E., a standardized statement has been adopted, with the following content:

I hereby declare, pursuant to the terms and for the purposes of article 245(1)(c) of the Portuguese Securities Code, that, as far as I am aware, the information provided for in a) has been prepared according to the applicable accounting standards, giving a true and appropriate view of the assets and liabilities, of the financial situation and the profits of the Metropolitano de Lisboa, E.P.E. and the companies included in its consolidation perimeter, that the annual report truthfully evidences the evolution of the business, the performance and the position of the entity and of the companies included in its consolidation perimeter, and it contains a description of the main risks and uncertainties faced by them. According to the aforementioned legal provision, the names and the roles of the subscribers are indicated:

Vitor Domingues dos Santos

Chairman of the Board of Directors

Maria Helena Campos

Board Member of the Board of Directors

Pedro Veiga da Costa

Board Member of the Board of Directors

5. GRI Table and Indicators

INDICATORS

ECONOMIC PERFORMANCE

GRI 201-1 Direct economic value generated and distributed

	2016	2017	2018
Generated economic value (€)	103 003 740	111 751 421	117 969 851
Distributed economic value (€)	221 779 968	283 569 734	615 611 036
Accumulated economic value (€)	-118 776 227	-171 818 313	-497 641 184

GRI 201-2 Financial implications and other risks and opportunities related to climate change

Metropolitano de Lisboa has a resilient structure against climate change effects, namely the risk of sea level rise, ensuring that all entrances are at least 4 meters above the sea level.

Greater community awareness towards climate change and the need for the economy's decarbonization may lead to an increase in demand for energy-efficient public transport, such as Metro, as well as to measures of positive discrimination.

In financial terms, climate change may increase electricity cost, thus posing severe implications for ML due to the high electricity cost reflected in its accounts.

GRI 201-3 Coverage of obligations set out in the Company's benefit plan

In 2018, the plan's estimated liability amount stood at €253,711,461.

Not applicable to the existence of a separate fund to pay liabilities arising from the Pension Scheme.

GRI 201-4 Significant financial benefits granted by the Government

	2016	2017	2018
Equity budget allocations (€)	358 409 543	192 050 802	175 195 680
Financial Compensations / Ministry of Environment (€)	1 947 310	2 817 177	3 137 696
Investment Subsidy / PIDDAC (€)	1 186 881	1 137 500	0
TFDG Loans (€)	0	32 584 270	421 973 932

GRI 202-1 Ratio of the Organization's lowest wage, itemizing it by gender and the minimum wage allowed at a local level

	2016	2017	2018
Ratio between the lowest wage and the local minimum wage at the major operating units	177,90%	169,30%	166,80%

GRI 202-2 Percentage of operational units' top management members who have been recruited in the local community

	2016	2017	2018
% of top management performed by persons from the local community	94,00%	90,00%	90,00%

GRI 203-1 Development and impact of infrastructure investments and offered services

Extension of the development of Long-term Infrastructure incurred investments, amounting to €11,273,689.

Identification of impacts at the local communities:

- Investment in the collective public transport network is key to ensure access to the constitutional rights to work, knowledge and health, regarding the population dependent on such network;
- The public transport network's improvement promotes employment dispersion, benefiting areas more remote from city Centres, thus contributing for economic stimulation and the improvement of the population's quality of life;
- The improvement of the metro network's supply also benefits the actual capacity of all other means of transport – light and heavy rail, inland shipping transport, road traffic and non-motorized modes. The "grid effect" is shared by all means of transport, but the metro evidences a greater advantage in contributing to reduce local air pollution and to ease the road network's congestion.

The above investments and services correspond to commercial commitments.

GRI 203-2 Significant indirect economic impacts, including their corresponding extension

In 2018, Metropolitano de Lisboa carried approximately 169 million passengers. The service provided by Metropolitano provides a contribution for thousands of people's daily lives, favouring their mobility, reducing traveling time, easing the many existing roads' congestion and valuing the metropolitan area it operates in.

In 2018, it was observed that certain activities performed by ML pose significant environmental effects, positive or negative, such as:

Positive:

- Socio-economic aspects related to the public transport supply and ease of public road congestion.

Negative:

- Electric energy consumption, regarding the entirety of ML's activities;
- Indirect atmospheric emissions deriving from electric energy consumption;
- Gas consumption;
- Production of non-harmful wastes with maintenance;
- Paper consumption.

GRI 204-1 Expenditure percentage related to local suppliers in important operating units

	2016	2017	2018
Expenditure with local suppliers (%)	98,70%	98,00%	97,30%

GRI 205-1 Assessed operations regarding corruption-related risks

	2016	2017	2018
Percentage and total number of business units subjected to corruption risk assessment	44%	75%	71%
	8	12	12
No. of identified corruption cases	0	0	0

GRI 205-2 Communication and training on anti-corruption policies and procedures

In 2018, the Plan for Preventing Risks of Corruption and Related Offenses (PPRCRO) has been revised, following the current organic restructuring and the strategy then defined for the Company. The mentioned Plan is disclosed thorough the ML's internal portal and its website.

	2016		2017		2018	
	No.	%	No.	%	No.	%
Governance body members who have been trained in fighting against corruption.	1	4,80%	11	45,80%	0	0,00%
Employees who have been trained in fighting against corruption.	3	0,20%	78	5,60%	16	1,00%

GRI 205-3 Confirmed corruption incidents and actions taken

	2016	2017	2018
Corruption incidents	0	0	0

GRI 206-1 Legal proceedings for anti-competitive, anti-trust and monopoly practices

No legal proceedings have been taken regarding these issues.

ENVIRONMENTAL PERFORMANCE

GRI 301-1 Used materials, itemized by weight or volume

Year	Light bulbs (un.)	Paper (kg)	Concrete (m^3)	Steel (t)	Toners (un.)	Clamps (un.)	Cable (m)
2016	8 973	12 476	69	6	152	27 628	3 313
2017	14 018	(1) 26 961	219	2	190	38 163	2 360
2018	25 549	(1) 39 158	190	31	184	46 618	1 690

(1) The paper from MAVT and MSAVT rolls is now considered

GRI 301-2 Percentage of used materials deriving from recycling

No data available.

