FOR IMMEDIATE RELEASE 6 August 2002

METRO INTERNATIONAL S.A.

FINANCIAL RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2002

Luxembourg, 6 August 2002 – Metro International S.A. (“Metro”) (MTROA, MTROB), today announced its financial results for the six months ended 30 June 2002.

SECOND QUARTER HIGHLIGHTS

- Net sales up 29% year on year to US$ 36.9 million (US$ 28.6 million)
- Net sales outside Sweden up 64% year on year to US$ 24.7 million (US$ 15.1 million)
- Group EBITA improves year on year by 41% to US$ -11.0 million (US$ -18.5 million)
- The 17 editions launched more than 1 year ago report EBITA profit of US$ 0.5 million (US$ -9.1 million)
- Holland reported quarterly operating profit together with 6 other cities
- Highest operating profit result in Sweden for two years
- 11% year on year reduction in average cost per copy
- 48% reduction in Headquarter costs
- US$ 64 million of new financing secured
- Daily readership up 50% year on year to 10.8 million readers with 2.6 readers per copy

FINANCIAL SUMMARY

Consolidated income statement * (US$ 000's)	**Q2 2002**	**Q2 2001**	**H1 2002**	**H1 2001**
Net Sales	36,939	28,633	65,361	56,171
Operating income from operations	-7,848	-12,464	-16,948	-26,820
Site closure costs	-	-	-4,466	-
Headquarter costs	-3,130	-5,996	-7,839	-11,407
Goodwill amortization	-888	-837	-1,762	-1,716
Operating income	-11,866	-19,297	-31,015	-39,943
Net interest	-1,402	-1,125	-2,841	2,260
Unrealized exchange rate gains	-5,295	4,639	-6,507	5,125
Profit before tax	-18,563	-15,783	-39,913	-37,078
Basic earnings per share (US$)	-0.11	-0.22	-0.30	-0.51
Basic number of shares outstanding	109,383,131	76,088,489	109,383,131	76,088,489

* *Metro had 24 operations at 30 June 2002 and 17 operations at 30 June 2001.*

OPERATING REVIEW

Metro is the world's fastest growing and fourth largest newspaper, publishing 4.2 million copies of 24 daily editions in 15 countries around the world. The newspaper attracts 10.8 million daily readers and derives its revenues from advertising sales, which have grown at a compound annual rate of 46% since the launch of the first edition in 1995.

The second quarter marked a significant milestone for Metro International. Group net sales were up 29% to US$ 36.9 million (US$ 28.6 million) and international sales (outside Sweden) increased by 64% to US$ 24.7 million (US$ 15.1 million), despite the continued weakness in the newspaper advertising markets around the world. Sales for the international editions outside Sweden now represent 67% of group sales, compared to 53% for the same period last year.

Continued and increased cost control yielded a 11% year on year reduction in average cost per copy in the second quarter, which is calculated on the basis of an average 24-page edition and including all Group costs except headquarter expenses and goodwill amortization charges. This result was achieved despite the seven new launches in Madrid, Copenhagen, Aarhus, France and Hong Kong since the end of the second quarter of last year. Furthermore, headquarter costs were nearly halved year on year in the second quarter to US$ 3.1 million (US$ 6.0 million).

This combination of this sales growth and cost control resulted in an EBITA improvement of 41% in Group operating income to US$ -10.9 million (US$ -18.5 million). Metro utilizes an EBITA reporting line for the Group due to the low level of depreciation charges arising from the low level of investment in fixed assets. Annual goodwill amortization charges amount to US$ 3.5 million.

All Metro's launched more than three years ago were profitable in the second quarter, including Holland. Holland achieved a remarkable year on year turnaround from the second quarter last year when the operation reported a negative EBIT margin of 36%, particularly given the 20% reported decline in the Dutch gross advertising market in the second quarter (source: BBC). Metro reported continued profits in Santiago for the third consecutive quarter and a quarterly profit for the first time in Athens in the second quarter, only one and a half years after the launch. Metro was also profitable on a monthly basis in June in Rome and in Spain (Barcelona and Madrid).

