METRO INTERNATIONAL S.A.

FINANCIAL RESULTS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004

Luxembourg, 20 October 2004 – Metro International S.A. ("Metro") (MTROA, MTROB), today announced its financial results for the third quarter and nine months ended 30 September 2004.

NINE MONTHS ENDED 30 SEPTEMBER 2004

- **49% year on year increase in net sales to US$ 207.0 million (US$ 139.1 million)**
- **Operating profit for newspaper editions of US$ 2.0 million (loss of US$ 10.8 million)**
- **US$ 20.0 million operating profit improvement for newspaper editions more than one year old to US$ 9.2 million (loss of US$ 10.8 million)**
- **Year on year reduction in operating loss to US$ 15.9 million (US$ 22.8 million)**
- **30% year on year reduction in net loss to US$ 15.7 million (US$ 22.4 million)**
- **9 out of 15 country operations report operating profit for the period**
- **Weighted average basic loss per share of US$ 0.03 (US$ 0.13)**

THIRD QUARTER ENDED 30 SEPTEMBER 2004

- **Net sales up 45% year on year to US$ 61.6 million (US$ 42.4 million)**
- **Operating loss for newspaper editions of US$ 5.2 million (US$ 4.7 million)**
- **Group operating loss of US$ 11.9 million (US$ 9.2 million) including operating loss from newspaper editions less than one year old of US$ 5.6 million**
- **Net loss of US$ 10.5 million (US$ 0.7 million)**
- **New US$ 75 million five year revolving credit facility**
- **Weighted average basic loss per share of US$ 0.02 (US$ 0.002)**

Metro International S.A.

SUMMARY

US$ '000s	1 July – 30 September 2004	1 July – 30 September 2003	1 January – 30 September 2004	1 January – 30 September 2003
Sales	**61,646**	42,436	**207,040**	139,146
Operating profit (loss) from newspaper editions	**(5,184)**	(4,657)	**1,951**	(10,795)
Headquarters	**(5,716)**	(3,480)	**(14,770)**	(8,907)
Goodwill amortization	**(990)**	(1,031)	**(3,114)**	(3,066)
Operating loss	**(11,890)**	(9,168)	**(15,933)**	(22,768)
Net interest	**(323)**	(355)	**(806)**	(5,107)
Other financial items, net	**(126)**	7,774	**(504)**	2,929
Loss before tax and minority interests	**(12,339)**	(1,749)	**(17,243)**	(24,946)
Loss after tax and minority interests	**(10,527)**	(692)	**(15,699)**	(22,410)
Weighted average basic number of shares outstanding	**525,710,093**	285,869,561	**525,710,093**	168,858,411
Weighted average basic loss per share (US$)	**(0.02)**	(0.002)	**(0.03)**	(0.13)

Pelle Törnberg, President and CEO of Metro International, commented: "Metro has generated another quarter of strong year on year revenue growth and the group has now delivered higher sales for the first nine months of 2004 than for the whole of 2003. We have also reduced our cost per thousand copies by 3% year on year and continue to extract synergies from the network, which has enabled the group to report a US$ 20 million year on year swing in profitability for the first nine months of the year for all of our newspaper editions that are more than one year old. These editions generated a combined profit of US$ 9.2 million for the period."

"Our increased scale with a larger number of editions therefore results in higher losses in the seasonally weaker quarters of the year, but also provides considerable operating leverage in the stronger quarters, as was evident in the second quarter of the current year. The Rest of World operations are unaffected by this seasonality or new start-ups, and consequently reported a combined tripelling of operating profit year on year and delivered an operating margin of 25% in the quarter. We have reorganized the group headquarters in order to reduce costs and increase efficiency moving forward, and the recently agreed new US$ 75 million credit facility will also provide the group with significantly enhanced financial and operating flexibility."

Metro International S.A.

GROUP OVERVIEW

Metro reported a 45% year on year increase in net sales in the third quarter to US$ 61.6 million (US$ 42.4 million) and a 49% increase for the nine months ended 30 September 2004 to US$ 207.0 million (US$ 139.1 million). Metro therefore reported higher sales for the first nine months of the current year than for the whole of 2003. At constant exchange rates, net sales grew by 36% year on year in the quarter and by 37% for the year to date. Metro's sales have grown at a compound annual rate of 47% since the launch of the first edition in 1995.

Seven out of the fifteen country operations were profitable in the third quarter and nine for the year to date, with the seasonally strongest quarter of the year yet to come.

