

# **Annual Report 2012**

Metroselskabet I/S



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The Copenhagen Metro opened in 2002 and was built in three stages. **Today, the Metro interconnects the city of Copenhagen with 22 stations** and crosses the city from the airport to Nørreport and Vanløse, with another line back from Vanløse to Ørestad and West Amager. **The trip from the airport to the city center takes just 13 minutes.**

Dear reader,

For ten years, the Metro has interconnected the city of Copenhagen, transporting its residents and visitors around Copenhagen and Frederiksberg. In 2012, the Metro's anniversary year, 54 million passengers used the Metro as a means of transport in Copenhagen. In an average week, this amounts to more than 1 million passengers.

2012 was also the year in which the construction of Cityringen (the City Ring) – the capital's biggest construction project for 400 years – really began to make its mark on Copenhagen and Frederiksberg. The construction of Cityringen is a major, complex, and sometimes noisy, task that - in time - will be to the benefit of the entire city. However, during the construction period it is already affecting the lives of the city's residents, visitors and companies - and not least the people whose homes lie close to the construction sites. Metroselskabet's ambition is to provide good information and to involve residents. The construction of the Metro is a project on an international scale, and a large share of the work is undertaken by international companies. Now that the construction work has commenced, Metroselskabet has special focus on the working environment and on compliance with clauses concerning pay and working conditions, in order to ensure adherence to the "Danish model" in the construction work.

At the close of the year, all of Cityringen's 21 construction sites had been handed over to the contractor, CMT, and the establishment of station walls and excavations for the station shafts had begun.

This was also the year in which yet another dimension was added to the Metro, when the establishment of a Metro link to Nordhavn as a branch of Cityringen was approved.

The Metro's anniversary year of 2012 therefore epitomized both what the Metro has and will contribute to the capital in the future. The Metro's success is the best argument for even more Metro. This work of achieving more Metro – at the construction sites and among decision makers – will continue in the years to come. Pleasant reading.

**Henning Christophersen**  
Chairman of the Board of Directors

**Henrik Plougmann Olsen**  
CEO





# 1.0

THE YEAR  
IN BRIEF

# 1.1

## THE YEAR IN BRIEF

### Facts about calculating operational stability

The Metro runs around the clock, without fixed departure times. Operational stability is calculated by comparing the number of departures within three-minute intervals with the number of planned departures in the same period. If more than one departure is missing within two consecutive three-minute intervals, the missing departure(s) is(are) registered as delayed.

### Ten years with the Metro

In 2012, the Metro celebrated its first major anniversary. On 19 October, it was exactly ten years since the first passengers embarked on the driverless trains and made the trip to Nørreport or Amagerbro, for example, in just five minutes. 415 million passengers took the Metro during its first ten years of operation, and passenger numbers continued to rise, year by year.

Over the last ten years the city has embraced the Metro, and passengers are very satisfied with the Metro service. The Metro's high passenger numbers and sound finances have made it a resounding success that continues to draw many visitors from abroad, who are particularly interested in the high-frequency, driverless transport system that operates around the clock. Today, "copies" of the Copenhagen Metro are in operation in Brescia and Riyadh – and are on their way in Honolulu, Milan, Taipei and Thessaloniki.

The total number of passengers in 2012 was 54 million, which was 20,000 fewer than in 2011. One reason for the passenger shortfall in 2012, compared to the increases in previous years, may be the major conversion works at Nørreport Station, causing fewer passengers to change between S-trains and the Metro.

The Metro's operational stability was also very high in 2012, and more than 98 per cent of all departures ran on time.

To sustain focus on a Metro that lives up to passengers' requirements, in 2012 Metroselskabet began to measure the punctuality of its departures during rush-hour periods, especially because the company assesses that the Metro's punctuality is very important to commuters. In 2013 the company will maintain its focus on ensuring that its core service - a very punctual Metro - is paramount.



“  
**415 million** passengers  
took the Metro during  
the first ten years.”

## Cityringen

In 2012, the last of Cityringen's 21 construction sites were transferred from Metroselskabet to the contractor, CMT. Green barriers were erected around the construction sites all over the city, emphasizing the scale of this vast project that is now stamping its mark on the entire capital. The particularly noise-intensive work of building the station walls commenced, and Metroselskabet launched an information campaign to inform all citizens of how the most noise-intensive work would take place in 2012 - and the rest of 2013. At some locations, excavation work has now taken place down to 30 meters below ground level. Just before New Year the first large tunnel boring machine arrived. In the next few years it will be used to bore the subterranean tunnels.

A construction project on the scale of Cityringen will naturally also invite criticism. In 2012 Metroselskabet was criticized by neighbors for the noise from construction sites, and also received criticism for the lack of apprenticeships for young people.

Neighbors to the Metro construction sites in 2012 realized the implications of living so close to a construction project on this scale. Metroselskabet gives high priority to meeting its neighbors' need for information on the ongoing and forthcoming construction work. Neighbors are kept informed via newsletters and stairway notices, while on the website m.dk each of the 21 construction sites has its own page. Events are also held regularly close to or at the construction sites, and in 2012 a new text message service was added, enabling neighbors to receive current information on the progress of the construction work.

Neighbors' satisfaction with the information from Metroselskabet is monitored on an ongoing basis. The level of satisfaction is generally high and Metroselskabet's ongoing ambition is for neighbors to experience professional/credible and timely information, as well as openness, from Metroselskabet. In 2013 Metroselskabet will therefore continue to focus on interaction with its neighbors.

2012	Operational stability Per cent	Passengers (million)	Pct.
Metro operation in total	98.4	54.3	100 %
In rush-hour periods (07:00 – 09:00 and 15:30 – 17:30 hours)	97.8	14.0	26 %
Outside rush-hour periods (17:30 - 07:00 and 09:00 – 15:30 hours)	98.5	40.3	74 %

Metroselskabet's ambition is to complete the construction work with high focus on social responsibility. The company is therefore subject to very strict environmental requirements, and also ensures that it complies with Danish pay and working conditions in its contracts, etc. From an early stage the company has also focused on the number of apprenticeships created, and has therefore concluded a partnership agreement with the trade unions and employers, as well as the contractors, on creating new apprenticeships. In 2012 it was not possible to achieve the agreed targets of around 20-30 apprentices among the approximately 400 employees, but in 2013 the parties are focused on fulfilling the agreement, so that the Metro construction project can also help to train young people.

Metroselskabet's planning of the work on Cityringen is based on the EIA (Environmental Impact Assessment) report adopted by the municipalities and approved by the Minister of Transport. The EIA report states that it is important to the framework for the construction of Cityringen, including observance of the time schedule, that dispensation is achieved for several of the work operations, including casting of concrete and the tunnel boring works. The execution of the construction work requires very complex planning, and schedules can slip if the work is delayed in relation to the planned working hours, time allocated for activities, etc. In order to plan and execute the construction of Cityringen on the most appropriate basis, during 2012 Metroselskabet applied to the municipalities for dispensation from the fixed noise limits and working hours. The Board of Directors has continuously - also in 2012 - discussed the progress of the project and the inherent risks. The Board of Directors observes the warnings set out, for example, in financial reporting and by the Board of Directors' Risk Committee, and after the balance sheet date has decided to consider measures to counter any delays and the resulting additional costs.

## Approval of a Metro line to Nordhavn

In 2012, an agreement on the establishment and financing of a Metro link to Nordhavn (North Harbor) from Cityringen was approved by the Folketing (Parliament) and the City of Copenhagen's Finance Committee. The line will run from the Østerport Metro Station with two new stations: Nordhavn and Orientkaj. The Nordhavn Metro will cost approximately DKK 2.9 billion, of which DKK 0.7 billion will be financed from public appropriations, while the remaining 75 per cent will be financed by passenger revenue and property dues, including OPP (the public-private partnership). Establishing the Nordhavn Metro concurrently with Cityringen will save around DKK 300 million compared to the cost of establishing the Metro line at a later time.

The construction of the Nordhavn line is expected to create around 4,000 new jobs, and the line will be an attractive transport option for Nordhavn's around 80,000 residents and workplaces, once this quarter of the city has



been fully developed. The first Metro trains to Nordhavn are expected to start running in 2019.

### Light railway secretariat

During the past year, Metroselskabet has assisted the Ministry of Transport, the Capital Region and the 11 municipalities along Ring 3 on preparing a basis for a decision on a light railway in Ring 3. It is expected that the basis for decision and draft agreement in principle will be considered by the municipalities and the Capital Region in spring 2013, and that a bill for an “Act on a Light Railway in Ring 3” will be tabled in the fall of 2013.



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

### Environment

The Metro is an eco-friendly form of transport, and Metroselskabet gives high priority to ensuring that the construction of Cityringen takes place on a responsible basis in terms of safety and the working environment. Most of the construction machines at the building sites are completely new machines that emit fewer particles than older models. The lorries driving to and from the Metro construction sites fulfill the environmental zoning requirements set by the City of Copenhagen and the City of Frederiksberg.

### The Metro’s contractors/suppliers

<p><b>METRO SERVICE</b></p> <ul style="list-style-type: none"> <li>– ATM (Aziende Transporti Milanese)</li> <li>– Ansaldo STS</li> </ul>	<p>Operation of the existing Metro from 2002 to 2015 (with an option for a further three years)</p>
<p><b>CMT (Copenhagen Metro Team)</b></p> <ul style="list-style-type: none"> <li>– Salini Costruttori SpA</li> <li>– S.E.L.I. SpA</li> <li>– Tecnimont</li> </ul>	<p>Construction of Cityringen 2011 – 2018.</p>
<p><b>ANSALDO STS</b></p>	<p>Delivery of trains, operating systems and infrastructure. Operation of Cityringen from 2018 to 2023, with an option for a further three years.</p>

“  
The profit for the year  
has increased to DKK  
**235 million** due to  
rising passenger  
revenue.”

There is also strong focus on reducing power consumption and exploiting the Metro's various resources in the best possible way. When Cityringen opens in 2018, the capital's transport infrastructure will be even more environmentally sustainable.

## Rejsekort

In 2012 Metroselskabet, in cooperation with Metro Service, established a customer service center for the travel card (rejsekort) as part of the collaboration with the other traffic companies. Passengers are to get to know the new card, and to learn new travel habits. Rejsekort will play an even greater role in coming years, when the current multi-trip cards are phased out.

## Financial results for 2012

The profit before depreciation and write-downs increased by DKK 44 million from DKK 191 million to DKK 235 million as a consequence of an increase in passenger revenue from 2011. Metroselskabet's net turnover has increased by more than 60 per cent since 2008.

The result for the year is affected by two major items: the reversal of the previous write-down concerning the construction of Cityringen (DKK 2.0 billion) and the market value adjustment of loans and interest-rate agreements (DKK 550 million). The reversal of the write-downs and the market value adjustment are primarily a consequence of a change in interest rate expectations. Both items are solely accounting entries that do not affect the Company's ability to service its obligations.

Investments in Cityringen during the year total DKK 2.3 billion. The Company's adjusted equity capital, stated excluding the market value adjustment, increased by DKK 1.9 billion to DKK 4.7 billion at the end of 2012. The development in equity capital is a consequence of the reversal of the provision made, and corresponds to the expected financing of Cityringen.

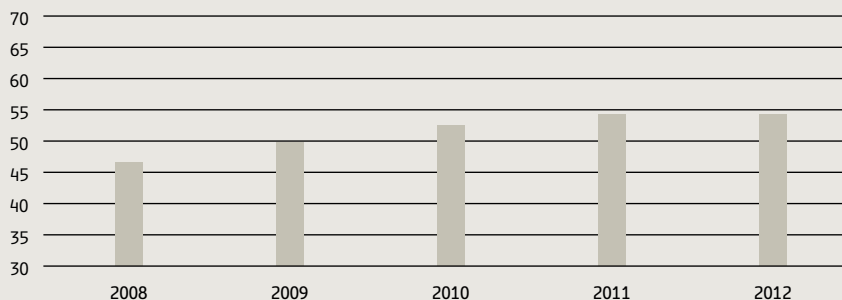
# FINANCIAL HIGHLIGHTS

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In 2012 the number of passengers was **54 million.**”

## Number of passengers

Million passengers

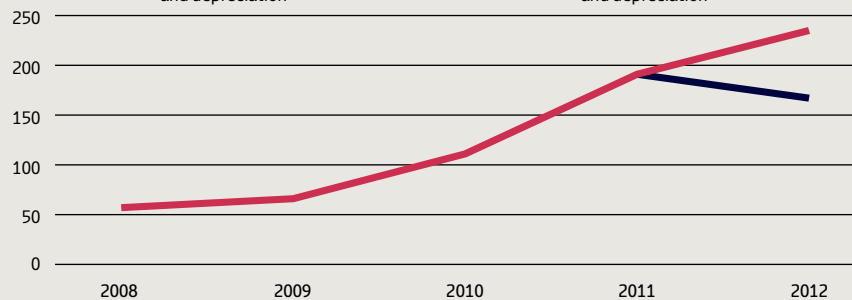


## Result before write-downs and depreciation

DKK million

Budgeted result before write-downs and depreciation

Result before write-downs and depreciation

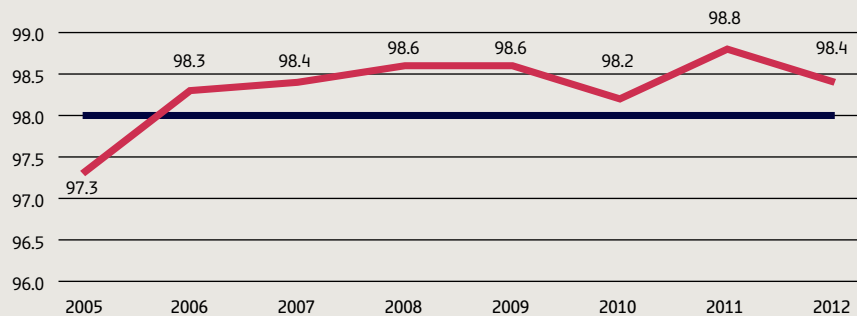


## Operational stability

Percent

Objective

Result







# 2.0

## DIRECTORS' REPORT

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

# 2.1

## FINANCE

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

### Result and change in equity for the year

The profit before depreciation and financial items for 2012 amounted to DKK 235 million, which is an improvement by DKK 44 million compared to 2011. The profit before depreciation can be attributed to increasing passenger revenue. The profit exceeds expectations and is considered to be very satisfactory.

In 2012, previous write-downs on fixed assets of DKK 1,977 million were reversed. Total depreciation and write-downs hereafter amount to a revenue of DKK 1,772 million. The reversal is based on the recoverable value of the entire Metro. The result before financial items is a profit of DKK 2,007 million.

Financial items comprise interest revenues of DKK 278 million and interest expenses of DKK 401 million. The result after financial items is a profit of DKK 1,884 million.

Finally, market value adjustment entails recognized expenses of DKK 550 million. The market value adjustment can be attributed primarily to the Company's financial agreements on the hedging of interest rates that have been concluded in order to increase the budgeting certainty of the Company's long-term finances. The adjustment is solely an accounting entry,

with no impact on liquidity, in view of the intention to retain the agreements until their expiry.

The result for the year of DKK 1,335 million has been added to equity, which hereafter amounts to DKK 1,637 million. The Company's adjusted equity capital, stated excluding market value adjustment, is DKK 4,731 million at the end of 2012. The increase from the end of 2011 reflects the reversal of the accounting provision concerning fixed assets.