This demonstrates the rapid migration towards profitability of the Metro operations. All 17 editions launched before the end of the second quarter last year reported a combined EBITA profit in the second quarter of US$ 0.5 million (US$ -9.1 million). These 17 editions reported a year on year net sales increase of 16%, with the international operations growing by 42%. The 17 editions account for 84% of group net sales or US$ 31.0 million. Costs for these editions were reduced by 15%, resulting in an EBITA improvement of US$ 9.6 million on a sales increase of US$ 4,2 million, equivalent to an incremental margin of 228%. These 17 editions reported an EBITA profit of US$ 0.5 million in the second quarter and a 75% reduction in EBITA losses in the year to date to US$ -4.0 million (US$ -16.3 million).

Metro now has the same circulation as Bild Zeitung, the largest newspaper in the world outside Japan. Metro has a circulation of 4.2 million daily copies and 10.8 million daily readers, according to the latest half-yearly Gallup worldwide readership survey, which was conducted in May 2002. Metro reported a 50% year-on-year growth in the number of daily readers and has increased its level of 2.6 readers per copy from 2.5 for the same period last year. Metro has also maintained its attractive readership profile with 37% of Metro's readers under 30 years of age and an equal proportion of male and female readers. Metro's weekly reach has increased from 21 million to 23 million people and from 25% to 27% of the population in the distribution areas. This extension has been achieved despite the very recent launch of the editions in France and Hong Kong.

Gallup Worldwide Readership Survey ('000s)	**Readership May 2002**	**Readership May 2001**	**Circulation* May 2002**	**Circulation* May 2001**
'Metro' Sweden	917,000	1,003,000	370,000	397,000
'Metro' Prague	322,000	249,000	182,000	180,000
'Metro' Hungary	1,203,000	895,000	331,000	338,000
'Metro' Netherlands	837,000	951,000	319,000	290,000
'Metro' Helsinki	192,000	160,000	116,000	109,000
'Publimetro' Santiago	454,000	437,000	110,000	119,000
'Metro' Canada	741,000	777,000	285,000	240,000
'Metro' Italy	1,403,000	1,202,000	410,000	435,000
'Metropol' Warsaw	313,000	260,000	180,000	187,000
'Metrorama' Athens	269,000	162,000	93,000	108,000
'Metro' Spain	1,291,000	397,000	480,000	175,000
'Metro' United States	842,000	743,000	336,000	304,000
'MetroXpress' Denmark	331,000	-	235,000	-
'Metro' France	1,099,000	-	464,000	-
'Metro Daily News' Hong Kong	627,000	-	305,000	-
Total	**10,843,000**	**7,236,000**	**4,216,000**	**2,882,000**

** picked up copies*

Metro sold a franchise license during the quarter to a Korean publishing company, which resulted in the launch of an edition of Metro in Seoul at the end of May to coincide with the Football World Cup. Metro is not investing financially in the new newspaper but receives an ongoing franchise fee and retains an option to acquire an interest in the newspaper in the future.

The Group is not satisfied with the current performance of the Metro Radio station in Stockholm. The license runs for another quarter and the operation will be kept under close scrutiny and fully evaluated prior to any license renewal discussions.

Given that all of the editions launched before the end of the second quarter of 2001 are now EBITA profitable on a combined basis (excluding headquarters), Metro has reclassified its reporting segmentation. All 17 editions launched more than one year ago are now defined as ‘established operations’ and all seven editions launched within the last year are classified as ‘new ventures’.

Established Operations

Metro Sweden reported continued strong market out-performance in the second quarter. This growth has been achieved despite the weak print advertising market conditions in Sweden, particularly in the most profitable segment of recruitment advertising. Metro Sweden’s net revenues were down 10% year on year in the second quarter and by 17% in the year to date. Metro therefore increased its share of the major daily morning newspaper advertising market in Sweden year on year to 19% (source: SIFO RM).

