



FOR IMMEDIATE RELEASE

11 February 2003

METRO INTERNATIONAL S.A.

**FINANCIAL RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED
31 DECEMBER 2002**

Luxembourg, 11 February 2003 – Metro International S.A. (“Metro”) (MTROA, MTROB), today announced its financial results for the fourth quarter and twelve months ended 31 December 2002.

FOURTH QUARTER HIGHLIGHTS

- 19 editions launched more than 1 year ago report EBITA operating profit (excluding headquarters) of US\$ 0.04 million (US\$ -4.3 million)
- Group operating losses reduced year on year by 44% to US\$ -10.5 million (US\$ -18.6 million)
- Net sales up 44% year on year to US\$ 46.4 million (US\$ 32.2 million) and international sales up 67% to US\$ 32.6 million (US\$ 19.6 million)
- Metro now world’s largest newspaper outside Japan
- 10 out of 24 editions report operating profits in the quarter and a further four editions report monthly operating profits
- Spanish operations report first combined quarterly operating profit
- 9.5% year on year reduction in average cost per copy in quarter and 9.0% for full year
- Liquid funds of US\$ 24.0 million at close of quarter, including US\$ 11.4 million of restricted funds
- SEK 150 million of secured additional funding from Kinnevik drawn down after year end

Pelle Törnberg, President and CEO of Metro International, commented: “The past year has been a challenging one for the media sector in general as well as for Metro, but also one in which the company has delivered a strong operating performance in terms of both sales growth in adverse advertising markets and of the accelerating migration to profitability of the existing operations. We have reported our first combined quarterly operating profit for operations launched more than one year ago and ten editions have now reported quarterly operating profits. A number of these operations have achieved profitability ahead of the target three-year timeline.

Metro International S.A.

“The result for the fourth quarter and full year is however burdened by the cost of the start-ups in Hong Kong and France, as well as the headquarter costs. France alone accounts for more than half of the Group’s operating losses (excluding headquarters) in the fourth quarter. As previously stated, we have ceased all business development activities in terms of new launches and cut back central costs significantly.

“We are taking every possible action to reverse the Stockholm Stock Exchange’s decision to place Metro on the Exchange’s Observation List. An extraordinary general meeting of shareholders has been called for next week to appoint new Directors to the Board and the Stock Exchange’s representatives are being provided with all information required for Metro to be removed from the list.

“The funding of Metro and the Group’s balance sheet have remained in sharp focus throughout the year. Metro has always operated on the basis of having sufficient rather than surplus liquid resources and we welcome the continued support of our long term debt providers and convertible note holders.

“Metro’s executive management is clearly focused on moving the Group into profitability as soon as possible. We regularly evaluate each operation in light of this requirement and continue to act in a very Scottish (Smalandskt) way.”

FINANCIAL SUMMARY

Consolidated income statement * (US\$ 000's)	Q4 2002	Q4 2001	Full year 2002	Full year 2001
Net Sales	46,416	32,231	142,836	109,908
Operating income from operations	-4,971	-8,973	-33,604	-53,210
Site closure costs	-115	0	-4,519	0
Headquarters	-4,458	-8,795	-21,437	-25,876
Goodwill amortization	-941	-866	-3,635	-3,473
Operating loss (EBIT)	-10,485	-18,634	-63,195	-82,559
Net interest	-2,918	-1,025	-7,355	-3,979
Other financial items	-2,731	-1,125	-9,968	2,397
Profit before tax	-16,134	-20,784	-80,518	-84,141
Weighted average basic earnings per share (US\$)	(0.12)	(0.19)	(0.66)	(1.02)
Weighted average basic number of shares outstanding	109,383,131	108,297,436	109,383,131	84,206,909

* Metro had 21 operations at 31 December 2002 and 24 operations at 31 December 2001

Metro International S.A.