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

### Events occurring after the balance sheet date

No events of significance to the Annual Report for 2012 have occurred after the closing of accounts.

## The investment in Cityringen

The Company made a major accounting provision in the accounts for 2011. This is a consequence of how the overall investment in Cityringen will not be fully recovered as future revenue from passenger fares, etc.

The size of the provision was based on an estimate of the value of the entire Metro, based on the assumptions that the Company has applied to the current long-term budget and expectations of the future level of interest rates (the discount factor).

Investments in Cityringen during 2012 totaled DKK 2.3 billion. The investments have been deducted from the provision.

## The value of the entire Metro

On an annual basis, the net book value of the entire Metro is reviewed in order to determine whether there is indication of impairment. The recoverable values of both the Metro in operation and Cityringen are calculated, but are measured on a combined basis for these closely related assets, as they will constitute one overall cash flow generating entity.

Any surplus recoverable value of the Metro in operation is included in the statement of the value of Cityringen, as there has been no previous write-down of the Metro in operation. If the value of Cityringen after the set-off is negative - as in 2011 - provision is made to cover

this amount. At the end of 2012 the value after the set-off was positive, so that the previous provision was reversed.

The future cash flows included in the recoverable value are based on the Company's current long-term budget and its inherent future expectations, cf. the sheet of assumptions for the long-term budget. The recoverable value is calculated according to the equity value method. In the statement of the equity value, the estimated future cash flows are discounted back to the present value.

The assumed interest-rate level (the discount factor) is the primary uncertainty applied to the estimated value of the Metro. In the valuation of the entire Metro (recoverable value) the Company has applied a conservative expectation of interest rates, so that a risk premium has been included in order to counter the uncertainty of the development in interest rates. If the Company had instead applied the current lower market interest rate, the value of the fixed assets would have been significantly higher, and the result for the year would have improved substantially.

In the same way, the result would have been lower if a higher interest rate expectation had been applied. Note 8 to the Annual Accounts presents the calculation of the uncertainties applied to the expectation of the development in interest rates.

The principal reason for the reversal of the previous provision is the current low level of interest rates.

An estimated negative value of Cityringen of DKK -3.2 billion has

been set off to the value of the construction of the Metro of DKK 2.0 billion. The statement includes the future passenger revenue, etc. and an estimated positive additional value of the Metro in operation of DKK 5.1 billion. The reversal of the previous provision as of the balance sheet date amounts to DKK 1.9 billion, cf. Note 8 to the Annual Accounts.

## Stabilization of fluctuations in equity

The current low level of interest rates is also reflected in the statement of the market value of the Company's debt (financial agreements). The Company has agreements to cover the interest on approximately two thirds of the expected future maximum debt. On an overall basis, the agreements have an average interest rate of between 3 and 3.5 per cent. The maturity is determined on the basis of the Company's expectations of the establishment and settlement of the debt.

Like the valuation of the Metro, the book market value of the debt increases with a falling level of interest rates. As a consequence, in 2012 the Company adjusted the book market value of the debt by DKK 0.5 billion. The high valuation of the Metro is thus partly set off by an increase in the debt, which has reduced the effect on the result for the year, and thereby the Company's equity.

On an overall basis, the application of the current interest-rate levels to the valuation of the Metro,

together with the market value adjustment of the interest hedging agreements concluded, has a stabilizing effect on fluctuations in the Company's equity.



# FINANCIAL HIGHLIGHTS

## Financial Highlights

All figures in DKK million

	2012	2011	2010	2009	2008
Net turnover for the year	1,100	980	864	722	670
<b>Result before write-downs and depreciation</b>	<b>235</b>	<b>191</b>	<b>111</b>	<b>66</b>	<b>57</b>
Depreciation and write-downs	1,772	-5,689	-787	-596	-575
Result before financial items	2,007	-5,498	-676	-530	-518
Financial items	-123	-457	45	113	242
Result before market value adjustment	1,884	-5,954	-632	-387	-290
Market value adjustment	-550	-2,882	358	-30	13
Result for the year	1,335	-8,837	-274	-417	-277
Balance sheet total	10,077	8,216	9,442	9,691	9,950
Investment in the Metro for the year	2,332	3,651	637	448	442
Equity	1,637	303	9,139	9,413	9,830
<b>Adjusted equity*</b>	<b>4,731</b>	<b>2,847</b>	<b>8,801</b>	<b>9,433</b>	<b>9,820</b>
Equity ratio	16 %	4 %	97 %	97 %	99 %
Adjusted equity ratio	47 %	35 %	93 %	97 %	99 %

\* Adjusted equity is adjusted for market value adjustment.

## Operating result for the Metro

The result for operation of the Metro (before depreciation) is DKK 235 million, which is an increase by DKK 44 million compared to 2011. The increase in the profit before depreciation can be attributed to increasing passenger revenue.

Income from the Metro totaled DKK 958 million, of which DKK 677 million from the joint fare system, and DKK 281 million primarily from leasing out the Metro. Expenditure covering running costs for the Metro, contract management, administration, etc. this year came to DKK 723 million.

Depreciation amounted to DKK 205 million. The overall result is a profit of DKK 30 million.

## Construction of Cityringen

The budget for the construction of Cityringen totaling DKK 22.2 billion (2012 prices) is based on the major civil engineering contracts concluded for the transport system and engineering works for Cityringen.

Investments totaling DKK 2,271 million were made in Cityringen in 2012, bringing the total investment in Cityringen to date to DKK 6,835 million.

The net book value of Cityringen has been recorded in the balance sheet at DKK 1,953 million, as Cityringen is valued on the basis of the entire Metro's expected capital value, taking due account of the planned construction investments.

## Operating result for the Metro

All figures in DKK million		
	2012	2011
Fare payments	677	635
Metro operating revenue	276	237
Other operating income	5	5
<b>Total income</b>	<b>958</b>	<b>877</b>
Payment for operations	-677	-635
Contract management, etc	-23	-26
Other expenses	-4	-4
Administration costs	-19	-20
<b>Expenses</b>	<b>-723</b>	<b>-685</b>
<b>Result before depreciation</b>	<b>235</b>	<b>191</b>
Depreciation	-205	-283
<b>Total result</b>	<b>30</b>	<b>-92</b>
Net profit ratio before depreciation	25%	22%

Note: Fare payments are based on average passenger revenue per new passenger of DKK 12.01 in 2012, calculated on the basis of the Ministry of Transport's Order on the distribution of ticket revenue in the Greater Copenhagen area. (In 2011 the average passenger revenue per new passenger was DKK 11.68.)

Note: Depreciation for 2011 includes adjusted depreciation concerning previous years of DKK 68 million.



## Consulting

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

In the fall of 2011, Metroselskabet concluded an agreement with the Ministry of Transport to the effect that, up to mid-2013, it will handle the secretariat function for the preparation of a basis for decision for a light railway in Ring 3. This task is subject to accounting regulations concerning activities exposed to competition, and the accounts for consulting services are presented in accordance herewith.

Income amounts to TDKK 14,484 in 2012 (TDKK 1,932 in 2011), and costs total TDKK 13,828 in 2012 (TDKK 1,906 in 2011). The result of consulting activities for 2012 before calculated tax is a profit of TDKK 566 (TDKK 26 in 2011). The result after calculated tax is a profit of TDKK 424 (TDKK 20 in 2011).

## Financing, including long-term financing

At the end of 2012, Metroselskabet had financial reserves totaling DKK 3,679 million (nominal DKK 2,940 million). The loans are raised as re-lending at Danmarks Nationalbank. The Company's long-term liabilities at the end of 2012 total DKK 6,600 million.

Metroselskabet has prepared an updated long-term budget. The long-term budget presents the expected long-term economic development in the Company. The long-term budget shows that the Company's net debt is expected to reach its maximum level of approximately DKK 22.9 billion in 2023 (at current prices and including interest). This is an increase by DKK 0.5 billion from the previous current long-term budget. The debt is expected to be repaid in 2059, which is one year earlier than the expectations in the latest long-term budget from December 2011, but in accordance with the previous expectations.

## Cityringen's construction budget, excluding mobilization

All figures in DKK million.

	<b>Cityringen</b>
Investments in 2012	2,257
Investments as of 31 December 2012	6,821
Total budget (2012 prices)	22,225
Total budget (2010 prices)	21,323



## 2.2

# BUSINESS STRATEGY

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The number of passengers **must increase by approximately 15 per cent** from the beginning of 2011 to mid-2014.”

Metroselskabet's business strategy lays down Metroselskabet's vision and mission. The Company's Articles of Association state that the Board of Directors shall present a business strategy to the Company's owners as a minimum every fourth year. Metroselskabet's owners approved the current business strategy in April 2011, and the strategy applies until mid-2014.

The Company's vision is for Metroselskabet to provide efficient and reliable public transport that increases mobility.

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

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

1. The number of passengers must increase by approximately 15 per cent from the beginning of 2011 to mid-2014.
2. Cityringen must be constructed within the approved budget and the adopted time frame and quality standard.
3. The operation of the Metro must ensure the best possible customer-oriented product, on an efficient basis that is targeted at proactive maintenance and reinvestment in the Metro, in order to maintain the value of the Company's assets. The objective is to reduce the costs per passenger in both financial and environmental terms.
4. Metroselskabet will identify potential new business areas.
5. Metroselskabet's organization and activities will be subject to ongoing optimization, and the organization will be adjusted to new business areas and project phases.



## Metroselskabet's framework conditions

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

the operation and maintenance of the Metro. The Company must be operated on a commercial basis. Furthermore, in accordance with the Act, the Company may conduct other activities that have a natural business relation to the Company's Metro activities.

In addition, pursuant to the Danish Act on Transport Companies, the Company must engage in the coordination and supply of public transport in Copenhagen. The purpose of this coordination is to ensure that transport users in the Greater Copenhagen region experience how transport services function as one single entity,

even though they are provided by different operators. This is to be achieved by the parties coordinating their activities in the Greater Copenhagen region, particularly in terms of information to customers, transfers and timetable planning.

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

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

## Follow-up on Metroselskabet's business strategy

1. The number of passengers traveling by Metro in 2012 reached 54.3 million, which is more or less unchanged from 2011. The number of passengers therefore does not fulfill the objective, according to which the number must increase by 3.5 per cent per annum to achieve a 15-per-cent increase in the number of passengers during the strategy period.
2. The overall progress of the Cityringen project is satisfactory. Cityringen's budget is being followed as expected, and at the end of 2012 Metroselskabet still expects that Cityringen will open at the end of 2018. Metroselskabet closely monitors the progress of the Cityringen project.
3. 2011 was the first year in which the Company's latest operating contract had a full impact, resulting in lower operating costs. In 2012 operating costs were maintained at the same level.
4. The Company has continued to work on investigating new business areas, and in 2012 completed the work on proposals for a light railway in Ring 3.
5. Metroselskabet is structured as a number of line units, and in 2012 continued to work on implementing an overall project management model. The project management model divides the Company's large projects into four project stages, and contributes to concretizing the line units' roles and responsibilities in major interdisciplinary projects and new business areas.

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## 2.3

# COMMUNICATION STRATEGY

Close neighbors to the Cityringen construction sites, residents of Copenhagen and Frederiksberg, partners, decision makers and other significant stakeholders are kept informed about Metroselskabet's activities via a number of the Company's own communication channels, such as its website, campaigns, meetings, magazines and other printed material.

In 2012, Metroselskabet and the construction of Cityringen became more visible in the urban and media landscape, including the media's focus on working conditions and the noise levels at the construction sites. In order to meet the increasing media interest from both the news media and the trade press, at the beginning of 2013 Metroselskabet renewed its communication strategy.

In its future communication, Metroselskabet must continue to focus on handling the press and must also be better at communicating stories related to the Metro and its many users, as well as Cityringen and other new projects.

Metroselskabet must be perceived as a competent and transparent organization that in an effective and credible way provides facts and information to the many stakeholders that are observing the progress of the Cityringen construction project. This targeted effort must build confidence in how Metroselskabet's task of operating the Metro and constructing Cityringen are of positive benefit to society.





## 2.4

# METRO OPERATION



Overall operating stability for the full year was **98.4 per cent.**"

### Number of passengers

A total of 54.3 million passengers took the Metro in 2012, which is 20,000 fewer than in the previous year. This is below the expectations in the revised budget for 2012, in which 54.5 million Metro passengers were estimated.

The main reason that the Metro in 2012 did not achieve the same increase in passenger numbers as in previous years, but instead a small decrease, is the renovation of Nørreport Station. This is evident from how the Nørreport-Christianshavn section of the Metro is the only section that has fewer passengers overall compared to the previous year.

The development in the Metro's passenger levels during the year showed generally lower monthly passenger numbers than the previous year in the first half of 2012, while in the second half of 2012 passenger levels were generally higher. These variations are typically due to fluctuations in the month's weather compared to the month's weather in the previous year.

To ensure a continued increase in passenger numbers, Metroselskabet is marketing the Metro in cooperation with Ansaldo and Metro Service. The Company 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 the repeated invitations to tender for the operation and maintenance contract. The aim is for the operator to play a greater role in implementing initiatives to attract more passengers.

The operation of the Metro has been contracted out to Ansaldo STS, with Metro Service A/S as subcontractor, until the end of 2015, with the option of extension by a further three years up to 2018. The contract was concluded in January 2010 after an EU tender process. The new contract entered into force in October 2010.

### Operational stability

Sound operational stability is given very high priority in the everyday work performed by Metroselskabet, Ansaldo and Metro Service. It was therefore very satisfying that again in 2012 operational stability could be maintained at a level above the fixed minimum target of 98.0 per cent. Overall operational stability for the full year was 98.4 per cent. The small decrease from the record year of 2011 is mainly due to winter weather conditions, as well as technical problems with older equipment that will soon be replaced as part of the reinvestment program.





In 2012 Metroselskabet investigated whether operational stability during rush-hour periods deviates from the overall operational stability. More passengers are affected by operational disruptions during rush-hour periods, while the higher number of passengers increases the risk of blocked doors and similar problems. Operational stability during rush-hour periods has been measured at 97.8 per cent, which only deviates marginally from the overall operational stability, around the clock, of 98.4 per cent.

## Customer satisfaction

Customer satisfaction is vitally important to the Metro - both in terms of retaining existing customers and attracting new Metro users. Metroselskabet, Ansaldo and Metro Service therefore pay close attention to customers' opinions. Several different tools are used to gather information on customers' wishes and expectations, including ongoing customer satisfaction surveys in the Metro.

Surveys in 2012 show that 96 per cent are satisfied with their trip, while 97 per cent are satisfied with the security of traveling by Metro.

“  
Surveys in 2012  
show that **96 per cent** are satisfied  
with their trip.”

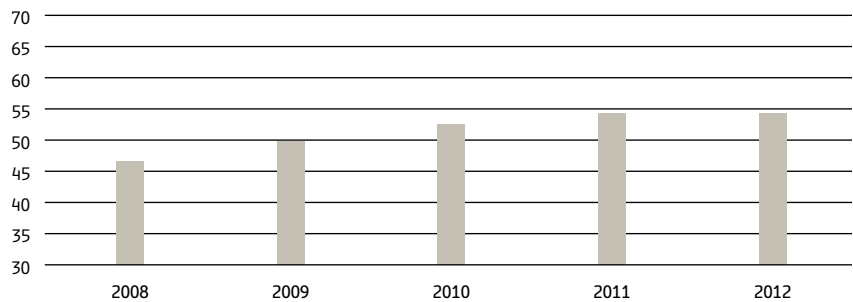
83 per cent of customers are satisfied with the information given in trains and at stations, which exceeds the target of 80 per cent. Metroselskabet's commercial strategy has special focus on improving the information given to Surveys in 2012 show that 96 per cent are satisfied with their trip, while 97 per cent are satisfied with the security of traveling by Metro. 83 per cent of customers are satisfied with the information given in trains and at stations, which exceeds the target of 80 per cent. Metroselskabet's commercial strategy has special focus on improving the information given to passengers in the event of operational disruptions.

