

Annual report 2009



Metroselskabet

PARTNERSHIP

Corporate information

The Corporation

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Reg. No.: 30 82 36 99
Founded under the provisions of Act no. 551 of
6 June 2007.
Financial year: 1 January to 31 December
Registered district: City of Copenhagen

Board of Directors

Henning Christophersen (Chairman)
Jesper Christensen (Vice Chairman)
Jørgen Glenthøj (Vice Chairman)
Birgit Aagaard-Svendsen
Hans Jensen
Ayfer Baykal
Birthe Skaarup
Jens H. Gravgaard
Bente G. Rønnebæk

Board of Executives

Henrik Plougmann Olsen
(Managing Director)

Auditors

The National Audit Office of Denmark
Deloitte
BDO Kommunernes Revision A/S (approved auditing
company)

Ownership

The City of Copenhagen: 50%
The Danish Government: 41.7%
The City of Frederiksberg: 8.3%

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Preface

For Metroselskabet, last year will be remembered as the year the work on the City Circle Line became visible on the street. Since autumn, Kongens Nytorv and Assistens Cemetery near Nørrebros Runddel have shown signs of the fact that Copenhagen is to have 17 new Metro stations. Looking a little ahead, there will be about 16 large work sites when we reach the end of 2010.

In 2009 the Metro passed the major milestone of transporting 50 million passengers annually. The Metro also began operating 24 hours a day, seven days a week, on 16 March, and the night tariff was abolished later in the year. Overall operational reliability for the entire year was 98.6% – matching the Metro's record for 2008.

Operation of the existing Metro returned a satisfactory profit of DKK 66 million. An improvement of DKK 9 million compared to 2008.

The Danish Broadcasting Corporation's Koncerthus opened in January, adding yet another cultural destination to the large selection already available to Metro customers. In the city, major events such as the IOC Session and COP15 Climate conference put the capital and the Metro to the test. The Metro experienced its two busiest days ever, culminating on Friday 18 December, where 240,000 passengers used the service.

We are very grateful to our regular passengers for the extra consideration and patience many showed during these two events. We also express our thanks to Metro Service, who handled both occasions professionally and without hiccup.

Pleasant reading.

Henning Christophersen
Chairman
Metroselskabet

Henrik Plougmann Olsen
Managing Director
Metroselskabet

Directors' report

Finances

Result and change in equity for the year

Profit before depreciation and financial items for 2009 amounted to DKK 66 million. An improvement of DKK 9 million compared to 2008. This profit relates to operation of the Metro. The corporation believes this is a satisfactory result, reflecting the fact that the Metro is an enterprise which annually generates funds for further investment in the City Circle Line.

Depreciation and write-downs amounted to DKK 596 million, on par with 2008. The result before financial items subsequently amounts to a deficit of DKK 530 million.

Financial items include interest revenues of DKK 160 million and interest expenses of DKK 17 million. In addition, a market value adjustment incurred an accounting expense of DKK 30 million. The total financial items amount to an income of DKK 113 million.

The result after financial items was a loss of DKK 417 million, DKK 140 million higher than in 2008. This loss arises from the book depreciation of the corporation's investment in the City Circle Line, and depreciation of the existing Metro.

The loss for the year of DKK 417 million has been deducted from equity, which amounted to DKK 9.4 billion at the end of 2009.

As a consequence of the applied accounting policies, the decline in equity can be expected to continue in the coming years. Contracts are expected to be signed in 2010 for the construction of the City Circle Line. This means that equity is expected to be reduced to approximately DKK 1 billion, as planned, because the corporation undertakes a financial obligation upon signing the contract.

No events of significance to the annual report for 2009 have occurred after the closing of accounts.

Financial highlights				
<i>DKK million</i>	2009	2008	2007	<i>Opening balance</i>
Net turnover for the year	722	670	480	-
Result before write-downs and depreciation	66	57	26	-
Depreciation and write-downs	-596	-575	-230	-
Result before financial items	-530	-518	-204	-
Financial items	113	242	53	-
Result for the year	-417	-277	-151	-
Balance sheet total	9,691	9,950	10,323	12,797
Investment in the Metro for the year	448	442	235	-
Equity	9,413	9,830	10,100	10,251
Equity ratio	97%	99%	98%	80%

Operating result for the Metro

The result for operation of the Metro (before depreciation) in 2009 constitutes a profit of DKK 66 million. This is an improvement of DKK 9 million compared to 2008.

Income from the Metro in 2009 constituted DKK 522 million from the joint fare system, and DKK 147 million for leasing out the Metro, etc. Expenditure covering running costs for the Metro, contract management, administration, etc. this year came to DKK 604 million.

Depreciation on the Metro has been undertaken in accordance with the corporation's accounting policies. The overall result for the year is thus burdened with a loss of DKK 192 million.

The fare payment is based on an average passenger revenue per passenger of DKK 10.69 in 2009, calcu-

lated on the basis of the Ministry of Transport's order regarding division of ticket revenue in the metropolitan area.

Construction of the City Circle Line

The total construction budget for the City Circle Line of DKK 15.4 billion (2005 prices) is based on the optimised feasibility study. The construction budget has been adjusted to DKK 18.1 billion in 2010 prices.

Investments totalling DKK 404 million were made in the City Circle Line in 2009, bringing total investment in the line to date to DKK 860 million.

The book value of the City Circle Line has been entered in the balance sheet at DKK 0. This is because the City Circle Line is continually written down to the expected recoverable value of construction, taking into account the planned construction investments.

Operating result of the Metro		
<i>DKK million</i>	2009	2008
Fare payments	522	493
Metro operating income	135	122
Other operating income	13	8
Total income	669	622
Payment for operations	-522	-497
Contract management, etc.	-26	-22
Other expenses	-30	-19
Administration costs	-26	-27
Total expenses	-604	-565
Result before depreciation	66	57
Depreciation	-192	-186
Total result	-126	-129
Net profit ratio before depreciation	10 %	9 %

Investment budget of the City Circle Line			
<i>DKK million</i>	<i>Investments in 2009</i>	<i>Investments as of 31 Dec 2009</i>	<i>Total budget</i>
City Circle Line	404	860	18,087

Financing

At the end of 2009, Metroselskabet had an overall balance of DKK 1.8 billion. The corporation has made fixed-term deposits at banks and purchased bonds. All investments have been made in Danish kroner. The corporation achieved an overall effective interest rate on its investments of 3.7% in 2009 (4.8 % in 2008).

Following on from the founding of Metroselskabet, the corporation took over an interest rate swap in 2009 for a principle sum of EUR 135 million. At the end of 2009, this swap is included under long-term debts, with a total negative unrealised market value of DKK 56 million.

Arbitration claims

The construction contractor from stage 1 and 2A of the Metro, COMET, has lodged a claim for additional payment of around DKK 2 billion. The claim relates to the years 1999 onward and therefore covers a period when the construction work proceeded without any major problems. The former Ørestad Development Corporation reviewed the claims and informed COMET that these would essentially be rejected on the existing basis. COMET has subsequently lodged a claim for arbitration. Metroselskabet has taken over the claims raised against the Ørestad Development Corporation. A ruling on the case is expected in 2011, according to the current timetable set by the Arbitration body.

A settlement was reached in early 2010 with the Movia transport company regarding distribution of passenger income for the period 2005-2007, after Movia had raised an arbitration claim against Metroselskabet.

The construction contractor from stage three of the Metro, Hoffmann/Arkil-Novejfa, has lodged a claim for additional payment in connection with the contractor's final settlement of around DKK 81 million. Metroselskabet has reviewed the claims and informed the contractor that they must essentially be rejected. The contractor has lodged a claim for arbitration. The ruling of the Court of Arbitration is expected in 2011.





Corporation management

Corporation background

Metroselskabet was founded on 26 October 2007 under the provisions of the Act regarding Metroselskabet I/S and Arealudviklingselskabet I/S. Metroselskabet took over Metro activities from the former Ørestad Development Corporation and Frederiksbergbaneselskab at this time.

The act defines the framework for the work of Metroselskabet, and specifies the purpose of the corporation as being to:

- handle planning and construction of a City Circle Line
- be responsible for operation and maintenance of the whole Metro
- operate on a commercial basis
- conduct public tenders for the operation and maintenance of the Metro

The corporation must also coordinate and supply public service transportation, pursuant to the Danish Act on Transport Companies. This must be done in cooperation with other transport and railway companies, requiring Metroselskabet to be involved in establishing fares and ticketing systems, and coordinating timetables between buses and trains in the Greater Copenhagen region.

The corporation therefore has three basic duties – constructing a City Circle Line, operating the Metro, and coordinating and supplying public service transport. Construction and operation activities must be carried out on a commercial basis. By undertaking these activities, the corporation is helping solve infrastructure challenges in the region, and "commercial basis" should therefore be viewed from a long-term perspective. Construction activities are long-term investments, where short-term cost-cutting may lead to major further operating expenses for many years ahead. The corporation's business strategy is there-

fore based on a balance between short term liquidity considerations and long-term economic interests, with the latter being most important.

Metroselskabet cooperates with the other companies providing public transport in Copenhagen. The aim of this cooperation is to give travellers in the Greater Copenhagen region the sense that transport functions as a seamless entity, despite the fact it is provided by different operators. This is to be achieved by the parties coordinating their activities in the Greater Copenhagen region, particularly in relation to customer information, transfers, and timetable planning.

The parties are also obligated to enter into income sharing arrangements. Trafikstyrelsen (the Public Transport Authority) is responsible for the general coordination of this cooperation, such that income from the common ticketing system is distributed on the basis of passenger statistics and jointly approved fare levels.

Organisation

Metroselskabet is a partnership, owned jointly by the City of Copenhagen (50%), the Danish Government (41.7%) and the City of Frederiksberg (8.3%).

The Board of Directors of Metroselskabet are the corporation's top level of leadership, and are thus responsible for ensuring that the corporation fulfils the goals set by legislation. The Board of Directors approves the corporation's vision and strategy on the basis of proposals from the Board of Executives.

The Board of Directors has nine members who are chosen for a period of four years. The City of Copenhagen and the Danish Government each appoint three members, and the City of Frederiksberg appoints one member. Corporation employees elect a further two members of the Board. The Board of Directors meets approximately 12 times a year, and the Board committees hold additional meetings as required.

The business strategy entails that the corporation regularly report to the Board of Directors on risk assessment. The Board has elected to appoint a risk committee under the Board, to facilitate such reporting. The purpose of the risk committee is to streamline the Board's handling of the corporation's risk management, including risk assessment and risk reporting.

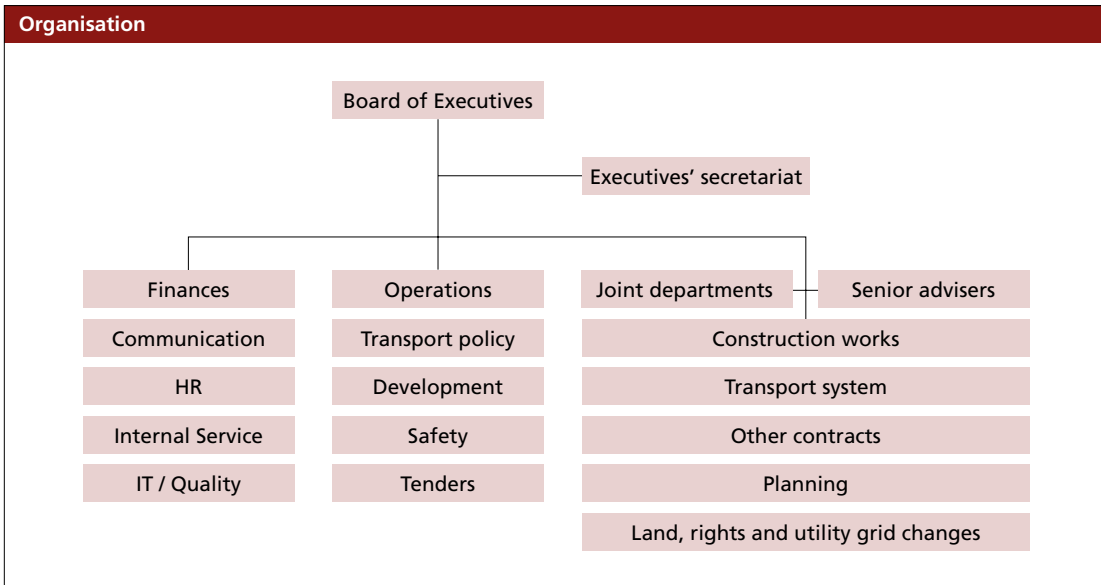
Metroselskabet Board has also decided to appoint an auditing committee to assist the Board in monitoring the process of presenting the financial statements. The auditing committee focuses on ensuring the trustworthiness, integrity, and transparency of the public financial statements.

