



Annual Report 2014
Metroselskabet I/S

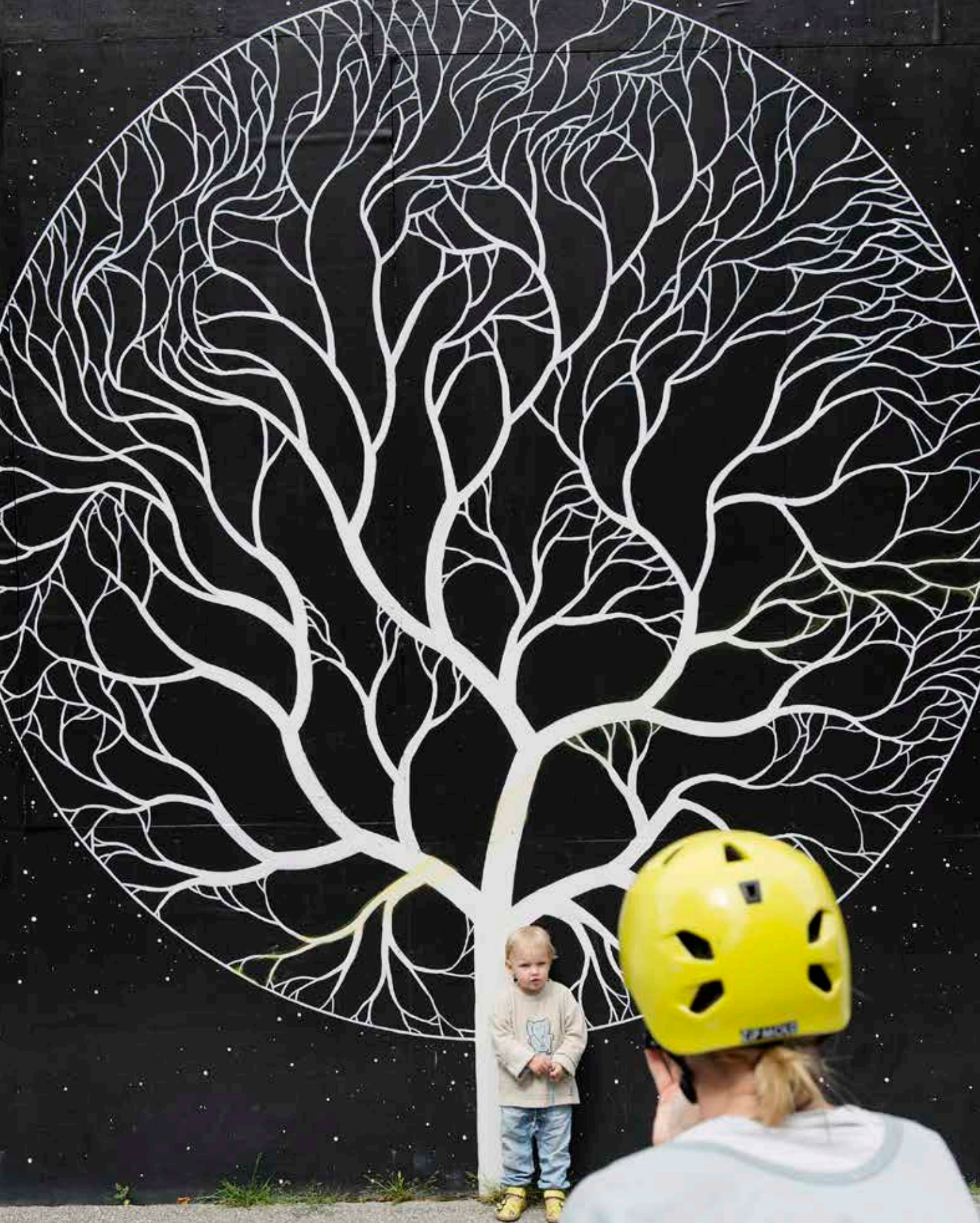




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The English text in this document is an unofficial translation of the Danish original. In the event of any inconsistencies, the Danish version shall apply.





Dear reader,

We are pleased to present Metroselskabet's Annual Report and Accounts for 2014.

2014 was a fine year for the Metro with an increase in the number of passengers and close to the best operational stability in the Metro's history. The 2014 Annual Report describes how Metroselskabet is growing and undertaking more and more construction tasks.

A review of the past year also shows that Metroselskabet faced a number of challenges in 2014, which were resolved, and have led to further work in the coming years.

This Annual Report presents a detailed account of Metroselskabet's activities in 2014.

We hope you enjoy reading the report.

Henning Christophersen
Chairman of the Board of Directors

Henrik Plougmann Olsen
CEO



A land surveyor inspecting the tunnel section between Nørrebroparken and Frederiksberg. At the end of 2014, 8,380 metres of tunnel had been excavated, equivalent to 28.8 per cent.

1.0

THE YEAR
IN BRIEF

1.1

THE YEAR IN BRIEF

2014 was a year of considerable challenges, as well as key decisions and new solutions. Metroselskabet, its owners and key collaboration partners have each separately, as well as jointly, taken on the considerable responsibility of ensuring the stability and progress of the construction of Cityring, as well as the challenge of operating the Metro.

2014 was a fine year for the operation of the Metro. At 56 million passengers, the Metro had the highest number of passengers ever, and achieved the second best operational stability in its history, with 98.7 of its departures on time – and punctuality of 98.3 per cent in rush-hour periods. High operational stability is vital to ensuring that customers continue to choose the Metro as their preferred means of transport. This result was achieved even though operations were subject to pressure for an extended period, when the torrential cloudburst in August caused the greatest systemic damage in the Metro's history

Metroselskabet focuses on ensuring sustained high operational stability and during 2014 commenced the work of setting up platform doors at the overground stations, in order to avoid many "false" monitoring alarms from the existing security system. The work of setting up platform doors is planned to take place in different phases on the three sections with overground stations, and the work on the Øresund-Kastrup section was completed in 2014. The work is expected to be concluded during the summer of 2015.

2014 was also the year that the construction of the coming Cityring with 17 new stations made a new start. After a period of many construction stoppages and complaints from neighbours about noise, a new framework was set for the Metro construction work when the



In 2014 the first train sets of the 30 in total that will run on Cityring arrived in Copenhagen. Over a thousand guests attended the open house event in February 2015, taking this opportunity to see the new trains.

Folketing (Parliament) adopted a new Metro Construction Act prior to the summer holidays. The Act replaced a year's uncertainty for the construction work with a new, clear framework, and also improves the opportunities for neighbours to the construction work to achieve compensation for the adverse noise that they experience. This concluded a period of uncertainty during which the framework for the Metro construction work had become less transparent. Based on the new, clear framework, Metroselskabet and the civil engineering contractor Copenhagen Metro Team (CMT) and the system provider Ansaldo STS negotiated a new time schedule, according to which Cityring will open in July 2019. It was possible to limit the increase in the overall construction budget to 4 per cent.

Decent pay and working conditions for the people involved in the construction work was a key issue in 2014, when it became clear that, as the client, Metroselskabet must persistently take new initiatives in



accordance with developments in the Danish and European labour market. Metroselskabet therefore used the new agreement with the contractors as an opportunity to introduce more stringent approval requirements for new subcontractors. The aim is to ensure that the subcontractors with which CMT and Ansaldo STS have agreements comply with Metroselskabet's requirements concerning decent pay and working conditions.

Throughout the project's lifetime, a high level of safety for the people working at the construction sites and in the tunnels has been vitally important. However, the number of accidents at the construction site has been at a less satisfactory level for Metroselskabet, and in 2013 exceeded the national average for equivalent work. In 2014 there has therefore been extra focus on a safe and healthy working environment, in cooperation between Metroselskabet and the contractors. It was possible to reduce the accident frequency, so that for 2014 overall it was below the national level. This stronger focus will be maintained, moving forward.

2014 was the year in which 28.8 per cent of the tunnel section was bored and the longest phases with noisy work were completed, as the work continued underground at Cityring's 21 construction sites. Information to the Metro construction project's 20,000 neighbours is an important element of the construction work, and this work is subject to ongoing measurement and evaluation. In 2014, the response from 78 per cent of the neighbours was that they were satisfied with the information provided.

In 2014, the contract with the civil engineering contractor for the Nordhavn project was signed, so that a Metro line to the new Nordhavn quarter can be built in conjunction with Cityring. At the end of 2014, the construction site was transferred to the civil engineering contractor, for mobilisation and setting out of the site. The first construction work commenced at the beginning of 2015.

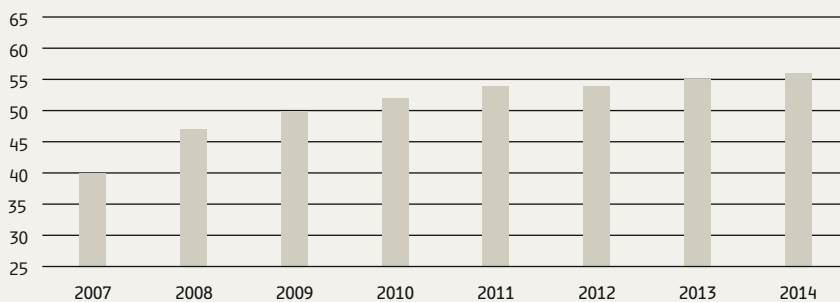
In June 2014, the Danish State and the City of Copenhagen entered into an agreement for the construction of a branch from Cityring through Sydhavn to Ny Ellebjerg. The branch from Cityring will serve five stations, from Fisketorvet to the coming hub, Ny Ellebjerg, from where there will be connections to S-trains, the ring line and regional and main-line trains.

With the three major construction projects, Cityring, Nordhavn and Sydhavn, Metroselskabet's construction budget totals approximately DKK 33 billion.

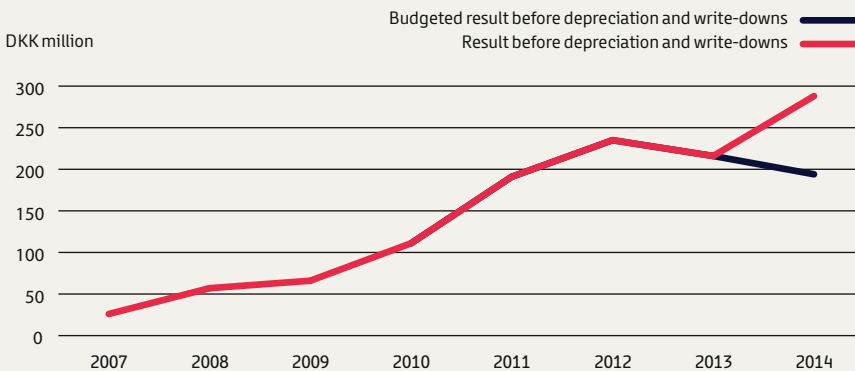
FINANCIAL HIGHLIGHTS

Passenger numbers

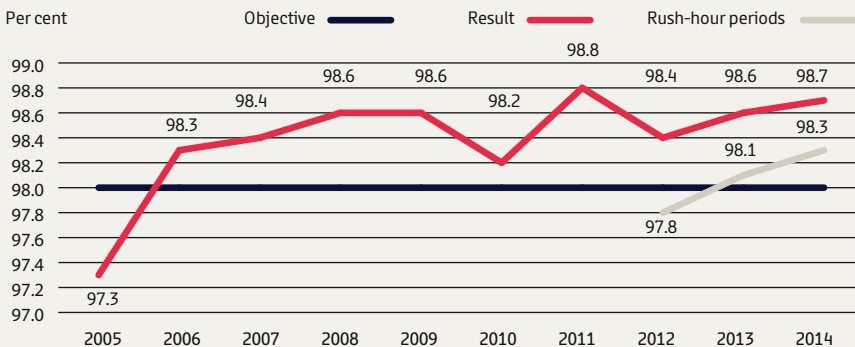
Million passengers



Result before depreciation and write-downs



Operational stability





Aerial photo of the Metro construction site at Sønder Boulevard.

2.0

BUSINESS STRATEGY



2.1

BUSINESS STRATEGY

Metroselskabet's vision and mission are laid down in the company's business strategy, which in accordance with the company's Articles of Association must be presented by the Board of Directors to the company's owners as a minimum every fourth year.

At a meeting on 3 April 2014 the company's Board of Directors resolved to submit a new business strategy for the period from 2014 to 2018 for approval by the owners. The business strategy was adopted by the owners at the meeting of Metroselskabet's partners on 30 April 2014.

The strategic objectives in the business strategy among other things concern Cityring and its various project phases in the coming years. At the start of the strategy period, the progress of the tunnel boring and the excavation and establishment of stations will continue to be a focus area. In this respect there will also be focus on communication with neighbours and users of the city concerning the inevitable adverse impacts of the construction phase. Later in the strategy phase, the focus will shift to the delivery of trains, test runs and the mobilisation of operations, including the

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The company must work to give customers **better and easier access to a cohesive public transport system.**”

employment of new stewards and training of operations personnel. This generally also applies to the Metro to Nordhavn, where in the first part of the strategy period there will, however, also be focus on mobilising the start-up of the construction work.

In relation to customers and the current operations, the strategy includes the objective that the company must continue to increase the number of Metro passengers. The company must work to give customers better and easier access to a cohesive public transport system. High operational stability and customer satisfaction, further development and operation of the Rejsekort electronic travel card system, and continued close cooperation with the other transport companies, especially DSB and Movia, are assessed to be central activities in terms of ensuring sustained growth.

In recent years much attention has been paid to ensuring youth training opportunities, and it is estimated that there is a shortfall

of several thousand training places. This challenge is not likely to be resolved within the immediate future. The company will therefore continue to focus on creating training positions as a consequence of the construction activities.

Another challenge is to safeguard the working conditions related to the construction work. Cityring is a construction project on such a scale and of such a nature that it is natural for foreign companies and employees to be involved in the work. In the coming years, Metroselskabet will therefore continue to focus on ensuring decent working conditions at its construction sites.

The company's highly visible and important activities during the next four years mean that systematic work will continue in a number of CSR areas, both as new areas and as areas already targeted by the company today, such as the working environment and continuously reducing the climate impact.

Corporate framework

The object of Metroselskabet, cf. the Act on Metroselskabet I/S and Arealudviklings-selskabet I/S of 6 June 2007, is to undertake the project design and construction of Cityring as a Metro system, and to undertake the operation and maintenance of the overall Metro system. The company must issue public invitations to tender for the civil engineering works, as well as the operation and maintenance of the Metro. The company must be operated on a commercial basis. In addition, pursuant to the Act, Metroselskabet may conduct other activities that have a natural business relation to its Metro activities.

In Act no. 745 of 25 June 2014 the Folketing (Parliament) has amended Section 7(3) of the Act on Transport Companies and determined that the parties (DSB, Movia and Metroselskabet) must establish cooperation concerning the public transport services on Zealand. The amendment to the Act entered into force on 1 January 2015 and requires the parties to undertake the following activities on a joint basis: ticket sales, customer service, lost property administration, travel rules, traffic information, marketing and communication. This means that the previous metropolitan cooperation has been replaced by more binding cooperation via an umbrella organisation for the whole of Zealand.



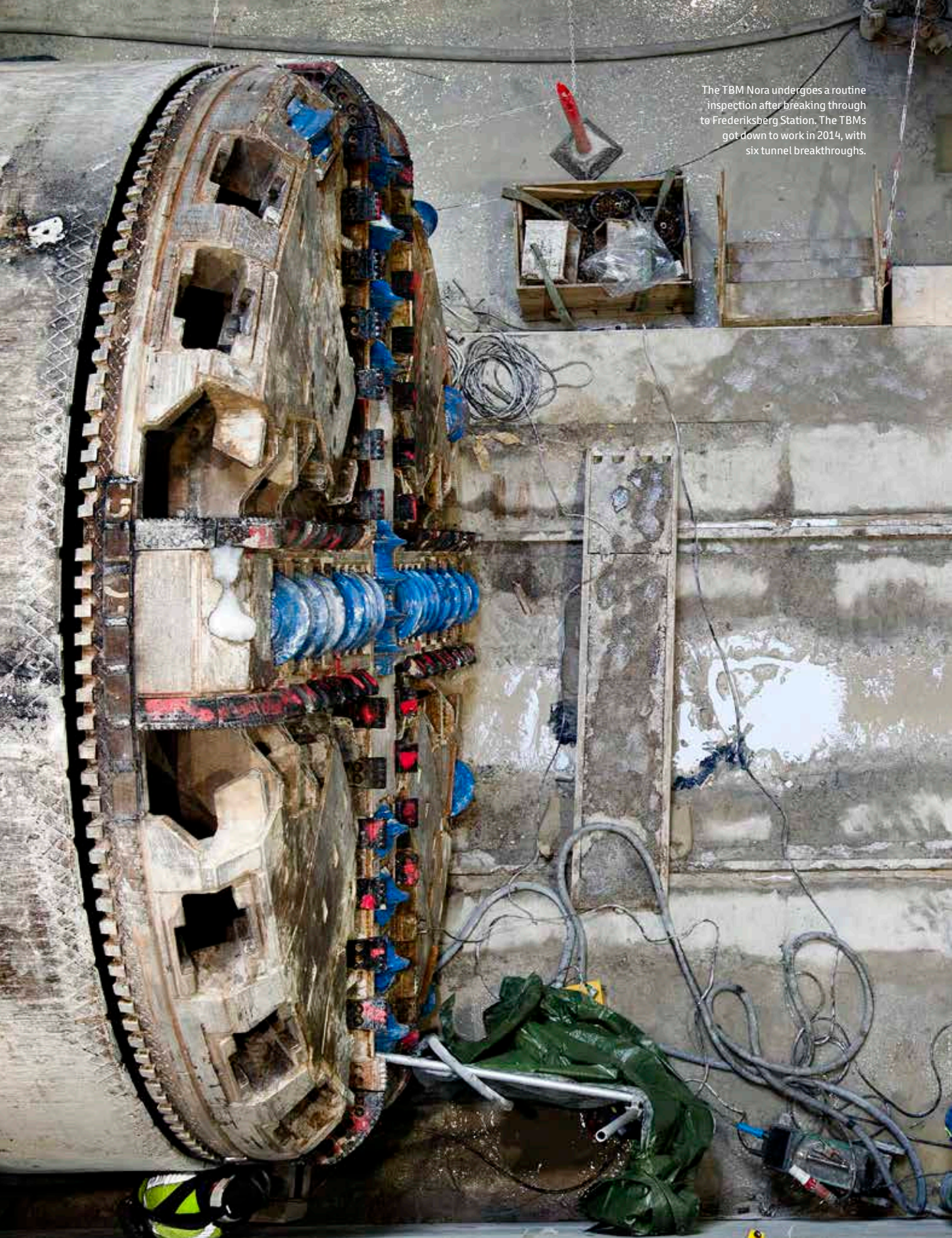
More than half of the Cityring stations and shafts had been excavated by the end of 2014.