## Reinvestments

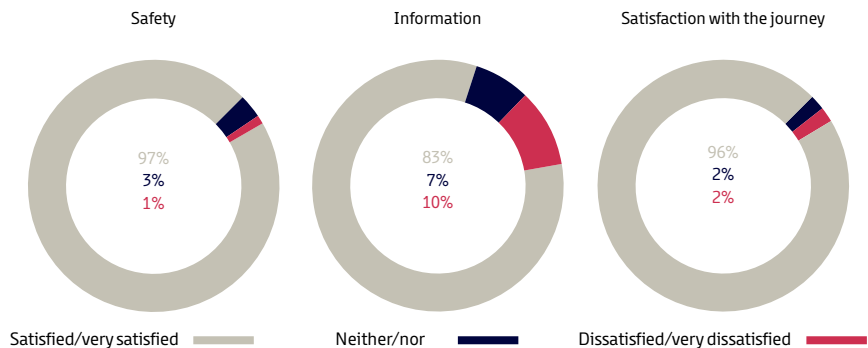
To ensure high operational stability, it is important that worn and obsolete technical installations are replaced on an ongoing basis. To handle this task in a structured way, an action plan for reinvestment in the Metro's technical installations has been drawn up. The action plan runs from 2010 to 2019. The implementation of the reinvestment plan in 2012 included the purchase of a new train washing machine, new radio transmission equipment and a new optical fiber network.

## Number of passengers

Million passengers



## Customer satisfaction



## Lifts

The reinvestment activities also include the renovation of various equipment, including elevators and lifts. With regard to lifts, there is great emphasis on the reinvestment activities helping to increase the operational stability of the Metro's lifts, which are some of the most used in the country.

## Platform doors for stations above ground level

The transport agreement of June 2012 between the Government, the Unity List and the Danish People's Party allocated funds to ensure better and cheaper public transport. The agreement was intended to ensure additional Metro departures through investment in the existing infrastructure and rolling stock. Part of this upgrade included funds to establish platform doors at stations above ground level, so that more trains can be deployed in rush-hour periods, avoiding many operational disruptions.

The primary cause of operational disruptions is the monitoring system at outdoor stations, which triggers alarms if a person or object falls onto the track - called ODS (Obstacle Detection System). Operational disruptions typically occur because birds, newspapers or bad weather trigger an alarm, so that the track area has to be inspected by a Metro Steward before operations can be resumed. Replacing the present alarm system with the platform doors used in subterranean stations will allow many operational disruptions to be avoided.

## New washing hall

As part of the reinvestment activities, a new train washing machine has been purchased, with a related fully biological water purification plant. This environmentally sustainable solution allows around 95 per cent of the

water to be reused. The wastewater facility is also dimensioned to purify other wastewater from the train preparation process, such as wastewater from cleaning trains of graffiti.

## Renovation of Metro trains

On the renovation of the Metro trains, white foil is mounted on the exterior of the trains, in order to restore the trains' original white glossy finish. The white foil is less expensive than painting the Metro trains, and easier to maintain. Foil will be mounted on the trains over a five-year period, concluding in 2015.

## Mobile tickets still a success

Using their mobile phones to buy Metro tickets is part of many customers' daily routine. Since mobile tickets were introduced in 2009, the number of mobile tickets sold has continued to increase. Mobile ticket number 20 million was sold in October 2012, and weekly sales exceed 200,000 mobile tickets.

In 2012 the range of digital options open to customers has expanded even further. In the spring of 2012, the public transport companies in the capital introduced a joint mobile ticket app for smartphones, and as from the end of 2012 it is also possible to use iPhones to buy season tickets. Purchase of season tickets using Android phones will be launched in the spring of 2013.

There is constant focus on access to purchase tickets. In 2012 several partnerships were established to cooperate on a joint ticket purchase solution. This includes collaboration with Visitbox Tours, whereby tourists in Copenhagen can buy tickets for public transport at their hotels, with the tickets delivered as mobile phone tickets.

More than **200,000**  
**mobile tickets per**  
**week** were sold.

## Electronic travel card

Metroselskabet owns 8 per cent of Rejsekort A/S, which undertakes the development and operation of Rejsekortet (the electronic travel card system), which will help to make it easier to buy tickets for public transport in Denmark. In 2012, the electronic travel card system was deployed throughout Greater Copenhagen, and at the close of 2012, the first 50,000 customers in the capital had begun to use the system.

A user survey in May 2012 of almost 1,000 users of the system in the capital showed that customers have welcomed the electronic travel card system. 73 per cent consider it easier to travel by bus, train and Metro, and for 13 per

cent of those asked, the travel card system had led them to use public transport more. Since April 2012 the Metro has been part of the joint Rejsekort Customer Center, from which customers can order electronic travel cards by telephone and mail, and get help with use of the system.

As from 1 July 2012, travel card customers have been able to establish re-charging agreements with Metroselskabet. Metroselskabet is interested in customers making use of self-service options to purchase travel card services, including re-charging agreements. All other things being equal, this will reduce the overall operating costs.



“  
...a nationwide ‘off-peak’  
discount... entails **tariff  
reductions of around  
20 per cent outside  
rush-hour periods.**”

## Public transport tariffs

On 12 June 2012 a political transport agreement, the “Agreement on Better and Cheaper Public Transport”, was concluded between the Government, the Unity List and the Danish People’s Party. The agreement was concluded after political discussions concerning opportunities to reduce traffic congestion in the capital by introducing a congestion charge. One element of the agreement is the financing of a nationwide “off-peak” discount for journeys made by public transport, entailing a tariff reduction of around 20 per cent outside rush-hour periods.

Under the terms of the transport agreement, DKK 300 million is allocated for nationwide tariff reductions outside rush-hour periods, increasing to DKK 315 million as from 2018, as a consequence of the influx of users of Cityringen when this service opens in 2018.

The tariff reduction for local journeys in Greater Copenhagen will be implemented as an “off-peak” discount of 20 per cent for trips made using the electronic travel card system in the periods from 11:00-13:00 and 18:00-07:00 hours on weekdays, and around the clock on Saturdays, Sundays and public holidays.

The Danish Transport Authority grants compensation to Metroselskabet on a “krone for krone” basis, and the compensation is paid on the basis of the discount granted for trips in the “off-peak” period sold using the travel card system. The compensation is calculated as 20 per cent of the price that the passenger would have paid for the trip.

## Metro fare revenue

In 2012 fare revenue totaled DKK 677 million. Of this amount, tickets for DKK 175.8 million were sold using the Metro’s ticket machines at stations. The rest of the tickets were sold by members of the tariff partnership. This sale is

mainly undertaken by DSB, including season tickets.

Multi-trip cards account for the largest share of the Metro’s own sales, at 73 per cent, while tickets bought on a cash basis account for 25 per cent. 24-hour tickets and the City Pass make up the last 2 per cent.

## Travel Planner

Metroselskabet owns 3.2 per cent of Rejseplanen A/S (Travel Planner). Rejseplanen A/S was founded on 1 January 2003, and now responds to over 15 million travel planning queries each month, which means that it continues to be Denmark’s largest public Internet service. The purpose of the travel planner service is to make relevant travel planning information about public transport in Denmark available to the general public. The owners of the service are the regional and local transport companies throughout Denmark. The integration of various digital services continues, and mobile tickets can thus be purchased directly via the travel planner service. Travel planning in Greater Copenhagen can also take place via the joint Mobile Ticket app.

## Objective for 2013

The objective for operations in 2013 is to maintain high operational stability exceeding 98 per cent, and for the number of passengers to continue to increase, so that 55.5 million passengers take the Metro in 2013.

# 2.5 CITYRINGEN



From Nørrebros Runddel to Enghave Plads in just **seven minutes.**"

The construction of the new section of the Metro, Cityringen, will be based on the same principle as for the existing Metro. This means that functions, structures and systems will to a great extent be the same as for the existing Metro. For example, the Metro is fully automatic, driverless and operated by trains that run on a very frequent basis. In principle, the station concept is the same as for the existing Metro, with stations that are designed as large open spaces.

Once Cityringen opens, it will be possible to take the 15.5 km trip under the city center, the bridge quarters and Frederiksberg in one stretch, and to transfer to and from the existing Metro lines at Kongens Nytorv and Frederiksberg stations. It will also be possible to transfer to the regional rail and S-train networks at the Copenhagen Central and Østerport stations, and to the S-train network at Nørrebro station. Cityringen will, for example, make it possible to get from Nørrebros Runddel to Enghave Plads in just seven minutes, and from Nørrebro Station to Trianglen in six minutes.

Cityringen is expected to open for passengers in December 2018, and will include 17 subterranean stations and a new control and maintenance center (CMC).

Copenhagen Metro Team, which consists of Salini, Technimont and SELI, is undertaking the

construction of Cityringen. These three parties are already collaborating on the expansion of one of the new metro lines in Rome, Italy.

Ansaldo STS will deliver trains, operating system and control and maintenance center, and undertake operation during the first five years, with the option of a further three years. Ansaldo STS has delivered the trains and operating system for the existing Metro, as well as its operations since the Metro's opening in 2002.

## Cityringen in 2012

All of the preparatory work at the construction sites for the coming stations has been completed. The work of realigning the utility grids for the city's supplies of electricity, water, gas, Internet, sewerage, etc. has been completed and the sites have been prepared for the excavations for the station boxes.

All 21 construction sites have been transferred to the contractor Copenhagen Metro Team (CMT). At most of these sites, the construction of station walls as either diaphragm walls or secant pile walls has commenced.

The walls for the station boxes have been completed at Nørrebros Runddel and Nuuks Plads, and casting of the top sections of the station boxes has commenced. At Nørrebro parken, the





excavation work commenced, and at the end of 2012 the excavations had reached a depth of approximately 30 meters.

During the Cityringen construction phase, there are a total of three construction sites at which tunnel boring will commence, and from where all material to and from the tunnel boring works will be handled. These sites are Nørrebroparken, Øster Søgade/Sortedamssøen and Otto Busses Vej.

During 2012 it proved to be appropriate to make one single adjustment to the original project. The site at Øster Søgade was thus extended to also include the branch to Nordhavnen, on which political agreement was reached in

2012. The damming of the lake got under way, and a new bridge link across the lake was established.

The first tunnel boring machine (TBM) arrived in Copenhagen at Christmas 2012 and was stored at Nordhavn, where final assembly took place.

The Museum of Copenhagen, which is responsible for the Cityringen archaeological excavations, was a fixed partner in 2012, mainly at the construction sites in the city center, and especially the sites at Rådhuspladsen (Town Hall Square), Gammel Strand, Kongens Nytorv and Østerport.

During the construction of Cityringen, six kilometers of construction site hoardings have been erected across the capital. They are called the City Hoardings. In 2012 these hoardings were decorated by local residents and artists, making them an interesting element of the urban landscape. In the fall of 2012, the best artworks were nominated and awarded with either the Public's Prize and the Jury Prize. Each of the two "Hoardings of the Year 2012" prizes included an amount of DKK 10,000.

## Expectations of Cityringen in 2013

2013 will be the year that the first boring machines commence the work of boring the tunnel tubes. The boring machines will commence from Nørrebroparken, boring towards Frederiksberg, and from Otto Busses Vej towards Copenhagen Central Station.

The archaeological investigations will continue, mainly at Gammel Strand, where many new details of the prehistory of Copenhagen will probably be revealed.

Concurrently with all these activities on all sections of the coming Cityringen, Metroselskabet will cooperate with Copenhagen Metro Team on giving neighbors and the general public regular information on the ongoing work, and progress in general.

The invitation to tender for the fitting out of the stations will commence in 2013, and is expected to be concluded by the end of the year. The station fittings will consist of materials and surfaces such as wall surfaces, ceilings and skylights, and will be based on a "more of the same" principle and lessons learned from the existing Metro. It must also be ensured that the individual stations each have their own unique strong architectural identity.

## Communication campaign directed at close neighbors

The construction of Cityringen means that many Copenhagen and Frederiksberg residents will be neighbors to a major construction site for a number of years to come. This is because they either live, work or spend their everyday lives in close proximity to the construction sites, and the noise that this entails.

Metroselskabet gives high priority to ensuring that neighbors and other stakeholders are kept updated on progress, as well as the coming work at the sites, so that neighbors can take this into account in their daily lives, as far as this is possible. Information is provided via many channels, such as the website, notices on doors, letters to neighbors, information meetings, the "Mobile Shed" mobile information stand, "Open Site" events at construction sites, text messages and the local press.

Metroselskabet seeks to be as accessible as possible, and in cooperation with Copenhagen Metro Team a shared contact number has been established, with a personal response service around the clock.

In order to provide an even better information service to neighbors when working hours are exceeded, for example, or when special transport takes place, Metroselskabet has launched a text message-based warning system, in collaboration with Copenhagen Metro Team.

## Communication campaign – in a wider perspective

Metroselskabet has strong focus on providing detailed information to the construction sites' neighbors, and a number of measures are taken. Metroselskabet can also note increasing interest in the construction work from other residents of Copenhagen and Frederiksberg, as well as commuters and other people that are part of the city's life.

### Facts about Cityringen

- 72 million passengers expected per annum (after the influx of new passengers)
- Budget of DKK 21.3 billion (2010 prices)
- Year of repayment: 2059

To meet this interest, and to provide information to all of the city's residents - and not just neighbors - on the present and future adverse consequences of the construction work, in 2012 Metroselskabet launched an extraordinary information campaign targeted at all residents of Greater Copenhagen. This campaign included material distributed to all households, banners on construction site hoardings, outdoor posters, and advertisements in local and national newspapers.

The campaign's focus was to provide information on the noise and traffic consequences of the construction work.

## Mobile exhibition on Cityringen

In 2012 the mobile exhibition called "In the Tracks of the Metro" opened. The exhibition was created in collaboration with the science museum, Experimentarium. The purpose of the exhibition is to give the people of Copenhagen new insights on the complex and exciting process of constructing a Metro beneath the city. "In the Tracks of the Metro" is for inquisitive adults, and especially for schoolchildren. The exhibition also includes special school materials for children from reception class to the sixth grade. This material can be used for school topics on the subject of the Metro project. "In the Tracks of the Metro" has capacity for around 340 school classes per year, equivalent to around 6,800 pupils. The exhibition is free of charge, and will be displayed at various venues in the city right up to the opening of Cityringen in 2018.



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## 2.6

# MAJOR PROJECTS

### Branch to Nordhavn

In August 2012, an agreement was concluded between the Danish State, represented by the Ministry of Transport, and the City of Copenhagen and the City of Frederiksberg, that gives Metroselskabet the opportunity to initiate the preparatory work for a Metro line to Nordhavn (the North Harbor). Shortly afterwards a contract was concluded for advisory services concerning the project design and invitation to tender for this project. The invitation to tender and the establishment of contracts with contractors and suppliers for the Metro to Nordhavn are expected to take place in 2013, so that the contracts can be concluded at the beginning of 2014, after the financial basis has been approved by the owners.

The draft bill for an Act on the branch of Cityringen to Nordhavn was submitted for consultation just before Christmas, so that the legislative basis is expected to be achieved during the spring of 2013.