The group of newspaper operations that are more than one year old reported a combined US$ 20.0 million year on year swing in operating profitability for the year to date and a US$ 5.2 million swing in the third quarter. These editions reported their first ever combined third quarter profit of US$ 0.5 million (loss of US$ 4.7 million) since the listing of the group's shares in August 2000, and a profit of US$ 9.2 million (loss of US$ 10.8 million) for the year to date.

Metro has launched eleven new editions since the end of the third quarter of 2003 - the New York edition, the two weekly real estate newspapers in Sweden, six satellite editions in France and Spain, and the national editions in Poland and Denmark. The operations launched in the last year reported a combined operating loss of US$ 5.8 million in the quarter and included the first full quarter's operating result for the New York edition, which was launched in May 2004.

No new Metro editions were launched during the quarter but Metro's national distribution in Sweden and Poland has been extended since the end of the quarter. The Metropol national edition is now distributed five days a week and will cover an additional five cities by November. Metro Sweden has launched a national edition to cover eleven additional cities from today. A new edition was also launched in Rotterdam in the Netherlands after the end of the quarter and Metro Greece will launch a new weekend edition in the country's second largest city, Thessaloniki, from Friday 22 October.

Multinational advertising sales continued to grow strongly year on year. Metro signed up its largest ever multi-country advertising campaign during the quarter when Mitsubishi chose Metro as its major print advertising partner in seven countries across Europe for the launch of the new *Colt* model this autumn. The creativity and scale of solutions provided by Metro across multiple countries was rewarded with a commendation when Metro client British Airways was awarded 'Campaign of the Year' at the recent Media & Marketing Europe Awards.

Metro continued to reduce its average cost per thousand newspaper copies, despite the impact of the new launches over the past 12 months. The year on year reduction amounted to a 3% saving at constant exchange rates both in the quarter and for the first nine months of the year. These savings reflect Metro's purchasing power as a global publisher as well as benefits resulting from the application of benchmarking techniques and synergies that are being generated across the organization.

Metro International S.A.

The third quarter is the seasonally weakest sales period of the year and Metro is therefore not published for up to four weeks in a number of territories during the summer including France, Finland and the Southern European countries. This reduction results in weaker margins in the quarter due to the fact that fixed costs remain at the same level despite the reduced circulation levels.

Metro's headquarter costs increased year on year to US$ 5.7 million (US$ 3.5 million) for the quarter, principally as a result of a US$ 1.1 million charge arising from redundancy costs linked to the reorganization of headquarter functions. A number of head office functions have been reallocated to the regional management structure in order to ensure speed of action and that best operating practices are efficiently shared across the group. The reorganization will result in a significant year on year reduction in headquarter costs from the current level moving forward. Headquarter costs for the year to date totalled US$ 14.8 million (US$ 8.9 million).

Metro's group operating losses in the third quarter consequently increased year on year to US$ 11.9 million (US$ 9.2 million) but were reduced by 30% to US$ 15.9 million (US$ 22.8 million) for the year to date.

The year on year comparison of Metro's pre-tax and net profitability for the third quarter and year to date was affected by unrealized currency exchange rate gains of US$ 8.0 million and US$ 3.2 million for the respective periods of 2003. These financial items arose from the translation of Swedish Krona denominated loans into the group's reporting currency (US dollars). These loans were converted into equity in August 2003 and this has resulted in significantly lower interest costs during 2004.

The group therefore reported a pre-tax loss of US$ 12.3 million (US$ 1.7 million) in the third quarter and US$ 17.2 million (US$ 24.9 million) for the year to date. Group net losses totalled US$ 10.5 million (US$ 0.7 million) in the third quarter and US$ 15.7 million (US$ 22.4 million) for the year to date.

SEGMENTAL OPERATING REVIEW

Sweden

Metro Sweden comprises the editions in Stockholm, Gothenburg and Skåne, as well as the two 'Hus & Hem' weekly real estate newspapers launched during the first quarter of this year in Stockholm and Malmö. Metro Sweden reported a combined 58% year on year net sales growth in the third quarter to US$ 18.2 million (US$ 11.5 million) and 62% growth to US$ 64.3 million (US$ 39.7 million) for the year to date. Local currency sales were up 46% and 47% year on year for the two periods respectively.