3.0

CONSTRUCTION ACTIVITIES

- 3.1 Ongoing Construction Projects
- 3.2 Cityring
- 3.3 Nordhavn
- 3.4 Sydhavn
- 3.5 Other projects

The TBM Nora undergoes a routine inspection after breaking through to Frederiksberg Station. The TBMs got down to work in 2014, with six tunnel breakthroughs.



3.1

ONGOING CONSTRUCTION PROJECTS

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Between 2019 and 2023, **24 new Metro stations will open** in the capital.”

Metroselskabet undertakes a large number of construction activities of which the extensive and multi-faceted processes take place on a fully or partly parallel basis.

First of all, Metroselskabet is undertaking the construction work for Cityring, which will consist of 17 stations in central Copenhagen and Frederiksberg.

Secondly, Metroselskabet is constructing a line to the new Nordhavn quarter, on which work will commence at the start of 2015.

Thirdly, the existing Metro line will be extended with a Sydhavn line to Ny Ellebjerg, on which the work is expected to commence during 2015.

Fourthly, a report must be prepared on the possibility of a light railway at Frederikssundsvej, running from Nørrebro via Tingbjerg to Gladsaxe.

Fifthly, Metroselskabet has been tasked with contributing to an investigation of the construction of further Metro stations in Nordhavn, in conjunction with the development of the new urban quarter in this area.



3.2 CITYRING

On the establishment of the contract, the civil engineering contractor Copenhagen Metro Team (CMT), responsible for the construction of Cityring, consisted of three Italian parties: Salini, Tecnimont and SELI. At the end of 2013, one of the parties, Salini, merged with another Italian firm, Impregilo. After the merger, the new company, Salini Impregilo S.p.A., is part of CMT on the same basis as Salini prior to the merger.

Ansaldo STS is to deliver the trains, operating system and control and maintenance centre, and will handle 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, and has also handled their operation since the Metro opened in 2002.

Cityring in 2014

2014 was the year in which the TBMs made significant progress with the boring operations in the capital's underground, when the two last TBMs began boring from Otto Buses Vej towards Copenhagen Central Station. All four TBMs, Nora, Tria, Minerva and Eva, have thus been commissioned and by the end of December 2014 they had bored 8,380 metres of a total of 29,124 metres, equivalent to 28.8 per cent.

Most of the walls around the project's 17 subterranean stations and three shaft structures were completed during 2014. Construction of the walls around the new shaft for the interchange from Cityring to the Sydhavn Metro has commenced. The



Almost **29 per cent of the tunnels had been bored** as at the end of 2014.”

walls are constructed as diaphragm walls or as secant pile walls. The excavations for more than half of the stations and shafts have been completed, and the base plates in ten of these have been cast. The work on the other concrete structures has commenced.

The buildings for Cityring’s control and maintenance centre were completed in 2014. The first Cityring track was laid at the control and maintenance centre, and the first two Metro trains of a total of 30 have arrived in Denmark.

The time schedule for the Metro construction work was revised after the Folketing (Parliament) adopted the “Act to amend the Act on a Cityring and the Appropriation Act”, to ensure a clear framework for the construction of the Metro. During the summer of 2014 Metroselskabet thus negotiated a new time schedule for Cityring with CMT and Ansaldo STS, under which:

- Cityring’s opening date has been set as July 2019.
- Cityring’s construction budget has been increased by 4 per cent overall, equivalent to DKK 1 billion, to cover the costs related to the longer construction period (DKK 0.7 billion) and extra costs of compensation to neighbours as a consequence of the new Act (DKK 0.3 billion), in addition to lost passenger revenue and increased interest expenses of DKK 0.2 billion. The overall costs of the delay thus total DKK 1.2 billion.
- The time schedule has been simplified in order to simplify progress reporting going forward. Metroselskabet thus follows the Auditor General’s recommendations to make reporting of the time schedule more straightforward.

- The contract terms concerning pay and working conditions have been tightened.
- Extra economic and contractual incentives have been introduced to ensure rapid progress and increased focus on the working environment.

Expectations of Cityring in 2015

In 2015, the first tunnel section between Nørrebroparken and Enghave Plads, as well as the section from Tømmergraven to Copenhagen Central Station, are expected to be completed. The current plan for the boring sequences is that TBMs 1 and 2 must be taken up at Sønder Boulevard and transported to Øster Søgade, where they will be re-assembled before boring the section from Øster Søgade to Copenhagen Central Station. TBMs 3 and 4 have reached Copenhagen Central Station, before being taken up and transported to Nørrebroparken. Concurrently with the tunnel activities, work is continuing on completing the stations, including the commencement of the mechanical and electrical installation work.

In 2015, the fitting out of the Cityring stations will commence. The fitting out of stations consists of materials and surfaces such as wall surfacing, ceilings and skylights, on the basis of the “more of the same” principle and “lessons learned” from the existing Metro. It must also be ensured that the individual stations gain their own strong architectural identity.

In addition, 2015 will be a year with a change of phase, when the transport system contractor Ansaldo STS commences track laying and installation work on more stations and tunnel sections.



Map of current and future Metro lines

Construction of Cityring

The construction of Cityring, which is the new section of the Metro, is based on the same principle as the existing Metro. This means that, to a great extent, functions, structures and systems will be the same as for the existing Metro. This means that the

Metro is fully-automatic, driverless and served by short trains, running at frequent intervals. In principle, the station concept is also the same as for the existing Metro, whereby the stations are, for example, designed as large open spaces.

The 15.5-km trip through 17 stations under the city centre, the bridge quarters and

Frederiksberg will take just 24 minutes. Since the trains will run in both directions, the longest trip on Cityring – from Copenhagen Central Station to Skjolds Plads – will take just 12 minutes. Cityring will make it possible to get from Frederiksberg to Town Hall Square in four minutes.

It will be possible to change to and from the existing Metro

at the Kongens Nytorv and Frederiksberg Stations. It will also be possible to change to e.g. regional trains and S-trains at Copenhagen Central Station and Østerport Station, and to S-trains at Nørrebro Station. Cityring will make it possible to get from e.g. Nørrebros Runddel to Enghave Plads in seven minutes, and from Nørrebro Station to Trianglen in six minutes.

3.3

NORDHAVN – STAGE 1

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Nordhavn and Orientkaj Metro Stations will together have around **11,000 passengers per 24 hours.**”

In connection with the construction of Cityring a Metro line will be built to Nordhavn, the capital's new urban quarter. The contract with the civil engineering contractor, MetNord, was signed on 5 June 2014. The contractor has commenced mobilisation and the first construction work began in January 2015.

Nordhavn Metro Station will be a subterranean station, connected to the S-train station via a pedestrian tunnel. Orientkaj Metro Station will be an overground elevated station. The elevated railway line will be mounted on columns, like the existing overground stations, which means that it will be possible to cross under the railway line. In addition, there is political agreement to construct additional stations in the new Nordhavn quarter.

The Nordhavn line, M4, will intersect with Cityring, so that the stop after Nordhavn in the southbound direction will be Østerport Metro Station. From here, trains will continue as part of Cityring to the Copenhagen

Central Metro Station, from where, until the Sydhavn Metro has been built, trains will return to Orientkaj.

The new Metro line will ensure effective public transport for the many people expected to move to the new Nordhavn quarter. Together, Nordhavn and Orientkaj Metro Stations will have around 11,000 passengers per day on the almost three-kilometre line.

The Nordhavn Metro will cost approximately DKK 2.5 billion (2014 prices). Of this amount, DKK 0.3 billion will be financed from owner contributions, and DKK 0.9 billion from By og Havn, while passenger revenue, etc. can finance the remaining DKK 1.3 billion.

By constructing the Nordhavn Metro immediately after Cityring, around DKK 300 million will be saved compared to the cost of establishing the Metro line at a later time. This is due to such factors as how a construction site has already been established in Sortedams Lake as part of the Cityring work.

3.4 SYDHAVN

“
On an annual basis,
the Sydhavn Metro is
expected to give the
overall Metro system
**approximately 12-13
million more new
passengers.**”

In June 2014, the Danish State and the City of Copenhagen entered into an agreement for the construction of a branch from Cityring through Sydhavn to Ny Ellebjerg. The branch from Cityring will have five stations: at Fisketorvet, at Enghave Brygge, at Sluseholmen, at Mozarts Plads and at Ny Ellebjerg.

The line will run through new urban development areas with extensive new construction, as well as the already developed area of Kongens Enghave – “classical Sydhavn” – and will terminate at the new hub, Ny Ellebjerg, with connections to S-trains, the city circle line and regional and main-line trains. On an annual basis, the Sydhavn Metro is expected to give the overall Metro system 12-13 million more new passengers.

Under the agreement of 12 June 2014 a net financing contribution of DKK 3.9 billion was allocated, and it is estimated that the branch will cost DKK 6.6 billion (2014 prices). The rest of the costs are expected to

be financed via the surplus from passenger operations.

After the decision to construct the branch from Cityring was adopted, Metroselskabet launched an invitation to tender for consulting services, with the aim, in the course of 2015, of commencing the work of drawing up the proposed alignment, as well as contributing to the City of Copenhagen’s EIA process.

In order to construct the branch with the least possible disturbance to Cityring, in the summer of 2014 an agreement was established with the Cityring contractors, CMT and Ansaldo STS, for the establishment of a switch chamber at Havneholmen. The work of constructing the chamber’s casing walls has commenced.

Subsequently, on 5 February 2015, the Folketing (Parliament) adopted the amendment of the Cityring Act concerning the construction of a Metro to Sydhavn.

3.5 OTHER PROJECTS

Light railway along Frederikssundsvej

In January, the City of Copenhagen concluded a preliminary study for the establishment of a light railway at Frederikssundsvej, from Ring 3 via Tingbjerg, Husum and Frederikssundsvej to Nørrebro Station. The preliminary study showed that it is technically possible to construct a light railway along this section, and that it could be expected to have 36,000 new passengers per day. The preliminary study gave special emphasis to investigating how the light railway would affect the urban environment, the other transport users, and traffic safety. Together with COWI, TetraPlan and the architect, Professor Jens Kvorning, Metroselskabet contributed to the preliminary study.

In June, the City of Copenhagen and the Danish State agreed to follow up the preliminary study with an actual investigation of the project, for which DKK 12-15 million was allocated. This work is expected to commence in 2015 as a collaboration between the Danish State, the City of Copenhagen and the Capital Region.

Nordhavn – Stage 2

Under the agreement between the City of Copenhagen and the Danish State in June, the possibility of continuing the branch from Cityring towards Nordhavn was established. In the coming years it is anticipated that a further two to three Metro stations will be established, in conjunction with Nordhavn's urban development. The location of the stations has not yet been determined. The City of Copenhagen is in the course of determining where the actual connection point for the road tunnel (Nordhavn tunnel) will be located. This location could have consequences for Nordhavn's further urban development and the location of the Metro stations. Once the location of the Nordhavn tunnel has been decided, the City of Copenhagen is expected to consider the alignment of the further extension of the Metro in Nordhavn.



In 2014 the work commenced of setting up platform doors at the overground stations. The platform doors will increase both operational stability and the frequency of departures.

4.0

THE METRO IN OPERATION

- 4.1 Operations During the Year
- 4.2 Metro Tickets
- 4.3 Infrastructure
- 4.4 Cooperation with Other Parties

4.1

OPERATIONS DURING THE YEAR

“
**In 2014, rush-hour
operational stability
was 98.3 per cent,**
which is the best level
measured so far.”

In 2014, 56 million passengers took the Metro. This is over half a million more than in 2013 and yet another annual record for the Metro since its opening in 2002.

The increase in passenger numbers in the last few years has been lower than in the first years, as a natural consequence of how the latest extension of the Metro (to Copenhagen Airport) is now seven years old, and the “upswing” in new passengers has thus already been achieved. In addition, 2014 saw a number of events that in themselves are very positive for public transport, but which in the construction phase – as expected – have had a negative impact on annual passenger numbers. The work of establishing platform doors at the Metro’s overground stations has, as planned, entailed major changes to operations, which have inconvenienced customers. The main-line train platform at Nørreport Station was closed in the first months of the year, which meant that fewer passengers used this station. Finally, the torrential cloudburst on Sunday, 31 August led to the greatest damage to the Metro in the entire system’s lifetime, and this affected operations negatively throughout the rest of the year. The mild autumn weather also led more people to use their bicycles as their preferred

means of transport. Due to the aforementioned factors, the actual number of passengers is 1.4 per cent below the budgeted number of passengers.

In 2014, the Metro’s fare revenue amounted to DKK 772 million, which is DKK 66 million above the budget for 2014. The Metro’s revenue is higher than budgeted, despite lower passenger numbers, because the average revenue per passenger was higher than budgeted, as well as the inclusion of the additional revenue of DKK 45 million received concerning the arbitration case with DSB and Metroselskabet against Trafikselskabet Movia. Various factors influence the average revenue per passenger, primarily the number of solo journeys, change in travel length (more zones) and changed ticket types (more cash tickets), etc.

In cooperation with the Metro’s operations contractor Ansaldo STS and their subcontractor Metro Service A/S, Metroselskabet attaches great importance to ensuring a good customer experience via high operational stability for the Metro. It was therefore very positive that high operational stability could once again be achieved in 2014. With operational stability of 98.7 per cent, 2014 was the second-best year in the



Nørreport is Denmark's busiest station. On an ordinary day during the week, almost 40,000 passengers take the Metro from this station.

Metro's history, and the figure is 0.1 per cent higher than the equivalent figure for 2013.

Since 2012, operational stability has also been measured for rush-hour periods alone. In 2014, rush-hour operational stability was 98.3 per cent, which is the best level measured so far. The marginally lower operational stability during rush-hour periods is mainly due to problems with the re-establishment of normal operations after disruptions, when there are many passengers in the system and thereby a greater risk of blocked doors and similar incidents.

The Metro performs standardised quarterly customer satisfaction surveys as a reliable method of measuring the Metro's quality,

over time. The information from the surveys is used to retain existing customers, and attract new customers.

The development in the satisfaction surveys in 2014 reflects the operational challenges faced by the Metro as a consequence of the establishment of platform doors, as well as the torrential cloudburst. Both of these factors affected customer satisfaction, as satisfaction with punctuality declined from 94 per cent in 2013 to 91 per cent in 2014. This also affected customers' overall satisfaction, which decreased from 96 per cent to 94 per cent. Other parameters in the satisfaction surveys (satisfaction with cleaning, information, security and service from personnel) are by and large unchanged from 2013.

4.2 METRO TICKETS

The cost of taking the Metro, the opportunity to buy tickets, and how the tickets may be used, have a great impact on customers' satisfaction with taking the Metro. To ensure that there are ticket products that can be used by the many different types of Metro customer, several different tickets are available. There are also various "platforms" that customers can use to purchase tickets:

- Rejsekort (electronic travel card system as a personal travel card, flex or anonymous card, and a solution for companies and institutions)
- "Cardboard" (season ticket cards, multi-trip tickets, cash tickets and Citypass)
- Mobile (season tickets, multi-trip tickets, cash tickets and Citypass)

All platforms and products are developed and operated jointly under the metropolitan partnership, and the products can be used for all types of public transport. The table below shows the breakdown of the main types of ticket products on journeys and revenue, respectively.

Ticket breakdown of journeys and revenue in the metropolitan area in 2014

	Share of journeys	Share of revenue
Season tickets	64%	43%
Multi-trip tickets	17%	24%
Electronic travel cards	11%	18%
Cash	6%	13%
Other	1%	2%

As a cash ticket is relatively expensive, this product's share of revenue is greater than its share of journeys. The table shows that season tickets (ordinary season tickets, senior citizens' season tickets and youth season tickets) account for a high proportion of journeys in the metropolitan area, but also that, despite the discounts achieved, they account for a high proportion of revenue.

The public transport companies in the metropolitan area also offer a number of ticket products developed especially for tourists. The ticket products are developed to meet tourists' various needs, depending

on whether they are paying a private visit to the capital, or are travelling on business. The ticket products match the products offered to tourists in other major European cities. For Danish tourists, the Rejsekort electronic travel card is a suitable product.

In 2014, together with Rejsekort A/S, the public transport companies have developed Rejsekort Erhverv, for companies, institutions, etc. that use public transport for business travel purposes. Rejsekort Erhverv functions in the same way as an ordinary electronic travel card, except that the individual company owns the travel card used by the employee. The electronic travel card can also be used by childcare institutions, etc. In addition, Metroselskabet collaborates with the metropolitan partnership on “Work Plus”, which is a programme for companies comprising a gross salary deduction system for employees who use public transport to commute to and from work.

Action plan for a better customer experience for electronic travel card users

In 2014, the public transport companies Bus & Tog and Rejsekort A/S on a joint basis drew up an action plan to ensure a better customer experience for electronic travel card users. The action plan comprises a total of 17 activities within three areas: price, the customer’s use of the electronic travel card, and customer service and self-service at rejsekort.dk.

The activities will be implemented on an ongoing basis during 2015. Metroselskabet considers the activities to be good initiatives in the efforts to make the customer’s experience even better.





4.3 INFRASTRUCTURE

Platform doors at overground stations

As part of the parliamentary agreement on public transport, in June 2012 the Metro was granted funds to increase the number of departures and thereby capacity. Measures included the establishment of

platform doors at the overground stations, in order to increase operational stability, for example by avoiding the many monitoring alarms from the existing security system.

During 2014 the platforms of all 12 overground stations were prepared for the installation of platform doors. At the four

The two busiest Metro stations, Nørreport and Kongens Nytorv, each gained an extra lift in 2014.