GRI 301-3 Recovered products and their packaging materials

Not applicable.

GRI 302-1 Energy consumption within the Organization

GRI 302-2 Energy consumption outside the Organization

	2016	2017	2018
Diesel (MWh)	476	491	456
Petrol (MWh)	164	171	5
Natural gas (MWh)	1 985	1 707	1 017
Electricity (MWh)	91 798	95 945	97 479
Total (MWh)	**96 408**	**100 021**	**99 973**

GRI 302-3 Energy intensity (Energy efficiency)

	2016	2017	2018
Energy efficiency (Pass.km/kWh)	8,03	8,11	8,45

GRI 302-4 Reduction of energy consumption

GRI 302-5 Reduction of energy requirements related to products and services

During 2018, the project regarding the change of stations' lighting technology for more energy-efficient solutions based on LED technology was continued.

Likewise, the project for the optimization of the ML's ventilation system has been initiated, by means of the installation of speed drives in the ventilators, enabling to adjust their speeds to the air renewal requirements.

Nonetheless, no gains deriving therefrom were recorded.

GRI 303-1 Water removal by source

GRI 306-1 Water discharge, itemized by quality and destination

<table>
<tr><th>Source</th><th>Quality</th><th colspan="2">Destination</th><th>Treatment executed</th><th>Annual estimate 2018 (m^3)</th></tr>
<tr><td>DW II
(Lisbon)</td><td>Wastewaters of an industrial nature, flowing from workshops</td><td>The wastewaters are discharged in the municipal collectors of Lisbon</td><td rowspan="6">Wastewaters discharged in the collectors of the said municipalities are forwarded to the following wastewater treatment plants:

WWTP of AlcântaraWWTP of ChelasWWTP of BeirolasWWTP of BucelasWWTP of FrielasWWTP of São João da Talha</td><td>WWTP of Alcântara - advanced primary treatment, benefiting from a treatment capacity installed for a flow of 3.3 m^3/s in dry periods (final disinfection) and 6.6 m3/s in wet periods (physicochemical treatment).</td><td>3 619</td></tr>
<tr><td>DW III
(Lisbon)</td><td>Wastewaters of an industrial nature, flowing from workshops</td><td>The wastewaters are discharged in the municipal collectors of Lisbon</td><td>WWTP of Chelas - tertiary treatment, through activated sludge, including the final filtering and disinfection, benefiting from a treatment capacity installed for a flow of 52,500 m^3/day.</td><td>20 782</td></tr>
<tr><td>ML stations included in the Lisbon municipality</td><td>Wastewaters of potentially industrial nature, flowing from commercial spaces (catering)</td><td>The wastewaters are discharged in the municipal collectors of Lisbon</td><td>WWTP of Beirolas - tertiary treatment, through activated sludge, including the final filtering and disinfection, benefiting from a treatment capacity installed for a flow of 54,500 m^3/day.</td><td rowspan="4">44 296</td></tr>
<tr><td>ML stations included in the Loures municipality</td><td>Wastewaters of potentially industrial nature, flowing from commercial spaces (catering)</td><td>The wastewaters are discharged in the municipal collectors of Loures</td><td>WWTP of Bucelas - secondary treatment, through an oxidation ditch, sand filtering and disinfection by UV, benefiting from a treatment capacity installed for a flow equivalent to 36.3l/s and an average flow of 1,575 m^3/day.</td></tr>
<tr><td>ML stations included in the Odivelas municipality</td><td>Wastewaters of potentially industrial nature, flowing from commercial spaces (catering)</td><td>The wastewaters are discharged in the municipal collectors of Odivelas</td><td>WWTP of Frielas - secondary treatment, through activated sludge, including
a treatment through adjustment and biofiltration by UV, benefiting from a treatment capacity installed for 70,000 m^3/day.</td></tr>
<tr><td>ML stations included in the Amadora municipality</td><td>Wastewaters of potentially industrial nature, flowing from commercial spaces (catering)</td><td>The wastewaters are discharged in the municipal collectors of Amadora</td><td>WWTP of São João da Talha - secondary treatment, through activated sludge,
benefiting from a treatment capacity installed for about 16,000 m^3/day.</td></tr>
<tr><td colspan="4" rowspan="2">Summary:
The ML locations with the production of industrial or potentially industrial wastewaters are:
• The ML's stations - where those waters with a potential industrial nature are produced, depending on the activities developed therein, such as,</td><td>Estimate of the total wastewaters discharged at the DW II and the DW III (industrial)</td><td>24 402</td></tr>
<tr><td>Estimate of the total wastewaters discharged at the ML's stations (industrial)</td><td>44 296</td></tr>
</table>

It is estimated that approximately 80% of the consumed water is discharged as wastewater.

	2016	2017	2018
Total waste water discharged by ML with a potential industrial nature (m^3)	64 598	65 649	68 698

GRI 303-2 Water sources significantly affected by water removal

All water consumed by ML is publicly supplied and originates in the Castelo de Bode dam, and ML’s consumption does not affect the stored water stored in such reservoir in a significant way.

GRI 303-3 Percentage and total volume of recycled and reused water

0 (zero).

GRI 304-1 Operating units owned, rented or administered within or adjacent to protected areas and areas of major importance for biodiversity located outside protected areas

GRI 304-2 Description of significant impacts of activities, products and services on protected areas and areas of major importance for biodiversity located outside protected areas

GRI 304-3 Protected or restored habitats

GRI 304-4 Total number of species included in IUCN Red List and in national conservation lists regarding habitats located in areas affected by any operations of the organization, itemized by level of extinction risk

According to the Institute for Nature Conservation and Forests (INCF), the city of Lisbon and the bordering municipalities (Amadora and Odivelas) fall outside the scope of the Protected and Classified Areas of INCF's Nature Conservation and Forests Department for Lisbon and Tagus Valley.

