



FOR IMMEDIATE RELEASE

25 April 2002

METRO INTERNATIONAL S.A.

FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2002

Luxembourg, 25 April 2002 – Metro International S.A. (“Metro”) (MTROA, MTROB), today announced its financial results for the three months ended 31 March 2002.

- 66% reduction of EBITDA loss to US\$2.1 million (US\$6.2 million) in first quarter for 14 current operations launched before 2001
- EBIT margin of 35% in Stockholm and 17% in Gothenburg; Prague, Hungary and Santiago all profitable
- International sales for current operations up 63% to represent 53% of Group total at constant 2001 exchange rates. Total net sales up 8.2% at constant exchange rates
- World’s fourth largest newspaper with daily circulation of 4.1 million
- Average cost per copy reduced by 5% for 22 current operations
- Three new editions launched in France; Zurich and Buenos Aires discontinued

| Consolidated income statement * (US\$ millions) | Q1 2002 | Q1 2001 |
|--|----------------|----------------|
| Net Sales | 28.4 | 27.5 |
| Earnings before depreciation and amortisation | -8.6 | -14.0 |
| Depreciation and goodwill amortisation | -1.4 | -1.2 |
| Operating income for current operations | -10.0 | -15.2 |
| Site closure costs | -4.4 | - |
| Headquarter costs | -4.7 | -5.4 |
| Operating income | -19.1 | -20.6 |
| Pre tax profit | -21.4 | -21.3 |
| Basic earnings per share (US\$) | (0.20) | (0.29) |
| Basic number of shares outstanding | 109,383,131 | 76,088,489 |

* *Metro had 22 operations at 31 March 2002 and 18 operations at 31 March 2001.*

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OPERATING REVIEW

Metro is the world's fastest growing and fourth largest newspaper, publishing 4.1 million copies of 23 daily editions in 15 countries around the world. The newspaper attracts over 10 million daily readers and derives its revenues from advertising sales, which have grown at a compound annual rate of 50% since the launch of the first edition in 1995.

International sales for the 19 current operations outside Sweden were up 63% at constant exchange rates in the quarter, and by 58% to US\$16.8 million (US\$10.6 million) at reported rates. International sales accounted for 59% of group advertising sales, compared to 46% for the same period last year at reported rates. Total group net sales increased by 8.2% in the first quarter at constant 2001 exchange rates, compared to the same period of last year.

This result has been achieved at a time when global advertising markets have been in continued decline.

Metro continued to out-perform its peers in Sweden, reporting a 16.4% decline in net sales (at constant 2001 exchange rates) in the quarter, in a market that is estimated to have fallen by over 25% year on year, according to the independent 'Mediebyraernas Mediebarometer' survey of first quarter advertising sales for the major Swedish 'daily morning newspapers'. Metro's sales volumes did however improve significantly towards the end of the quarter and are now approaching last year's levels in the second quarter.

Due to Metro's mature market position in Stockholm, the operation registered a substantial reduction in recruitment advertising revenues. This loss was partly compensated for by targeted new efforts in the display advertising segment, where the Stockholm edition increased revenues by 13% year on year in a market where the traditional morning papers showed declines of 10%. Metro Stockholm's market share therefore reached a record 26% in the first quarter, compared to 24% during 2001 (source: SIFO RM).

Three new Metros were successfully launched in France during the first quarter. The editions in Paris, Marseille and Lyon have a combined target circulation of 500,000 copies, making Metro the largest national newspaper in Europe's third largest advertising market, which generated newspaper advertising spend of US\$1.7 billion in 2000. An initial dispute with a local union in Paris regarding the printing and distribution of Metro was resolved within seven weeks.

The cost reduction programme continued into 2002 with the ongoing impact of the centralization of paper buying in a falling price environment, more efficient distribution, headcount reduction, and increasing usage of Metro World News content. The average cost per copy, calculated on the basis of an average 24-page edition and including all Group costs except headquarter expenses, fell by 5% year on year in the first quarter, despite the launch of eight new editions since the beginning of 2001.

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Metro also closed down two operations during the first quarter, for very different reasons. The closure of the Zurich operation was announced on 13 February 2002. Zurich was closed because it would not have reached a satisfactory level of profitability in the target time frame that is applied as a Group wide discipline. Due to the economic deterioration in Argentina, the Buenos Aires edition was also discontinued during the quarter in order to protect shareholders' funds in an unstable environment. Both these actions will serve to reduce Group losses significantly moving forward.

