



## **METRO INTERNATIONAL S.A.**

### **FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30<sup>th</sup> JUNE 2008**

Luxembourg, 21<sup>st</sup> July 2008 – Metro International S.A. (“Metro”) (MTROA, MTROB), today announced its financial results for the second quarter ended 30th June 2008. The Group’s consolidated results have been prepared according to International Financial Reporting Standards (“IFRS”).

#### **HIGHLIGHTS FOR Q2 2008**

- **Operational sales decreased by 4.1 percent to EUR 77.3 million (2007: EUR 80.6 million), excluding closed/divested operations and Bostad. In real terms adjusting for the effect of the USD depreciation the sales decrease is 2 percent.**
- **Total net sales decreased by 8.6 percent to EUR 81.5 million (2007: EUR 89.2 million).**
- **The operating profit was EUR 0.6 million (2007: EUR 3.6 million profit).**
- **The contribution from subsidiary newspaper operations was an operating profit of EUR 5.4 million (2007: EUR 7.2 million profit).**
- **Metro International recorded a net loss of EUR 1.9 million (2007: net profit EUR 1.0 million).**
- **Schibsted will acquire 35 percent of the shares in Metro's Swedish subsidiary at a purchase price of SEK 350 million. The transaction is subject to regulatory approval and is currently being reviewed by the competition authorities. This pending transaction does not affect performance in Q2 2008.**
- **JP/Politiken, the Danish newspaper group, acquired 24.5 percent of metroXpress Denmark in exchange for transferring the 24 Timer newspaper to the Metro group. 24 Timer’s results will be consolidated from Q3 2008 onwards.**
- **In June, Metro acquired an additional 14 percent in our Mexican joint venture operation taking our stake to 49 percent - the maximum allowed foreign ownership**
- **Following the decision to report in Euros (EUR), translation differences are restricted to the non-Euro businesses. Year-on-year the currency fluctuations increase or decrease the reported revenues as follows – US and Hong Kong revenues are reduced by 16 percent.**
- **The net loss per share for the second quarter 2008 was EUR 0.004 (2007: profit EUR 0.002).**

## FIRST HALF RESULTS

- Operational sales decreased by 3.7 percent to EUR 146.3 million excluding closed/divested operations and Bostad (2007: EUR 151.8 million). In real terms adjusting for the effect of the USD depreciation the sales decrease is 1.7 percent.
- Total net sales decreased by 7.4 percent to EUR 154.9 million (2007: EUR 167.3 million).
- The operating loss was EUR 4.9 million (2007: EUR 5.2 million loss).
- The contribution from subsidiary newspaper operations was an operating profit of EUR 5.0 million (2007: EUR 3.8 million profit).
- Metro International recorded a net loss of EUR 8.3 million (2007: net loss EUR 9.8 million).

## P&L VARIANCE ANALYSIS

### Q208 v Q207 EBIT

€ millions	Q2 2008	Q2 2007	Variance
Contribution from controlled newspaper operations	5.5	7.5	-2.0
Closed/divested operations	-0.1	-0.3	0.2
<b>Total Contribution</b>	<b>5.4</b>	<b>7.2</b>	<b>-1.8</b>
JVs	-0.1	0.1	-0.2
Franchises	0.7	0.7	0.0
Websites	-0.9	-0.6	-0.3
Central Online	-0.3	-0.4	0.1
Other activities - Global Sales, Logistics, Metro World News, Metro Life Panel	-0.5	0.0	-0.5
HQ	-3.6	-3.4	-0.2
<b>Group EBIT</b>	<b>0.6</b>	<b>3.6</b>	<b>-2.9</b>
Profit on sale of shares in Danish subsidiary	0.1		0.1
Financial items	-2.5	-0.7	-1.8
Tax	-0.2	-1.9	1.7
<b>Net profit/loss</b>	<b>-1.9</b>	<b>1.0</b>	<b>-2.9</b>

### **Contribution from controlled newspaper operations**

Sweden -0.3, N Eur -1.3, S Eur -0.8, US +0.7, RoW -0.1

### **Closed/divested operations**

Poland -0.1; Czech +0.3

### **JVs**

Canada -0.8; Brazil +0.5

### **Websites**

France -0.3

### **Other operations**

Global Sales -0.4; Paper bonus -0.1

### **Interest**

Write off of prepaid arrangement fee for old bank facility -1.0

FX loss on rollover of new bank facility converting from USD to Euros -0.8

## **OPERATIONAL REVIEW**

Per Mikael Jensen, Chief Executive Officer and President of Metro International, said:

“Metro International’s second quarter 2008 has seen much activity with deals in Sweden, Denmark and Mexico which will contribute to earnings from Q3 2008. The three deals are in line with the strategy which was approved by the Board in May and unveiled at the Capital Markets Day on 3<sup>rd</sup> June in Amsterdam. Consolidating some of our markets is an ongoing process.

On a like-for-like basis, excluding divested and closed operations, Metro’s operational sales declined by 4.1 percent year-on-year. In real terms, after adjusting for the depreciation of the US dollar, sales decreased by 2.0 percent. This is a commendable result in difficult market conditions. As usual, the underlying performance in most of our markets is quite good but a few operations drag the Group results down. Those are Spain and the US most importantly and secondly Denmark and Portugal. All markets except for US, Spain, Denmark and Canada showed a profit in Q2 2008.

In markets like Sweden, Netherlands, Hong Kong, Latin America and others, Metro continues to perform very well with profit margins in double digits.

The advertising market is responding to gloomy economic news around the world but Metro is answering by emphasising our unique access to the metropolitan demographic and our price differential against paid for newspapers. We are also continuing to drive costs down in all of our countries and at HQ.

The deal with Schibsted was announced on 21<sup>st</sup> May and it is expected to deliver exciting opportunities for new advertisement packages for customers that will drive additional revenues in Sweden. Completion of the transaction is subject to regulatory approval. Conclusion of the review by the competition authority is expected in Q4 2008. The Schibsted deal has no impact on Q2 2008 results.