OPERATING REVIEW

Metro is the world's fastest growing newspaper, publishing 4.4 million copies of 25 daily editions in 16 countries around the world, including the franchise operation in South Korea. Metro has now also overtaken Bild Zeitung, in terms of both circulation and readership, to become the world's largest newspaper outside Japan. The newspaper attracts 12.3 million daily readers, according to the latest worldwide readership survey conducted in November 2002, and derives its revenues from advertising sales, which have grown at a compound annual rate of 47% since the launch of the first edition in 1995.

Metro continued its strong development in the fourth quarter, with Group net sales up 44% year on year to US\$ 46.4 million (US\$ 32.2 million) and the nineteen operations more than one year old reporting a combined EBITA profit (excluding headquarters) for the first time. The nineteen editions generated a 37% year on year increase in net sales in the fourth quarter and an EBITA profit of US\$ 0.04 million (US\$ -4.3 million). Metro utilizes EBITA as the principal reporting definition for the Group due to the low level of required investment in fixed assets and resulting depreciation charges.

Group EBITA including headquarters improved to US\$ -9.5 million (US\$ -17.8 million) in the fourth quarter.

Ten out of Metro's 24 editions reported operating profits in the fourth quarter (Stockholm, Gothenburg, Malmo, Prague, Hungary, Toronto, Holland, Barcelona, Athens and Santiago). A further four operations reported monthly operating profits during the quarter (Madrid, Boston, Philadelphia and Milan), including both the US operations, demonstrating the clear momentum towards profitability of the overall group.

International sales (outside Sweden) increased by 67% year on year to US\$ 32.6 million (US\$ 19.6 million) in the fourth quarter and represented 70% of total group sales, compared to 61% for the same period last year. Metro has achieved this result despite continued weakness in the newspaper advertising markets around the world.

The Group focus on cost control continued, resulting in a 9.5% year on year reduction in the average cost per copy in the fourth quarter, and 9% for the full year. The average cost per copy is calculated on the basis of an average 24-page edition and includes all Group costs except headquarter expenses and goodwill amortization charges.

The latest Gallup Worldwide readership survey was conducted in November 2002 and clearly shows Metro to be the world's most read newspaper outside Japan. Metro has 12.3 million daily readers worldwide, up 40% from last year. On a weekly basis, Metro is read by 27 million people, equivalent to 30% of the 95 million inhabitants within its distribution areas.

The number of readers per copy has also increased to 2.8, up from 2.6 at the time of the last survey in May 2002 and from 2.7 in November 2001.

Metro International S.A.

Not only has Metro increased its penetration and share of readership, as well as its number of readers, but it has also maintained its attractive profile with 40% of Metro's readers under 30 years of age and an equal balance of male and female readers.

Gallup Worldwide Readership Survey ('000s)	Readership November 2002	Readership November 2001	Circulation November 2002	Circulation November 2001
'Metro' Sweden	1,057	1,023	462	385
'Metro' Prague	301	252	173	174
'Metro' Hungary	1,232	853	303	302
'Metro' Netherlands	1,157	1,036	322	308
'Metro' Helsinki	272	188	114	105
'Publimetro' Santiago	386	290	84	119
'Metro' Canada	831	788	286	285
'Metro' Italy	1,192	1,294	390	414
'Metropol' Warsaw	277	283	180	182
'Metrorama' Athens	244	241	88	101
'Metro' Spain	1,302	1,447	393	414
'Metro' United States	1,077	772	286	336
'MetroXpress' Denmark	489	284	220	140
'Metro' France	1,340	-	426	-
'Metro Daily News' Hong Kong	478	-	290	-
Metro 'Seoul'	628	-	400	-
Total	12,263	8,751	4,417	3,263
Readers per copy	2.8	2.7	-	-

The latest survey shows Metro to be the third largest newspaper in the world by both circulation and readership. The survey was conducted in sixteen countries around the world and featured over 24,000 interviews, making it the largest survey of its kind to be conducted anywhere in the world. Metro has decided moving forward that it will not commission the survey on a half yearly basis because the vast majority of Metro editions are now included in local readership surveys for the advertisers, because circulation fluctuates seasonally, and in order to further reduce costs.