East Amager stations: Øresund, Amager Strand, Femøren and Kastrup – Den Blå Planet, the doors have also been installed, tested and successfully commissioned.

To facilitate the work on the platform doors, in some periods it has been necessary to operate a special timetable for sections of the Metro, and in some cases to replace Metro operations with buses. Together with Metro Service A/S, Metroselskabet has made a great effort to plan this alternative operation so as to ensure the least possible inconvenience to the Metro's customers.

The project is running according to schedule and the work of setting up and commissioning the platform doors at the remaining eight stations is expected to be completed during the summer of 2015.

SINE emergency radio network

In 2013, an agreement was established with Dansk Beredskabskommunikation A/S on an extensive adjustment to the Metro's antenna network, in order to introduce the SINE emergency radio network in the Metro. This project was accomplished in 2014 and since December 2014 it has been possible for emergency crews to use SINE in the Metro. SINE's availability ensures optimum communication conditions for emergency teams, if operations in the Metro are necessary.

Lifts

For some Metro customers, the availability of lifts is a vital necessity. There is thus strong focus on the lifts' operational stability, and work is ongoing to improve the use of lifts at the stations.

In 2014 a new lift was built at Nørreport Station that gives direct access from the platform to street level. The lift project is financed in collaboration with Jeudan, which owns the Torvehallerne market precinct, and the City of Copenhagen. At Kongens Nytorv Station, a new lift has also been built from platform to street level. This lift has been installed as part of the Cityring project. Finally, at Nørreport Station the full renovation of the lift between the S-train platform and the tunnel connecting to the Metro has commenced. This project is expected to be completed at the start of 2015.

Pedestrian tunnel at Nørreport

At Nørreport Station, Banedanmark is constructing a stairway, paid for by Metroselskabet and DSB, to link the connecting tunnel (transfer tunnel) between the Metro, S-trains and regional trains directly with the City side of Frederiksborggade.

Metroselskabet is closely involved due to the short distance to the Metro's station facilities and tunnels and the connection to the existing pedestrian tunnel, and so as to ensure that there is no risk to the Metro's tunnels. On the project's completion in 2015, the stairway will greatly improve the connection between Nørreport Station and the key pedestrian precinct in the city centre. The stairway is thus expected to contribute to ensuring good connections to all public transport, with a positive impact on overall passenger numbers.

“

The platform doors are expected to **reduce the number of operational disruptions by 25 per cent.**”

Climate adjustment programme

The climate changes seen in recent years have increased the risk of torrential cloudbursts and of higher sea levels in the Port of Copenhagen in stormy weather. Metroselskabet has a climate adjustment programme under which the company continuously seeks to increase the protection of the Metro from these extreme weather events. The need for this programme was emphasised on 31 August 2014, when a torrential cloudburst flooded Sundby Station so extensively that the cloudburst protection measures previously established proved to be inadequate, and the technical operations areas were flooded. The consequence of the flooding was a prolonged period of disruption, with trains running to a special timetable for the area, while the lift at Sundby Station was out of operation, which significantly inconvenienced customers.

As a consequence of the incident at Sundby Station, Metroselskabet is further accelerating its climate adjustment activities. By the end of 2014, further cloudburst floodproofing measures had already been established for the most vulnerable technical operations areas and shafts. In the next few years further investments will be made in improved climate protection of the Metro's technical installations, with additional watertight doors and barriers at the lowest shafts and technical operations areas, and at the control and maintenance centre.

Metroselskabet will also perform an overall investigation of the impact of the future climate changes on both the existing Metro and the future new Metro sections, in order to investigate the need for any further climate protection measures.

Improved levels of information to passengers and a new strategy

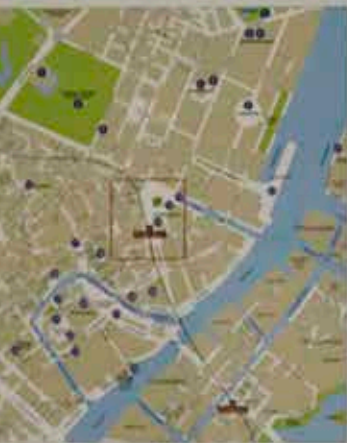
Good information to passengers is vitally important to ensuring that passengers are happy, and the company wishes to further strengthen customer satisfaction. It is vital for the company that the information to passengers using the Metro in operation is improved continuously and it must also be ensured that the information for Cityring passengers also meets customers' high expectations. On this basis, in 2014 a new strategic basis for information to passengers was adopted.

The background is that for a number of years it has not been possible to achieve the company's strategic objective for customers' satisfaction with the level of information to passengers. The objective was therefore reduced in 2014, followed by a decision that, pursuant to the new strategy, an action plan must be drawn up to improve the customer satisfaction level. This included setting a new target figure.

The strategy sets the direction for the future development of the passenger information area and the coming action plan will help to ensure that in due course the Metro system will provide world-class passenger information. Information to passengers must thus be further developed, with focus on three target areas: rapid and easy information to passengers; good "wayfinding" to and at stations; and passenger information matched to each passenger's requirements.

“
In the coming years further **investments will be made in improved climate protection** of the Metro's technical installations.”

kort
maps



- København
- København N
- København S
- København Ø
- København V
- København C
- København F
- København H
- København I
- København J
- København K
- København L
- København M
- København N
- København O
- København P
- København Q
- København R
- København S
- København T
- København U
- København V
- København W
- København X
- København Y

Metro

11:53

Line	To	Spur	Om min.
M1	Vestamager	1	02
M2	Vanløse	2	02
M3	Vanløse	2	05
M4	Øresund	1	05
M5	Vestamager	1	08

Bus

To	Om min.
Herlev St.	Nu
Klampenborg St.	Nu
Ålholm Plads	02
Indiakaj	02
Hvidovre St.	02
Hvidovre Hospital, Sløjfen	02
Hellerup St.	02
Hellerup St.	02
Tivoli Hotel	02
Færgehavn Nord	02
Hellerup St.	02
Hvidovre Hospital, Sløjfen	02



The Metro must have world-class information to passengers. A new strategy was adopted in 2014 to ensure even better information to the Metro's passengers.

4.4

COOPERATION WITH OTHER PARTIES

Rejsekort A/S

Metroselskabet owns 7 per cent of Rejsekort A/S, which develops, operates and maintains the electronic travel card system. In 2014 the owners collaborated with the Danish Ministry of Transport on launching work on a new financing model for Rejsekort A/S. The financing model will safeguard the owners' incentive to sell the electronic travel card to customers, and the model will also provide a new financing basis for Rejsekort A/S, ensuring better budgeting accuracy for the company, and thereby also its owners. The model is expected to be implemented in 2015.

DOT – Din Offentlige Transport (Your Public Transport)

In Act no. 745 of 25 June 2014 the Folketing (Parliament) amended Section 7(3) of the Act on Transport Companies and determined that the parties (DSB, Movia and Metroselskabet) must establish cooperation concerning the public transport services on Zealand. The amendment entered into force on 1 January 2015 and requires the parties to undertake the following

activities on a joint basis: ticket sales, customer service, lost property administration, travel rules, traffic information, marketing and communication.

In 2014 a project was launched to expand the current metropolitan collaboration in terms of both geography and content. Under the geographical expansion, the collaboration will be extended to cover the whole of Zealand, and the expansion of content consists of improving and making it easier for passengers to use public transport. Among the measures to be taken are that public transport users on Zealand will have one single gateway to the public transport companies (i.e. the transport companies will have one single telephone number, e-mail address, etc.), as well as improved information to passengers, etc.

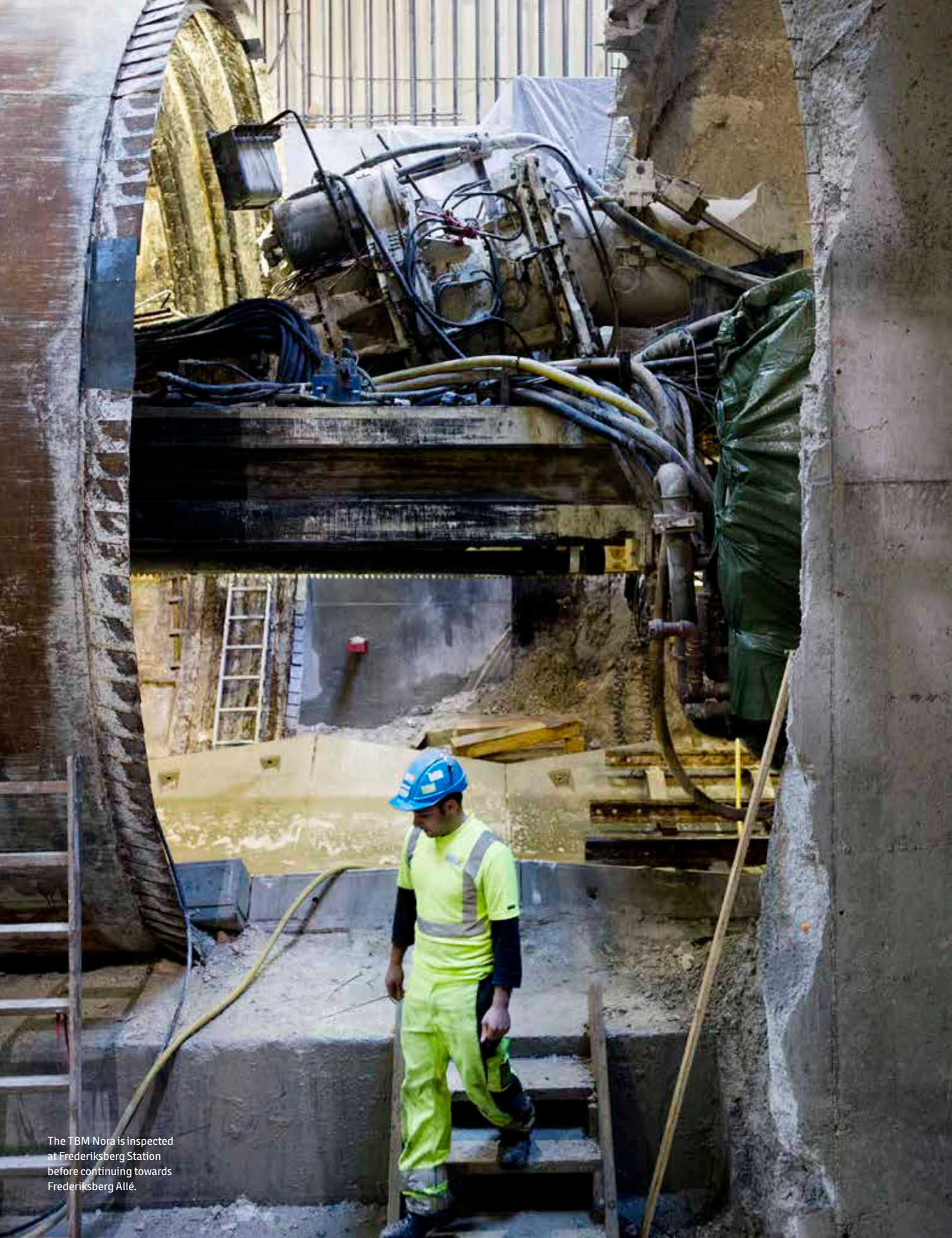
The new cooperation is called DOT (Din Offentlige Transport) (Your Public Transport). Under the DOT name, the companies will communicate with public transport users on Zealand. In the first instance, public transport users will experience minor improvements, such as that the companies have a shared telephone number. DOT will be rolled out in phases, and further measures will be taken during 2015 and 2016.



Bus & Train collaboration

With the other public transport companies in Denmark, Metroselskabet is part of the nationwide Bus & Train collaboration. This collaboration was originally established in order to provide one single ticket for one overall journey. This applies to the metropolitan area today, and to most of

the other tickets sold in Denmark. Today, the collaboration's primary focus is the introduction of the electronic travel card throughout Denmark. Rejseplanen (Travel Planner) is another concrete result of this collaboration. Today, Rejseplanen is a great success, with up to 1 million searches on busy days.



The TBM Nora is inspected at Frederiksberg Station before continuing towards Frederiksberg Allé.

5.0

METRO- SELSKABET

- 5.1 Result for the year
- 5.2 Company Management
- 5.3 Personnel
- 5.4 Social Responsibility



Construction site teams at Copenhagen Central Station preparing to cast the station's base plate.



5.1

RESULT FOR THE YEAR

“
The result for 2014
before depreciation
and write-downs
was a profit of
DKK 288 million.”

The result for 2014 before depreciation and write-downs was a profit of DKK 288 million, which exceeds the budget expectations by DKK 93 million. The improvement is primarily due to higher passenger revenue than expected. Depreciation and write-downs totalled DKK 2,392 million in 2014, of which write-downs amounted to a total of DKK 2,223 million. Of this amount, DKK 2 million concerns the write-down of participating interests in Rejsekort to fair value, and DKK 2,221 million relates to write-downs concerning the construction of the Metro.

The write-down concerning the construction of the Metro is a consequence of how the overall investment in the construction of the Metro will not be fully recovered from future revenue in the form of passenger revenue, etc. and is due to the timing and economic consequences of agreements with contractors on a new time schedule for Cityring, the establishment of an agreement to construct a switch chamber for Sydhavn, and also the final decision on the establishment of Nordhavn.

The result before financial items is thus a loss of DKK 2,104 million. Financial items comprise interest income of DKK 373 million and interest expenses of DKK 522

million. The result before market value adjustments is a loss of DKK 2,254 million.

The Metro's operating result

The result for the year before depreciation and write-downs is a profit of DKK 288 million, having increased by DKK 71 million from 2013. The increase is primarily due to a higher fare per passenger and the recognition of additional revenue of DKK 45 million concerning the ruling in the arbitration case with DSB and Metroselskabet against Movia.

Revenue totals DKK 1,128 million, of which DKK 772 million from the tariff system and DKK 356 million primarily from the lease of the Metro. Costs of payment for the operation of the Metro, contract management, administration and similar amount to DKK 815 million for the year. Depreciation and write-downs amount to DKK 171 million. The result before financial items is hereafter a profit of DKK 117 million.

Equity capital

The result for the year is a loss of DKK 5,966 million that has been carried to equity capital, which hereafter amounts to DKK -83.9 million. After adjustment for market value adjustments, the company's adjusted equity capital amounted to DKK 4,584 million at the end of 2014. The adjusted equity capital excluding market value adjustments has thus decreased by DKK 116 million from 2013. This is a consequence of how the loss after financial items of DKK 2,254 million is partly set off by the owners' contribution to the company of DKK 2,138 million, in order to finance the timing and economic agreements with the contractors concerning a new time schedule for Cityring, as well as the establishment of an agreement to construct a switch chamber

for Sydhavn, and the final decision on the construction of the branch to Nordhavn. The market value adjustment led to book expenditure of DKK 3,712 million.

The market value adjustment can be attributed primarily to the company's financial agreements on the hedging of interest rates that are concluded in order to increase the budget certainty of the company's long-term finances. The adjustment is solely an accounting registration that has no impact on liquidity, since the intention is to retain the agreements until maturity.

Metroselskabet is a partnership in which the owners are 100 per cent liable for the company. The company's negative equity capital of DKK 83.9 million as at 31

The Metro's operating result

All figures in DKK million		
	2014	2013
Fare payments	772	691
Metro operating revenue	344	276
Other operating income	13	8
Total income	1,128	975
Payment for operations	-772	-691
Contract management, etc.	-37	-37
Other expenses	-7	-5
Administration costs	-25	-26
Total expenses	-840	-759
Result before depreciation	288	216
Depreciation	-171	-164
Result before financial items	117	52
Net profit ratio before depreciation	25%	22%

Fare payments are based on average passenger revenue per new passenger of DKK 12.80 in 2014, calculated on the basis of the Ministry of Transport's Order on the distribution of ticket revenue in Greater Copenhagen. In 2013 the average passenger revenue per new passenger amounted to DKK 12.42.

December 2014 does not entail any need for further contributions from the owners, as Metroselskabet can still service its debt as planned.

Financing, including long-term finances

At the end of 2014, Metroselskabet had raised loans totalling DKK 8,205 million (in nominal terms DKK 7,090 million). The loans are raised as re-lending at Danmarks Nationalbank. The company's long-term debt commitments at the end of 2014 totalled DKK 12,329 million in net terms.

Metroselskabet has prepared an updated long-term budget. The long-term budget shows the expectations of the 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, at approximately DKK 24.4 billion, in 2025 (in current prices and including interest). This is an increase by DKK 0.5 billion in relation to the previous long-term budget. The debt is expected to be repaid by 2062, which is three years later than previous expectations. The changes are primarily due to the incorporation of the timing and economic consequences of agreements with the contractors concerning a new Cityring time schedule in the long-term budget, cf. the description under the Company's Long-Term Budget, section 9.1.

Investment in Cityring, Nordhavn and Sydhavn

The total Cityring civil engineering budget of DKK 23.5 billion (2014 prices) is based on the major civil engineering contracts concluded for the transport system and the Cityring civil engineering works.

Investment budget for Cityring including Nordhavn

All figures are stated in DKK million

	Investments in 2014	Investments as at 31 Dec. 2014	Overall budget (2014 prices)	Overall budget
Cityring	3,011	12,894	23,515	22,225 (2010 prices)
Nordhavn	315	385	2,521	2,460 (2012 prices)
Sydhavn	40*	40*	6,636	6,636 (2014 prices)
Total	3,366	13,319	32,672	-

* The investment concerns the switch chamber for Sydhavn.
The year's investment in the Metro in operation amounts to DKK 54 million.

The net book value of Cityring, Nordhavn and Sydhavn (switch chamber) is stated in the Balance Sheet at DKK 5,896 million, since Cityring, Nordhavn and Sydhavn (switch chamber) are valued on the basis of the overall Metro's expected capital value, with due consideration of the planned capital investments.

Investment in Cityring, Nordhavn and Sydhavn (switch chamber)

In 2014 a write-down of DKK 2,221 million was made concerning the construction of the Metro. This is a consequence of how the overall investment in Cityring, Nordhavn and Sydhavn (switch chamber) will not be fully recovered from future revenue in the form of passenger revenue, etc. The write-down is a consequence of the timing and economic agreements with the contractors on a new time schedule for Cityring, as well as the establishment of an agreement to construct a switch chamber for Sydhavn, and the final decision on the establishment of Nordhavn, which are thereby included in the calculation of the recoverable value. The write-down is in accordance with expectations and is partly offset by the decision of the Danish State, the City of Copenhagen and the City of Frederiksberg to contribute financing of DKK 2.1 billion to Metroselskabet.