The real estate advertising market in Sweden is heavily affected by the summer holiday season in the third quarter and sales in this sector significantly decline as a result. Metro Hus & Hem consequently reported a loss making quarter in the third quarter, although it remains profitable for the year to date. Metro Hus & Hem maintained its high market share during the quarter and has now returned to the high page counts seen earlier in the year. The daily Metro editions however reported a combined year on year increase in local currency operating profitability in both the third quarter and for the year to date, despite the cost of expanding Metro's distribution in the Skåne region in August to cover two additional cities in the south of Sweden.

Metro Sweden reported a combined operating profit of US$ 0.8 million (US$ 1.3 million) in the third quarter and a 51% increase in operating profits to US$ 10.5 million (US$ 6.9 million) for the year to date.

The latest independent SIFO Orvesto national readership research survey again confirmed Metro as the most read morning newspaper in both capital city Stockholm and nationally in Sweden, with the surveyed national readership up 7% year on year to almost 1.1 million readers.

Metro launched a new national daily edition yesterday to reach eleven additional cities in Sweden. A total of 600,000 copies of Metro will now be published daily in seventeen Swedish cities, establishing Metro as the largest newspaper in Sweden and implying a daily audience of approximately 1.5 million readers.

France

Metro France's six editions reported a 72% year on year increase in net sales to US$ 4.5 million (US$ 2.6 million) in the third quarter, despite seven less publication days than in 2003, and a more than doubling of sales to US$ 17.8 million (US$ 8.1 million) for the year to date. Local currency net sales grew year on year by 60% and 99% for the two respective periods, which reflected both the strong organic development and the launch of three new editions (Toulouse, Lille and Bordeaux) since the end of the third quarter of 2003.

Operating losses for the French operations were reduced by 29% year on year to US$ 1.6 million (US$ 2.2 million) in the third quarter, despite the three new launches during 2004, and by 49% year on year to US$ 4.0 million (US$ 8.0 million) for the year to date. Local currency operating losses were reduced by 35% year on year in the quarter and more than halved for the year to date.

Metro is the third largest newspaper in Europe's third largest newspaper advertising market.

Rest of Europe

The Rest of Europe segment comprises nine country operations (Denmark, Finland, Holland, Italy, Spain, Greece, the Czech Republic, Hungary and Poland), of which five were profitable for the year to date. The operations reported a combined 35% year on year increase in net sales in the quarter to US$ 24.8 million (US$ 18.3 million) and a 36% increase to US$ 87.8 million (US$ 64.7 million) for the year to date. Net sales at constant exchange rates increased by 24% year on year in the quarter and by 23% for the first nine months of 2004.

Combined operating losses for the segment were more than halved year on year from US$ 4.1 million to US$ 2.0 million in the third quarter and the operations reported an US$ 8.2 million year on year swing in profitability for the year to date from a combined loss of US$ 7.5 million in 2003 to a profit of US$ 0.6 million for the first nine months of 2004.

In Northern Europe, Metro Denmark continued to benefit from its national expansion at the beginning of the year and has recently established itself as the most read newspaper in Denmark. Net sales for the Danish editions grew by 39% year on year in the third quarter and by 44% for the year to date. Operating losses were reduced by 76% year on year in the third quarter and the editions reported a combined profit for the year to date.

The Helsinki edition benefited from a major relaunch in the Summer and from the introduction of new management in September. The operation consequently reported renewed year on year sales growth in the third quarter, which resulted in a 36% year on year reduction in operating losses in the quarter. The operation moved very close to breakeven on a monthly basis already in September.

The Dutch operation reported a 19% year on year increase in net sales in the third quarter and its first ever third quarter operating profit. Metro Holland was also profitable for the year to date and reported a more than 10% operating margin for the nine-month period, which also included the results of the Saturday edition launched in September 2003. Metro is now the second largest newspaper in Holland for the first time following the launch of the new daily Rotterdam edition after the end of the quarter. The new edition will enable Metro to access the sizeable regional advertising market in Holland’s most important commercial area.

The Eastern European editions all reported improved year on year results in the third quarter. Metro Hungary was profitable in the quarter and for the year to date with sales growth back above 10% in the quarter. The year on year reduction in profitability during the first half of the year was fully clawed back in the third quarter.

Metro Prague’s losses in the third quarter were substantially reduced year on year and the operation reported 15% year on year sales growth for the first nine months of 2004. With the exception of the seasonally weak months of July and August, Metro Prague has been profitable for each month since March 2004.