The deal with JP/Politiken (“JP/Pol”) in Denmark was announced on 23<sup>rd</sup> May and it is expected to deliver synergies across the two titles, metroXpress and 24 Timer in the Danish market. JP/Pol acquired 24.5 percent of metroXpress and 24 Timer became part of Metro’s growing stable of group titles. The deal was finally signed in late June so the first results will be included in the Q3 2008 results.

On 11<sup>th</sup> July we announced that we had increased our stake in the Mexican joint venture operation to 49 percent. The Mexican JV has been performing well and is delivering monthly profits on a regular basis and has been profitable in H1 2008.

Group EBIT in the second quarter has declined by EUR 3.0 million to EUR 0.6 million profit year-on-year. The source of the decline is our controlled operations (-EUR 2.0 million), Joint Ventures (-EUR 0.2 million), Websites (-EUR 0.3 million) and HQ & Other (-EUR 0.2 million).

In our JV operations Brazil and Mexico have moved into profitability for the quarter and franchise fees have been maintained at last year’s level.

The launch of the new French website in March has been followed by the launch of the new Spanish website on 23<sup>rd</sup> June. Our capital spend on the global Online project in Q2 2008 was EUR 0.4 million which brings our capital spend to date to EUR 2.6 million. This development cost is being recharged to each country as it rolls out the new website.

HQ costs are at the same level as in 2007 but cost-saving measures have been implemented in July to reduce headcount by 14 percent which will deliver lower costs in Q3 2008.

## **Outlook and Risks**

Conditions for advertising in Europe and North America are gloomy, regardless of the category. Markets for advertising in paid-for titles have been hit badly in some countries – particularly US, UK and Southern Europe – and less so in other markets in Northern Europe.

In South America, Asia and Russia, the outlook is much brighter. Spending is expected to grow significantly in the market where Metro is published, in some areas with double digits. This is partly due to the better general economic situation, but also due to an increase in media spending.

With this mixed outlook Metro is obviously most vulnerable in the US, Canada and Europe. Hence, the defined strategy to grow in Asia, South America and Russia becomes even more relevant.

Per Mikael Jensen

CEO and President  
Metro International

## **FINANCIAL SUMMARY**

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	<b>81,508</b>	89,162	<b>154,929</b>	167,336
Operating profit / (loss)	<b>633</b>	3,581	<b>(4,944)</b>	(5,212)
Profit on sale of shares in subsidiary	<b>137</b>	0	<b>137</b>	0
Net interest & other financial items	<b>(2,510)</b>	(676)	<b>(3,332)</b>	(1,312)
Profit / (loss) after financial items and before income tax	<b>(1,740)</b>	2,905	<b>(8,139)</b>	(6,524)
Tax	<b>(216)</b>	(1,918)	<b>(202)</b>	(3,248)
Net profit / (loss)	<b>(1,956)</b>	987	<b>(8,341)</b>	(9,772)
Weighted average number of shares outstanding	<b>527,520,189</b>	527,296,944	<b>527,520,189</b>	527,296,944
Basic and diluted earnings / (loss) per share (€)	<b>(0.00)</b>	0.00	<b>(0.02)</b>	<b>(0.02)</b>

## **GROUP OVERVIEW**

### **Sales**

Excluding closed and divested operations including Stockholm Bostad, operational sales decreased by 4.1 percent to EUR77.3 million (2007: EUR 80.6 million). In real terms adjusting for the effect of the USD depreciation the sales decrease is 2.0 percent

Total net sales in the second quarter decreased by 8.6 percent to EUR 81.5 million (2007: EUR 89.2 million).

### **Operating Profit**

Group operating profit for the quarter was EUR 0.6 million (2007: profit of EUR 3.6 million).

### **HQ costs**

In the second quarter HQ costs have been held at the 2007 level but in July headcount reductions of 14 percent were announced that will reduce HQ costs in the third quarter onwards. Further details will be provided in the Q3 2008 release.

### **Online Launch**

On 24<sup>th</sup> June 2008, Spain became the second country to launch Metro's new global website concept, following France in March. Early performance is encouraging and further information will be provided after a full evaluation.

### **Readership**

Latest national readership surveys confirm that Metro reaches more than 1 million daily readers in 7 countries – France, Holland, Italy, Spain, Sweden, Canada and the US. The Canadian data excludes the three newest editions so it has more than 1 million readers. Korea is very close to 1 million.

## **Metro Daily Readership**

<b>Country</b>	<b>000's</b>
France	2,323
Netherlands	1,945
Italy	1,839
Spain	1,836
Sweden	1,589
USA	1,214
Korea	994
Canada	950 *
Hong Kong	752
Hungary	656
Portugal	648
Russia (St Pete.)	644
Denmark	526
Czech rep	413
Chile	358
Finland	300
Croatia	289
Greece	250
<b>TOTAL</b>	<b>17,526</b>

\* Excluding Edmonton, Calgary & Halifax

Source: latest published National Readership Survey (2007-2008)

## **Circulation**

Total average daily newspaper copies printed by Metro's 12 fully consolidated country operations was down 1 percent year-on-year in the second quarter (excluding Czech Republic, which was partially divested in December 2007 and the Swedish Stockholm Bostad edition). The shortfall is mainly a consequence of circulation cuts in Denmark and the US.

The daily circulation of associated companies and franchise operations was 2.9 million. This reflects the reclassification of the Czech Republic as an associated company and the launch of the new Halifax edition in February 2008. The total daily circulation of titles in which Metro has an interest (subsidiaries, associates, franchise editions and the share investment in Metro Dublin) was 8.7 million copies in the second quarter, making Metro the second largest daily newspaper in the world and the world's largest international newspaper. At the end of June 2008, Metro had the highest circulation newspaper in nine of these markets.

## **Reporting Currency**

From 1<sup>st</sup> January 2008, Metro has been reporting in Euros. This reduces the translation effect of the weakening US dollar on Metro International's results going forward.

