

Annual Report 2011

Metroselskabet I/S



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1.0

Résumé and Outline

Financial result for 2011

The profit before depreciation and write-downs increased from 2010 by DKK 81 million to DKK 191 million in 2011, as a consequence of stronger growth in passenger revenue than expected, and lower costs for the operation of the Metro. The lower costs are a consequence of the new operating contract with Ansaldo STS, which entered into force at the end of 2010.

The result for the year is affected by two very large items – the provision for construction of Cityringen and the market value adjustment of loans and interest-rate agreements. The provision is a result of the conclusion of contracts at the beginning of the year for the construction of Cityringen, while the market value adjustment is solely an accounting item that does not influence the Company's ability to service its obligations.

The Company's adjusted equity capital, stated excluding the market value adjustment, decreased by DKK 6.0 billion to DKK 2.8 billion at the end of 2011. The development in equity is a consequence of the provision made, and corresponds to the expected financing of Cityringen.

Commencement of the Cityringen construction work

On 7 January 2011 the contracts for Copenhagen's coming new Metro system – Cityringen – were signed. Ansaldo STS is to deliver trains, operating systems and infrastructure, as well as the operation of Cityringen for five to eight years. Copenhagen

Metro Team (CMT) will construct stations and tunnels.

In autumn 2011 the first construction work for Cityringen commenced in Nørrebro-parken. At the close of 2011, half of Cityringen's 21 construction sites were handed over from the preparatory works – realignment of utility grids and archaeological excavations – to the contractor, Copenhagen Metro Team. The total cost of Cityringen is DKK 21.3 billion in 2010 prices. Cityringen, with its 17 new stations, will open in December 2018.

Higher passenger growth than expected

The Metro is a popular means of transport with both residents and tourists in the capital. Ever since it opened in 2002 the number of Metro passengers has expanded constantly. In 2011 this trend continued as expected, but with even higher growth than expected, and a total number of passengers exceeding 54 million. This was almost one million more passengers than budgeted, and two million more than in 2010.

Decision in the arbitration case filed by COMET

On 10 April 2012 a ruling was made in the arbitration case with COMET, the major engineering contractor for the Metro in operation. COMET had originally claimed additional payment of DKK 4 billion, but the Arbitration Tribunal limited the possible compensation to maximum DKK 2 billion. With the ruling, COMET was awarded a total additional payment of DKK 478 million (excluding interest).

“Growth was even higher than expected, with a total number of **passengers exceeding 54 million.**”

On its payment, the amount is expected to be set off against the loan totaling DKK 839 million (excluding interest) that Metroselskabet made available to COMET in the years 1999 to 2002 in order to ensure COMET sufficient liquidity to complete the construction work within the agreed time frame. Metroselskabet's total receivable from COMET, with interest, will fall due for payment when the Arbitration Tribunal, in the course of 2013, has ruled on the follow-up issues concerning interest, currency, etc.

The consequences of the Arbitration Tribunal's ruling are recognized in Metroselskabet's accounts for 2011. Reference is made to the account of the arbitration case under section 2.6.

Investigation of new Metro to Nordhavnen

In November 2011, Metroselskabet and Udviklingsselskabet By & Havn published an investigation of the possibility of the establishment of a branch of Cityringen to Nordhavnen (the North Harbor). The study describes a possible branch of Cityringen to Nordhavnen, whereby one of the two Cityringen Metro lines is continued to two new Metro stations in Nordhavnen. The report describes significant financial, timing and environmental benefits from undertaking this project as part of the construction of Cityringen.

At the beginning of 2012 an agreement was concluded between the Danish State, represented by the Ministry of Transport, the City of Copenhagen and the City of Frederiksberg that gives Metroselskabet the opportunity to spend DKK 96 million on the preparatory work for a Nordhavn Metro.

In step with urban development, the Metro line can be extended out into the Nordhavn

area with new high-level stations. It is assessed that, in time, approximately 11,000 new passengers will embark on a Metro train every 24 hours at the two new stations in Nordhavnen.

Electronic ticket system comes to the capital

In November 2011 a test group had the opportunity to use the electronic ticket system in Greater Copenhagen, and the Metro system is now equipped with fully functional equipment to check in and out using the electronic ticket system.

Metro passengers have welcomed the new electronic ticket options. In the spring, the Metro launched an app that makes it easy for customers to use their mobile phones to access travel information concerning buses, trains and the Metro, and to buy tickets. The product is extremely popular. Many people use their mobile phones to buy tickets for public transport in Greater Copenhagen, and in 2011, after just two years, mobile phone tickets passed the milestone of 10 million tickets sold.

The electronic ticket system and mobile phone tickets have also facilitated cooperation between the transport companies in the Greater Copenhagen area, besides improving information to passengers, during the past year.

New secretariat for the light railway in Ring 3

In late summer 2011 Metroselskabet was requested to act as secretariat for a light railway in Ring 3. The task is to prepare a basis for decision for the light railway in Ring 3. Metroselskabet will contribute expertise and experience from the construction and operation of the Metro. The owners are the Danish State, the Capital Region and 11 municipalities that all participate in the process.

“
The Metro is the most
**eco-friendly way to
travel around the city,**
apart from walking or
cycling.”

The light railway proposed to be constructed on the Lundtofte-Ishøj section, southwest of Copenhagen, will cover a distance of 28 km, with 28 stations.

Partnership agreement for apprentices to work on Cityringen

In summer 2011 Metroselskabet established a partnership agreement with Dansk Byggeri (the Danish Construction Association), 3F (the United Federation of Danish Workers), BAT-kartellet (The cartel of unions in the building, construction and wood sectors), LO (the Danish Confederation of Trade Unions) and our two main contractors, CMT and Ansaldo, concerning the employment of apprentices to work on Cityringen. The objective is for 5 to 7 per cent of the hourly-waged employees at the construction sites to be apprentices. In conjunction with the agreement, a "matchmaker" is appointed via Byggeriets Uddannelses (the Danish Construction Association's training schemes) with the task of finding apprentices with the competences required for the construction work.

Environment

Metroselskabet's Environmental Report was published in August 2011. It includes sections on Metroselskabet's vision and environmental objectives, the Metro's environmental impact, an action plan for the coming years, and environmental accounts.

The report states that the Metro is the most eco-friendly way to travel around the city, apart from walking or cycling. In terms of the Metro's use of catenary power per person kilometer, this consumption has been reduced by 22 per cent in the period 2008–2010. As from 2018, when Cityringen opens, there will be even greater opportunities for eco-friendly transport, since 85 per cent of Copenhagen's residents will have less than 600 meters to a Metro or train station.

Sustainability is a key focus of the construction of Cityringen. The surplus soil from boring operations is used to build embankments in the Nordhavn urban development area. In addition, "green concrete" is used for the structures, which reduces CO₂ emissions from concrete production by around 30 per cent.

Communication with neighbors

Metroselskabet gives high priority to ensuring that neighbors and other stakeholders are kept continuously informed of the current and future construction work. In 2011, this direct dialogue with neighbors took place via numerous channels, such as the website, notices on doors, information meetings, the mobile information stand called "Open Pavilion", and the local press.

The hoardings around construction sites will be part of Copenhagen's urban landscape until 2018, and Metroselskabet has therefore launched a project to help make the hoardings more interesting to look at, for example using artwork installations. Several of the hoardings were decorated during the year. In Nørrebro parken, local artists and children helped to decorate the hoardings, and at Kongens Nytorv the American artist Shepard Fairey decorated the hoarding around the construction site.

We hope that this annual report will present more detailed information on Metroselskabet. We wish you a pleasant reading.

Henning Christophersen

Chairman of the Board of Directors

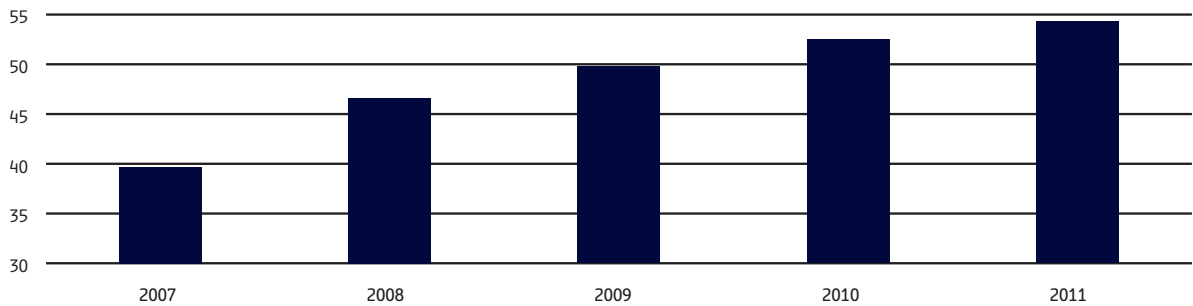
Henrik Plougmann Olsen

CEO

Financial Highlights

Number of passengers

Million passengers

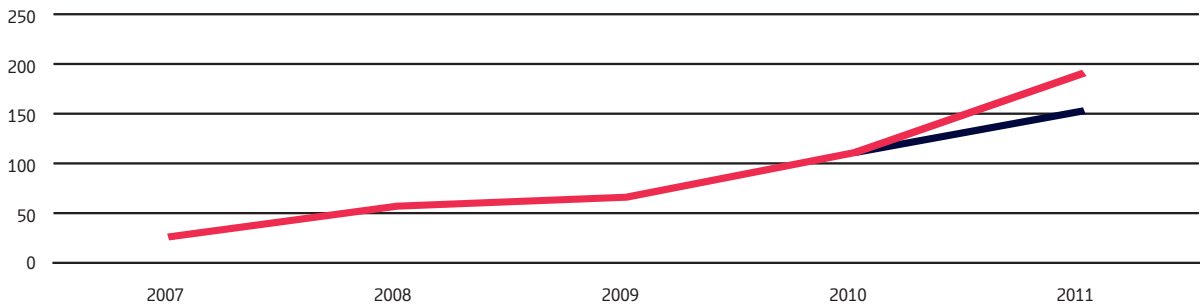


Result before write-downs and depreciation

DKK million

Budgeted result before write-downs and depreciation

Result before write-downs and depreciation

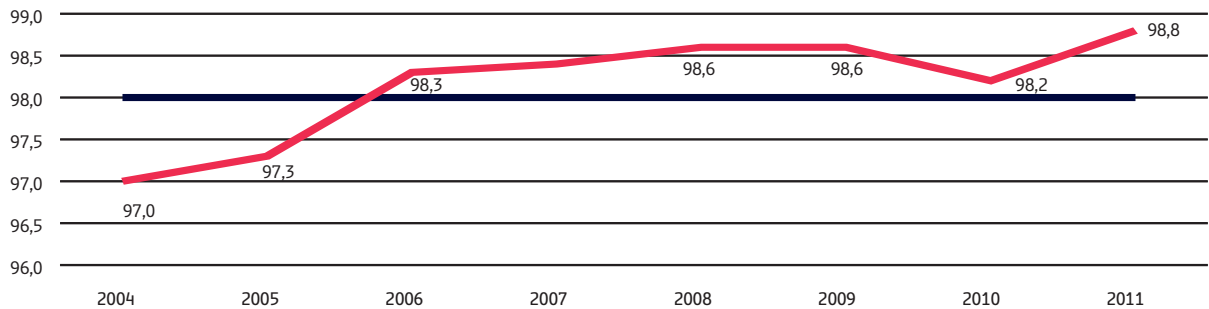


Operational stability

Pct.

Objective

Result







Directors' Report

- 2.1 Finances
- 2.2 Business Strategy
- 2.3 Metro Operation
- 2.4 Cityringen
- 2.5 Major Projects
- 2.6 Company Management
- 2.7 Social Responsibility

2.1

Finances

“**The result exceeds expectations** and is assessed to be very satisfactory.”

Result and change in equity for the year

The profit before depreciation and financial items for 2011 amounted to DKK 191 million, which is an improvement by DKK 81 million compared to 2010.

The higher profit before depreciation is related to increasing passenger revenue, as well as the savings achieved on the conclusion of the new contract in 2010 on the operation of the Metro. The result exceeds expectations and is assessed to be very satisfactory.

Depreciation and write-downs amount to DKK 5,689 million, which is DKK 4,902 million higher than in 2010. The reason is that, as a consequence of the conclusion of contracts for the construction of Cityringen at the beginning of 2011, an accounting provision of DKK 5,406 million has been allocated. The provision is based on a prudent assessment of the Metro's overall recoverable value, and solely reflects that, on concluding the contracts, the Company is committed to an investment that will not be fully recovered via the future revenue from passenger fares, etc. This is in accordance with the assumptions and description in the Act on the Construction of Cityringen. The result before financial items is hereafter a loss of DKK 5,498 million.

Financial items comprise interest revenues of DKK 179 million and interest expenses of DKK 636 million. The result after financial items is a loss of DKK 5,954 million.

Finally, market value adjustment entails recognized expenditure of DKK 2,882 million. The market value adjustment can be attributed primarily to the Company's financial agreements on the hedging of interest rates that have been concluded in order to increase the budgeting certainty of the Company's long-term finances. The adjustment is solely an accounting entry, with no impact on liquidity, in view of the intention to retain the agreements until their expiry.

The loss for the year of DKK 8,837 million has been deducted from equity, which hereafter amounts to DKK 303 million. The Company's adjusted equity capital, stated excluding market value adjustments, is DKK 2,847 million at the end of 2011. The decrease by DKK 5,954 million from the end of 2010 reflects the accounting provision concerning the construction of Cityringen. The development in equity is in line with the planned financing of Cityringen.

Metroselskabet is a partnership in which the owners are solely liable for the Company. Any negative equity would therefore not in itself lead to a need for additional contributions from the owners, if Metroselskabet is still able to service its debt as planned.

Events occurring after the balance sheet date

On 10 April 2012 a ruling was made in the arbitration case with COMET, the major engineering contractor for the Metro in operation. COMET had originally claimed additional payment of DKK 4 billion, but the

Financial Highlights

All figures in DKK million

	2011	2010	2009	2008	2007
Net turnover for the year	980	864	722	670	480
Result before write-downs and depreciation	191	111	66	57	26
Depreciation and write-downs	-5,689	-787	-596	-575	-230
Result before financial items	-5,498	-676	-530	-518	-204
Financial items	-457	45	113	242	53
Result before market value adjustment	-5,954	-632	-387	-290	-147
Market value adjustment	-2,882	358	-30	13	-4
Result for the year	-8,837	-274	-417	-277	-151
Balance sheet total	8,216	9,442	9,691	9,950	10,323
Investment in the Metro for the year	3,651	637	448	442	235
Equity	303	9,139	9,413	9,830	10,100
Adjusted equity*	2,847	8,801	9,433	9,820	10,104
Equity ratio	4 %	97 %	97 %	99 %	98 %
Adjusted equity ratio	35 %	93 %	97 %	99 %	98 %

* Adjusted equity is adjusted for market value adjustment.

Provision as a consequence of the investment in Cityringen

In 2011, Metroselskabet concluded the most significant contracts concerning the construction of Cityringen. As a consequence of the Company's resulting obligation in practice to complete the overall investment that will not be fully re-covered as future revenue from passenger fares, etc., a major accounting provision was made in 2011.

The size of the provision is based on an estimate of the value of the entire Metro, which should be seen in the light of the fact that the Metro already in operation, as well as Cityringen, when it is commissioned (expected in 2018), will constitute one overall cash-

flow generating entity. The estimate is based on the same assumptions as the Company applied to the most significant future factors in the current long-term budget, which is included as an Appendix at the end of the Annual Report. This budget includes assumptions concerning passenger numbers and tariff revenue, operating and construction costs, and expectations of the future level of interest rates (the discount factor).

The assumed interest-rate level is the primary uncertainty applied to the estimate of the value of the Metro. The Company has applied a conservative expectation of interest rates for this purpose, so

that a risk premium has been included to counter the uncertainty. If the Company had instead applied the current lower market interest rate, the provision would have been significantly lower, and the result for the year would have improved significantly. In the same way, the result would have been lower if a higher interest rate expectation had been applied. Note 17 to the Annual Accounts presents the calculation of the uncertainties applied to the expectation of the development in interest rates.

The provision made in the accounts totals DKK 5.4 billion at the beginning of the year. The provision comprises an estimated

negative value of Cityringen of DKK 9.4 billion in relation to future passenger revenue, etc., which is in harmony with the expected investment requirement on the owners' decision to construct Cityringen, as well as an estimated positive added value of the commissioned Metro of DKK 4.0 billion. In 2011, investments in Cityringen amounted to DKK 3.1 billion, so that the provision at the end of the year is DKK 2.3 billion, cf. Note 17 to the Annual Accounts.

Arbitration Tribunal limited the possible compensation to maximum DKK 2 billion. With the ruling, COMET was awarded a total additional payment of DKK 478 million.