Despite the weak Swedish advertising market, Stockholm reported an increased EBITA margin of 38% for the second quarter, following a further 19% year on year reduction in the cost base. The Swedish operations reported a combined EBITA operating margin of 31% in the second quarter, which is both the highest margin and reflected the highest quarterly income since the second quarter of 2000, despite the year on year sales decline. The editions are highly operationally leveraged following the reduction of the cost base and are therefore well-positioned to deliver high levels of incremental profitability when the advertising markets recover.

Net sales in Holland were up 19% year on year in the second quarter and the operation was profitable on a quarterly basis for the first time. The Dutch operation reported an operating profit margin of 4% in the second quarter, compared to -36% for the same period last year.

All cities in Eastern Europe announced increased revenues, with net sales growing by 30% year on year in the second quarter.

The Santiago edition, which was launched two and a half years ago at the start of 2000, reported its third consecutive quarterly operating profit, and is well on track to out-perform the Group target of annual profitability within three years, as is Athens. The Athens edition was launched a year and a half ago in November 2000 and also reported a quarterly operating profit in the second quarter, having shown a monthly profit at the end of the first quarter.

The two US operations, in Philadelphia and Boston, continue to show strong momentum and combined EBIT losses were down by 36% in the second quarter, compared to the first quarter of the current year.

This strong development has been reinforced by monthly operating profitability at the end of the quarter in June for the Barcelona and Rome editions. Metro faces competition from rival free titles, as well as its traditional subscription-based peers, in both Spain and Italy and has been able to consistently deliver higher audience and advertising market shares than these rivals.

Metro's joint ventures in Toronto and Montreal, in which the Group has a 50% economic interest, are treated as associated companies. Both operations have performed strongly and the year on year comparison also reflected the fact that Toronto was fully consolidated for the first half of 2001, prior to the merger with the local partner being completed after the end of the second quarter. On a like for like basis, operating losses for the two editions were reduced by 57% year on year to US$ 0.3 million (US$ 0.7 million) for the second quarter.

New Ventures

The Hong Kong edition is proceeding according to plan and has established a high level of readership, as well as encouraging sales development. France however experienced a well-publicised delay in its development due to legal action with the French unions and the election campaigns during the quarter. All the initial legal disputes encountered with the unions have been resolved and the three editions have established a strong readership. They are now well positioned to catch up with the original plans during the Fall.

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 significant potential.

The Madrid edition reported a monthly operating profit in June, only 10 months after launch in August 2001. Metro's operations in Spain were therefore profitable at the operating income level in June of the current year.

The new ventures accounted for 16% of Group net sales and 76% of the Group EBITA losses in the second quarter (including headquarters).

Headquarters

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

The Headquarters reporting segment also includes Metro International's investment in the first Glocal Forum, held in Rome in May 2002. The event involved mayors and senior representatives from 20 of the world's leading cities launching a number of independently funded international initiatives to promote the role of the urban community. Also included in headquarters is the Group's sponsorship of the Victory Challenge syndicate's entry in the 2003 America's Cup in Auckland, New Zealand, which provides Metro with unique branding and marketing exposure.

Headquarter costs were more than halved to US$ 3.1 million in the second quarter, compared to US$ 6.0 million for the same period last year and US$ 4.7 million in the first quarter of the current year. This reduction is further evidence of the Group's commitment to significantly reduce these costs during 2002 by reducing headcount and restricting expansion.

FINANCIAL REVIEW

Cash flow used by the operations has almost been halved in the year to date to US$ 26.8 million (US$ 50.8 million). Metro achieved a positive change in working capital of US$ 0.3 million (US$ -13.9 million) in the year to date. This is due principally to a reduction in the average number of debtor days outstanding and the ongoing implementation of measures to manage supplier relationships and procurement more efficiently.

Metro has to date incurred insignificant bad debt charges on its trade receivables, due to the highly diversified nature of its customer base and its strict attention to credit control disciplines.