A branch to Nordhavn will connect the new quarter even more closely to the rest of Copenhagen. The new Metro branch will be an integrated part of the Cityringen traffic system and passengers to and from Nordhavn will not have to change trains, but will be able to travel directly to and from the most central Metro and

train stations. The present Nordhavn S-train station will be the transit station

between S-trains and the Metro, hereby further upgrading the public transport system. It is assessed that, in time, approximately 11,000 new passengers will embark on a Metro train every 24 hours at the two new stations in Nordhavn.

In step with the urban development, the Metro line can be extended out into the Nordhavn area with new high-level stations.

### Branch to Sydhavn

In 2011, the City of Copenhagen requested Metroselskabet to ensure that the design of Cityringen allows for the establishment of a branch to Sydhavn (the South Harbor). This required minor adjustments to the alignment of the section between the main line and the control and maintenance center at Vasbygade.

On 12 June 2012, the Government, the Unity List and the Danish People's Party concluded an agreement on better and cheaper public transport. Subsequently, the owners of Metroselskabet decided to prepare the basis for a decision on a Metro line to Ny Ellebjerg via Sydhavn, as a branch of Cityringen. The preparatory work is undertaken by Metroselskabet



in cooperation with the City of Copenhagen, the City of Frederiksberg and the Ministry of Transport. Metroselskabet began the preparatory work in October 2012. Various possible designs of the station venues and structural solutions have been defined for more detailed analysis and comparison.

### Steps to the transfer tunnel (Frederiksborggade East, Metro steps)

The completion of the New Nørreport project will improve the access conditions to the S-trains and regional trains at Nørreport Station.



In order to also improve the access conditions to the Metro station at Nørreport, a proposal has been outlined for steps to connect the transfer tunnel between the Metro, S-trains and regional trains directly with the city center section of Frederiksborggade. In particular, the steps will upgrade the access conditions to the Metro station, and generally improve the accessibility of the New Nørreport area.

With reference to the agreement on improved mobility between the Government (the Liberal and Conservative parties) and the Social Democratic party, the Danish People's Party, the Socialist People's Party, the Social Liberals and the Liberal Alliance of 26 November 2010, Banedanmark held an invitation to tender for the project in the summer of 2012.

It was assumed in the agreement that the construction costs of extending the transfer tunnel would be held within a budget of DKK 100 million, financed as DKK 50 million each from Metroselskabet and DSB, respectively. Based on the invitation to tender, which shows a price that is DKK 50 million higher, the Board of Directors of Metroselskabet has adopted a decision to finance the required share of the remaining DKK 50 million. The construction work has now commenced.

## Frederikssundsvej

On the Copenhagen City Council's consideration of "Public Transport in Copenhagen" in June 2012, a decision was taken to investigate the feasibility of a light railway link from the light railway in Ring 3, via Frederikssundsvej, to the Metro system in the densely populated districts close to Nørrebro Station. It must be assessed, among other things, whether this light railway should also be connected to a future Metro line at Bellahøj or Brønshøj Torv. Metroselskabet is contributing to the planning of the railway facility.

## Consulting for the light railway in Ring 3

In 2011, Metroselskabet concluded an agreement to assist the Ministry of Transport, the Capital Region and the 11 municipalities along Ring 3 (Lyngby-Taarbæk, Gladsaxe, Herlev, Rødovre, Glostrup, Vallensbæk, Albertslund, Brøndby, Hvidovre, Høje-Taastrup and Ishøj) in preparing a basis for decision on a light railway in Ring 3. This will include a description of the light railway project that will serve as the basis for a political decision on the implementation of this project. The task includes determining the alignment and position of stations, as well as a financial assessment, etc. of the construction and operation of the light railway

The light railway in Ring 3 will extend for 27 kilometers and connect Lundtofte in the north with Ishøj in the south. The light railway will have 27 stations, including interconnection with the five S-train lines.

The preparation of a basis for decision and the draft agreement in principle are expected to be considered by the municipalities and the Capital Region in March and April 2013. The agreement in principle is expected to be signed in the spring, and a bill for an "Act on a Light Railway in Ring 3" is expected to be tabled in the fall of 2013. After the conclusion of the agreement in principle, an interim board of directors is expected to be appointed, to undertake the implementation of the preparatory work. The light railway is expected to be ready for use between 2018 and 2020.

The construction project will cost a total of DKK 3.9 billion, to be financed by the State, Capital Region and the municipalities.

## 2.7

# COMPANY MANAGEMENT

### Organization

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

The Board of Directors has nine members who are elected for a period of four years. The current election period runs until 31 December 2013. The City of Copenhagen and the Danish State each appoint three members, while the City of Frederiksberg appoints one member and an alternate member. In addition, the Company's employees elect a further two members of the Board of Directors. In 2012, nine meetings of the Board of Directors were held, as well as one seminar for the Board of Directors and respectively three and four meetings of the Risk Committee and the Audit Committee.

The Company works systematically on risk management and on an ongoing basis reports all risks identified to the Board of Directors. The Board of Directors has appointed a Risk Committee under the Board of Directors, to facilitate such reporting. The purpose of the Risk Committee is to prepare the Board of Directors' consideration of the Company's risk

management, including risk assessment and risk reporting.

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

The Company's Board of Executives comprises CEO Henrik Plougmann Olsen. The Board of Executives furthermore comprises Deputy Director Anne-Grethe Foss, who is responsible for Metro Operations and the development of new projects, Technical Director Erik Skotting, who is responsible for the Company's civil engineering activities, and Rebekka Nymark, who is responsible for the Company's customer-related and commercial activities, and for communication with neighbors.

At the close of the financial year, Metroselskabet employed a staff of 219 to undertake the operations of the Company and the existing Metro, the construction of Cityringen, analysis



of the light railway in Ring 3, and the invitation to tender, etc. for the branch to Nordhavn. In addition, around 100 consultants based at Metroselskabet's premises on Metrovej are also working on the construction of Cityringen, the invitation to tender for the branch to Nordhavn, and analysis of a basis for decision on a Metro line to Sydhavn.

are handled and reported. For the Company's major Cityringen project, a risk management process especially for this project has been established. This process involves Cityringen's contractors, thereby ensuring that risks are handled where this is most appropriate. For the Company's other major projects, risk management is also an element of the day-to-day project management.

## Risk management

The risks to which the Company is exposed are determined via the Company's risk management activities. The objective of the overall risk management is systematic risk identification across the organization, enabling the Company to achieve an overview of the total risk exposure and to handle risks in the most appropriate way. Risks are reported at several different levels. For each risk a risk owner is nominated to ensure that risks within the respective areas

Risks are reported to the Board of Executives, which collects proposals for adjustments to the current risk exposure from all of the Company's activities. The Board of Executives evaluates the proposals received and ensures that risks are continuously managed and assessed on a uniform basis, with due consideration of probability and consistency across the organization. On this basis, the Board of Executives prepares a comprehensive list and a current risk list of the Company's total risk exposure.

## Metroselskabet's organization structure

### BOARD OF EXECUTIVES

Henrik Plougmann Olsen, Anne-Grethe Foss, Erik Skotting, Rebekka Nymark

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



The Board of Executives presents a quarterly proposal for a prioritized list of current risks to the Risk Committee, and then to the full Board of Directors. The Company reports on risk assessment at quarterly meetings with the Company's owners, based on the Board of Directors' consideration thereof.

## Procedures for presentation of financial statements and the use of IT

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

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

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

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

## Arbitration cases, etc.

May 2004, the major engineering contractor from stages 1 and 2A of the Metro, COMET,

lodged a claim for additional payment against Metroselskabet (Ørestadsselskabet) to the Arbitration Tribunal. The claim was for additional payment of approximately DKK 4 billion, but the Arbitration Tribunal limited the possible compensation to maximum DKK 2 billion, equivalent to COMET's final statement. On 10 April 2012, the Arbitration Tribunal made a ruling in the key aspect of the case. The consequences of the Arbitration Tribunal's ruling were recorded in Metroselskabet's accounts for 2011. The only outstanding issues are interest, currency, etc., which are expected to be ruled on by the Arbitration Tribunal during 2013.

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

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

In connection with the conclusion of the major engineering contracts for Cityringen, at the beginning of 2011 the two losing consortia filed an appeal to Klagenævnet for Udbud (the Tender Appeals Board). On 8 January 2011, the Tender Appeals Board ruled that the complaints were not to have standstill effect. In January 2013, the Tender Appeals Board ruled on the outstanding appeal case. The Board has found in favor of Metroselskabet on all counts.

In December 2012, DSB and Metroselskabet lodged an arbitration case against Trafikselskabet Movia in order to settle the distribution

of the passenger revenue as from 1 January 2008. The case concerns DSB and Metroselskabet's claims on Movia for the downward adjustment of Movia's revenue after the change in the count results as from 2008.

If DSB and Metroselskabet's claim that Movia has achieved counting improvements from improved technology is upheld, this improvement must be neutralized.

## Capital

In connection with the Company's budgeting for 2013 an updated long-term budget has been drawn up, including the expected repayment term for the debt. The long-term budget

presents the expected long-term economic development in the Company. The description of the Company's financial position is based on a number of assumptions that are subject to the uncertainty that will always apply to the assessment of future circumstances. The budget is based, among other things, on assumptions concerning trends for the number of Metro passengers, and for the development in interest rates and the basis for index-linked adjustment.

In the current long-term budget for 2013, the net debt is expected to reach its maximum amount of approximately DKK 22.9 billion (in current prices and including interest) in 2023. This is an increase by DKK 0.5 billion from the previous current long-term budget.

## Financial risks

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

## Currency risks

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

## Interest rate risks

Interest rate risks are managed by borrowing and investing money at both variable and fixed interest rates. The profit for the year is affected by fluctuations in the market value adjustment, which is determined overall by the development in the general level of interest rates.

If the interest rate falls, for example, the market value of a fixed-interest bond rises, and vice versa. BPV (Basis Point Value) indicates the price exposure. BPV at end-2012 is DKK 34 million, which means that a decrease in the level of interest rates by 1 per cent will entail an increase in the market value by DKK 3.4 billion, and vice versa.

## Counterparty risks

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

## Rating

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

The debt is expected to be repaid in 2059, which is one year earlier than the expectations in the latest long-term budget, but in accordance with the previous expectations. The current long-term budget is included as an Appendix to the Annual Report.

Two significant adjustments have been made to the updated long-term budget, compared to the long-term budget from December 2011. The consequences of the COMET case have been incorporated in the budget, and the interest rate assumptions have been re-assessed at the recommendation of the Company's owners, with due consideration of the continued low level of interest rates.

The Company has built up interest rate exposure whereby some elements of the future interest expenses are locked. On the conclusion of the agreements, the Company has hedged the interest rates on approximately two thirds of the maximum expected debt at a fixed interest rate, and thereby ensured a fixed low interest rate for the largest share of the debt, even when the Company's debt is expected to reach its highest level.

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

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

As joint partners in the Company, the Danish State, the City of Copenhagen and the City of Frederiksberg are, directly, unconditionally and jointly and severally, liable for all liabilities of Metroselskabet, including the loans raised by Metroselskabet. In view of the joint and several liability of the Danish State, Metroselskabet is indirectly subject to credit rating like the Danish State, i.e. AAA by Moody's and AAA by Standard & Poor's. This means that it

can generally achieve terms in the capital market that are equivalent to those available to the Danish State. In addition, Metroselskabet is able to raise re-lending loans at Danmarks Nationalbank. A re-lending loan is a loan raised directly for Metroselskabet from Danmarks Nationalbank on behalf of the Danish State, based on a specific government bond, and on the same terms as those that apply when the bond is sold in the market.

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## 2.8

# SOCIAL RESPONSIBILITY

### Introduction

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

The Company's greatest responsibility to the neighboring community consists of its responsibility for public transport. Both the existing Metro and Cityringen will change traffic patterns in central Copenhagen and in Frederiksberg, have a positive effect on the city's air quality, contribute to reducing CO<sub>2</sub> emissions, and help solve congestion problems.

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

### Environment

Metroselskabet works continually and systematically to reduce environmental impacts from the Metro and the construction of Cityringen. Every third year, Metroselskabet prepares an environmental report which presents the Company's environmental objectives. A new environmental report will be prepared in 2013.

### Policy

The Metro in operation is a modern facility that is subject to ongoing environmental improvement measures.

The Metro is the most eco-friendly transport method, compared to S-trains, buses and cars. The CO<sub>2</sub> emissions from these four means of transport are presented on the next page.

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, currently Cityringen, to show the greatest possible consideration for the environment and the affected neighbors.

During its establishment and once in operation, Cityringen will be at least as eco-friendly as the Metro in operation, and Metroselskabet has therefore made a number of

environmental requirements of the construction of Cityringen.

**Action plan and achievement of objectives**  
In the environmental report the environmental policy has been translated into an action plan for the existing Metro, Cityringen and administration. On an ongoing basis, the action plan contributes to closing the gap between the current environmental impact and the environmental impact objectives (policy).

### Green concrete

Metroselskabet requires the contractor to use "green concrete" that is produced with lower CO2 emissions, among other reasons because substitute materials and recycled products are used in its production. The requirement is that emissions from the production of "green concrete" may not exceed 400 kg/m<sup>3</sup>. For comparison, the construction of the first Metro resulted in the emission of 700 kg/m<sup>3</sup>.

Particle filters ensure cleaner air Metro-selskabet requires the contractor to equip machinery used in the construction work with particle filters. As a consequence, two thirds of the machines used at the construction sites use particle filters to remove 99 per cent of the particles. In summer 2012, DTU (the Technical

University of Denmark) and the Danish Ecological Council undertook measurements that showed that machines that are not equipped with particle filters emit more than 100 times as many particles as machines that do have particle filters.

### Handling groundwater

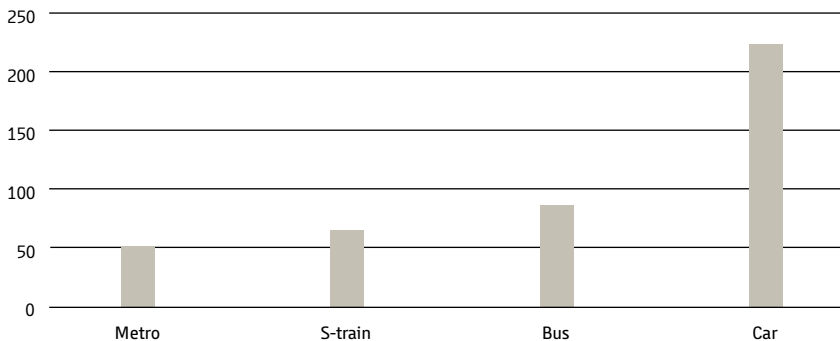
Metroselskabet requires the contractor to ensure that the groundwater table is not lowered around the construction sites, or at the 15.5-kilometer long tunnel sections. The groundwater that is pumped up is re-filtered and purified before it is pumped back, so that the groundwater table is affected as little as possible.

### Eco-friendly materials

Metroselskabet's environmental objective is to avoid use of materials and chemical products that are included on the environmental authorities' lists of substances that should not be used. These means, for example, that the hydraulic oil and lubricants used in the boring work are vegetable products that are biodegradable. The paper used for communication with neighbors, or the information folders distributed to all households in the fall of 2012, naturally carried the Svane ecolabel.

### Emissions of CO2

Grams per km





## Safety

### Policy

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

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

Metroselskabet will maintain its high safety objectives during the development of Cityringen, as well as in the organization of the future operation of both the existing Metro and the future Cityringen.