The consequences of the Arbitration Tribunal's ruling are recognized in Metroselskabet's accounts for 2011 at DKK 478 million, with addition of the provisionally estimated accumulated interest of DKK 418 million. Reference is made to the report on the arbitration case under section 2.6.

No other events of significance to the Annual Report for 2011 have occurred after the closing of accounts.

Operating result for the Metro

The result for operation of the Metro (before depreciation) is DKK 191 million, which is an increase by DKK 81 million compared to 2010.

Income from the Metro totals DKK 877 million, of which DKK 635 million from the joint fare system, and DKK 242 million primarily from leasing out the Metro. Expenditure covering running costs for the Metro, contract management, administration, etc. this year came to DKK 685 million.

Depreciation amounts to DKK 283 million. The overall result is therefore a loss of DKK 92 million, which is an increase by DKK 9 million from 2010.

Operating result for the Metro

All figures in DKK million

	2011	2010
Fare payments	635	589
Metro operating revenue	237	190
Other operating income	5	14
Total income	877	793
Payment for operations	-635	-589
Contract management, etc.	-26	-30
Other expenses	-4	-34
Administration costs	-20	-29
Total expenses	-685	-682
Result before depreciation	191	111
Depreciation	-283	-193
Total result	-92	-83
Net profit ratio before depreciation	22 %	14 %

Note: Fare payments are based on average passenger revenue per new passenger of DKK 11.68 in 2011, calculated on the basis of the Ministry of Transport's Order on the distribution of ticket revenue in Greater Copenhagen.

Consulting

In 2011 the Company's owners prepared accounting regulations that apply to the activities of Metroselskabet that are subject to competition.

In autumn 2011, Metroselskabet concluded an agreement with the Ministry of Transport to the effect that, up to the end of 2012, it will handle the secretariat function for the preparation of a basis for decision for a light railway in Ring 3. This task is subject to accounting regulations concerning activities exposed to competition, and the accounts for consulting services are presented in accordance herewith.

Income amounts to TDKK 1,932 and costs total TDKK 1,906. The result of consulting activities for 2011 is a marginal profit of TDKK 26.

Construction of Cityringen

The total construction budget for Cityringen of DKK 21.5 billion (2011 prices) is based on the major civil engineering contracts concluded for the transport system and engineering works for Cityringen.

Investments totaling DKK 3,110 million were made in Cityringen in 2011, bringing the to-

tal investment in Cityringen to date to DKK 4,564 million.

The net book value of Cityringen is recognized in the balance sheet at DKK 0, as Cityringen is written down on an ongoing basis to the expected recoverable value of the system, taking due account of the planned construction investments.

Financing

At the end of 2011, Metroselskabet had financial reserves totaling DKK 1,969 million. (Nominal DKK 1,750 million.) The loans are raised as re-lending at Danmarks Nationalbank.

The Company has worked on an interest-rate exposure structure to hedge elements of the future interest expenses. With the agreements concluded, the Company has hedged the interest rates for two thirds of the expected maximum debt at a fixed interest rate, and thereby ensured a fixed low nominal interest rate on most of the debt, even when the Company's debt is expected to peak. The value of the Company's financial instruments is included in long-term liabilities at an overall market value totaling DKK 2,433 million. The Company's long-term liabilities at the end of 2011 thus total DKK 4,402 million.

Investment budget for Cityringen

All figures in DKK million

	Cityringen
Investments in 2011	3,110
Investments as of 31 December 2011	4,564
Total budget (2011 prices)	21,541
Total budget (2010 prices)	21,323

2.2

Business Strategy

Metroselskabet's business strategy lays down Metroselskabet's vision and mission, which in accordance with the Articles of Association must be presented to the Company's owners as a minimum every fourth year. At the annual partnership meeting in April 2011, Metroselskabet's owners approved a new business strategy. The strategy period runs until mid-2014. Metroselskabet's vision is to provide efficient and reliable public transport that increases mobility.

With this vision, the Company wishes to emphasize that the Company not only holds responsibility for the Metro, but also for promoting mobility in Greater Copenhagen by providing better public transport.

The business strategy sets out overall objectives for the Company that support the Company's vision. The objectives are as follows:

1. An increase in the number of passengers by approximately 15 per cent from the beginning of 2011 to mid-2014.
2. Cityringen must be constructed within the approved budget and in accordance with the adopted timeframe and quality standard.
3. The operation of the Metro must ensure the best possible customer-oriented product, on an efficient basis that is targeted at proactive maintenance and reinvestment in the Metro, in order to

maintain the value of the Company's assets. The objective is to reduce the costs per passenger in both financial and environmental terms.

4. Metroselskabet will identify potential new business areas.
5. Metroselskabet's organization and activities will be subject to ongoing optimization, and the organization will be adjusted to new business areas and project phases.

The passenger objective in 2014 is approximately one million higher than the company's long-term forecast. It will be sought to achieve the extra one million passengers via the activities to increase the number of passengers adopted by the Board of Directors on 31 March 2011.

The basis for both the construction and operation of the Metro is that this must be carried out on a commercial basis. By undertaking these activities, Metroselskabet is helping to solve society's infrastructure challenges. The Company's business strategy is thus based on a balance between the short-term liquidity considerations and the long-term economic interests, with the latter carrying most weight. The construction activities are therefore long-term investments, where short-term cost-cutting could lead to major extra operating expenses for many years ahead.

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Metroselskabet's vision is to provide **efficient and reliable public transport**, that increases mobility.”

Follow-up on Metroselskabet's business strategy

1. The number of passengers in 2011 reached 54.3 million passengers, which is 6 per cent higher than the budgeted number of passengers in 2010. This exceeds the objective in the business strategy, which requires the number of passengers to increase by 3.5 per cent p.a. in relation to the budgeted number of passengers for 2010, in order to achieve an increase by 15 per cent in the number of passengers in the strategy period.
2. The overall progress of the Cityringen project is satisfactory. Both Cityringen's budget and time schedule are on track.
3. 2011 is the first year in which the Company's latest operating contract has a full impact on its operating costs. Costs per passenger have thus decreased, which is reflected in the financial result for 2011.

It is furthermore apparent from the Company's 2010 Environmental Report that CO₂ emissions were reduced by 21 per cent from 2008 to 2010.

4. During 2011, the Company worked on investigating new business areas, among other things by publishing a study of a possible branch of Cityringen to Nordhavnen. Furthermore, in late summer 2011 Metroselskabet was requested to act as secretariat for a light railway in Ring 3. Metroselskabet continued to work on a major customer analysis from 2010 and commenced work on a commercial strategy.
5. Metroselskabet is structured as a number of line units, and in 2011 continued to work on implementing an overall project management model. The project management model divides large projects into four project stages, and contributes to concretizing the line units' roles and responsibility in major interdisciplinary projects and new business areas.

The framework conditions for Metroselskabet

The object of Metroselskabet is, cf. the Act on Metroselskabet I/S and Arealudviklingsselskabet I/S of 6 June 2007, to undertake the project design and construction of Cityringen as a Metro system, and to undertake the operation and maintenance of the overall Metro system. The Company must issue public invitations to tender for the operation and maintenance of

the Metro. The Company must be operated on a commercial basis. In addition, pursuant to the Act, Metroselskabet may conduct other activities that have a natural business relation to the Metro activities.

Furthermore, pursuant to the Danish Act on Transport Companies, Metroselskabet must engage in the coordination and

supply of public transport in Copenhagen. The purpose of this coordination is to ensure that transport users in Greater Copenhagen experience how transport functions as one single entity, even though it is provided by different operators. This is to be achieved by the parties coordinating their activities in Greater Copenhagen, particularly in terms of information

to customers, transfers, and timetable planning.

Trafikstyrelsen (the Danish Transport Authority) is responsible for the overall coordination of this cooperation, so that the income from the joint ticketing system is distributed on the basis of passenger statistics and the jointly adopted fare level.

2.3

Metro Operation

Another passenger record

The Metro continued its positive passenger development in 2011. Approximately 54 million passengers took the Metro during the year. This is almost 2 million more passengers than in 2010.

The Metro had higher passenger numbers in the first ten months of the year compared to the preceding year. Due to the mild weather in November and December, the number of passengers in these two months was lower than the extraordinary high level one year before. Overall, the number of passengers exceeded expectations by just below one million passengers.

To ensure a continued increase in passenger numbers, Metroselskabet is marketing the Metro in cooperation with Ansaldo and Metro Service. Metroselskabet is also working with other transport companies to jointly market public transport (trains, buses and Metro) in Greater Copenhagen. Passenger incentives have also been improved in connection with the new invitation to tender for the operation and maintenance contract. The aim is for the operator itself to play a greater role in implementing initiatives to attract additional passengers.

Operation of the Metro has been contracted out to Ansaldo STS, with Metro Service A/S as subcontractor, until the end of 2015, with an option for three more years until 2018. The contract was concluded in January 2010 after an EU invitation to tender. The new contract entered into force in October 2010.

Operational Stability

The operational stability of the Metro is an important factor in relation to retaining and attracting new passengers. It is therefore very satisfactory that, in all months of 2011, operational stability exceeded the fixed minimum target of 98.0 per cent punctual departures. For 2011 overall, operational stability was a record-high 98.8 per cent (the previous record was 98.6 per cent in 2008 and 2009). This very positive result is to a great extent due to the ongoing efforts of Metroselskabet, Ansaldo and Metro Service to reduce and eliminate the causes of operational disruptions.

In 2012, for the third consecutive year, the Copenhagen Metro was named the world's best driverless metro. This award was given at the annual conference for leading metro experts, MetroRail, held in London.

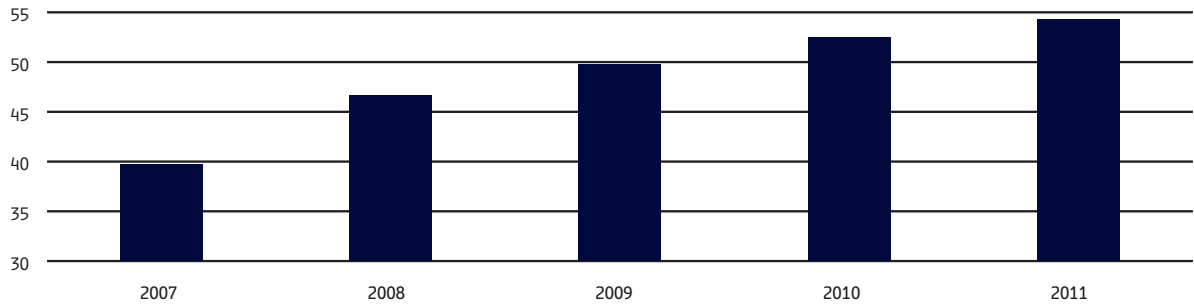
Customer satisfaction

Customer satisfaction is vitally important to the Metro – both in terms of retaining existing customers and attracting new customers. Metroselskabet, Ansaldo and Metro Service therefore pay close attention to customer feedback. Several different tools are used to collect knowledge of customers' expectations and requirements, including by conducting regular customer satisfaction surveys in the Metro. The overall result for 2011 is shown in the adjacent chart.

For 2011 overall,
operational stability
was a **record-high**
98.8 per cent

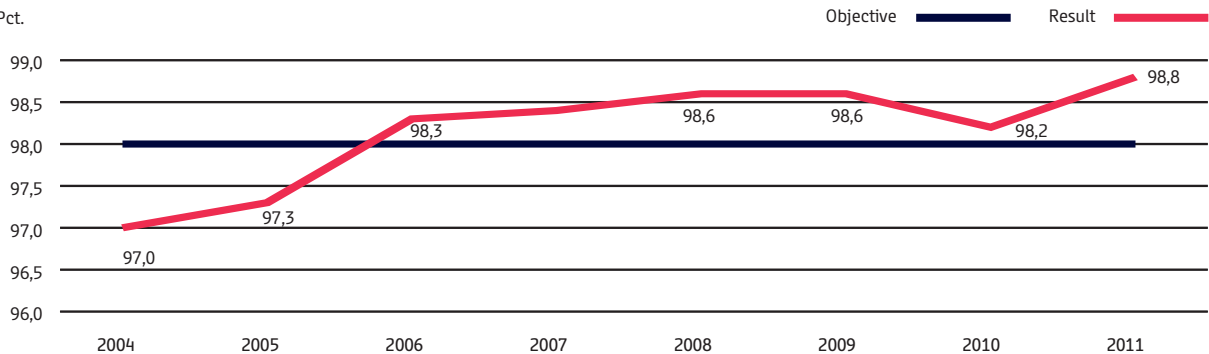
Number of passengers

Million passengers



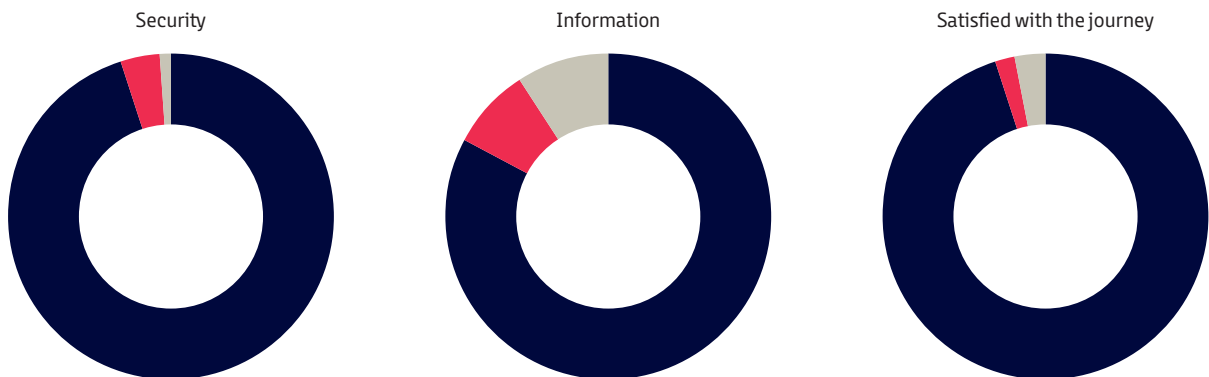
Operational stability

Pct.



Customer satisfaction

■ Satisfied/very satisfied
 ■ Neither/nor
 ■ Dissatisfied/Very dissatisfied



“
The Metro's lifts are
among those **most
used in the country.**”

Reinvestments

In December 2010, an action plan was drawn up for reinvestments in the Metro's technical installations. The action plan includes a prioritized reinvestment plan up to 2019. The prioritized action plan was drawn up in close cooperation with the operations contractor, and thereby also the supplier of most of the existing Metro's technical installations.

The action plan is based on a large number of the vital technical and structural elements. Status assessments were performed, with focus on attrition, increased maintenance requirement, obsolete technology, etc., as well as an analysis of the high-technology systems, including the systems' expected durability, maintaining sufficient expertise, obsolete hardware and software, delivery of replacement parts, etc. The action plan is subject to implementation.

As part of the reinvestments, in 2012 the Metro will undertake extensive maintenance of some of the lifts that are used most. The Metro's lifts are among those most used in the country, and the many daily lift operations require large-scale maintenance. The lifts are intended for the mobility impaired, as well as passengers with prams or bicycles, but are also used by many more passengers. This requires extra time and resources to be allocated to maintaining the lifts.

Success of text message tickets continues

Customers have welcomed the opportunities to use their mobile phones to buy tickets. Since the introduction of the mobile phone ticket in 2009, whereby public transport users in the Capital Region can buy tickets via mobile phone, the number of text message tickets sold has increased steadily. Text -

message ticket number 10 million was thus sold in October 2011, and the weekly sales figure is around 200,000 text message tickets. The text message ticket is developed and sold in collaboration between the public transport companies in Copenhagen.

Electronic ticket system

Metroselskabet owns 8 per cent of Rejsekort A/S, which undertakes the task of developing and preparing Rejsekortet (the electronic ticket system), which will help to make it easier to buy tickets for public transport in Denmark. In 2011 the owners of Rejsekort A/S concluded a guarantee agreement concerning Rejsekort A/S' travel obligations to customers.

Since August 2011, passengers have been able to use the electronic ticket system in Greater Copenhagen at four DSB stations and on the 250S and 3A bus routes. This was a trial period in the capital involving a limited number of customers. At the end of November the trial period was extended to include the remaining stations in Greater Copenhagen, and thereby the Metro.

In the first half of 2012 all of Greater Copenhagen's buses will be included, so that the electronic ticket system covers the whole of Zealand, as well as Lolland and Falster – and several connections on Funen and in Jutland. The electronic ticket system is expected to be introduced to passengers gradually. In the trial period from November 2011 to August 2012, approximately 10,000 customers will be invited to use the electronic ticket system. From August 2012 to spring 2013 the system is expected to be expanded further, to approximately 100,000 customers in April 2013. It is expected that there will be approximately 700,000 electronic ticket customers by 2014.