The weakness of the US dollar exchange rate during the first six months of the current year, particularly against the Swedish Krona, gave rise to an unrealized currency translation loss of US$ 5.3 million on the SEK 426 million loan and capitalized interest from Industriförvaltnings AB Kinnevik. Metro reported an unrealized gain of US$ 4.6 million for the same period last year. Interest charges amounted to US$ 1.4 million in the second quarter, compared to US$ 1.1 in the second quarter last year. Consequently, net interest and other financial items for the second quarter totaled $ -6.7 million, compared to US$ 3.5 million in the same period last year. Profit before tax therefore decreased to US$ -18.6 million (US$ -15.8 million) in the second quarter.

The Kinnevik loan is no longer secured on the MIC option, which has expired, and alternative security is being negotiated with Kinnevik.

Group goodwill amortization amounted to US$ 0.9 million in the second quarter and related to the buy out of minority interests in Metro Sweden, Prague and Hungary. Goodwill is amortized on a straight line basis over a maximum of ten years.

Group depreciation charges amounted to US$ 0.5 million in the year to date, reflecting the Group's continuing low level of investment in fixed assets. In recognition of this low level of required investment, the Group has adopted EBITA as its principal reporting classification.

Metro booked a deferred tax gain of US$ 7.7 million in the second quarter, based on a prudent 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 29% year on year to US$ -11.9 million (US$ -16.7 million) in the second quarter. After minority interests in losses, Metro reported a 31% year on year improvement in net losses from US$ -16.7 million in the second quarter of 2001 to US$ -11.5 million in the current year.

Metro had liquid funds of US$ 19.7 million as at 30 June 2002, of which US$ 7.3 million was restricted. Long-term debt amounted to US$ 113.0 million, including the US$ 20 million in convertible loan notes issued to Modern Times Group MTG AB during May 2002. Metro also raised new bank debt financing of SEK 400 million (approximately US$ 44 million) in May 2002 by means of a committed Bank credit facility. No money had been drawn down from this facility as at 30 June 2002 and it is therefore not included in the balance sheet for the quarter. As announced on 14 May 2002, Metro will offer the opportunity to its other shareholders to subscribe to an offering of convertible loan notes on the same terms as MTG and in proportion to their shareholdings on 13 May 2002, which may therefore result in a further increase in Metro's capital resources.

The Group considers that its accounting policies are conservative and has, for example, always expensed all its pre-launch costs.

OTHER INFORMATION

Metro's financial results for the third quarter and nine months ended 30 September 2002 will be released on 25 October 2002.

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

Luxembourg, 6 August 2002.
The Board of Directors of Metro International S.A.

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Metro International S.A.

Metro is the world's largest free newspaper, publishing and distributing 24 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, Aarhus, Paris, Marseille, Lyon and Hong Kong.

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 STATEMENTS OF OPERATIONS (US$ '000s)	Note	Jan - Jun 2002	Jan – Jun 2001
Sales		65,361	56,171
Cost of sales		(54,677)	(61,981)
Gross income (loss)		10,684	(5,810)
Selling expenses		(16,975)	(11,642)
Administrative and development expenses		(18,037)	(20,332)
Share of earnings associated companies		(459)	(443)
Site closure costs		(4,466)	-
Goodwill amortization		(1,762)	(1,716)
Operating loss	(3)	(31,015)	(39,943)
Financial items, net		(8,898)	2,865
Loss after financial items and before income tax		(39,913)	(37,078)
Current tax		(1,786)	(1,393)
Deferred tax		7,733	-
Loss after income tax		(33,966)	(38,471)
Minority interests in losses		696	-
Net loss		(33,270)	(38,471)
Basic and diluted loss per share		(0.30)	(0.51)
Basic and diluted outstanding number of shares		109,383,131	76,088,489