Metro faces competition from rival free titles, as well as its traditional subscription-based peers, in 14 out of its 24 markets, including Holland, Spain, Italy, France and now Stockholm for the second time, but has been able to consistently deliver higher audience and advertising market shares than these rivals.

Metro's reporting segmentation continues to reflect the classification of all editions launched more than one year ago as 'established operations', and all editions launched within the last year as 'new ventures'.

Established Operations

Metro Sweden continued to out-perform its competition and the weak Swedish newspaper advertising market, recording the highest annual profit in Metro Sweden's seven year history and a record number of readers in Sweden. Gross advertising revenues for the major daily newspapers

Metro International S.A.

in Sweden declined by 1% year on year in the fourth quarter, with the highest margin recruitment segment down by 28% (source: SIFO RM). Metro Sweden's net sales decreased by 3% year on year in the quarter in local currency terms but were up 8.5% in reported currency terms to US\$ 13.8 million (US\$ 12.7 million), due to the strengthening of the Swedish Krona against the US dollar. As a result of Metro's consistent market out-performance during 2002, the Group therefore further increased its share of the major daily morning newspaper advertising market in Sweden during 2002 to 18.4% (source: SIFO RM).

The Swedish operations reported a combined EBITA profit of US\$ 2.5 million (US\$ 3.4 million) in the quarter. Metro therefore reported an EBITA profit of US\$ 11.3 million in 2002, which is the highest annual profit in the Swedish operations' history. The Malmo operation reported its first quarterly profit in the fourth quarter on sales up 26% year on year, whilst the Gothenburg edition reported a 20% year on year increase in net sales and an operating margin of 29% for the period.

The operating margin in Stockholm declined to 17% as a result of the weak advertising market in Sweden and the additional expenditure during the quarter to combat the launch of a new free title in Stockholm by a rival media group. This expenditure on increased circulation, distribution and marketing was successful and Metro's daily readership in Sweden increased to 1.1 million, (source: SIFO Orvesto III 2002). As a result, the level of expenditure has already been reduced. In addition, Metro launched an advertising cooperation in Sweden with two other major daily titles to create a new sales package called Stockholm Trippel, which offers advertisers an unparalleled reach of 64% of the adult population of 1.4 million in Stockholm.

Metro Sweden's EBITA operating margin increased to 18.2% in the full year and only declined by less than one percentage point to 17% in the fourth quarter, as a result of the strong performance in Gothenburg and Malmo but offset to an extent by the investments in Stockholm.

The underlying operating cost base in Sweden, excluding the additional expenditure referred to above, was reduced further and the three Swedish editions remain well positioned to deliver high levels of incremental profitability as the advertising markets recover.

The Helsinki edition, which was launched in 1999, is yet to reach profitability but net sales increased by 44% year on year in the fourth quarter.

The Danish editions in Copenhagen and Aarhus performed strongly during the quarter with the Copenhagen edition delivering a 73% year on year reduction in operating losses. The Copenhagen edition remains on track to deliver profitability ahead of the three-year target timeline.

Holland reported its second profitable quarter on sales up more than 50%. This sales growth has been reported in a gross advertising market reported to have declined by seven per cent in the full year and to have increased by five per cent in the fourth quarter (source: BBC).

The two Spanish operations, in Madrid and Barcelona, reported their first combined quarterly profit in a new Group record time, only 17 and 21 months after their respective launches. Net sales for the Spanish operations increased by 128% year on year in the quarter whilst a 70%

Metro International S.A.

negative operating margin for the same period in 2001 was turned into a profit. The two Italian editions, in Rome and Milan, reported a combined year on year increase in net sales of 71% and a combined reduction in operating losses of 55% in the fourth quarter. Milan was profitable for two out of the three months in the fourth quarter.

Athens reported its second quarterly profit only two years after its launch in November 2000 on sales up 27% in the fourth quarter.

The Prague and Hungarian operations both reported operating profits in the fourth quarter and full year 2002. Net sales in Warsaw were up by 29% year on year for the full year 2002, whilst operating losses were reduced by 37%.