Day to day management of the corporation is the responsibility of the Managing Director. Henrik Plougmann Olsen was appointed as the new Managing Director on 1 November. The former Managing Director,

Anne-Grethe Foss, will continue her dedicated work as Director of Operations. In addition to the Managing Director and Director of Operations, the management team also comprises a Technical Director responsible for the corporation's construction activities, and a Director of Communications and Human Resources.

At the close of the financial year, the corporation employed 93 staff, responsible for operation of the corporation and the existing Metro, and construction of the City Circle Line. Approx. 150 consultants are also working on the construction of the City Circle Line and housed at the corporation premises on Metrovej.

The corporation board and executives draw continuous inspiration from existing recommendations on good corporate management. The corporation draws on publications such as "Staten som aktionær" ("The State as shareholder", published by the Danish Min-



The Board of Metrosekskabet – an overview of board members can be found at the back of the report.

istry of Finance, et al.) and the policy on active ownership adopted by the City Council of Copenhagen when regularly evaluating its business strategy.

Operation of the Metro has been contracted out to Ansaldo STS, with Metro Service A/S as subcontractor, until October 2010. The work of finding a new operating contractor through an EU tendering process was concluded in January 2010, and Ansaldo STS will continue to be responsible for operation of the Metro until 2015, with Metro Service A/S as subcontractor.

Business strategy

Metroselskabet's business strategy defines the corporation's vision and mission. The strategy is based on the aims set forth in the legislation, making the business strategy an important management document.

The vision is based on a view of the Metro as a community asset. The existing Metro and City Circle Line help support the mobility which is important in a modern capital city. The Metro is contributing to the development of Copenhagen and Frederiksberg as a Northern European metropolis, and gives residents greater flexibility in terms of transport. The corporation is helping improve the public transport system through operation of the existing Metro, and establishment of a new line. The corporation is thereby helping to maintain Denmark's high profile in relation to climate issues, the environment, resource awareness, and social responsibility.

The vision of Metroselskabet is therefore to support these general social endeavours by organising and managing the corporation's construction activities and continuing operation of the existing and future Metro lines.

In order to fulfil this vision, Metroselskabet will focus on long-term economics and value creation, strict, proactive project management, optimising operating costs and passenger revenues, considering issues related to the climate, environment, resources and social responsibility, and ensuring the greatest possible openness about the corporation's activities.

The long-term budget shows the expected long-term economic development within the corporation. The description of the corporation's financial position is based on a number of assumptions that are subject to the uncertainty that will always be involved in assessment of future circumstances. The budget is based, among other things, on assumptions regarding trends in the number of passengers on the Metro and in interest rates. Under the given assumptions, net debt is expected to peak in 2029 at DKK 17.1 billion (in current prices). The debt is expected to be fully repaid in 2059. The current long-term budget has been appended to the directors' report.

As joint stakeholders in the corporation, the Danish Government, the City of Copenhagen and the City of Frederiksberg are, unconditionally and jointly and severally, liable for all the corporation's liabilities, including loans raised by the corporation. Owing to the Danish Government's joint and several liability, the corporation has been indirectly credit-rated in the same way as the Government, i.e. AAA by Moodys and AAA by Standard & Poors. Consequently, the corporation is generally able to obtain capital market terms comparable to those available to the Government. In addition, the corporation is able to raise so-called re-lending loans with the Danish Central Bank. A re-lending loan means a loan raised directly from the Central Bank by the corporation on behalf of the Danish Government, based on a specific government bond, and on the same conditions as those that apply when the bond is sold on the market.

Communication

Metroselskabet greatly emphasises the importance of openness. In addition to the annual report and environment report, the corporation also publishes quarterly reports, which provide regular up-to-date status information on activities and financial position. The corporation's quarterly and annual reports are published by the Danish Commerce and Companies Agency, as is the case for government-owned public limited companies. Information on the Metro's operational stability and the number of passengers, etc, is published on the corporation's website.



Financial risks

Metroselskabet manages a number of financial risks.

Currency risks

Borrowing is regulated by a three-party agreement between the Danish Central Bank, the Ministry of Transport and the corporation. The agreement contains guidelines for the types of financial instruments and loans that the corporation may include in its loan portfolio. According to these guidelines, the corporation's loan portfolio may only be exposed in DKK and EUR.

Interest rate risks

Interest rate risks are actively managed by borrowing and investing money at both variable and fixed interest rates. Duration – the average fixed-interest period – of the corporation's deposits at the end of 2009 was 0.1 years. Net annual profit is affected by fluctuations in the so-called market value adjustment, which is determined overall by trends in the general interest rate level. If the interest rate falls, for example, the market value of a fixed-interest bond rises and vice versa.

Counterparty risks

The corporation's placement of liquidity utilises only the most credit-worthy Danish and foreign institutions, so that the counterparty risk is limited as far as possible. This risk is managed and monitored continuously through a special line and limit system, which establishes the principles for specification of these risks, as well as a maximum for the extent of risks to be accepted for an individual counterparty. The latter is measured in relation to the counterparty's ratings from the international ratings agencies. The corporation also seeks to reduce risks by using appropriate agreement documentation. In this connection, special agreements on provision of security - so-called CSA agreements - are entered into with counterparties.

Metroselskabet is also very aware of the public's need for knowledge and dialogue in relation to construction of the City Circle Line. This line will impact on a very large number of people, making good communication vitally important. We therefore wish to maintain close dialogue with all involved parties during the construction work – for their sake and our own sake. Neighbours need to be informed about what is happening in their local area, and the corporation wants to be aware of local conditions, focus areas and any issues.

Procedures for preparing financial statements

Metroselskabet Board has stipulated the general procedures and controls for the most important areas in relation to presenting the financial statements.

The current instructions on financial statements describe the corporation's accounting structure and organisation of accounting activities, including information on the division of responsibility and authority within the corporation. The instructions also contain the rules to be observed by employees working on activities related to the financial statements.

The IT strategy describes the general use of IT systems, including security and backup issues, etc, while the financial instructions define the framework for handling financial transactions, in part with the aim of ensuring the desired risk profile.

A reporting process has been established involving quarterly financial reporting and updates to the corporation'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 for operation of the Metro, construction of the City Circle Line, and the corporation's financial situation.

Risk management

The risks the corporation is exposed to are analysed. General risk management aims to incorporate risks spanning the organisation.



Risk is reported at four levels. The first level involves the appointed risk owners within their respective professional fields within the corporation identifying any new risks, monitoring already known risks, proposing and following up on initiatives to minimise or prevent risk, and evaluating the current status.

The risk owners report to the Board of Executives, who collect proposals for changes to the current risk assessment. The Board evaluates the received proposals and ensures that risks are assessed in a uniform

manner, with respect to probability and consequences, across the organisation. On the basis of this work, the Board prepares a comprehensive list of the corporation's risks.

The Board of Executives presents a quarterly proposal for a prioritised list of current risks to the risk committee, and then to the complete Board of Directors. The corporation reports on risk assessment at quarterly meetings with the corporation owners, based on the Board of Directors' treatment of this list.

Metro Operation

In 2009 the Metro passed the major milestone of transporting 50 million passengers annually. Overall operational reliability for the entire year was 98.6% – matching the Metro's record for 2008. The Metro began operating 24 hours a day, seven days a week, from 16 March, and the night tariff was abolished later in the year.

Passenger figures

Metroselskabet constantly seeks to attract more customers to the Metro. It is therefore a positive development that 50 million passengers used the Metro in 2009. This represents growth of around six per cent compared to 2008. This means that the Metro transported an average of approx. 162,000 passengers each weekday in 2009. The passenger figures in 2009 exceeded budgeted levels.

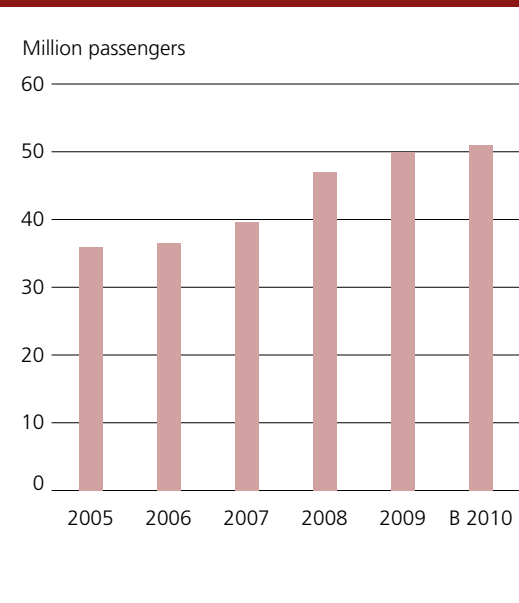
Metroselskabet has the short-term goal of reaching 51 million passengers in 2010, and the long-term goal of reaching 62 million passengers in 2018.

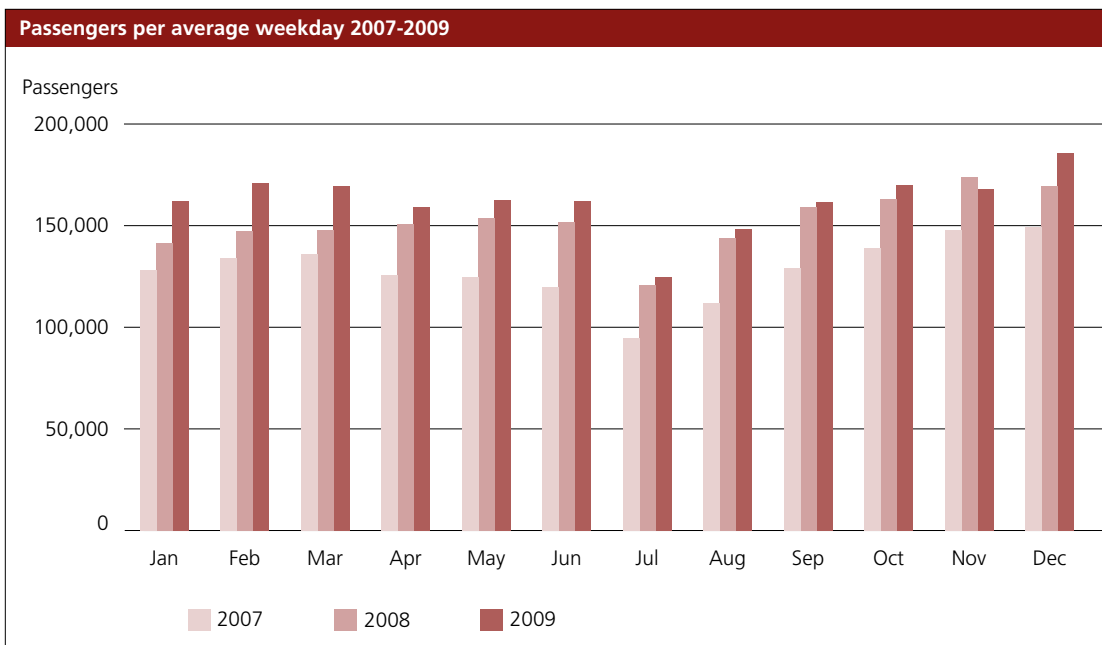
Metroselskabet is marketing the Metro in cooperation with Ansaldo and Metro Service to ensure continued growth in the number of passengers. The corporation is also working with other transport companies to jointly market public transport (trains, buses and Metro) in the Greater Copenhagen region. Passenger incentives have also been improved in connection with re-tendering the operation and maintenance contract. The aim is for the operator to play a greater role in implementing initiatives to attract more passengers.

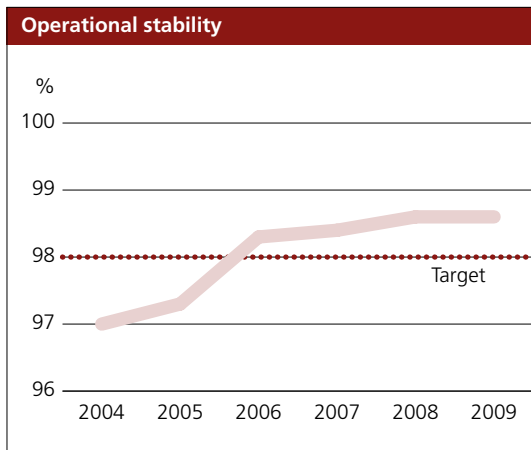
Facts on the existing Metro

- Covers a total distance of 21 km
- 22 stations
- 34 trains
- 50 million passengers annually in 2009
- Operates 24 hours a day, seven days a week
- 98.6% operational stability in 2009
- Average speed, including stops, of 40 km/h
- Constructed in three phases
- The first phase opened in October 2002
- The second phase opened in May and October 2003
- The third phase opened in September 2007
- Currently operated by Ansaldo

Passenger figures 2005-2009







Operational stability

The operational stability of the Metro is an important factor in relation to retaining and attracting new passengers. Metroselskabet, Ansaldo and Metro Service therefore again focused in 2009 on achieving high operational stability. It is therefore pleasing that there was a generally high level of operational stability throughout 2009, resulting in overall operational stability of 98.6%. In other words, 98.6 per cent of Metro trains departed at the scheduled time in 2009. This is the same as in 2008, and 0.6 percentage points above the corporation's target of 98%.