### Action plan and achievement of objectives

In order to maintain and improve the Metro's safety policy objective, the Company regularly evaluates possible updates to safety procedures in cooperation with our operations contractor. The safety standard of the Metro is therefore very high. Metroselskabet draws on a large network among Metro systems in other countries, for example for the exchange of experience in relation to safety procedures.

The increased awareness of the risk of terrorist attacks on transport systems has led to greater focus on emergency response initiatives in the Metro.

“  
The Metro must be  
just as safe as the  
safest new Metros  
in the world.”

Metroselskabet works with the operations contractor and the emergency services on a continuous 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 the emergency response for transport systems.

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

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

## Working environment

The work on Cityringen commenced at the end of 2011. 2012 is therefore the first full production year for Cityringen and the first year for which the working environment status can be

assessed. In the contract with the two Cityringen contractors, Ansaldo og CMT, Metroselskabet has delegated the responsibility for coordinating the working environment. This means that CMT and Ansaldo have the Client's working environment coordinators employed in their respective organizations. In practice this means that the contractors undertake the working environment activities, and Metroselskabet inspects this work.

### Policy

At Metroselskabet the working environment is a line responsibility, which is rooted in the company's senior management. Metroselskabet is committed to a sound working environment for all employees and will work constantly to ensure that the construction of Cityringen takes place on a responsible basis in terms of health and safety.

### This means that Metroselskabet will:

- adhere to all relevant legislation and set high standards for our working environment activities
- seek to minimize the accident frequency and prevent work-related illness or accidents
- ensure that working environment activities concerning Cityringen adhere to best practice within the technical and social area
- inspire and train the employees working on the project to ensure that they have sufficient knowledge of the working environment rules, so that they can act appropriately
- never compromise on the working environment on financial grounds or in order to speed up the work.

### Action plan and achievement of objectives

As the client, Metroselskabet will ensure that the construction of Cityringen takes place in an environment that prevents health and safety problems and accidents. A systematic effort is herefore made to identify health and safety problems in the design phase.



A number of initiatives were taken to focus on the working environment, including campaigns with special focus on preventing accidents. In addition, all of Metroselskabet's site managers are trained working environment coordinators, giving them the competences to supervise the contractors at Cityringen's 21 construction sites.

A reference group for the Cityringen project has been established. The aim of the reference group is to promote greater dialog concerning health and safety issues with contractors, organizations and public authorities. The members of the reference group include the construction project's parties, the Danish Working Environment Authority, the client, the contractors, NFA (the Danish National Research Centre for the Working Environment) and other stakeholders.

## Status of the Cityringen working environment

The graph on the next page presents the development in the accident frequency for Cityringen from the start-up of the construction phase until 31 December 2012. The accident frequency is the number of accidents leading to absence per 1 million working hours, and is compared with the national average for accidents in the building and construction sector compiled by the Confederation of Danish Employers.

Cityringen ended 2012 with an accident frequency of 27, which far exceeds the target of maximum 16. This is not satisfactory, and we are working with our contractors to improve our efforts in the area of the working environment and accident prevention.

## Metroselskabet has taken the following initiatives:

- Working environment campaigns targeted at craftsmen at the construction site - focus on own/others' safety.
- All accidents and near-misses are analyzed for preventive/corrective action, in order to avoid repetitions.
- Permanent site managers at all construction sites (from Ansaldo, CMT and Metroselskabet) supervise safety measures.
- Ansaldo and CMT have a working environment organization that follows up on safety at the construction sites on a daily basis.
- Metroselskabet also has its own working environment organization to follow up on the contractor's measures.
- Metroselskabet performs working environment audits of all construction sites at least once every third month. This consists of a review of the contractor's compliance with its own working environment management system, and with Danish legislation.

## Social clauses

### – ILO Convention

#### Policy

Metroselskabet is aware of the special obligations concerning pay and working conditions, working environment, the economy, the environment, etc. entailed by major public construction works. The Company has therefore incorporated ILO Convention no. 94 in contracts with Cityringen's main contractors.

#### Action plan and achievement of objectives

In order to fulfill the contract's clauses concerning compliance with ILO Convention no. 94, the Contractor must ensure that the staff employed by the Contractor and any subcontractors to the contractor are hired on salary and employment terms that are no less favorable than the salary and employment terms that, in accordance with a collective agreement, legislation or administrative regulations, apply



to work of the same nature within the trade or industry concerned in the region in which the work is performed.

The main contractors for Cityringen have joined the respective employer organizations and are thus contractual partners within the labor-market system. This means that any issues concerning compliance with the ILO Convention can be resolved within the ordinary Danish labor-market model, whereby the labor-market parties handle disputes concerning pay and employment conditions within the labor-market system (i.e. mediation, arbitration or similar).

This also means that the individual construction workers can raise issues via their trade unions.

Compliance with the ILO Convention is thus ensured via the Danish labor-market model.

## Apprenticeships in the construction of Cityringen - partnership

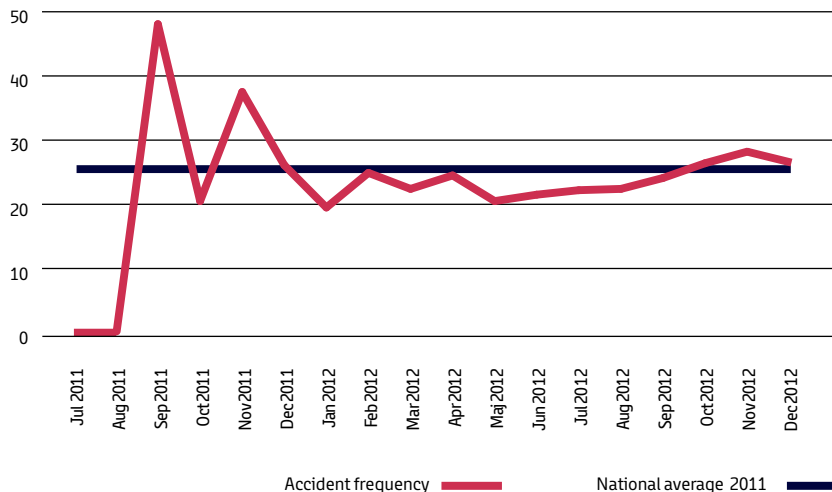
### Policy

Metroselskabet has the objective to establish practical training positions and apprenticeships as part of the construction of Cityringen. In 2011 the Company therefore concluded a voluntary partnership agreement with the contractors, the Danish Construction Association, 3F, BAT (the cartel of unions in the building, construction and wood sectors) and LO (the Danish Confederation of Trade Unions) with the intention of achieving apprenticeships.

The objective is for 5-7 per cent of the hourly-waged employees at the construction sites to be apprentices. The agreement is administered by Byggeriets Uddannelser (the Danish Construction Association's training schemes), which is a collaboration scheme between the

## Status of the Cityringen working environment

Occupational accident frequency = number of accidents leading to absence due to illness per 1 million working hours



“  
In 2011 the Company  
concluded a voluntary  
partnership agreement...  
with the intention  
of achieving  
apprenticeships.”

Danish Construction Association and 3F (the United Federation of Danish Workers).

**Action plan and achievement of objectives**

As part of the partnership agreement, Metroselskabet co-finances the employment of a matchmaker in the training schemes. The matchmaker's task is to match the competences required for the construction work with the potential apprentices' competences. The basis for these measures was that very early in the process the organizations noted how experience showed that it was difficult to establish contact. This is still assessed to be a major challenge, including providing information on the professional training system.

In mid-2012 the parties to the agreement noted that the expected number of practical training places was not available. The parties have therefore worked on developing a new scheme under which the main contractor employs apprentices and "loans" them to sub-contractors. This scheme can be used in different variations, and so far experience is limited. So far, the new scheme has resulted in CMT being approved to train eight structural technicians.

At the beginning of January 2013, in addition to the aforementioned measures, collaboration commenced with the Regional Practical Training Place Unit on the matching of traineeships. This is supported by the technical colleges' trial scheme based on a practical training center.

In cooperation with its stakeholders, Metroselskabet has formed a task force to monitor the development in the achievement of practical traineeships as part of the Cityringen project.

Personnel

**Policy**

A personnel policy has been adopted that is updated regularly as the need arises. In terms of values and culture, the Company's personnel

policy is the responsibility of the Company's management and employees.

The personnel policy includes a gift policy, as well as guidelines concerning the whistleblowing policy. Both policies have been established to counter any suspicion of unlawful conduct, including corruption and bribery. In 2012 there were no requests to use the whistleblowing guidelines.

**Action plan and achievement of objectives**

Metroselskabet takes preventive measures to promote the health and well-being of its employees. This takes place by combining efforts to improve the working environment with initiatives that emphasize a healthier lifestyle, with focus on greater well-being. The Company's canteen aims to offer a healthy variety of foods, and a fruit and fresh drinking water scheme is available to all employees. Metroselskabet employees also have the opportunity for discounts on membership fees for two fitness chains. Cooperation has also been established with a bicycle repair workshop that visits Metroselskabet on a fixed weekday every second week, so that employees can have their bicycles repaired, at their own cost. The Company also has a number of bicycles that are available for employees to use in conjunction with their work. Both initiatives help to support a healthier lifestyle for personnel.

Metroselskabet also offers its employees a physiotherapy scheme and a psychologist scheme. The purpose of the schemes is to ensure the retention of the employees in the event of illness or accidents.

Whistleblowing guidelines have been prepared to instill respect concerning Metroselskabet's obligations to comply with laws and regulations as well as internal guidelines and policies. The guidelines also aim to provide security for employees by giving them clear opportunities for reporting, and protection of those who have filed reports if rules have been breached.

In order to protect the Company's employees from corruption, a gift policy has been formulated to provide clear guidelines in this area. Guidelines for both receiving and giving gifts have been established.

The Company is in regular dialog with the trade unions (such as DJØF privat and HK privat) on matters relating to employment and dismissal.

## Metroselskabet's employees

Metroselskabet employs 219 people aged from 19 to 70+, with a gender distribution of 45 per cent women and 55 per cent men. Around 10 per cent of the employees are from abroad, primarily other European countries.

Metroselskabet's employees have a wide variety of different educational backgrounds, as the Company employs engineers, land surveyors, geologists, architects, computer scientists, industrial designers and technical draftsmen, as well as a number of social science graduates. The Company is a knowledge-intensive organization and employs a large number of relatively highly specialized employees in such areas as tunnel design, tunnel work, electrical installations and safety, as well as environmental and risk management. A large proportion of the Company's employees have experience from national and international construction projects such as the Great Belt Fixed Link, the Øresund Fixed link, the Stockholm and Malmö Tunnel Lines, and the London Underground.

### **Metroselskabet employment contracts**

The Company's employees are engaged on individual contracts, with individual pay terms, and with terms for pay adjustment, maternity/paternity leave and holiday allowance at the same levels as for State employees.

This type of contract generally corresponds to those used by other public enterprises with similar types of responsibilities. Employment on an "individual contract" basis is a form of employment that is also used for state appointments.



# 3.0

## ANNUAL ACCOUNTS

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





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# 3.1

## ACCOUNTING POLICIES

### Basis of accounting

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

The accounting period is 1 January – 31 December 2012. The Annual Report shows DKK (thousands). The accounting policies applied 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 divest 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 measurement, predictable losses and risks arising prior to presentation of the Annual Report, and which confirm or invalidate conditions that exist on the balance sheet date, are taken into account.

The Profit and Loss Account includes income as it is earned, while costs are recorded as the amounts relating to the financial year.

Value adjustment of financial assets and liabilities measured at fair value is also recorded in the Profit and Loss Account.

#### **Foreign currency translation**

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



### Derivative financial instruments

Derivative financial instruments 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 at market value of derivatives are recorded as financial items in the Profit and Loss Account on an ongoing basis.

## Profit and Loss Account

### Income

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

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

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

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

### Metro operating expenses

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

### Staff costs

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

### Other external costs

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

### Financial items

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

### Corporation tax

The partnership is not liable to pay tax.

## Balance Sheet

### Tangible fixed assets

#### Construction of the Metro

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

#### Metro in operation

The Metro put into service is measured at cost less actual depreciation and write-downs. The cost price is equivalent to the current value as of 1 January 2007 (opening balance), with the addition of subsequent investments. The current value has been calculated as the future cash flows (recoverable value).

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

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

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

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

#### Buildings, operating equipment and fixtures and fittings

Buildings, operating equipment and fixtures and fittings are measured at cost less actual depreciation and write-downs. Cost includes the acquisition sum and costs directly associated with the acquisition. The basis for depreciation, which is calculated at cost less the scrap value, is distributed linearly over the assets' expected service lives, as follows:

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.

Computers	<b>3 years</b>
Fixtures and fittings and operating equipment in general	<b>5 years</b>
Temporary office buildings	<b>10 years</b>

Gains and losses from sale of tangible fixed assets are calculated as the difference between



the sales price less selling costs and the net book value at the time of the sale. Gains or losses are recorded in the Profit and Loss Account together with depreciation and write-downs, or under other operating income, if the sales price exceeds the original cost.

## Valuation of fixed assets

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

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

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

The write-down is normally recorded in the Profit and Loss Account. In instances where the write-down can be attributed to an already recorded provision, and is thereby already

recorded in the Profit and Loss Account, the write-down is set off against the provisions as an expression of the use thereof.

## Financial fixed assets

### Participating interests

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

### Accounts receivable

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

### Derivative financial instruments, assets

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

## Current assets

### Property

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

### Accounts receivable

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

### Securities

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

### Liquid resources

Liquid resources include liquid resources, short-term bank deposits and securities, with

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

## Provisions

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

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

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

## Long-term debt

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

The background to this principle is that the Company always takes a portfolio perspective in relation to financial management, which entails that the intended exposure in response to various financial risks is achieved

using various financial instruments – both primary and derivative financial instruments. This means that no distinction is made, for example, between loans and derivatives, when managing financial market risk, but the focus is solely on the total exposure.

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

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 debt, are measured at amortized cost, which is usually equivalent to nominal value.

## Cash Flow Statement

The cash flow statement for the partnership is presented according to the indirect method and shows cash flows relating to operations, 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 debt, as well as net financing expenses.

Available funds include liquid resources and short-term securities.