Metro Santiago has now been profitable for four consecutive quarters and only reached its third year anniversary in January 2003. The Chilean operation reported a year on year net sales increase of 27% in the fourth quarter and an operating margin of 15%. The joint venture in Toronto reported its first quarterly operating profit on sales up 53% in local currency terms in the quarter and has now been EBIT positive since September 2002. Metro's two Canadian joint ventures, in Toronto and Montreal, in which the Group has a 50% economic interest, are treated as associated companies. Combined net sales for the two editions increased by 56% year on year in the fourth quarter in local currency terms, whilst Metro's share of attributable per-tax losses have been reduced by 64% to US\$ -0.2 million (US\$-0.4 million) in the fourth quarter.

The two US editions, in Philadelphia and Boston, reported sales up 42% year on year in the quarter and operating losses down 66%. Both operations reported monthly profits during the final quarter of the year.

As previously announced, the more recent editions launched in 2001 are moving towards profitability on an accelerated basis, ahead of the three year timetable. This is a result of the increasing leverage and operational synergies that arise from launching nearly thirty Metro editions around the world. Metro's 19 operations that are more than one year old are now profitable on a combined basis.

New Ventures

In line with Metro's previously stated accounting policy of disclosing any operation whose assets, net sales or operating profit results for the period exceed 10% of the group total, Metro has disclosed sales and operating profit numbers for the French operations for the first time in the fourth quarter.

The three French editions launched in February and March 2002 in Paris, Marseille and Lyon reported combined net sales of US\$ 2.3 million in the fourth quarter and US\$ 3.8 million in the year to date, and combined operating losses of US\$ -3.5 million and US\$ -14.7 million in the two periods respectively. The operations represent one of the greatest opportunities for the Group but also remain at an early stage of development and require significant further investment. The operating losses in the fourth quarter represented almost seventy per cent of the Group EBITA losses (excluding headquarters). Net sales in France more than tripled between the second and fourth quarters as the number of daily readers increased by more than three times to over 1.3 million.

Metro International S.A.

The Hong Kong edition continues to perform well, attracting half a million readers and reporting sales up 23% from the third quarter. The Hong Kong edition has been elected in its first year to the group of Hong Kong 'Superbrands' for 2002/2003 by a Brand Council of leading executives from the leading advertising agencies.

Hong Kong and France are amongst the largest of Metro's markets, in terms of circulation and annual newspaper advertising market size, and therefore offer considerable potential.

Net sales for the Aarhus edition in Denmark showed encouraging development as the number of daily readers more than doubled since May 2002 and operating losses were almost halved from the levels in the second quarter.

Headquarters

The Headquarters reporting item comprises revenues derived from the franchising agreement in South Korea, and the general & administration expenses incurred by the headquarter operations, Metro World News and Metropoint, as well as investments relating to business development and Group marketing.

The Metro edition in Seoul (South Korea), which was independently launched during the second quarter under a franchise license from Metro International, continues to progress well. Metro is not investing financially in the new newspaper, but receives an upfront franchise fee and an ongoing percentage of gross sales, which amounted to US\$ 0.1 million in the fourth quarter. Metro also retains an option to acquire an interest in the newspaper in the future.

Headquarter losses were reduced year on year to US\$ -4.5 million (US\$ -8.8 million) in the quarter. This reduction reflected the cessation of the international expansion programme, the reduction in business development and headcount reduction in the headquarters.

FINANCIAL REVIEW

The ongoing programme of improving cash management by reducing debtor days outstanding resulted in a positive change in working capital of US\$ 2.3 million in the quarter and US\$ -1.6 million for the full year. Cash flow used by operations therefore improved to US\$ -6.5 million in the fourth quarter and to US\$ -57.4 million for the full year, compared to EBITDA of US\$ -8.9 million and US\$ -56.6 million respectively.