The Metro will come to Gammel Strand in 2018. In the meantime, the hoarding is used for art and decoration.

Travel Planner

Metroselskabet owns 3.2 per cent of Rejseplanen A/S. Rejseplanen A/S was founded on 1 January 2003, and now responds to over 10 million travel planning queries each month, making it Denmark's largest public Internet service. The purpose of the travel planner service is to make relevant travel planning information about public transport in Denmark available to the general public. Metroselskabet is therefore a co-owner of Rejseplanen A/S. The other owners are the regional and local transport companies throughout Denmark.

and train departures, and to use a mobile phone to purchase text message tickets for public transport. In the first six months the application was downloaded more than 50,000 times.

Information on operations, as well as Metro, train and bus departure times, and ticket products, has been expanded on both the Metro's mobile site and the website, which are both attracting higher numbers of visitors.

Information for tourists has been expanded with new information material and a new website, making it easier for visitors to the capital to get around using public transport.

Communication

Customers have welcomed the increase in the level of information provided by Metroselskabet, to make it easier to use the Metro, and to change from Metro to bus and train. In 2011 the Metro launched its first application (small program) for smartphones. This app makes it easy to check the next Metro, bus

Objective for 2012

The operational objective for 2012 is to maintain operational stability at a high level of at least 98 per cent, and to further increase passenger numbers, so that 55 million passengers use the Metro in 2012.

The weekly sales figure is around **200,000 text message tickets**



The beach is only
eight minutes away
from Copenhagen's
city centre.

2.4

Cityringen

“
Cityringen will have
17 underground
stations.”

In collaboration with the Cities of Copenhagen and Frederiksberg, the Danish State (via the Ministry of Transport) has entered into an agreement on the expansion of the existing Metro by the addition of a Cityring line.

Cityringen will be a completely new Metro line constructed according to the same principles as the existing Metro. This means that, to a great extent, functions, structures and systems will be the same as for the existing Metro. For example, the Metro is fully automated, driverless and operated using short trains that run at frequent intervals. The station concept is also in principle the same as for the existing Metro, where the stations are, among other things, designed as large open spaces.

The Cityringen trains will run in a tunnel under the Copenhagen city centre, the "bridge quarters" and Frederiksberg. Cityringen will have 17 underground stations. In total, one tunnel section with twin tunnels, each approximately 15.5 km long, will be constructed, as well as a branch to a new Control and Maintenance Centre (CMC).

When Cityringen opens, passengers will be able to transfer to and from the existing Metro lines at Kongens Nytorv and Frederiksberg stations. It will also be possible to transfer to the regional rail and S-train networks at the Copenhagen Central and Østerport stations, and to the S-train network at Nørrebro station. When Cityringen is completed, it will, for example, be possible to travel from

Nørrebro Runddel to Enghave Plads in seven minutes; from Nørrebro station to Trianglen in six minutes; or from Poul Henningsens Plads to Rådhuspladsen (Town Hall Square) in eight minutes. Cityringen is expected to open to passengers in December 2018.

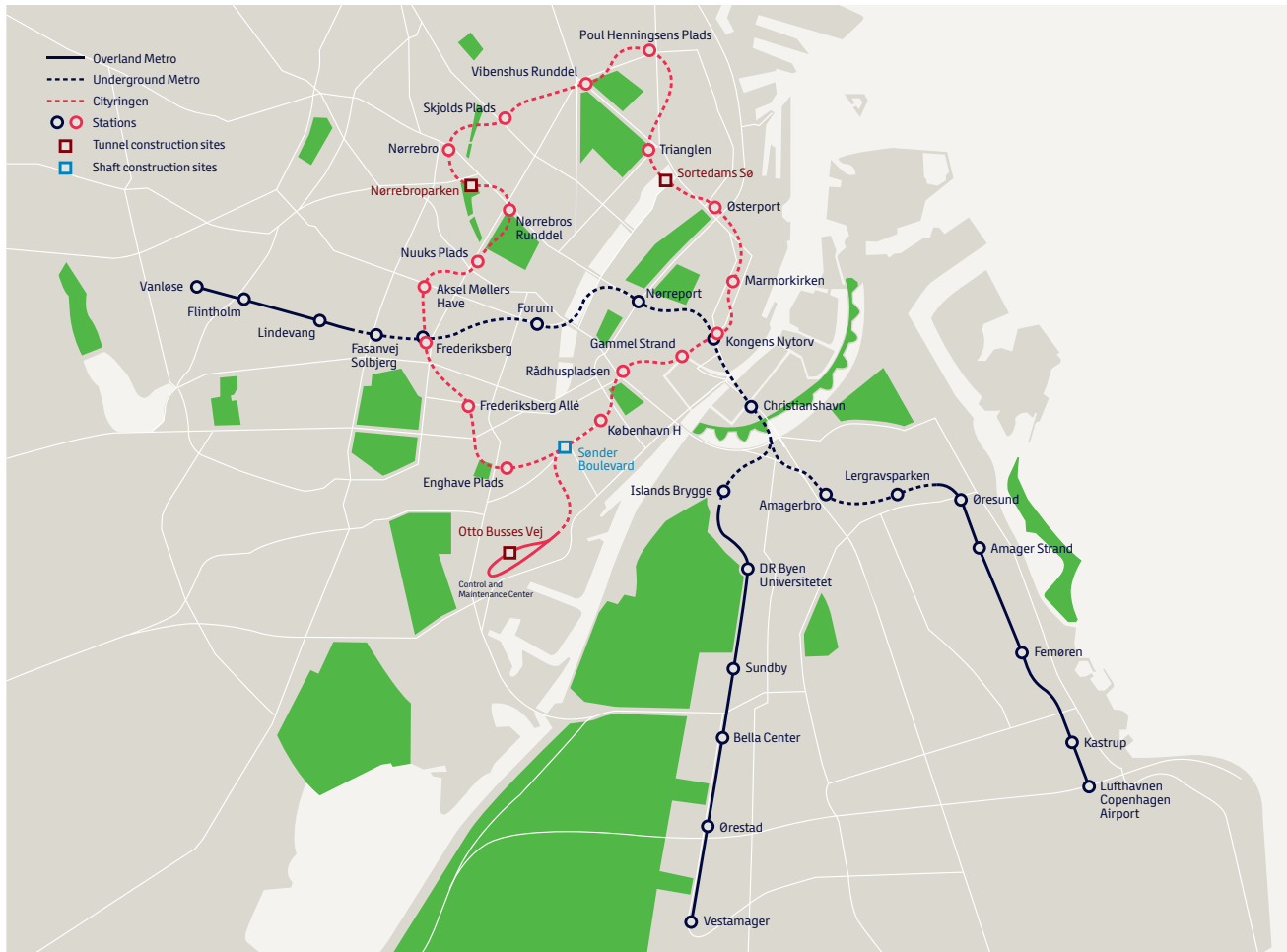
Cityringen in 2011

Much of the preparatory work was completed in 2011. Utility grids for the city's supplies of electricity, water, gas, Internet, sewerage, etc. were realigned in order to clear the sites for the coming new stations. The station sites must be ready in step with the commencement of the actual construction works.

In November 2010, Metroselskabet announced the winners of the contracts for the construction of Cityringen. On the owners' approval, in December 2010, of the financial basis for the conclusion of the major construction contracts, Cityringen's construction budget of DKK 21.3 billion in 2010 prices was approved, and on 7 January 2011 the contracts with Copenhagen Metro Team (CMT) and Ansaldo STS were signed. The winners of the construction contract, Copenhagen Metro Team, consisting of Salini Costruttori, Technimont S.p.A and S.E.L.I. Società Esecuzione Lavori Idraulici S.p.A., will undertake the construction of the 17 new stations, and the 15.5-kilometer double tunnel. The companies behind Copenhagen Metro Team (CMT) are already collaborating on the expansion of one of the new metro lines in Rome.

Facts about Cityringen

- The expected **number of passengers is 72 million** on an annual basis (after passenger fluctuations are accounted for)
- A budget of DKK 21.3 billion (2010 prices)
- Repaid by the year 2060



Ansaldo STS won the contract to deliver the trains, operating system and control and maintenance centre, as well as operation for the first five years, with an option for a further three years. Ansaldo STS has sound experience from Copenhagen, where they have delivered the train and operating system for the existing Metro, as well as its operation since the Metro's opening in 2002.

Since the contracts were signed, Metroselskabet has cooperated with Copenhagen

Metro Team (CMT) on optimizing the construction of Cityringen, in order to limit the project's risks. Certain adjustments have been found to be appropriate, as described below.

Switch chamber at Halmtorvet

In connection with the preparatory work on Cityringen more detailed surveys were made of such factors as the pollution under Den Hvide Kødby (the meat market), which was the site of the old Vestre Gasworks

Facts about Cityringen

- **On 7 January 2011** the contracts with Copenhagen Metro Team and Ansaldo STS were signed
- Expected to open in **December 2018**
- Length of Cityringen is **15.5 km**
- **17 stations**
- Expected annual **number of passengers is 72 million** (after passenger fluctuations are accounted for)
- **Overall finances**
 - Budget of DKK 21.3 billion (2010 prices)
 - Maximum debt in 2023 of DKK 22.4 billion in current prices
 - Repaid by the year 2060

until 1927. These surveys have shown that the pollution has spread to the groundwater in the area. This especially affects the working environment during the establishment of the switch chamber under Halmtorvet and the track junction under Sønder Boulevard. It does not affect residents' drinking water, however, which comes from other wells.

On this basis, the execution of these facilities, using the assumed method whereby part of the facility is excavated as caverns, i.e. directly in the limestone, is assessed to be unacceptable on working environmental grounds. To avoid these problems, an alternative method has been developed to perform the construction works in the area. On these grounds, it has been contractually agreed with CMT that the switch chamber under Halmtorvet will be omitted, while the junction chamber under Sønder Boulevard will be constructed as a closed chamber.

Nørrebroparken

As an element of the discussions with CMT on the planning of the tunnel boring work, it has proved to be possible to avoid the "slurry system" (soil purification system) for treatment of the tunnel muck (soil from tunnel boring), which would be a relatively noisy operation. It has also proved possible to change the construction site design, so that the southern part of Nørrebroparken can be used for ballgame pitches, etc. This entailed the re-alignment of the construction site, and the removal of an estimated 15 trees from the avenue. The trees will be replaced, however, and the other areas of the park will be re-established, on the completion of the construction works.

Marmorkirken (the Marble Church)

The work to limit the project risks, including via a more robust time schedule, entails that the station cavern at the Marble Church can be executed by a slightly different method than

proposed earlier. In the assessment of Metroselskabet and the independent assessor (TÜV), the method ensures even better protection of the church, and also that the construction work can be completed without delays.

Skjolds Plads

Metroselskabet has had special focus on the station at Skjolds Plads, where the descent was originally planned to be located in a neighboring building, which entailed relatively high risks concerning the structural measures affecting the buildings concerned, and subsequent inconvenient access conditions for passengers.

The Copenhagen City Council's decision to close Haraldsgade to thoroughgoing vehicular access made it possible to adjust the plans to a station solution, in line with the other stations, which will give passengers more direct, and improved, access to the station. This also reduces the significantly higher risk entailed by the construction work, as the station will be established without structural intervention in the neighboring building.

Expectations of Cityringen in 2012

2012 will be a year of more intense work on Cityringen. The last construction sites will be handed over to CMT, and by the end of 2012 one of the major milestones is expected to be reached, when the tunnel boring begins. The boring machines will begin in Nørrebroparken and will bore in the Frederiksberg direction.

2012 will also be the year in which all of the preparatory work of realigning a large number of utility grids is completed. This means that utility lines will have been moved in the areas where the new Metro stations will be established.

The Copenhagen Metro opened in 2002 and was built in three stages. **Today, the Metro connects up 22 stations** and covers Copenhagen from the airport to Nørreport station, and on to Vanløse, as well as a line back from Vanløse to Ørestad and West Amager. **The trip from the airport to the city centre takes just 13 minutes.**

Biggest archaeological excavation

The Museum of Copenhagen, which is responsible for the Cityringen archaeological excavations, describes the work as the largest archaeological excavation project in Scandinavia to date.

The museum has received applications from archaeologists from most of the world, and towards 60 archaeologists are, and have been, engaged in uncovering new details of Copenhagen's history at Town Hall Square and Kongens Nytorv. At the Kongens Nytorv site, where the archaeologists have completed their work, part of the old Østerport (eastern gate) from the 18th century was found in well-preserved condition. In 2012, work will start on another archaeologically interesting site, which is Gammel Strand.

as neighbors for a number of years. This is because they either live, work or spend their daily lives in areas close to the construction sites. Metroselskabet gives high priority to ensuring that neighbors and other stakeholders are kept continuously informed of the current and future construction work, so that these neighbors can arrange their daily lives in a satisfactory way.

Information is provided via a large number of channels, such as the website, notices on doors, neighborhood newsletters, information meetings, the mobile information stand called "Open Pavilion", and the local press.

Metroselskabet held a well-attended event as part of the "Night of Culture" in Copenhagen in October 2011, with approximately 5,000 visitors at Town Hall Square and the Metro's exhibition at the Ministry of Transport.

Communication

The construction of Cityringen means that many residents of Copenhagen and Frederiksberg will have major construction sites

as neighbors for a number of years. This is because they either live, work or spend their daily lives in areas close to the construction sites. Metroselskabet gives high priority to ensuring that neighbors and other stakeholders are kept continuously informed of the current and future construction work, so that these neighbors can arrange their daily lives in a satisfactory way.

Investigations

2007–2009

Geological investigations

2009–2011

Archaeological investigations

Construction works

2007–2010

Planning

2010–2011

Realignment of utility grids

2011–2017

Establishment of tunnels and stations

2017–2018

Testing

2018

Operation

2.5

Major Projects

Light railway in Ring 3

In 2011, Metroselskabet's strategic business objective to investigate potential new business areas led to the establishment of an agreement to assist the Ministry of Transport, the Capital Region, Lyngby-Taarbæk Municipality, Gladsaxe Municipality, Herlev Municipality, Rødovre Municipality, Glostrup Municipality, Vallensbæk Municipality, Albertslund Municipality, Brøndby Municipality, Hvidovre Municipality, Høje-Taastrup Municipality and Ishøj Municipality by undertaking the secretariat function for a light railway in Ring 3. The task includes the preparation of a basis for decision, including determining the alignment, and achieving a financial assessment, etc. of the construction and operation of the light railway.

State, represented by the Ministry of Transport, the City of Copenhagen and the City of Frederiksberg concluded an agreement that gives Metroselskabet the opportunity to spend DKK 96 million on the preparatory work for a Nordhavn Metro. The work of constructing the branch line started at the beginning of 2012, so that the branch can be integrated in the construction of Cityringen without delaying its progress.

When the basis for the parties' contributions to financing the entire branch-line project is in place, agreements in principle on the construction of the branch from Cityringen to Nordhavnen can be concluded, which is expected to be achieved on around 1 July 2012. The key element of the agreement in principle between the Danish State and the City of Copenhagen and the City of Frederiksberg on the construction and financing of the branch line from Cityringen to Nordhavn will be the parties' commitment to Metroselskabet's continuation and completion of the preparatory works within an additional amount of DKK 40 million, and that the parties that wish to establish the branch line contribute their share of the financing, on the basis of legislation, an invitation to tender and acceptance of the establishment of contracts.

The conclusion of major engineering contracts, in addition to the necessary adjustments to Cityringen, and thereby the final acceptance of the execution of the branch line, cannot take place until the parties have approved the required financial basis. This

Branch to Nordhavnen

In cooperation with Udviklingselskabet By & Havn, Metroselskabet has conducted a survey of a possible branch line from Cityringen to Nordhavnen (North Harbor). The survey investigated the possibility of one of Cityringen's two lines serving Nordhavnen. The survey concludes that there are several potential benefits from a branch of Cityringen running to Nordhavnen. Lower construction costs, less inconvenience to neighbors to the construction works, and less disruption of the operation of Cityringen, are some of the advantages of starting up the work during the construction of Cityringen. At the beginning of 2012 the Danish

“
Cityringen would be prepared for the establishment of a Metro line to Sydhavnen.”



New experiences just
around the corner.

is planned to take place at the beginning of 2014. In step with further urban development, the line can be extended further out into the North Harbor area, with new high-level stations. In time, it is assessed that approximately 11,000 new passengers will embark on a Metro train every 24 hours at the two new stations in Nordhavnen.

Sydhavnen

In the City of Copenhagen's "Budget Agreement 2012" the City stated that Cityringen would be prepared for the establishment of a Metro line to Sydhavnen (the South Harbor). The City of Copenhagen has therefore requested Metroselskabet to prepare Cityringen for a branch line to Sydhavn. In 2012 the City allocated DKK 2 million for an acquisition to ensure the execution of the work.