## Segment reporting

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

## Financial highlights

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

## 3.2 PROFIT AND LOSS ACCOUNT

### Profit and Loss Account for the period 1 January - 31 December 2012

All figures in DKK thousands			
	Note	2012	2011
<b>Income</b>			
Metro fare revenue	2	676,878	634,596
Metro operating income	2	276,242	237,030
Value of own work		127,831	101,386
Other operating income	3	19,206	7,053
<b>Total income</b>		<b>1,100,158</b>	<b>980,065</b>
<b>Expenses</b>			
Metro operating expenses	2	-704,557	-664,611
Staff costs	4	-128,076	-98,024
Other external costs	5	-32,430	-26,120
<b>Total expenses</b>		<b>-865,063</b>	<b>-788,755</b>
<b>Result before write-downs and depreciation</b>		<b>235,095</b>	<b>191,310</b>
<b>Write-downs and depreciation</b>			
Depreciation	6	-204,707	-283,248
Write-downs	6	1,977,020	-5,405,752
<b>Total write-downs and depreciation</b>		<b>1,772,313</b>	<b>-5,689,000</b>
<b>Result before financial items</b>		<b>2,007,408</b>	<b>-5,497,690</b>
<b>Financial items</b>			
Financial income	7	277,736	179,100
Financial expenses	7	-400,967	-635,639
<b>Total financial items</b>		<b>-123,231</b>	<b>-456,539</b>
<b>Result before market value adjustment</b>		<b>1,884,177</b>	<b>-5,954,229</b>
Market value adjustment		-549,502	-2,882,470
<b>Result for the year</b>		<b>1,334,674</b>	<b>-8,836,699</b>
<b>Proposed distribution of profit</b>			
Carried forward to next year		1,334,674	-8,836,699

## 3.3 BALANCE SHEET

### Assets as of 31 December 2012

All figures in DKK thousands

	<i>Note</i>	<b>2012</b>	<b>2011</b>
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Construction of the Metro	8	2,026,221	52,672
Metro in operation	9	5,093,764	5,253,262
Buildings	10	63,342	54,537
Operating equipment and fixtures and fittings	10	1,019	1,177
<b>Total tangible fixed assets</b>		<b>7,184,346</b>	<b>5,361,648</b>
<b>Financial fixed assets</b>			
Other participating interests	11	49,427	28,313
Accounts receivable	12	917,592	966,642
Financial instruments	18	0	0
<b>Total financial fixed assets</b>		<b>967,019</b>	<b>994,954</b>
<b>Total fixed assets</b>		<b>8,151,365</b>	<b>6,356,602</b>
<b>Current assets</b>			
Property	13	13,190	11,955
Accounts receivable	14	1,911,958	1,841,814
Securities	15	0	0
Liquid resources	15	13	5,608
<b>Total current assets</b>		<b>1,925,162</b>	<b>1,859,377</b>
<b>Total assets</b>		<b>10,076,528</b>	<b>8,215,979</b>

**Liabilities** as of 31 December 2012

All figures in DKK thousands	Note	2012	2011
<b>Equity</b>			
Start of year		302,663	9,139,362
Additions for the year		1,334,674	-8,836,699
<b>Total equity</b>	<b>16</b>	<b>1,637,337</b>	<b>302,663</b>
<b>Provisions</b>			
Provisions	17	0	2,295,540
<b>Total provisions</b>		<b>0</b>	<b>2,295,540</b>
<b>Long-term debt</b>			
Long-term debt	18	6,600,361	4,402,736
<b>Total long-term debt</b>		<b>6,600,361</b>	<b>4,402,736</b>
<b>Short-term debt</b>			
Bank loans		290,006	0
Trade creditors	19	1,532,788	1,203,130
Other debt	20	16,036	11,911
<b>Total short-term debt</b>		<b>1,838,829</b>	<b>1,215,041</b>
<b>Total debt</b>		<b>8,439,190</b>	<b>5,617,777</b>
<b>Total liabilities</b>		<b>10,076,528</b>	<b>8,215,979</b>
Contractual commitments and contingent liabilities	21		
Auditors' fees and consultant fees	22		
Related parties	23		
Currency, interest rate and credit risks	24		

## 3.4 CASH FLOW STATEMENT

All figures in DKK thousands

	2012	2011
<b>Cash flows from operating activities</b>		
Metro fare revenue	676,878	634,596
Metro operating income	276,242	237,030
Other operating income	19,206	7,053
Metro operating expenses	-704,557	-664,611
Staff costs	-128,076	-98,024
Other external costs	-32,430	-26,120
<b>Total cash flows from operating activities</b>	<b>107,263</b>	<b>89,923</b>
<b>Cash flows from investment activities</b>		
Investment in construction of the Metro	-2,205,692	-3,551,428
Investment in buildings, operating equipment and fixtures and fittings	-13,637	-1,312
Investment in securities (excluding value adjustment)	0	325,000
<b>Total cash flows from investment activities</b>	<b>-2,219,330</b>	<b>-3,227,740</b>
<b>Cash flows from financing activities</b>		
Loans raised, net (excluding market value adjustment)	1,648,123	1,750,000
Accounts receivable	-42,209	-186,370
Trade creditors and other debt	623,788	912,152
Net financing expenses (excluding market value adjustment)	-123,231	-382,368
<b>Total cash flows from financing activities</b>	<b>2,106,471</b>	<b>2,093,414</b>
Change in available funds	-5,595	-1,044,403
Available funds, at start of year	5,608	1,050,042
Market value adjustment, net	0	-31
<b>Available funds, at end of year</b>	<b>13</b>	<b>5,608</b>



# 3.5 NOTE

## Note 1 Segment reporting

All figures in DKK thousands				
	<i>Advisory services*</i>	<i>Metro in Operation</i>	<i>Cityringen</i>	<b>Total</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
Income	14,484	957,843	127,831	1,100,158
Expenses	-13,828	-723,404	-127,831	-865,063
<b>Result before write-downs and depreciation</b>	<b>656</b>	<b>234,439</b>	<b>0</b>	<b>235,095</b>
Write-downs and depreciation	0	-204,457	1,976,770	1,772,313
<b>Result before financial items</b>	<b>656</b>	<b>29,982</b>	<b>1,976,770</b>	<b>2,007,408</b>
<b>Fixed assets</b>				
Construction of the Metro	0	73,620	1,952,601	2,026,221
Metro in operation	0	5,093,764	0	5,093,764
Buildings	0	63,342	0	63,342
Operating equipment and fixtures and fittings	0	137	882	1,019
Financial fixed assets	0	967,019	0	967,019
<b>Total fixed assets</b>	<b>0</b>	<b>6,197,882</b>	<b>1,953,483</b>	<b>8,151,365</b>
<b>Current assets</b>				
Property	0	0	13,190	13,190
Accounts receivable	442	1,684,082	227,434	1,911,958
<b>Current assets</b>	<b>442</b>	<b>1,684,083</b>	<b>240,624</b>	<b>1,925,149</b>
<b>Debt</b>				
Trade creditors	0	1,426,291	106,497	1,532,788
Other debt	0	16,036	0	16,036
<b>Short-term debt</b>	<b>0</b>	<b>1,442,327</b>	<b>106,497</b>	<b>1,548,824</b>

**Note 1** – continued

All figures in DKK thousands				
	<i>Advisory services*</i>	<i>Metro in Operation</i>	<i>Cityringen</i>	<b>Total</b>
	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
Income	1,932	876,747	101,386	980,065
Expenses	-1,906	-685,463	-101,386	-788,755
<b>Result before write-downs and depreciation</b>	<b>26</b>	<b>191,283</b>	<b>0</b>	<b>191,310</b>
Write-downs and depreciation	0	-283,248	-5,405,752	-5,689,000
<b>Result before financial items</b>	<b>26</b>	<b>-91,965</b>	<b>-5,405,752</b>	<b>-5,497,690</b>
<b>Fixed assets</b>				
Construction of the Metro	0	52,672	0	52,672
Metro in operation	0	5,253,262	0	5,253,262
Buildings	0	54,537	0	54,537
Operating equipment and fixtures and fittings	0	201	976	1,177
Financial fixed assets	0	994,954	0	994,954
<b>Total fixed assets</b>	<b>0</b>	<b>6,355,626</b>	<b>976</b>	<b>6,356,602</b>
<b>Current assets</b>				
Property	0	0	11,955	11,955
Accounts receivable	20	1,666,675	175,119	1,841,814
<b>Current assets</b>	<b>20</b>	<b>1,666,675</b>	<b>187,074</b>	<b>1,853,769</b>
<b>Debt</b>				
Trade creditors	0	1,088,313	114,817	1,203,130
Other debt	0	11,911	0	11,911
<b>Short-term debt</b>	<b>0</b>	<b>1,100,224</b>	<b>114,817</b>	<b>1,215,041</b>

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

The result of advisory services after financial items and calculated tax is TDKK 424 (TDKK 20 in 2011).

**Note 2** Operating result for the Metro

All figures in DKK thousands	2012	2011
<b>Metro fare revenue</b>	<b>676,878</b>	<b>634,596</b>
<b>Metro operating income</b>		
Leasing out the Metro	275,828	237,030
Other income	415	0
<b>Total Metro operating income</b>	<b>276,242</b>	<b>237,030</b>
<b>Other operating income</b>	<b>4,722</b>	<b>5,121</b>
<b>Total income</b>	<b>957,843</b>	<b>876,746</b>
<b>Metro operating expenses</b>		
Payment for operations	-676,878	-634,596
Contract management, etc.	-23,401	-25,950
Other expenses	-4,278	-4,066
<b>Total Metro operating expenses</b>	<b>-704,557</b>	<b>-664,611</b>
<b>Administration costs</b>	<b>-18,846</b>	<b>-20,851</b>
<b>Total expenses</b>	<b>-723,404</b>	<b>-685,463</b>
<b>Result before depreciation</b>	<b>234,439</b>	<b>191,283</b>
Depreciation	-204,457	-283,248
<b>Result before financial items</b>	<b>29,982</b>	<b>-91,965</b>

The partnership has outsourced the operation of the Metro. The lease payment depends on the overall operating result for the Metro. In 2012, the Metro had 54 million passengers (54 million in 2011). The fare revenue for 2012 is based on average passenger revenue of DKK 12.01 (DKK 11.68 in 2011).

Depreciation for 2011 includes adjusted depreciation concerning previous years, cf. Note 6.

### Note 3 Other operating income

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

### Note 4 Staff costs

All figures in DKK thousands

	2012	2011
Wages, salaries and emoluments	100,453	77,473
Pension contributions	15,889	11,497
Social security contributions	6,662	4,598
Other staff costs	5,072	4,456
<b>Total staff costs</b>	<b>128,076</b>	<b>98,024</b>
Of which:		
Salaries for the Board of Executives	2,132	2,022
Other payments to the Board of Executives	183	178
Pensions for the Board of Executives	320	304
Emoluments for the Board of Directors	1,917	1,860
Average number of employees (full-time equivalents)	171	133
Employees at year-end	219	160

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

**Note 5** Other external costs

All figures in DKK thousands	2012	2011
Administration costs	25,591	19,865
Consultant costs	6,838	6,255
<b>Other external costs, total</b>	<b>32,430</b>	<b>26,120</b>

**Note 6** Write-downs and depreciation

All figures in DKK thousands	2012	2011
Depreciation, Metro in operation	-199,717	-278,387
Depreciation, Buildings, operating equipment and fixtures and fittings	-4,990	-4,861
Write-downs, Cityringen (provision)	0	-5,405,752
Reversal of write-down (value adjustment)	1,977,020	0
<b>Total write-downs and depreciation</b>	<b>1,772,313</b>	<b>-5,689,000</b>

The depreciation for the Metro in Operation in 2011 includes adjusted depreciation for previous years (DKK 68 million), as the cost of the Metro in operation is adjusted as a consequence of the ruling in the arbitration case with the contractor, COMET, from stages 1 and 2A of the Metro. See Note 21.

## Note 7 Financial items and market value adjustment

All figures in DKK thousands	2012	2011
<b>Financial income</b>		
Interest income from financial fixed assets	6,436	12,617
Interest income from accounts receivable	45,965	51,618
Interest income from liquid resources and securities, etc.	222,395	112,625
Exchange rate adjustment	2,939	2,240
<b>Total financial income</b>	<b>277,736</b>	<b>179,100</b>
<b>Financial expenses</b>		
Interest expenses	-398,749	-634,260
Exchange rate adjustment	-2,218	-1,379
<b>Total financial expenses</b>	<b>-400,967</b>	<b>-635,639</b>
<b>Financial items</b>	<b>-123,231</b>	<b>-456,539</b>
<b>Total market value adjustment</b>	<b>-549,502</b>	<b>-2,882,470</b>

The market value adjustment can be attributed primarily to the Company's financial agreements on the hedging of interest rates that were concluded in order to increase the budgeting certainty of the Company's long-term finances. The market value adjustment depends on the development in interest rates and is solely an item registered in the accounts without any impact on liquidity. Reference is made to the Directors' Report in this respect in 2.1.

The accounting exposure concerning the market value adjustment can be expressed as basis point value (BPV). With the company's current financial portfolio (swap), BPV is DKK 34.0 million, which means that a decrease in the level of interest rates by 1 per cent would entail an increase in the market value adjustment, and thereby a decrease in the result, of DKK 3.4 billion. In the same way, an increase in the level of interest rates by 1 per cent would increase the result by DKK 3.4 billion.

The change in the market value adjustment from 2011 to 2012 is mainly due to the decrease in the level of interest rates in that period.

The interest expenses for 2011 include provisionally estimated accumulated interest expenses of DKK 389 million for previous years as interest on the amount awarded by the Arbitration Tribunal to COMET, the engineering contractor for stages 1 and 2A of the Metro.

**Note 8** Construction of the Metro

All figures in DKK thousands			
	<i>Metro</i>	<i>Cityringen</i>	<b>Total</b>
<i>in Operation</i>			
<b>Acquisition sum</b>			
Start of year	52,672	4,563,950	4,616,622
Net additions for the year	61,167	2,271,121	2,332,288
Carried forward to Metro in Operation	-40,218	0	-40,218
<b>End of year</b>	<b>73,620</b>	<b>6,835,072</b>	<b>6,908,692</b>
<b>Write-downs and revaluations</b>			
Start of year	0	-4,563,950	-4,563,950
Revaluations for the year	0	0	0
Write-downs for the year (use of provision)	0	-2,271,121	-2,271,121
Write-downs for the year (adjustment of provision)	0	-24,419	-24,419
Reversal of write-down (value adjustment)	0	1,977,020	1,977,020
<b>End of year</b>	<b>0</b>	<b>-4,882,471</b>	<b>-4,882,471</b>
<b>Start book value</b>	<b>52,672</b>	<b>0</b>	<b>52,672</b>
<b>End book value</b>	<b>73,620</b>	<b>1,952,601</b>	<b>2,026,221</b>
<b>Recoverable value 31.12.2012</b>			
Book value 31.12.2012, note 8 and 9	5,167,384	-	
<b>Additional value</b>	<b>5,116,056</b>	<b>0</b>	
Set-off	-5,116,056	5,116,056	
<b>Additional value 31.12.2012</b>		<b>1,952,601</b>	

In accordance with the accounting policy the Metro in operation is measured at cost after deduction of depreciation and write-downs, and has not previously been written down in Metroselskabet's accounts. The excess recoverable value is therefore not written up to this asset, but set off to the valuation of Cityringen. After the set-off, the value of Cityringen is positive and previous write-downs on Cityringen are reversed by the positive added value. The write-downs for the year are set off to provisions. Reference is made to the Directors' Report in this respect in 2.1 and Note 17.

The value of Cityringen is based on the recoverable value calculated for the entire Metro. The recoverable value is calculated on the basis of the incorporated future expectations of the Company's long-term budget, included as an Appendix to the Annual Report. This includes the application of an average real interest rate of 2.2 per cent in the first 20 years, increasing to 4 per cent in the longer term. The interest rate applied to the calculation exceeds the current interest rate in the market, as a risk supplement is included. The application of a lower current market interest rate would increase the calculated recoverable value and thereby improve the result for the year. For illustration, the application of a 1 per cent lower interest rate in the first 20 years would have entailed a DKK 3.6 billion higher recoverable value, and thereby result for the year. On the other hand, the application of a 1 per cent higher interest rate in this period would have entailed a result that was DKK 2.9 billion lower.