The write-down is based on an estimate of the value of the overall Metro based on the assumptions applied by the company in the current long-term budget, and the expectations of the future level of interest rates (discounting factor).

In 2014, investments in Cityring, Nordhavn and Sydhavn (switch

chamber) totalled DKK 3.4 billion. The investments are capitalised and included as part of the value of the overall Metro.

Value of the overall Metro

The net book value of the overall Metro is reviewed annually in order to determine whether there are indications of impairment. The recoverable value is calculated for the Metro in operation and for Cityring, Nordhavn and Sydhavn (switch chamber), respectively, but is measured on an overall basis for these closely related assets, since they will constitute one overall cash-flow generating entity.

Any surplus recoverable value of the Metro in operation is included in the compilation of the value of Cityring, Nordhavn and Sydhavn (switch chamber) as the Metro in operation has not previously been subject to write-downs. If the value of Cityring, Nordhavn and Sydhavn (switch chamber) after set-offs is negative, a write-down or provision will be made to cover this. At the end of 2014 the value after set-off was negative, so that a write-down was made for 2014.

The future cash flows included in the recoverable value are based on the company's current long-term budget and its incorporated future expectations, cf. the Appendix to the Directors' Report. The calculation of the recoverable value is based on the capital asset value method.

On the calculation of the capital asset value, the estimated future cash flows are discounted back to present value.

The assumed level of interest rates (discounting factor) constitutes the principal uncertainty in the estimated value of the Metro. The company has applied a conservative expectation of the development in interest rates to the valuation of the overall Metro (the recoverable value), since a risk supplement is included to cover the uncertainty of the development of 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 significantly. In the same way, the result would have been lower if an expectation of higher interest rates had been applied. Note 8 to the Annual Accounts presents the calculation of the risk exposure to the expected development in interest rates.

The value of the construction of the Metro of DKK 6.0 billion includes an estimated positive value of Cityring, Nordhavn og Sydhavn (switch chamber) of DKK 0.5 billion, and an estimated positive added value of the Metro in operation of DKK 5.5 billion. Write-down of the fixed assets as at the Balance Sheet date amounts to DKK 2.2 billion, cf. note 8 to the Annual Accounts.

Stabilisation of fluctuations in equity

The present low level of interest rates is also reflected in the statement of the market value of the company's debt and the derivative financial instruments used to hedge the interest rate risk on the company's present and future debt. In this respect, the company among other things has agreements on the interest rate hedging of approximately two thirds of the expected future maximum debt via agreements on either a fixed interest rate or an inflation-dependent interest rate. Overall, the agreements have an average interest rate of between 3 per cent and 3.5 per cent. The maturity is determined on the basis of the company's expectations of the debt structure and debt settlement.

In the same way as for the valuation of the Metro, the net book market value of the debt increases when the interest rate level for the debt decreases. The fluctuations in the two accounting items must not be expected to set off each other, among other things because different interest rates are applied (e.g. long/short-term interest rate and fixed/inflation-pegged/variable interest rate) to the items. Nonetheless, the application of current interest rate levels to both the valuation of the Metro and the market value adjustment of the agreements established for the interest rate hedging of significant interest rate fluctuations will, overall, serve to stabilise fluctuations in the company's equity.



FINANCIAL HIGHLIGHTS AND KEY FIGURES

Financial highlights and key figures

All figures in DKK million						
	2014	2013	2012	2011	2010	2009
Net turnover for the year	1,301	1,125	1,100	980	864	722
Result before depreciation and write-downs	288	216	235	191	111	66
Depreciation and write-downs	-2,392	-484	1,772	-5,689	-787	-596
Result before financial items	-2,104	-267	2,007	-5,498	-676	-530
Financial items	-149	-64	-123	-457	45	113
Result before market value adjustment	-2,254	-331	1,884	-5,954	-632	-387
Market value adjustment	-3,712	2,138	-550	-2,882	358	-30
Result for the year	-5,966	1,807	1,335	-8,837	-274	-417
Balance Sheet total	15,953	12,633	10,077	8,216	9,442	9,691
Investment in the Metro for the year	3,420	3,170	2,332	3,651	637	448
Long-term debt	12,900	7,345	6,600	4,403	0	56
Equity	-87	3,744	1,637	303	9,139	9,413
Adjusted equity*	4,581	4,700	4,731	2,847	8,801	9,433
Equity ratio	-1%	30%	16%	4%	97%	97%
Adjusted equity ratio	29%	37%	47%	35%	93%	97%
Million passengers	56	55	54	54	52	50
Number of employees	274	242	219	160	123	93

* Adjusted equity is adjusted for market value adjustment.

The civil engineering budget for the branch to Nordhavn totalling DKK 2.5 billion (2014 prices) is based on the civil engineering contracts concluded for the transport system and the Nordhavn civil engineering works. The total Sydhavn civil engineering budget of DKK 6.6 billion (2014 prices) is based on an agreement in principle concerning the Metro to Sydhavn.

In 2014, the investments defrayed for Cityring, Nordhavn and Sydhavn (switch chamber) totalled DKK 3,366 million, so that the total investment to date is DKK 13,319 million.

Events occurring after the Balance Sheet date

On 21 January 2015 a ruling was given in the arbitration case with DSB and Metroselskabet against Trafikselskabet Movia concerning the downward adjustment of Movia's revenue from the change in the counting result from 2008 and thereafter. The ruling awarded DSB and Metroselskabet 50 per cent of the claimed amount. The consequences of the Arbitration Tribunal's ruling are incorporated in Metroselskabet's accounts for 2014 as DKK 45 million in fare revenue, DKK 3 million

as interest income, and DKK 1 million as refunded costs in the case. Reference is made to the description of the arbitration case in section 5.2.

After the close of the financial year no other events of significance to the Annual Report for 2014 have occurred.

Advisory services

In 2011, Metroselskabet's owners prepared and approved accounting regulations that apply to the company's activities that are subject to competition. Advisory services are subject to the accounting regulations, which concern activities subject to competition, and the accounts for these advisory services are presented on this basis.

Income amounts to TDKK 90 in 2014 (TDKK 4,440 in 2013) and costs total TDKK 111 in 2014 (TDKK 4,500 in 2013). The result before tax of advisory activities for 2014 is a loss of TDKK 21 (loss of TDKK 60 in 2013). The result after tax is a loss of TDKK 21 (loss of TDKK 60 in 2013).

The accumulated result of Metroselskabet's advisory services was a profit of TDKK 325 at the end of 2014.

5.2

COMPANY MANAGEMENT

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 appointed for a period of four years. The City of Copenhagen and the Danish State each appoint three members, while the City of Frederiksberg appoints one member and an alternate member. Besides the members appointed by the owners, the company's employees elect two members of the Board of Directors. In 2014, 12 meetings of the Board of Directors were held, as well as four and three meetings, respectively, of the Risk Committee and the Audit Committee.

Metroselskabet works systematically with risk management and on an ongoing basis reports all relevant risks to the Board of Directors. The Board of Directors has therefore appointed a Risk Committee under the Board of Directors. 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 is furthermore involved in the monitoring of the independent audit process and the company's compliance with the statutory requirements for the presentation of the financial statements. The Audit Committee has also worked with the company's project management and financial management. 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 is headed by CEO Henrik Plougmann Olsen. The Board of Executives furthermore consists of Deputy Director Anne-Grethe Foss, who is responsible for the development of new projects; Technical Director Erik Skotting, who is responsible for Metroselskabet's civil engineering activities; and Customer Director Rebekka

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 tripartite agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

Currency risks

The tripartite agreement sets out guidelines for the types of financial instruments and loan agreements that may be included in the 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 both borrowing and investing money at 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-2014 is DKK 38 million, which means that a decrease in the level of interest rates by 1 per cent will entail an increase in market value by DKK 3.8 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 determines the principles for the specification of these risks, as well as a maximum limit to the risks that may be accepted for an individual counterparty. The latter is measured in relation to the counterparty's ratings from the international rating agencies. The company also seeks to reduce risk by using appropriate agreement documentation. In this connection, special agreements on provision of security – CSA agreements – are concluded with counterparties.

Rating

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

Nymark, who is responsible for communication with neighbours, as well as customer-related and commercial activities. Vice Director Louise Høst is responsible for pay and working conditions, as well as the working environment.

Risk Management

The risks to which the company is exposed are determined via the company's risk management activities. The objective of the company's risk management is systematic

risk identification both across the organisation and locally within the organisation, enabling the company to achieve an overview of the overall risk exposure and to handle risks on the most appropriate basis.

Risks are reported at several different levels. Each risk has a designated risk owner, who ensures that risks are handled and reported under the individual professional areas, thereby ensuring a high standard of reporting. During the past year the company has focused on ensuring greater systematisation of risk management across all of the company's activities. For the company's major Cityring project, a risk management process has been built up that is especially adapted to this project. This process involves Cityring's contractors during the construction of the system, thereby ensuring that risks are handled on the most appropriate basis.

An equivalent process has been implemented for the company's other projects and has been expanded to also consider earlier and subsequent phases of the projects. Risks are reported to the Board of Executives, which collects proposals for changes to the current risk exposure from all of the company's activities. The Board of Executives evaluates the proposals received and ensures that ongoing risks are handled and assessed on a uniform basis, with due consideration of probability and consistency across the organisation. On this basis, the Board of Executives prepares a comprehensive list and a current risk list comprising the company's overall risk exposure.

On a quarterly basis, the Board of Executives presents a prioritised list of current risks to the Risk Committee, and then to the full Board of Directors. At quarterly

meetings with the company's owners, the company reports on the risk exposure, based on the Board of Directors' review.

The company participates in national and international experience-sharing and working groups, to ensure that the company stays updated on the latest developments within risk management. This also helps to ensure that risks that have not previously been considered are included in the risk work.

Procedures for the presentation of financial statements and use of IT

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

The current accounting instructions describe the organisation of accounting activities and the planning of accounting routines, including information on the distribution of responsibility and authority. 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 the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and Notes, reporting includes a description of the current status of the operation of the Metro, the construction of Cityring, Nordhavn and Sydhavn, and the company's financial conditions.

The financing instructions define the framework for the handling of financial

transactions, among other things to ensure the required risk profile. The IT security policy describes the overall use of IT, including security, back-up, etc.

Arbitration cases, etc.

In December 2012, DSB and Metroselskabet lodged an arbitration case against Trafikselskabet Movia in order to conclude the distribution of passenger revenue as from 1 January 2008. The case concerns DSB and Metroselskabet's claim against Movia for the downward adjustment of Movia's revenue from the change in the counting result as from 2008.

On 21 January 2015, the Arbitration Tribunal gave its ruling in the case. The Arbitration Tribunal found it to be very probable that some of Movia's improvements have improved the system's counting ability, but also that some of them were corrections of errors. The Arbitration Tribunal found that the extent of the economic effect of the changes of method could be set at 50 per cent, so that under the ruling DSB and Metroselskabet were awarded 50 per cent of their claim. The consequences of the Arbitration Tribunal's ruling are incorporated in Metroselskabet's accounts for 2014 as DKK 45 million in fare revenue, DKK 3 million as interest income, and DKK 1 million as refunded costs in the case.

In March 2014, Metroselskabet brought an arbitration case against CMT and Ansaldo, which are the major Cityring contractors. The case concerns disagreement concerning the index-linking of pre-payments. The case amounts to approximately EUR 15 million for CMT and approximately EUR 7 million for Ansaldo. The case against CMT was concluded with a settlement in March 2015,

while the case against Ansaldo is expected to be decided by the Arbitration Tribunal during 2015.

In a writ of summons of 5 November 2014 to the Court of Copenhagen the companies CTR I/S, Frederiksberg Vand A/S, Frederiksberg Kloak A/S, Frederiksberg Bygas A/S and Frederiksberg Varme A/S brought a claim against Metroselskabet I/S. The case concerns payment for completed utility grid realignment and reflects the filing of the Appraisal Commission's decision of 7 May 2014, whereby the aforementioned companies were required to defray the costs of the utility grid realignment. The case concerns an amount of approximately DKK 80 million. The case is expected to be decided during 2016.

Capital

In connection with the company's budgeting for 2015 an updated long-term budget has been drawn up, including the expected repayment term for the debt. The long-term budget presents the expectations of the long-term economic development in the Metro. The description is based on a number of assumptions and is subject to the uncertainty that will always apply to the assessment of future circumstances. The budget is based, among other things, on assumptions concerning the development in the number of Metro passengers, as well as the development in interest rates and indexes.

In the current 2014 long-term budget, the company's net debt is expected to reach its maximum in 2025 at approximately DKK 24.4 billion (in current prices and including interest). This is an increase by DKK 0.5 billion in relation to the previous long-term budget. The debt is expected to be repaid in



2062, which is three additional years compared to the previous long-term budget, due to the incorporation of the timing and economic consequences of agreements with contractors on a new time schedule for Cityring, cf. the account under the company's long-term budget, section 9.1. The current long-term budget is included as an appendix to the Directors' Report.

Two significant adjustments have been made to the updated long-term budget in relation to the long-term budget from December 2013. The timing and economic consequences of agreements with contractors on a new time schedule for Cityring and the decision to commence the work relating to the switch chamber, as well as the preparatory work for the Sydhavn Metro, have been included in the long-term budget. The related contributions from the owners have also been incorporated in the long-term budget.

The company has worked to build up an appropriate interest rate exposure, so as to lock elements of the future interest costs. On the conclusion of the agreements, the company has hedged the interest rates for approximately two thirds of the expected maximum debt at a fixed interest rate and thereby ensured a fixed low interest rate for

most of the debt, even when the company's debt is expected to reach its maximum level.

Each year a finance strategy is determined so as to ensure appropriate financial management that minimises 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 laid down 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 of Metroselskabet's liabilities, including the loans raised by Metroselskabet. Due to the joint and several liability of the Danish State, Metroselskabet is indirectly subject to the same credit rating as sovereign risk, which is AAA. This means that Metroselskabet 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.

5.3 PERSONNEL

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The survey shows that **there is great satisfaction with employment by Metroselskabet.**”

At the close of the financial year, the company employed a staff of 274, compared to 242 in 2013, to undertake the administration of the company, the operation of the existing Metro, the construction of Cityring and the branch to Nordhavn, the project design of the light railway in Ring 3, and the Metro to Sydhavn. Furthermore, approximately 100 advisers work at Metroselskabet's premises at Metrovej 5.

In the autumn, Metroselskabet undertook the statutory workplace assessment (APV), as well as an employee satisfaction survey. The survey was responded to by 89 per cent of the employees, and the survey shows that there is great satisfaction with employment by Metroselskabet in terms of both the physical and psychosocial working environment. A summary of the main results from the company's APV shows that, for most parameters, the company achieves results that exceed or are at the same level as comparable companies. This applies to the indoor climate, ergonomically sound workplaces, harassment and absence due to illness. The company's self-reported absence due to illness, for example, is 4.4 days, compared to 5.7 days on average for comparable companies.

The results have been discussed at both company and unit level. Follow-up action plans have been launched on both a centralised and decentralised basis in the organisation. At company level, as a consequence of the survey, three topics will be addressed. In the immediate future there will be focus on employees' wish for even more internal communication – especially for staff who do not work at Metrovej 5 on a daily basis. In addition, employee development will be addressed more systematically. The third topic to be considered is further managerial development of and cooperation internally within the company's middle manager group.

Metroselskabet has laid down a personnel policy which is regularly updated 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 whistleblowing guidelines.

Metroselskabet works preventively to promote employees' health and welfare, among other things by combining measures to improve the working environment with initiatives targeted at a healthier lifestyle that is focused on greater well-being. The

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**A large proportion
of the company’s
employees
have experience
from national and
international
construction projects.”**

company’s canteen emphasises a healthy selection of meals, and fruit and water are available to all employees. Employment by Metroselskabet also gives access to discounted subscriptions to two fitness chains. The company also makes a number of bicycles available for employees to use on company business. Both initiatives help to promote a healthier lifestyle for employees.

Metroselskabet offers a physiotherapy scheme for the prevention or treatment of work-related injuries. Metroselskabet also offers both preventive help and treatment to employees suffering from stress.

Metroselskabet’s employees

Metroselskabet has approximately 274 employees – aged from 19 to 70+ – with a gender distribution of approximately 45 per cent women and approximately 55 per cent men. Approximately 10 per cent of the employees are non-Danish nationals, and are primarily from neighbouring European countries.

Metroselskabet’s employees have a wide range of educational backgrounds, as the company e.g. employs engineers, land surveyors, geologists, architects, computer scientists, industrial designers and technical draughtsmen, as well as a number of social sciences graduates. The company is a knowledge-intensive organisation and employs a large number of relatively highly-specialised employees who are, for example, engaged in tunnel design, tunnel work, electrical installations and safety, as well environmental and risk management. A large proportion of the company’s employees have experience from national and international construction projects, such as

the Metro in operation, the Great Belt Fixed Link, the Øresund Fixed Link, the Stockholm and Malmö underground railways and the London Underground.

Employment contracts at Metroselskabet

The company’s employees are engaged on individual contracts, on individual salary terms and terms for salary adjustment, maternity/paternity leave and holiday allowance equivalent to the terms for State employees.

This type of contract generally matches the contract used by other public enterprises with similar tasks. Employment on an “individual contract” basis is a form of employment that is also used by the Danish State. The company is in regular dialogue with the trade unions and in 2014 held meetings with e.g. HK, also attended by the company’s liaison committee.

Diversity

Metroselskabet has taken inspiration from the Committee for Good Corporate Governance with regard to diversity in the company’s management. In the first instance, the company has listed the numbers of women and men in its senior management. The gender distribution of the Board of Executives is 40 per cent men and 60 per cent women. The gender distribution of the rest of the company’s management group is 60 per cent men and 40 per cent women.

The gender distribution among and the recruitment basis for the managerial positions makes it possible to achieve gender diversity in the company’s management.