The weakening of the US dollar year on year in the fourth quarter against both the Euro and the Swedish Krona impacted positively on Metro's reported net sales numbers, but also inflated Metro's costs and therefore increased the Group's operating losses, when results in local currencies are translated into US dollars.

The Group also reported US\$ 0.1 million of site closure costs, which resulted from additional payments in relation to the closure of the Zurich operation in January 2002.

Metro International S.A.

Group goodwill amortization for the quarter amounted to US\$ 0.9 million in the quarter and US\$ 3.6 million for the full year. Group depreciation charges amounted to US\$ 0.6 million in the quarter and US\$ 3.0 million for the full year, including US\$ 0.9 million of write-offs in discontinued operations and reflecting the Group's ongoing low level of required investment in fixed assets. The Group's investment in fixed assets totaled US\$ 2.3 million for the year, of which US\$ 1.1 million was invested in the French, Hong Kong and Aarhus operations.

Net interest charges totaled US\$ -2.9 million in the quarter, comprising net income of US\$ 0.3 million and interest payable on the Group's US\$ 163.7 million of interest bearing debt.

Other financial items totaled US\$ -2.7 million for the fourth quarter and principally comprised an unrealized currency exchange loss of US\$ -2.2 million arising from the translation of the Swedish Krona denominated loan from Industriförvaltnings AB Kinnevik (Kinnevik) into US dollars.

Group loss before tax improved by 25% year on year to US\$ -16.1 million (US\$ -20.8 million) in the quarter. Metro booked a further deferred tax gain of US\$ 0.6 million in the quarter, based on a valuation of the Group's tax loss carry forwards to the extent that they can be used in the foreseeable future. Profit after tax improved by 35% year on year to US\$ -13.7 million (US\$ -21.2 million) in the fourth quarter and Metro also reported a 34% year on year improvement in net losses after minority interests to US\$ -13.4 million (US\$ -20.5 million).

Group borrowings in the fourth quarter were adjusted downwards by US\$ 7.4 million by paying down the Banque Invik loan to the Santiago edition with the equal amount of cash that was placed on deposit at Banque Invik as security for the loan.

The Group also moved US\$ 7.6 million from long term liabilities to short term liabilities to meet the scheduled repayments of the Nordea term loan that fall due in the 12 months to 31 December 2003. US\$ 7.6 million had been placed in short term liabilities in the third quarter for the same reason.

Metro had liquid funds of US\$ 24.0 million as at 31 December 2002, of which US\$ 11.4 million was restricted. The restricted element comprises the SEK 100 million proportion of the new bank debt financing that was raised in May 2002 by means of a committed credit facility from Nordea, which cannot be drawn down until 1 July 2003, and is subject to compliance with certain covenants. The sum of restricted cash fell in the quarter due to the paying down of the Banque Invik loan to the Santiago operation as described above.

The Group drew down the agreed extension of SEK 150 million to the existing long term loan from Kinnevik after the end of the quarter. Following the expiry of the Millicom option in June 2002, Metro has now pledged the Hungarian, Prague and Dutch operations as security for the SEK 434 million in loans and capitalized interest from Kinnevik, and the Spanish operations as security for the further SEK 150 million in additional financing. The Kinnevik loan bears interest at an annual rate of STIBOR plus three per cent and has no fixed term, but will not be called during 2003. In addition MTG has deferred payment of its existing loan to Metro of US\$23.5 million by twelve months until 15 August 2004, and extended the period of conversion of the US\$ 22.1 million of Metro convertible debentures by twelve months until 23 May 2004.

Metro International S.A.

These preliminary accounts have been prepared on a going concern basis, reflecting the fact that the Group is yet to reach profitability. The Group remains confident that its existing operations will be brought into profit and that additional funds will be made available, should the need arise.

OTHER INFORMATION

Metro's financial results for the first quarter ended 31 March 2003 will be released on Wednesday 23 April 2003.

This interim report has not been subject to review by the Company's auditors.

Luxembourg, 11 February 2002.

The Board of Directors of Metro International S.A.