The preparation of a branch line to Sydhavn will provide financial savings in the event of any later establishment of a Metro to Sydhavnen.

Transfer tunnel

In the agreement on improved mobility of 26 November 2010 it was decided that Banedanmark would prepare a basis for decision for an extension of the existing transfer tunnel from the Metro station at Nørreport up to the pedestrian area in Frederiksborggade.

Banedanmark expects to present a basis for decision in 2012. This will make it possible for any extension of the tunnel to be undertaken in connection with the New Nørreport project. The project is financed with DKK 50 million from respectively Metroselskabet and DSB (Danish State Railways).

2.6

Company Management

Organization

Metroselskabet is owned jointly as a partnership by the City of Copenhagen (50 per cent), the Danish State (41.7 per cent) and the City of Frederiksberg (8.3 per cent). The Board of Directors of Metroselskabet is the Company's supreme authority, and is thus responsible for ensuring that Metroselskabet pursues the objectives laid down in legislation. The Board of Directors approves Metroselskabet's vision and strategy on the basis of proposals from the Board of Executives.

The Board of Directors has nine members, who are appointed for a period of four years. The current election period runs until 31 December 2013. The Danish State and the City of Copenhagen each appoint three members, while the City of Frederiksberg appoints one member and an alternate member. In addition, Metroselskabet's employees elect a further two members of the Board of Directors. In 2011 a supplementary election of a member of the Board of Directors was held, as one of the members elected by the employees resigned from the Board of Directors and was replaced by a new member. In 2011, ten meetings of the Board of Directors were held, as well as one seminar for the Board of Directors and respectively four and three meetings of the Risk Committee and the Audit Committee.

Metroselskabet works systematically on risk management and on an ongoing basis reports all risks identified to the Board of Directors. The Board of Directors has appointed a Risk

Committee under the Board of Directors, to facilitate such reporting. The purpose of the Risk Committee is to prepare the Board of Directors' consideration of the Company's risk management, including risk assessment and risk reporting.

Metroselskabet's Board of Directors has also appointed an Audit Committee to assist the Board of Directors in its oversight of the Company's internal control systems that provide the basis for the presentation of the financial statements. The Audit Committee furthermore monitors the independent audit process and the Company's compliance with the legislative requirements for the presentation of financial statements. The Audit Committee focuses in particular on ensuring the credibility, integrity and transparency of the internal and external financial statements.

The Company's Board of Executives comprises CEO Henrik Plougmann Olsen, who undertakes the day-to-day management of the Company. The Board of Executives furthermore comprises Deputy Director Anne-Grethe Foss, who is responsible for Metro Operations and the development of new projects, and Technical Director Erik Skotting, who is responsible for Metroselskabet's civil engineering activities.

At the close of the financial year, Metroselskabet employed a staff of 160 to undertake the operations of the Company and the existing Metro, and the construction of Cityringen, the light railway in Ring 3 and Nordhavn. In addition, approximately



“Metroselskabet continuously makes organizational adjustments in order to ensure **the optimum and most efficient organization.**”

100 consultants based at Metroselskabet's premises on Metrovej are also working on the construction of Cityringen.

The Company's Board of Directors and Board of Executives are continuously inspired by the existing recommendations on good corporate governance. Metroselskabet uses such publications as "Staten som aktionær" ("The State as Shareholder", published by the Danish Ministry of Finance, et al.) and the policy on active ownership adopted by the City Council of Copenhagen in the ongoing assessment of its business strategy.

Metroselskabet continuously makes organizational adjustments in order to ensure the optimum and most efficient organization of the tasks undertaken by the Company. The Company has given higher priority to HR activities in order to ensure the integration of its many new employees and to continue

to be able to recruit the best employees and specialists for Cityringen, as well as Metroselskabet's other activities.

Risk Management

Process for the Company's risk management

The risks to which the Company is exposed are determined, on an ongoing basis via the Company's risk management. The objective of the overall risk management is systematic risk identification across the organization, enabling Metroselskabet to handle risks, including by being prepared to handle any events that were not identified during the process.

Risks are reported at several different levels. The first level involves the designated risk owners who, within their respective profes-

Metroselskabet's **organisation structure**

BOARD OF EXECUTIVES

Henrik Plougmann Olsen, Anne-Grethe Foss, Erik Skotting

STAFF	CONSTRUCTION WORKS	OPERATIONS
<ul style="list-style-type: none"> - HR and Executive Secretariat - Finance - Traffic Policy - Development - Communication - IT and Quality Management - Internal Service - Safety and Environment - Analysis and Tenders 	<ul style="list-style-type: none"> - Civil Works Management - Transport System Management - Other Contracts - Sites, Rights, Utility Grid Charges - Project Support 	<ul style="list-style-type: none"> - Operations

sional fields in the Company, identify any new risks and monitor risks already known, contribute proposals for and follow up on risk minimization/prevention measures, and evaluate current status.

The risk owners report to the Board of Executives, which collects proposals for changes to the current risk assessment. The Board of Executives evaluates the proposals received and ensures that risks are assessed on a uniform basis, with due consideration of probability and consistency across the organization. On this basis, the Board of Executives prepares a comprehensive list of Metroselskabet's risks.

On a quarterly basis, the Board of Executives presents a prioritized list of current risks to the Risk Committee, and then to the full

Board of Directors, with subsequent presentation to Metroselskabet's owners at the quarterly meetings.

Procedures for the presentation of financial statements and use of IT

Metroselskabet's Board of Directors has determined the overall procedures and controls for the most important areas in relation to the presentation of the financial statements.

The current accounting instructions describe the Company's accounting structure and organization of accounting activities, including information on the distribution of responsibility and authority within the Company. The instructions also include the regulations that are to be observed by the

Departures every second to fourth minute.



employees engaged in accounting activities. A reporting process has been established involving quarterly financial reporting and updates to the Company's forecasts for the year. In addition to an income statement, balance sheet, statement of cash flows and notes, reporting includes an outline of the current status of the operation of the Metro, the construction of Cityringen, and the Company's financial position.

The financing instructions define the framework for handling financial transactions, among other things to ensure the required risk profile. The IT strategy describes the overall use of IT, including security, back-up, etc.

Public transport fares

In March 2012, the Danish Government established an agreement with the Danish People's Party and the Unity Party to reduce public transport fares by DKK 500 million annually as from 1 January 2013. The reduction will apply across the country, including passengers in Greater Copenhagen, and thereby also users of the Metro.

As a consequence of the fare reduction, Metroselskabet can expect an increase in the number of Metro passengers, but also lower revenue from the existing Metro passengers. In overall terms, Metroselskabet must expect this reduction to lead to a loss of revenue.

The Government's agreement states that the transport companies and train operators will receive full compensation for any such loss of revenue. In 2012 Metroselskabet will follow up on the effects of the adopted fare reduction.

Arbitration cases, etc.

In May 2004, the major engineering contractor from stages 1 and 2A of the Metro, COMET, lodged a claim for additional pay-

ment against Metroselskabet (Ørestads-selskabet) to the Arbitration Tribunal. The claim was for additional payment of approximately DKK 4 billion, but the Arbitration Tribunal limited the possible compensation to maximum DKK 2 billion, equivalent to COMET's final statement. On 10 April 2012, the Arbitration Tribunal made a ruling in the key aspect of the case. The only outstanding issues are interest, currency, etc., which are expected to be ruled on by the Arbitration Tribunal during 2013.

In the ruling of 10 April 2012 the Arbitration Tribunal awarded COMET a total additional payment of DKK 478 million (excluding interest). This additional payment is expected to be set off against the loan with a principal of DKK 839 million (excluding interest) that Metroselskabet made available to COMET in the years 1999 to 2002 in order to ensure COMET sufficient liquidity to complete the construction work within the agreed time frame.

The net result of the Arbitration Tribunal's ruling is that COMET must repay the total loan to Metroselskabet, after deduction of the additional payment awarded. The Arbitration Tribunal's ruling will be executed when the Arbitration Tribunal has ruled on the supplementary issues during 2013.

The consequences of the Arbitration Tribunal's ruling are recognized in Metroselskabet's accounts for 2011. As a consequence, Metroselskabet's debt has been increased by DKK 478 million, with the addition of provisionally estimated accumulated interest totaling DKK 418 million. The actual additional payment to COMET of DKK 478 million is recognized as an adjustment of the cost price for the Metro in operation, while the interest is included as a financial expense and carried to the result for the year.

“Overall, **the Metro** coped well with the extreme weather conditions.”

In Metroselskabet's current 2012 long-term budget, included as an Appendix to the Annual Report, it is assumed that COMET repays its entire loan in 2012. The net result of the Arbitration Tribunal's ruling entails a reduction of this payment. The Board of Directors recommends that the Company covers this additional expense from its own funds, so that, all other things being equal, Metroselskabet's total debt is not expected to be repaid until 2067, which will be an extension by seven years in relation to the current long-term budget.

The Arbitration Tribunal's ruling on the supplementary issues, which is expected to be made during 2013, may entail further adjustments to the long-term budget.

The engineering contractor for stage 3 of the Metro, Hoffmann/Arkil-Novejfa, lodged a claim for additional payment of approximately DKK 81 million in connection with the contractor's final settlement. Metroselskabet reviewed the claims and informed the contractor that the claims must essentially be rejected. The contractor then made an arbitration claim. On 10 July 2011 the Arbitration Tribunal made a ruling in the case. Hoffmann/Arkil-Novejfa's claim was essentially rejected. The Arbitration Tribunal awarded Hoffmann/Arkil-Novejfa DKK 100,000 and at the same time determined that Hoffmann/Arkil-Novejfa was to pay Metroselskabet DKK 2 million to cover the Company's legal costs.

In connection with the conclusion of the major engineering contracts for Cityringen, at the beginning of 2011 the two losing consortia filed an appeal to Klagenævnet for Udbud (Tender Appeals Board). On 2 January 2011 the Board ruled that the appeals were not to have standstill effect. After Metroselskabet's submission of additional process

documents, one of the appealing parties withdrew its appeal. The other appealing party has maintained its appeal. The Tender Appeals Board is expected to reach a decision at the end of 2012.

Extreme weather conditions

The summer of 2011 was affected by extreme weather conditions, in the form of extremely heavy rain. Both the existing Metro and Cityringen are designed to take special account of the risk of flooding and extremely heavy rain. The street-level surfaces around the Metro's underground stations and shafts are designed to prevent rainwater from running down into the Metro. At some places it is therefore necessary to take a step up before going down the steps to the station, since all openings to Cityringen are at least 2.5 meters above sea level. For the existing Metro the openings are at least 2.25 meters above sea level.

The Metro runs above ground, as well as in underground tunnels. Across the tracks down into the underground level a heavy precipitation grid is laid, in order to collect the rainwater from the open section and pump it away before it runs down into the tunnels. The underground Metro stations all have sufficient pumping capacity to be able to continue to function in extreme conditions, and the stations are also protected against water running back from the city's sewers. In addition, floodgates have been established at Nørreport Station and Kongens Nytorv Station. The gates ensure that flooding of DSB's station and the Magasin department store do not affect the Metro.

Overall, the Metro coped well with the extreme weather conditions at the beginning of July and in mid-August. The heavy rain gave problems for some of the Metro lifts, however, when water from the surrounding

streets seeped down into the lift shafts and damaged some of the technical parts. Together with Ansaldo/Metro Service, Metroselskabet has appointed a special working group to present proposals for how the lifts can be made more robust towards floods and other extreme weather conditions in both the short term and the slightly longer term.

The stormy weather also led to lightning strikes in the Metro's technical rooms. Together with Ansaldo, Metroselskabet has therefore commenced adjustment of part of the electrical systems in order to reduce the extent of any future lightning damage. As the lightning has also made the radio system more vulnerable, due to the reduced redundancy, together with Ansaldo it was decided to bring forward the planned reinvestment in the radio system.

Capital

In connection with the Company's budgeting for 2012 an updated long-term budget has been drawn up, including the expected repayment term for the debt. The long-term budget presents the expected long-term economic development in the Metro. The description is based on a number of assumptions and is subject to the uncertainty that will always apply to the assessment of future circumstances. The budget is based, among other things, on assumptions concerning trends for the number of Metro passengers and for the development in interest rates and indexes.

In the current 2012 long-term budget – without inclusion of the additional payment as a result of the Arbitration Tribunal's ruling

Financial risks

Metroselskabet manages a number of financial risks. Metroselskabet's borrowing and use of financial instruments (interest-rate hedging, swaps, etc.) are governed by a three-party agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

Currency risks

The three-party agreement sets out guidelines for the types of financial instruments and loan agreements that the Company may include in its loan portfolio. According to these guidelines, the Company's loan portfolio may only be exposed in DKK and EUR.

Interest rate risks

Interest rate risks are managed by borrowing and investing money at both variable and fixed interest rates. The profit for the year is affected by fluctuations in the market value adjustment, which is determined overall by the development in the general level of interest rates. If the interest rate falls, for example, the market value of a fixed-interest bond rises, and vice versa. BPV (basis point value) indicates the price exposure. BPV at end-2012 is DKK 30 million, which means that a decrease in the level of interest rates by 0.01 per cent will entail an increase in market value of DKK 30 million, and vice versa.

Counterparty risks

The Company only places liquidity with the most creditworthy Danish and foreign institutions, so that the counterparty risk is limited as far as possible. This risk is managed and monitored continuously via a special line and limit system which determines the principles for the specification of these risks, as well as a maximum limit to the risks that may be accepted for an individual counterparty. The latter is measured in relation to the counterparty's ratings from the international rating agencies. The Company also seeks to reduce risk by using appropriate agreement documentation.

In this connection, special agreements on provision of security – CSA agreements – are concluded with counterparties.

Rating

International credit-rating agencies allocate companies a rating as an expression of their credit standing. The ratings are part of a scale in which AAA is the top rating, AA the next rating, and so on. Due to the joint and several liability of the Danish State, Metroselskabet is indirectly subject to the same rating as sovereign risk, which is AAA.



on the case against COMET – the net debt is expected to reach its maximum of DKK 22.4 billion (in current prices and including interest) in 2023, and to be repaid in 2060, which is an extension by one year from the previous expectations. The extension is due to the actual index development. Index adjustment of the construction budget in some years will extend the repayment term, while in other years it can be expected to be reduced. This should be viewed in the light of how, on the establishment of Metroselskabet, average inflation of 2 per cent was expected. On this basis, a normalized long-term budget would continue to show an unchanged repayment time in 2059. The current long-term budget is included as an Appendix to the Directors' Report.

Metroselskabet's current 2012 long-term budget assumes that COMET, the engineering contractor for stages 1 and 2A, COMET, will in 2012 repay the entire loan made available by Metroselskabet in 1999 to 2002 in order to ensure that COMET had sufficient liquidity to complete the construction work within the agreed time schedule. The Arbitration Tribunal's ruling in the case entails a reduction of this payment, however. The Board of Directors recommends that the Company covers this additional expense from its own funds, so that, all other things being equal, Metroselskabet's total debt is not expected to be repaid until 2067, which will be an extension by seven years in relation to the current long-term budget.

Each year a finance strategy is determined in order to ensure appropriate financial management that minimizes the long-term financial costs, with due consideration of financial risks.

Financial management within the stated strategy is undertaken by Sund og Bælt Partner, which is stated and described in the memorandum of association.

As joint partners in the Company, the Danish State, the City of Copenhagen and the City of Frederiksberg are, directly, unconditionally and jointly and severally, liable for all liabilities of the Company, including the loans raised by the Company. In view of the joint and several liability of the Danish State, the Company is indirectly subject to credit rating like the Danish State, i.e. AAA by Moody's and AAA by Standard & Poor's. This means that it can generally achieve terms in the capital market that are equivalent to those available to the Danish State. In addition, Metroselskabet is able to raise re-lending loans at Danmarks Nationalbank. A re-lending loan is a loan raised directly for the Company from Danmarks Nationalbank on behalf of the Danish State, based on a specific government bond, and on the same terms as those that apply when the bond is sold in the market.

2.7

“
The Metro has a
positive effect on
the city's air quality.”

Social Responsibility

Introduction

Each day, Metroselskabet takes care of the many passengers who entrust responsibility for their everyday transport to the Metro. Taking responsibility for the neighboring community is therefore a basic principle of Metroselskabet's day-to-day work. However, Metroselskabet's responsibility extends beyond simply transporting people, and includes the environment, working environment, and security and responsibility for employees. The Company therefore has the following corporate social responsibility objectives:

- To ensure reliable, environmentally friendly public transport in Copenhagen and Frederiksberg via both the existing Metro and Cityringen.
- To create a safe Metro for both passengers and employees.
- To ensure a sound working environment during the construction of Cityringen and for the operation of the existing Metro.
- To ensure sound working conditions, including salary and employment conditions that can contribute to attracting and retaining employees.