GRI 305-1 Direct greenhouse gas emissions (GHG) (scope 1)

	2016	2017	2018
Direct greenhouse gas emissions (t CO_2 e)	505	536	326

GRI 305-2 Indirect greenhouse gas emissions (GHG) deriving from the purchase of energy (scope 2)

	2016	2017	2018
Indirect greenhouse gas emissions (t CO_2 e)	28 310	36 517	38 882

GRI 305-3 Other indirect greenhouse gas emissions (GHG) (scope 3)

	2016	2017	2018
Other indirect GHG emissions (t CO_2 e)	5,2	7,5	29,39

GRI 305-4 Intensity of greenhouse gas emissions (GHG)

	2016	2017	2018
Intensity of GHG (g CO_2 e/Pkm)	39	48	46

GRI 305-5 Reduction of greenhouse gas emissions (GHG)

	2016	2017	2018
Total avoided emissions (t CO2 e)	0	NC	5 751

NC - Not calculated

GRI 305-6 Emissions of ozone-depleting substances (SDG)

0 (zero).

GRI 305-7 Emissions of nitrogen oxides (NOX), sulphur oxides (SOX) and other significant atmosphere emissions

	2016	2017	2018
SO_2 emissions (t)	239	250	254
NO_x emissions (t)	111	116	118

GRI 306-2 Total weight of Wastes, itemized by type and disposal method

	2016	2017	2018
Total weight of harmful wastes	6,30%	5,60%	1,80%
Total weight of non-harmful wastes	93,70%	94,40%	98,20%
Total weight of wastes for disposal	66,70%	66,60%	68,40%
Total weight of wastes for recovery	33,30%	33,40%	31,60%

	2016	2017	2018
Harmful wastes (t)	117	114	34
Non-harmful wastes (t)	1 734	1 906	1 900
Wastes for disposal (t)	1 233	1 344	1 323
Wastes for recovery (t)	617	675	611

GRI 306-3 Total number and volume of significant spills

In 2018, no significant spills were observed.

GRI 306-4 Weight of transported, imported, exported or treated waste deemed hazardous and percentage of transported waste shipped internationally

All wastes are fully managed in the Portuguese territory.

GRI 306-5 Identification, size, protection status and biodiversity value of bodies of water affected by the organization's water disposal and drainage and / or runoff

Not applicable to the extent all water drainage is channelled to WWTP through municipal collection points.

GRI 307-1 Non-compliance with environmental laws and regulations

Metropolitano de Lisboa has an established methodology aiming at ensuring full compliance with environmental laws and regulations. Such methodology is rooted on the existence of a constantly updated database including all legal requirements applicable to ML, on the identification Company's procedures or equipment changes requirements deriving from legislative changes and on the performance of annual legal compliance audits carried out by a specialized services provider.

In 2018, no legal non-compliance has been identified in the context of inspections carried out by the relevant authorities, and therefore no sanctions have been applied.

GRI 308-1 Percentage of new suppliers selected based on environmental criteria

Where applicable, environmental requirements are set out for ML's procurement processes. Compliance with such requirements is mandatory, which means non-compliant suppliers are immediately excluded from the process.

GRI 308-2 Real and potential negative environmental impacts in the suppliers' chain and measures taken in this respect

ML has developed a methodology for identifying and assessing environmental aspects and impacts which comprise not only ML's activities but also all activities included in the suppliers' chain potentially influenced by ML. From applying such methodology, no significant negative environmental impacts are identified in the value chain, except for the atmospheric emissions deriving from electric energy production.

To minimize such impact, ML has been implementing energy efficiency measures, especially regarding lighting and ventilation systems.

SOCIAL PERFORMANCE

GRI 401-1 Total number and rates of new recruited employees and turnover by age group, gender and region

	2016	2017	2018
Headcount (women)	326	335	339
Headcount (men)	1 037	1 073	1 077
Total headcount number	**1 363**	**1 408**	**1 416**
Recruiting	2	52	19
Departures	20	7	11
Turnover rate	**1,6%**	**4,2%**	**2,1%**

GRI 401-2 Benefits granted to full-time employees who are not offered to temporary or part-time employees, itemized by the organization's major operating units

There is no differentiation in benefit attribution between full-time and part-time employees.

GRI 401-3 Work reabsorption and retention rate subsequent to maternity/paternity leave, itemized by gender

WOMEN	2016	2017	2018
No. of employees with right to parental leave	326	335	339
No. of employees who benefited from parental leave	n.a.	n.a.	6
No. of employees who were reabsorbed at work subsequent to benefiting from parental leave	n.a.	n.a.	5
No. of employees who were reabsorbed at work and continued to be employed within the 12 months subsequent to reabsorption due to parental leave	n.a.	n.a.	5
Work reabsorption rate	n.a.	n.a.	83,3%
Retention rate of employees who benefited from parental leave	n.a.	n.a.	n.a.

n.a. - not available

MEN	2016	2017	2018
No. of employees with right to parental leave	1.037	1.073	1.077
No. of employees who benefited from parental leave	n.a.	n.a.	17
No. of employees who were reabsorbed at work subsequent to benefiting from parental leave	n.a.	n.a.	12
No. of employees who were reabsorbed at work and continued to be employed within the 12 months subsequent to reabsorption due to parental leave	n.a.	n.a.	12
Work reabsorption rate	n.a.	n.a.	70,6%
Retention rate of employees who benefited from parental leave	n.a.	n.a.	n.a.

n.a. - not available

GRI 402-1 Minimum notice period for operational changes and whether these are specified in collective bargaining agreements

The notice period corresponds to the one set forth in the Labour Code.

GRI 403-1 Percentage of employees represented in formal management Committees - workers' Safety and Health Committees, which assist in the monitoring of and advising on Health and Safety Programs

	2016	2017	2018
Total workforce represented at formal commissions for safety and health (%)	100	100	100

GRI 403-2 Types and rates of injuries, occupational diseases, lost days, absence and number of work-related fatalities, itemized by region and gender

	2016	2017	2018
Incidence index	59,17	62,99	57,20
Frequency index	37,10	39,69	32,20
Severity index	1,92	2,52	1,81
Number of fatalities	4	0	0
Absence rate (%)	9,11	8,98	7,98

GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation

There are no workers in such conditions.

GRI 403-4 Health and safety topics covered in formal agreements entered with trade unions

Not available.