Metro Poland reported a 23% year on year increase in sales in the third quarter. This accelerated sales growth compares with a 15% year on year increase for the nine month period and reflects the national expansion earlier in the year. After the end of the quarter, Metro Poland increased the circulation of its national edition from two to five days a week and announced that it will further expand the edition’s distribution to reach five more cities by the beginning of November. This will make Metro the third largest newspaper in Poland.

In Southern Europe, the Athens edition almost doubled its sales year on year in the third quarter and reported its first third quarter and best ever quarterly operating profit. Metro Athens also reported a profit for the first nine months of the year following a more than 20% year on year increase in sales. The high profile bilingual daily Olympic edition of Metro, which was published during the Olympic Games in August in cooperation with TF1’s Eurosport International, was profitable and Metro Athens generated a more than 10% operating margin in the quarter. Metro Athens announced after the end of the quarter that it will launch a new weekly edition in Thessaloniki, Greece’s second largest city, at the end of October.

Metro’s Italian operations in Milan and Rome reported a 22% year on year reduction in combined operating losses in the third quarter. Milan was profitable for the first nine months of the year and the Rome edition almost halved its losses for the period.

The Spanish operations were marginally loss making in the quarter following a 44% combined year on year increase in sales. Metro Spain reported a 46% year on year increase in sales for the first nine months of the year and an operating margin of almost 10%. All seven editions were profitable for the first nine months of the year. Metro is the second most read newspaper in Spain.

The United States

Sales for the United States operations increased by 42% year on year in the third quarter to US$ 5.8 million (US$ 4.1 million) and by 33% for the year to date to US$ 15.6 million (US$ 11.8 million). These increases reflect the impact of the launch of the substantial New York edition in May 2004, as well as the positive sales development in Philadelphia and Boston. The Philadelphia and Boston editions generated year on year sales growth of 15% and 25% in the quarter and 16% and 24% for the first nine months of the year respectively.

Metro Boston earned a record quarterly operating profit and has now been profitable for each of the last seven months. Philadelphia made a modest loss in the quarter. The New York operation reported its first full quarter operating result and the combined US operations therefore reported an operating loss of US$ 4.5 million (US$ 0.2 million) in the third quarter and US$ 9.0 million (US$ 1.7 million) for the year to date.

Metro New York is the fifth largest newspaper in the city and its suburbs, which comprise the largest individual newspaper advertising market in the world. Metro New York has proven its ability to deliver the same active, young, metropolitan reader profile that Metro consistently delivers in all of its markets around the world and is therefore attracting high quality premium brand advertising. The US operations are also increasingly benefiting from their strong combined position on the North Eastern seaboard and the ability to sell targeted advertising packages that capitalize on Metro's combined circulation of over 620,000 copies in the region.

Rest of World

The four operations (Chile, Hong Kong and the joint ventures in Montreal and Toronto) that comprise the Rest of World segment reported a 41% year on year increase in net sales to US$ 8.0 million (US$ 5.6 million) in the third quarter and 44% growth to US$ 20.5 million (US$ 14.2 million) for the first nine months of the year. Net sales at constant exchange rates increased by 36% year on year in the third quarter and by 37% for the year to date.

The combined operations generated a more than tripling of profits year on year in the third quarter to US$ 2.0 million (US$ 0.6 million). Operating profitability for the year to date improved by US$ 4.4 million from a loss of US$ 0.5 million in 2003 to a US$ 3.9 million profit in the current year. The segment therefore reported a combined operating margin of 25% in the quarter and 19% for the year to date.

The Chilean and Hong Kong Metro editions were profitable both in the quarter and for the year to date. Metro Hong Kong reported a new record operating margin in the third quarter and achieved an operating margin of 25% for the year to date. Metro Hong Kong's sales were up 50% year on year in the quarter and 55% for the year to date. The Chilean editions reported 10% year on year sales growth in both periods and a near 40% year on year increase in operating profits in the third quarter to record a more than 10% operating margin. Operating profits for the first nine months of 2004 were up 23% year on year.

The Toronto joint venture with the Torstar Corporation was profitable in both the quarter and for the year to date and reported 31% year on year sales growth in the third quarter and 30% for the year to date. The edition's third quarter operating profit increased by 85% year on year and Metro Toronto reported an operating margin of over 10% in the quarter and over 12% for the year to date. The Montreal joint venture with the Transcontinental group reduced its losses by 70% year on year in the third quarter and by 66% for the year to date. The operation was profitable in August and September and almost achieved breakeven in the quarter. The joint ventures generated positive combined associated company income for Metro in the quarter and for the year to date.