The Company's greatest responsibility to the neighboring community consists of its responsibility for public transport. Both the existing Metro and Cityringen will change traffic patterns in central Copenhagen and in Frederiksberg, have a positive effect on

the city's air quality, contribute to reducing CO₂ emissions, and help solve congestion problems.

Metroselskabet therefore imposes demands on both itself and its suppliers which in several areas go far beyond those prescribed in legislation. This is the case, for example, in relation to the environment, working environment and safety, where Metroselskabet's special requirements and initiatives are described below.

Metroselskabet and Udviklingselskabet By & Havn's joint survey of a possible branch line from Cityringen to Nordhavn was among other things prepared in order to provide the Company's stakeholders with information to facilitate the optimization of society's resources for expansion of the public transport system.

As Cityringen's construction sites are transferred to Copenhagen Metro Team, the more permanent construction site hoardings are being established. These hoardings will be part of Copenhagen's urban landscape up to the end of 2018. Metroselskabet has therefore made it possible for the hoardings to be decorated by artists and local associations, etc., so that the hoardings can become an asset in local urban communities.

Environment

Metroselskabet works continually and systematically to reduce environmental impacts from the Metro. Every second year



Metroselskabet prepares an Environmental Report which presents the Company's environment objectives. The next report will be published in 2013.

Policy

The environmental work has resulted in the following vision for the environment:

The vision is for the Metro to be one of the most environmentally friendly Metro systems in the world, and for the construction of new Metro lines to make the greatest possible consideration of the environment and the affected neighbors.

This vision is implemented as a specific policy in the Environmental Report. It is updated regularly and is to ensure that the Company maintains its focus and works towards the vision, and that new challenges are addressed.

Action plan and achievement of objectives

The existing Metro is a modern system which has already implemented many of the obvious environmental initiatives. The development is monitored, and ongoing efforts are being made to achieve further environmental improvements. Both the construction and operation of Cityringen will be at least as environmentally friendly as the existing Metro.

In the Environmental Report the environmental policy has been translated into an action plan for the existing Metro, Cityringen and administration. The action plan contributes to closing the gap between the current environmental impact and the environmental impact objectives (policy).

Furthermore, a specific environmental strategy to reduce environmental impacts

in the following specific environmental areas has been prepared in cooperation with the City of Copenhagen and the City of Frederiksberg. These areas are: management of groundwater and surface water during construction, traffic routing to and from the construction sites through the city, and management of impacts due to noise, vibration and air pollution.

The environmental policy is monitored on a regular basis, and the status is reviewed in Metroselskabet's Environmental Report, which is prepared every second year. The Company's Environmental Report for 2010 was published in 2011. In cooperation with Ansaldo, STS and Metro Service, Metroselskabet reduced the Metro's power consumption per person kilometer by 22 per cent in the period from 2008 to 2010. Total catenary power consumption fell by 5 per cent in the same period, and it was generally possible to maintain status quo in terms of other power consumption. Catenary power consumption is around 50 per cent of the Metro's total power consumption. The CO₂ emission per person kilometer decreased by 21 per cent in the period from 2008 to 2010, primarily due to the increase in the number of Metro passengers.

Safety

Policy

Metroselskabet's overall safety policy objective is for the Metro to be as safe as the safest new metros in the world.

The following safety policy objectives for the construction of Cityringen have been determined:

Metroselskabet will maintain its high safety objectives during the development of City-

**The CO₂ emission
per person kilometer
decreased by 21
per cent from 2008
to 2010**



It must be safe to go to work to build Cityringen.”

ringen, as well as in the organization of the future operation of both the existing Metro and the future Cityringen.

Action plan and achievement of objectives

In order to maintain and improve the Metro's safety policy objective, the Company regularly evaluates possible updates to safety procedures, in cooperation with the operations contractors. Metroselskabet also draws on a large network among metro companies in other countries, for example for the exchange of experience in relation to safety procedures.

The increased focus on the risk of terrorist attacks on transport systems has led to greater focus on emergency response initiatives in the Metro. In this area too, Metroselskabet works with the operations contractor and the emergency services to prevent terrorism and other accident situations, and to ensure the best possible emergency response, should they occur. Metroselskabet also participates in an experience exchange network with other Danish transport companies regarding the emergency response for transport systems.

Crime prevention initiatives form part of the Metro safety work. To help maintain a secure environment within the Metro, for both customers and employees, the operations contractor ensures that Metro staff are trained in conflict management. All stations and Metro trains are subject to video surveillance, which also helps to ensure a safe and secure environment in the Metro system. Finally, Metroselskabet sponsors Natteravnene (the Night Owls) by providing free transport so that they can travel around Copenhagen on the Metro when they are out and about to help keep Copenhagen's nightlife safe.

Metroselskabet participates in a crime prevention initiative aimed at preventing violence, vandalism and operational disruptions to and on the Metro system. In cooperation with the Copenhagen Police, and the SSP (social services/police liaison) consultants of the Cities of Copenhagen and Frederiksberg, opportunities for crime prevention initiatives and projects are assessed at locations where the parties have noted repeated incidents and challenges. The idea is to gradually expand this cooperation in order to establish a network for the exchange of experience among transport companies.

Working environment

Construction of the existing Metro has shown that good planning and a focus on safety can reduce the number of workplace accidents. Construction has been spared any serious accidents, and there have generally been fewer accidents than the average for the building and construction sector in Denmark. The accident frequency has thus been approximately 31 per million working hours for phases 1-2 of the Metro, compared to approximately 36 per million working hours for the overall sector. For phase 3, the accident frequency was reduced to approximately 16. The frequency has generally declined throughout the construction period. Joint safety inspections, working environment campaigns, establishment of a safety culture, safety planning, and senior management focus on this area, have all contributed to the low accident frequency. This experience will be used in the working environment strategies currently being determined for Cityringen.

The work on Cityringen got underway at the end of 2011. The accident frequency will be compiled as from 2012, which will be the first full production year for Cityringen.

The Metro is to be as safe as **the safest new metros in the world**

Working environment policy for Cityringen

The following working environment policy applies to the construction of Cityringen:

- It must be safe to go to work to build Cityringen.
- As the developer, Metroselskabet will ensure that the construction of Cityringen takes place in conditions that ensure a safe and healthy working environment.
- Among other things, measures will be taken to reduce the accident frequency for comparable work to a level significantly below the national average.
- The working environment work on Cityringen must be in accordance with the technical and social development.
- Everyone working for Cityringen must have sufficient knowledge of working environment rules and guidelines to be able to act appropriately.
- Metroselskabet's working environment activities are the responsibility of the Company's executive management.

Action plan and achievement of objectives

As the developer, Metroselskabet will ensure that the construction of Cityringen takes place in an environment that prevents working environment problems and accidents. A systematic effort is therefore made to identify working environment problems in the design phase. Metroselskabet establishes workplace assessments in the design phase for the work processes to be performed during the construction phase, just as solutions to possible working environment problems are incorporated during the design phase.

In order to focus on the working environment, campaigns are conducted with special focus on preventing accidents.

The initiative has also been taken to create a reference group for the construction of Cityringen. The aim of the reference group is to promote greater dialogue on the working environment with contractors, organizations and public authorities. A similar reference group was created during the construction of the existing Metro, and experience gained from these meetings is used in both the project design and construction of Cityringen.

Staff conditions

Policy

Metroselskabet has laid down a personnel policy which is regularly updated as the need arises. In terms of values and culture, the Company's staff policy is the responsibility of the Company's management and employees.

The staff policy includes a gift policy, as well as guidelines for whistle blowing. Both policies have been established to counter any suspicion of unlawful conduct, including corruption and bribery. In 2011 there were no requests to use the whistle blowing guidelines.

Action plan and achievement of objectives

Well-trained employees with a high degree of job satisfaction are essential to achieving efficient operations and a high level of customer satisfaction. The majority of Metro staff, especially those in the front line, are employed by the operations contractor, and are therefore not directly under the authority of Metroselskabet. However, the contract

with the operations contractor emphasizes good conditions for employees, including basic training and regular training updates for all employees.

In relation to the Company's own employees, preventive measures are undertaken to promote employees' health and well-being, by combining efforts to improve the working environment with initiatives that emphasize a healthy lifestyle and greater well-being. A healthy canteen scheme has been set up, and a fruit scheme is available to employees. Metroselskabet also offers massage and psychologist services to employees, as part of ensuring staff retention in the event of illness or accident. The Company also offers sheltered employment, and is involved in training in approved trainee positions.

Whistle blowing guidelines have been prepared to instill respect concerning Metroselskabet's obligations to comply with laws and regulations, as well as internal guidelines and policies. The guidelines also aim to provide security for employees by giving them clear opportunities for reporting, and protection of those who have filed reports if rules have been breached. In order to protect the Company's employees from corruption, a gift policy has been formulated to provide clear guidelines in this area. Metroselskabet therefore enforces a very strict policy in relation to receiving gifts from suppliers, customers or collaboration partners.

It is also checked that all prequalified tenderers comply with Article 45 of the EU public procurement directive. Under this article, companies may be excluded from submitting bids if they have been convicted of money laundering, bribery, fraud, tax evasion, or evasion of social security payments. Metroselskabet's invitations to tender naturally also require suppliers to comply with

current laws and regulations on wages and working conditions, production conditions, etc.

It can also be stated that, in accordance with ILO convention no. 94 on labor clauses in public contracts, Metroselskabet requires the contractor to ensure that the staff employed by the contractor, and any subcontractors to the contractor, in order to fulfill the contract are hired on salary and employment terms that are no less favorable than the salary and employment terms that, in accordance with a collective agreement, legislation or administrative regulations, apply to work of the same nature within the trade or industry concerned in the region in which the work is performed. This requirement applies to both the existing Metro and to Cityringen.

In summer 2011 Metroselskabet established a partnership agreement with Dansk Byggeri (the Danish Construction Association), 3F (the United Federation of Danish Workers), BAT-kartellet (The cartel of unions in the building, construction and wood sectors), LO (the Danish Confederation of Trade Unions) CMT and Ansaldo. The purpose of the agreement is to ensure apprenticeships in connection with Cityringen. The objective is for 5 to 7 per cent of the hourly-waged employees at the construction sites to be apprentices. As a consequence of the agreement, a "matchmaker" is appointed in the Danish Construction Association's training schemes. The matchmaker's task is to identify apprentices with the competences required for the construction work.

Annual Accounts

- 3.1 Accounting Policies
- 3.2 Profit and Loss Account
- 3.3 Balance Sheet
- 3.4 Cash Flow Statement
- 3.5 Notes

3.1 Accounting Policies

Basis of accounting

The Annual Report for Metroselskabet I/S has been prepared in accordance with the stipulations of the Danish Financial Statements Act for class D enterprises and applicable Danish accounting standards. The format of the profit and loss account has been adjusted in order to better show how the results have been generated.

The accounting period is 1 January – 31 December 2011. The annual report shows DKK (thousands). The applied accounting policies are unchanged from the previous year.

General information on recognition and measurement

Assets are recorded in the balance sheet when it is probable that future economic benefits will accrue to the partnership, and the asset's value can be measured reliably.

Liabilities are recorded in the balance sheet when it is probable that future economic benefits will be deducted from the partnership, and the liabilities' value can be measured reliably.

When first recorded, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item in the following.

When implementing recognition and measurements, predictable losses and risks arising prior to the presentation of the Annual Report, and which confirm or invalidate conditions that exist on the balance sheet date, are taken into account.

The profit and loss account includes income as it is earned, while costs are recorded as the amounts relating to the financial year.

Value adjustment of financial assets and liabilities measured at market value is also recorded in the profit and loss account.

Foreign currency translation

When first recorded, transactions involving foreign currency are translated at the exchange rate as of the transaction date. Accounts receivable, debts and other monetary items in foreign currency that have not been settled on the balance sheet date are translated at the exchange rate as of the balance sheet date. Exchange rate differences arising between the exchange rate as of the transaction date and the rate on the payment date or balance sheet date, respectively, are recorded as financial items in the profit and loss account. Fixed assets purchased in foreign currency are recorded at historical rates.

Derivative financial instruments

Derivatives are measured at cost when first recorded in the balance sheet, and subsequently at market value. Derivatives are recorded under accounts receivable and liabilities, respectively. Any changes in the market value of derivatives are currently recorded as financial items in the profit and loss account.

Profit and Loss Account

Income

The Metro's fare revenue, which includes payments from the joint fare system in the Greater Copenhagen area, is recorded as the service is supplied, i.e. based on the number of passengers.

The Metro's operating income, which includes income from leasing out the Metro, as well as advertising revenue, etc. relating to the Metro, is recorded as the services are supplied.

Value of own work includes the staff costs and other costs for the year, which may be attributed to construction of the Metro (Cityringen) on the basis of an estimate. The amount has been included in the cost of construction of the Metro.

Other operating income includes revenue from consulting services, office space rent and minor revenue from leases, etc.



Metro operating expenses

The Metro's operating expenses include expenses for the operations contractor, the partnership's costs for contract management, etc., and other costs for maintaining the operation of the Metro.

Staff costs

Staff costs include fees, wages and salaries and other remuneration costs for the Board of Directors, management, administrative and technical staff.

Other external costs

Other external costs include costs for administration, including office supplies, etc.

Financial items

Financial items include interest, realized and non-realized exchange rate adjustments, as well as value adjustments of the partnership's loans, investments and derivatives, measured at fair value.

Corporation tax

The partnership is not liable to pay tax.

Balance Sheet

Tangible fixed assets

Construction of the Metro

Construction of the Metro is measured as costs incurred for preliminary studies, project design and construction, as well as the value of own work, until the date the asset is ready for use. The Metro is not subject to depreciation during construction, but write-downs are made in relation to recoverable value, cf. the section on the valuation of fixed assets.

Metro in operation

The Metro put into service is measured at cost less actual depreciation and

write-downs. The cost price is equivalent to the current value as of 1 January 2007 (opening balance), with the addition of subsequent investments. The current value has been calculated as the future cash flows (recoverable value).

The basis for depreciation, which is calculated at cost, is divided linearly over the assets' expected service life. The Metro in Operation has been divided into component parts with uniform service lives, constituting:

Tunnel and shell of underground stations	100 years
Other fixed facilities	50 years
Rolling stock, mechanical and electrical installations	25 years
Other technical installations	10 years

The scrap value has been set at zero, taking the estimated service lives into account. Depreciation methods and service lives are reassessed annually and amended in the event of any significant change.

Substantial future investments are regarded as separate component parts and are depreciated over the expected service life.

Buildings, operating equipment and fixtures and fittings

Buildings, operating equipment and fixtures and fittings are measured at cost less actual depreciation and write-downs. Cost includes the acquisition sum and costs directly associated with the acquisition. The basis for depreciation, which is calculated at cost less the scrap value, is divided

linearly over the assets' expected service lives, as follows:

Computers	3 years
Fixtures and fittings and operating equipment in general	5 years
Temporary office buildings	10 years

Assets with an acquisition sum of less than DKK 100,000 are recognized as costs in the profit and loss account in the year of acquisition.

Gains and losses from sale of tangible fixed assets are calculated as the difference between the sales price less selling costs and the book value at the time of the sale. Gains or losses are recorded in the profit and loss account together with depreciation and write-downs, or under other operating income, if the sales price exceeds the original cost.

Valuation of fixed assets

The book value of fixed assets is reviewed annually to determine whether there is any indication of impairment over and above that expressed by depreciation. If so, an impairment test is made to determine whether the recoverable amount is lower than the book value, and write-down to this lower recoverable amount is implemented.

The recoverable value is either the net sales price less sales costs or the capital value, whichever is higher. For calculating the capital value, estimated future cash flows are discounted at current value, while observing the conditions in the long-term budget, cf. the Appendix to the Directors'

Report, for example that the owners are obliged to pay the large reinvestments in trains, tunnels and stations as the need arises.

The recoverable value is measured on an overall basis for related assets comprising both plant in the course of construction and the plant in operation, as they will be one overall cash-flow generating unit. Any impairment requirement is distributed on the assets that are included in the cash-flow generating unit in question. A negative recoverable value of the asset is only set off to the extent that a positive recoverable value for the other asset exceeds the book value of the asset. If there is any remaining undistributed impairment requirement a provision is recorded if the Company has an obligation to defray additional costs.

The write-down is normally recorded in the profit and loss account. In instances where the write-down can be attributed to an already recorded provision, and is thereby already recorded in the profit and loss account, the write-down is set off against the provisions as an expression of the use thereof.

Financial fixed assets

Participating interests

Participating interests recorded under financial fixed assets – do not cover listed shares – are measured at market value based on calculated capital value. In instances where an approximate market value cannot be calculated, the participating interests are measured at cost.