GRI 404-1 Average hours of training per year, per employee, itemized by gender and employee

	2016	2017	2018
Executives	44,54	10,45	60,29
Higher management	28,92	41,82	48,23
Middle management	12,48	7,96	17,65
Intermediate management	6,52	7,56	10,24
Qualified / highly qualified professionals	5,51	18,93	16,09
Non-qualified professionals	0	4	33
Average	**9,02**	**18,18**	**19,81**

Year 2018	W	M
Executives	44,10	67,04
Higher management	56,85	41,59
Middle management	20,37	16,05
Intermediate management	8,42	10,30
Qualified / highly qualified professionals	17,24	15,74
Non-qualified professionals	33	0
Average	**26,43**	**17,73**

GRI 404-2 Skills management and continuous learning programs which contribute to continued employability of employees in time for preparing their retirement

	2017	2018
Executive MBA (Directors)	2	3
Licentiate Degree	9	11
Master's Degree	1	1
PhD Degree	2	4

Where applicable, as a policy of assistance, the Company grants the Worker-Student Status, pursuant to the Labour Code and the legislation regulating and amending such Code.

GRI 404-3 Percentage of employees who receive regular performance and career development analyses, itemized by gender and employee category

In 2018, all employees (100%), women and men, have received both performance and career development analyses.

GRI 405-1 Composition of groups responsible for governance and itemization of employees by category, according to their gender, age group, association with minority groups and other diversity indicators

	2016		2017		2018	
GOVERNANCE BODIES	**M**	**W**	**M**	**W**	**M**	**W**
Board of Directors	4	1	3	1	2	1
Advisory to the BD	0	1	0	1	0	0
Supervision Commission	2	1	1	2	1	2
Directors	8	4	12	4	12	5
Total	**14**	**7**	**16**	**8**	**15**	**8**

	2016		2017		2018	
DIRECTORS	**M**	**W**	**M**	**W**	**M**	**W**
Below 30 years old	0	0	0	0	0	0
Between 30 and 50 years old	5	3	6	3	4	4
Above 50 years old	3	1	6	1	8	1
Total	**8**	**4**	**12**	**4**	**12**	**5**

GRI 405-2 Ratio of base wage and remuneration of women and men, by employee category and business units

	2016	2017	2018
Higher management	110,3%	110,8%	106,4%
Middle management	108,1%	108,8%	103,4%
Intermediate management	100,8%	100,8%	100,7%
Highly qualified professionals	89,8%	91,9%	89,6%
Qualified professionals	99,5%	98,6%	101,5%
Non-qualified professionals	0,0%	118,0%	115,4%

GRI 406-1 Discrimination incidents and corrective measures taken

	2016	2017	2018
Number of discrimination cases	0	0	0
Number of complaints and claims relative to human rights	0	0	0

GRI 407-1 Operations and suppliers identified, whose right to exercise freedom of association and collective bargaining may be under violation or threat, and measures taken to assist such right

GRI 408-1 Operations and suppliers identified as being exposed to the risk of events of child labour and measures taken to contribute to the effective abolition of child labour

GRI 409-1 Operations and suppliers exposed to a significant risk of events of forced labour or equivalent to slavery and measures taken to contribute to the elimination of all forms of forced labour or equivalent to slavery

There have been no incidents recorded regarding any operations or suppliers.

At this level, ML assumes commitments for respecting and protecting human rights, abolishing all forms of exploitation (forced labour and child labour) and abolishing all discriminatory practices. These and other legal and business ethics principles are included in the ML's Code of Ethics and Behaviour.

GRI 410-1 Percentage of security personnel who has been trained in light of the organization's policies or procedures related to human rights

	2016	2017	2018
Security personnel who has been trained in light of the organization's policies or procedures related to human rights which are relevant to the operations.	n.a.	18,8%	11,2%

n.a. - not available

GRI 411-1 Incidents of violations involving indigenous peoples' rights

No incident has been recorded in 2018.

GRI 412-1 Operations subject to human rights reviews or impact assessments

Metropolitano de Lisboa operates solely within the Portuguese market, and therefore it is guaranteed that any and all issues related to human rights are complied, which is ensured by the laws of the Republic.

GRI 412-2 Total number of training hours of employees regarding policies or procedures related to human rights which are relevant to the organization's operations, including the percentage of trained employees

	2016	2017	2018
Total training hours in policies or procedures related to human rights	n.a.	437	147
Employees trained in human rights policies during the reporting period	n.a.	9,3%	2,6%

n.a. - not available

GRI 412-3 Total number and percentage of significant investment conventions and agreements which include human rights clauses or which have been subjected to human rights assessments

Metropolitano de Lisboa operates solely within the Portuguese market, and therefore it is guaranteed that any and all issues related to human rights are complied, which is ensured by the laws of the Republic.

GRI 413-1 Operations with involvement by the local community, impact assessments and development programs

In the context of network expansion phases or refurbishment/conservation works which require surface interventions, Metropolitano de Lisboa fosters the local community's involvement, at the level of parishes, residents and local business.

GRI 413-2 Operations with significant negative real and potential impacts on local communities

Currently, the situations reflecting a negative effect derive from the construction site related to the Arroios station expansion works, in which, to mitigate the access and visibility difficulties experienced by local businesses, some panels were placed in the site's fence reminding that commerce is open.

GRI 414-1 Percentage of new suppliers who have been selected based on employment practice criteria

NR (Not calculated).

GRI 414-2 Main real and potential impacts for employment practices in the suppliers' chain and measures taken in this respect

No major impacts for employment practices have been identified in the suppliers' chain.

GRI 415-1 Political contributions

As a public business entity, Metropolitano de Lisboa is unable to accept any and all contributions of such nature.

GRI 416-1 Assessment of products and services categories' impacts on health and safety

In projecting the provided service, Metropolitano de Lisboa always prioritizes ensuring its customers' safety. Such an assessment is also carried out through an environmental impact study, as the Health Directorate-General participates in its Evaluation Committee and is subject to the Security and Surveillance Directorate's permanent supervision.