Headquarters

Headquarter revenues amounted to US$ 0.4 million (US$ 0.2 million) in the third quarter and US$ 1.0 million (US$ 0.6 million) for the year to date. These revenues include the franchise fees from the group's two franchise operations in South Korea.

Metro acquired a 5% shareholding in Metro Seoul Holdings Inc. in July 2004 at original investment cost, in accordance with the terms of the licensing agreement and Metro continues to receive the same proportion of franchise income.

As described above, the headquarter cost base was impacted by a US$ 1.1 million charge in the third quarter, which arose from redundancy costs following the reorganization of the headquarters. Responsibility for the group's paper and print purchasing, multinational sales and marketing, and operational benchmarking have been reallocated to a large degree to regional teams and Managing Directors. Headquarter costs therefore now include group senior management, finance and accounting, legal affairs, group human resources, information technology, central business development activities, as well as the Metro World News editorial and research teams. The reorganization will result in a significant reduction in headquarter costs from the current underlying level.

In addition, the increased cost base included the redesign of the paper's layout in the majority of Metro markets during the quarter, which is intended to enhance Metro's appeal to its global audience and reflect the clearly defined brand of the paper.

Costs associated with the group's long-term incentive plan are accounted for within the Headquarters reporting segment. The plan gave rise to a US$ 0.2 million non-cash charge in the third quarter and US$ 0.5 million for the year to date. The charge for the year to date included the cost of the allocation of restricted stock to two independent non-executive Board Directors and two advisers to the Board of Directors. A total of 100,048 series 'A' shares and 100,048 series 'B' shares were awarded to the individuals in September 2004.

Headquarter operating losses consequently increased year on year to US$ 5.7 million (US$ 3.5 million) in the third quarter and to US$ 14.8 million (US$ 8.9 million) for the year to date.

FINANCIAL REVIEW

Debtor sales days outstanding were again reduced year on year in the third quarter and the group reported a net positive change in working capital for the first nine months of US$ 2.3 million (US$ 3.8 million).

Cash flow used by operations was reduced by 41% year on year to US$ 9.7 million (US$ 16.5 million) for the period ended 30 September 2004, despite the launch of eleven new editions since the end of the same period of 2003.

The group reported US$ 0.7 million in charges arising from the depreciation of tangible fixed assets in the third quarter and US$ 2.1 million for the year to date, whilst the group's maintenance capital expenditure totalled US$ 0.6 million and US$ 2.5 million for the respective periods. Capital expenditure for the year to date included investments in fixed assets in the newly started operations and was equivalent to just over 1% of group net sales.

Metro exercised its call option in Metro Seoul Holdings, Inc. and acquired 5% of the operation's share capital for a cash consideration of US$ 0.3 million in July 2004.

The group amortized a further US$ 1.0 million of goodwill in the third quarter and US$ 3.1 million in the first nine months of 2004. The group's goodwill balance has therefore now been reduced to US$ 5.1 million.

Net interest costs were reduced to US$ 0.3 million (US$ 0.4 million) in the third quarter and to US$ 0.8 million (US$ 5.1 million) for the year to date. The reduction reflected the conversion of US$ 137 million of loans and capitalized interest into equity in August 2003. Net interest costs comprised US$ 0.2 million of interest income on the group's cash balances in the third quarter and US$ 0.7 million for the year to date, as well as US$ 0.5 million of interest payable on the group's SEK 267 million bank loan and other borrowings in the third quarter and US$ 1.5 million for the year to date.

The significantly reduced other financial items of US$ -0.1 million (US$ 7.8 million) in the quarter and US$ -0.5 million (US$ 2.9 million) for the year to date primarily reflected the unrealized exchange rate gains of US$ 7.4 million and US$ 2.5 million in the two comparative periods of 2003, which arose from the translation of SEK 1.2 billion of loans that were converted into equity in August 2003.

The group reported tax income of US$ 1.2 million in the third quarter and a charge of US$ 27,000 for the year to date, including deferred tax credits of US$ 1.5 million (US$ 0.9 million) and US$ 1.1 million (US$ 2.2 million) for the two respective periods. The group's deferred tax asset balance amounted to US$ 14.4 million at the end of the quarter and the group currently has approximately US$ 350 million in tax losses carried forward, which will be prudently utilized to off set future corporate tax charges incurred by profitable operations.

The minority shareholders in France and Denmark's combined interests in the group's results after tax amounted to US$ 0.6 million (US$ 0.2 million) in the third quarter and US$ 1.6 million

(US$ 0.6 million) for the year to date. Télévision Française 1 acquired its 34.3% shareholding in Metro France in the fourth quarter of 2003.