Customer satisfaction

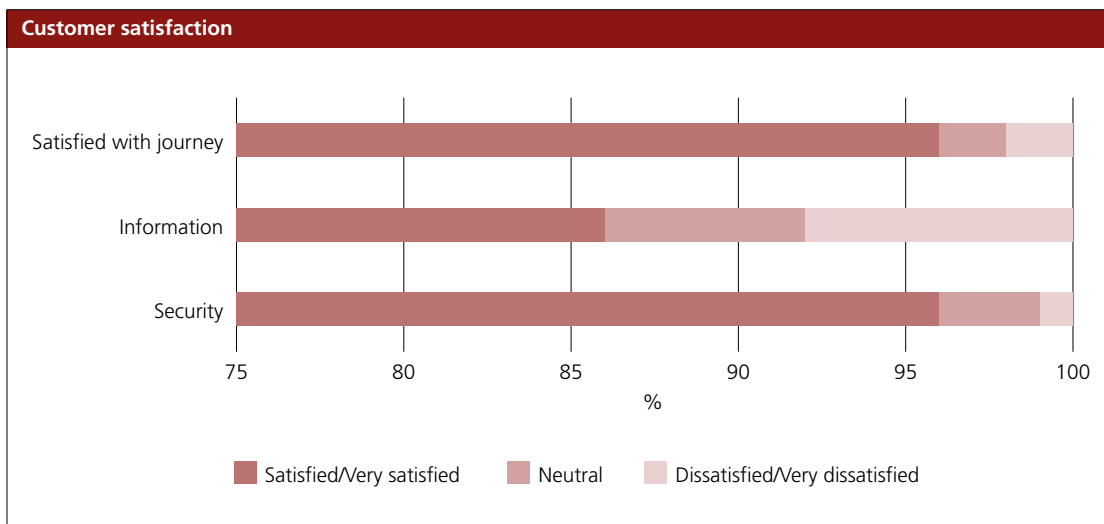
Customer satisfaction is also vitally important to the Metro in relation to retaining existing customers and attracting new ones. Metroselskabet, Ansaldo and Metro Service therefore pay close attention to customer feedback, and employ several tools to collect knowledge of customer expectations and wishes, including conducting regular customer satisfaction surveys in the Metro.

The overall result for 2009 is shown on the chart below.

Safety

Safety in the Metro is very high compared with other forms of transport, and motor vehicles in particular. This is demonstrated by the fact that there has not been a single accident in connection with train operations during the entire lifetime of the Metro.

Metroselskabet aim is for the Metro to be at least as safe as the safest new Metros in the world. The Metro's safety aspects are therefore a focus point for both the operator and its employees and Metroselskabet.



Electronic ticket system

Metroselskabet owns eight per cent of Rejsekort A/S, which is to provide a nationwide electronic ticket system. In addition to Metroselskabet, Rejsekort A/S is owned by a number of transport companies in Denmark, including DSB and Movia.

The aim of the Travel Card is to allow Metro customers and other passengers to take the Metro or other forms of transport anywhere in Denmark, without having to think about fare zones or tickets. The Travel Card will be implemented in stages, and be fully implemented in 2012.

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 aim of the service is to publicly provide relevant travel information about public transport in Denmark. This is why Metroselskabet has a stake in Rejseplanen A/S. The remaining owners comprise regional and local transport companies throughout Denmark.

Operations contract

Operation and maintenance of the existing Metro is tendered in accordance with the Act regarding Metroselskabet I/S and Arealudviklingsselskabet I/S. The existing contract has been entered into with Ansaldo, the same company which provided the conveyance system (trains, tracks, control system, etc) for the existing Metro system. This contract runs until October 2010.

Payment under the existing operations contract consists of a fixed basic payment, dependent on the planned scope of traffic, and a variable payment that encompasses various bonus and penalty provisions.

New tender of operations contract

The operation and maintenance of the existing Metro was re-tendered in 2009. The tender was announced in March 2009, inviting potential participants to seek prequalification in order to submit a tender for the job.

Applicants were assessed on the basis of their financial and corporate strength and their technical qualifications. Six bidders were prequalified to bid for the job.

Bids from all six bidders were received on 24 August 2009. Following initial evaluation, there was a round of negotiations and all bidders were given the opportunity to submit revised bids. The bids were then re-evaluated. Following this evaluation, the bidders with the three financially most advantageous bids were invited to further negotiations, with the opportunity to submit yet another revised bid. These bids provided the basis for the final evaluation and selection of the financially most advantageous bid as the winner of the tender. A contract for the operation and maintenance of the Metro for five years, with the option of being extended a further three years, was subsequently entered into with Ansaldo on 29 January 2010.



Following the signing of this contract, a mobilisation phase is to be carried out which includes documenting the condition of the Metro to close off the current contract period, and serve as the basis for the new contract period. Changes to the new contract in relation to the existing contract will also be prepared by the operator, closely monitored by Metroselskabet, so as to ensure operation is carried out in accordance with the new contract.

City Circle Line

In collaboration with the municipal governments of Copenhagen and Frederiksberg, the Danish Government (through the Ministry of Transport) has entered into an agreement for the expansion of the existing Metro through the addition of a City Circle Line (Cit-yringen).

The City Circle Line is a completely new Metro line constructed according to the same principles as the existing Metro. This does not mean that it must be built by the same contractors and suppliers, but that the types of construction will largely be the same as in the existing Metro. For example, the Metro will be fully automatic with no drivers, and served by short trains running at regular intervals. Stations will generally also be the same as for the existing Metro, including being designed as large open spaces.

The City Circle Line will run in a tunnel under the Copenhagen City centre, the "bridge quarters" and Frederiksberg. The line will have 17 underground stations. Twin tunnels approximately 15.5 km long will be constructed, as well as a branch to a new Control and Maintenance Centre (CMC). Actual construction of the City Circle Line will get underway in 2010.

Facts about the City Circle Line

- Act adopted by the Danish Folketing in June 2007
- Feasibility study approved by the Minister for Transport in March 2009, following recommendations from the City of Copenhagen and City of Frederiksberg.
- Expected to open in 2018
- Budget: DKK 15.4 billion (2005 prices)
- Covers a total distance of 15.5 km.
- Tunnel depth: approx. 10-35 meters
- 17 stations
- 72 million passengers expected annually

When the City Circle Line opens, passengers will be able to change to the existing Metro lines at Kongens Nytorv and Frederiksberg. It will also be possible to transfer to the regional rail network and S-trains at the Copenhagen Central and Østerport stations, and to S-trains at Nørrebro station. The City Circle Line will reduce travel times dramatically. To take just a few examples, travel from Nørrebro Runddel to Enghave Plads will take seven minutes; from Nørrebro station to Trianglen, six minutes; and from Poul Henningsen's Plads to Rådhuspladsen, eight minutes.

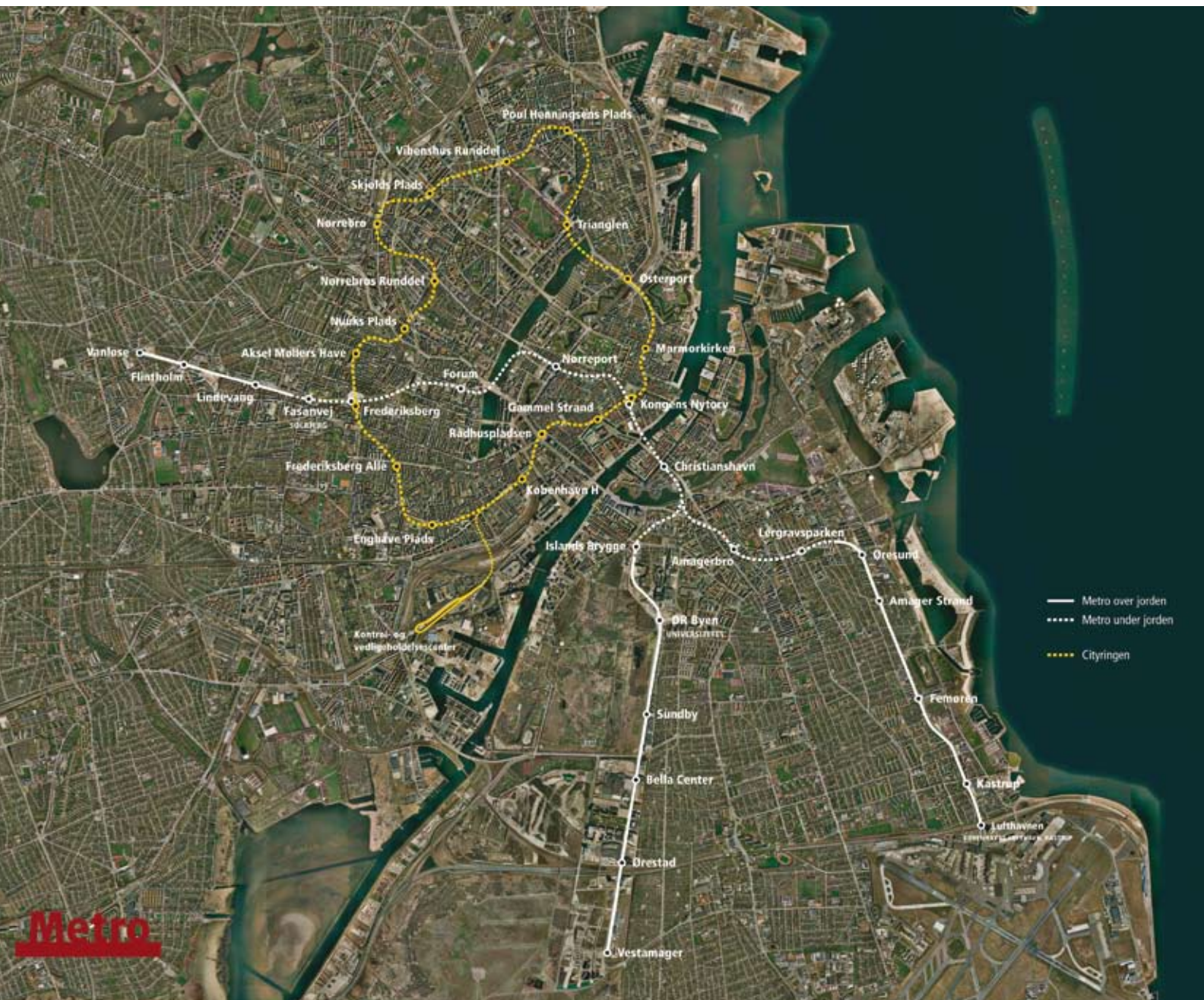
The legislative bill estimates the City Circle Line will cost approx. DKK 15 billion (2005 prices). The City Circle Line is expected to open to passengers in 2018.

The City Circle Line in 2009

The City Circle Line passed a critical milestone on 27 March 2009 when the Danish Minister for Transport approved the final project. The approval was based on the optimised feasibility study Metroselskabet presented to its stakeholders. The approval also came in response to recommendations to the Minister for Transport by the City of Copenhagen and City of Frederiksberg.

In the spring of 2008 the City of Copenhagen and the City of Frederiksberg presented an Environmental Impact Assessment for the City Circle Line. The assessment formed the basis of a public hearing among the citizens of Copenhagen and Frederiksberg. During the hearing, around 200 citizens voiced concerns and submitted comments to the local authorities. The comments have been collected in a whitepaper which has formed the foundation for the approval of the urban development addendum and EIA statement for the City Circle Line.

Work intensified in 2009 with the preparation of tender documents for the large contracts covering construction work and the transport system, which also



covers operation and maintenance of the City Circle Line for five to eight years. Tender specification documents for both tenders were issued, on schedule, in October 2009, marking the end of a very important phase in the construction of the City Circle Line. Planning for the City Circle Line is now so advanced that the major construction and supply contracts are expected to be signed in autumn 2010.

The work of inspecting and acquiring the necessary land and rights in order to be able to establish the City Circle Line commenced in 2009. A number of preparatory works must be carried out before the contractors can get underway, and the first of these were initiated in 2009. The geotechnical surveys were carried out in 2009. The work on changes to the utility grid

commenced in 2009, with associated traffic rerouting at various locations in the city. Finally, archaeological investigations have to be carried out at selected station construction sites. These will be done by archaeologists from the Museum of Copenhagen in what it calls the "largest Northern European archaeological excavation ever seen". Investigations will cover sites of traffic redirection and utility grid changes in the areas surrounding Kongens Nytorv, Gammel Strand, Marmorkirken and Nørrebros Runddel (Assistens Cemetery).

The names of the stations on the City Circle Line were finally published on 2 December 2009. The names were resolved after six of the 17 station names were involved in a naming competition, where the public



Environmental report

Metroselskabet's environmental report will deal with the construction of the City Circle Line, operation of the existing Metro and administration of the corporation. The report will be published once a year.