## SEGMENTAL OPERATING REVIEW

### Sweden

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	19,273	20,075	36,784	39,064
EBIT	2,702	2,947	4,170	2,255
EBIT %	14%	15%	11%	6%
Number of Editions	5	6	5	6

**Note:** Excludes Online

Metro Sweden publishes daily Metro editions in Stockholm, Gothenburg, Skåne (Malmö), nationally covering 117 cities over 25,000 inhabitants (together referred to as "Green Metro"), a weekly real estate newspaper 'Metro Bostad' (Metro Property) distributed in Malmö and a weekly technology paper, "Metro Teknik". Metro Sweden is the most-read newspaper in Sweden with 1.6 million daily readers.

Sweden has had a strong second quarter with price and volume increases. Green Metro's sales increased by 9 percent based on a 5 percent increase in prices and a 3 percent increase in advertisement volumes. Total Swedish sales declined on a year-on-year basis by 4 percent due to the suspension of the Stockholm Bostad edition which reduced the Bostad revenues by 59 percent.

Sweden's EBIT has declined by EUR 0.2 million year-on-year. This is due to the suspension of the Stockholm Bostad edition and a EUR 1 million credit in Q2 2007 for the release of the advertising tax provision made in June 2008. Excluding this credit from 2007, the 2008 profit is better by EUR 0.8 million.

The Schibsted deal was announced in May but the joint advertising packages have not yet been offered to the market as we await the outcome of the competition authority's review which is expected in Q4 2008.

With the closure of Schibsted's free daily newspaper "Punkt.se" on 21<sup>st</sup> May, Metro's returns, which is the number of unread newspaper copies, in Stockholm have declined and readership growth is expected.

Bostad Malmö's Q2 revenues are 21 percent higher in real terms than last year and EBIT is EUR 0.4 million higher compared to the same period last year. In December 2007 the Stockholm Bostad edition was suspended for 2008 due to lack of profitability and replaced with "Living" – a weekly supplement distributed together with the Stockholm Metro edition. Bostad Malmo continues as a profitable operation.

Metro Custom Publishing has published 7 supplements during Q2 and 12 supplements for the full year. Revenues generated in Q2 were EUR 0.4 million and margins remain strong.

## Northern Europe

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	18,072	22,398	34,563	40,943
EBIT	2,541	3,944	4,450	4,382
EBIT %	14%	18%	13%	11%
Number of Editions	8	10	8	10

**Note:** Excludes Online

Northern Europe includes the Group's operations in Holland, Denmark and Hungary. Poland was closed in January 2007 and 60 percent of the Czech business was sold in December 2007. Czech Republic is now reported as a JV.

Northern Europe's sales have declined by 19 percent in Q2 2008 year-on-year. Strong growth in April has been affected by negative growth in May and June. Excluding the Czech business, the comparative sales declined by 10.2 percent.

Metro Holland had sales growth of 3 percent in Q2 2008 which consisted of 2 percent volume growth and 1 percent net price increase. EBIT has been reduced due to an investment in circulation. Metro Holland confirms its position as second most read newspaper with 1.9 million daily readers (NOM 2007).

In Denmark, sales have decreased by 22 percent versus the same period last year due to stiff competition which has reduced readership and prices. Consequently, operating margins have declined. Margins are also down due to investments in distribution to increase readership. The 24 Timer acquisition will generate synergies from Q308 onwards.

Hungary was weak in May but this was in comparison to a very strong May 2007 due to the national elections last year. Due to the competitive environment and a general slow down in the Hungarian economy, sales in Metro Hungary have fallen by 6 percent in Q2 2008 versus the same period last year but in June sales increased by 8 percent partly due to supplements such as the European Championship magazine. Margins have declined slightly versus Q2 last year but remain positive. Metro is the second most read newspaper in Hungary with 656,000 daily readers (6 months to March 2008). In September 2008, Metro Hungary will be celebrating its 10 year anniversary.

Performance in Holland and Hungary is good but Denmark continues to suffer from strong competition. The 24 Timer acquisition is expected to improve this situation.

## Southern Europe

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	28,568	29,586	52,515	54,380
EBIT	53	893	(3,015)	(1,101)
EBIT %	0%	3%	-6%	-2%
Number of Editions	33	33	33	33

**Note:** Excludes Online

Southern Europe comprises the Group's operations in France, Spain, Italy, Greece and Portugal.

The region saw sales decline in Q2 by 3 percent due to lower sales in Spain and Portugal. The region's operating margin has declined as a result. Excluding Spain, the performance of the region is good with an acceptable margin. Italy, Greece and France have all improved their margins over 2007.

Spain's sales were 13 percent lower than Q2 2007 and there is an EBIT drop of EUR 1.3 million for the quarter year-on-year due to a weakening economy that is having a major impact on the advertising market. A strong cost saving plan is under implementation and the cost base for Q2 is in line with last year despite investments in editorial quality, full color pages, distribution and the Real Madrid sponsorship deal.

Portugal's sales declined by 13 percent in the second quarter year-on-year. The cost base versus 2007 has been maintained so the revenue drop has fed through to a lower EBIT. A cost saving plan is being implemented. Advertisers seem to be focusing on television and outdoor although even these segments are facing a difficult time. Metro is the second largest newspaper by circulation in the free press but the first in terms of readership.

France's sales growth was 1 percent in Q2 2008 year-on-year. May was a weak month but was compensated by good sales growth in April and June. Cost reductions have delivered an improvement in EBIT of EUR 0.4 million for the quarter year-on-year. France's Metro is the most-read Metro in the world with 2.3 million daily readers.

Metro Greece delivered sales growth of 8 percent in Q2 and similar EBIT performance to 2007 with a good margin. Metro is the second most read daily newspaper in Greece with 250,000 daily readers.

Italy's sales remained flat for the second quarter. However cost savings have improved EBIT by EUR 0.3 million. According to the latest Audipress figures published in February 2008, the readership of Metro in Italy increased by 12 percent year-on-year to 1.8 million daily readers, driven by a new distribution strategy.

#### United States

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	5,697	7,238	11,146	13,866
EBIT	(755)	(1,529)	(2,760)	(3,791)
EBIT %	-13%	-21%	-25%	-27%
Number of Editions	3	3	3	3

Real sales were down 5 percent in Q2 2008 after excluding the 16 percent FX impact from the depreciating US dollar. This is disappointing but a better performance than many of our US newspaper competitors.