## Note 9 Metro in operation

All figures in DKK thousands

	<i>Tunnel and shell of underground stations</i>	<i>Other fixed facilities</i>	<i>Rolling stock, etc..</i>	<i>Other technical installations</i>	<b>Total</b>
<b>Acquisition sum</b>					
Start of year	2,706,559	1,562,731	1,505,488	480,100	6,254,877
Net additions for the year	0	0	0	0	0
Transferred from Construction of the Metro	7,827	3,782	4,573	24,036	40,218
<b>End of year</b>	<b>2,714,386</b>	<b>1,566,513</b>	<b>1,510,061</b>	<b>504,136</b>	<b>6,295,096</b>
<b>Write-downs and depreciation</b>					
Start of year	-140,601	-167,096	-354,000	-339,918	-1,001,616
Depreciation for the year	-28,711	-34,346	-72,780	-63,880	-199,717
Write-downs for the year	0	0	0	0	0
<b>End of year</b>	<b>-169,312</b>	<b>-201,442</b>	<b>-426,780</b>	<b>-403,798</b>	<b>-1,201,332</b>
<b>Start book value</b>	<b>2,565,958</b>	<b>1,395,635</b>	<b>1,151,487</b>	<b>140,181</b>	<b>5,253,262</b>
<b>End book value</b>	<b>2,545,074</b>	<b>1,365,071</b>	<b>1,083,281</b>	<b>100,338</b>	<b>5,093,764</b>

Metro in Operation includes the costs of the implementation of the electronic travel card of DKK 23 million.

**Note 10** Buildings, operating equipment and fixtures and fittings

All figures in DKK thousands			
	<i>Operating equipment and fixtures and fittings</i>	<i>Temporary office buildings</i>	<b>Total</b>
<b>Acquisition sum</b>			
Start of year	1,621	70,402	72,023
Net additions for the year	156	13,481	13,637
<b>End of year</b>	<b>1,776</b>	<b>83,884</b>	<b>85,660</b>
<b>Depreciation</b>			
Start of year	-444	-15,865	-16,309
Depreciation for the year	-314	-4,676	-4,990
<b>End of year</b>	<b>-757</b>	<b>-20,541</b>	<b>-21,299</b>
<b>Start book value</b>	<b>1,177</b>	<b>54,537</b>	<b>55,714</b>
<b>End book value</b>	<b>1,019</b>	<b>63,342</b>	<b>64,361</b>

The additions for the year concerning temporary office buildings include extensions to Metroselskabet's office facilities of approximately 800 sq.m.

Depreciation is made on a linear basis over the expected useful lives of the assets.

## Note 11 Participating interests

All figures in DKK thousands	<i>Rejsekort A/S</i>	<i>Rejseplanen A/S</i>	<b>Total</b>
Start of year	27,985	328	28,313
Additions for the year	21,114	0	21,114
Disposals for the year	0	0	0
<b>End of year</b>	<b>49,099</b>	<b>328</b>	<b>49,427</b>

The addition for the year of DKK 21.1 million in Rejsekort A/S was made in accordance with the approved Document 105 of 5 May 2011.

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

## Note 12 Accounts receivables, Financial fixed assets

All figures in DKK thousands	<i>The City of Frederiksberg</i>	<i>Other account receivables</i>	<b>Total</b>
Start of year	929,024	37,617	966,640
Additions for the year	6,436	972	7,408
Disposals for the year	-56,456	0	-56,456
<b>End of year</b>	<b>879,004</b>	<b>38,589</b>	<b>917,593</b>

Other accounts receivables are the Company's subordinate loan capital in Rejsekort A/S. Receivables from the City of Frederiksberg are reduced by an annual payment from the City of Frederiksberg's of approximately DKK 56 million covering repayment of principal and interest.

## Note 13 Property

In connection with the construction of Cityringen, the Company has taken over apartments by expropriation. The apartments have been valued at cost price. As of 31 December 2012 the Company has taken over ten apartments. The apartments are leased out on market terms. Any loss or profit on the sale of the apartments will be included in the cost of the construction of Cityringen.

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

## Note 14 Accounts receivable, current assets

With a view to securing the engineering contractor for the existing Metro reasonable liquidity during the construction period, the partnership has established a liquidity scheme (liquidity bridge). Accounts receivable as of 31 December 2012 include accumulated payments of DKK 839 million excluding interest.

Accounts receivable also include VAT receivable of DKK 140 million. Accrued interest amounts to DKK 46 million.

## Note 15 Securities and liquid resources

All figures in DKK thousands	2012	2011
Securities over 3 months	0	0
<b>Total securities</b>	<b>0</b>	<b>0</b>
Cash and bank deposits	13	5,608
Fixed-term deposits	0	0
Securities under 3 months	0	0
<b>Total liquid resources</b>	<b>13</b>	<b>5,608</b>



## Note 16 Equity

All figures in DKK thousands						
	<i>Contribution to existing Metro</i>	<i>Owner contribution</i>	<i>Retained earnings before MVA</i>	<i>Equity excluding MVA</i>	<i>Market value adjustment (MVA)</i>	<b>Total</b>
Start of year	660,857	9,590,000	-7,403,397	2,847,460	-2,544,797	302,663
Additions for the year	0	0	1,884,177	1,884,177	-549,502	1,334,674
<b>End of year</b>	<b>660,857</b>	<b>9,590,000</b>	<b>-5,519,220</b>	<b>4,731,637</b>	<b>-3,094,299</b>	<b>1,637,337</b>

## Note 17 Provisions

All figures in DKK thousands		
	<b>2012</b>	<b>2011</b>
Start of year	-2,295,540	0
Additions for the year	0	-2,295,540
Disposals for the year	2,295,540	0
<b>Total provisions</b>	<b>0</b>	<b>-2,295,540</b>

	<i>Metro in operation</i>	<i>Cityringen</i>
<b>Specification of additions</b>		
Recoverable value 2011	9,319,215	-9,419,033
Book value as of 31 December 2011	5,305,934	0
<b>Additional value 2011</b>	<b>4,013,281</b>	<b>-9,419,033</b>
Set-off	-4,013,281	4,013,281
Investments, Cityringen in 2011		3,110,212
<b>Provision, beginning of 2012</b>		<b>-2,295,540</b>
Investments, Cityringen in 2012		2,271,121
<b>Remaining provision after write-down</b>		<b>-24,419</b>
Adjustment		24,419
<b>Remaining provision, 31 December 2012</b>		<b>0</b>

**Note 17** – continued

In accordance with the accounting policy the Metro in operation is measured at cost after deduction of depreciation and write-downs, and has not previously been written down in Metroselskabet's accounts. The excess recoverable value is therefore not written up to this asset, but set off to the valuation of Cityringen. If there is any remaining write-down requirement, a provision on the investment in Cityringen is recorded. The recoverable value as of 31 December 2012 for the entire Metro is calculated as a positive value of DKK 1.9 billion, and as a consequence of this calculation the provision is adjusted to DKK 0 as of 31 December 2012. Note 8 presents the calculation of the sensitivity to changes in interest rate levels.

**Note 18** Long-term debt and financial instruments

All figures in DKK thousands

	<b>2012</b>	<b>2011</b>
Loans	-3,678,590	-1,969,127
Financial instruments	-2,923,638	-2,433,536
Forward foreign-exchange contracts	1,867	-74
<b>Total long-term debt</b>	<b>-6,600,361</b>	<b>-4,402,736</b>

In 2012 the Company raised loans for DKK 1,699 million (nominal DKK 1,190 million). The value of the Company's financial instruments is recorded in the total value of the debt as of 31 December 2012. As of 31 December 2012 the value of the Company's long-term debt and financial instruments was negative and was thereby included in long-term liabilities. The market value of financial instruments is recorded in the Profit and Loss Account.

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

Of the Company's long-term debt, DKK 1,748 million (nominal DKK 1,600 million) falls due after 1 year and within 5 years.



## Note 19 Trade creditors

Trade creditors as of 31 December 2012 includes the additional payment to COMET, the engineering contractor for stages 1 and 2A of the Metro, as a consequence of the arbitration ruling in April 2012. The total amount is expected to be settled in 2013 with the Company's receivable from COMET; when the Arbitration Tribunal has made its ruling in the follow-up questions concerning interest, currency, etc.

Trade creditors as of 31 December 2012 also includes an amount of DKK 300 million to the City of Copenhagen and the Danish State. The amount comprises the payments concerning the Metro to Nordhavn made by the City of Copenhagen and the Danish State. The amount is included in Trade creditors until a decision has been made on the establishment of the Metro line to Nordhavn. Once a decision on the Metro line to Nordhavn has been taken, the amount will be transferred to equity.

DKK 66 million of Trade creditors comprises accrued interest payments.

## Note 20 Other debt

All figures in DKK thousands

	2012	2011
Outstanding PAYE tax	159	116
Outstanding holiday pay	15,876	11,795
<b>Total other debt</b>	<b>16,035</b>	<b>11,911</b>



## Note 21 Contractual commitments and contingent liabilities

### Contractual commitments

The current ongoing contracts with contractors concerning Cityringen have a total residual value of DKK 11,137 million (2013 prices).

For the purpose of operation of the Metro until December 2015, a contract has furthermore been concluded for a total residual value of DKK 962 million. In addition to the contract payments, there will be the opportunity for incentive payments.

Concerning the operation of Cityringen, a contract has been concluded for a total value of DKK 1,755 million in a five-year period as from the commencement of Cityringen's operation.

### Contingent liabilities

In May 2004, the major engineering contractor for stages 1 and 2A of the Metro, COMET, lodged a claim for additional payment against Metroselskabet (Ørestadsselskabet) with the Arbitration Tribunal. On 10 April 2012, the Arbitration Tribunal made a ruling in the key aspect of the case. The consequences of the Arbitration Tribunal's ruling were recorded in Metroselskabet's accounts for 2011. The only outstanding issues are interest, currency, etc., which are expected to be ruled on by the Arbitration Tribunal during 2013. Reference is made to the account of the arbitration case in the Directors' Report in 2.7.

In December 2012, DSB and Metroselskabet brought an arbitration case against Trafikselskabet Movia. The case concerns DSB and Metroselskabet's claims on Movia for the downward adjustment of Movia's revenue after the change in the count results as from 2008.

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 22 Auditing and consulting fees

All figures in DKK thousands	2012	2011
Rigsrevisionen	366	450
BDO Kommunernes Revision A/S	556	360
Deloitte	590	527
<b>Statutory audit, total</b>	<b>1,512</b>	<b>1,337</b>
Deloitte	51	35
Rigsrevisionen	0	30
<b>Other audit services, total</b>	<b>51</b>	<b>65</b>
Deloitte	289	209
<b>Total consulting fees</b>	<b>289</b>	<b>209</b>

## Note 23 Related parties

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

Transactions with related parties take place on market terms.

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

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

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

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

In 2012 Metroselskabet had income and expenses concerning the agreement with the Ministry of Transport on secretariat assistance relating to the construction of a light railway in Ring 3, cf. Note 1.

## Note 24 Currency, interest-rate and credit risk

All figures in DKK thousands

Net financial liabilities	Nominal value	Market value	Market value
	2012	2012	2011
Securities and fixed-term deposits	0	0	0
Loans	-2,940,000	-3,678,590	-1,969,127
Financial instruments	0	-2,921,771	-2,433,610
Accrued interest, securities and fixed-term deposits	-	0	0
Accrued interest, financial instruments	-	-19,631	-43,762
<b>Net liabilities, total</b>	<b>-2,940,000</b>	<b>-6,619,992</b>	<b>-4,446,499</b>

**Note 24** – continued**Currency risk**

<b>Currency distribution (DKK million), market value</b>	<i>Loans</i>	<i>Financial instruments</i>	<i>Net position</i>
DKK < 1 year	0	-1,295	-1,295
DKK > 1 year	-3,691	-1,807	-5,498
EUR < 1 year	0	1,297	1,297
EUR > 1 year	0	-1,124	-1,124
<b>Total</b>	<b>-3,691</b>	<b>-2,929</b>	<b>-6,620</b>

**Interest rate risk**

<b>Interest rate fixing as of 31 December 2012 (DKK million), market value</b>			
<i>Period</i>	<i>DKK</i>	<i>EUR</i>	<b>Total</b>
0 – 1 year	-1,295	1,297	2
1 – 5 year	-851	-750	-1,601
5 – 10 year	-507	0	-507
10 – 20 year	-60	-374	-434
> 20 year	-4,079	0	-4,079
<b>Total</b>	<b>-6,792</b>	<b>173</b>	<b>-6,620</b>

**Credit risk**

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

<b>Credit risk distributed by rating category, as of 31 December 2012</b>			
<i>Total counterparty exposure (market value, DKK million)</i>	<i>Loans</i>	<i>Financial instruments</i>	<b>Total</b>
AAA	-3,691	0	-3,691
AA	0	-1,139	-1,139
A	0	-1,790	-1,790
<b>Total</b>	<b>-3,691</b>	<b>-2,929</b>	<b>-6,620</b>



# 4.0

## THE BOARD OF DIRECTORS OF METRO- SELSKABET

4.1 The Board of Directors  
of Metroselskabet

# 4.1

## THE BOARD OF DIRECTORS OF METROSELSKABET

### **The Board of Directors of Metrosekskabet Henning Christophersen (Chairman of the Board of Directors)**

Appointed by the Danish Government  
Former Minister and EU Commissioner

#### **Other offices held:**

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

### **Jesper Christensen (Vice Chairman)**

Appointed by the City of Copenhagen  
First Vice Chairman of the City Council  
of Copenhagen

#### **Other offices held:**

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

### **Jørgen Glenthøj (Vice Chairman)**

Appointed by the City of Frederiksberg  
Mayor of the City of Frederiksberg

#### **Other offices held:**

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



**Birgit Aagaard-Svendsen**

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

**Other offices held:**

- Chairman or board/management member of a number of subsidiaries of J. Lauritzen A/S
- Chairman of DSEB (Danish Society for Education and Business)
- Chairman of the Danish Committee on Corporate Governance
- Board member of The West of England Ship Owners Mutual Insurance Association (Luxembourg)

**Hans Jensen**

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

**Other offices held:**

- Board member of Panda VVS
- Board member of Arken Museum of Modern Art
- Board member of Maj Invest
- Board member of Refshaleøen property company
- Vice Chairman of the Board of Dansk Erhvervsinvestering

- Member of the Board of Directors of Danmarks Nationalbank
- President of Dansk Folkeferie

**Klaus Mygind**

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

**Other offices held:**

- Member of the Employment and Integration Committee of the City of Copenhagen.
- Member of the Audit Committee of the City of Copenhagen

**Birthe Skaarup**

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

**Other offices held:**

- Member of the Culture and Leisure Committee
- Member of the Health and Care Committee
- Member of the Public Information Committee
- Member of the Liaison Committee
- Vice Chairman of the Danish Cancer Society in the Capital Region

**Kåre Møller Madsen**

Elected by the employees  
Press coordinator

**Bente G. Rønnebæk**

Rønnebæk Elected by the employees  
Bookkeeper

**Board of Executives of Metroselskabet****Henrik Plougmann Olsen**

CEO

**Other offices held:**

- Board member of Rejsekort A/S
- Board member of Banebranchen (the Danish Rail Trade Association)
- Employer Panel at IFSK (Department of Political Science and Government), University of Copenhagen
- Member of the Congestion Commission and chairmanship of two of its working groups





# 5.0

## ENDORSE- MENTS

- 5.1 Management  
Endorsement
- 5.2 The Independent  
Auditor's Report

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# 5.1

## MANAGEMENT ENDORSEMENT

The Board of Directors and the Board of Executives have today examined and approved the Annual Report for 2012 for Metroselskabet I/S.