Accounts receivable

Accounts receivable under financial fixed assets are measured at amortized cost, which is usually equivalent to nominal value less write-downs to meet expected losses.

Derivative financial instruments, assets

Derivative financial instruments are measured at cost when first recognized in the balance sheet, and subsequently at fair value.

Current assets

Property

Property is basically measured at cost or replacement value, where this differs significantly from cost.

Accounts receivable

Accounts receivable are recorded in the balance sheet at amortized cost, which is basically equivalent to face value. Write-down is undertaken to meet expected losses.

Securities

Securities recorded under current assets comprise listed bonds, measured at market value on the balance sheet date.

Liquid resources

Liquid resources include cash and deposits, short-term bank deposits and securities, with a remaining life at the time of acquisition of less than 3 months and which can readily be converted into cash equivalents, and for which there is only a slight risk of changes in value. Securities and investments are measured at market value on the balance sheet date.

Provisions

Provisions are recorded when the partnership has a legal or actual liability as a result of an event during the financial year or previous years, and it is probable that discharge of the liability will entail a withdrawal from the partnership's resources.

Provisions are measured as the best estimate of the costs necessary to settle the liabilities on the balance sheet date. Provisions are measured at current value.

The section on the valuation of fixed assets stated that the value of the Metro is depreciated with due account of the calculated recoverable value of the Metro. If write-down cannot take place within the book value of the asset in question, an accounting provision is made to cover the outstanding obligation.

Long-term debts

Long-term debts are measured at cost at the time of raising the loans, equivalent to the proceeds received less transaction costs defrayed. To create symmetry between valuations of loans raised, derivatives and financial assets, financial assets and liabilities are always subsequently measured at market value, and changes in market value are recorded in the profit and loss account.

The background to this principle is that the Company always takes a portfolio perspective in relation to financial management, which entails that the intended exposure in response to various financial risks is obtained using various financial instruments – both primary and derivative financial instruments. This means that no distinction is made, for example, between loans and derivatives, when managing financial market risk, but the focus is solely on the total exposure.

The choice of financial instruments to cover the economic risks as part of financial management can therefore give rise to accounting asymmetries, unless the above principle is followed.



The short-term element of the long-term debt is recorded under repayment of long-term debt commitments.

Other financial liabilities

Other financial liabilities, which include bank loans, trade creditors and other debts, are measured at amortized cost, which is usually equivalent to nominal value.

Cash Flow Statement

The cash flow statement for the partnership is presented according to the indirect method and shows cash flows relating to operation, investments and financing, as well as the partnership's available funds at the beginning and end of the year.

Cash flows relating to operating activities are calculated as operating profit adjusted for non-cash operating items.

Cash flows relating to investment activities include payments in connection with construction of the Metro and investments in securities.

Cash flows relating to financing activities include changes in accounts receivable, trade creditors and other debts, as well as net financing expenses.

Available funds include liquid resources and short-term securities.

Segment reporting

Information is provided on business segments (primary segment). The partnership conducts commercial activities in Denmark only. The segment reporting follows the partnership's internal financial management.

Financial highlights

$$\text{Equity ratio} = \frac{\text{Equity at end of year} \times 100}{\text{Total assets}}$$

3.2 Profit and Loss Account

Profit and Loss Account for the period 1 January - 31 December 2011

All figures in DKK thousands	Note	2011	2010
Income			
Metro fare revenue	2	634,596	589,095
Metro operating revenue	2	237,030	189,972
Value of own work		101,386	71,005
Other operating income	3	7,053	13,604
Total income		980,065	863,675
Expenses			
Metro operating expenses	2	-664,611	-653,136
Staff costs	4	-98,024	-73,066
Other external costs	5	-26,120	-26,811
Total expenses		-788,755	-753,013
Result before write-downs and depreciation		191,310	110,661
Write-downs and depreciation	6	-5,689,000	-786,971
Result before financial items		-5,497,690	-676,310
Financial items	7		
Financial income		179,100	97,915
Financial expenses		-635,639	-53,277
Total financial items		-456,539	44,637
Result before market value adjustment		-5,954,229	-631,672
Market value adjustment		-2,882,470	357,695
Result for the year		-8,836,699	-273,977
Proposed distribution of profit			
Carried forward to next year		-8,836,699	-273,977



3.3 Balance Sheet

Assets as of 31 December 2011

All figures in DKK thousands

	Note	2011	2010
Fixed assets			
Tangible fixed assets			
Construction of the Metro and Cityringen	8	52,672	20,240
Metro in operation	9	5,253,262	5,023,499
Buildings	10	54,537	59,177
Operating equipment and fixtures and fittings	10	1,177	86
Total tangible fixed assets		5,361,648	5,103,002
Financial fixed assets			
Other participating interests	11	28,313	17,318
Accounts receivable	12	966,642	1,007,826
Financial instruments	18	0	303,647
Total financial fixed assets		994,954	1,328,790
Total fixed assets		6,356,602	6,431,792
Current assets			
Property	13	11,955	9,935
Accounts receivable	14	1,841,814	1,625,255
Other securities	15	0	325,227
Liquid resources	15	5,608	1,050,042
Total current assets		1,859,377	3,010,459
Total assets		8,215,979	9,442,251

Liabilities as of 31 December 2011

All figures in DKK thousands			
	<i>Note</i>	2011	2010
Equity			
Start of year		9,139,362	9,413,339
Additions for the year		-8,836,699	-273,977
Total equity	16	302,663	9,139,362
Provisions			
Provisions	17	2,295,540	0
Total provisions		2,295,540	0
Long-term debts			
Long-term debts	18	4,402,736	0
Total long-term debts		4,402,736	0
Short-term debts			
Bank loans		0	23,769
Trade creditors	19	984,165	90,832
Other debts	20	230,876	188,288
Total short-term debts		1,215,041	302,889
Total debts		5,617,777	302,889
Total liabilities		8,215,979	9,442,251
Contractual commitments and contingent liabilities	21		
Auditors' fee	22		
Related parties	23		
Currency, interest rate and credit risks	24		

3.4 Cash Flow Statement

All figures in DKK thousands

	2011	2010
Cash flows from operating activities		
Metro fare revenue	634,596	589,095
Metro operating income	237,030	189,972
Other operating income	7,053	13,604
Metro expenses	-664,611	-653,136
Staff costs	-98,024	-73,066
Other external costs	-26,120	-26,811
Total cash flows from operating activities	89,923	39,657
Cash flows from investment activities		
Investment in construction of the Metro	-3,551,428	-570,610
Investment in buildings, operating equipment and fixtures and fittings	-1,312	-61
Investment in securities (excluding market value adjustment)	325,000	825,000
Total cash flows from investment activities	-3,227,740	254,329
Cash flows from financing activities		
Loans raised, net (excluding market value adjustment)	1,750,000	0
Accounts receivable	-186,370	-19,275
Trade creditors and other debts	912,152	80,644
Net financing expenses (excluding market value adjustment)	-382,368	44,637
Total cash flows from financing activities	2,093,414	106,006
Change in available funds	-1,044,403	399,992
Available funds, at start of year	1,050,042	650,835
Market value adjustment, net	-31	-786
Available funds, at end of year	5,608	1,050,042

3.5 Notes

Note 1 Segment reporting

All figures in DKK thousands				
	<i>Advisory* services</i>	<i>Metro in Operation</i>	<i>Cityringen</i>	Total
	2011	2011	2011	2011
Income	1,932	876,746	101,386	980,065
Expenses	-1,906	-685,463	-101,386	-788,755
Result before write-downs and depreciation	26	191,283	0	191,310
Write-downs and depreciation	0	-283,248	-5,405,752	-5,689,000
Result before financial items	26	-91,965	-5,405,752	-5,497,000
Fixed assets				
Construction of the Metro	0	52,672	0	52,672
Metro in Operation	0	5,253,262	0	5,253,262
Buildings	0	54,537	0	54,537
Operating equipment and fixtures and fittings	0	201	976	1,177
Financial fixed assets	0	994,954	0	994,954
Total fixed assets	0	6,355,626	976	6,356,602
Current assets				
Property	0	0	11,955	11,955
Accounts receivable	20	1,666,675	175,119	1,841,814
Total current assets concerning the Metro	20	1,666,675	187,074	1,853,769
Debts				
Trade creditors	0	954,513	29,652	984,165
Other debts	0	145,711	85,165	230,876
Total short-term debts concerning the Metro	0	1,100,224	114,817	1,215,041

**Note 1** – continued

All figures in DKK thousands

	<i>Advisory* services</i>	<i>Metro in operation</i>	<i>Cityringen</i>	Total
	2010	2010	2010	2010
Income	0	792,670	71,005	863,675
Expenses	0	-682,008	-71,005	-753,013
Result before write-downs and depreciation	0	110,661	0	110,661
Write-downs and depreciation	0	-193,417	-593,554	-786,971
Result before financial items	0	-82,755	-593,554	-676,310
Fixed assets				
Construction of the Metro	0	20,240	0	20,240
Metro in Operation	0	5,023,499	0	5,023,499
Buildings	0	59,177	0	59,177
Operating equipment and fixtures and fittings	0	86	0	86
Financial fixed assets	0	1,328,790	0	1,328,790
Total fixed assets	0	6,431,792	0	6,431,792
Current assets				
Property	0	0	9,935	9,935
Accounts receivable	0	1,597,443	27,812	1,625,255
Total current assets concerning the Metro	0	1,597,443	37,747	1,635,190
Debts				
Trade creditors	0	0	90,832	90,832
Other debts	0	133,100	55,188	188,288
Total short-term debts concerning the Metro	0	133,100	146,020	279,120

*Advisory services concern income and expenses relating to the Company's agreement concluded with the Ministry of Transport concerning secretarial assistance relating to a light railway in Ring 3.

Note 2 Operating result for the Metro

All figures in DKK thousands	2011	2010
Metro fare revenue	634,596	589,095
Metro operating income		
Leasing out the Metro	237,030	184,542
Other income	0	5,430
Total Metro operating income	237,030	189,972
Other operating income	5,121	13,604
Total income	876,746	792,670
Metro operating expenses		
Payment for operations	-634,596	-589,095
Contract management, etc,	-25,950	-29,645
Other expenses	-4,066	-34,396
Total Metro operating expenses	-664,611	-653,136
Administration costs	-20,851	-28,873
Total expenses	-685,463	-682,009
Result before depreciation	191,283	110,661
Depreciation	-283,248	-193,417
Result before financial items	-91,965	-82,755

The partnership has outsourced the operation of the Metro. The lease payment depends on the overall operating result for the Metro. In 2011, the Metro had 54 million passengers (52 million in 2010). The fare revenue for 2011 is based on average passenger revenue of DKK 11.68 (DKK 11.22 in 2010).

The depreciation for the year includes adjusted depreciation for previous years, cf. the description in Note 6.

Note 3 Other operating income

Other operating income includes revenue from sale of advisory services, renting out office space and minor revenue from leases, etc.

Note 4 Staff costs

All figures in DKK thousands

	2011	2010
Wages, salaries and emoluments	77,473	58,833
Pension contributions	11,497	7,903
Social security contributions	4,598	3,205
Other staff costs	4,456	3,125
Total staff costs	98,024	73,066
Of which:		
Salaries for the Board of Executives	2,022	2,004
Other payments to the Board of Executives	178	100
Pensions for the Board of Executives	304	301
Emoluments for the Board of Directors	1,860	1,938
Average number of employees (full-time equivalents)	133	102
Employees at year-end	160	123

Other payments include bonus payments for executives, which amount up to 10 per cent of the ordinary salary. The remuneration of the Board of Directors includes the remuneration of the Audit Committee and the Risk Committee.

Note 5 Other external costs

All figures in DKK thousands	2011	2010
Administration costs	19,865	21,344
Consultant costs	6,255	5,467
Other external costs, total	26,120	26,811

Note 6 Write-downs and depreciation

All figures in DKK thousands	2011	2010
Depreciation, Metro in operation	-278,387	-188,733
Depreciation, Buildings, operating equipment and fixtures and fittings	-4,861	-4,683
Write-downs, Cityringen (provision)	-5,405,752	-593,554
Total write-downs and depreciation	-5,689,000	-786,971

The depreciation for the year for the Metro in Operation includes adjusted depreciation for previous years (DKK 68 million), as the cost of the Metro in operation is adjusted as a consequence of the ruling in the arbitration case with the contractor, COMET, from stages 1 and 2A of the Metro. See Notes 9 and 21.

Note 7 Financial items and market value adjustment

All figures in DKK thousands

	2011	2010
Financial income		
Interest income from financial fixed assets	12,617	12,408
Interest income from accounts receivable	51,618	49,377
Interest income from liquid resources and securities, etc,	112,625	32,990
Exchange rate adjustment	2,240	3,139
Total financial income	179,100	97,915
Financial expenses		
Interest expenses	-634,260	-50,119
Exchange rate adjustment	-1,379	-3,158
Total financial expenses	-635,639	-53,277
Total financial items	-456,539	44,637
Total market value adjustment	-2,882,470	357,695

The market value adjustment can be attributed primarily to the company's financial agreements on the hedging of interest rates that were concluded in order to increase the budgeting certainty of the company's long-term finances. The market value adjustment depends on the development in interest rates and is solely an item registered in the accounts without any impact on liquidity.

The accounting exposure concerning the market value adjustment can be expressed as basis point value (BPV). With the company's current financial portfolio (swap), BPV is DKK 30.0 million, which means that a decrease in the level of interest rates by 0.01 per cent would entail an increase in the market value adjustment, and thereby a decrease in the result, of DKK 30 million. In the same way, an increase in the level of interest rates by 0.01 per cent would increase the result by DKK 30 million.

The change in the market value adjustment from 2010 to 2011 is mainly due to the decrease in the level of interest rates in that period.

The interest expenses for the year include provisionally estimated accumulated interest expenses of DKK 418 million as interest on the amount awarded by the Arbitration Tribunal to COMET, the engineering contractor for stages 1 and 2A of the Metro, cf. Note 21. Of this amount, DKK 389 million can be attributed to previous years.

Note 8 Construction of the Metro and Cityringen

All figures in DKK thousands

	<i>Metro in Operation</i>	<i>Cityringen</i>	Total
Acquisition sum			
Start of the year	20,240	1,453,739	1,473,978
Net additions for the year	40,863	3,110,212	3,151,075
Carried forward to Metro in Operation	-8,431	0	-8,431
End of year	52,672	4,563,950	4,616,622
Write-downs and revaluations			
Start of year	0	-1,453,739	-1,453,739
Revaluations for the year	0	0	0
Write-downs for the year	0	-3,110,212	-3,110,212
End of year	0	-4,563,950	-4,563,950
Start book value	20,240	0	20,240
End book value	52,672	0	52,672

Metro in Operation includes the costs of the implementation of the electronic ticket system of DKK 16 million. Write-downs for the year on Cityringen are due to the recoverable value being lower than the book value.

**Note 9** Metro in Operation

All figures in DKK thousands

	<i>Tunnel and shell of underground stations</i>	<i>Other fixed facilities</i>	<i>Rolling stock, etc.</i>	<i>Other technical installations</i>	Total
Acquisition sum					
Start of year	2,487,619	1,454,334	1,375,899	428,876	5,746,727
Net additions for the year	218,940	108,397	129,589	42,793	499,719
Transferred from construction of the Metro	0	0	0	8,431	8,431
End of year	2,706,559	1,562,731	1,505,488	480,100	6,254,877
Write-downs and depreciation					
Start of year	-103,254	-123,855	-257,785	-238,335	-723,229
Depreciation for the year	-37,347	-43,241	-96,215	-101,583	-278,387
Write-downs for the year	0	0	0	0	0
End of year	-140,601	-167,096	-354,000	-339,918	-1,001,616
Start book value	2,384,365	1,330,479	1,118,113	190,540	5,023,499
End book value	2,565,958	1,395,635	1,151,487	140,181	5,253,262

Additions for the year include an additional payment of DKK 478 million to COMET, the engineering contractor for stages 1 and 2A of the Metro, as a consequence of the Arbitration Tribunal's ruling, cf. Note 21. The additional payment is an adjustment of the original cost. As a consequence, the depreciation for previous years has been adjusted by a total of DKK 68 million, which is included in the depreciation for the year.

Note 10 Buildings, operating equipment and fixtures and fittings

All figures in DKK thousands

	<i>Operating equipment and fixtures and fittings</i>	<i>Temporary office buildings</i>	Total
Acquisition sum			
Start of year	309	70,402	70,711
Net additions for the year	1,312	0	1,312
End of year	1,621	70,402	72,023
Depreciation			
Start of year	-223	-11,225	-11,447
Depreciation for the year	-221	-4,640	-4,861
End of year	-444	-15,865	-16,309
Start book value	86	59,177	59,263
End book value	1,177	54,537	55,714

Depreciation will be implemented on a linear basis over the expected useful lives of the assets.