For further information, please visit www.metro.lu, email info@metro.lu or contact:

Pelle Törnberg, President & CEO tel: +44 (0) 20 7016 1300

Matthew Hooper, Investor & Press Relations tel: +44 (0) 20 7321 5010

Metro is the world's largest free newspaper, publishing and distributing 25 editions in 16 countries in 14 languages: Stockholm, Prague, Gothenburg, Hungary, the Netherlands, Helsinki, Malmö, Santiago, Philadelphia, Toronto, Rome, Milan, Warsaw, Athens, Montreal, Barcelona, Boston, Madrid, Copenhagen, Aarhus, Paris, Marseille, Lyon, Hong Kong and Seoul. Metro International S.A. 'A' and 'B' shares are listed on NASDAQ and the Stockholmsbörsen under the symbols MTROA and MTROB.

Metro International S.A.

CONSOLIDATED INCOME STATEMENTS (US\$ '000s)	Note	Period ended 31 December 2001	Period ended 31 December 2002
Sales		109,908	142,836
Cost of sales		(107,291)	(114,984)
Gross income		<u>2,617</u>	<u>27,852</u>
Selling expenses		(30,244)	(36,959)
Administrative and development expenses		(50,064)	(45,136)
Share of earnings in associated companies		(1,395)	(798)
Site closure costs		-	(4,519)
Goodwill amortisation		(3,473)	(3,635)
Operating loss	(3)	<u>(82,559)</u>	<u>(63,195)</u>
Financial items, net		(1,582)	(17,323)
Loss after financial items and before income tax		<u>(84,141)</u>	<u>(80,518)</u>
Current tax		(1,545)	(1,106)
Deferred tax		(950)	8,361
Loss after income tax		<u>(86,636)</u>	<u>(73,263)</u>
Minority interests in losses		693	1,392
Net loss		<u>(85,943)</u>	<u>(71,871)</u>
Weighted average basic earnings per share (US\$)		(1.02)	(0.66)
Weighted average basic number of shares outstanding		84,206,909	109,383,131

Metro International S.A.

CONSOLIDATED INCOME STATEMENTS (US\$ '000s)	Note	Oct – Dec 2001	Oct - Dec 2002
Sales		32,231	46,416
Cost of sales		(22,926)	(32,484)
Gross income		9,305	13,932
Selling expenses		(10,788)	(11,321)
Administrative and development expenses		(15,835)	(11,923)
Share of earnings associated companies		(450)	(117)
Site closure costs		-	(115)
Goodwill amortisation		(866)	(941)
Operating loss	(3)	(18,634)	(10,485)
Financial items, net		(2,150)	(5,649)
Loss after financial items and before income tax		(20,784)	(16,134)
Current tax		566	1,812
Deferred tax		(950)	628
Loss after income tax		(21,168)	(13,694)
Minority interests in losses		693	254
Net loss		(20,475)	(13,440)
Weighted average basic earnings per share (US\$)		(0.19)	(0.12)
Weighted average basic number of shares outstanding		108,297,436	109,383,131
	Note	Jan – Dec 2001	Jan –Dec 2002
CONSOLIDATED STATEMENTS OF RECOGNISED GAINS AND LOSSES (US\$ '000s)			
Foreign exchange translation differences		(2,353)	450
Net gain not recognised in the income statement		(2,353)	450
Net loss for the period		(85,943)	(71,871)
Total recognised losses		(88,296)	(71,421)

Metro International S.A.

CONSOLIDATED BALANCE SHEETS (US\$ '000s)	Note	31 Dec 2001	31 Dec 2002
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Licenses, net		149	108
Goodwill, net		13,406	10,624
		13,555	10,732
<i>Property, plant and equipment</i>			
Machinery and equipment, net		4,928	4,918
<i>Financial assets</i>			
Deferred tax assets		4	8,582
Shares in associated companies		1	94
Receivables from affiliated companies		2,917	2,872
Long-term receivables		2,077	2,343
		4,999	13,891
Total non-current assets		23,482	29,541
Current assets			
Accounts receivable, net		21,721	35,964
Share purchase option		10	-
Other current receivables		8,850	6,705
Prepaid expenses		2,944	2,442
Cash and cash equivalents		35,888	23,989
Total current assets		69,413	69,100
TOTAL ASSETS		92,895	98,641

Metro International S.A.