GRI 416-2 Non-compliance incidents regarding impacts of products and services on health and safety

No incidents arising from non-compliances on this issue have been recorded.

GRI 417-1 Information requirements for labelling of products and services

	2016	2017	2018
Percentage of the assessed main product and service categories	1	1	1
Customer Satisfaction Index	NC	NC	7
Total number of registered claims relative to customer privacy violation	0,0%	0,0%	0,0%

NC - Not calculated

GRI 417-2 Non-compliance incidents relative to information and labelling on products and services

Not applicable.

GRI 417-3 Non-compliance incidents relative to marketing communications

0 (zero).

GRI418-1 Substantive complaints regarding customer privacy violations and data loss

In 2018, no claims relative to customer privacy and data violation have been recorded.

From the 25th of May 2018, the Company has a Data Protection Officer (DPO) entrusted with ensuring the ML's compliance with the entry into force of the new General Data Protection Regulation (Regulation (EU) 2016/679, of the European Parliament and of the Council, of the 27th of April 2016).

GRI 419-1 Non-compliance with socio-economic laws and regulations

0 (zero).

GRI TABLE

Table 73 - GRI summary table - I

INDICATOR	GRI Standard	Page(s) number(s) and/or URL(s)	OMISSION	SDG
Organizational Profile				
Name of the organization	102-1	Page 8		
Activities, Brands, Products and Services	102-2	Page 10		
Location of the Corporate Headquarters	102-3	Page 7		
Location of the Operations	102-4	Page 7		
Type and legal nature of ownership	102-5	Page 10		
Markets covered	102-6	Page 10		
Dimension of the organization	102-7	Page 36		
Information regarding employees	102-8	Page 58		
Value chain	102-9	Page 23		
Significant changes to the company or to its value chain	102-10			
Approach to the precaution principle	102-11			
External initiatives	102-12	Page 39		
Involvement with associations and organizations	102-13	Page 67		
Strategy				
Statement from the Board of Directors or from the Chairman	102-14	Page 42		
Key impacts, risks and opportunities	102-15	Page 42		
Ethics and integrity				
Values, principles, standards and code of conduct of the organization	102-16	Page 63		
Mechanisms for concerns or advice on ethics	102-17	Page 79		
Governance				
Governance Structure of the Organization	102-18	Page 12		
Delegation of powers	102-19	Delegations of the BD's powers are made by means of resolutions approved in the BD's meetings		
The Directors' level of accountability regarding Environmental, Economic and Social topics	102-20	Page 16		
Stakeholder consultation regarding environmental, economic and social topics	102-21			
Composition of the highest governance body and its committees	102-22	Page 13		
Chairman of the Board of Directors	102-23	Page 13		
Selection and appointment of the Chairman of the Board of Directors (BD)	102-24	Page 12		
Conflicts of interest	102-25			
Role of the Chairman of the BD in setting goals, values, and strategies	102-26			
Collective knowledge of the Chairman of the BD	102-27	Page 13		
Assessment of the Chairman of the BD	102-28			
Identifying and managing environmental, economic and social impacts	102-29			
Effectiveness of risk management processes	102-30			
Reviewing environmental, economic and social topics	102-31			
Role of the Chairman of the Board of Directors on the sustainability report	102-32			
Reporting the main problems	102-33			
Nature and number of main problems	102-34			

Table 74 - GRI summary table - II

INDICATOR	GRI Standard	Page(s) number(s) and/or URL(s)	OMISSION	SDG
Governance (continuation)				
Remuneration policies	102-35	Page 15		
Process to calculate remunerations	102-36	Page 15		
Stakeholder involvement regarding remunerations	102-37			
Annual compensation ratio	102-38			
Percentage increase of the ratio of total annual remuneration	102-39			
Stakeholder involvement				
List of stakeholder groups	102-40	Page 7		
Collective bargaining agreements	102-41			
Identification and selection of stakeholders	102-42	Page 7		
Approach to stakeholder involvement	102-43	Page 7		
Main topics and concerns raised	102-44	Page 7		
Reporting practices				
Entities included in the consolidated financial statements	102-45	Page 56		
Definition of the content of the report and the topics' limits	102-46	Page 7		
List of material topics	102-47			
Revision of information	102-48			
Changes in the Report	102-49	Page 7		
Period of the report	102-50	Page 7		
Date of the most recent report	102-51	https://www.metrolisboa.pt/wp-content/uploads/2018/10/MetropolitanodeLisboa_RCConsolidadas2017.pdf		
Report emission cycle	102-52	Page 7		
Contacts for issues regarding the report or its contents	102-53	Page 7		
Report drafting pursuant to the GRI Standards	102-54	Page 7		
GRI index	102-55	Pages 219 to 223		
External audit	102-56	Page 7		
Economic performance				
Direct economic value generated and distributed	201-1	Page 205		5; 9
Financial implications, risks and opportunities due to climate change	201-2	Page 205		13
Mandatory established benefit plans and retirement plans	201-3	Page 205		
Receipt of financial aid from the Government	201-4	Page 205		
Market presence				
Ratio between the average wage level by gender and in face of the minimum wage locally in force	202-1	Page 206		
Percentage of Senior Managers locally recruited	202-2	Page 206		
Direct Economic Impacts				
Investment in supported infrastructure and services	203-1	Page 206		5; 9
Significant indirect economic impacts	203-2	Page 206		
Purchase practices				
Proportion of expenditure with local suppliers	204-1	Page 207		
Anti-corruption				
Operations assessed for corruption risk purposes	205-1	Page 207		
Communication and training on anti-corruption policies and procedures	205-2	Page 207		
Confirmed incidents and measures taken	205-3	Page 207		