Note 11 Participating interests

All figures in DKK thousands

	<i>Rejsekort A/S</i>	<i>Rejseplanen A/S</i>	Total
Start of year	16,990	328	17,318
Additions for the year	10,995	0	10,995
Disposals for the year	0	0	0
End of year	27,985	328	28,313

The partnership's participating interests have been calculated at cost. The shareholding constitutes less than 10 per cent of the overall share capital in Rejsekort A/S and Rejseplanen A/S, respectively.

Note 12 Accounts receivable, Financial fixed assets

All figures in DKK thousands

	<i>The City of Frederiksberg</i>	<i>Other accounts receivable</i>	Total
Start of year	971,219	36,606	1,007,825
Additions for the year	12,617	1,011	13,628
Disposals for the year	-54,812	0	-54,812
Ultimo	929,024	37,617	966,642

Other accounts receivable are the Company's subordinate loan capital in Rejsekort A/S. Receivables from the City of Frederiksberg are reduced by an annual payment from the City of Frederiksberg of approximately DKK 55 million covering repayment of principal and interest.

Note 13 Property

In connection with the construction of Cityringen, the Company has taken over apartments by expropriation. These apartments have been valued at cost price. As of 31 December 2011 the Company has taken over nine apartments. The apartments are leased out on market terms. Any loss or profit on sale of the apartments will be included in the cost of the construction of Cityringen.

During its founding, Metroselskabet took over land near the Forum and Fasanvej Stations. In the event of a profit on sale of this land, the City of Frederiksberg is entitled to a share of the profit, cf. separate agreement. The land has been valued at DKK 0.

Note 14 Accounts receivable, current assets

With a view to securing the engineering contractor reasonable liquidity during the construction period, the partnership established a liquidity scheme (liquidity bridge). "Accounts receivable" as of 31 December 2011 includes accumulated payments of DKK 839 million, with addition of interest.

Accounts receivable also include VAT receivable of DKK 160 million. Accrued interest amounts to DKK 38 million.

Of accounts receivable as of 31 December 2011, DKK 1,572 million falls due for payment later than 31 December 2012.

Note 15 Securities and liquid resources

All figures in DKK thousands

	2011	2010
Securities over 3 months	0	325,227
Securities, total	0	325,227
Cash and bank deposits	5,608	11
Fixed-term deposits	0	1,050,031
Securities under 3 months	0	0
Total liquid resources	5,608	1,050,042

**Note 16** Equity

All figures in DKK thousands

	<i>Contribution to existing Metro</i>	<i>Owner contribution</i>	<i>Retained earnings before market value adjustment</i>	<i>Equity excluding market value adjustment</i>	<i>Market value adjustment (MVA)</i>	Total
Start of year	660,857	9,590,000	-1,449,168	8,801,689	337,673	9,139,362
Additions for the year	0	0	-5,954,229	-5,954,229	-2,882,470	-8,836,699
End of year	660,857	9,590,000	-7,403,397	2,847,460	-2,544,797	302,663

Note 17 Provisions

All figures in DKK thousands

	2011	2010
Start of year	0	0
Additions for the year	-2,295,540	0
Disposals for the year	0	0
Total provisions	-2,295,540	0

	<i>Metro in Operation</i>	<i>Cityringen</i>
Specification of additions		
Recoverable value	9,319,215	-9,419,033
Book value as of 31 December 2011	5,305,934	0
Additional value	4,013,281	-9,419,033
Set off	-4,013,281	4,013,281
Write-down on construction 2011	0	3,110,212
Remaining provision at end of year	0	-2,295,540

The provision concerns Cityringen and is a consequence of the Company's "legal or actual obligation" to undertake the overall construction of Cityringen, since the contracts for the major construction work on Cityringen were concluded in January 2011.

Note 17 – continued

The provision is based on a calculated recoverable value for the entire Metro. The recoverable value is calculated on the basis of the assumptions in the Company's long-term budget, which is included as an Appendix to the Annual Report. This includes the application of an average real interest rate of 2.3 per cent in the first 20 years, increasing to 4 per cent in the longer term.

The Metro in Operation is measured at cost less actual depreciation and write-downs, cf. Accounting Policies, and has not previously been written down in Metroselskabet's accounts. The surplus recoverable value is therefore not written up for this asset, but set off to the statement of the provision as a consequence of the investment in Cityringen.

The interest rate applied to the calculation exceeds the current level of interest rates in the market, as a risk supplement is recognized. The application of a lower current market interest rate would increase the calculated recoverable value, and thereby improve the result for the year. As an illustration, the use of a 1 per cent lower interest rate in the first 20 years would entail that the recoverable value, and thereby the result for the year, would be DKK 3.2 billion higher. On the other hand, the application of a 1 per cent higher interest rate in this period would lead to a DKK 2.6 billion lower result.

Note 18 Long-term debts and financial instruments

All figures in DKK thousands

	2011	2010
Loans	-1,969,127	0
Financial instruments	-2,433,536	303,145
Forward foreign exchange contracts	-74	502
Total long-term debts	-4,402,736	303,647

In 2011, the Company raised loans for DKK 1,969 million (nominal DKK 1,750 million). The value of the Company's financial instruments is recognized in the total value of the debts as of 31 December 2011. As of 31 December 2011 the value of the Company's long-term debts and financial instruments was negative and was thereby included in long-term liabilities. The market value of financial instruments is recognized in the profit and loss account.

The Company's loans, financial instruments, etc. are in accordance with the "list of acceptable loan types" in the three-party agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

Of the Company's long-term debts, DKK 1,365 million (nominal DKK 1,250 million) falls due after 1 year and within 5 years.

Note 19 Trade creditors

"Trade creditors" as of 31 December 2011 includes the additional payment to COMET, the engineering contractor for stages 1 and 2A of the Metro, as a consequence of the arbitration ruling, cf. Note 21. The additional payment of DKK 478 million incurs provisionally estimated accumulated interest expenses totaling DKK 418 million. The total amount is expected to be settled in 2013 with the Company's receivable from COMET; when the Arbitration Tribunal has made its ruling in the follow-up questions concerning interest, currency, etc.

Note 20 Other debts

All figures in DKK thousands

	2011	2010
Outstanding PAYE tax	116	93
Outstanding holiday pay	11,795	9,108
Costs payable	218,965	179,088
Total other debts	230,876	188,288

DKK 81 million of costs payable is related to accrued interest payments.

Note 21 Contractual commitments and contingent liabilities

Contractual commitments

The current ongoing contracts with contractors concerning Cityringen have a total residual value of DKK 12,951 million (2012 prices).

For the purpose of operation of the Metro until December 2015, a contract has furthermore been concluded for a total residual value of DKK 1,257 million. In addition to the contract payments, there will be the opportunity for incentive payments.

Concerning the operation of Cityringen, a contract has been concluded for a total value of DKK 1,740 million in a five-year period as from the commencement of Cityringen's operation.

Contingent liabilities

The major engineering contractor for stages 1 and 2A of the Metro, COMET, in May 2004 lodged a claim with the Arbitration Tribunal for additional payment against Metroselskabet (Ørestadsselskabet). The claim for additional payment was for approximately DKK 4 billion, but the possible compensation was limited by the Arbitration Tribunal to DKK 2 billion, equivalent to COMET's final settlement. On 10 April 2012 the Arbitration Tribunal

Note 21 – continued

made a ruling in the key aspect of the case. In the ruling the Arbitration Tribunal granted COMET a total additional payment of DKK 478 million, to which provisionally estimated accumulated interest of DKK 418 million is added in the accounts. This additional payment is expected to be set off against the loan, with a principal of DKK 839 million (excluding interest), that Metroselskabet made available to COMET in the years 1999 to 2002 in order to ensure COMET sufficient liquidity to complete the construction work within the agreed time frame.

In Metroselskabet's current 2012 long-term budget, included as an Appendix to the Annual Report, it is assumed that COMET repays its entire loan in 2012. The net result of the Arbitration Tribunal's ruling entails a reduction of this payment. The Board of Directors recommends that the Company covers this additional expense from its own funds, so that, all other things being equal, Metroselskabet's total debt is not expected to be repaid until 2067, which will be an extension by seven years in relation to the current long-term budget.

The only outstanding issues are interest, currency, etc. which are expected to be ruled on by the Arbitration Tribunal during 2013. Reference is made to the account of the arbitration case in the Directors' Report in section 2.6.

The construction of the Metro entails compulsory purchases, etc., for which the partnership pays compensation to the owners concerned. The amount of future compensation has not yet been determined.

In connection with the invitation to tender for Cityringen the process has been brought before Klagenævnet for Udbud (the Tender Appeals Board). The Company has not allocated any liabilities, as the case is not expected to impose significant costs on the Company. The ruling of the Appeals Board is expected at the end of 2011.

Note 22 Auditing and consulting fees

All figures in DKK thousands

	2011	2010
Rigsrevisionen	450	416
BDO Kommunernes Revision A/S	360	350
Deloitte	527	416
Statutory audit, total	1,337	1,182
Deloitte	35	0
Rigsrevisionen	30	0
Other audit services, total	65	0
Deloitte	209	168
Total consulting fees	209	168



Note 23 Related parties

Metroselskabet's related parties are the Company's owners, Board of Directors and Board of Executives.

Transactions with related parties take place on market terms.

Transactions between related parties and Metroselskabet I/S for the period:

The partnership's owners have paid owner contributions as repayments, cf. Note 12.

The partnership's Board of Executives have received payment in the form of salaries and pension, cf. Note 4.

The partnership's Board of Directors have received payment in the form of Directors' fees, cf. Note 4.

In 2011 Metroselskabet has had income and expenses concerning the agreement with the Ministry of Transport on secretariat assistance relating to the construction of a light railway in Ring 3, cf. Note 1.

Note 24 Currency, interest-rate and credit risk

All figures in DKK thousands

Net financial liabilities	Nominal value	Market value	Market value
	2011	2011	2010
Securities and fixed-term deposits	0	0	1,375,258
Loans	-1,750,000	-1,969,127	0
Financial instruments	0	-2,433,610	303,647
Accrued interest, securities and fixed-term deposits	-	0	1,880
Accrued interest, financial instruments	-	-43,762	-39,664
Net liabilities, total	-1,750,000	-4,446,499	1,641,121

Note 24 – continued**Currency risk**

Currency distribution (DKK million), market value	<i>Loans</i>	<i>Financial instruments</i>	<i>Net position</i>
DKK < 1 year	0	-37	-37
DKK > 1 year	-1,976	-1,425	-3,401
EUR < 1 year	0	37	37
EUR > 1 year	0	-1,045	-1,045
Total	-1,976	-2,470	-4,446

Interest rate risk

Interest rate fixing as of 31 December 2011 (DKK million), market value			
<i>Period</i>	<i>DDK</i>	<i>EUR</i>	Total
0 – 1 year	-37	37	0
1 – 5 year	-530	-749	-1,279
5 – 10 year	-515	0	-515
10 – 20 year	-36	-296	-332
> 20 year	-2,320	0	-2,320
Total	-3,438	-1,008	-4,446

Credit risk

Liquidity investments and the use of financial instruments involve a credit risk on the counterparty. This risk is managed and monitored continuously via a special line and limit system which establishes the principles for specification of these risks, as well as a maximum for the risks that are acceptable for an individual counterparty. The latter is measured by the international rating agencies (Moody's, Standard & Poor's and Fitch/IBCA). The Company also seeks to reduce credit risks by using appropriate agreement documentation.

Credit risk distributed by rating category, as of 31 December 2011			
<i>Total counterparty exposure (market value, DKK million)</i>	<i>Loans</i>	<i>Financial instruments</i>	Total
AAA	-1,976	0	-1,976
AA	0	-976	-976
A	0	-1,494	-1,494
Total	-1,976	-2,470	-4,446





**The Board
of Directors of
Metroselskabet**

The Board of Directors of Metroselskabet

Henning Christophersen

(Chairman of the Board of Directors)

Appointed by the Danish Government

Former Minister and EU Commissioner

Other offices held:

- Senior Partner, Kreab A/B
- President of Luftfartsudvalget (the Danish Aviation Committee)
- Chairman of the European Institute of Public Administration

Jesper Christensen

(Vice Chairman)

Appointed by the City of Copenhagen

First Vice Chairman of the City Council

of Copenhagen

Other offices held:

- Member of the Finance Committee of the City of Copenhagen
- Member of the Children and Youth Committee of the City of Copenhagen
- Member of the Distribution Board concerning the municipal elements of corporate taxes
- Chairman of the Board of the City of Copenhagen's Youth College
- Chairman of the Board of Directors of the residential institution Hjulmagerstien
- Member of the Board of Directors of the College Board of Tingbjerg Hall of Residence
- Member of the Board of Directors of TKs Ungdomsgård
- Member of the Board of Directors of Det Kgl. Opfostringshus and Den Thorupske Stiftelse
- Member of the Board of Directors of Ørestad Gymnasium (Upper Secondary College)
- Treasurer of the European Association of Cities, Institutions and Second Chance Schools

Jørgen Glenthøj (Vice Chairman)

Appointed by the City of Frederiksberg

Mayor of the City of Frederiksberg

Other offices held:

- Chairman of Frederiksberg Energi A/S
- Board member of R98
- Board member of the National Association of Local Authorities in Denmark (chairmanship and local authority contact committee for the Copenhagen area)
- Board member of the Zoological Gardens
- Board member of the Øresund Committee
- Board member of the Wonderful Copenhagen Foundation
- Board member of the Chamber of Commerce of the City of Frederiksberg
- Member of the Board of Directors and of the Board of Representatives of Movia
- Member of the Technical and Environmental Committee of the National Association of Local Authorities in Denmark

Birgit Agaard-Svendsen

Appointed by the Danish Government
Director of J. Lauritzen A/S and
Landlov Aps

Other offices held:

- Chairman or board/management member of a number of subsidiaries of J. Lauritzen A/S
- Chairman of FUHU, Foreningen til Unge Handelsmænds Uddannelse
- Board member of The West of England Ship Owners Mutual Insurance Association (Luxembourg)
- Board member of The West of England Services S.A. (Luxembourg)
- Chairman of the Danish Committee on Corporate Governance

Hans Jensen

Appointed by the Danish Government
Former Chairman of LO (The Danish Confederation of Trade Unions)

Other offices held:

- Board member of Panda VVS
- Board member of Arken Museum of Modern Art
- Board member of L.D. Invest
- Board member of Refhaleøen property company
- Vice Chairman of the Board of Dansk Erhvervsinvestering.
- Member of the Board of Directors of Danmarks Nationalbank
- President of Dansk Folkeferie

Klaus Mygind

Appointed by the City of Copenhagen
Member of the City Council of Copenhagen

Birthe Skaarup

Appointed by the City of Copenhagen
Member of the City Council of Copenhagen

Other offices held:

- Member of the Leisure and Culture Committee
- Member of the Health and Care Committee
- Regional member of the Danish Cancer Society in the Capital Region
- Board member of ViFAB (Knowledge and Research Center for Alternative Medicine)

Kåre Møller Madsen

Elected by the employees
Press coordinator

Bente G. Rønnebæk

Elected by the employees
Bookkeeper

**Board of Executives
of Metroselskabet**

Henrik Plougmann Olsen
CEO

Other offices held:

- Board member of Rejsekort A/S
- Board member of Banebranchen (the Danish Rail Trade Association)
- Employer Panel at IFSK (Department of Political Science and Government), University of Copenhagen





Endorsements

- 5.1 Management Endorsement
- 5.2 The independent auditors' report

5.1 Management Endorsement

The Board of Directors and the Board of Executives have today examined and approved the Annual Report for 2011 for Metroselskabet I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (accounting class D), Danish accounting standards and the provisions of the partnership agreement on the presentation of financial statements. It is our opinion

that the accounting policies applied are appropriate, and that the financial statements give a true and fair view of the Company's assets, liabilities, financial position, profit and cash flows. It is also our opinion that the Directors' Report provides a true and fair account of the circumstances covered by the review.

We recommend the adoption of the Annual Report by the partners.

Copenhagen, 12 April 2012

Board of Executives

Henrik Plougmann Olsen

Board of Directors

Henning Christophersen (Chairman)

Klaus Mygind

Jesper Christensen (Vice Chairman)

Birthe Skaarup

Jørgen Glenthøj (Vice Chairman)

Kåre Møller Madsen

Birgit Aagaard-Svendsen

Bente G. Rønnebæk

Hans Jensen

5.2 The independent auditors' report

To the partners of the Metro Development Corporation

Auditors' report on the financial statement

We have audited the financial statement of the Metro Development Corporation for the financial year 1 January – 31 December 2011. The financial statement include accounting practice, profit & loss statement, balance sheet, equity capital, cash flow statement and notes. The financial statement has been prepared in accordance with the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metro Development Corporation and the Danish Financial Statements Act and Danish accounting standards.