The weighted average number of outstanding shares increased from 285,869,561 in the third quarter of 2003 and 168,858,411 for the first nine months of 2003 to 525,710,093 in 2004, following the completion of the rights issue and debt to equity conversion in August 2003. The group therefore reported a loss per share of US$ 0.02 (US$ 0.002) in the third quarter and US$ 0.03 (US$ 0.13) for the year to date.

Metro had liquid funds of US$ 32.7 million at 30 September June 2004 and the group's restricted cash balances totalled US$ 0.4 million. Metro repaid the outstanding amount of SEK 267 million on the June 2002 SEK 400 million bilateral credit facility at the end of the quarter by drawing down US$ 37.0 million from the new US$ 75.0 million multi-currency revolving credit facility. The new five-year facility was entered into with a syndicate of banks in September 2004 and provides the group with significantly enhanced operating and financial flexibility. The first scheduled amortization payment on the new facility is not due until 31 December 2006. Metro now has total available liquid resources of US$ 70.7 million, compared with US$ 43.6 million at 31 December 2003.

The group's interest bearing liabilities totalled US$ 44.5 million (US$ 49.3 million) at 30 September 2004 and principally comprised the monies drawn down from the new credit facility as described above. Group net debt stood at US$ 11.8 million (US$ 8.9 million) at the close of the quarter.

OTHER INFORMATION

Nomination Group for the 2005 Annual General Meeting
Pursuant to the resolution of the Annual General Meeting of shareholders of Metro International in May 2004, a Nomination Group has been created. As resolved at the 2004 AGM, Cristina Stenbeck is Chairman of the Group.

The Nomination Group consists of:
Cristina Stenbeck
Vigo Carlund, Investment AB Kinnevik
Mats Lagerqvist, Robur
Björn Lind, SEB Asset Management and SEB Trygg Liv

The Nomination Group will submit a proposal for the composition of the Board of Directors that will be presented to the 2005 Annual General Meeting for approval.

The Annual General Meeting of shareholders of Metro International will be held on Tuesday, May 31, 2005.

Shareholders who would like to suggest representatives for the Metro International Board of Directors can contact us by:

Metro International S.A.

E-mail: agm@metro.lu or Letter: AGM, Metro International, 11 Boulevard Royal, L-2449 Luxembourg

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Metro's financial results for the fourth quarter and twelve months ended 31 December will be released in February 2005.

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

Pelle Törnberg, President and Chief Executive Officer
20 October 2004

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Metro is the largest and fastest growing international newspaper in the world. 40 daily Metro editions are published in 54 major cities in 16 countries in 15 languages across Europe, North & South America and Asia. Metro has a unique global reach - attracting a young, active, well-educated audience of more than 14.5 million daily readers and over 32 million weekly readers. Metro has an equal number of male and female readers and 70% are under the age of 45. Metro's advertising sales have grown at a compound annual rate of 47% since the launch of the first edition in 1995.

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

Metro International S.A.

CONSOLIDATED INCOME STATEMENTS (US$ '000s)	**Note**	**Period ended 30 September 2004**	**Period ended 30 September 2003**
Sales		207,040	139,146
Cost of sales		(130,675)	(92,918)
Gross income		76,365	46,228
Selling expenses		(51,378)	(34,348)
Administrative and development expenses		(37,929)	(31,378)
Share of earnings in associated companies		123	(204)
Other operating expenses		(3,114)	(3,066)
Operating loss	(3)	(15,933)	(22,768)
Financial items, net		(1,310)	(2,178)
Loss after financial items and before income tax		(17,243)	(24,946)
Current tax		(1,153)	(184)
Deferred tax		1,126	2,152
Loss after income tax		(17,270)	(22,978)
Minority interests		1,571	568
Net result		(15,699)	(22,410)
Weighted average basic earnings (loss) per share		(0.03)	(0.13)
Weighted average basic number of shares outstanding		525,710,093	168,858,411

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CONSOLIDATED INCOME STATEMENTS (US$ ‘000s)	**Note**	**Jul-Sep 2004**	**Jul–Sep 2003**
Sales		61,646	42,436
Cost of sales		(42,336)	(27,968)
Gross income		19,310	14,468
Selling expenses		(16,851)	(11,820)
Administrative and development expenses		(13,397)	(10,715)
Share of earnings in associated companies		38	(70)
Other operating expenses		(990)	(1,031)
Operating loss	(3)	(11,890)	(9,168)
Financial items, net		(449)	7,419
Loss after financial items and before income tax		(12,339)	(1,749)
Current tax		(287)	(45)
Deferred tax		1,488	879
Loss after income tax		(11,138)	(915)
Minority interests		611	223
Net result		(10,527)	(692)
Weighted average basic earnings (loss) per share		(0.02)	(0.002)
Weighted average basic number of shares outstanding		525,710,093	285,869,561

(cont.)