Real sales in Q2 2008 were down 18 percent and 13 percent in Philadelphia and Boston respectively, countered by 1 percent growth in New York. The credit crunch in the US continues to have an adverse effect on advertising revenues. The loss of confidence in the real estate sector has also had an impact on the sales for Metro US sales in the quarter versus last year. EBIT has improved in the US by EUR 0.7 million compared to the same period in 2007 due to the continuing cost reduction measures being implemented across the three operating businesses. Boston made a monthly profit in April. The US cost base has been reduced by 27 percent compared to Q2 2007.

According to latest official readership figures, Metro is now the most-read free newspaper in New York City (Scarborough 2008 R1). The US editions together reach more than 1.2 million readers per day.

## Rest of World

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	7,089	6,811	13,944	13,886
EBIT	859	955	2,197	2,269
EBIT %	12%	14%	16%	16%
Number of Editions	2	2	2	2

**Note:** Excludes Online

The Rest of World segment comprises the operations in Chile and Hong Kong. The Hong Kong dollar has depreciated 16 percent against the EUR. In real terms the Rest of World group has increased sales by 17 percent year-on-year for Q2.

Chile's sales and EBIT in Q2 2008 have grown by 26 percent and 57 percent respectively. June sales were very strong. The EBIT improvement is due to lower print and paper costs and lower distribution costs from using fewer hand distributors. In Chile, Publimetro is the third most read newspaper in Santiago with 358,000 daily readers (KMR Feb-May 08). In May 2008, Publimetro purchased a 35 percent equity interest in SUBTV including an option to acquire the remaining 65 percent. SUBTV is a successful television business delivering news, entertainment and advertising to subway commuters through screens in stations and in train carriages. SUBTV delivered positive EBIT margins for Metro in Q2 2008. Synergies between Publimetro's publishing business and SUBTV's television business exist and are in the course of being realized.

Hong Kong's real sales have increased by 13 percent. Margin has been maintained in double figures. Metro Hong Kong's readership is up 6 percent year-on-year according to the latest Synovate Media Atlas (2008). MetroPop's sales grew with 81 percent in Q2 2008 compared to Q2 2007 and it delivered in the quarter its first quarterly EBIT profit. In March 2008, Metro Hong Kong launched MetroBox, a quality fashion magazine in partnership with E-Media, a media company with deep extensive experience in the fashion industry. E-media holds a 35 percent equity investment in the JV. MetroBox has been very well received among readers and is steadily winning expectance among advertisers.

## Franchise Fees

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Franchise Fees	647	653	1,133	1,231

Franchise fees are receivable from the Group's franchisees in South Korea, St Petersburg (Russia). The JV operations in Mexico, Brazil, Finland and Croatia also pay franchise fees. Franchise income has remained flat at EUR 0.6 million.

## Joint Ventures (Metro's share)

€ 000s	Q2 2008	Q2 2007	H1 2008	H1 2007
Net Sales	1,284	1,489	2,993	2,548
EBIT	(95)	133	261	11
EBIT %	-7%	9%	9%	0.4%
Number of Editions	13	10	26	20

The figures above are Metro's share of the JV operations that are included in our consolidated results. Net sales relate mainly to the Canadian sales companies for Toronto and Montreal in which we have a majority stake as well royalty income from the Metro JV companies.

The JV contribution is negative in the second quarter due to the launch of the new Halifax edition in Canada. Mexico and Brazil's profit contribution has increased by EUR 0.7 million over Q2 2007.

**JV Gross Sales (100%)**

€ 000s	Q2	Q2	H1	H1
	2008	2007	2008	2007
Canada	11,743	10,522	21,344	18,916
Korea	5,250	4,671	10,255	11,409
Brazil	2,076	1,396	3,297	1,396
Mexico	1,578	852	2,658	1,377
Czech Republic	2,935	2,274	4,997	4,087
<b>TOTAL</b>	<b>23,582</b>	<b>19,715</b>	<b>42,551</b>	<b>37,185</b>

Note: 2007 Figures for Czech republic are the results for the company as a subsidiary.

Metro owns minority equity positions in joint venture operations in Seoul (South Korea), Brazil, Mexico, Czech Republic and also holds 25 percent equity stakes in the entities that publish Metro Toronto, Vancouver, Ottawa, Montreal, Calgary, Edmonton and Halifax. Metro has an overall financial interest of 50 percent in all of the Canadian Metro operations.

Metro Canada's sales increased year-on-year in Q2 by 12 percent percent. However, Metro's profit share from the Canadian operations declined while the new start-ups in Edmonton, Calgary and Halifax invest in readership.

Metro's 29.99 percent joint venture in Seoul delivered an EBIT profit in Q2 2008 close to the performance in 2007. Sales increased by 12 percent year-on-year.

The Mexican joint venture was launched in May 2006, and Metro increased its stake from 35 percent to 49 percent in May 2008 – the maximum permitted foreign ownership share. Publimetro is the largest newspaper by circulation in Mexico City, the world's second largest city by population. The new edition has almost doubled sales year-on-year in Q2 2008. This delivered a gross EBIT improvement of EUR 0.4 million versus Q2 2007.

A new edition of Metro was launched in Sao Paulo, Brazil, on 7th May 2007. Metro International has a 29.99 percent interest in the joint venture operation and accounts for its interest in the company as an equity participation. Brazil has delivered a Q2 profit in only its 5<sup>th</sup> quarter of operation.

On 7<sup>th</sup> April Metro in the Czech Republic was merged with Metropolitni Expres and relaunched in a half-berliner format with a circulation increase to 350,000. Readership is expected to benefit from this new market situation. The inclusion of the JV in Czech brings down the JV contribution by EUR 0.1 million.

The Group's total share in the pre-tax earnings of these associated companies was a loss of EUR 0.1 million in the second quarter (2007: profit of EUR 0.1 million).