Tunnel teams celebrate that the TBMs Eva and Minerva broke through to Copenhagen Central Station on the same day.

The company will consider whether there is a need for initiatives that, also in the future, can ensure that this continues, and whether there are other management diversity issues that the company should address on a more systematic basis.

Metroselskabet's Board of Directors comprises 71 per cent men and 29 per cent women, excluding the representatives elected by the employees. Metroselskabet's Board of Directors is appointed by the company's owners.

Metroselskabet wishes to be an inclusive company in which disability and illness, for example, do not impede employment. Metroselskabet focuses on preventing discrimination and ensuring equal treatment, irrespective of disability, ethnic origin, religion, sexual orientation, gender or age, in a recruitment context. The person who is best qualified will be appointed to any position. Metroselskabet's administration building is accessible for persons with physical disabilities.



The cutter head from the TBM Eva is raised up from the shaft at Copenhagen Central Station.





5.4

SOCIAL RESPONSIBILITY

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The starting point for Metroselskabet's work on pay and working conditions is thus the Danish labour market model.”

Metroselskabet takes responsibility for ensuring good and safe public transport in Copenhagen. Beyond transporting people, this responsibility also includes social responsibility with regard to decent pay and working conditions, efforts to achieve more apprentices, improving the environment and working environment at the construction site, and informative communication with the surrounding world.

provisions for the Metroselskabet construction projects have undergone considerable development. Metroselskabet works systematically to gather experience to ensure that coming contracts can fulfil the requirements that are continuously arising. The individual contracts run over many years from the establishment of the contract, so that Metroselskabet has several different “contract paradigms” in use at the same time

Pay and working conditions

Policy

Metroselskabet works very actively to fulfil the special obligations concerning e.g. pay and working conditions, working environment, national economy, environmental considerations, human rights, etc. entailed by major public civil engineering works. The company has therefore incorporated ILO convention no. 94 in contracts with Cityring's main contractors. This means that the Metro must be constructed in accordance with pay and working conditions that are at least equivalent to local pay and working conditions for work of the same nature.

In step with developments in the European and Danish labour markets, the contractual

Action plan and achievement of objectives

Compliance with the ILO convention is ensured in that the contractor and its subcontractors are members of a Danish employers' organisation, so that the work is subject to a collective agreement. The starting point for Metroselskabet's work on pay and working conditions is thus the Danish labour market model. This means that any issues of compliance with the ILO convention can be resolved within the ordinary Danish labour market model, whereby the contractual parties handle pay and employment disputes within the labour law system (i.e. conciliation, industrial arbitration or a labour-market tribunal).

In order to support the Danish labour market model for the Metro construction

project, in 2013 Metroselskabet entered into a partnership agreement with the labour-market parties concerning pay and working conditions. Within the partnership current problems are discussed in order to achieve an effective solution, while the partnership also continuously takes stock of any pending disciplinary cases. Metroselskabet thus monitors the development in the cases that will inevitably arise for a construction project on the scale of the Metro.

In conjunction with the partnership, in 2014 Metroselskabet also launched a number of initiatives to ensure that the Danish labour market model can function more effectively for the Metro construction work. The initiatives have been taken to prevent a situation where the employees are only organised to a small extent, while the opposite applies on the employer side. The initiatives will thus support opportunities for dialogue between employees and trade unions. In concrete terms this concerns:

- Information boards concerning rights and working conditions at all construction sites, and the establishment of a telephone hotline for trade unions and companies
- Site trailers for the trade unions at three selected construction sites
- Information material in seven languages concerning employees' rights as a consequence of the collective agreements.

In the new contracts for 2014 for the branch to Nordhavn and the Architectural Finish of Cityring, the documentation requirement concerning compliance with ILO 94 is further specified, just as the sanctions for contractors that do not comply with ILO

94 are tightened. The contract concerning the Architectural Finish of Cityring furthermore specifies the requirement that the contractor meets the labour-market parties before a contract is established.

In connection with the agreement on the new time schedule for Cityring and Claim Settlement Agreement 3, established in the summer of 2014, it was agreed that the contractor must react resolutely to any infringement of rules concerning pay and working conditions, just as it has been agreed that when approval of subcontractors is applied for, the contractor must submit a description of the measures introduced by the main contractor and subcontractor to ensure that the employees have pay and working conditions equivalent to ILO 94 – i.e. local pay and working conditions.

Pursuant to this, in the autumn of 2014 Metroselskabet launched a survey of ten selected subcontractors' pay and working conditions. The survey was undertaken by a state-authorized public accountant, Deloitte, based on documentation from the ten subcontractors, interviews with employees, and follow-up meetings with the subcontractors. The survey's conclusions will be followed up actively.

In the autumn of 2014, together with CMT Metroselskabet took the initiative to investigate the accommodation offered to employees of CMT and CMT's subcontractors. The investigation was launched on the basis of information that a subcontractor had offered a number of employees accommodation that was not in accordance with statutory requirements. In total, around 1,150 employees involved in construction of the Metro were covered by a scheme whereby the company provided accommodation.

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During 2014
**the number of
apprentices**
involved in the
Metro construction
work doubled.”

Metroselskabet has inspected 18 locations, covering a total of approximately 700 of the employees' accommodation. Overall, the employees have accommodation at around 70 locations in total, primarily in the City of Copenhagen, but also in other municipalities on Zealand and in Malmö (Sweden). The investigation showed that by far the majority of the subcontractors' employees were accommodated in accordance with the regulations. A few cases were found where this was not the case. These were submitted to the appropriate municipal authorities.

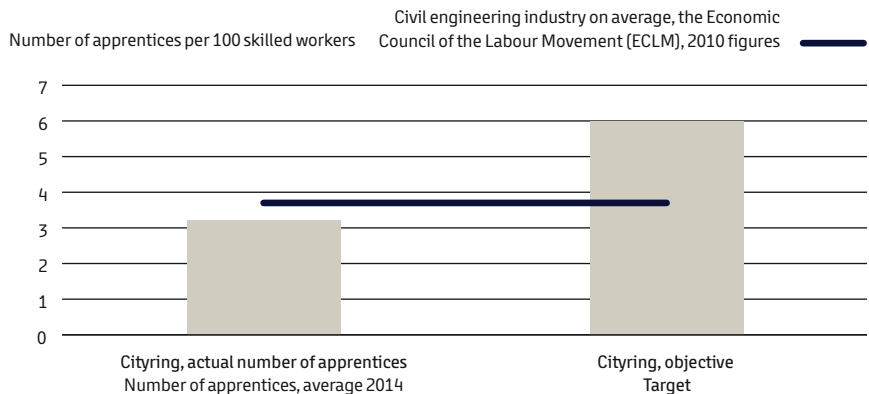
Finally, in 2014 Metroselskabet allocated additional resources to the company's work on the working conditions. A Vice Director position has thus been established, with working conditions as the special area of responsibility, and an additional two labour-market consultants have been appointed.

Social clauses – apprenticeships

Policy

Metroselskabet's objective is for the construction of Cityring to provide traineeships and apprenticeships. In 2011, the company therefore entered into a voluntary partnership agreement with the contractors, Dansk Byggeri (the Danish Construction Association), 3F (the United Federation of Danish Workers), BAT (the cartel of unions in the building, construction and wood sectors), and LO (the Danish Confederation of Trade Unions), in order to achieve apprenticeships. The objective is for 5-7 per cent of the hourly-paid construction workers with work that is relevant for apprentices to be apprentices. The agreement is administered by Byggeriets Uddannelser (the Danish Construction Association's training schemes), which is an organisation for cooperation between the Danish Construction Association and 3F.

Target and number of apprentices involved in constructing Cityring in 2014



In 2013, Metroselskabet's Board of Directors decided to introduce a contract paradigm that in accordance with the Government and the Red-Green Alliance's agreement on "conform or explain" ensures a fixed number of traineeships and internships in the company's contracts, assessed on the basis of the contract's size and nature.

Action plan and achievement of objectives

In December 2014, the number of apprentices in the project was 44. This approximately corresponds to the level that is normal in the construction industry. The increase in the number of apprentices took place on the basis of a number of initiatives introduced by Metroselskabet in cooperation with CMT.

As the graph below shows, the number of apprentices working on Cityring is close to the average in the construction industry.

Metroselskabet is working actively to increase the number of apprentices engaged in the construction of the Metro and during 2014, in cooperation with the contractor, has introduced a number of initiatives, including the following:

- Screening of the various companies and work processes to construct the Metro in order to determine where it is relevant to employ apprentices. As a result, the contractor, CMT, has introduced a rotation scheme whereby apprentices rotate between different sites, and thus have the opportunity to learn about several different areas. This makes it possible to have many more construction apprentices engaged in the project. During 2014 CMT was therefore approved for an unlimited number of apprentices.

- Metroselskabet, 3F and the Danish Construction Association have extended the agreement on the appointment and financing of a matchmaker. The matchmaker canvasses companies and assists with approval as a practical training location and the hiring of apprentices. The Danish Construction Association's training schemes undertake the matchmaker role.

- The Danish Construction Association's training schemes and the regional practical training unit have developed and tested a new recruitment model for the recruitment of adult apprentices in the construction trade. This has taken place in cooperation with the job centres under the "10 municipality cooperation", and the subcontractor Adecco.

- The contractual provisions for the branch to Nordhavn and the Architectural Finishes to Cityringen stipulate requirements of the number of apprentices, as a consequence of Metroselskabet's introduction of a contract paradigm in 2013. Tighter economic sanctions have also been introduced for any lack of apprentices, as well as a bonus if there are more apprentices than required by the contract.

Working environment

In the contract with the two Cityring contractors – Ansaldo and CMT – Metroselskabet has delegated the working environment coordination work. This means that Ansaldo and CMT employ the client's labour market coordinators within their own organisation. In practice, the contractors undertake the working environment activities, while Metroselskabet supervises the work.



Policy

At Metroselskabet, the working environment is a line responsibility that is anchored in the company's executive management. Metroselskabet has undertaken to provide a good working environment for all employees and will work constantly to ensure that the construction of Cityring, including the branch to Nordhavn, takes place on a responsible basis in terms of safety and health.

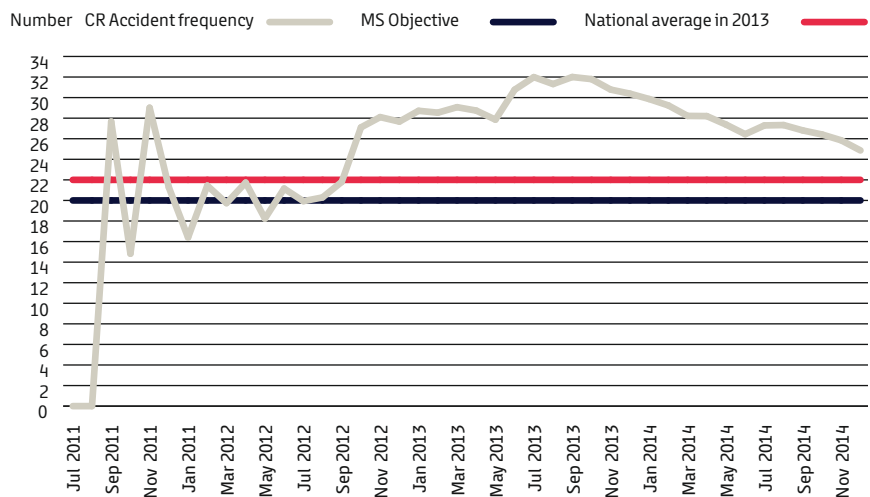
This means that Metroselskabet will:

- Adhere to all relevant legislation and set high standards for our working environment;
- Work to minimise the accident frequency and prevent work-related illness or accidents;

- Ensure that working environment activities at Cityring adhere to best practice within the technical and social area;
- Inspire and train employees working on the project, to ensure that they have sufficient knowledge of the working environment rules to be able to act appropriately;
- Never compromise on the working environment on economic or progress-related grounds.

Metroselskabet has the objective, as stated in the contracts with the contractors, that the Cityring accident frequency must in overall terms be less than 16 accidents per million working hours. This is an ambitious, long-term objective that will not be

Accident frequency for Cityring (Number of accidents per million working hours)



The graph shows the overall accident frequency for the entire project. At the end of 2014 this had been reduced to 24.9 accidents per million working hours. For 2014 in isolated terms, the average was 20.6 accidents per million working hours.

finally calculated until the completion of the construction work in 2019. In order to set an operational target that the contractor can achieve within the short term, in 2014, in connection with Claim Settlement Agreement 3, Metroselskabet introduced a sub-target that over a period of 12 months there must be less than 20 accidents per million working hours.

Furthermore, an economic incentive has been established for the contractor to reduce the accident frequency in the short term, since a bonus is payable on the achievement of the sub-target of an accident frequency below 20 over a 12-month period. At the end of 2016 most of the heavy construction work is expected to be completed and the level of heavy manual work will be reduced, so that the accident frequency target is expected to be reduced to 16. Relevant sub-objectives are applied on an ongoing basis, reflecting the construction project's complexity and risk.

Action plan and achievement of objectives

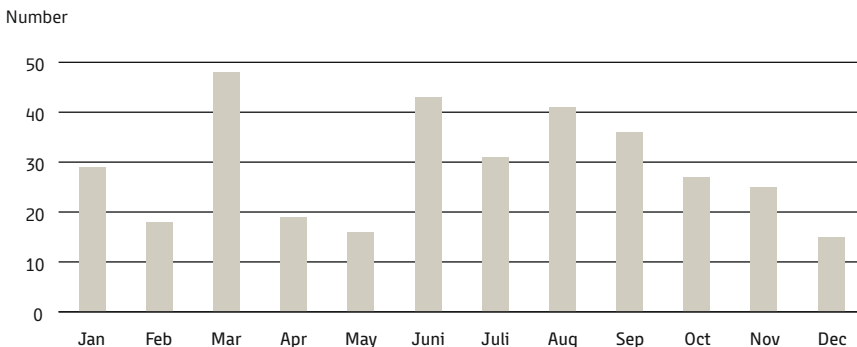
The accident frequency for the construction of Cityring from January 2014 to December

2014 was 20.6 accidents per million working hours. This is below the national average for accidents in the building and construction industry compiled by the Confederation of Danish Employers. The accident frequency in 2014 was furthermore lower than in 2013. The accident frequency for 2014 of 20.6 accidents per million working hours is not far from the recently established sub-target of an accident frequency of 20 over a period of 12 months. This sub-target was set in the summer of 2014 in conjunction with Claim Settlement Agreement 3.

The accident frequency for Cityring overall for the entire project is 24.9 accidents per million working hours. There is still some way to go before achieving the long-term objective of an accident frequency of 16 for the entire project, but there has been continuous development in the right direction since mid-2013, when the accident frequency peaked at around 32.

The number of mandatory orders from the Danish Working Environment Authority increased in 2014, and this was a very strong – and unacceptable – increase to 346

Number of mandatory orders from the Danish Working Environment Authority in 2014



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The number of mandatory orders
has decreased from
September 2014 up to
the end of the year.”

mandatory orders. However, this should be viewed in the context that in 2014 there were around twice as many construction working hours as in 2013. A mandatory order from the Danish Working Environment Authority may include anything from paperwork to potential hazards for the employees.

Number of mandatory orders to companies engaged in the construction of Cityring, 2011-2014

All types of mandatory orders

2011	13
2012	103
2013	146
2014	346
In total	608

The development in the number of mandatory orders from the Danish Working Environment Authority during 2014 is presented below. The number of mandatory orders decreased from September 2014 to December 2014, although the number fluctuates considerably from month to month. See also the initiatives concerning accidents and mandatory orders in the next section.

Initiatives

Safety measures at the Metro construction sites require a constant, sustained effort due to the complex nature of the construction work and because the risks are constantly changing. Ansaldo and CMT have a working environment organisation which continuously monitors safety at the construction sites. Metroselskabet also has its own working environment organisation to inspect and support the contractors' efforts. Metroselskabet gives high priority to safety at the construction sites and is continuously introducing initiatives in collaboration with

the contractors, in order to reduce the number of occupational accidents.

In December 2013, together with CMT, Metroselskabet launched the Safety First campaign. The starting point of the campaign was to improve safety levels at the construction sites by changing the culture and behaviour with regard to safety at the workplace. The Safety First campaign was implemented as ten action points that included closer inspection, greater attention to safety in crane operations, and more safety training for personnel. This e.g. included the decision to update and refresh safety training courses on an annual basis. At the beginning of 2014 safety training courses were therefore held for all personnel working at the construction sites.

Metroselskabet holds regular meetings with the Danish Working Environment Authority and is satisfied with the extra measures taken by the Authority to inspect the Cityring workplaces. Metroselskabet uses the Danish Working Environment Authority's mandatory orders as an instrument to ensure constant focus on safety. In September 2014, together with CMT, Metroselskabet launched initiatives to increase safety, including to reduce the number of mandatory orders. The initiatives include daily – rather than weekly – safety rounds at the construction sites and sharing experience between the construction sites at toolbox meetings. The number of mandatory orders decreased from September 2014 up to the end of the year, although the number fluctuates considerably over time.

Metroselskabet has furthermore taken the initiative to restructure the existing Metroselskabet safety inspection for a period, so as to focus on the five construction sites with a particularly high number of occupational

accidents, or that entail greater risk due to a particularly complex phase of the construction work. It is continuously assessed which sites require extra measures. An extra team of inspection staff has been deployed, tasked with extra inspection of the working environment outside daytime hours at the selected sites.

Dialogue with the general public

Metroselskabet gives high priority to ensuring good information on the company's construction work, so that the people who live in and use the city can stay informed about the construction work and to the greatest possible extent also arrange their daily lives according to the progress of the construction work. Importance is attached to transparent, fact-based information that enables

the general public to gain insights into the construction work and its consequences for the surrounding communities.

Metroselskabet therefore aims to give neighbours to the Metro construction work detailed, precise and timely information when the construction work is likely to affect them. This takes place via meetings, events at construction sites, newsletters, text messages, mails, etc. and via the website m.dk. In 2014, Metroselskabet therefore distributed approximately 31,000 letters, posted approximately 22,000 notices on neighbours' front doors and sent approximately 200 text messages directly to the neighbours concerned, with a recipient group of 75-900 neighbours per text message. It must be easy to contact Metroselskabet – also after normal working hours – so that in cooperation with the main Cityring contractor the company has established a

A guest returns to street level after a tour of the station shaft under Town Hall Square during Kulturnatten (Night of Culture). This event was the third most visited during Kulturnatten.