EBITDA losses for all operations (excluding headquarter expenses) decreased to US\$13.1 million (US\$14.0 million) in the first quarter, despite the launch of eight new editions since the beginning of 2001, the particular impact of the launch of three new editions in France during the quarter, and the US\$4.4 million of site closure costs

EBITDA losses for the operations launched before 2001 were down by 51% to US\$6.5 million (US\$13.3 million) for the quarter, clearly showing the rapid migration to profitability of the operations that reported full quarter results for the first quarter of 2001. This again included the US\$4.4 million of site closure costs in the first quarter of 2002.

Excluding the discontinued editions in Buenos Aires, the combined EBITDA loss for all editions launched before 2001 was therefore US\$2.1 million (US\$6.2 million).

Excluding the three new launches in France in 2002, the total Group reported an EBITDA loss of only US\$1 million in the month of March.

After the end of the quarter, Metro launched its first Asian edition. Metro Hong Kong was introduced on 15 April 2002 with a target daily circulation of 300,000 copies, making Metro the third largest newspaper in the territory. Hong Kong is one of the world's major cities with a population of 6.5 million and one of the world's major commercial centers, attracting annual print advertising spend of US\$1.3 billion. Metro has now also formed a successful recruitment advertising sales partnership with The Boston Globe, and launched Metro Radio in Stockholm, a low cost venture to extend the Metro brand in Sweden and generate additional high margin revenue streams.

Established Operations

The Stockholm, Gothenburg, Prague, and Hungary editions comprise the four established and profitable operations, which were launched more than three years ago. The established operations reported combined net sales of US\$13.1 million (US\$15.5 million) for the first quarter, representing 46% of total reported Group net sales. This result is partly attributable to the 7.2% year on year weakening of the Swedish Krona against the US dollar, as well as the decline in sales for the Stockholm edition mentioned above. Gothenburg, Prague and Hungary all announced increased revenues, with Hungary growing by 65% year on year.

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The four established operations generated combined earnings before depreciation and amortisation of US\$3.4 million (US\$4.7 million) for the first quarter. The Gothenburg operation reported an operating margin of 17% in the first quarter and both Prague and Hungary turned first quarter 2001 operating losses into profits this year. Despite the weak Swedish advertising market, Stockholm reported a 35% operating margin for the first quarter.

The Stockholm operating margin reflects the ongoing programme of reducing variable costs and renegotiating the fixed cost base, which resulted in a 15% year on year reduction in costs. The Swedish operations have high operational leverage following these cost reductions, and are well-positioned to deliver high incremental profitability when the advertising market in Sweden recovers.

New Ventures

Metro's new ventures comprise the twelve wholly owned subsidiaries that have been started up less than three years ago (Holland, Malmo, Helsinki, Philadelphia, Santiago, Rome, Athens, Warsaw, Milan, Barcelona, Boston, Madrid, Copenhagen, Paris, Marseille and Lyon) and the two joint venture operations in Toronto and Montreal in which Metro has 50% interests.

Net sales for the new ventures increased by 63% in the first quarter at constant exchange rates. At reported exchange rates, net sales were up 55% to US\$15.0 million (US\$9.7 million) in the first quarter, equivalent to 54% of Group revenues for the period.

EBITDA losses for the new ventures totaled US\$12.0 million (US\$11.4 million) for the first quarter, an increase of only US\$0.6 million despite launching eight new editions since the beginning of 2001. This means that the reduction in EBITDA losses for the 10 ventures launched in 1999 and 2000 was almost equivalent to the total investment in the eight new editions launched in 2001 and the first quarter of this year.

The Santiago edition reported operating profits for the second consecutive quarter, due both to significant sales growth and strict cost control. The operation is consequently ahead of the three year target time frame for new operations to reach annual profitability. The same is true for Malmo and Athens, which both posted operating profits in March. The two US operations, in Philadelphia and Boston, have also produced strong performances, with sales in Philadelphia increasing by 52% and EBITDA losses reduced by 35% year on year in the first quarter.

The Copenhagen edition continued to perform above expectations to the extent that the operation was expanded after the end of the quarter to cover Denmark's second largest city, Aarhus, and the Eastern part of Jutland, by printing an additional 65,000 copies. The daily circulation of 235,000 copies makes MetroXpress the largest daily newspaper in the Denmark and its distribution now covers an area that accounts for 70% of the US\$480 million annual newspaper advertising market. The investment required for the expansion has been covered within the original budget plans.

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Headquarters

The Headquarters reporting item relates to the general & administration expenses incurred by the headquarter operations and Metro World News, as well as investments relating to business development, cities under development (but not yet launched) and Group marketing. Headquarter costs were down 13% to US\$4.7 million (US\$5.4 million) in the first quarter, in line with the Group commitment to significantly reduce these costs during 2002, but also including pre-launch costs incurred in establishing the Hong Kong operations prior to launch in the second quarter.