Metro International S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS (US$ '000s)	Note	April - June 2002	April - June 2001
Sales		36,939	28,633
Cost of sales		(29,581)	(29,486)
Gross income (loss)		7,358	(853)
Selling expenses		(9,180)	(5,121)
Administrative and development expenses		(8,968)	(12,118)
Share of earnings associated companies		(188)	(368)
Site closure costs		-	-
Goodwill amortisation		(888)	(837)
Operating loss	(3)	(11,866)	(19,297)
Financial items, net		(6,697)	3,514
Loss after financial items and before income tax		(18,563)	(15,783)
Current tax		(1,079)	(962)
Deferred tax		7,733	-
Loss after income tax		(11,909)	(16,745)
Minority interests in losses		396	-
Net loss		(11,513)	(16,745)
Basic and diluted loss per share		(0.11)	(0.22)
Basic and diluted outstanding number of shares		109,383,131	76,088,489

CONSOLIDATED STATEMENTS OF RECOGNISED GAINS AND LOSSES (US$ '000s)	Note	Jan – June 2002	Jan – June 2001
Foreign exchange translation differences		1,771	2,187
Net gain not recognised in the income statement		1,771	2,187
Net loss for the period		(33,270)	(38,471)
Total recognised losses		(31,499)	(36,284)

Metro International S.A.

CONSOLIDATED BALANCE SHEETS (US$ '000s)	Note	30 June 2002	31 Dec 2001
ASSETS			
Non-current assets			
Intangible assets			
Licenses, net		120	149
Goodwill, net		12,938	13,406
		13,058	13,555
Property, plant and equipment			
Machinery and equipment, net		5,270	4,928
Financial assets			
Deferred tax assets		7,733	4
Shares in associated companies		86	1
Receivables from affiliated companies		2,920	2,917
Long-term receivables		3,429	2,077
		14,168	4,999
Total non-current assets		32,496	23,482
Current assets			
Accounts receivable, net		30,532	21,721
Share purchase option		-	10
Other current receivables		8,431	8,850
Prepaid expenses		6,018	2,944
Cash and cash equivalents		19,665	35,888
Total current assets		64,646	69,413
TOTAL ASSETS		97,142	92,895

Metro International S.A.

CONSOLIDATED BALANCE SHEETS (US$ '000s)	Note	30 June 2002	31 Dec 2001
SHAREHOLDERS' EQUITY			
Shareholders' equity	(4)	(74,701)	(43,202)
Equity component of convertible loan		542	
Minority interest		(1,527)	(666)
Long term liabilities			
Liability component of convertible loan		19,458	
Convertible debenture loan		22,080	22,080
Liabilities to related companies		69,941	64,258
Liabilities to minority partner		2,001	1,781
Total long term liabilities		113,480	88,119
Current liabilities			
Short term bank loan		7,345	6,755
Accounts payable		25,191	16,576
Other liabilities		10,090	9,192
Accrued expenses		16,722	16,121
Total current liabilities		59,348	48,644
Total liabilities		172,828	136,763
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		97,142	92,895
Contingent liabilities		-	-

Metro International S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS (US$ 000's)	Note	Jan – Jun 2002	Jan – Jun 2001
Operating activities			
Loss before income tax		(39,913)	(37,078)
Adjustments for:			
Depreciation and amortisation		3,387	2,614
Financial items, net		8,898	(2,865)
Share of earnings associated companies		459	443
Changes in working capital:			
Change in current receivables		(11,982)	(9,061)
Change in current liabilities		12,248	(4,855)
Cash flow used by operations		(26,903)	(50,802)
Interest received		8	943
Interest paid		(3,793)	(3,135)
Income tax paid		(2,540)	(1,393)
Net cash used in operations		(33,228)	(54,387)
Investment activities			
Investment in shares		-	(203)
Investment in property, plant and equipment		(1,411)	(1,176)
Increase in long term receivables		(2,007)	(964)
Net cash flow used in investing activities		(3,418)	(2,343)
Financing activities			
Convertible debenture loan		20,000	-
Repayment of bank loans		-	(3,361)
Net cash flow provided by (used in) financing activities		20,000	(3,361)

(cont.)