**Online**  
€ 000s

	Q2 2008	Q2 2007	H1 2008	H1 2007
Website	(888)	(581)	(1,535)	(917)
Central Team	(341)	(371)	(773)	(814)
<b>Total</b>	<b>(1,229)</b>	<b>(952)</b>	<b>(2,308)</b>	<b>(1,731)</b>

**Capital Expenditure**

Capital Expenditure	311	544	519	758
Charged Out	485	0	485	0
<b>Net</b>	<b>(174)</b>	<b>544</b>	<b>34</b>	<b>758</b>

On 23<sup>rd</sup> June the new global concept website was launched in Spain. This follows the launch of the French website in late March 2008. Further launches await the results of these two websites.

The new website in France (www.metrofrance.com) has grown steadily both in terms of audience and usage, with monthly unique visitors up 38 percent on average since the March 18<sup>th</sup> 2008 launch. A strengthened commercial team in France using a new, global advertisement serving platform have helped to increase online revenues up by 234 percent over the first five months of 2008 as compared with 2007.

The same online proposition was launched in Spain on the 24th of June (www.diariometro.es). Early indications are that the site has been well-received in the Spanish market. Monthly unique visitors have increased by 24 percent since launch and the site has experienced considerable uplift from increased search engine exposure.

The net result in the second quarter of Metro's existing seven websites – Sweden, Holland, Denmark, Hungary, Chile, France and Spain – was a loss of EUR 0.9 million (a EUR 1.5 million loss for the first half year). This is an increase of EUR 0.3 million over Q2 2007, mainly due to the launch of the French website. The cost of the central development team was EUR 0.4 million for the quarter (EUR 0.8 million for the first half year). Capital investment for development now stands at EUR 2.6 million with EUR 0.5 million invested from January to June 2008. EUR 0.5 million has been recharged to France and Spain on the launch of their new websites.

**Other activities**  
€ 000s

	Q2 2008	Q2 2007	H1 2008	H1 2007
Revenue	685	858	1,555	1,292
Costs	(1,171)	(878)	(2,454)	(1,813)
<b>NET</b>	<b>(486)</b>	<b>(20)</b>	<b>(899)</b>	<b>(521)</b>

Other activities include Global Sales, Logistics, Metro World News and Metro Life Panel.

Other costs have increased due to a lower paper bonus arising from a drop in paper usage and higher Global Sales headcount.

**HQ**  
**€ 000s**

	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>H1 2008</b>	<b>H1 2007</b>
Costs	<u>(3,604)</u>	<u>(3,443)</u>	<u>(8,173)</u>	<u>(8,215)</u>
<b>NET</b>	<b><u>(3,604)</u></b>	<b><u>(3,443)</u></b>	<b><u>(8,173)</u></b>	<b><u>(8,215)</u></b>

Headquarter costs comprise group senior management and central administration functions; the global advertising research and marketing teams; global IT support and management, and the costs associated with the Group's long-term incentive plans (LTIPs).

Core HQ costs have remained flat compared to 2007.

In July 2008 headcount reductions of 14 percent were announced in the HQ and Other activities structure.

## **FINANCIAL REVIEW**

### **Cash Flow**

In the six months to June 2008, cash and cash equivalents have decreased by EUR 1.1 million to EUR 22.0 million. Cash flow used by operations for the six months amounted to EUR 6.5 million (2007: used EUR 2.1 million). Working capital over the six months has increased by EUR 4.2 million.

Group capital expenditure on tangible fixed assets amounted to EUR 1.3 million for the six months (2007: EUR 2.7 million) and was equivalent to 1 percent of group sales, whilst depreciation charges totalled EUR 1.3 million (2007: EUR 1.2 million).

### **Group Net Debt and Financing Items**

Group net debt amounted to EUR 33.1 million at the end of the six months, compared to EUR 27.2 million as at 31 December 2007, and comprised cash and cash equivalents of EUR 22.0 million, the EUR 48.4 million (net of prepaid finance charges) drawn under the Group's multi-currency revolving credit facility, EUR 5.2 million of loans payable to minority shareholders and other short-term bank loans totalling EUR 1.5 million.

Net financial costs were EUR 3.3 million (2007: EUR 1.0 million) in the six months, and comprised EUR 0.3 million (2007: EUR 0.3 million) of interest income on the Group's cash balances and loans outstanding with associated companies, EUR 1.8 million (2007: EUR 1.3 million) interest payable on the Group's credit facility and other borrowings; prepaid credit facility fees relating to the former bank facility EUR 1.0 million (2007: EUR 0.1 million); foreign exchange differences on the conversion of the bank loan from USD to Euros EUR 0.8 million (2007: EUR 0.2 million) that must go through the P&L under IFRS. The last two items are non-cash items.

On 16<sup>th</sup> April Metro agreed a new bank facility with a consortium of banks consisting of Nordea, Handelsbanken and Calyon. The new EUR 50 million facility replaces the previous USD 90 facility and is to be repaid by April 2011. All of the bank facility has been drawn down.

The liquidity situation is being monitored carefully under the terms of the bank facility, particularly in light of the uncertain advertisement outlook in certain regions. Cost-saving programmes are being implemented in several of our operations to increase our flexibility to respond to the uncertain conditions.

### **Net Tax Charges and Utilization of Deferred Tax Assets**

The Group reported a EUR 0.2 million net current tax charge in Q2 2008 (Q2 2007: charge of EUR 0.5 million). Deferred tax charge was nil in Q2 2008 (Q2 2007: charge of EUR 1.5 million). The Group reported deferred tax assets of EUR 13.8 million (2007: EUR 11.5 million).

### **Minority Interests**

The net result for the quarter attributable to minority shareholders in the Group's subsidiaries in France, Denmark, Boston and Portugal was a loss of EUR 1.4 million (Q2 2007: loss of EUR 0.2 million).

### **Shares Outstanding**

The total number of issued and outstanding shares at 30<sup>th</sup> June 2008 was 527,520,189.

## **CONFERENCE CALL**

The company will host a conference call today at 10.00 A.M. (CET). The call will also be webcast on Metro's website at [www.metro.lu](http://www.metro.lu). To participate in the conference call, please dial in on the following numbers:

Sweden	Tel: +46 (0)8 505 598 53
UK / International	Tel: +44 (0)20 3043 2436
US free phone number	Tel: +1 866 458 40 87

A replay facility will be available shortly after the conclusion of the call at [www.metro.lu](http://www.metro.lu)

## **DATE OF NEXT REPORT**

Metro's financial results for the third quarter and nine months ended 30 September 2008 will be published on 20<sup>th</sup> October 2008.