FINANCIAL REVIEW

The US dollar strengthened year on year against most of Metro's reporting currencies during the quarter. Group net sales would have been 4.8% higher at US\$29.8 million on the basis of the exchange rates for the same period of 2001.

Metro's joint ventures in Toronto and Montreal are treated as affiliate companies, with the consolidation of 25% of the earnings of each operation in the first quarter of 2002, in line with the equity participation. However, 100% of the results for the Toronto operation were consolidated to Group net sales and income in the first quarter of 2001, because the merger with the local partner was not approved until 5 July 2001.

Goodwill, which relates predominantly to the buyout of minority interests in Metro Sweden, is no longer allocated to the Swedish operations, but is separately disclosed as a distinct item within the segmental analysis in the notes in order to improve clarity. The comparative numbers for 2001 have been restated accordingly, as if this treatment had been applied from 1 January 2001.

The operating results from the three operations launched in France during the first quarter are included in the Rest of Europe reporting segment, and also include the pre-launch investments made in the operations during the quarter.

Site closure costs relating to the discontinued Zurich and Buenos Aires operations amounted to US\$4.4 million in the first quarter and constituted a full provision for all costs related to the discontinuation of the two editions as well as operational losses incurred up until the closure decision was made.

Metro's working capital requirements and operating cash flows continue to improve, as a result of the ongoing implementation of measures to reduce debtor days and manage supplier relationships and procurement more efficiently.

At 31 March 2002, Metro had liquid funds of US\$19.9 million. Long-term debt amounted to US\$90.2 million on 31 March 2002. Adjusted for the exercise of the Millicom option and the conversion of the US\$22.1 million convertible debenture loan from Modern Times Group MTG AB, long-term debt would have totaled US\$67.5 million.

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OTHER INFORMATION

Metro's second quarter financial results for the first six months of 2002 will be announced on 7 August 2002.

Metro's annual report will be distributed to shareholders and will be available from the Company's registered office at 75 Route de Longwy, L-8080 Bertrange, Luxembourg.

The shareholders' annual general meeting will be held on 28 May 2002 in Luxembourg.

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

Luxembourg, 25 April 2002.

The Board of Directors of Metro International S.A..

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

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Metro is the world's largest free newspaper, publishing and distributing 23 editions in 15 countries in 13 languages: Stockholm, Prague, Gothenburg, Hungary, the Netherlands, Helsinki, Malmö, Santiago, Philadelphia, Toronto, Rome, Milan, Warsaw, Athens, Montreal, Barcelona, Boston, Madrid, Copenhagen, Paris, Marseille, Lyon and Hong Kong.

Metro International S.A. 'A' and 'B' shares are listed on the NASDAQ National Market and on the Stockholmsbörsen O-List under the symbols MTROA and MTROB.

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| CONSOLIDATED STATEMENTS OF OPERATIONS (US\$ '000s) | Note | Jan-March 2001 | Jan-March 2002 |
|--|-------------|-------------------------|-------------------------|
| Sales | | 27,538 | 28,422 |
| Cost of sales | | (32,570) | (25,096) |
| Gross income (loss) | | (5,032) | 3,326 |
| Selling expenses | | (6,521) | (7,795) |
| Administrative and development expenses | | (8,214) | (9,069) |
| Share of earnings associated companies | | - | (271) |
| Site closure costs | | - | (4,466) |
| Goodwill amortisation | | (879) | (874) |
| Operating loss | (3) | (20,646) | (19,149) |
| Interest expense | | (1,357) | (1,019) |
| Other financial items, net | | 708 | (1,182) |
| Loss after financial items and before income tax | | (21,295) | (21,350) |
| Current tax | | (431) | (707) |
| Deferred tax | | - | - |
| Loss after income tax | | (21,726) | (22,057) |
| Minority interests in losses | | - | 300 |
| Net loss | | (21,726) | (21,757) |
| Basic and diluted loss per share | | (0.29) | (0.20) |
| Basic and diluted outstanding number of shares | | 76,088,489 | 109,383,131 |
| CONSOLIDATED STATEMENTS OF RECOGNISED GAINS AND LOSSES (US\$ '000s) | Note | Jan – March 2001 | Jan – March 2002 |
| Foreign exchange translation differences | | 2,866 | 958 |
| Net gain not recognised in the income statement | | 2,866 | 958 |
| Net loss for the period | | (21,726) | (21,757) |
| Total recognised losses | | (18,860) | (20,799) |