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A total of **66,000**
people made use
of Metroselskabet’s
visitor schemes
in 2014.”

24-hour telephone service that neighbours can contact, as well as a team of people who are ready to take action should the need arise. The information work is evaluated on an ongoing basis via questionnaires to neighbours, and there is focus on maintaining a high degree of satisfaction with the information level. The same information concept applies to the Metro to Nordhavn.

Citizens who live in and travel around the city, and the general public, can stay updated on the progress of the Metro construction work via Metroselskabet’s wide-ranging communication activities. Interest was increasing in 2014, and Metroselskabet has added a number of new communication initiatives. On a daily basis, hundreds of members of the general public and other visitors to the capital make use of the three visitors’ platforms at the construction sites at Kgs. Nytorv, Town Hall Square and Aksel Møllers Have, where each

visitor can observe and get information on the Metro construction work.

The Metro construction work was the third most-visited location during Kulturnatten (Night of Culture) when more than 17,000 visitors called in at Metroselskabet, and several thousand had the opportunity to descend in the shaft at the coming Town Hall Square Metro Station. Earlier in the year, several thousand visitors came to Nordhavn, to see the last of the over 100-metre-long TBMs before it was driven away, to be put to work below ground. In total, 66,000 people used the opportunity to visit Metroselskabet’s activities in 2014, in the form of tours of construction sites, lectures and the exhibition “Tracking the Metro”, which also has a special programme for school classes at levels 0-6. The press can also get regular information updates on the Metro construction work, so that the general public can also stay abreast of the project’s progress.

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The Metro must be among the most environment-friendly metros in the world.”

The success of the “Byens Hegn” (City Hoardings) project continues. This is apparent from how nine out of ten neighbours to the construction sites believe that the decoration of the hoardings gives a positive impression. The decoration is created in cooperation with various parties, ranging from nursery schools, local committees, independent artists and students to cultural institutions such as the National Gallery of Denmark and the Danish Architecture Centre. In 2014 the project was part of an exhibition on modern urban spaces at the Danish Architecture Centre.

achieve further environmental improvements. The Metro is the most environment-friendly transport form compared to S-trains, buses and cars. The CO₂ emissions for the four modes of transport are presented below. The Metro must be among the most environment-friendly metros in the world, and among other things the construction of new Metro sections, currently Cityring and the Nordhavn Metro, must take the greatest possible account of the environment and the affected neighbours.

Environment

Metroselskabet works continuously and systematically to reduce the environmental impact from the Metro and the construction of Cityring. Metroselskabet prepares an Environmental Report that is published on the company’s website. Metroselskabet will seek to extend the Environmental Report to also include Cityring’s construction sites.

Both the construction and operation of Cityring will be at least just as environmentally friendly as the existing Metro, and Metroselskabet has thus made a number of requirements concerning environmental considerations with regard to the construction of Cityring.

Action plan and achievement of objectives

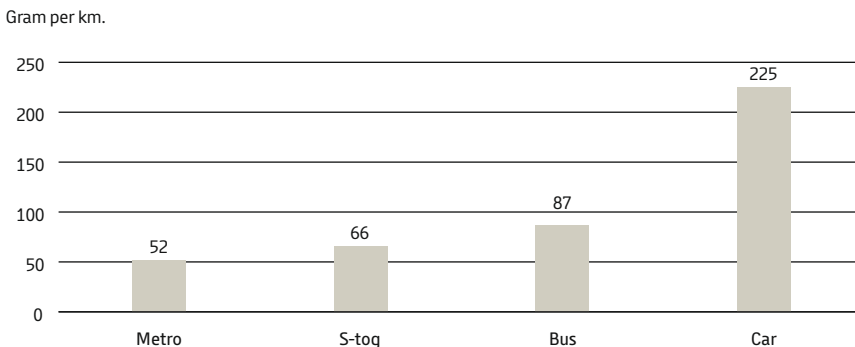
The Environmental Accounts give a detailed description of energy consumption, etc., while the following is an introduction to a number of other environmental focus areas.

Policy

The existing Metro is a modern system which is subject to continuous work to

- Green concrete: Metroselskabet requires the contractor to use “green concrete”, which is produced with a

Overview of CO₂ emissions for the Metro, S-trains, buses and vehicles



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**Metroselskabet
requires the
contractors to use
“green concrete”,
which is produced
with a lower emission
of CO₂.”**

- lower emission of CO₂, among other things because production is based on replacement materials and recycled products. According to the requirement, emissions from the production of “green concrete” may not exceed 400 kg/m³. For comparison, the emissions from the construction of the first stage of the Metro amounted to 700 kg/m³.
- Particle filters giving cleaner air: Metroselskabet requires the contractors to use particle filters on machinery used in the civil engineering work. As a consequence, two thirds of the machines used at the construction sites have particle filters, which remove 99 per cent of the particles.
- Handling of groundwater: Metroselskabet makes the requirement of the contractors that the groundwater table may not be lowered around the construction sites or along the 15.5-km tunnel sections. The groundwater that is pumped up is re-infiltrated and cleaned before it is pumped back, ensuring the lowest possible impact on groundwater resources.
- Environment-friendly materials: Metroselskabet’s environmental objective is to refrain from using materials and chemical products that are included in the environmental authorities’ lists of adverse substances. Among other things, this means that the hydraulic oils and grease used in the drilling work are vegetable-based and easily degradable. The paper used for e.g. communication with neighbours carries the Nordic Ecolabel.
- Noise: After the adoption by the Folketing (Parliament) of an amendment to the Cityring Act in June, the noise from the Cityring construction sites must observe the noise limits laid down in an Order from the Minister of Transport. The noise limits are based on a supplementary EIA and are set so that it is realistically possible to complete the construction work, but with the lowest possible adverse impacts for the neighbours to the construction work. Both Metroselskabet and its contractors must therefore take extraordinary steps to comply with the noise levels. To achieve this, the company and the contractor are collaborating on preventive measures, just as the company closely monitors noise measurements from all construction sites on a daily basis and has a special team that, in rotation, monitors the construction sites during the evenings and at night, stopping any activities that exceed the permitted noise levels. On a quarterly basis the company submits a report to the Ministry of Transport on the measures taken by the company and its contractors to fulfil the BAT (Best Available Technology) principle.

Safety

Policy

Metroselskabet’s overall safety policy objective is for the Metro to be just as safe as the safest new metros in the world. It has therefore been determined that both in the design of Cityring and in the planning of both the future operation of the existing Metro and the future operation of Cityring, Metroselskabet will maintain its high safety objectives.

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**Metroselskabet
participates in a crime
prevention initiative**
aimed at preventing
violence, vandalism
and operational
disruptions to and in
the Metro system.”

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 the safety procedures, in cooperation with our operations contractor. The safety of the Metro is therefore very high. Metroselskabet draws on a large network among metro companies in other countries, for example for the exchange of experience concerning safety procedures.

The increased focus on the risk of terrorist attacks on transport systems has led to greater focus on emergency response initiatives in the Metro. Metroselskabet works with the operations contractor, the emergency services and PET (the Danish Security and Intelligence Service) to prevent terrorism and other accident situations, and to ensure the best possible emergency response, should accidents nonetheless 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.

Metroselskabet participates in a crime prevention initiative aimed at preventing violence, vandalism and operational disruptions to and in 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 the 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.

Anti-corruption

Policy

In 2014, Metroselskabet endorsed the Charter for Social Responsibility in the property, construction and civil engineering industries in Denmark. The Charter sets out the principles for social responsibility and is based on the UN Global Compact, as it is specified for construction and civil engineering projects in Denmark. Metroselskabet has thus undertaken an obligation to demonstrate impartiality and anti-corruption in practice.

Action plan and achievement of objectives

The company has achieved this by e.g. preparing guidelines for invitations to tender for products and services, approval of collaboration partners, and guidelines for the management of expenses and approval of payments. The company has also drawn up a gift policy to ensure clear guidelines in this area, by setting guidelines for offering and receiving gifts. Whistleblowing guidelines have been prepared in order to instil 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 2014 there were no requests to use the whistleblowing guidelines.



Tunnel elements stored
at the construction site
at Nørrebroparken.

6.0

ANNUAL ACCOUNTS

- 6.1 Accounting Policies
- 6.2 Profit and Loss Account
- 6.3 Balance Sheet
- 6.4 Cash Flow Statement
- 6.5 Notes



Tunnel elements are carried into the TBM, Nora. The TBMs can install more than one hundred elements per 24 hours.

6.1

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. 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 2014. The Annual Report is presented in 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 assets' value can be measured reliably.

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

When first recorded, assets and liabilities are measured at cost. Subsequently, assets

and liabilities are measured as described for each item in the following.

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

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

Value adjustment of financial assets and liabilities measured at 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 fair value. Derivatives are recorded under accounts receivable and liabilities, respectively.

Any changes in the fair value of derivatives that are classified as and fulfil the conditions for the hedging of the fair value of a recorded asset or liability are recorded in the Profit and Loss Account together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivatives that are classified as and fulfil the conditions for the hedging of future transactions are carried directly to equity. When the hedged transactions are realised, the accumulated changes are reported as part of the cost of the accounting items in question.

For derivatives that do not fulfil the conditions for treatment as hedging instruments, the changes in fair value are reported in the Profit and Loss Account on an ongoing basis as financial items.

Profit and Loss Account

Income

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

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

Value of own work includes the staff costs and other costs for the year, which may be attributed to construction of the Metro 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 administration and handling of the Client organisation for Ring 3 Letbane I/S, sale of advisory services, lease of work sites, and minor revenue from e.g. leases.

Metro operating expenses

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

Staff costs

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

Other external costs

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

Financial items

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

Corporate tax

The partnership is not liable to pay corporate 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 that the asset is ready for use. The Metro is not subject to depreciation during construction, but write-downs are made in relation to the recoverable value, cf. the section on the valuation of fixed assets.

Metro in operation

The Metro in operation 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 distributed linearly on the assets' expected service life. The Metro in operation has been divided into component parts with uniform service lives, constituting:

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

The scrap value has been set at zero, taking the expected 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 on the assets' expected service lives, as follows:

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

Assets with an acquisition sum of less than DKK 100,000 are recognised as costs in the Profit and Loss Account in the year of acquisition.

Gains and losses on the sale of tangible fixed assets are calculated as the difference between the sales price less selling costs and the book value at the time of the sale. Gains or losses are recorded in the Profit and Loss Account together with depreciation and write-downs, or under other operating income, to the extent that the sales price exceeds the original cost.

Valuation of fixed assets

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

The recoverable value is either the net sales price less sales costs or the capital value, whichever is higher. For calculating the capital value, estimated future cash flows are discounted at current value, while observing the conditions in the long-term budget, cf. the Appendix to the Directors' Report, for example that the owners are obliged to pay for 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 plant in operation, as this plant will constitute 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. However, any 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 a provision already recorded, 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 – which do not include listed shares – are measured at fair value based on the calculated capital value. Participating interests are written down to recoverable value if this is lower than book value. In instances where an approximate fair value cannot be calculated, the participating interests are measured at cost.

Accounts receivable

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

Current assets

Properties

Properties are 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 amortised cost, which is basically equivalent to face value. Write-down is undertaken to meet expected losses.

Securities

Securities recorded under current assets comprise listed bonds, which are measured at fair value on the Balance Sheet date.

Liquid resources

Liquid resources include cash and deposits, short-term bank deposits and securities, with a remaining life at the time of acquisition of less than 3 months and which can readily be converted into cash equivalents,



and for which there is only a slight risk of changes in value. Securities and investments are measured at fair 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 principles described under the section on the valuation of fixed assets state 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, however, 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. The debt is subsequently measured at amortised cost unless the fair value of the debt is hedged.

Debt that is hedged for changes in fair value, and for which the effect of this hedging can be documented, are subsequently measured at fair value. Changes in fair value are recorded in the Profit and Loss Account

together with changes in the fair value of the hedging instruments.

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 amortised cost, which is usually equivalent to nominal value.

Cash Flow Statement

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

Cash flows relating to operating activities are stated as the operating profit adjusted for non-cash operating items and the change in receivables and debt relating to the operating activity.

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 receivables and debt concerning financing activities, 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 solely conducts commercial activities in Denmark. The segment reporting adheres to the partnership's internal financial management, cf. Note 1.

Financial highlights

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

6.2 PROFIT AND LOSS ACCOUNT

Profit and Loss Account for the period 1 January – 31 December 2014

All figures in DKK thousands			
	Note	2014	2013
Income			
Metro fare revenue	2	771,529	690,833
Metro operating revenue	2	343,528	276,303
Value of own work		156,210	144,776
Other operating income	3	29,766	12,710
Total income		1,301,033	1,124,623
Expenses			
Metro operating expenses	2	-815,074	-732,689
Staff costs	4	-171,166	-149,985
Other external costs	5	-27,285	-25,757
Total expenses		-1,013,525	-908,430
Result before depreciation and write-downs		287,508	216,192
Depreciation and write-downs			
Depreciation	6	-168,519	-149,407
Write-downs	6	-2,223,299	-334,326
Total depreciation and write-downs		-2,391,819	-483,733
Result before financial items		-2,104,311	-267,541
Financial items			
Financial income	7	372,763	364,926
Financial expenses	7	-522,061	-428,876
Total financial items		-149,298	-63,950
Result before market value adjustment		-2,253,609	-331,490
Market value adjustment		-3,712,078	2,138,371
Result for the year		-5,965,687	1,806,880
Proposed distribution of profit			
Carried forward to next year		-5,965,687	1,806,880

6.3 BALANCE SHEET

Assets as at 31 December 2014

All figures in DKK thousands

	<i>Note</i>	2014	2013
Fixed assets			
Tangible fixed assets			
Construction of the Metro	8	6,025,193	4,916,279
Metro in operation	9	4,838,503	4,911,028
Buildings	10	53,678	58,775
Operating equipment and fixtures and fittings	10	863	976
Total tangible fixed assets		10,918,238	9,887,058
Financial fixed assets			
Other participating interests	11	50,218	40,877
Accounts receivable	12	804,875	862,037
Financial instruments	17	1,398,244	538,345
Total financial fixed assets		2,253,337	1,441,259
Total fixed assets		13,171,575	11,328,317
Current assets			
Properties	13	27,600	20,130
Accounts receivable	14	425,416	353,083
Owner contributions	14	329,000	0
Accrued items		126,942	38,270
Securities	15	1,606,460	892,945
Liquid resources	15	265,525	10
Total current assets		2,780,944	1,304,438
Total assets		15,952,518	12,632,755

Liabilities as at 31 December 2014

All figures in DKK thousands			
	<i>Note</i>	2014	2013
Equity			
Start of the year		3,744,217	1,637,337
Additions for the year		-3,828,107	2,106,880
Total equity	16	-83,889	3,744,217
Long-term debt			
Long-term debt	17	12,899,988	7,345,260
Total long-term debt		12,899,988	7,345,260
Short-term debt			
Short-term element of long-term debt		827,548	0
Bank loans		0	75,197
Trade creditors		363,455	400,479
Prepaid owner contributions	18	1,818,500	933,580
Other debt	19	126,916	134,022
Total short-term debt		3,136,419	1,543,277
Total debt		16,036,407	8,888,537
Total liabilities		15,952,518	12,632,755
Contractual commitments and contingent liabilities	20		
Auditors' and consulting fees	21		
Related parties	22		
Currency, interest rate and credit risks	23		

6.4 CASH FLOW STATEMENT

All figures in DKK thousands

	<i>Note</i>	2014	2013
Cash flows from operating activities			
Metro fare revenue		771,529	690,833
Metro operating income		343,528	276,303
Other operating income		29,766	12,710
Metro operating expenses		-815,074	-732,689
Staff costs		-171,166	-149,985
Other external costs		-27,285	-25,757
Accounts receivable		-109,022	26,714
Trade creditors		-37,023	155,304
Total cash flows from operating activities		-14,748	253,434
Cash flows from investment activities			
Investment in the construction of the Metro	24	-3,271,123	-3,032,327
Investment in buildings, operating equipment and fixtures and fittings		-811	-1,358
Investment in securities (excluding market value adjustment)		-710,538	-895,236
Total cash flows from investment activities		-3,982,472	-3,928,921
Cash flows from financing activities			
Loans raised, net (excluding market value adjustment)		1,850,000	2,389,880
Contributions from owners		2,137,580	300,000
Accounts receivable		-6,486	1,543,071
Owner contributions		-329,000	0
Prepaid owner contributions		884,920	633,580
Other debt		-7,106	-869,625
Net financing expenses (excluding market value adjustment)		-191,975	-106,614
Total cash flows from financing activities		4,337,933	3,890,292
Change in available funds		340,713	214,805
Available funds at start of year		-75,187	-289,993
Available funds at end of year		265,525	-75,187

The Cash Flow Statement cannot be derived directly from the other elements of the Annual Accounts.