CONSOLIDATED STATEMENTS OF CASH FLOWS (US$ '000s)	**Note**	**Period ended 30 June 2002**	**Period ended 30 June 2001**
Net increase/(decrease) in cash and cash equivalents		(16,646)	(60,091)
Cash and cash equivalents at beginning of year		35,888	73,792
Currency effects on cash		423	(165)
Cash and cash equivalents at end of period		19,665	13,536

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, Montreal, Paris, Marseilles, Lyon, and Hong Kong. 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 30 June.

Note 3

Segment reporting

As of June 2002, the primary segment reporting is based on geographic areas. The company operates in 24 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, Copenhagen, Aarhus, Paris, Marseilles and Lyon.

The "Rest of world" includes Santiago and Philadelphia, both of which were launched in January 2000, Toronto, which was launched later in 2000, operations in Montreal and Boston that were launched in 2001 and Hong Kong that was launched in 2002. 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)	**Apr – Jun 2002**	**Apr – Jun 2001**	**Jan – Jun 2002**	**Jan – Jun 2001**
Segment reporting				
Net sales (external)				
Europe				
Sweden	12,241	13,567	23,592	28,498
Rest of Europe	18,525	11,864	31,211	21,712
Total Europe	30,766	25,431	54,803	50,210
Rest of World	6,164	3,202	10,518	5,961
Headquarters	9	-	40	-
	36,939	28,633	65,361	56,171

There are no inter-segment sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US$ '000s)	Apr – Jun 2002	Apr - Jun 2001	Jan - Jun 2002	Jan – Jun 2001
Segment reporting				
Net income (loss)				
Europe				
Sweden	3,832	3,776	6,945	5,225
Rest of Europe	(7,937)	(7,875)	(17,673)	(17,491)
Total Europe	(4,105)	(4,099)	(10,728)	(12,266)
Rest of World	(3,743)	(8,365)	(6,220)	(14,554)
Site closure costs	-	-	(4,466)	-
Goodwill	(888)	(837)	(1,762)	(1,716)
Headquarters	(3,130)	(5,996)	(7,839)	(11,407)
Operating loss	(11,866)	(19,297)	(31,015)	(39,943)
Items to reconcile to statement of operations:				
Interest expense	(1,253)	(655)	(2,272)	(2,012)
Other financial items, net	(5,444)	4,169	(6,626)	4,877
Current tax	(1,079)	(962)	(1,786)	(1,393)
Deferred tax	7,733	-	7,733	-
Minority interest in losses	396	-	696	-
Net loss	(11,513)	(16,745)	(33,270)	(38,471)

Note 4

Shareholders' equity

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

Total shareholders' equity (US$ '000s)	***30 June 2002***	***31 Dec 2001***
Balance beginning of year	(43,202)	(19,982)
Currency translation adjustment	1,771	(2,353)
New shares issued	-	65,076
Net loss for the period	(33,270)	(85,943)
Balance as of end of December/June	(74,701)	(43,202)

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 Dec 2001 and 30 June 2002, and consolidated shareholders' equity as of 31 December, 2001 and 30 June, 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)	30 June 2002	31 Dec 2001
Reconciliation of net income		
Net loss as reported under IAS	(33,270)	(85,943)
Adjustments to reconcile to corresponding amounts under US GAAP:		
Income tax	(989)	-
Net loss under US GAAP	(34,259)	(85,943)
Weighted average basic earnings per share (US$)	(0.31)	(1.02)
Weighted average basic number of shares outstanding	109,383,131	84,206,909

(US$ '000s)	30 June 2002	31 Dec 2001
Reconciliation of shareholders' equity		
Shareholders' equity under IAS	(74,701)	(43,202)
Adjustments to reconcile to corresponding amounts under US GAAP:	-	-
Deferred tax assets	-	989
Shareholders' equity under US GAAP	(74,701)	(42,213)

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.