Table 75 - GRI summary table - III

INDICATOR	GRI Standard	Page(s) number(s) and/or URL(s)	OMISSION	SDG
Unfair competition				
Anti-competitive behaviours	206-1	Page 207		
Materials				
Used materials by weight or volume	301-1	Page 208		
Recycled materials used (input)	301-2	Page 208		
Recovered products and corresponding packaging materials	301-3	Page 208		
Energy				
Energy consumed in the organization	302-1	Page 208		13
Energy consumed outside the organization	302-2	Page 208		13
Energy intensity	302-3	Page 208		13
Reduction of energy consumption	302-4	Page 208		13
Reduction of products and services' energy needs	302-5	Page 208		13
Water				
Water collected by source	303-1	Page 209		
Water resources significantly impacted by water collection	303-2	Page 209		
Reuse and recycling of water	303-3	Page 209		
Biodiversity				
Locations of operations (under lease or owned by the company) which perform activities in protected areas or in areas of high biodiversity value outside protected areas, or in areas adjacent thereto	304-1	Page 210		
Significant impacts of products and services on biodiversity	304-2	Page 210		
Protected or recovered habitats	304-3	Page 210		
Species included in the IUCN red list or in the national conservation list in the location of the operations.	304-4	Page 210		
Emissions				
Direct GHG emissions (scope 1)	305-1	Page 210		13
Indirect GHG emissions (scope 2)	305-2	Page 210		13
Other GHG emissions (scope 3)	305-3	Page 210		13
Intensity of GHG emissions	305-4	Page 210		13
Reduction of GHG emissions	305-5	Page 210		13
Emissions of ozone-depleting substances	305-6	Page 210		13
Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant emissions	305-7	Page 211		13
Compliance				
Non-compliance with environmental laws and regulations	307-1	Page 212		
Suppliers' Environmental Assessment				
New suppliers who were selected based on environmental criteria	308-1	Page 212		
Negative environmental impacts of the supply chain and measures taken	308-2	Page 212		
Employment				
Newly recruited employees and turnover	401-1	Page 212		5
Benefits granted to full-time employees which are not granted to other employees	401-2	Page 212		
Parental leave	401-3	Page 213		5
Industrial Relations				
Minimum notification periods regarding operation changes	402-1	Page 213		

Table 76 - GRI summary table - IV

INDICATOR	GRI Standard	Page(s) number(s) and/or URL(s)	OMISSION	SDG
Work Health and Safety				
Representation of workers in formal health and safety committees	403-1	Page 213		
Types and rates of injuries, occupational diseases, lost days, absence and number of work-related deaths	403-2	Page 214		
Workers with a high frequency or risk of work-related illnesses	403-3	Page 214		
Health and safety topics covered in formal agreements entered with trade unions	403-4	Page 214		
Training and Education				
Average training hours per year and per employee	404-1	Page 214		5
Programs for the improvement of employee capabilities and programs for supporting transition	404-2	Page 215		
Percentage of employees receiving performance and career development reviews, on a regular basis	404-3	Page 215		5
Diversity and equality of opportunities				
Diversity regarding the governing bodies and regarding employees	405-1	Page 215		5
Ratio between the base wage and the remuneration of women in comparison to men	405-2	Page 216		5
Non-discrimination				
Discrimination incidents and measures taken	406-1	Page 216		5
Freedom of Association and Collective Bargaining				
Operations and suppliers in which the workers' rights enjoying freedom of association or collective bargaining may be at risk	407-1	Page 216		
Child Labour				
Operations and suppliers with a risk of child labour incidents	408-1	Page 216		
Forced Labour or Equivalent to Slavery				
Operations and suppliers with a risk of forced labour incidents	409-1	Page 216		
Safety Practices				
Security personnel trained in policies and/or procedures related to human rights	410-1	Page 216		
Indigenous and Traditional Peoples' Rights				
Incidents of violations of indigenous peoples' rights	411-1	Page 217		
Human Rights Assessment				
Operations subject to human rights reviews or impact assessments	412-1	Page 217		
Training in policies and procedures related to human rights	412-2	Page 217		
Significant investment in covenants and agreements which include human rights clauses or which are screened for human rights matters.	412-3	Page 217		
Local Communities				
Operations with the involvement of the local community, impact assessments and development programs	413-1	Page 217		
Operations with significant negative (current and potential) impacts on local communities	413-2	Page 217		

Table 77 - GRI summary table - V

INDICATOR	GRI Standard	Page(s) number(s) and/or URL(s)	OMISSION	SDG
Suppliers' Social Assessment				
New suppliers who were selected through social criteria	414-1	Page 217		5
Negative social impacts in the supply chain and measures taken	414-2	Page 217		5
Public Policy				
Political contributions	415-1	Page 218		
Customer Health and Safety				
Products and services' health and safety impact assessment	416-1	Page 218		
Non-compliance incidents relative to products and services' health and safety impacts	416-2	Page 218		
Marketing and Labelling				
Service information and product labelling requirements	417-1	Page 218		
Non-compliance incidents regarding information and labelling on products and services	417-2	Page 218		
Non-compliance incidents regarding marketing communications	417-3	Page 218		
Customer Privacy				
Substantive claims regarding customer privacy violations and data loss	418-1	Page 218		
Socio-economic Compliance				
Non-compliance with socio-economic laws and regulations	419-1	Page 218		

6. Materiality Analysis and Reporting Limits

Pursuant to the IIRC (International Integrated Reporting Council) it is possible to define materiality as the material matters or topics which affect (in a significant manner) an organization's ability to create value in the short, medium and long terms. Also according to the IIRC, "an integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term".

The present Consolidated Annual Report is intended to communicate to stakeholders the path followed by the ML towards its sustainability and in which ways it is contributing to its surrounding environment's sustainability. For this purpose, the stakeholders have been identified (already disclosed in the present report, in the chapter "Nature of the Report").

The main sources used for selecting material issues include:

- The Global Reporting Initiative (GRI) standards;
- The indicators of the Metro Group's Quality and Environment Management System (QEMS);
- The established strategy and the commitments made by the organization;
- The facts occurred in the reference year;
- The requirements of the Directive 2014/95/EU, of the 22nd of October, and the legal compliance with the Decree-Law no. 89/2017, of the 28th of July;
- An analysis of the external context surrounding the company.

With a view to recognize and prioritize, from the beginning, all the relevant issues which may involve risks and opportunities for the business, a selection of the material aspects has been carried out for the financial year 2018, which took into consideration both the Global Reporting Initiative and the economic, environmental and social impacts the latter have on the organization, as well as the fact that they may influence the stakeholders' assessments and decisions. For such step, the stakeholder methods of listening were taken into account.