CONSOLIDATED STATEMENTS OF RECOGNISED GAINS AND LOSSES (US$ '000s)	**Note**	**Jan–Sept 2004**	**Jan–Sept 2003**
Foreign exchange translation differences		(133)	(2,452)
Net loss not recognised in the income statement		(133)	(2,452)
Net result for the period		(15,699)	(22,410)
Total recognised loss		(15,832)	(24,862)

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CONSOLIDATED BALANCE SHEETS (US$ ‘000s)	**Note**	**30 September 2004**	**31 December 2003**
ASSETS			
Non-current assets			
Intangible assets			
Licenses, net		33	50
Goodwill, net		5,073	8,303
		5,106	8,353
Property, plant and equipment			
Machinery and equipment, net		5,742	5,379
Financial assets			
Deferred tax assets		14,384	13,368
Shares in associated companies		156	158
Other investments		298	-
Receivables from associated companies		4,101	4,455
Long-term receivables		2,180	2,244
		21,119	20,225
Total non-current assets		31,967	33,957
Current assets			
Accounts receivable, net		51,358	48,578
Other current receivables		3,311	4,791
Prepaid expenses		8,636	5,087
Cash and cash equivalents		32,667	43,614
Total current assets		95,972	102,070
TOTAL ASSETS		127,939	136,027

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CONSOLIDATED BALANCE SHEETS (US$ '000s)	Note	30 September 2004	31 December 2003
SHAREHOLDERS' EQUITY			
Shareholders' equity	(4)	24,452	39,967
Minority interest		(3,679)	(2,125)
Long-term liabilities			
Liability to minority partner		3,728	3,778
Long-term bank loans		37,000	27,490
Total long-term liabilities		40,728	31,268
Current liabilities			
Short-term bank loans		3,760	12,901
Accounts payable		30,941	32,689
Other liabilities		9,080	7,504
Accrued expenses		22,657	13,823
Total current liabilities		66,438	66,917
Total liabilities		107,166	98,185
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		127,939	136,027
Contingent liabilities		-	-

Metro International S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS (US$ 000's)	Note	Period ended 30 September 2004	Period ended 30 September 2003
Operating activities			
Loss before income tax		(17,243)	(24,946)
Adjustments for:			
Depreciation and amortization		5,173	4,890
Other non-cash items		317	-
Financial items, net		1,310	2,178
Share of earnings in associated companies		(123)	204
Changes in working capital:			
Change in current receivables		(4,950)	(7,356)
Change in current liabilities		7,287	11,142
Cash flow used by operations		(8,229)	(13,888)
Interest paid		(1,404)	(1,932)
Income tax paid		(110)	(684)
Net cash generated by (used in) operations		(9,743)	(16,504)
Investment activities			
Investment in shares		(298)	(100)
Increase (decrease) in long-term receivables		852	(1,297)
Investment in property, plant and equipment		(2,469)	(1,545)
Net cash flow generated by (used in) investing activities		(1,915)	(2,942)
Financing activities			
Loan from related parties		-	16,997
Loan from minority owner		-	351
Capital increase		-	26,427
Repayment of bank loans		(36,256)	(8,331)
Bank loans		37,000	-
Net cash flow generated by (used in) financing activities		744	35,444

Metro International S.A.

(cont.)

CONSOLIDATED STATEMENTS OF CASH FLOWS (US$ '000s)	**Note**	**Period ended 30 September 2004**	**Period ended 30 September 2003**
Net increase (decrease) in cash and cash equivalents		(10,914)	15,999
Cash and cash equivalents at beginning of year		43,614	23,989
Currency effects on cash		(33)	395
Cash and cash equivalents at end of period		32,667	40,383

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 as a wholly owned subsidiary of Modern Times Group MTG AB ("MTG"). MTG divested Metro International S.A. to its shareholders through a share 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 September 30, 2004, Metro newspapers were distributed in Stockholm, Gothenburg, Malmö, Warsaw and 4 other Polish cities, Prague, Budapest and 14 other Hungarian cities, the Netherlands, Helsinki, Santiago and five other cities, Philadelphia, Boston, New York, Rome, Milan, Toronto, Athens, Madrid, Barcelona, Zaragoza, Seville, La Coruna, Alicante, Valencia, Denmark, Montreal, Paris, Marseilles, Lyon, Toulouse, Lille, Aix-en-Provence, Toulon, Aubagne, Bordeaux, Hong Kong, Seoul and Pusan. 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.