A key issue of the environmental report will be how to handle the massive challenges posed by a construction as large as the City Circle Line in the densely populated parts of Copenhagen. There will be focus on how construction can be managed with the least possible inconvenience to the citizens. Furthermore, there will be a focus on limiting the already low CO₂ emissions.

was invited to make suggestions for station names. Over 700 proposals were received, with plenty of creative ideas, obvious choices and amusing perspectives of local areas. Six station names were approved by Metroselskabet Board following consultation with the Copenhagen Road Names Committee, based on the many suggestions.

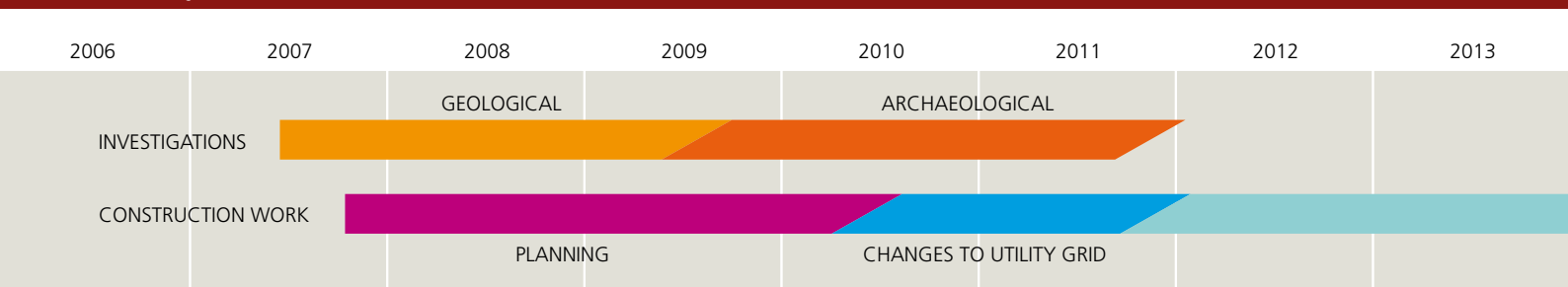
The City Circle Line in 2010

Issuing the tender specification documents in October 2009 was an important milestone for the City Circle Line, but it will be an even bigger day when Metroselskabet signs the two contracts for construction work and the transport system. Metroselskabet will receive the first bids on the contracts in spring 2010.

The transport system contract covers the supply of trains and railway systems, as well as the task of operating and maintaining the entire City Circle Line during the first five years after opening. The following bidders have been prequalified to bid on the transport system:

- Ansaldo STS (Italy)
- Bombardier Transportation Danmark A/S
- Construcciones y auxiliary de ferrocarriles S.A. (CAF) (Spain) in a consortium with Thales Transportation, Signalling and Security Solutions A/S (Denmark), Balfour Beatty Rail Danmark A/S and Keolis Nordic AB (Sweden). (Withdrawn in early 2010)
- Siemens A/S (Denmark) in a consortium with Siemens STS (France), Siemens AG (Germany) and Hyundai ROTEM (Korea)

Timeline for City Circle Line



The construction contract covers construction of tunnels and stations. The following bidders have been prequalified to bid on these works:

- ALPINE Bau GmbH (Austria) in a consortium with FCC Construcción S.A. (Spain)
- Bilfinger Berger Ingenieurbau GmbH (Germany) in a consortium with VINCI Construction Grands Projects (France) and Per Aarsleff A/S (Denmark). (Withdrew in early 2010)
- MTHøjgaard A/S (Denmark) in a consortium with HOCHTIEF Construction A/G (Germany), Ed. Züblin AG (Germany) and E. Pihl & Søn A/S (Denmark)
- SALINI Costruttori S.p.A. (Italy) in a consortium with TECNIMONT S.p.A. (Italy) and S.E.L.I. Società Esecuzione Lavori Idraulici S.p.A. (Italy)

It is planned that the major contracts for the construction work and transport system will be signed in autumn 2010.

Metroselskabet is also in the process of adapting its organisation to its role as a developer, as much of the planning for the City Circle Line is coming to a close as the time approaches to sign the contracts with the primary contractors. The corporation will primarily be responsible for managing construction of the City Circle Line, including inspection and monitoring in relation to the construction and supply contracts. The organisation and appointment of a construction management team is therefore well underway.

The City Circle Line – from idea to reality

The process to date:

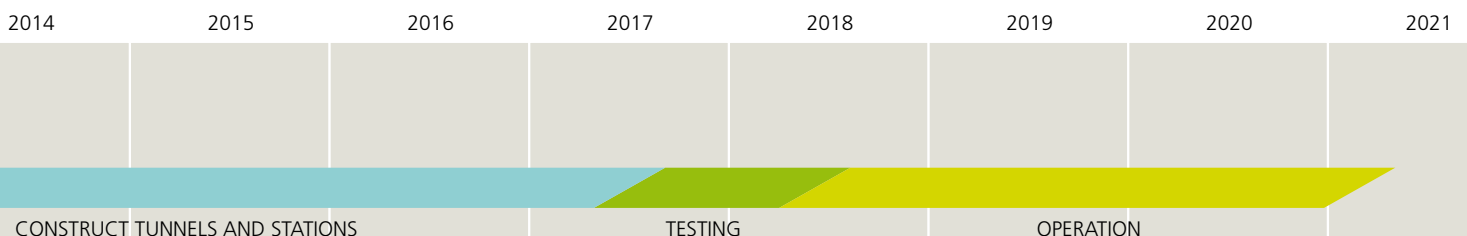
- Initial report outlining the general project – May 2005
- Act regarding a City Circle Line adopted by the Danish Folketing – June 2007
- Metroselskabet founded – October 2007
- Feasibility study containing a detailed description of the project. – December 2008
- Conclusion to public hearing of the EIA report and approval of the project by the City of Copenhagen and City of Frederiksberg – January 2009
- Feasibility study approved by the Danish Minister for Transport – March 2009
- Geotechnical drilling
- Tender specification documents issued – mid 2009

Current activities:

- Changes to utility grid
- Archaeological investigations
- Contract signing – mid 2010

Future timetable:

- Construction work is expected to be completed in late 2017
- Testing and trial runs – 2017-2018
- Expected opening – 2018



Social responsibility

Introduction

Each day, Metroselskabet takes care of the many passengers who entrust responsibility for their transportation to the Metro. Taking responsibility for the neighbouring community is therefore a basic principle in Metroselskabet's daily work. But the corporation's responsibility extends beyond simply transporting people. The corporation is also responsible for the environment, working environment, security, and employees. The corporation therefore has the following social responsibility goals:

- To provide reliable, environmentally friendly public transport in Copenhagen through the existing Metro and the City Circle Line
- To ensure a good working environment during construction of the City Circle Line, and work on the existing Metro
- To create a safe Metro for both passengers and employees
- To provide good working conditions which can help attract and retain employees
- To implement initiatives to counter corruption and bribery

The corporation's greatest responsibility to the neighbouring community consists in the task of being responsible for public transport. The existing Metro and City Circle Line will both change travelling patterns in central Copenhagen, have a positive effect on city air quality, contribute to reducing CO₂ emissions, and help solve congestion problems.

The corporation therefore imposes demands on itself and its suppliers which go far beyond those prescribed in the legislation in several areas. 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.

Environment

Metroselskabet works continually and systematically to reduce environmental impact from the Metro. Metroselskabet prepares an annual environment report which presents the corporation's environment objectives.

Policy

Work on the environment has resulted in the following environment vision, which appears in the environment report.

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

This vision is fleshed out in a specific policy in the environment report. It is regularly updated and aims to ensure the corporation maintains its focus and works towards the vision, and that new challenges are addressed.

Action plan

The existing Metro is a modern system which has already implemented many of the obvious environmental initiatives. Environmental advances are monitored, and ongoing efforts are made to achieve further environmental improvements. The objective for the City Circle Line is for its construction and operation to be at least as environmentally friendly as the existing Metro.

The environment policy in the environment report has been translated into an action plan for the existing Metro, the City Circle Line and administration. The action plan is helping to constantly close the gap between current environmental impacts and objectives for the same (policy).



Relocating Svend Wiig Hansen's SLÆGT LØFTER SLÆGT sculpture from Gammel Strand

A specific environment strategy aimed at reducing environmental impacts in six specific areas has also been prepared in cooperation with the City of Copenhagen and City of Frederiksberg. These areas are: management of ground water and surface water during construction, traffic routing to and from the worksites through the city, and management of impacts caused by noise, vibrations and air pollution.

The policy will be regularly monitored, and the status will be reviewed in Metroselskabet's annual environment report. The Board has decided that the environment report will be prepared in parallel with the Annual Report from 2011.

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 construction sector in Denmark. The accident frequency for phases one and two of the Metro's

construction has been approximately 31 accidents per million hours worked, compared to 36 accidents per million hours for the sector as a whole. For phase three, the accident frequency was reduced to approx 16. The frequency has generally declined throughout the entire construction period. Joint safety inspections, working environment campaigns, establishment of a safety culture, safety planning, and a top management focus on the area have all contributed to the low accident frequency. The corporation will build on this experience in its working environment initiatives during construction work on the City Circle Line.

Policy

Metroselskabet has formulated the following working environment policy for construction of the City Circle Line. The corporation must:

- *perform working environment leadership in accordance with the intentions of the DSIEN OHSAS 18001 standard*
- *include working environment considerations in decision processes, and integrate them in the project*
- *prevent workplace accidents and work-related injuries*

- *achieve a high quality working environment at construction sites during construction, and within the finished Metro system during operation*
- *make substitutions for, and as far as possible avoid, unhealthy and hazardous materials, chemical products and working methods during construction, operation and maintenance of the Metro system*

Action plan

As the developer, Metroselskabet will ensure construction of the City Circle Line takes place in an environment that prevents working environment problems and accidents. The corporation will therefore work systematically to identify working environment problems during the design phase. To this end, Metroselskabet will prepare workplace assessments for the work processes to be performed during the construction phase. Solutions to possible working environment problems will be incorporated during the design phase.

The initiative has also been taken to create a reference group for construction of the City Circle Line. The aim of the reference group is to promote greater dialogue about the working environment with contractors, organisations and government authorities. A similar reference group was created during construction of the existing Metro, and experience gained from these meetings will be used in the planning and construction of the City Circle Line.

Safety

Policy

Metroselskabet business strategy defines its safety policy goals. The objective is for the Metro to be as safe as the safest new Metro systems in the world. The following safety policy goal for construction of the City Circle Line has also been set:

Metroselskabet will maintain its high safety goals during development of the City Circle Line and in the organisation of future operation of the existing Metro and the future City Circle Line.

Action plan

The corporation regularly evaluates possible updates to safety procedures in cooperation with our operating contractor, with the aim of maintaining and improv-

ing the Metro's safety policy objective. Metroselskabet draws on a large network among Metro systems in other countries, for example, for exchanging experiences in relation to safety procedures.

Increased focus on terrorism in transport systems has led to greater focus on emergency response initiatives in the Metro. Metroselskabet works with the operational contractor and emergency services on a regular basis with the aim of preventing terrorism and other accident situations, and ensuring the best possible emergency response should they occur. Metroselskabet also participates in an experience exchange network with other Danish transport companies regarding 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 operational contractor ensures that Metro staff are trained in conflict management. All stations and Metro trains are under video surveillance, helping to create a secure environment in the Metro system. Metroselskabet also sponsors Natteravnene (the Night Owls) by providing free transport so they can travel around Copenhagen on the Metro when they are out and about to help create greater security in Copenhagen nightlife.

Metroselskabet participates in a crime prevention network aimed at preventing violence and vandalism against transport companies in Greater Copenhagen. The network has been started as a forum for experience exchange, but the longer-term goal is to be able to implement joint crime prevention initiatives and projects in locations where the companies have common points of contact and challenges.



Concert with the Danish Broadcasting Authority symphony orchestra at Frederiksberg Station at the beginning of the season for Thursday concerts.

Personnel conditions

Policy

Metroselskabet has a set personnel policy which is regularly updated as the need arises.

There is also focus on the indirect responsibility the corporation has towards the operational contractor's personnel. The business strategy has therefore also given focus to conditions for the operational contractor's personnel:

Metroselskabet will evaluate, in cooperation with the operational contractor, whether there is a need and potential for improvements, with the aim of giving employees the best possible conditions.