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| CONSOLIDATED BALANCE SHEETS (US\$ '000s) | Note | 31 Dec 2001 | 31 March 2002 |
|--|------|-------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| <i>Intangible assets</i> | | | |
| Licenses, net | | 149 | 120 |
| Goodwill, net | | 13,406 | 12,805 |
| | | 13,555 | 12,925 |
| <i>Property, plant and equipment</i> | | | |
| Machinery and equipment, net | | 4,928 | 4,439 |
| <i>Financial assets</i> | | | |
| Deferred tax assets | | 4 | 4 |
| Shares in associated companies | | 1 | 1 |
| Receivables from associate companies | | 2,917 | 2,644 |
| Long-term receivables | | 2,077 | 3,136 |
| | | 4,999 | 5,785 |
| Total non-current assets | | 23,482 | 23,149 |
| Current assets | | | |
| Accounts receivable, net | | 21,721 | 22,286 |
| Share purchase option | | 10 | 10 |
| Other current receivable | | 8,850 | 7,561 |
| Prepaid expenses | | 2,944 | 3,195 |
| Cash and cash equivalents | | 35,888 | 19,915 |
| Total current assets | | 69,413 | 52,967 |
| TOTAL ASSETS | | 92,895 | 76,116 |

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| CONSOLIDATED BALANCE SHEETS (US\$ '000s) | Note | 31 Dec 2001 | 31 March 2002 |
|---|------|-------------|------------------|
| SHAREHOLDERS' EQUITY | | | |
| Shareholders' equity | (4) | (43,202) | (64,001) |
| Minority interest | | (666) | (959) |
| <i>Long term liabilities</i> | | | |
| Subordinated loans | | 22,080 | 22,080 |
| Liabilities to related companies | | 64,258 | 66,289 |
| Other long term loans | | 1,781 | 1,828 |
| Total long term liabilities | | 88,119 | 90,197 |
| <i>Current liabilities</i> | | | |
| Accounts payable | | 16,576 | 19,786 |
| Other liabilities | | 15,947 | 14,086 |
| Accrued expense | | 16,121 | 17,007 |
| Total current liabilities | | 48,644 | 50,879 |
| Total liabilities | | 136,763 | 141,076 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 92,895 | 76,116 |
| Contingent liabilities | | - | - |

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| CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ 000's) | Note | Jan-March 2001 | Jan-March 2002 |
|---|------|-------------------|-------------------|
| Operating activities | | | |
| Loss before income tax | | (21,295) | (21,350) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 1,286 | 1,392 |
| Financial items, net | | 649 | 2,201 |
| Share of earnings associated companies | | - | 271 |
| Changes in working capital: | | | |
| Change in current receivables | | (427) | 1,576 |
| Change in current liabilities | | (8,156) | 2,909 |
| Cash flow generated (used) by operations | | <u>(27,943)</u> | <u>(13,001)</u> |
| Interest received | | 152 | 22 |
| Interest paid | | (830) | - |
| Income tax paid | | (142) | (1,526) |
| Net cash used in operations | | <u>(28,763)</u> | <u>(14,505)</u> |
| Investment activities | | | |
| Investment in shares | | (410) | - |
| Investment in property, plant and equipment | | (422) | (558) |
| Increase in long term receivables | | - | (1,005) |
| Net cash flow used in investing activities | | <u>(832)</u> | <u>(1,563)</u> |
| Financing activities | | | |
| Capital increase | | - | - |
| Raising / (repayment) of bank loans | | (8,140) | - |
| Net cash flow provided by (used in) financing activities | | <u>(8,140)</u> | <u>-</u> |

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(cont.)

| CONSOLIDATED STATEMENTS OF CASH FLOWS (US\$ '000s) | Note | Jan – March 2001 | Jan – March 2002 |
|---|-------------|---------------------------------|---------------------------------|
| Net increase/(decrease) in cash and cash equivalents | | (37,735) | (16,068) |
| Cash and cash equivalents at beginning of year | | 73,792 | 35,888 |
| Currency effects on cash | | (2) | 95 |
| Cash and cash equivalents at end of period | | 36,055 | 19,915 |

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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") 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, Copenhagen and Montreal. 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 amortisation 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 March.

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Note 3

Segment reporting

As of March 2002, the primary segment reporting is based on geographic areas. The company operates in 20 locations where it publishes newspapers and intends to continue the expansion by establishing additional newspapers. The European area represents the newspapers in Stockholm, Prague, Gothenburg, Hungary, the Netherlands, Helsinki, Malmö, Rome, Milan, Warsaw, Athens, Barcelona, Madrid, and Copenhagen.