Metro's 2008 annual report will be published in early May 2009 and will be on Metro's website at [www.metro.lu](http://www.metro.lu)

### **ANNUAL GENERAL MEETING 2009**

The 2009 Annual General Meeting will be held on 26<sup>th</sup> May 2009 in Luxembourg. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to The Company Secretary, Metro International S.A., 11 Boulevard Royal, L-2249 Luxembourg, Luxembourg at least seven weeks before the Annual General Meeting in order to guarantee that the proposal may be included in the notice to the meeting.

Further details on how and when to register will be published in advance of the Annual General Meeting.

It is expected that no dividend will be recommended at the AGM.

## **AUDIT STATEMENT**

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

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## **DIRECTORS' STATEMENT**

The Board of Directors declare, to the best of our knowledge, that the condensed set of interim financial statements which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of Metro International SA, or undertakings including in the consolidation as a whole as required under Art.4 §3 of the Transparency Law, and that the interim management report includes a fair review of the information required under Art. §4 of the Transparency Law.

The Board of Directors  
Metro International S.A.

Luxembourg, 21 July 2008.

11 Boulevard Royal  
L-2449, Luxembourg  
Registration no: B73790

**For further information, please visit [www.metro.lu](http://www.metro.lu) or contact:**

Per Mikael Jensen, CEO and President	tel: +44 (0)20 7016 1300
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Ingrid Seldén, IR contact	tel: +44 (0)7725 245 881

## **ABOUT METRO INTERNATIONAL AND METRO**

*Metro is the largest international newspaper in the world. Metro is published in over 150 major cities in 21 countries across Europe, North & South America and Asia. Metro has a unique global reach - attracting a young, active, well-educated Metropolitan audience of over 20 million daily readers. Metro's advertising sales have grown at a compound annual rate of 38 percent since the launch of the first edition in 1995.*

*Metro International 'A' and 'B' shares are listed on the OMX Nordic Exchange's Nordic List under the symbols MTRO SBD A and MTRO SBD B.*

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM INCOME STATEMENT**  
(€ 000s)

	Q2 2008	Q2 2007	H1 2008	H1 2007
<b>Net Sales</b>	<b>81,508</b>	89,162	<b>154,929</b>	167,336
Cost of production	<b>(48,684)</b>	(50,833)	<b>(95,269)</b>	(102,624)
<b>Gross income</b>	<b>32,824</b>	38,329	<b>59,660</b>	64,712
Selling expenses	<b>(18,689)</b>	(20,597)	<b>(36,653)</b>	(38,787)
Administrative and development expenses	<b>(13,421)</b>	(14,063)	<b>(27,783)</b>	(30,573)
Share of earnings in associated companies	<b>(81)</b>	(88)	<b>(168)</b>	(564)
<b>Operating profit/(loss)</b>	<b>633</b>	3,581	<b>(4,944)</b>	(5,212)
Profit from sale of shares in subsidiary	<b>137</b>	-	<b>137</b>	-
Financial items, net	<b>(2,510)</b>	(676)	<b>(3,332)</b>	(1,312)
<b>Profit/(loss) after financial items and before income tax</b>	<b>(1,740)</b>	2,905	<b>(8,139)</b>	(6,524)
Current tax	<b>(216)</b>	(466)	<b>(258)</b>	(1,197)
Deferred tax	<b>0</b>	(1,452)	<b>56</b>	(2,051)
<b>Net result</b>	<b>(1,956)</b>	987	<b>(8,341)</b>	(9,772)
<b>Attributable to:</b>				
Equity holders of the parent	<b>(1,899)</b>	772	<b>(7,456)</b>	(9,196)
Minority interest	<b>(57)</b>	215	<b>(885)</b>	(576)
<b>Net result</b>	<b>(1,956)</b>	987	<b>(8,341)</b>	(9,772)
Basic and diluted earnings/(loss) per share	<b>(0.0037)</b>	0.0019	<b>(0.02)</b>	(0.02)
Weighted average number of shares outstanding	<b>527,520,189</b>	527,296,944	<b>527,520,189</b>	527,296,944

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSES**  
(€ 000s)

	H1 2008	H1 2007
Foreign exchange translation differences	4,157	(1,824)
Other recognised income and expenses recognised in the income statement	4,157	(1,824)
Net result for the period	<b>(8,341)</b>	<b>(9,978)</b>
<b>Total recognised income and expenses</b>	<b>(4,184)</b>	<b>(11,802)</b>
<b>Attributable to:</b>		
Equity holders of the parent	(3,693)	(11,396)
Minority interest	(491)	(407)
<b>Total recognised income and expenses</b>	<b>(4,184)</b>	<b>(11,802)</b>

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM BALANCE SHEET**  
(€ 000s)

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 December 2007</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Trademarks and Licenses	5,184	1,128	1,104
Capitalised development Costs	3,251	2,392	4,314
Goodwill	11,349	11,723	10,899
	<u>19,784</u>	<u>15,243</u>	<u>16,317</u>
<i>Property, plant and equipment</i>			
Machinery and equipment	7,305	5,867	5,890
<i>Financial assets</i>			
Shares in associated companies	3,368	5,183	2,075
Other investments	239	177	163
Receivables from associated companies	9,440	5,638	6,718
Long-term receivables	4,847	3,171	4,649
	<u>17,894</u>	<u>14,169</u>	<u>13,605</u>
<i>Deferred tax assets</i>			
Deferred tax assets	13,781	11,524	13,464
<b>Total non-current assets</b>	<u><b>58,764</b></u>	<u><b>46,803</b></u>	<u><b>49,276</b></u>
<b>Current assets</b>			
Accounts receivable	57,493	65,782	67,495
Other current receivables	8,401	8,526	8,083
Prepaid expenses and accrued income	6,463	5,600	5,625
Cash and cash equivalents	22,023	16,684	23,157
<b>Total current assets</b>	<u><b>94,380</b></u>	<u><b>96,592</b></u>	<u><b>104,360</b></u>
<b>TOTAL ASSETS</b>	<u><b>153,144</b></u>	<u><b>143,395</b></u>	<u><b>153,636</b></u>