Action plan

Having well-trained and highly satisfied employees is essential in order to achieve efficient operations and a high level of customer satisfaction. The majority of staff working on the Metro, and especially those on the front line, are employed by the operational contractor, and therefore not directly under the authority

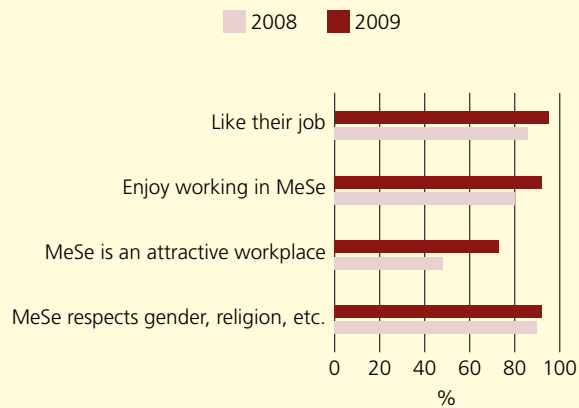
of Metroselskabet. However, the contract with the operational contractor emphasises good conditions for employees, including basic training and regular training updates for all employees.

In relation to the corporation's own employees, work is being done to promote good health by combining efforts to achieve a better working environment with initiatives targeting a healthy lifestyle and greater well-being. Metroselskabet therefore offers all employees a health examination, and the option of participating in health classes focusing on lifestyle and nutrition. A healthy canteen has also been set up, and a fruit scheme is available to employees. The corporation also provides massage and psychologist services for employees, aimed at retaining employees in the case of illness or accident. The corporation also offers sheltered employment, and is involved in training through approved trainee positions.

Metroselskabet also requires, in accordance with ILO Convention 94 concerning Labour Clauses in Public Contracts, that contractors ensure that the staff employed by them, and by any subcontractors, to ful-

Metro Service employee satisfaction

Metro Service has a focus on employee satisfaction, to ensure employees are content and motivated. Metro Service carries out regular employee satisfaction surveys. The results are shown here:



fill the contract, are hired on salary and employment terms that are no less favourable than the salary and employment terms applicable to the same type of work under the collective bargaining agreement, legislation or administrative provisions within the trade or industry concerned, in the region in which the work is performed. This requirement applies to both the existing Metro and the City Circle Line.

Anti-corruption

Metroselskabet has implemented initiatives to counter corruption and bribery, to ensure the corporation remains free of corruption. The corporation is particularly aware of the issue, as it manages and enters into contracts for the operation and construction of the Metro involving very large sums.

Policy

Metroselskabet has implemented a gift policy and prepared whistleblowing guidelines to counter corruption and bribery. Both have been incorporated into the corporation's personnel policy.

Action plan

Whistleblowing guidelines have been prepared to in-

still 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 to those who do the reporting if rules have been breached. In order to protect the corporation'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.

The Board has decided that they are also covered by the above policies, in line with the rest of the corporation.

Checks are also made to ensure that all companies prequalified to submit bids comply with article 45 of the EU Public Procurement Directive. Under this article, companies may be excluded from submitting bids if they have been found guilty of money laundering, bribery, fraud, tax evasion, or social security payment evasion. Metroselskabet tender specification documents also naturally contain the requirement that suppliers comply with current laws and regulations on wages and working editions, production conditions, etc.

Annual Accounts

Accounting policies

Basis of accounting

The annual report for Metroselskabet 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 adapted in order to better show how the results have been generated.

The accounting period is 1 January – 31 December 2009. 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 presentation of the annual report, and that 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 with the amounts relating to the financial year.

Value adjustment for 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 at 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 metropolitan 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 (City Circle Line) 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 office space rent and minor revenue from leases, etc.

Metro operating expenses

The Metro's operating expenses include expenses for the operational contractor, the partnership's costs for contract management, etc., and other costs for maintaining 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 expenses include costs for administration, including office supplies, etc.

Financial items

Financial items include interest, realised and non-realised exchange rate adjustments, as well as value adjustments of the partnership's loans, investments and derivatives, measured at market 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, planning and construction as well as value of own work, until the date the asset is ready for use. The Metro is not depreciated during construction.

Metro in operation

The Metro put into service is measured at cost less depreciation and write-down undertaken. The cost price is equivalent to the current value as of 1 January 2007 (opening balance), plus subsequent investments. The

current value has been calculated as the future cash flows (recoverable amount).

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 to zero, taking into account estimated service life. Depreciation methods and service life are reassessed annually and amended in the event of any significant change.

Substantial future investments are regarded as separate component parts and 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 depreciation and write-down undertaken. 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 life, 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 recorded as costs in the profit and loss account in the year of acquisition.

Gains and losses from sales 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.

Write-down on fixed assets

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

The recoverable amount 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 (see appendix to the directors' report).

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 allocated liability, and is thereby already recorded in the profit and loss account, the write-down is offset against the allocated liabilities as an expression of 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 amortised cost, which is usually equivalent to nominal value less write-downs to meet expected losses.

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 amortised 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.

Allocated liabilities

Allocated liabilities 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.

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

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 for this principle is that the corporation always takes a portfolio perspective in relation to financial management, such that the intended exposure in response to various financial risks is obtained using various financial instruments – both primary and derivative instruments. This means that no distinction is made, for example, between loans and derivatives, when managing financial market risk, only the sum exposure is considered.

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 amortised 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

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



Profit and Loss Account

for the period 1 January - 31 December 2009

Note	(all figures in DKK thousands)	2009	2008
Income			
2	Metro fare revenue	522,019	492,664
2	Metro operating income	134,733	121,780
	Value of own work	52,348	48,325
3	Other operating income	12,723	7,578
	Total income	721,823	670,347
Expenses			
2	Metro operating expenses	-577,551	-538,277
4	Staff costs	-57,343	-47,821
5	Other external costs	-21,146	-27,146
	Total expenses	-656,040	-613,244
	Result before write-downs and depreciation	65,783	57,103
	Write-downs and depreciation	-596,023	-575,499
	Result before financial items	-530,240	-518,396
6	Financial items		
	Financial income	159,969	243,493
	Financial expenses	-46,601	-1,773
	Total financial items	113,368	241,720
	Result for the year	-416,872	-276,676
Proposed disposal of profit			
	Carried forward to next year	-416,872	-276,676

Balance Sheet

Assets

As of 31 December 2009

Note	(all figures in DKK thousands)	2009	2008
FIXED ASSETS			
Tangible fixed assets			
7	Construction of the Metro	7,373	3,103
8	Metro in operation	5,182,014	5,329,891
9	Buildings	63,757	56,731
9	Operating equipment and fixtures and fittings	129	200
	Total tangible fixed assets	5,253,273	5,389,925
Financial fixed assets			
10	Other participating interests	17,318	16,990
11	Accounts receivable	1,047,617	1,062,702
	Total financial fixed assets	1,064,935	1,079,691
	Total fixed assets	6,318,207	6,469,616
CURRENT ASSETS			
12	Property	4,960	0
13	Accounts receivable	1,566,188	1,515,845
14	Other securities	1,151,177	1,150,829
14	Liquid resources	650,835	813,697
	Total current assets	3,373,160	3,480,371
	TOTAL ASSETS	9,691,367	9,949,987

Balance Sheet

Liabilities

As of 31 December 2009

Note	(all figures in DKK thousands)	2009	2008
EQUITY			
	Start of year	9,830,211	10,099,660
	Additions for the year	-416,872	-269,448
15	Total equity	9,413,339	9,830,211
LONG-TERM DEBTS			
16	Total long-term debts	55,783	0
SHORT-TERM DEBTS			
	Bank loans	24,884	0
	Trade creditors	101,473	72,075
17	Other debts	95,888	47,701
	Total short-term debts	222,245	119,776
	Total debts	278,027	119,776
	TOTAL LIABILITIES	9,691,367	9,949,987
18	Contractual commitments and contingent liabilities		
19	Auditor's fee		
20	Related parties		
21	Currency, interest rate and credit risks		

Cash Flow Statement

<i>(all figures in DKK thousands)</i>	2009	2008
Cash flow from operating activities		
Metro fare revenue	522,019	492,664
Metro operating income	134,733	121,780
Other operating income	12,723	7,578
Metro expenses	-577,551	-538,277
Staff costs	-57,343	-47,821
Other external costs	-21,146	-27,146
Total cash flow from operating activities	13,435	8,777
Cash flow from investment activities		
Investment in construction of the Metro	-400,996	-394,033
Investment in buildings, operating equipment and fixtures and fittings	-10,987	-39,583
Investment in securities (excluding market value adjustment)	0	-500,000
Total cash flows from investment activities	-411,982	-933,616
Cash flows from financing activities		
Loans raised, net (excluding market value adjustment)	0	0
Accounts receivable	-35,586	-5,021
Trade creditors and other debts	102,468	-96,698
Net financing expenses (excluding market value adjustment)	142,994	228,167
Total cash flows from financing activities	209,876	126,448
Change in available funds	-188,672	-798,391
Available funds, at start of year	813,697	1,609,715
Market value adjustment, net	25,809	2,372
Available funds, at end of year	650,835	813,697



Notes

Note 1 Segment reporting

<i>(all figures in DKK thousands)</i>	<i>Phases 1-3</i>	<i>City Circle Line</i>	<i>Total</i>
Income	669,475	52,348	721,823
Expenses	-603,692	-52,348	-656,040
Result before write-downs and depreciation	65,783	0	65,783
Write-downs and depreciation	-191,732	-404,290	-596,023
Result before financial items	-125,949	-404,290	-530,240
FIXED ASSETS			
Construction of the Metro	7,373	0	7,373
Metro in operation	5,182,014	0	5,182,014
Buildings	63,757	0	63,757
Operating equipment and fixtures and fittings	129	0	129
Financial fixed assets	1,064,935	0	1,064,935
Total fixed assets	6,318,207	0	6,318,207
CURRENT ASSETS			
Property	0	4,960	4,960
Accounts receivable	1,547,637	18,551	1,566,188
Total current assets	1,547,637	23,511	1,571,148
DEBTS			
Trade creditors	27,828	73,645	101,473
Other debts	67,094	28,794	95,888
Total debts	94,921	102,439	197,360

Note 2 Operating result for the Metro

<i>(all figures in DKK thousands)</i>	2009	2008
Metro fare revenue	522,019	492,664
Metro operating income		
Leasing out the Metro	126,798	113,639
Other income	7,935	8,141
Total Metro operating income	134,733	121,780
Other operating income	12,723	7,578
Total income	669,475	622,022
Metro operating expenses		
Payment for operations	-522,019	-496,858
Contract management, etc.	-25,555	-22,119
Other expenses	-29,977	-19,300
Total Metro operating expenses	-577,551	-538,277
Administration costs	-26,141	-26,642
Total expenses	-603,692	-564,919
Result before depreciation	65,783	57,103
Depreciation	-191,732	-185,854
Result before financial items	-125,949	-128,751

The partnership has outsourced operation of the Metro. The lease payment depends on the overall operating result for the Metro. In 2009, the Metro had 50 million passengers (47 million in 2008). The fare revenue for 2009 is based on an average passenger revenue of DKK 10.69 (DKK 10.77 in 2008). The result before depreciation of Metro operations (excl. administration) is DKK 79 million (DKK 76 million in 2008).

Note 3 Other operating income

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

Note 4 Staff costs

<i>(all figures in DKK thousands)</i>	2009	2008
Wages, salaries and emoluments	46,943	38,890
Pension contributions	6,026	4,915
Social security contributions	2,062	2,536
Other staff costs	2,312	1,479
Total staff costs	57,343	47,821
Of which:		
Salaries for the Board of Executives	2,271	2,078
Other payments to the Board of Executives	732	191
Pensions for the Board of Executives	50	96
Emoluments for the Board of Directors	1,731	1,744
Average number of employees (full-time equivalents)	78	68
Employees at year-end	93	71

There have been changes to executive positions in 2009, leading to an accrued holiday payout of DKK 0.5 million, reported under 'other payments'. Bonus payments for executives (up to 10% of ordinary salary) are also included under 'other payments'.

Note 5 Other external costs

<i>(all figures in DKK thousands)</i>	2009	2008
Administration costs	15,945	22,478
Consultancy costs	5,202	4,669
Other external costs, total	21,146	27,146

Note 6 Financial items

<i>(all figures in DKK thousands)</i>	2009	2008
Financial income		
Interest income from financial fixed assets	29,621	53,437
Interest income from accounts receivable	57,495	77,250
Interest income from liquid resources and securities	72,846	99,253
Exchange rate adjustment	6	0
Market value adjustment	0	13,552
Total financial income	159,969	243,493
Financial expenses		
Interest expenses	-16,975	-1,773
Exchange rate adjustment	0	0
Market value adjustment	-29,626	0
Total financial expenses	-46,601	-1,773
Total financial items	113,368	241,720

Interest expenses are primarily due to the interest rate swap taken over (see note 16).

Note 7 Construction of the Metro

<i>(all figures in DKK thousands)</i>	Phases 1-3	City Circle Line	Total
ACQUISITION SUM			
Start of year	3,103	455,894	458,998
Net additions for the year	8,798	404,290	413,088
Carried forward to Metro in Operation	-4,529	0	-4,529
End of year	7,373	860,184	867,557
WRITE-DOWNS AND REVALUATIONS			
Start of year	0	-455,894	-455,894
Revaluations for the year	0	0	0
Write-downs for the year	0	-404,290	-404,290
End of year	0	-860,184	-860,184
Start book value	3,103	0	3,103
End book value	7,373	0	7,373

Costs for implementation of ticket systems are included under construction of the Metro. Write-down for the year on the City Circle Line is due to the recoverable amount being lower than the book value.