CONSOLIDATED BALANCE SHEETS (US\$ '000s)	Note	31 Dec 2001	31 Dec 2002
SHAREHOLDERS' EQUITY			
Shareholders' equity	(4)	(43,202)	(114,081)
Minority interest		(666)	(2,341)
<i>Long term liabilities</i>			
Convertible debenture loans		22,080	41,631
Liabilities to related companies		64,258	73,565
Liability to minority partner		1,781	2,805
Other loans		-	30,216
Total long term liabilities		88,119	148,217
<i>Current liabilities</i>			
Short term bank loan		6,755	15,498
Accounts payables		16,576	28,396
Other liabilities		9,192	7,345
Accrued expenses		16,121	15,607
Total current liabilities		48,644	66,846
Total liabilities		136,763	212,722
 TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		 92,895	 98,641
 Contingent liabilities		 -	 -

Metro International S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ 000's)	Note	Period ended 31 Dec 2001	Period ended 31 Dec 2002
Operating activities			
Loss before income tax		(84,141)	(80,518)
Adjustments for:			
Depreciation and amortisation		5,343	6,601
Financial items, net		1,582	17,323
Share of earnings associated companies		1,395	798
Changes in working capital:			
Change in current receivables		(6,598)	(13,378)
Change in current liabilities		(3,222)	11,770
Cash flow used by operations		(85,641)	(57,404)
Interest received		1,579	512
Interest paid		(923)	(4,747)
Income tax paid		(323)	(3,886)
Net cash used in operations		(85,308)	(65,525)
Investment activities			
Increase in long term receivables		(4,604)	(1,156)
Investments in intangible assets		(703)	-
Investment in shares		(239)	-
Investment in property, plant and equipment		(1,995)	(2,272)
Net cash flow used in investing activities		(7,541)	(3,428)
Financing activities			
Convertible debenture loan		-	20,000
Loan from minority owner		1,781	682
Bank loan		-	42,925
Capital increase		65,077	-
Repayment of bank loans		(11,733)	(7,460)
Other loans		-	389
Net cash flow provided by financing activities		55,125	56,536

Metro International S.A.

(cont.)

CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ '000s)	Note	Period ended 31 Dec 2001	Period ended 31 Dec 2002
Net increase/(decrease) in cash and cash equivalents		(37,724)	(12,417)
Cash and cash equivalents at beginning of year		73,792	35,888
Currency effects on cash		(180)	518
Cash and cash equivalents at end of period		35,888	23,989

Metro International S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1

Basis of preparation and scope of consolidated financial statements

Metro International S.A. was formed in December 1999 and was a wholly owned subsidiary of Modern Times Group MTG AB ("MTG"). MTG divested Metro International S.A. to its shareholders through a dividend on 18 August, 2000.

Metro International S.A. and its subsidiaries (the "Company"), together with its South Korean franchise partner, publish free-of-charge newspapers, Monday through Friday. As at March 31, 2001 Metro newspapers were distributed in Stockholm, Gothenburg, Malmö, Warsaw, Prague, Budapest and 14 other Hungarian cities, the Netherlands, Helsinki, Santiago, Philadelphia, Rome, Milan, Toronto, Athens, Madrid, Barcelona, Boston, Denmark, Montreal, Paris, Marseilles, Lyon, Hong Kong and Seoul. Metro derives its revenues from advertising sales.

The Company includes all of MTG's former interests in publishing Metro newspapers. The Company is domiciled in Luxembourg.

The combination of these MTG businesses in May 2000 to form the Company has been accounted for as a merger of entities under common control since MTG controlled each of the businesses for all periods presented herein. Accordingly, the assets and liabilities as presented in the accompanying balance sheets have been combined at their historical cost and the statements of operations and cash flows include the activities of each business for all periods presented.