6.5 NOTES

Note 1 Segment reporting

All figures in DKK thousands					
	<i>Advisory services</i>	<i>Administration tasks</i>	<i>Metro in operation</i>	<i>Construction of the Metro</i>	In total
	2014	2014	2014	2014	2014
Income	90	16,993	1,127,740	156,210	1,301,033
Expenses	-111	-16,993	-840,211	-156,210	-1,013,525
Result before depreciation and write-downs	-21	0	287,529	0	287,508
Depreciation and write-downs	0	0	-170,843	-2,220,976	-2,391,819
Result before financial items	-21	0	116,686	-2,220,976	-2,104,311
Fixed assets					
Construction of the Metro	0	0	128,987	5,896,206	6,025,193
Metro in operation	0	0	4,838,503	0	4,838,503
Buildings	0	0	53,678	0	53,678
Operating equipment and fixtures and fittings	0	0	500	363	863
Financial fixed assets	0	0	2,253,337	0	2,253,337
Total fixed assets	0	0	7,275,006	5,896,569	13,171,575
Current assets					
Properties	0	0	0	27,600	27,600
Accounts receivable	325	2,893	213,316	208,883	425,416
Owner contributions	0	0	0	329,000	329,000
Accruals	0	0	55,974	70,969	126,942
Current assets	325	2,893	269,289	636,451	908,959
Debts					
Trade creditors	0	0	220,338	143,118	363,455
Prepaid owner contributions	0	0	0	1,818,500	1,818,500
Other debt	0	0	126,916	0	126,916
Short-term debt	0	0	347,253	1,961,618	2,308,871

**Note 1** – continued

All figures in DKK thousands	<i>Advisory services</i>	<i>Metro in operation</i>	<i>Construction of the Metro</i>	In total
	2013	2013	2013	2013
Income	4,440	975,406	144,776	1,124,623
Expenses	-4,500	-759,154	-144,776	-908,430
Result before depreciation and write-downs	-60	216,253	0	216,192
Depreciation and write-downs	0	-164,071	-319,662	-483,733
Result before financial items	-60	52,182	-319,662	-267,541
Fixed assets				
Construction of the Metro	0	164,766	4,751,513	4,916,279
Metro in operation	0	4,911,028	0	4,911,028
Buildings	0	58,775	0	58,775
Operating equipment and fixtures and fittings	0	353	623	976
Financial fixed assets	0	1,441,259	0	1,441,259
Total fixed assets	0	6,576,181	4,752,136	11,328,317
Current assets				
Properties	0	0	20,130	20,130
Accounts receivable	347	346,506	6,230	353,083
Accruals	0	38,270	0	38,270
Current assets	347	384,776	26,361	411,483
Debts				
Trade creditors	0	270,511	129,968	400,479
Prepaid owner contributions	0	0	933,580	933,580
Other debts	0	134,022	0	134,022
Short-term debts	0	404,533	1,063,548	1,468,081

Advisory services comprise income and expenses related to activities that are exposed to competition. The result of advisory services after financial items and calculated tax is a loss of TDKK 21 (loss of TDKK 62 in 2013).

Administration tasks comprise revenue and costs for the administration and handling of the Client organisation for Ring 3 Letbane I/S.

Note 2 Operating result for the Metro

All figures in DKK thousands	2014	2013
Metro fare revenue	771,529	690,833
Metro operating income		
Leasing out the Metro	343,323	276,303
Other income	205	0
Total Metro operating income	343,528	276,303
Other operating income	12,683	8,270
Total income	1,127,740	975,406
Metro operating expenses		
Payment for operations	-771,529	-690,833
Contract management, etc.	-36,845	-36,857
Other expenses	-6,701	-4,998
Total Metro operating expenses	-815,074	-732,689
Administration costs	-25,137	-26,465
Total expenses	-840,211	-759,154
Result before depreciation	287,529	216,253
Total depreciation and write-downs	-170,843	-164,071
Result before financial items	116,686	52,181

The partnership has outsourced the operation of the Metro. The lease payment depends on the overall operating result for the Metro. In 2014, the Metro had 56 million passengers (55 million in 2013). The fare revenue for 2014 is based on average passenger revenue of DKK 12.80 (DKK 12.42 in 2013). Fare revenue for 2014 includes DKK 45 million as a consequence of the ruling in the arbitration case with Movia, cf. Note 20.



Note 3 Other operating income

Other operating income includes revenue from the administration and handling of the Client organisation for Ring 3 Letbane I/S (DKK 17.0 million), sale of advisory services, renting out office space, and minor income from e.g. leases.

Note 4 Staff costs

All figures in DKK thousands

	2014	2013
Wages, salaries and emoluments	136,687	118,639
Pension commitments	21,882	18,681
Social security contributions	7,020	6,649
Other staff costs	5,578	6,015
Total staff costs	171,166	149,985
Of which:		
Salaries for the Board of Executives	2,169	2,169
Other payments to the Board of Executives	207	203
Pensions for the Board of Executives	318	326
Emoluments for the Board of Directors	1,925	1,925
Average number of employees (full-time equivalents)	242	212
Employees at year-end	274	242

Other payments include bonus payments for executives, which amount to up to 10 per cent of the ordinary salary. Bonus payment in 2014 concern the achievement of target results for 2013. 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	2014	2013
Administration costs	22,232	18,078
Consultant costs	5,053	7,679
Other external costs, in total	27,285	25,757

Note 6 Depreciation and write-downs

All figures in DKK thousands	2014	2013
Depreciation, Metro in operation	162,499	143,439
Depreciation, buildings, operating equipment and fixtures and fittings	6,020	5,968
Write-downs, construction of the Metro	2,220,976	319,403
Write-down of participating interests	2,323	14,923
Total depreciation and write-downs	2,391,819	483,733

Note 7 Financial items and market value adjustment

All figures in DKK thousands	2014	2013
Financial income		
Interest income from financial fixed assets	2,050	1,907
Interest income from accounts receivable	4,304	82,132
Interest income from liquid resources, securities and financial instruments, etc.	365,601	276,318
Exchange rate adjustment	808	4,569
Total financial income	372,763	364,926
Financial expenses		
Interest expenses	-519,511	-428,155
Exchange rate adjustment	-2,550	-721
Total financial expenses	-522,061	-428,876
Total financial items	-149,298	-63,950
Total market value adjustment	-3,712,078	2,138,371

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 description in the Directors' Report in section 5.1.

The accounting exposure concerning the market value adjustment can be expressed as a basis point value (BPV). With the company's current financial portfolio (swap), BPV is DKK 38 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, by DKK 3.8 billion. In the same way, an increase in the level of interest rates by 1 per cent would increase the result by DKK 3.8 billion.

The change in the market value adjustment from 2013 to 2014 is mainly due to the decrease in the level of interest rates in that period.

Note 8 Construction of the Metro

All figures in DKK thousands	<i>The Metro in operation</i>	<i>Cityring</i>	Total
Acquisition sum			
Start of the year	164,766	9,953,386	10,118,152
Additions for the year	54,195	3,365,669	3,419,864
Transferred to Metro in operation	-89,974	0	-89,974
End of year	128,987	13,319,055	13,448,042
Write-downs and revaluation			
Start of the year	0	-5,201,873	-5,201,873
Revaluations for the year	0	0	0
Write-downs for the year	0	-2,220,976	-2,220,976
End of year	0	-7,422,849	-7,422,849
Start book value	164,766	4,751,513	4,916,279
End book value	128,987	5,896,206	6,025,193
Recoverable value 31.12.2014			
Book value 31.12.2014, cf. Notes 8 and 9	4,967,490	-	
Additional value	5,445,327	0	
Set-off	-5,445,327	5,445,327	
Additional value 31.12.2014		5,896,206	
Acquisition sum, Cityring 31.12.2014		13,319,055	
Write-downs, Cityring 01.01.2014		-5,201,873	
Book value of Cityring before write-down		8,117,182	
Write-down 31.12.2014		-2,220,976	

The calculation of the recoverable value is measured overall for the Metro in operation and Cityring, as they will constitute one overall cash-generating unit once Cityring is in operation.

Note 8 – continued

The Metro in operation is measured at cost less actual depreciation and write-downs, cf. Accounting Policies, and has not previously been written down in Metroselskabet's accounts. The surplus recoverable value of the Metro in operation is therefore not written up for this asset, but set off to the statement of the value of Cityring. The recoverable value of Cityring after set-off is still lower than the book value, so that a write-down has been made to the lower recoverable value. The write-downs for the year are recorded in the Profit and Loss Account. Reference is made to the description in the Directors' Report in section 5.1.

The value of the construction of the Metro is based on a stated recoverable value of the overall Metro. The recoverable value is calculated on the basis of the future expectations incorporated in the company's long-term budget, which is included as an appendix to the Directors' Report. This includes the application of an average real interest rate of 2.4 per cent in the first 20 years, increasing to 4 per cent in the longer term.

The rate of interest applied to the calculation exceeds the current level of interest rates in the market, as an interest supplement is included. The use of a lower current market interest rate would increase the stated recoverable value and thereby improve the result for the year. For illustration, the use of a 1-per-cent lower interest rate in the first 20 years would mean that the recoverable value, and thereby the result for the year, would have been DKK 4.0 billion higher. On the other hand, the use of a 1-per-cent higher interest rate in this period would have led to a DKK 3.3-billion lower result.

Note 9 Metro in operation

All figures in DKK thousands

	<i>Tunnel and shell of underground stations</i>	<i>Other fixed facilities</i>	<i>Rolling stock, etc.</i>	<i>Other technical installations</i>	Total
Acquisition sum					
Start of year	2,695,239	1,557,262	1,498,874	504,425	6,255,799
Additions for the year	3,296	1,592	1,926	83,160	89,974
Disposals for the year	0	0	0	-76,334	-76,334
End of year	2,698,535	1,558,854	1,500,799	511,251	6,269,439
Depreciation and write-downs					
Start of year	-196,216	-233,961	-494,697	-419,897	-1,344,771
Depreciation for the year	-28,378	-34,009	-71,884	-28,228	-162,499
Depreciation, disposal	0	0	0	76,334	76,334
Write-downs for the year	0	0	0	0	0
End of year	-224,594	-267,970	-566,581	-371,791	-1,430,936
Start book value	2,499,023	1,323,301	1,004,176	84,528	4,911,028
End book value	2,473,941	1,290,884	934,218	139,460	4,838,503

The Metro in operation includes the costs of the implementation of the electronic travel card of DKK 28.3 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 construction</i>	Total
Acquisition sum			
Start of the year	2,078	84,940	87,018
Additions for the year	257	554	811
Disposals for the year	-135	0	-135
End of year	2,200	85,494	87,694
Depreciation			
Start of the year	-1,102	-26,165	-27,267
Depreciation for the year	-370	-5,651	-6,020
Depreciation, disposal	135	0	135
End of year	-1,337	-31,816	-33,152
Start book value	976	58,775	59,751
End book value	863	53,678	54,542

Depreciation takes place on a straight-line basis over the expected lifetime of the assets.

Note 11 Other participating interests

All figures in DKK thousands			
	<i>Rejsekort A/S</i>	<i>Rejseplanen A/S</i>	Total
Start of the year	40,550	328	40,878
Additions for the year	11,664	0	11,664
Disposals for the year	0	0	0
Write-downs for the year	-2,323	0	-2,323
End of year	49,890	328	50,218

The additions for the year of DKK 11.7 million in Rejsekort A/S are made in accordance with the approved appropriation, Document 105 of 5 May 2011. The valuation of Rejsekort A/S is based on the conditions for Rejsekort A/S that were known at the time of the presentation of the Annual Report. The Ministry of Transport has initiated the work of implementing a new financing model, the "Annual Report model", for Rejsekort A/S. This work has not been concluded, so that any consequential changes are not included in the valuation as at 31 December 2014.

The partnership's participating interests are stated at fair value, based on the calculated capital value. The shareholding constitutes less than 10 per cent of the total share capital in Rejsekort A/S and Rejseplanen A/S, respectively.

Note 12 Accounts receivable, financial fixed assets

All figures in DKK thousands			
	<i>City of Frederiksberg</i>	<i>Other receivables</i>	In total
Start of the year	822,761	39,276	862,037
Additions for the year (accrued interest)	2,050	683	2,733
Disposals for the year (repayment of principle)	-59,895	0	-59,895
End of year	764,916	39,959	804,875

Other accounts receivable are the company's subordinate loan capital in Rejsekort A/S. Receivables from the City of Frederiksberg are reduced by an annual payment from the City of Frederiksberg of approximately DKK 60 million to cover repayment of principal and interest.

Note 13 Properties

In connection with the construction of Cityring, the company has taken over apartments by expropriation. The apartments are valued at cost price. As at 31 December 2014, the company has taken over 16 apartments. The apartments are rented out on market terms. Any loss or profit on the sale of the apartments will be included in the cost of the construction of Cityring.

On the establishment of Metroselskabet, the company took over areas at Forum and Fasanvej Stations. If a profit is achieved on the sale of the sites, the City of Frederiksberg is entitled to a share of the profit, cf. separate agreement. The sites are valued at DKK 0.

Note 14 Accounts receivable, current assets

Receivable owner contributions as at 31 December 2014 comprise receivables from the City of Copenhagen and the City of Frederiksberg. The amount concerns the contributions by the City of Copenhagen and the City of Frederiksberg in accordance with appropriation document 8 of 8 October 2014 concerning the revised time schedule for Cityring. The amount falls due after one year, and within five years.

Receivables include VAT receivable of DKK 196 million and accrued interest at DKK 186 million.

Note 15 Securities and liquid resources

All figures in DKK thousands	2014	2013
Securities over 3 months	1,606,460	892,945
Total securities	1,606,460	892,945
Cash and bank deposits	265,525	10
Fixed-term deposits	0	0
Securities under 3 months	0	0
Total liquid resources	265,525	10

Securities concern the purchase of bonds as collateral for the market values. As at 31 December 2014, DKK 1.3 billion has been pledged as collateral.

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>Participating interest excl. MVA</i>	<i>Market value adjustment (MVA)</i>	Total
Start of year 2013	660,857	9,590,000	-5,519,220	4,731,637	-3,094,299	1,637,338
Capital contribution	0	300,000	0	300,000	0	300,000
Retained earnings	0	0	-331,490	-331,490	2,138,371	1,806,880
Start of year 2014	660,857	9,890,000	-5,850,710	4,700,147	-955,928	3,744,217
Capital contribution	0	2,137,580	0	2,137,580	0	2,137,580
Retained earnings	0	0	-2,253,609	-2,253,609	-3,712,078	-5,965,687
End of year	660,857	12,027,580	-8,104,319	4,584,118	-4,668,006	-83,888

Note 17 Long-term debt and financial instruments

All figures in DKK thousands		
	2014	2013
Loans, amortised cost	-2,067,111	-2,110,909
Loans, market value	-6,137,645	-3,968,295
Financial instruments (negative value)	-5,522,780	-1,266,056
Financial instruments (positive value)	1,398,244	538,345
Total long-term debt	-12,329,292	-6,806,915

In 2014, the company raised loans for DKK 2.1 billion (DKK 1.9 billion in nominal terms). The value of the company's financial instruments is recognised in the total value of the debts as at 31 December 2014. The market value adjustment of financial instruments is recognised 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 tripartite agreement between Danmarks Nationalbank, the Ministry of Transport and Metroselskabet.

Of the company's long-terms debts, DKK 2.3 billion (DKK 2.1 billion in nominal terms) falls due after 1 year and within 5 years.

Note 18 Prepaid owner contributions

Prepaid owner contributions as at 31 December 2014 concern the City of Copenhagen. The amount was paid in by the City of Copenhagen concerning the construction of the Metro to Sydhavn. The Act on a Metro to Sydhavn was adopted in February 2015 and the amount will therefore be transferred from trade creditors to capital contribution in 2015.

Note 19 Other debt

All figures in DKK thousands	2014	2013
Outstanding ATP payments, etc.	203	181
Outstanding holiday pay	23,079	19,573
Accrued interest	103,633	114,268
Total other debt	126,916	134,022



Note 20 Contractual commitments and contingent liabilities

Contractual commitments

The current ongoing contracts with contractors concerning the construction of the Metro have a total residual value of DKK 8,619 million.

For the purpose of operation of the Metro until December 2018, a contract has furthermore been concluded for a total residual value of DKK 1,316 million. In addition to the contract payments, there will be the opportunity for incentive payments.

Concerning the operation of Cityring, a contract has been concluded for a total value of DKK 1,882 million during a five-year period as from the commencement of Cityring's operation.

Contingent liabilities

In March 2014, Metroselskabet brought an arbitration case against Ansaldo, which is one of the major Cityring contractors. The case concerns disagreement of the indexation of prepayments. The case amounts to approximately EUR 7 million and is expected to be settled by the Arbitration Tribunal during 2015.

In a writ of summons of 5 November 2014 to the Court of Copenhagen the companies CTR I/S, Frederiksberg Vand A/S, Frederiksberg Kloak A/S, Frederiksberg Bygas A/S and Frederiksberg Varme A/S brought a claim against Metroselskabet I/S. The case concerns payment for completed utility grid realignment and reflects the filing of the Appraisal Commission's decision of 7 May 2014, whereby the aforementioned companies were required to defray the costs of the utility grid realignment. The case amounts to approximately DKK 80 million. The case is expected to be settled during 2016.

Metroselskabet is part of the tariff cooperation in the Greater Copenhagen region. As of the Balance Sheet date, under the tariff cooperation tickets have been sold that have not yet been used, so that as of the Balance Sheet date Metroselskabet has an equivalent obligation to provide transport.

The construction of the Metro entails expropriation, compensation and similar for which the partnership pays the owners/residents affected. The size of the future compensation has not yet been determined.

Note 21 Auditing and consulting fees

All figures in DKK thousands	2014	2013
Rigsrevisionen	349	349
Deloitte	523	546
KPMG/EY	514	450
BDO Kommunernes Revision A/S	0	60
Statutory audit, total	1,386	1,405
Deloitte	50	52
Other declarations, total	50	52
Deloitte, VAT and tax advisory services	205	426
Deloitte, other advisory services	364	649
Total consulting fees	569	1,075

Note 22 Related parties

Metroselskabet's related parties are the company's owners, Board of Directors, Board of Executives and Ring 3 Letbane I/S.

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, and capital contribution cf. Notes 14 and 16.

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 2014 Metroselskabet received income concerning the administration and management of the Client organisation in conjunction with the establishment of a light railway in Ring 3.

Note 23 Currency, interest rate and credit risk

All figures in DKK thousands

Net financial liabilities	Nominal value	Market value	Market value
	2014	2014	2013
Securities and fixed-term deposits	1,605,774	1,606,460	892,944
Loans	-7,090,000	-8,204,756	-6,079,204
Financial instruments	0	-4,124,536	-727,711
Accrued interest, securities and fixed-term deposits	-	-28,501	3,879
Accrued interest, financial instruments, loans	-	110,909	15,787
Net liabilities, total	-5,484,226	-10,640,424	-5,894,305

Currency risk

Currency distribution (DKK million), market value	Securities and fixed-term deposits	Loans	Financial instruments	Net position
DKK < 1 year	0	-832	1	-831
DKK > 1 year	0	-7,402	-2,881	-10,283
EUR < 1 year	896	0	0	896
EUR > 1 year	711	0	-1,133	-422
Total	1,607	-8,233	-4,014	-10,640

Interest rate risk

Interest rate fixing as at 31 December 2014 (DKK million), market value	DKK	EUR	Total
Period			
0 – 1 year	-831	896	65
1 – 5 years	-2,042	-38	-2,080
5 – 10 years	-2,660	0	-2,660
10 – 20 years	-172	-384	-556
> 20 years	-5,409	0	-5,409
Total	-11,114	474	-10,640

Note 23 – continued**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 the specification of these risks, as well as a maximum for the risks that are acceptable for an individual counterparty. The latter are measured by the international rating agencies (Moody's, Standard & Poor's and Fitch/IBCA). The company also seeks to reduce credit risks by using appropriate agreement documentation.