Note 8 Metro in operation

<i>(all figures in DKK thousands)</i>	<i>Tunnel and shell of underground stations</i>	<i>Other fixed facilities</i>	<i>Rolling stock, etc.</i>	<i>Other technical installations</i>	<i>Total</i>
ACQUISITION SUM					
Start of year	2,462,015	1,439,511	1,359,375	415,784	5,676,685
Net additions for the year	13,566	8,185	8,966	4,578	35,296
Transferred from Construction of the Metro	0	0	0	4,529	4,529
End of year	2,475,581	1,447,696	1,368,341	424,891	5,716,510
WRITE-DOWNS AND DEPRECIATION					
Start of year	-50,859	-60,286	-125,801	-109,849	-346,794
Depreciation for the year	-26,086	-31,666	-65,685	-64,265	-187,701
Write-downs for the year	0	0	0	0	0
End of year	-76,945	-91,951	-191,486	-174,114	-534,496
Start book value	2,411,156	1,379,225	1,233,574	305,935	5,329,891
End book value	2,398,637	1,355,745	1,176,855	250,777	5,182,014

Note 9 Buildings, operating equipment and fixtures and fittings

<i>(all figures in DKK thousands)</i>	<i>Operating equip- ment and fixtures and fittings</i>	<i>Temporary office buildings</i>	<i>Total</i>
ACQUISITION SUM			
Start of year	309	59,354	59,663
Net additions for the year	0	10,987	10,987
End of year	309	70,341	70,650
DEPRECIATION			
Start of year	-109	-2,624	-2,733
Depreciation for the year	-71	-3,961	-4,031
End of year	-180	-6,584	-6,764
Start book value	200	56,731	56,930
End book value	129	63,757	63,886

Depreciation will be implemented linearly over the expected useful life of the assets.

Note 10 Participating interests

<i>(all figures in DKK thousands)</i>	<i>Rejsekort A/S</i>	<i>Rejseplanen A/S</i>	<i>Total</i>
Start of year	16,990	0	16,990
Additions for the year	0	328	328
Disposals for the year	0	0	0
End of year	16,990	328	17,318

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

Note 11 Accounts receivable, Financial fixed assets

<i>(all figures in DKK thousands)</i>	<i>City of Frederiksberg</i>	<i>Other accounts receivable</i>	<i>Total</i>
Start of year	1,035,267	27,435	1,062,702
Additions for the year	29,621	8,155	37,776
Disposals for the year	-52,861	0	-52,861
End of year	1,012,027	35,590	1,047,617

Other accounts receivable are the corporation's subordinate loan capital in Rejsekort A/S. Receivables from the City of Frederiksberg are reduced by an annual payment from the City of approx. DKK 53 million covering repayment of principle and interest.

Note 12 Property

In connection with the construction of the City Circle Line, the corporation has taken over apartments through expropriation. These apartments have been valued at cost price.

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 13 Accounts receivable, Current assets

With a view to securing the building contractor reasonable liquidity during the construction period, the partnership has established a liquidity scheme (liquidity bridge). "Accounts receivable" as of 31 December 2009 includes accumulated payments of DKK 839 million.

Accounts receivable also includes VAT receivable of DKK 23 million. Accrued interest amounts to DKK 33 million.

Of accounts receivable as of 31 December 2009, DKK 1,473 million falls due for payment later than 31 December 2010.

Note 14 Securities and liquid resources

<i>(all figures in DKK thousands)</i>	2009	2008
Securities over 3 months	1,151,177	1,150,829
Other securities, total	1,151,177	1,150,829
Cash and bank deposits	19	11,683
Fixed-term deposits	650,816	802,014
Securities under 3 months	0	0
Total liquid resources	650,835	813,697

Note 15 Equity

<i>(all figures in DKK thousands)</i>	<i>Contribution existing Metro</i>	<i>Owner contribution</i>	<i>Result carried forward</i>	<i>Total</i>
Start of year	660,857	9,590,000	-420,646	9,830,211
Additions for the year	0	0	-416,872	-416,872
End of year	660,857	9,590,000	-837,518	9,413,339

Note 16 Long-term debts

<i>(all figures in DKK thousands)</i>	<i>Expiry</i>	2009	2008
Interest rate swap	2031	55,783	0
Total other debts		55,783	0

Following on from the founding of Metroselskabet, the corporation took over an interest rate swap in 2009 for a principle sum of EUR 135 million.

Note 17 Other debts

<i>(all figures in DKK thousands)</i>	2009	2008
Outstanding PAYE tax	1,797	1,732
Outstanding holiday pay	7,392	6,220
Costs payable	86,699	39,749
Total other debts	95,888	47,701

DKK 31 million of costs payable relate to periodic interest payments.

Note 18 Contractual commitments and contingent liabilities**CONTRACTUAL COMMITMENTS**

Metro under construction (contracts in progress in DKK million)	144
Metro in operation (contracts in progress in DKK million)	28
	172

The residual value of contracts in progress entered into with contractors concerning the Metro totals DKK 172 million.

With a view to operation of the Metro up to October 2010, another contract has been entered into with a residual value of DKK 257 million. The corporation entered into a contract in January 2010 for operation up until December 2015, with a total value of DKK 1,345 million. There will be opportunity for incentive payments in addition to the contract payments.

CONTINGENT LIABILITIES

The large construction contractor from the first two stages of the Metro, COMET, has lodged a claim against Metroselskabet for additional payment in connection with the contractor's final settlement of around DKK 2 billion. The claim relates to the years 1999 onward and therefore covers a period when the construction work proceeded without any major problems. After having reviewed the claims, the corporation has informed COMET that these claims must essentially be rejected on the existing basis. COMET has subsequently lodged a claim for arbitration (see the directors' report on page 8).

The construction contractor from stage three of the Metro, Hoffmann/Arkil-Novejfa, has lodged a claim against Metroselskabet for additional payment in connection with the contractor's final settlement of around DKK 81 million. After having reviewed the claims, the corporation has informed the contractor that these claims must essentially be rejected. The contractor has subsequently lodged a claim for arbitration (see the directors' report on page 8).

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

Note 19 Auditing and consultancy fees

<i>(all figures in DKK thousands)</i>	2009	2008
The Audit Directorate of the City of Copenhagen	0	120
The National Audit Office of Denmark	350	413
Kommunernes Revision A/S	300	280
Deloitte	350	0
Auditor's fee, total	1,000	813
Other services (Deloitte)	1,551	0
Total consulting fees	1,551	0

Note 20 Related parties

Transactions between related parties and Metroselskabet for the period:

The partnership's owners have paid an owner contribution, cf. note 11

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

Other than this, no transactions have been conducted with the partnership's related parties during the course of the year.

Note 21 Currency, interest and credit risks**CURRENCY RISK**

The partnership has made liquidity investments in banks and purchased bonds. The liquidity investments have been made in Danish kroner.

INTEREST RATE RISKS

Liquidity investments divided by maturity and interest rates, as of 31 December 2009 (DKK million)

	<i>Effective interest rate</i>	<i>Bonds</i>	<i>Liquid resources</i>	<i>Amount at nominal value</i>	<i>Amount at market value</i>
Fixed interest rate					
0-1 years	4.50%	676	-	650	676
1-2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
Variable interest rate					
0-1 years	1.66%	502	654	1,150	1,156
1-2 years	-	-	-	-	-
2-3 years	-	-	-	-	-

CREDIT RISK

Liquidity investments involve a credit risk for the counterparty. This risk is managed and monitored continuously through a special line and limit system, which establishes the principles for specification of these risks, as well as a maximum for the extent of risks to be accepted for an individual counterparty. The latter is measured by the international ratings agencies (Moody's, Standard & Poor's and Fitch/IBCA). The corporation also seeks to reduce credit risks by using appropriate agreement documentation.

Credit risks divided by rating category, as of 31 December 2009

<i>Total counterparty exposure (market value, DKK million)</i>	<i>Investments/ Bonds</i>
AAA	676
AA	503
A	653
Total	1,832

Metroselskabet, Board of Directors and Board of Executives

Board of Directors

Henning Christophersen (Chairman)

Appointed by the Danish Government
Former Minister and EU Commissioner

Other offices held:

Senior Partner, Kreab A/B
Chairman of the European Institute of Public
Administration
Board member of Danske Bank
Board member of Rockwoolfonden

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
(Økonomiudvalget)
Member of the Children and Youth Committee

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 Kommunekemi A/S
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 Frederiksberg Elnet A/S
(observatory member)
Board member of the Chamber of Commerce of the
City of Frederiksberg
Member of the Board of Representatives of Movia

Birgit Aagaard-Svendsen

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

Other offices held:

Chairman or board member of a number of
subsidiaries of J. Lauritzen A/S.
Chairman of Handyventure Singapore Pte
Board member of Danske Bank A/S
Board member of FUHU

Hans Jensen

Appointed by the Danish Government
Former chairman of LO

Other offices held:

Chairman of A/S A-Pressen
Chairman of Højstrupgård A/S
Board member of A/S Panda VVS
Board member of Fondsmæglerselskabet af
2004 A/S
Board member of FMS Holding af 2004 A/S
Board member of Dansk Erhvervsinvestering A/S and
Dansk Innovationsinvestering P/S
Board member of Basen Invest A/S
President of Dansk Folkeferie
President of the committee of representatives of
Danmarks Nationalbank

Ayfer Baykal

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

Other offices held:

Board member of Movia
Member of the Finance Committee
(Økonomiudvalget)
Member of the Culture and Leisure Committee
Member of the Copenhagen Integration Council
Vice Chairman of the Migrant Women's Centre
in Nørrebro
Vice Chairman of Loftstramte Ekspertter (Association)
Member of the DGI Political Forum

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 Care Committee
Board member of the Danish Cancer Society
in the Greater Copenhagen region
Board member of ViFAB (Knowledge and Research
Center for Alternative Medicine)

Jens H. Gravgaard

Elected by the employees
Project Manager

Other offices held:

Board member of the Danish Society for Tunnel and
Underground Works

Bente G. Rønnebæk

Elected by the employees
Bookkeeper

Board of Executives**Henrik Plougmann Olsen**

Managing Director

Other offices held:

Board member of Rejsekort A/S

Endorsements

Management endorsement

The Board of Directors and the Board of Executives have today examined and approved the annual report for 2009 for Metroselskabet (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 stipulations of the partnership agreement on reporting. It is our opinion that the accounting policies applied are appropriate, and that the financial statements give a true and fair view of the corporation'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 factors covered by the review.

We recommend the adoption of the annual report by the partners.

Copenhagen, 12 April 2010

Board of Executives

Henrik Plougmann Olsen

Board of Directors

Henning Christophersen (Chairman)

Jesper Christensen (Vice Chairman)

Jørgen Glenthøj (Vice Chairman)

Birgit Aagaard-Svendsen

Hans Jensen

Ayfer Baykal

Birthe Skaarup

Jens H. Gravgaard

Bente G. Rønnebæk

The Independent Auditor's Report

To the partners of Metroselskabet

Report of Financial Statements

We have audited the financial statements of the Metro Development Corporation for the financial year 1 January – 31 December 2009 pp. 30-48, which comprise accounting policies, income statement, balance sheet, cash flow statement, statement of changes in equity and notes. The financial statements have been prepared in accordance with the terms of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg on the Metro Development Corporation, the Danish Financial Statements Act and the Danish Accounting Standards.

Board of Directors and Board of Executives Responsibility for the Financial Statements

The Board of Directors and Board of Executives are responsible for the presentation and preparation of the financial statements that give a true and fair view in accordance with the terms of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg on the Metro Development Corporation, the Danish Financial Statements Act and the Danish Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to presentation and preparation of financial statements to give a true and fair view, 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, the Board of Directors and Board of Executives are responsible that the operations covered by the financial statements comply with legislation and other rules and regulations as well as with current agreements and usual practice.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the financial statements based on our audit. We conduct-

ed our audit in accordance with Danish Standards of Auditing and generally accepted public auditing practice, cf. the Danish Auditor General's Act on the Audit of State Accounts, etc. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal controls relevant to the Metro Development Corporation's presentation and preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metro Development Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives as well as evaluating the overall presentation of the financial statements. The audit also comprises an assessment of whether business procedures and internal controls have been established to ensure to the widest extent possible that the operations covered by the financial statements comply with legislation and other rules and regulations as well as with current agreements and usual practice.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion the financial statements give a true and fair view of the Metro Development Corporation's assets, liabilities and financial position at 31 December 2009 and of the results of the Metro Development Corporation's operations and cash flow for the financial year 1 January – 31 December 2009 in accordance with the terms of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg on the Metro Development Corporation, the Danish Financial Statements Act and Danish Accounting Standards. It is also our opinion that the business procedures and internal controls have been established to ensure to the widest extent possible that the operations covered by the financial statements comply with legislation and other rules and regulations as well as with current agreements and usual practice.