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 period ended 31 December 2003. Some minor adjustments have been made in the classification of sales and costs for the period ended 30 September 2004.

Note 3

Segmental reporting

The segmental reporting is based on geographic areas – ‘Sweden’, ‘France’, ‘Rest of Europe’, ‘United States’, ‘Rest of World’ and ‘Headquarters’.

The ‘Rest of Europe’ area comprises the newspapers in Prague, Hungary, the Netherlands, Helsinki, Italy, Poland, Athens, Spain and Denmark.

The ‘Rest of World’ area comprises the newspapers in Chile, Canada and Hong Kong.

Metro does not own the operations in Alicante and Valencia but reports a share of the editions’ national advertising sales.

Metro owns the majority of the sales companies in Toronto and Montreal and 25% of the publishing entities. Metro therefore accounts for the former as subsidiaries and the latter as associated company income.

‘Headquarters’ includes the income from the franchise operation in South Korea.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US$ ‘000s)	**Jul–Sep 2004**	**Jul–Sep 2003**	**Jan–Sep 2004**	**Jan–Sep 2003**	**Jan–Dec 2003**
Segmental reporting					
Net sales (external)					
Sweden	18,201	11,544	64,284	39,736	56,752
France	4,487	2,603	17,782	8,083	14,035
Rest of Europe	24,777	18,346	87,806	64,672	94,427
USA	5,786	4,080	15,615	11,787	16,325
Rest of World	7,954	5,633	20,532	14,241	20,888
Headquarters	441	230	1,021	627	1,137
	61,646	42,436	207,040	139,146	203,564

There are no inter-segment sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (US$ '000s)	Jul-Sep 2004	Jul–Sep 2003	Jan–Sep 2004	Jan-Sep 2003	Jan–Dec 2003
Segmental reporting					
Net income					
Sweden	845	1,309	10,475	6,939	11,410
France	(1,550)	(2,174)	(4,044)	(7,956)	(8,890)
Rest of Europe	(1,964)	(4,141)	647	(7,544)	(5,433)
USA	(4,489)	(237)	(8,985)	(1,730)	(1,872)
Rest of World	1,974	586	3,858	(504)	925
Operating profit (loss) from operations	(5,184)	(4,657)	1,951	(10,795)	(3,860)
Sale of shares in subsidiary	-	-	-	-	10,700
Goodwill amortization	(990)	(1,031)	(3,114)	(3,066)	(4,151)
Headquarters	(5,716)	(3,480)	(14,770)	(8,907)	(13,569)
Operating loss	(11,890)	(9,168)	(15,933)	(22,768)	(10,880)
Items to reconcile to statement of operations					
Financial items, net	(449)	7,419	(1,310)	(2,178)	(1,818)
Current tax	(287)	(45)	(1,153)	(184)	(1,808)
Deferred tax	1,488	879	1,126	2,152	6,078
Minority interest	611	223	1,571	568	1,563
Net result	(10,527)	(692)	(15,699)	(22,410)	(6,865)

Note 4

Shareholders' equity

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

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

The issued and outstanding share capital of the Company is US$ 131,427,523 and is divided into 263,434,011 series 'A' shares and 262,476,178 series 'B' shares with no par value. Each series 'A' share carries one voting right, while series 'B' shares carry no voting rights. Dividends may be paid in US dollars, or in shares, or otherwise as the Company's Board of Directors may determine in accordance with the provisions of the Luxembourg Companies Act. The holders of series 'B' shares are entitled to a preferred dividend of 2% of any dividend distribution, with the balance of any dividend distribution to be paid equally to holders of series 'A' shares and series 'B' shares.

Total shareholders' equity (US$ '000s)	***30 September 2004***	***31 December 2003***
Balance at beginning of year	39,967	(114,081)
Currency translation adjustment	(133)	(2,231)
Capital increase	-	163,144
New shares issued	317	-
Net result for the period	(15,699)	(6,865)
Balance at end of period	24,452	39,967