These consolidated financial statements include all income and costs that the MTG group had for the Metro operations and include goodwill amortization in respect of goodwill on external acquisitions.

Note 2

Accounting and valuation policies

The accounting policies and methods of computation used are the same as in the consolidated financial statements for the three years period ended 31 December 2001. Some minor adjustments have been made in the classification of sales and costs for the period ended 31 December.

Metro International S.A.

Note 3

Segment reporting

The segment reporting is based on geographic areas.

The European area represents the newspapers in Stockholm, Prague, Gothenburg, Hungary, the Netherlands, Helsinki, Malmö, Rome, Milan, Warsaw, Athens, Barcelona, Madrid, Denmark, Paris, Marseilles and Lyon.

The "Rest of world" represents Santiago, Philadelphia, Toronto, Montreal, Boston and Hong Kong.

Metro owns 25% of the publishing entities in Toronto and Montreal and therefore accounts for 25% of the results in these entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US\$ '000s)	Oct – Dec 2001	Oct – Dec 2002	Jan – Dec 2001	Jan – Dec 2002
Segment reporting				
<i>Net sales (external)</i>				
Europe				
Sweden	12,677	13,782	50,129	47,756
France	-	2,250	-	3,835
Rest of Europe	14,682	22,320	45,348	66,024
Total Europe	27,359	38,352	95,477	117,615
Rest of World	4,872	7,956	14,431	25,030
Headquarters	-	108	-	191
	32,231	46,416	109,908	142,836

There are no inter-segment sales.

Metro International S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US\$ '000s)	Oct-Dec 2001	Oct – Dec 2002	Jan – Dec 2001	Jan- Dec 2002
Segment reporting				
<i>Net income (loss)</i>				
Europe				
Sweden	3,402	2,495	10,058	11,257
France	-	(3,500)	-	(14,720)
Rest of Europe	(9,339)	(2,453)	(38,960)	(19,318)
Total Europe	(5,937)	(3,458)	(28,902)	(22,781)
Rest of World	(3,036)	(1,513)	(24,308)	(10,823)
Site closure costs	-	(115)	-	(4,519)
Goodwill	(866)	(941)	(3,473)	(3,635)
Headquarters	(8,795)	(4,458)	(25,876)	(21,437)
Operating loss	(18,634)	(10,485)	(82,559)	(63,195)
Items to reconcile to statement of operations:				
Financial items, net	(2,150)	(5,649)	(1,582)	(17,323)
Current tax	(384)	1,812	(1,545)	(1,106)
Deferred tax	-	628	(950)	8,361
Minority interest in losses	693	254	693	1,392
Net loss	(20,475)	(13,440)	(85,943)	(71,871)

Metro International S.A.

Note 4

Shareholders' equity

Metro International S.A. was formed on December 29, 1999.

The authorized share capital of the Company is \$450 million divided into 1,000,000,000 Metro A Shares (voting shares) and 500,000,000 Metro B Shares (non-voting) with no par value.

The issued and outstanding share capital of the Company is \$32,814,939 divided into 55,823,671 Metro A Shares and 53,559,460 Metro B Shares with no par value. Metro A Shares carry one vote for every share while Metro B Shares carry no votes. Dividends may be paid in U.S dollars or in shares of the Company or otherwise as the company Board may determine in accordance with the provisions of the Luxembourg Companies Act. The Metro B Shares are entitled to a preferred dividend of 2% on any dividend distributions. Any balance of dividends must be paid equally on each Metro A and Metro B Share.

<i>Total shareholders equity (US\$ '000s)</i>	<i>31 Dec 2001</i>	<i>31 Dec 2002</i>
Balance beginning of year	(19,982)	(43,202)
Currency translation adjustment	(2,353)	450
Equity part of debenture loan	-	542
New shares issued	65,076	-
Net loss for the period	(85,943)	(71,871)
Balance as of end of Dec	<u>(43,202)</u>	<u>(114,081)</u>