Emphasis of Matter

The primary contractors of the partnership for stage 1 and 2 of the Metro have lodged claims for additional payment. We refer to the comments in the management's review on page 8 under "Arbitration claims" and note 18 in the financial statements. We agree with the comments made by the Board of Directors and the Board of Executives.

Statement on the Managements Review

The Board of Directors and the Board of Executives are responsible for the preparation of a management's review that gives a fair review in accordance with the Danish Financial Statements Act.

Our audit has not included the management's review, but pursuant to the Danish Financial Statements Act, we have read the management's review in the annual report. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information given in the Management's review is consistent with the financial statements.

Auditor's report on Performance Audit

In connection with the financial audit of the Metro Development Corporation's financial statements for 2009, we reviewed selected areas to establish whether sound financial considerations have been taken into account when administering the Metro Development Corporation, and to establish whether the information in the Annual Report on objectives and performance has been documented and covers the Metro Development Corporation's activities in 2009.

Board of Directors and Board of Executives Responsibility

The Board of Directors and Board of Executives of the Metro Development Corporation are responsible for establishing guidelines and procedures that ensure that appropriate financial considerations are taken into account when administering the Metro Development Corporation, and that the information in the Annual Report on objectives and performance has been documented and covers the Metro Development Corporation's activities in 2009.

Auditor's responsibility and the Performance Audit

In accordance with generally accepted public auditing practice, cf. the Danish Auditor General's Act on the Audit of State Accounts, etc., we have reviewed selected administrative areas to establish whether the Metro Development Corporation has established business procedures to ensure efficient administration. Our audit included, on a test basis, a review of the information in the Annual Report on objectives and performance for the Metro Development Corporation. Our audit has been conducted for the purpose of obtaining limited assurance that the administration of the selected areas is handled in a financially appro-

priate manner, and that the information in the Annual Report on objectives and performance is documented and covers the Metro Development Corporation's activities in 2009.

Opinion

During our performance audit nothing has come to our attention to cause us to believe that the administration in 2009 in the areas which we have examined has not been handled in a financial appropriate manner, or that the information in the Annual Report on objectives and performance is not documented and covers the Metro Development Corporation's activities in 2009.

Copenhagen, 12 April 2010

Rigsrevisionen

Henrik Otbo, Auditor General
/ Anne Aagaard, Director

Deloitte

Lynge Skovgaard, State Authorised Public Accountant
/ John Menå, State Authorised Public Accountant

**BDO Kommunernes Revision
Godkendt revisionsaktieselskab**

Lasse Jensen, State Authorised Public Accountant

Appendix
to the directors' report

Metroselskabet long-term budget 2010

Metroselskabet's long-term budget shows the expected long-term economic development within the corporation.

There have been changes in two major areas in relation to the long-term budget that provided the basis for founding Metroselskabet:

- The quality-assured and detailed prognoses for stages 1-3 of the Metro for the period up until the opening of the City Circle Line, on the basis of the updated traffic model (OTM 5), have been incorporated
- The construction budget for the optimised feasibility study for the City Circle Line, prepared by Metroselskabet, has been incorporated

The 2010 long-term budget for Metroselskabet shows that the corporation is expected to be debt free in 2059, in accordance with the latest 2009 long-term budget. This represents an extension of two years compared to the long-term budget drawn up when Metroselskabet was founded. The debt will peak in 2019, at around DKK 13.4 billion in 2010 prices. In current prices, the debt is expected to peak in 2029 at DKK 17.1 billion.

It is expected that Metroselskabet will be able to present a more consolidated long-term budget once the City Circle Line contracts have been signed – i.e. in connection with the 2011 budget.

Assumptions underlying the long-term budget

The long-term budget is specified in fixed 2010 prices (table A) and current prices (table B):

Passenger figures and fares

1. The passenger forecasts which formed the basis of the City Circle Line agreement in principle have been used as a basis for this line, i.e. 45 million passengers in 2019, increasing to 75 million in 2023. Passenger declines have subsequently been incorporated as a result of fare increases.
2. For stages 1-3 of the Metro, passenger forecasts based on the latest updated traffic model (OTM 5) have been used as a basis, i.e. 58 million passengers in 2012, increasing to 62 million in 2018. A passenger decline in 2012 has subsequently been incorporated as a result of the planned temporary closure of the regional train platform at Nørreport.
3. The fare assumptions which formed the basis of the City Circle Line agreement in principle have been used as a basis. These fare assumptions have been adjusted to 2010 prices based on the realised changes in fares during the period, and further adjusted for stages 1-3 of the Metro in accordance with the registered passenger mix following commissioning of stage 3 to the airport.

The fare per passenger has been budgeted at DKK 10.86 in 2010. There continues to be a real increase in fares between 2004-2018 of 14.3%, in accordance with the calculation assumptions in the updated passenger forecast.

Operation and construction costs

4. The operating costs for stages 1-3 have been estimated based on the corporation's expectations following the re-tender of the operation and maintenance contract. These expectations are based on experience from operations during the first eight years. The City Circle Line fact-finding report was used as a basis for this line. In 2018, commissioning expenses for the City Circle Line totalling DKK 132 million (in 2005 prices) have been budgeted, equivalent to DKK 155 million in 2010 prices.
5. The construction costs for the City Circle Line have been calculated based on Metroselskabet's optimised feasibility study. Total construction costs have been estimated at DKK 15.4 billion in 2005 prices. The conversion of the remaining budget from 2005 prices to current prices has been based on the construction index of the Danish Finance Act.
6. Reinvestments in connection with the City Circle Line have been based on assumptions in the agreement in principle, and amount to DKK 205 million every 10th year, DKK 923 million every 25th year, and an additional DKK 410 million after 50 years (in 2005 prices). The conversion from 2005 prices to current prices has been based on the construction index of the Danish Finance Act.

7. Reinvestments in connection with stages 1-3 of DKK 276 million every 10th year (in 2010 prices) have been assumed. In accordance with the partnership agreement, reinvestment in trains, tunnels and stations has not been included.

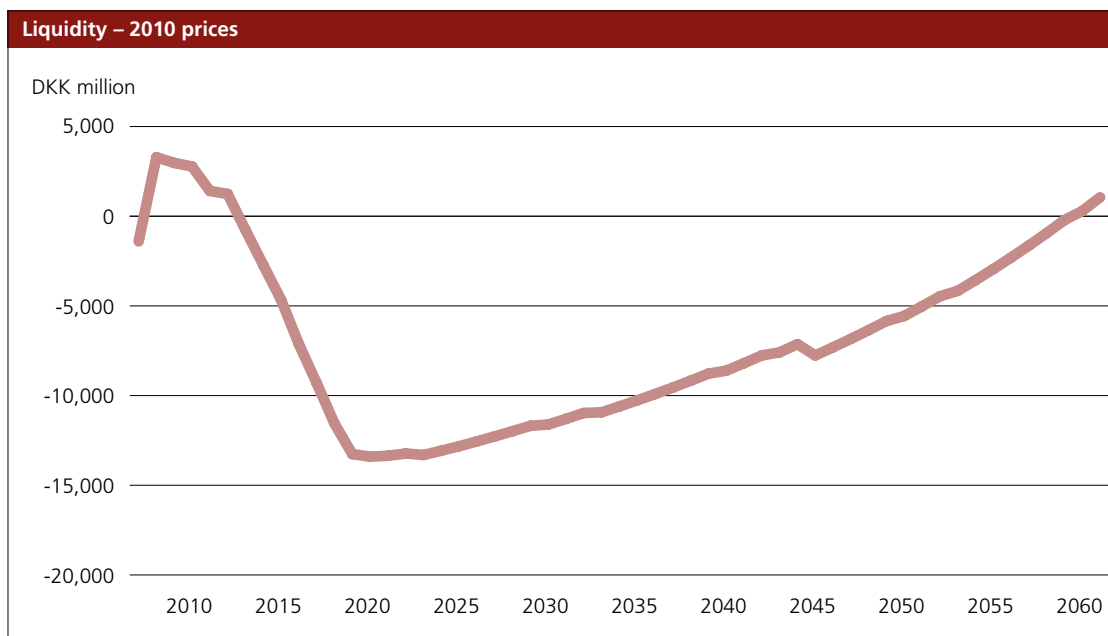
Other factors

8. No extraordinary payments resulting from resolution of the arbitration claim lodged by COMET (stages 1-3) have been included.
9. The debt owed to Metroselskabet by the construction contractors (stages 1-3) in the form of the liquidity bridge is assumed to be paid in 2011, and to yield interest at a real rate of six per cent per annum up until this time.
10. The Metro is VAT registered, such that the corporation's income from operation of the Metro is exclusive of VAT, while VAT expenses associated with the construction of the Metro are removed.
11. It is assumed that the non-interest-bearing portion of "other debt" will grow to approx. DKK 600 million when construction work is at its peak, before dropping again to approx. DKK 100 million.
12. It is assumed that net profit will yield interest at a real rate of 2% p.a., while net debt will generally be charged interest at a real rate of 4 % p.a. The corporation's current interest-rate expectations are taken into account over the short term.
13. It is assumed in table B (budget in current prices) that all prices from 2010 will rise by 2 per cent p.a.

Long-term budget for Metroselskabet

(Table A – 2010 prices)

Interest rate, liquidity bridge	6%
Real interest, debt:	4%
Inflation	0%
Real interest, deposits:	2%
City Circle Line construction costs (2005 prices)	DKK 15,417 million