Table 78 - Stakeholder alignment with methods of listening

	Compliance obligations (Type of documentation)	Methods of listening / communicating
CUSTOMERS	Customer charter NP 4475 - Public passenger transport – Metro network - Features and service provision (in an implementation phase)	Customer Satisfaction Survey (CSS) Claims Company website
SUPERVISORY AUTHORITY	Concession agreement (under preparation)	Meetings Electronic mail SEE Platforms
REGULATORY, SUPERVISION AND INSPECTION ENTITIES	Legislation and other applicable legal requirements in effect ISO 9001 - Quality Management System - Requirements	Audits Financial and non-financial information reporting
EMPLOYEES	Employment Agreement Company Agreement I (workers in general) and II (Graduates and Bachelors) ISO 45001 - Work Safety and Health Management System - Requirements and guidelines for its use (implementation stage)	Employee Satisfaction Questionnaire (Company Environment Study) Company Portal Electronic mail
SUPPLIERS	Agreements	Suppliers' Assessment SafetyGov Platform
COMMUNITY	ISO 14001 - Environmental Management System - Requirements and guidelines for its use ISO 50001 - Energy Management System - Requirements and guidelines for its use (implementation stage)	ML website Environmental claims
OTHER TRANSPORT OPERATORS	Documented decisions, taken at OTLIS	Meetings Electronic mail
SHOPKEEPERS OF THE ML'S SPACE	Lease Agreements	Satisfaction Survey for shopkeepers (scheduled for 2019) Internal audits

Lastly, and on the basis of a SWOT analysis, the results have been aggregated into a materiality matrix which prioritizes them in face of their impact on the organization or their relevance for the stakeholders.

Figure 8 - Materiality matrix

The material topics taken into consideration may be attributed to METRO's sustainability approach and to its strategic areas of activity. The present report is dedicated to such material topics with a greater focus.

Table 79 - Alignment of material aspects

Strategic areas	Material aspects
1. Service quality	Customer satisfaction Customer Service
2. Environmental protection	Energy efficiency Environmental performance
3. People development	People appreciation Diversity and equality of opportunities
4. Governance risk and transparency	Risk Management *Corporate governance* Ethics, transparency and Compliance
5. Innovation and business development	Business Sustainability Research and development
6. Relationship with the local communities	Supplier management Dialogue and involvement with the local communities

Table 80 - Correspondence table regarding the disclosure of non-financial information

Decree-Law no. 89/2017, of the 28th of July	Chapter / Section	Page(s)
Article 3 (referring to articles 66 and 508-G of the Portuguese Companies Code) The non-financial statement shall contain enough information to provide understanding of the evolution, performance, position and impact of its activities relating, at least, to the environmental, social and worker-related issues, the equality between men and women, non-discrimination, the respect for human rights, combating corruption and attempted bribery, namely:		
a. A summary description of the company's business model;	i. Metropolitano de Lisboa 1.A.1. Organization's profile	Page 8
b. A description of the policies followed by the company in respect to the mentioned issues, including the due diligence processes implemented and the results from such policies;	i. Metropolitano de Lisboa 1.A.4. Management Policies and Mechanisms	Page 9
c. The results of the policies followed by the company;	iii. The Performance	Page 44
d. The main risks related to the mentioned issues, connected to the company's activities, for example, its business relationships, its products or services which may pose negative impacts in the said areas and the ways such risks are managed by the company;		
e. A description of the diversity policy implemented in relation to the directing and supervisory bodies, concerning age, gender, professional qualifications and background, the objectives of such policy, the way it has been applied and the results in the reference financial year;		
f. The key performance indicators relevant to its specific activity;	iii The Performance	Page 36 Page 37 Page 38
Article 4(e) (referring to article 245(1)(r) and (2) of the Portuguese Securities Code): A description of the Diversity Policy implemented by the company regarding its directing and supervisory bodies, notably, concerning age, gender, professional qualifications and background, the objectives of such diversity policy, the way it has been applied and the results in the reference financial year;		

Table 81 - Correspondence table with the Public Business Sector

Decree-Law no. 89/2017, of the 28th of July	Chapter / Section	Page(s)
Art. 4: *Public business sector*	v. Attachments 1. Compliance with Legal Guidelines Public Manager Statute	Page 78
1. The proportion of persons of each gender appointed for each company's directing and supervisory body shall not be smaller than 33.3%, as of the 1st of January 2018 onwards.		
2. Should the directing bodies include both executive and non-executive directors, the said threshold shall be met for both.		
3. The threshold established in (1) shall not apply to the current offices, notwithstanding the provisions in (5).		
4. For purposes of the preceding paragraphs, the members of the Government responsible for finances and the corresponding activity sector, when applicable, shall submit proposals which allow for meeting the threshold set out in (1).		
5. The renewal and the replacement of office shall comply with the threshold set out in (1).		

I. Glossary

Absence

Result from the recorded time classified as absence. This concept derives from the Employee’s lack of presence, against the performance of effective work.

Accident

Abnormal occurrence which involves a harmful event. It entails the occurrence of damages and losses, regardless of their significance.

Work Accident

Accident occurring in the work place and during its time and generates direct or indirect physical injury, functional disturbance or illness which results in death or in a reduction of work capacity or gain. Work accidents include accidents at service and accidents occurring on the way to and from the work place.

Benchmarking

Systematic and continuous evaluation process regarding organizations’ products, services and work processes, deemed as representative of the best practices, aiming at introducing improvements in the Organization.

Workers

All those who have entered into an employment agreement (open-ended, fixed-term and unspecified term) with the company, excluding trainees.

Sustainable Development

Concept developed by the Brundtland Commission as part of the United Nations World Commission on Environment and Sustainable Development Report, “Our Common Future”, published in 1987, in which sustainable development is defined as “a development which meets existing needs without compromising the ability of future generations in meeting their own needs”. The definition of sustainable development implies a “solidarity commitment with future generations” thus ensuring “heritage” transferal which is capable of meeting their needs. This implies a balanced integration of economic, sociocultural and environmental systems, as well as of institutional aspects regarding the very present concept of “good governance”.