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM BALANCE SHEET**  
(€ 000s)

	<u>30 June</u> <u>2008</u>	<u>30 June</u> <u>2007</u>	<u>31 December</u> <u>2007</u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the Equity Holders of the Parent (5)	10,912	21,074	12,331
Minority Interest	893	(776)	(801)
<b>TOTAL EQUITY</b>	<u>11,805</u>	<u>20,298</u>	<u>11,530</u>
<b>Non-current liabilities</b>			
Liability to minority partner	5,166	4,260	4,566
Provisions	11,384	(976)	8,227
Long-term bank loans	52,665	34,898	43,360
<b>Total non-current liabilities</b>	<u>69,215</u>	<u>38,182</u>	<u>56,153</u>
<b>Current liabilities</b>			
Short-term bank loans	1,547	31	2,352
Accounts payable	25,991	34,779	34,049
Other liabilities	12,584	19,474	15,776
Accrued expenses and deferred income	32,003	30,631	33,776
	<u>72,125</u>	<u>84,915</u>	<u>85,953</u>
<b>TOTAL LIABILITIES</b>	<u>141,339</u>	<u>123,097</u>	<u>142,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>153,144</u>	<u>143,395</u>	<u>153,636</u>

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**  
(€ 000s)

	<b>Period ended</b> <b>30 June</b> <b>2008</b>	<b>Period ended</b> <b>30 June</b> <b>2007</b>
<b>Operating activities</b>		
Profit/(loss) before income tax	(8,138)	(6,524)
<b>Adjustments for:</b>		
Depreciation and amortisation	1,285	1,174
Other non-cash items	450	380
Financial items, net	3,914	1,312
Share of earnings in associated companies	168	564
<b>Changes in working capital:</b>		
Change in current receivables	8,845	(400)
Change in current liabilities	(13,023)	1,426
<b>Working Capital (increase)/decrease</b>	<b>(4,178)</b>	<b>1,026</b>
<b>Cash flow contributed/(used) by operations</b>	<b>(6,499)</b>	<b>(2,068)</b>
Interest paid, net	(1,307)	(987)
Income tax paid	(35)	(265)
<b>Net cash contributed/(used) by operations</b>	<b>(7,841)</b>	<b>(3,320)</b>
<b>Investment activities</b>		
Investment in associated company shares	(573)	(1,980)
(Increase)/decrease in long-term receivables	2,532	(855)
Investment in property, plant and equipment	(1,250)	(2,662)
<b>Net cash flow contributed/(used) in investing activities</b>	<b>709</b>	<b>(5,497)</b>

**METRO INTERNATIONAL S.A.**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOW**  
(€ 000s)

	Period ended 30 June 2008	Period ended 30 June 2007
<b>Financing activities</b>		
Loan from minority partner	(150)	-
Loans to joint ventures	-	-
Capital increase	-	-
Partner contribution of Danish business	3,554	-
Bank loans	4,953	267
<b>Net cash flow contributed/(used) in financing activities</b>	<b>8,357</b>	<b>267</b>
Net increase/(decrease) in cash and cash equivalents	1,225	(8,644)
Cash and cash equivalents at beginning of period	23,157	24,921
Currency effects on cash	(2,359)	407
<b>Cash and cash equivalents at end of year</b>	<b>22,023</b>	<b>16,684</b>

**METRO INTERNATIONAL S.A.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**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., its subsidiaries (the "Company"), together with its associates, franchise editions and share investments publish free-of-charge newspapers, Monday through Friday and in some cases also on Saturday. As at 31 December 2007, 72 editions of Metro newspapers were distributed in 21 countries. Metro newspapers were distributed on national or "main-cities" level in Sweden, Denmark, The Netherlands, France, Italy, Spain, Portugal, Greece, Hungary, Czech Republic, Croatia, Canada, Chile and Hong Kong; Metro newspapers were also distributed in Helsinki and surroundings (Finland), St Petersburg (Russia), Dublin (Ireland), Sao Paulo (Brazil), Mexico City (Mexico), New York, Boston, Philadelphia, Seoul and Pusan (South Korea).

Metro's distribution includes: Amsterdam, Athens, Barcelona, Boston, Budapest, Calgary, Copenhagen, Edmonton, Gothenburg, Helsinki, Hong Kong, Lisbon, Madrid, Malmo, Mexico City, Milan, Montreal, New York, Paris, Philadelphia, Prague, Rome, Santiago, Sao Paulo, Seoul, Seville, Stockholm, St Petersburg, Toronto, Vancouver and Zagreb.

Metro mainly derives its revenues from advertising sales.

The Company is domiciled in Luxembourg.

**Note 2**

**Accounting and valuation policies**

Metro's accounting policies are in accordance with IFRS (International Financial Reporting Standards) as endorsed by the EU and are the same as in the consolidated financial statements for the year ended 31 December 2007.

**Note 3**

**Seasonality of operations**

The Group's operations are subject to seasonal fluctuations as advertising clients generally reduce advertising activity during the summer holiday period, particularly in Northern and Southern Europe. The group attempts to minimize the impact of this by reducing the number of editions published during the period.

**Note 4**

**Segment Reporting**

The segment reporting is based on geographic areas for subsidiary newspaper operations – Sweden, Northern Europe, Southern Europe, US, and Rest of World. Other reporting segments are Equity Participants, Other Businesses and Headquarters.

Northern Europe comprises operations in Holland, Denmark, Hungary and the Czech Republic.

Southern Europe comprises operations in France, Spain, Italy Greece and Portugal.

Rest of World comprises operations in Chile and Hong Kong.

Other includes equity participations in associated company operations in Canada, South Korea, Brazil and Mexico, various Online services businesses and the income from franchise operations in St Petersburg, South Korea, Finland, Croatia and the Canary Islands.

Metro does not own the editions published in Alicante, Valencia and Castilla La Mancha but reports a share of the national advertising sales.