Management's responsibility for the financial statement

The management is responsible for preparing and presenting financial statement that give a true and fair view in accordance with the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning the Metro Development Corporation and the Danish Financial Statements Act and Danish accounting standards. The management's responsibility also includes internal controls relevant to the preparation and fair presentation of financial statement and a management report free from material misstatement, whether due to fraud or error;

selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Further, it is the responsibility of the management to ensure that the transactions included in the financial statement are consistent with legislation, other rules and regulations, agreements made and common practice.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the financial statement based on our audit. We performed our audit in accordance with international auditing standards and additional requirements following from Danish audit legislation, generally accepted public auditing standards, cf. the Danish Auditor General's Act on the audit of the state accounts, etc. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statement is free from material misstatement.

An audit includes procedures to obtain audit evidence about the amounts and disclosures in the financial statement and management report. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement in the financial statement, whether due to fraud or error. In making the risk assessment, the auditor considers internal controls relevant to the preparation and fair

presentation of the financial statement by the Metro Development Corporation. The objective is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Metro Development Corporation's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied by management and the reasonableness of the accounting estimates made as well as evaluating the overall presentation of the financial statement.

Moreover, the audit includes evaluating whether the business procedures and internal controls established support the consistency of the transactions included in the financial statement with legislation, other rules and regulations, contracts made and common practice.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion the financial statement give a true and fair view of the Metro Development Corporation's assets, liabilities and financial position as at 31 December 2011 and the result of the Metro Development Corporation's transactions and cash flow for the fiscal year 1 January – 31 December 2011 in accordance with the provisions of the partnership agreement between the



Danish Government, the City of Copenhagen and the City of Frederiksberg concerning the Metro Development Corporation and the Danish Financial Statements Act and Danish accounting standards. We are also of the opinion that the business procedures and internal controls established support the consistency of the transactions included in the financial statement with legislation, other rules and regulations, agreements made and common practice.

Emphasis of matter concerning the audit

Without modifying our audit opinion, we draw attention to the fact that on 10 April

2012 a verdict was obtained in the arbitration case brought by the partnership's principal contractor, COMET, on phases 1 and 2A of the Metro. The Arbitration Body awarded COMET an additional payment of DKK 478 million (interest excluded). As a consequence of this verdict, the Metro Development Corporation expects to have repaid all debts by 2067 which is seven years later than indicated in the current long-term budget, unless the partners of the Metro Development Corporation decide to inject additional capital into the company. Please see note 21 to the financial statement for further information.

Statement on the management report

We have read the management report in accordance with the Danish Financial Statements Act. We have not performed any additional procedures beyond the audit of the financial statement. On this basis it is our opinion that the information presented in the management report is consistent with the financial statement.

Copenhagen, 12 April 2012

Rigsrevisionen

Annie Nørskov
Auditor General

Katja Cecilia Mattfolk
Director

Deloitte

Lynge Skovgaard
State-Authorised Public Accountant

John Menå
State-Authorised Public Accountant

**BDO Kommunernes Revision
Authorised Public Accounting Firm**

Lasse Jensen
State-Authorised Public Accountant





Appendix

6.1 Long-term budget

6.1 Long-term budget

The following 2012 long-term budget was adopted in December 2011. The consequences of the ruling of 10 April 2012 in the arbitration case brought by COMET are not included. This is reported on in section 2.6 of the Directors' Report.

Long-term budget assumptions

The long-term budget is stated in current prices:

Passenger figures and fares

1. The passenger figures are determined on the basis of the passenger forecast based on the most recently updated traffic model. For Cityringen, the number of passengers budgeted in 2019 is 44 million, increasing to 69 million passengers in 2023. For the Metro in operation the number of passengers budgeted in 2012 is 55 million, increasing to 61 million passengers in 2018.
2. The basis for the fare assumptions is the price per new passenger, based on the Order on the distribution of ticket revenue in Greater Copenhagen. These fare assumptions have been adjusted to 2012 prices based on the realized development in fares during the period, and furthermore adjusted in accordance with the latest actual passenger breakdown. The fare per new passenger has been budgeted at DKK 11.76 in 2012. A real increase in fares of 13 per cent in

the period 2009–2018, and of 15 per cent in the period 2018–2030, is assumed – equivalent to the assumptions in the government's convergence programme concerning the economic development. These assumptions are applied to the calculation assumptions in the updated passenger forecast.

Operation and construction costs

3. The operating costs for the Metro in operation are estimated on the basis of the Company's costs in accordance with the contract for the operation and maintenance activities. For Cityringen the basis is the transport system contract. As the assumed real increase in fares is from experience assessed to have a partial impact on the indexation of the Metro operating costs, a real increase in the operating costs equivalent to approximately 50 per cent of the assumed real increase in fares is budgeted.

In the period 2012 - 2018, budgeted commissioning expenses for Cityringen total DKK 389 million in 2012 prices. In 2018, the budgeted expenses for Trial Run of Cityringen total DKK 137 million in 2012 prices.

4. The construction costs for Cityringen have been determined on the basis of the tenders received for the transport system contract and the civil works contract. The total construction costs are estimated at DKK 21.3 billion in 2010 prices (DKK 22.2 billion in 2012 prices).

The conversion of the remaining budget from 2010 prices to the current price level is based on the contract index and the construction index of the Ministry of Finance. The costs in the individual years are based on the provisional payment plans. The final payment plans are currently being prepared with the contractors.

5. The reinvestments in connection with Cityringen are based on the assumptions in the agreement of principle and comprise DKK 246 million every 10th year, DKK 1,109 million every 25th year, and after 50 subsequent years DKK 493 million in 2012 prices. The conversion from 2010 prices to the current price level is based on an average inflation expectation of 2 per cent p.a.

6. Reinvestments in connection with the Metro in operation of DKK 286 million every 10th year in 2012 prices are assumed. In accordance with the partnership agreement, reinvestment in trains, tunnels and stations has not been included.

Other factors

7. No extraordinary payments are recognized as a consequence of settlement of the arbitration case raised by COMET (the Metro in operation). The partnership contract states that the partners are aware of this circumstance.

- 8.** The debt of the engineering contractor (the Metro in operation) to Metroselskabet in the form of the liquidity bridge established is assumed to be paid when the arbitration case brought by COMET is concluded (expected in 2012).
- 9.** The Metro is registered for VAT purposes, so that VAT is deducted from the Company's revenue from operation of the Metro, while VAT expenses for construction of the Metro are deducted.
- 10.** It is assumed that "other debt", which does not accrue interest, increases to approximately DKK 600 million when the construction works peak, after which it will fall to approximately DKK 100 million.
- 11.** It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a. On accrual of interest on the debt account is taken of the agreements on hedging of interest rates concluded by the Company. Debt in addition to the
- interest-rate hedging accrues interest at a real interest rate of 4 per cent p.a. In the short term, the Company's actual interest-rate expectations are also taken into account.
- 12.** It is assumed that from 2012 all prices increase by 2 per cent p.a.

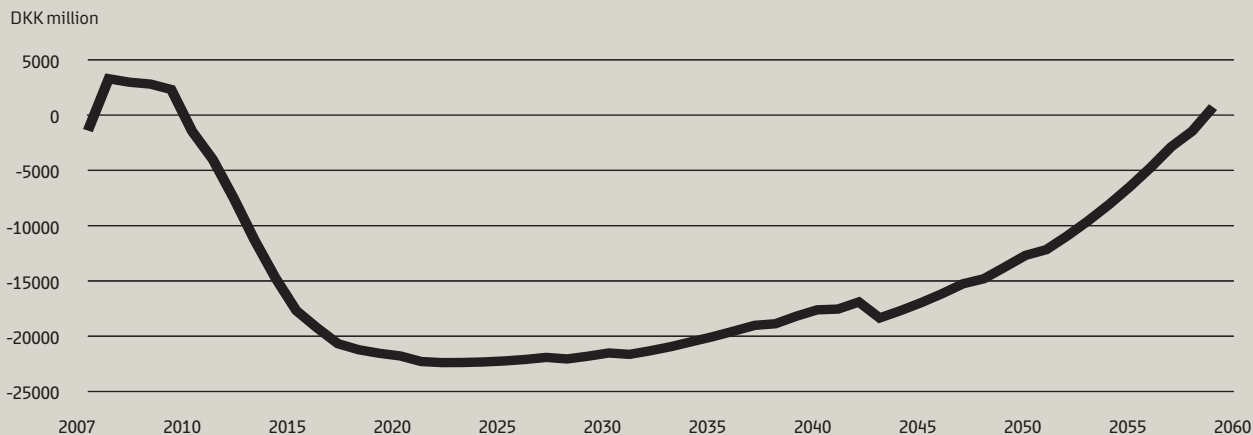
Long-term budget 2012 for Metroselskabet I/S (current prices)

DKK million

Real interest rate, debt	4%
Inflation	2%
Real interest rate, deposits	2%

Cityringen construction costs (2010 price level)

21.323





Long-term budget 2012 for Metroselskabet I/S (current prices) – continued

DKK million	Year	Accounts receivable	Other debt	Phases 1-3		Investments	Cityringen		Index adjustment
				Investments	Reinvestments		Reinvestments	Index adjustment	
	01.01.2007	1,268	105				-4		
	2007	4,842	75	-172	0	-62	0	0	
	2008	58	-142	-53	0	-390	0	0	
	2009		102	-44	0	-404	0	0	
	2010		40	-39	-4	-594	0	0	
	2011		137	-63	-24	-3,716	0	-147	
	2012	1,268	74	-61	-78	-3,867	0	-181	
	2013		74	-13	-71	-3,291	0	-151	
	2014		74	-9	-21	-3,431	0	-158	
	2015		-98	0	-21	-2,749	0	-128	
	2016		-98	0	-25	-2,239	0	-104	
	2017		-98	0	-19	-782	0	-39	
	2018		-98	0	-17	-445	0	-24	
	2019		-98	0	-18	0	0	0	
	2020			0	0	0	0	0	
	2021			0	0	0	0	0	
	2022			0	-350	0	0	0	
	2023			0	0	0	0	0	
	2024			0	0	0	0	0	
	2025			0	0	0	0	0	
	2026			0	0	0	0	0	
	2027			0	0	0	0	0	
	2028			0	0	0	0	0	
	2029			0	0	0	-332	-13	
	2030			0	0	0	0	0	
	2031			0	0	0	0	0	
	2032			0	-427	0	0	0	
	2033			0	0	0	0	0	
	2034			0	0	0	0	0	
	2035			0	0	0	0	0	
	2036			0	0	0	0	0	
	2037			0	0	0	0	0	
	2038			0	0	0	0	0	
	2039			0	0	0	-404	-16	
	2040			0	0	0	0	0	
	2041			0	0	0	0	0	
	2042			0	-520	0	0	0	
	2043			0	0	0	0	0	
	2044			0	0	0	-2,009	-81	
	2045			0	0	0	0	0	
	2046			0	0	0	0	0	
	2047			0	0	0	0	0	
	2048			0	0	0	0	0	
	2049			0	0	0	-493	-20	
	2050			0	0	0	0	0	
	2051			0	0	0	0	0	
	2052			0	-634	0	0	0	
	2053			0	0	0	0	0	
	2054			0	0	0	0	0	
	2055			0	0	0	0	0	
	2056			0	0	0	0	0	
	2057			0	0	0	0	0	
	2058			0	0	0	0	0	
	2059			0	0	0	-601	-24	
	2060			0	0	0	0	0	

	Operating profit				Liquidity impact	Interest rate	Interest	Transactions	Cash, start of year	Cash, end of year
	Phases 1-3		Cityringen							
	Income	Expenses	Income	Expenses						
										-1,402
	380	-354	0	0	4,708	5%	-17	4,691	-1,402	3,288
	501	-444	0	0	-469	5%	152	-317	3,288	2,971
	530	-464	0	0	-280	4%	114	-166	2,971	2,805
	595	-484	0	0	-486	4%	-4	-490	2,805	2,315
	601	-456	0	0	-3,668	4%	-103	-3,771	2,315	-1,456
	642	-475	0	-32	-2,710	6%	139	-2,571	-1,456	-4,027
	659	-474	0	-32	-3,299	6%	-192	-3,491	-4,027	-7,519
	700	-487	0	-44	-3,378	6%	-415	-3,793	-7,519	-11,311
	738	-503	0	-56	-2,817	6%	-593	-3,410	-11,311	-14,722
	775	-512	0	-57	-2,260	6%	-694	-2,954	-14,722	-17,676
	807	-528	0	-81	-739	6%	-827	-1,566	-17,676	-19,243
	843	-544	0	-273	-558	6%	-873	-1,431	-19,243	-20,674
	873	-557	630	-474	356	6%	-905	-549	-20,674	-21,223
	901	-573	792	-515	604	6%	-929	-324	-21,223	-21,547
	930	-589	914	-550	706	6%	-946	-239	-21,547	-21,787
	959	-605	1,043	-585	462	6%	-965	-503	-21,787	-22,290
	989	-622	1,128	-612	884	6%	-980	-97	-22,290	-22,387
	1,020	-601	1,164	-591	991	6%	-981	11	-22,387	-22,376
	1,052	-618	1,199	-607	1,026	6%	-977	49	-22,376	-22,327
	1,085	-635	1,237	-625	1,062	6%	-971	91	-22,327	-22,236
	1,118	-653	1,275	-642	1,098	6%	-962	136	-22,236	-22,100
	1,153	-671	1,313	-660	1,136	6%	-950	185	-22,100	-21,915
	1,188	-689	1,354	-679	829	6%	-971	-141	-21,915	-22,056
	1,224	-708	1,395	-698	1,214	6%	-965	249	-22,056	-21,807
	1,249	-722	1,423	-712	1,238	6%	-947	291	-21,807	-21,516
	1,274	-736	1,452	-726	836	6%	-960	-124	-21,516	-21,640
	1,299	-751	1,481	-741	1,288	6%	-959	329	-21,640	-21,311
	1,325	-766	1,510	-756	1,314	6%	-939	375	-21,311	-20,936
	1,352	-781	1,540	-771	1,340	6%	-888	453	-20,936	-20,483
	1,379	-797	1,571	-786	1,367	6%	-922	446	-20,483	-20,037
	1,407	-813	1,603	-802	1,395	6%	-894	501	-20,037	-19,537
	1,435	-829	1,635	-818	1,422	6%	-904	519	-19,537	-19,018
	1,463	-846	1,667	-834	1,030	6%	-884	146	-19,018	-18,871
	1,493	-863	1,701	-851	1,480	6%	-797	683	-18,871	-18,189
	1,522	-880	1,735	-868	1,509	6%	-935	574	-18,189	-17,615
	1,553	-897	1,769	-885	1,020	6%	-951	69	-17,615	-17,546
	1,584	-915	1,805	-903	1,570	6%	-930	640	-17,546	-16,906
	1,616	-934	1,841	-921	-488	6%	-953	-1,441	-16,906	-18,346
	1,648	-952	1,878	-939	1,634	6%	-976	658	-18,346	-17,688
	1,681	-971	1,915	-958	1,667	6%	-936	731	-17,688	-16,958
	1,715	-991	1,954	-977	1,700	6%	-891	809	-16,958	-16,149
	1,749	-1,011	1,993	-997	1,734	6%	-842	892	-16,149	-15,257
	1,784	-1,031	2,033	-1,017	1,256	6%	-802	454	-15,257	-14,803
	1,820	-1,051	2,073	-1,037	1,804	6%	-759	1,045	-14,803	-13,758
	1,856	-1,073	2,115	-1,058	1,840	6%	-771	1,069	-13,758	-12,689
	1,893	-1,094	2,157	-1,079	1,243	6%	-725	518	-12,689	-12,170
	1,931	-1,116	2,200	-1,101	1,914	6%	-674	1,241	-12,170	-10,930
	1,969	-1,138	2,244	-1,123	1,953	6%	-598	1,355	-10,930	-9,575
	2,009	-1,161	2,289	-1,145	1,992	6%	-516	1,476	-9,575	-8,099
	2,049	-1,184	2,335	-1,168	2,032	6%	-426	1,606	-8,099	-6,493
	2,090	-1,208	2,381	-1,191	2,072	6%	-328	1,744	-6,493	-4,749
	2,132	-1,232	2,429	-1,215	2,114	6%	-222	1,891	-4,749	-2,858
	2,174	-1,257	2,478	-1,240	1,531	6%	-126	1,405	-2,858	-1,453
	2,218	-1,282	2,527	-1,264	2,199	6%	-22	2,177	-1,453	724

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