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

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

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

Copenhagen, 12 April 2013

**Board of Executives**

Henrik Plougmann Olsen

**Board of Directors**

Henning Christophersen (Chairman)

Klaus Mygind

Jørgen Glenthøj (Vice Chairman)

Birthe Skaarup

Jesper Christensen (Vice Chairman)

Bente G. Rønnebæk

Birgit Aagaard-Svendsen

Hans Jensen

Kåre Møller Madsen

## 5.2

# THE INDEPENDENT AUDITOR'S REPORT

To the partners of  
Metroselskabet I/S

### **Auditor's report on the financial statement**

We have audited the financial statement of Metroselskabet I/S for the financial year 1 January – 31 December 2012. The financial statement include accounting practice, profit & loss statement, balance sheet, equity capital, cash flow statement and notes. The financial statement has been prepared in accordance with the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metroselskabet I/S and the Danish Financial Statements Act and Danish accounting standards.

### **Management's responsibility for the financial statement**

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

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

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

### **Auditor's responsibility and basis of opinion**

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

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



auditor considers internal controls relevant to the preparation and fair presentation of the financial statement by Metroselskabet I/S. The objective is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of Metroselskabet I/S' internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied by management and the reasonableness of the accounting estimates made as well as evaluating the overall presentation of the financial statement.

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

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

Our audit did not result in any qualification.

#### Opinion

In our opinion the financial statements give a true and fair view of Metroselskabet I/S' assets, liabilities and financial position as at 31 December 2012 and the result of Metroselskabet I/S' transactions and cash flow for the fiscal year 1 January – 31 December 2012 in accordance with the provisions of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg concerning Metroselskabet I/S and the Danish Financial Statements Act and Danish accounting standards. We are also

of the opinion that the business procedures and internal controls established support the consistency of the transactions included in the financial statement with legislation, other rules and regulations, agreements made and common practice.

#### Statement on the directors' report

We have read the directors' report in accordance with the Danish Financial Statements Act. We have not performed any additional procedures beyond the audit of the financial statements.

On this basis it is our opinion that the information presented in the management report is consistent with the financial statements.

*Copenhagen, 12 April 2013*

#### Deloitte

John Menå  
State-Authorised Public Accountant

Lynge Skovgaard  
State-Authorised Public Accountant

#### Rigsrevisionen

Lone Strøm  
Auditor General

Tina Møllerup Laigaard  
Director

#### BDO Kommunernes Revision Authorized Public Accounting Firm

Lasse Jensen  
State-Authorised Public Accountant





SUPER  
BAZIAR  
25%  
PÅ TUDINDIS  
AF VÅRER  
M...

# 6.0

## APPENDIX

6.1 Long-term budget

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# 6.1

## LONG-TERM BUDGET

The following 2013 long-term budget was adopted in December 2012. Two significant adjustments have been made to the long-term budget in relation to the 2012 long-term budget from December 2011, cf. 2.7.

### Long-term budget assumptions

The long-term budget is stated in current prices.

#### Passenger figures and fares

1. The passenger figures are determined on the basis of the passenger forecast based on the most recently updated traffic model. For Cityringen the number of passengers budgeted in 2019 is 44 million, increasing to 69 million passengers in 2023. For the Metro in operation the number of passengers budgeted in 2013 is 55.5 million, increasing to 61 million passengers in 2018.
2. The basis for the fare assumptions is the price per new passenger, based on the Order on the distribution of ticket revenue in Greater Copenhagen. These fare assumptions have been adjusted to 2013 prices based on the realized development in fares during the period, and furthermore adjusted in accordance with the latest actual

passenger breakdown in 2011. The fare per new passenger has been budgeted at DKK 12.29 in 2013. A real increase in fares of 13 per cent in the period from 2009 to 2018, and of 15 per cent in the period from 2018 to 2030, is assumed – equivalent to the assumptions in the government's 2010 convergence program concerning the economic development. These assumptions are applied to the calculation assumptions in the updated passenger forecast.

#### Operation and construction costs

3. The operating costs for the Metro in operation are estimated on the basis of the Company's costs in accordance with the contract for the operation and maintenance activities. For Cityringen the basis is the transport system contract. As the assumed real increase in fares is from experience assessed to have a partial impact on the indexation of the Metro operating costs, a real increase in the operating costs equivalent to approximately 60 per cent of the assumed real increase in fares is budgeted. In the period 2013–2018, budgeted commissioning expenses for Cityringen total DKK 400 million in 2013 prices. In 2018, the budgeted expenses for Trial Run of Cityringen total DKK 139 million in 2013 prices.

4. The construction costs for Cityringen have been determined on the basis of the tenders received for the transport system contract and the civil works contract. The total construction costs are estimated at DKK 21.3 billion in 2010 prices (DKK 22.4 billion in 2013 prices). The conversion of the remaining budget from 2010 prices to the current price level is based on the contract index and the construction index of the Ministry of Finance. The costs in the individual years are based on the provisional payment plans. The Company expects a decision during 2013.
5. The reinvestments in connection with Cityringen are based on the assumptions in the agreement of principle and comprise DKK 251 million every 10th year, DKK 1,131 million every 25th year, and after 50 subsequent years DKK 503 million in 2013 prices. The conversion from 2010 prices to the current price level is based on an average inflation expectation of 2 per cent p.a..
6. Reinvestments in connection with the Metro in operation of DKK 293 million every 10th year in 2013 prices are assumed. In accordance with the partnership agreement, reinvestment in trains, tunnels and stations has not been included.

**Other factors**

7. The debt of the engineering contractor (the Metro in operation) to Metroselskabet in the form of the liquidity bridge established is assumed to be paid when the arbitration tribunal's decision on the supplementary question of interest, currency, etc. is concluded.
8. The additional payment to COMET as a consequence of the decision in the arbitration case with COMET has been included. The additional payment is expected to be set off against the contractor's payment of the liquidity bridge.

9. The Metro is registered for VAT purposes, so that VAT is deducted from the Company's revenue from operation of the Metro, while VAT expenses for construction of the Metro are deducted.
10. It is assumed that "other debt", which does not accrue interest, increases to approximately DKK 600 million when the construction works peak, after which it will fall to approximately DKK 100 million.
11. It is assumed that surplus liquidity accrues interest at a real interest rate of 2 per cent p.a. On accrual of interest on the debt account is taken of the agreements on hedging of interest rates concluded by the

Company. Debt in addition to the interest-rate hedging accrues interest at a real interest rate of 3.5 per cent p.a. In the short term, the Company's actual interest-rate expectations are also taken into account.

12. It is assumed that from 2013 all prices increase by 2 per cent p.a. payment plans. The final payment plans are being prepared by the contractors.

**Long-term budget 2013 for Metroselskabet I/S**  
(current prices)

DKK million

Inflation, 2 per cent

Interest rate assumptions:

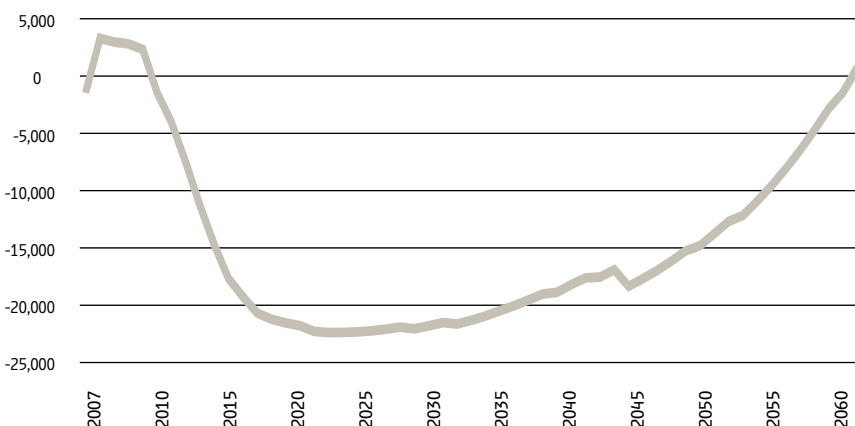
The actual interest rate is applied to interest rate hedging agreements.

Debt in addition to interest rate hedging accrues interest at a real rate of interest of 3.5 per cent, equivalent to a nominal interest rate of 5.5 per cent.

**Cityringen construction costs (2010 price level)**

**21,323**

DKK million





## Long-term budget 2013 for Metroselskabet I/S (current prices)– continued

DKK million	Year	Accounts receivable	Other debt	Metro Operation		Investments	Cityringen		Index adjustment
				Investments	Reinvestments		Reinvestments		
	01.01.2007	1,268	105			-4			
	2007	4,842	75	-172	0	-62	0	0	
	2008	58	-142	-53	0	-390	0	0	
	2009		102	-44	0	-404	0	0	
	2010		40	-39	-4	-594	0	0	
	2011		-141	-46	-16	-3,008	0	-102	
	2012	200	180	-36	-61	-2,295	0	-137	
	2013	790	180	-261	-85	-3,029	0	-181	
	2014		180	-82	-26	-2,898	0	-174	
	2015		-98	-6	-27	-3,597	0	-215	
	2016		-98	0	-31	-2,891	0	-173	
	2017		-98	0	-29	-2,199	0	-132	
	2018		-98	0	-15	-534	0	-32	
	2019		-98	0	-3	0	0	0	
	2020			0	0	0	0	0	
	2021			0	0	0	0	0	
	2022			0	-350	0	0	0	
	2023			0	0	0	0	0	
	2024			0	0	0	0	0	
	2025			0	0	0	0	0	
	2026			0	0	0	0	0	
	2027			0	0	0	0	0	
	2028			0	0	0	0	0	
	2029			0	0	0	-325	-20	
	2030			0	0	0	0	0	
	2031			0	0	0	0	0	
	2032			0	-427	0	0	0	
	2033			0	0	0	0	0	
	2034			0	0	0	0	0	
	2035			0	0	0	0	0	
	2036			0	0	0	0	0	
	2037			0	0	0	0	0	
	2038			0	0	0	0	0	
	2039			0	0	0	-396	-24	
	2040			0	0	0	0	0	
	2041			0	0	0	0	0	
	2042			0	-520	0	0	0	
	2043			0	0	0	0	0	
	2044			0	0	0	-1,969	-121	
	2045			0	0	0	0	0	
	2046			0	0	0	0	0	
	2047			0	0	0	0	0	
	2048			0	0	0	0	0	
	2049			0	0	0	-483	-30	
	2050			0	0	0	0	0	
	2051			0	0	0	0	0	
	2052			0	-634	0	0	0	
	2053			0	0	0	0	0	
	2054			0	0	0	0	0	
	2055			0	0	0	0	0	
	2056			0	0	0	0	0	
	2057			0	0	0	0	0	
	2058			0	0	0	0	0	
	<b>2059</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>-589</b>	<b>-36</b>	
	2060			0	0	0	0	0	



	Operating profit				Liquidity impact	Interest	Transactions	Cash Start of year	Cash End of year
	Metro Operation		Cityringen						
	Income	Expenses	Income	Expenses					
									-1,402
	380	-354	0	0	4,708	-17	4,691	-1,402	3,288
	501	-444	0	0	-469	152	-317	3,288	2,971
	530	-464	0	0	-280	114	-166	2,971	2,805
	595	-484	0	0	-486	-4	-490	2,805	2,315
	635	-443	0	0	-3,122	-15	-3,137	2,315	-822
	647	-486	0	-48	-2,036	-171	-2,207	-822	-3,029
	670	-495	0	-33	-2,444	-329	-2,773	-3,029	-5,802
	699	-513	0	-33	-2,846	-264	-3,110	-5,802	-8,912
	744	-530	0	-130	-3,860	-473	-4,297	-8,912	-13,210
	781	-545	0	-116	-3,073	-584	-3,657	-13,210	-16,867
	813	-552	0	-46	-2,243	-763	-3,007	-16,867	-19,874
	849	-569	0	-165	-564	-848	-1,412	-19,874	-21,286
	879	-575	642	-479	366	-879	-514	-21,286	-21,799
	907	-591	797	-520	593	-900	-307	-21,799	-22,106
	936	-607	915	-553	690	-912	-222	-22,106	-22,328
	965	-624	1,040	-588	446	-929	-486	-22,328	-22,814
	996	-641	1,121	-615	862	-942	-81	-22,814	-22,894
	1,027	-621	1,156	-593	969	-942	27	-22,894	-22,867
	1,060	-638	1,191	-609	1,004	-937	66	-22,867	-22,801
	1,092	-656	1,227	-627	1,038	-930	107	-22,801	-22,693
	1,126	-673	1,265	-644	1,073	-921	151	-22,693	-22,542
	1,162	-692	1,303	-662	1,111	-910	201	-22,542	-22,341
	1,199	-711	1,366	-685	823	-924	-101	-22,341	-22,442
	1,235	-730	1,408	-705	1,208	-917	291	-22,442	-22,151
	1,260	-745	1,436	-719	1,232	-899	333	-22,151	-21,818
	1,285	-760	1,465	-733	830	-906	-76	-21,818	-21,894
	1,311	-775	1,494	-748	1,282	-898	384	-21,894	-21,510
	1,337	-791	1,524	-763	1,307	-876	431	-21,510	-21,079
	1,364	-806	1,554	-778	1,334	-824	510	-21,079	-20,569
	1,391	-822	1,585	-794	1,360	-849	511	-20,569	-20,058
	1,419	-839	1,617	-809	1,387	-820	567	-20,058	-19,490
	1,447	-856	1,649	-826	1,415	-821	594	-19,490	-18,896
	1,476	-873	1,682	-842	1,023	-799	224	-18,896	-18,672
	1,506	-890	1,716	-859	1,472	-742	713	-18,672	-17,942
	1,536	-908	1,750	-876	1,502	-855	647	-17,942	-17,295
	1,566	-926	1,785	-894	1,012	-861	151	-17,295	-17,144
	1,598	-945	1,821	-912	1,562	-838	725	-17,144	-16,420
	1,630	-964	1,857	-930	-496	-854	-1,350	-16,420	-17,770
	1,662	-983	1,895	-948	1,626	-871	755	-17,770	-17,015
	1,695	-1,003	1,933	-967	1,658	-828	830	-17,015	-16,185
	1,729	-1,023	1,971	-987	1,691	-782	910	-16,185	-15,275
	1,764	-1,043	2,011	-1,006	1,725	-731	994	-15,275	-14,281
	1,799	-1,064	2,051	-1,027	1,247	-689	558	-14,281	-13,723
	1,835	-1,085	2,092	-1,047	1,795	-643	1,151	-13,723	-12,572
	1,872	-1,107	2,134	-1,068	1,831	-642	1,189	-12,572	-11,383
	1,909	-1,129	2,176	-1,089	1,233	-593	641	-11,383	-10,742
	1,948	-1,152	2,220	-1,111	1,905	-539	1,366	-10,742	-9,376
	1,987	-1,175	2,264	-1,133	1,943	-463	1,480	-9,376	-7,897
	2,026	-1,198	2,310	-1,156	1,982	-381	1,601	-7,897	-6,296
	2,067	-1,222	2,356	-1,179	2,021	-291	1,730	-6,296	-4,566
	2,108	-1,247	2,403	-1,203	2,062	-195	1,867	-4,566	-2,699
	2,150	-1,272	2,451	-1,227	2,103	-91	2,012	-2,699	-688
	<b>2,193</b>	<b>-1,297</b>	<b>2,500</b>	<b>-1,251</b>	<b>1,520</b>	<b>3</b>	<b>1,523</b>	<b>-688</b>	<b>836</b>
	2,237	-1,323	2,550	-1,276	2,188	77	2,265	836	3,100

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