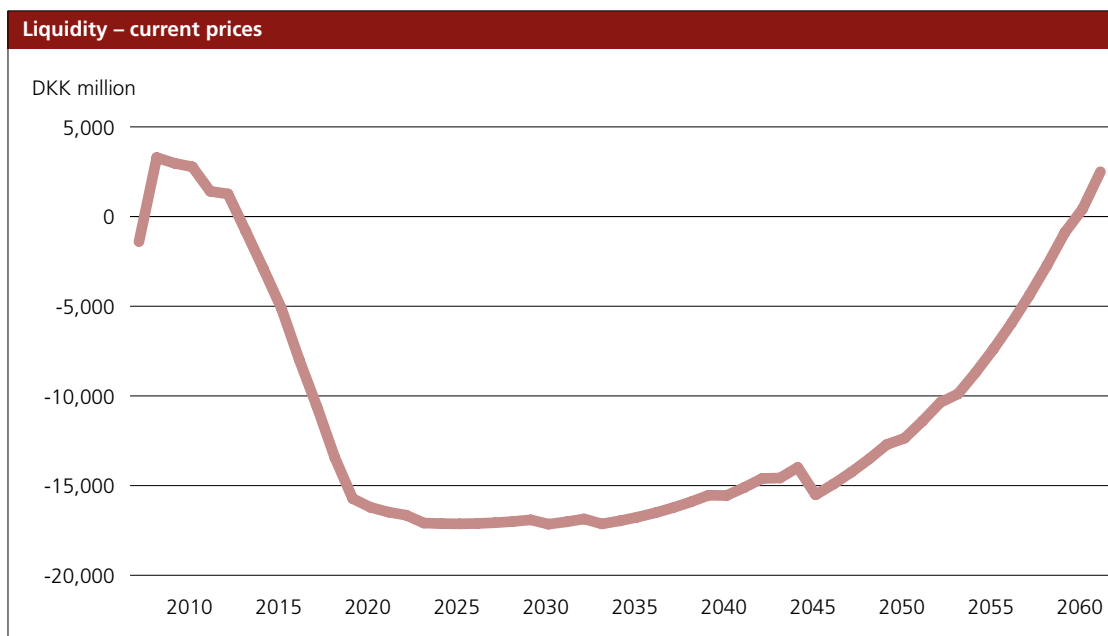
DKK million

Year			Phases 1-3		City Circle Line			Operating profit				Liquidity effect	Interest rate	Interest	Movement/Transaction	Cash, at start of year	Cash, at end of year
	Receivables	Other debts	Investments	Re-investments	Investments	Re-investments	Indexing	Phases 1-3		City Circle Line							
								Income	Expenses	Income	Expenses						
01.01.2007	1,268	105	0	0	-4	0	0	0	0	0	0	0	0	0	0	0	-1,402
2007	4,842	75	-172	0	-56	0	-7	380	-354	0	0	4,708	5%	-17	4,691	-1,402	3,288
2008	58	-142	-53	0	-339	0	-50	501	-444	0	0	-469	5%	152	-317	3,288	2,971
2009		138	-90	0	-377	0	-56	513	-459	0	0	-330	2%	131	-199	2,971	2,772
2010		129	-28	-18	-1,302	0	-227	556	-488	0	0	-1,377	2%	15	-1,362	2,772	1,409
2011	1,243	74	-22	-42	-1,605	0	-279	588	-439	0	0	-483	2%	314	-169	1,409	1,240
2012		72	-11	-150	-1,773	0	-308	606	-443	0	0	-2,007	2%	5	-2,002	1,240	-762
2013		71	0	-66	-1,780	0	-310	620	-445	0	0	-1,910	4%	-49	-1,959	-762	-2,721
2014		69	0	0	-1,758	0	-306	625	-445	0	0	-1,814	4%	-125	-1,939	-2,721	-4,660
2015		-91	0	0	-2,005	0	-349	628	-445	0	0	-2,261	4%	-212	-2,473	-4,660	-7,133
2016		-89	0	0	-1,676	0	-292	634	-447	0	0	-1,868	4%	-303	-2,171	-7,133	-9,305
2017		-87	0	0	-1,675	0	-291	637	-447	0	0	-1,864	4%	-390	-2,254	-9,305	-11,559
2018		-85	0	0	-1,069	0	-195	735	-467	0	-155	-1,236	4%	-467	-1,703	-11,559	-13,262
2019		-84	0	0	0	0	0	740	-468	500	-327	361	4%	-504	-142	-13,262	-13,404
2020			0	0	0	0	0	751	-470	624	-351	553	4%	-506	48	-13,404	-13,357
2021			0	0	0	0	0	763	-472	707	-368	629	4%	-502	127	-13,357	-13,230
2022			0	-276	0	0	0	763	-472	790	-385	419	4%	-501	-82	-13,230	-13,312
2023			0	0	0	0	0	774	-475	831	-393	738	4%	-498	239	-13,312	-13,073
2024			0	0	0	0	0	774	-475	831	-393	738	4%	-489	249	-13,073	-12,824
2025			0	0	0	0	0	786	-477	831	-393	747	4%	-479	268	-12,824	-12,555
2026			0	0	0	0	0	786	-477	831	-393	747	4%	-468	279	-12,555	-12,276
2027			0	0	0	0	0	786	-477	831	-393	747	4%	-457	290	-12,276	-11,986
2028			0	0	0	0	0	786	-477	831	-393	747	4%	-445	302	-11,986	-11,685
2029			0	0	0	-205	-36	786	-477	831	-393	506	4%	-438	68	-11,685	-11,616
2030			0	0	0	0	0	786	-477	831	-393	747	4%	-430	317	-11,616	-11,300
2031			0	0	0	0	0	786	-477	831	-393	747	4%	-418	329	-11,300	-10,971
2032			0	-276	0	0	0	786	-477	831	-393	470	4%	-430	41	-10,971	-10,930
2033			0	0	0	0	0	786	-477	831	-393	747	4%	-422	325	-10,930	-10,605
2034			0	0	0	0	0	786	-477	831	-393	747	4%	-409	337	-10,605	-10,268
2035			0	0	0	0	0	786	-477	831	-393	747	4%	-396	351	-10,268	-9,917
2036			0	0	0	0	0	786	-477	831	-393	747	4%	-382	365	-9,917	-9,552
2037			0	0	0	0	0	786	-477	831	-393	747	4%	-367	380	-9,552	-9,172
2038			0	0	0	0	0	786	-477	831	-393	747	4%	-352	395	-9,172	-8,777
2039			0	0	0	-205	-36	786	-477	831	-393	506	4%	-341	165	-8,777	-8,612
2040			0	0	0	0	0	786	-477	831	-393	747	4%	-330	417	-8,612	-8,195
2041			0	0	0	0	0	786	-477	831	-393	747	4%	-313	434	-8,195	-7,761
2042			0	-276	0	0	0	786	-477	831	-393	470	4%	-301	169	-7,761	-7,591
2043			0	0	0	0	0	786	-477	831	-393	747	4%	-289	458	-7,591	-7,133
2044			0	0	0	-923	-161	786	-477	831	-393	-336	4%	-292	-628	-7,133	-7,762
2045			0	0	0	0	0	786	-477	831	-393	747	4%	-296	451	-7,762	-7,310
2046			0	0	0	0	0	786	-477	831	-393	747	4%	-278	469	-7,310	-6,841
2047			0	0	0	0	0	786	-477	831	-393	747	4%	-259	488	-6,841	-6,353
2048			0	0	0	0	0	786	-477	831	-393	747	4%	-239	508	-6,353	-5,845
2049			0	0	0	-205	-36	786	-477	831	-393	506	4%	-224	282	-5,845	-5,563
2050			0	0	0	0	0	786	-477	831	-393	747	4%	-208	539	-5,563	-5,024
2051			0	0	0	0	0	786	-477	831	-393	747	4%	-186	561	-5,024	-4,463
2052			0	-276	0	0	0	786	-477	831	-393	470	4%	-169	301	-4,463	-4,162
2053			0	0	0	0	0	786	-477	831	-393	747	4%	-152	595	-4,162	-3,567
2054			0	0	0	0	0	786	-477	831	-393	747	4%	-128	619	-3,567	-2,948
2055			0	0	0	0	0	786	-477	831	-393	747	4%	-103	644	-2,948	-2,304
2056			0	0	0	0	0	786	-477	831	-393	747	4%	-77	670	-2,304	-1,634
2057			0	0	0	0	0	786	-477	831	-393	747	4%	-51	696	-1,634	-938
2058			0	0	0	0	0	786	-477	831	-393	747	4%	-23	724	-938	-214
2059			0	0	0	-205	-36	786	-477	831	-393	506	4%	1	508	-214	294
2060			0	0	0	0	0	786	-477	831	-393	747	2%	13	760	294	1,054

Long-term budget for Metroselskabet

(Table B – current prices)

Interest rate, liquidity bridge	8%
Real interest, debt:	4%
Inflation	2%
Real interest, deposits:	2%
City Circle Line construction costs (2005 prices)	DKK 15,417 million



DKK million

Year	Phases 1-3			City Circle Line			Operating profit				Liquidity effect	Interest rate	Interest	Movement/Transaction	Cash, at start of year	Cash, at end of year	
	Accounts receivable	Other debts	Investments	Re-investments	Investments	Re-investments	Indexing	Phases 1-3		City Circle Line							
								Income	Expenses	Income							Expenses
01.01.2007	1,268	105	0	0	-4	0	0	0	0	0	0	0	0	0	0	-1,402	
2007	4,842	75	-172	0	-56	0	-7	380	-354	0	0	4,708	5%	-17	4,691	-1,402	3,288
2008	58	-142	-53	0	-339	0	-50	501	-444	0	0	-469	5%	152	-317	3,288	2,971
2009		138	-90	0	-377	0	-56	513	-459	0	0	-330	4%	131	-199	2,971	2,772
2010		129	-28	-18	-1,302	0	-227	556	-488	0	0	-1,377	4%	15	-1,362	2,772	1,409
2011	1,268	75	-23	-43	-1,637	0	-285	600	-448	0	0	-493	4%	343	-150	1,409	1,259
2012		75	-12	-156	-1,845	0	-321	630	-460	0	0	-2,088	4%	9	-2,079	1,259	-820
2013		75	0	-70	-1,888	0	-329	658	-473	0	0	-2,027	6%	-90	-2,117	-820	-2,937
2014		75	0	0	-1,902	0	-331	676	-481	0	0	-1,964	6%	-216	-2,180	-2,937	-5,117
2015		-100	0	0	-2,213	0	-385	693	-492	0	0	-2,497	6%	-364	-2,861	-5,117	-7,978
2016		-100	0	0	-1,887	0	-328	714	-503	0	0	-2,104	6%	-526	-2,630	-7,978	-10,608
2017		-100	0	0	-1,925	0	-335	731	-514	0	0	-2,141	6%	-687	-2,828	-10,608	-13,436
2018		-100	0	0	-1,252	0	-229	862	-547	0	-182	-1,448	6%	-837	-2,286	-13,436	-15,722
2019		-100	0	0	0	0	0	884	-559	597	-390	432	6%	-920	-488	-15,722	-16,210
2020			0	0	0	0	0	916	-573	760	-428	675	6%	-942	-267	-16,210	-16,477
2021			0	0	0	0	0	949	-587	879	-458	782	6%	-954	-172	-16,477	-16,649
2022			0	-351	0	0	0	967	-599	1,002	-488	532	6%	-972	-440	-16,649	-17,088
2023			0	0	0	0	0	1,002	-614	1,075	-508	954	6%	-985	-31	-17,088	-17,119
2024			0	0	0	0	0	1,022	-626	1,096	-518	973	6%	-986	-13	-17,119	-17,132
2025			0	0	0	0	0	1,058	-642	1,118	-529	1,005	6%	-985	20	-17,132	-17,112
2026			0	0	0	0	0	1,079	-655	1,140	-539	1,025	6%	-983	42	-17,112	-17,070
2027			0	0	0	0	0	1,101	-668	1,163	-550	1,046	6%	-979	67	-17,070	-17,003
2028			0	0	0	0	0	1,123	-681	1,186	-561	1,067	6%	-974	93	-17,003	-16,910
2029			0	0	0	-299	-52	1,145	-695	1,210	-572	737	6%	-978	-240	-16,910	-17,150
2030			0	0	0	0	0	1,168	-709	1,234	-584	1,110	6%	-981	129	-17,150	-17,021
2031			0	0	0	0	0	1,191	-723	1,259	-595	1,132	6%	-971	161	-17,021	-16,860
2032			0	-427	0	0	0	1,215	-737	1,284	-607	727	6%	-1,003	-276	-16,860	-17,136
2033			0	0	0	0	0	1,239	-752	1,310	-619	1,178	6%	-1,007	171	-17,136	-16,965
2034			0	0	0	0	0	1,264	-767	1,336	-632	1,201	6%	-996	206	-16,965	-16,759
2035			0	0	0	0	0	1,289	-783	1,363	-645	1,225	6%	-982	243	-16,759	-16,516
2036			0	0	0	0	0	1,315	-798	1,390	-657	1,250	6%	-967	283	-16,516	-16,233
2037			0	0	0	0	0	1,342	-814	1,418	-671	1,275	6%	-949	326	-16,233	-15,907
2038			0	0	0	0	0	1,368	-830	1,446	-684	1,300	6%	-928	372	-15,907	-15,535
2039			0	0	0	-364	-63	1,396	-847	1,475	-698	899	6%	-918	-19	-15,535	-15,554
2040			0	0	0	0	0	1,424	-864	1,505	-712	1,353	6%	-905	448	-15,554	-15,106
2041			0	0	0	0	0	1,452	-881	1,535	-726	1,380	6%	-877	503	-15,106	-14,603
2042			0	-521	0	0	0	1,481	-899	1,566	-740	887	6%	-861	25	-14,603	-14,578
2043			0	0	0	0	0	1,511	-917	1,597	-755	1,436	6%	-843	592	-14,578	-13,985
2044			0	0	0	-1,809	-315	1,541	-935	1,629	-770	-659	6%	-870	-1,529	-13,985	-15,514
2045			0	0	0	0	0	1,572	-954	1,661	-786	1,494	6%	-899	595	-15,514	-14,919
2046			0	0	0	0	0	1,603	-973	1,695	-801	1,524	6%	-861	662	-14,919	-14,257
2047			0	0	0	0	0	1,635	-992	1,728	-817	1,554	6%	-820	734	-14,257	-13,523
2048			0	0	0	0	0	1,668	-1,012	1,763	-834	1,585	6%	-775	810	-13,523	-12,713
2049			0	0	0	-444	-77	1,701	-1,033	1,798	-850	1,096	6%	-740	356	-12,713	-12,357
2050			0	0	0	0	0	1,735	-1,053	1,834	-867	1,649	6%	-702	947	-12,357	-11,410
2051			0	0	0	0	0	1,770	-1,074	1,871	-885	1,682	6%	-643	1,039	-11,410	-10,371
2052			0	-635	0	0	0	1,806	-1,096	1,908	-902	1,081	6%	-598	483	-10,371	-9,889
2053			0	0	0	0	0	1,842	-1,118	1,947	-921	1,750	6%	-549	1,201	-9,889	-8,687
2054			0	0	0	0	0	1,879	-1,140	1,985	-939	1,785	6%	-475	1,310	-8,687	-7,377
2055			0	0	0	0	0	1,916	-1,163	2,025	-958	1,821	6%	-394	1,427	-7,377	-5,950
2056			0	0	0	0	0	1,954	-1,186	2,066	-977	1,857	6%	-306	1,551	-5,950	-4,399
2057			0	0	0	0	0	1,994	-1,210	2,107	-996	1,894	6%	-211	1,684	-4,399	-2,716
2058			0	0	0	0	0	2,033	-1,234	2,149	-1,016	1,932	6%	-107	1,825	-2,716	-891
2059			0	0	0	-541	-94	2,074	-1,259	2,192	-1,037	1,336	6%	-14	1,322	-891	431
2060			0	0	0	0	0	2,116	-1,284	2,236	-1,057	2,010	4%	57	2,067	431	2,498

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