Data Protection Officer (DPO)

The DPO aims at ensuring the compliance of the ML (data controller) with the GDPR and to act as a focal point with other actors involved in the process, notably, the data protection supervisory authority (CNPD) and the data subjects, exercising their rights, and the ML’s other departments. Therefore, it is the highest data protection authority in the Company, appointed by the latter, notwithstanding the fact it shall not be held liable to third parties for potential Company breaches in this regard.

Effectiveness

Extent to which estimated activities are carried out and achieve the estimated results.

Efficiency

Relation between obtained results and invested resources.

Direct Emissions

Emissions which derive from sources owned or controlled by the company.

Indirect Emissions

Emissions which are a consequence of the company's activities, although derive from sources which are neither owned nor controlled by the latter.

Service Supply

Corresponds to the set of resources made available by the service provider, which may entail, wholly or partially, personnel, facilities, support services, equipment or means necessary to provide the service.

Greenhouse Gas

Existing natural and anthropogenic gases in the terrestrial atmosphere which absorb and re-emit infrared radiation. The six major GHG foreseen in the Kyoto Protocol are: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N20), hydrofluorocarbon gases (HFC), perfluorocarbon gases (PFC) and sulphur hexafluoride (SF_6).

Global Reporting Initiative

A global and independent institution which develops a world reporting guideline framework, enabling companies to prepare reports on their economic, environmental and social performance.

Environmental Impact

Any adverse or beneficial environmental change which results, wholly or partially, from an organization's environmental aspects.

Indicator

Calculation or measurement formula which reflects a particular relation or situation point regarding a certain predetermined goal or objective.

Monitoring

Set of actions aiming at controlling an organization's full operation performance or its goals, processes, indicators or other regarding its economic, environmental and social performance.

ISO 9001 Standard

International Organization for Standardization's International Standard on quality management systems.

ISO 14001 Standard

ISO 14000 series' Standard on the Requirements of an Environmental Management System. Specifications and guidelines for its operation.

Organization

Set of people and facilities embodied in a chain of responsibility, authority and relations.

Stakeholders

Entities affected or affecting the company.

Passenger x km

Measurement unit corresponding to a passenger's traveling inside a vehicle, within a one-kilometre distance, when such vehicle is providing the service for which it was projected.

Recycling

Waste reprocessing, through its biological, physical or chemical transformation in a production process, for its initial purpose or for other purposes, namely as raw material, but excluding energy recovery.

Claims

Formalization of third party dissatisfaction to ML, verbally or in writing. Any customer complaints addressed to the services, personally (verbally or in writing), by telephone, fax, mail, e-mail or any other written form.

Wastes

Any substance or object which is, is intended to be or should be disposed by its holder.

Service

Result of a process established between the provider and the customer under an agreement, including the features which allow for its evaluation.

Management System

System for establishing policies and objectives and for achieving such objectives.

Quality Management System

Management system aimed at directing and controlling an organization concerning its quality.

Environmental Management System

Part of an organization's management system used to develop and implement its environmental policy and to manage its environmental aspects.

Stakeholder

Expression used to represent the parties involved in relation to the activity of a given company, as well as all the entities over which the company exercises any kind of influence.

Sustainability

Ability to meet present needs without compromising future generations' possibilities to meet their needs.

Procedural Protocol

Set of legal requirements for a procedure's formation.

Recovery

Any operations aimed at reusing waste (including reutilization, recycling, regeneration, energy recovery and other).

II. Abbreviations and Acronyms

Abbreviation/ Acronym	Meaning
A.C.E.	Complementary Grouping of Companies
A.E.I.E.	European Economic Interest Grouping
CA	Company Agreement
PTA	Portuguese Tax Authorities
HVAC	Heating, ventilating and air conditioning
BD	Board of Directors
CARRIS	Companhia Carris de Ferro de Lisboa
Rkm	Railcars x km
CO_2	Carbon dioxide
CO_2 e	Carbon dioxide equivalent
CoMET	Community of Metros
CP	Comboios de Portugal, E.P.E.
PP	Public Procurement
TC	Technical Commission
E.P.E.	Public Business Entity
EBITDA	Operating profit before amortizations and provisions (and adjustments, if applicable)
WWTP	Wastewater Treatment Plant
g	gram
G4 Guidelines	Sustainability Reporting Guidelines (4th update)
GHG	Greenhouse gases
GRI	Global Reporting Initiative
M / W	Men / Women
I.P.	Public Institute
CSI	Customer Satisfaction Index
VAT	Value Added Tax
kg	kilogram
km	kilometre
KPI	Key Performance Indicators
kWh	Kilowatt per hour
l	Litre
Lda.	Limited
PSK	Passenger Spaces x km
SBL	State Budget Law
m	Meter
M€	Million euro
m^3	Cubic meter
MKBF	Mean Kilometre Between Failures
ML	Metropolitano de Lisboa, E.P.E.
MTBF	Mean Time Between Failures
MWh	Megawatt per hour
NR	Not recorded
NOVA	Urban Railway Benchmarking Group
NO_x	Nitrogen oxides
PS	Portuguese Standard
SB	State Budget
ABP	Activity and Budget Plan
Pass.km	Passenger x km
PKT	Passengers x km
DW	Depot and Workshop
APP	Average period for payment
PC	Passengers carried
HR	Human Resources
NHIW	Non-harmful industrial waste
HIW	Harmful industrial waste
ROC	Chartered Accountant (Auditor)
s	Second
S.A.	Public Limited Company
AFDS	Automatic Fire Detection System
SEOPTC	Secretariat of State of Public Works, Transportation and Communications
SETF	Secretariat of State for Treasury and Finances
MS	Management System
SGAJ	Quality and Environment Management System
QEMS	Secretariat-General and Directorate of Legal Affairs
SO_2	Sulphur dioxide
SOFLUSA	Sociedade Fluvial de Transportes, S.A.
SROC	Audit Firm
SWOT	Strengths, weaknesses, opportunities and threats
t	ton
Transtejo	Transportes Tejo, S.A.
UITP	International Association of Public Transport
un	Units

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