The "Rest of world" includes Santiago and Philadelphia, both of which were launched in January 2000, Toronto, which was launched later in 2000, and operations in Montreal and Boston that were launched in 2001. Metro owns 25% of the publishing entities in Toronto and Montreal and therefore accounts for 25% of the results in these entities.

Goodwill amortisation has been allocated to the newspapers in the different geographic areas based on specific identification.

| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US\$ '000s) | Jan - March 2001 | Jan - March 2002 |
|--|---------------------------------|---------------------------------|
| Segment reporting | | |
| <i>Net sales (external)</i> | | |
| Europe | | |
| Sweden | 14,931 | 11,351 |
| Rest of Europe | 9,848 | 12,686 |
| Total Europe | 24,779 | 24,037 |
| Rest of World | 2,759 | 4,352 |
| Headquarters | - | 33 |
| | 27,538 | 28,422 |

There are no inter-segment sales.

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| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US\$ '000s) | Jan- March 2001 | Jan- March 2002 |
|--|-----------------------|-----------------------|
| Segment reporting | | |
| <i>Net income (loss)</i> | | |
| Europe | | |
| Sweden | 1,449 | 3,113 |
| Rest of Europe | (9,615) | (9,736) |
| Total Europe | (8,166) | (6,623) |
| Rest of World | (6,189) | (2,477) |
| Site closure costs | - | (4,466) |
| Goodwill | (879) | (874) |
| Headquarters | (5,412) | (4,709) |
| Operating loss | (20,646) | (19,149) |
| Items to reconcile to statement of operations: | | |
| Interest expense | (1,357) | (1,019) |
| Other financial items, net | 708 | (1,182) |
| Current tax | (431) | (707) |
| Deferred tax | - | - |
| Minority interest in losses | - | 300 |
| Net loss | (21,726) | (21,757) |

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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 March 2002</i> |
|---|------------------------|--------------------------|
| Balance beginning of year | (19,982) | (43,202) |
| Currency translation adjustment | (2,353) | 958 |
| New shares issued | 65,076 | - |
| Net loss for the period | (85,943) | (21,757) |
| Balance as of end of December/March | <u>(43,202)</u> | <u>(64,001)</u> |

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Note 5

US GAAP Information

The accompanying consolidated interim financial statements of the Company have been prepared in accordance with IAS. These accounting principles differ in certain respects from US GAAP.

Following is a summary of US GAAP that affects the Company's consolidated net loss for the periods ended 31 March 2001 and 2002, and consolidated shareholders' equity as of 31 March 2001 and 2002, together with a discussion of the principal differences between IAS and US GAAP that are significant to the Company's unaudited consolidated interim financial statements.

| (US\$ '000s) | 31 March 2001 | 31 March 2002 |
|---|---------------|---------------|
| Reconciliation of net income | | |
| Net loss as reported under IAS | (21,726) | (21,757) |
| Adjustments to reconcile to corresponding amounts under US GAAP: | | |
| Income tax | - | - |
| Net loss under US GAAP | (21,726) | (21,757) |
| <i>Weighted average basic earnings per share (US\$)</i> | (0.29) | (0.20) |
| <i>Weighted average basic number of shares outstanding</i> | 76,088,489 | 109,383,131 |
| | | |
| (US\$ '000s) | 31 March 2001 | 31 March 2002 |
| Reconciliation of shareholders' equity | | |
| Shareholders equity under IAS | (38,842) | (64,001) |
| Adjustments to reconcile to corresponding amounts under US GAAP: | - | - |
| Deferred tax assets | 989 | 989 |
| Shareholders equity under US GAAP | (37,853) | (63,012) |

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Those differences, which have a significant effect on the consolidated net income (loss) and shareholders equity, are described as follows:

a) Income taxes

IAS requires that unrealised profits resulting from intragroup transactions be eliminated from the carrying amount of assets, such as inventory or property, plant, or equipment. The tax effect of such transactions is calculated by reference to the position of the buying entity. Under US GAAP, income taxes paid by the seller on intercompany profits on assets that remain within the consolidated group, including the tax effect of any reversing temporary differences in the seller's tax jurisdiction, are deferred.

b) Stock-based employee compensation

For US GAAP purposes, the Company's employee stock option plan is accounted for in accordance with the intrinsic value method established by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. No compensation expense is recognized for stock options granted when the exercise price of these options granted is equal or greater than the fair market value of the Company's stock at the date of grant.