Metro owns the majority of the sales companies in Toronto and Montreal and 25 percent of the publishing entities. Metro therefore accounts for the sales companies as subsidiaries and the publishing entities as associated companies. Metro also owns 25 percent of the equity of the Vancouver and Ottawa joint venture and therefore accounts for these operations as associates. Metro, through royalty agreements, holds a 50 percent financial interest in the Toronto, Edmonton, Calgary, Montreal and Halifax joint ventures and a 50 percent financial interest in the joint venture publishing the editions in Vancouver and Ottawa.

**METRO INTERNATIONAL S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Segment Reporting - Net Sales (External)**

<b>2008</b> <b>(€ 000s)</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>H1 2008</b>
Sweden	17,511	19,273	36,784
Nothern Europe	16,491	18,072	34,563
Southern Europe	23,947	28,568	52,515
USA	5,449	5,697	11,146
Rest of World	6,855	7,089	13,944
Web	103	193	296
Joint Ventures	1,709	1,284	2,993
Franchise Income	486	647	1,133
Other activities	870	685	1,555
HQ		-	0
<b>TOTAL</b>	<b>73,421</b>	<b>81,508</b>	<b>154,929</b>

<b>2007</b> <b>(€ 000s)</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>H1 2007</b>
Sweden	18,989	20,075	39,064
Nothern Europe	18,545	22,398	40,943
Southern Europe	24,794	29,586	54,380
USA	6,628	7,238	13,866
Rest of World	7,075	6,811	13,886
Web	73	57	130
Joint Ventures	1,059	1,489	2,548
Franchise Fee	578	650	1,228
Other activities	434	858	1,292
HQ			
<b>TOTAL</b>	<b>78,175</b>	<b>89,162</b>	<b>167,337</b>

There are no inter-segment sales.

Other activities includes Global Sales, Logistics, Metro World News and Metro Life Panel  
Country figures exclude Online and Web.

**METRO INTERNATIONAL S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Segment Reporting - Operating Profit/(loss) excluding sale of subsidiaries)**

**2008**

<b>(€ 000s)</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>H1 2008</b>
Sweden	1,468	2,702	<b>4,170</b>
Nothern Europe	1,909	2,541	<b>4,450</b>
Southern Europe	(3,068)	53	<b>(3,015)</b>
USA	(2,005)	(755)	<b>(2,760)</b>
Rest of World	1,338	859	<b>2,197</b>
Online	(1,079)	(1,229)	<b>(2,308)</b>
Joint Ventures	356	(95)	<b>261</b>
Franchise Fees	486	647	<b>1,133</b>
Other	(413)	(486)	<b>(899)</b>
HQ	(4,569)	(3,604)	<b>(8,173)</b>
Operating profit/(loss) from operations	<u>(5,577)</u>	<u>633</u>	<u><b>(4,944)</b></u>

**2007**

<b>(€ 000s)</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>H1 2007</b>
Sweden	(692)	2,947	<b>2,255</b>
Nothern Europe	438	3,944	<b>4,382</b>
Southern Europe	(1,994)	893	<b>(1,101)</b>
USA	(2,262)	(1,529)	<b>(3,791)</b>
Rest of World	1,314	955	<b>2,269</b>
Online	(779)	(952)	<b>(1,731)</b>
Joint Ventures	(122)	133	<b>11</b>
Franchise Fees	578	653	<b>1,231</b>
Other	(501)	(20)	<b>(521)</b>
HQ	(4,772)	(3,443)	<b>(8,215)</b>
Operating profit/(loss)	<u>(8,793)</u>	<u>3,581</u>	<u><b>(5,212)</b></u>

Other activities includes Global Sales, Logistics, Metro World News and Metro Life Panel

Country figures exclude Online and Web

**Note 5**

**Shareholders' equity**

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

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

The issued and outstanding share capital of the Company is USD 131,537,821 divided into 263,554,560 Metro class A Shares and 262,596,727 Metro class B Shares with no par value. Metro class A Shares carry one vote for every share while Metro class B Shares carry no votes. Dividends

may be paid in USD or in shares of the Company or otherwise as the Company's Board may determine in accordance with the provisions of the Luxembourg Companies Act. The holders of Metro class B Shares are entitled to the greater of a) a cumulative preferred dividend corresponding to 0.5 percent of the accounting par value of the Metro class B shares in the Company or b) 2 percent of the overall dividend distributions made in a given year. Any balance of dividends must be paid equally on each Metro class A and Metro class B Share.

<b>Total shareholders equity</b> (€ 000s)	<b>Equity holders of the parent</b>	<b>Minority interest</b>	<b>Total equity</b>
<b>Balance at 1 January 2007</b>	<b>29,816</b>	<b>(352)</b>	<b>29,464</b>
Total recognised income and expenses	(18,125)	(449)	<b>(18,573)</b>
Share option program of LTIP scheme	640	-	<b>640</b>
<b>Balance at 31 December 2007</b>	<b>12,331</b>	<b>(801)</b>	<b>11,530</b>
Total recognised income and expenses	(3,693)	(491)	<b>(4,185)</b>
Net Assets purchased in controlled entities	2,274	2,185	<b>4,459</b>
Share option program of LTIP scheme	-	-	-
<b>Balance at 30 June 2008</b>	<b>10,912</b>	<b>893</b>	<b>11,805</b>

## **Note 6**

### **Contingent Liabilities**

Metro Spain is party to a lawsuit from a third party sales agency for termination of a contract without notice and breach of the non-compete clause. Advice from legal counsel is that there is a possible exposure but it is not possible to quantify the risk.

## **Note 7**

### **Voluntary change of the Group's presentation currency from USD to EUR in 2008**

For reporting periods beginning on 1 January 2008 the presentation currency for the consolidated financial statements has been changed from US Dollars to Euro. The change is due to the fact that the majority of the Group's revenue streams, expenses, assets and liabilities are denominated in Euro. The comparative financial statements for 2007 have also been re-translated to the Euro. The change of presentation currency affects the allocation of net assets on different categories of equity including foreign exchange translation differences in equity.