Credit risk distributed by rating category, as at 31 December 2014

<i>Total counterparty exposure (market value, DKK million)</i>	<i>Securities and fixed-term deposits</i>	<i>Loans</i>	<i>Financial instruments</i>	<i>Net position</i>
AAA	1,607	-8,233	0	-6,627
AA	0	0	-795	-795
A	0	0	-3,219	-3,219
Total	1,607	-8,233	-4,014	-10,640

Note 24 Investment in the construction of the Metro

All figures in DKK thousands

	2014	2013
Investment in the construction of the Metro, cf. Notes 8 and 9	3,419,864	3,170,163
Investment in properties	7,470	6,940
Value of own work	-156,210	-144,776
Total investment in the construction of the Metro	3,271,123	3,032,327



7.0

THE BOARD OF DIRECTORS OF METRO- SELSKABET

7.1 The Board of Directors
of Metroselskabet

7.1

THE BOARD OF DIRECTORS OF METROSELKABET

Henning Christophersen (Chairman of the Board of Directors)

Appointed by the Danish Government
Former Minister and European
Commissioner

Other offices held:

- Senior Partner, Kreab A/B
- Adviser to the European Commission

Jørgen Glenthøj (Vice Chairman)

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

Other offices held:

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

Lars Aslan Rasmussen (Vice Chairman)

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

Other offices held:

- Member of the Finance Committee of the City of Copenhagen
- Member of the Employment and Integration Committee of the City of Copenhagen

Birgitte Brinch Madsen

Appointed by the Danish Government
Director

Other offices held:

- Board member of Danske Invest
- Board member of the North Sea Fund
- Board member of DEIF A/S
- Board member of Orbicon A/S
- Board member of EUDP (the Energy Technology Development and Demonstration Programme)
- Board member of GUDP (the Green Development and Demonstration Programme)

Harald Børsting

Appointed by the Danish Government
President of LO (the Danish Confederation of Trade Unions)

Other offices held:

- Board member of Arbejdernes Landsbank
- Board member of the Economic Council of the Labour Movement
- Member of the Board of Representatives and of the Business Committee of ATP
- Board member of Fagbevægelsens Erhvervsinvestering
- Chairman of Arbejderbevægelsens Kooperative Finansieringsfond
- Chairman of Lønmodtagernes Dyrtidsfond

Ninna Hedeager Olsen

Appointed by the City of Copenhagen
Member of the City Council of Copenhagen
Associate Professor at Metropolitan University College

Other offices held:

- Member of the Employment and Integration Committee of the City of Copenhagen
- Board member of Thorvaldsens Museum
- Board member of R98 Fonden
- Board member of Enhedslisten (Red-Green Alliance) Nørrebro – Blågård

- Member of the group management of the Red-Green Alliance group in the City Council of Copenhagen.
- Member of the Employment Council under the Danish Ministry of Employment – the Danish Agency for Labour Market and Recruitment
- Member of the liaison committee for volunteers in social work
- Union representative for the members of DM and DJØF at the Department of Management and Administration at Metropolitan University College

Rasmus Jarlov

Appointed by the City of Copenhagen
Member of the City Council of Copenhagen
Independent businessman
External assistant professor in financing at CBS

Other offices held:

- Member of the Employment and Integration Committee of the City of Copenhagen
- Member of the Finance Committee of the City of Copenhagen
- Member of the Children and Young People Committee of the City of Copenhagen

- Member of the Board of Central-kommunernes Transmissionselskab (CTR) (Metropolitan Copenhagen Heating Transmission Company)

Søren Banke

Elected by the employees
Work Site Manager

Peter Jensen

Elected by the employees
Operations engineer

Alternate member

Margit Ørsted,
Elected by the City of Frederiksberg

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)
- Board member of Københavns Madhus
- Member of the Employer Panel at IFSK (Department of Political Science and Government), University of Copenhagen



Frederiksberg

8.0

ENDORSE- MENTS

- 8.1 Management Endorsement
- 8.2 The Independent Auditors' Report

8.1 MANAGEMENT ENDORSEMENT

The Board of Directors and the Board of Executives have today examined and approved the Annual Report for 2014 for Metroselskabet I/S.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act (accounting class D) 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 annual 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 that the Annual Report be adopted by the partners.

Copenhagen, 8 April 2015

Board of Executives

Henrik Plougmann Olsen

Board of Directors

Henning Christophersen (Chairman)

Ninna Hedeager Olsen

Jørgen Glenthøj (Vice Chairman)

Rasmus Jarlov

Lars Aslan Rasmussen (Vice Chairman)

Søren Banke

Birgitte Brinch Madsen

Peter Jensen

Harald Børsting

8.2

INDEPENDENT AUDITOR'S REPORTS

To the partners of
Metroselskabet I/S

Report on the financial statements

We have audited the financial statements of Metroselskabet I/S for the financial year 1 January 2014 to 31 December 2014, see the annual report sections 6.0 – 8.0, which comprise the accounting policies, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes as well as reports. The financial statements are prepared in accordance with the provisions of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg as well as the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg as well as the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error. Management is responsible for selecting and applying the most appropriate accounting policies and performing accounting estimates deemed fair in view of the circumstances.

Management is also responsible for the transactions included in the financial statements being in compliance with acts and other regulations as well as with agreements entered into and accounting policies.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation as well as generally accepted public auditing standards, see the Act on the Audit of State Accounts etc. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Metroselskabet I/S' preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metroselskabet I/S' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

An audit also involves an assessment of whether the procedures and internal controls established support the transactions included in the financial statements and are in accordance with acts and other

regulations as well as with agreements entered into and accounting policies.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of Metroselskabet I/S' financial position at 31 December 2014 and of the results of its operations and cash flows for the financial year 1 January 2014 to 31 December 2014 in accordance with the provisions of the partnership agreement between the Danish Government, the City of Copenhagen and the City of Frederiksberg as well as the Danish Financial Statements Act. We are also of the opinion that the procedures and internal controls established support the transactions

included in the financial statements and are in accordance with acts and other regulations as well as with agreements entered into and accounting policies.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary, see the annual report section 1.0 "The year in brief", section 2.0 "Metroselskabet's business strategy", section 3.0 "Metroselskabet's construction activities", section 4.0 "The metro in operation", section 5.0 "Metroselskabet" and section 9.0 "Appendix to til directors' report". We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen 8 April 2015

Deloitte

Lynge Skovgaard
State-Authorised Public Accountant

Ulrik Benedict Vassing
State-Authorised Public Accountant

Ernst & Young

Torben Kristensen
State-Authorised Public Accountant

Michael N.C. Nielsen
State-Authorised Public Accountant

Office of the Auditor General

Lone Strøm
Auditor General

Morten Brædstrup-Holm
Director



9.0

APPENDIX TO THE DIRECTORS' REPORT

9.1 Long-Term Budget

9.1

LONG-TERM BUDGET

The following 2015 long-term budget was adopted in December 2014. Compared to the 2014 long-term budget from December 2013, the timing and economic consequences of agreements with contractors on a new time schedule for Cityring and the decision to commence the work relating to the switch chamber, as well as the preparatory work for the Sydhavn Metro, have been included in the long-term budget.

Long-term budget assumptions

The long-term budget is stated in current prices:

Passenger numbers and fares

1. The passenger numbers are determined according to the passenger forecast based on the most recently updated traffic model. For Cityring including Nordhavn, the number of passengers budgeted for in 2019 is 16 million, increasing to 77 million passengers in 2024. For the Metro in operation, the number of passengers budgeted for in 2015 is 58.8 million, increasing to 63 million passengers in 2019.

2. For Cityring including Nordhavn and the Metro in operation, 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 2015 prices, based on the realised development in fares during the period, and furthermore adjusted in accordance with the actual passenger breakdown in 2013. The fare per new passenger has been budgeted at DKK 12.70 in 2015. An actual fare increase in the period 2009-2018 of 13 per

cent, and in the period 2018-2030 of 15 per cent, is assumed. This is equivalent to the assumptions concerning the economic development in the 2010 convergence programme. 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 Cityring, the basis is the transport system contract. For Nordhavn, the basis is the investigations made.

As the assumed real increase in fares is from experience assessed to have a partial impact on the index-linking 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 2013-2019, budgeted commissioning expenses for Cityring total DKK 402 million in 2015 prices. In 2018-2019, the budgeted expenses for Trial Run of Cityring total DKK 143 million in 2015 prices.

4. The construction costs for Cityring 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 22.2 billion in 2010 prices (DKK 23.6 billion in 2015 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 current payment plans.

5. The civil engineering costs for Nordhavn are determined on the basis of the agreement in principle. The total construction costs are estimated at DKK 2.5 billion in 2012 prices (DKK 2.6 billion in 2015 prices). The conversion of the remaining budget from 2012 prices to the current price level is based on the construction index of the Ministry of Finance.

6. Reinvestments in connection with Cityring are based on the assumptions in the agreement in principle and for every 10th year amount to DKK 262 million, for every 25th year to DKK 1,177 million, and after an additional 50 years to DKK 523 million in 2015 prices. The conversion from 2010 prices to the current price level is based on an average inflation expectation of 2 per cent p.a.

7. Reinvestments in connection with Nordhavn are based on the assumptions in the report and for every 10th year amount to DKK 34 million, for every 25th year to DKK 153 million, and after an additional 50 years to DKK 68 million in 2015 prices. The conversion from 2012 prices to the current price level is based on an average inflation expectation of 2 per cent p.a.

8. Reinvestments in connection with the Metro in operation of DKK 305 million every 10th year in 2015 prices are assumed. In accordance with the partnership agreement, reinvestment in trains, tunnels and stations has not been included.

Other factors

9. The Metro is registered for VAT purposes, so that VAT is deducted from the company's income from the operation of the Metro, while the VAT costs of the construction of the Metro are set off.

10. It is assumed that "other debt", which does not accrue interest, will increase 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 the accrual of interest on the debt, account is taken of the agreements on the 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 2015 all prices will increase by 2 per cent p.a.

Long-term budget 2015 for Metroselskabet I/S (current prices)

DKK million

Inflation, 2 per cent

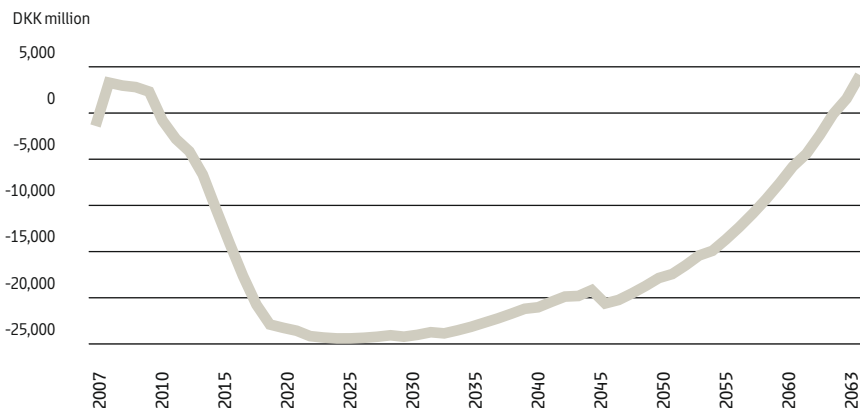
Interest rate assumptions

For interest rate hedging agreements the actual interest rate is applied.

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

Cityring construction costs (2010 price level) 22,225

Nordhavn construction costs (2012 price level) 2,460





Long-term budget 2015 for Metroselskabet I/S (current prices) – continued

DKK million	Year	Receivables	Other debt	The Metro in operation		Construction of the Metro Cityring incl. Nordhavn		
				Investments	Reinvestments	Investments	Reinvestments	Index linking
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		310	-64	-15	-47	-2,159	0	-98
2013		1,886	-84	-42	-61	-2,946	0	-169
2014		995	210	-242	-51	-3,189	0	-196
2015		12	210	-233	-57	-3,281	0	-206
2016		263	210	0	-21	-3,607	0	-227
2017			-150	0	-19	-2,720	0	-171
2018			-150	0	-16	-2,117	0	-133
2019			-150	0	-7	-1,231	0	-77
2020		66		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	-345	0
2030				0	0	0	-46	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	-421	0
2040				0	0	0	-56	0
2041				0	0	0	0	0
2042				0	-520	0	0	0
2043				0	0	0	0	0
2044				0	0	0	-2,090	0
2045				0	0	0	-277	0
2046				0	0	0	0	0
2047				0	0	0	0	0
2048				0	0	0	0	0
2049				0	0	0	-513	0
2050				0	0	0	-68	0
2051				0	0	0	0	0
2052				0	-634	0	0	0
2053				0	0	0	0	0
2054				0	0	0	0	0
2055				0	0	0	0	0
2056				0	0	0	0	0
2057				0	0	0	0	0
2058				0	0	0	0	0
2059				0	0	0	-625	0
2060				0	0	0	-83	0
2061				0	0	0	0	0
2062				0	-773	0	0	0
2063				0	0	0	0	0

	Operating profit				Liquidity effect	Interest	Movement	Cash start of year	Cash end of year
	The Metro in operation		Cityring incl. Nordhavn						
	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
	678	-443	0	-14	-1,851	-143	-1,994	-822	-2,816
	691	-475	0	-3	-1,203	-134	-1,336	-2,816	-4,152
	706	-509	0	-64	-2,341	-173	-2,514	-4,152	-6,666
	735	-553	0	-65	-3,439	-335	-3,774	-6,666	-10,439
	756	-546	0	-66	-3,238	-434	-3,672	-10,439	-14,112
	788	-562	0	-68	-2,902	-629	-3,530	-14,112	-17,642
	822	-577	0	-162	-2,334	-773	-3,107	-17,642	-20,749
	876	-574	227	-314	-1,250	-893	-2,143	-20,749	-22,892
	903	-587	756	-536	603	-962	-360	-22,892	-23,252
	932	-603	913	-577	665	-981	-316	-23,252	-23,568
	962	-619	1,050	-615	426	-1,009	-583	-23,568	-24,151
	992	-637	1,170	-650	876	-1,027	-151	-24,151	-24,303
	1,023	-651	1,239	-674	937	-1,032	-95	-24,303	-24,398
	1,056	-632	1,277	-665	1,036	-1,032	4	-24,398	-24,394
	1,088	-649	1,316	-660	1,095	-1,029	66	-24,394	-24,328
	1,121	-667	1,356	-678	1,132	-1,022	110	-24,328	-24,218
	1,157	-685	1,397	-697	1,172	-1,012	160	-24,218	-24,058
	1,194	-704	1,449	-718	875	-1,029	-154	-24,058	-24,212
	1,230	-723	1,506	-741	1,226	-1,026	200	-24,212	-24,012
	1,255	-737	1,536	-757	1,296	-1,011	285	-24,012	-23,727
	1,280	-752	1,566	-772	895	-1,021	-126	-23,727	-23,853
	1,306	-767	1,598	-788	1,348	-1,016	332	-23,853	-23,521
	1,332	-783	1,630	-804	1,375	-997	378	-23,521	-23,143
	1,358	-798	1,662	-820	1,403	-948	455	-23,143	-22,688
	1,385	-814	1,696	-836	1,431	-976	455	-22,688	-22,234
	1,413	-830	1,729	-853	1,459	-950	509	-22,234	-21,725
	1,441	-847	1,764	-870	1,489	-954	534	-21,725	-21,191
	1,470	-864	1,799	-887	1,098	-936	162	-21,191	-21,029
	1,500	-881	1,835	-905	1,493	-897	596	-21,029	-20,433
	1,530	-899	1,872	-923	1,580	-1,016	564	-20,433	-19,869
	1,560	-917	1,909	-942	1,091	-1,027	65	-19,869	-19,804
	1,591	-935	1,948	-960	1,643	-1,008	635	-19,804	-19,169
	1,623	-954	1,987	-980	-413	-1,029	-1,442	-19,169	-20,611
	1,656	-973	2,026	-999	1,433	-1,058	375	-20,611	-20,236
	1,689	-992	2,067	-1,019	1,744	-1,029	715	-20,236	-19,521
	1,723	-1,012	2,108	-1,040	1,779	-989	790	-19,521	-18,731
	1,757	-1,033	2,150	-1,060	1,815	-944	870	-18,731	-17,861
	1,792	-1,053	2,193	-1,082	1,338	-909	429	-17,861	-17,432
	1,828	-1,074	2,237	-1,103	1,820	-873	947	-17,432	-16,485
	1,865	-1,096	2,282	-1,125	1,926	-864	1,062	-16,485	-15,423
	1,902	-1,118	2,328	-1,148	1,330	-822	509	-15,423	-14,915
	1,940	-1,140	2,374	-1,171	2,003	-775	1,228	-14,915	-13,687
	1,979	-1,163	2,422	-1,194	2,043	-707	1,337	-13,687	-12,350
	2,018	-1,186	2,470	-1,218	2,084	-632	1,452	-12,350	-10,897
	2,059	-1,210	2,520	-1,242	2,126	-551	1,575	-10,897	-9,322
	2,100	-1,234	2,570	-1,267	2,169	-463	1,705	-9,322	-7,617
	2,142	-1,259	2,621	-1,293	2,212	-368	1,844	-7,617	-5,774
	2,185	-1,284	2,674	-1,318	1,631	-283	1,348	-5,774	-4,425
	2,228	-1,309	2,727	-1,345	2,218	-183	2,035	-4,425	-2,390
	2,273	-1,336	2,782	-1,372	2,347	-68	2,279	-2,390	-111
	2,318	-1,362	2,837	-1,399	1,621	38	1,659	-111	1,548
	2,365	-1,390	2,894	-1,427	2,442	110	2,552	1,548	4,101

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