

Icon Medialab International AB (publ.)
Report for the period January 1st until March 31st, 2004

STOCKHOLM, Sweden and AMSTERDAM, The Netherlands – April 29, 2004 – Icon Medialab International AB (Stockholm: ICON), the parent company of the e-business and IT services company IconMedialab and Lost Boys (the Company) today reported it's first quarter results. Sales in the first quarter were higher, for the third straight quarter, and operating results excluding any one-time items or items affecting comparability improved. However, the net results for the quarter were slightly lower than the previous quarter due primarily to further restructuring in The Netherlands in Q1. Highlights for the quarter were as follows:

- Net sales for the first quarter increased by 3% to SEK 124.2 million (EUR 13.4 mln) compared to the prior quarter and was lower by 2% compared to last year's first quarter sales of SEK 126.4 million (EUR 13.7 mln).
- Operating result (excluding restructuring charges and one-time items) further improved to SEK – 5.7 million (EUR – 0.6 mln) for the first quarter compared to SEK – 12.3 million (EUR 1.3 mln) for the prior quarter and to SEK – 6.6 million (EUR 0.7 mln) for the first quarter last year. This operating result was the best in a series of 9 quarters since 2001.
- Net result for the first quarter totaled SEK – 18.2 million (EUR - 2.0 mln), compared to SEK – 15.0 million (EUR – 1.6 mln) for the prior quarter and SEK – 5.2 million (EUR – 0.6 mln) for the first quarter last year. That quarter net result, however, was positively impacted by a one-time profit of SEK 7.5 million (EUR 0.8 mln).
- Earnings per share for the first quarter were SEK – 0.10 (EUR – 0.011) compared to SEK – 0.03 (EUR – 0.003) for the first quarter last year and to SEK – 0.40 (EUR – 0.043) for the full year 2003.
- Cash flow from current operations was positive for the second consecutive quarter and increased to SEK 1.9 million (EUR 200.000) compared to prior quarter of SEK 1.1 mln (EUR 120.000) and first quarter last year of SEK – 80.6 million (EUR – 8.7 mln).
- Financial position of the Company was strengthened due to a share issue (against cash) of SEK 43,7 million (EUR 4.7 mln) by the end of March. As of balance sheet date SEK 23.1 million (EUR 2.5 mln) was received in cash. These new funds improve the working capital position of the group and enable anticipated future growth of its business.
- Long-term debt was further reduced by SEK 23.2 million (EUR 2.5 mln) as a result of a debt to equity swap on March 31, in which 6.5 million shares were issued at SEK 3.58 per share to Red Valley Ltd. The remaining long-term indebtedness of the Company after the conversion amounts to SEK 90.5 million (EUR 9.8 mln). As a result of this debt conversion and new share issue, the debt/equity ratio improved to 1.0 by end of March 2004, compared to 2.3 by end of December 2003.

Overall for the Company, sales growth is increasing and the backlog of work and pipeline of new business activity for the Company is stronger than in any recent period. The sales level for the company is as high as it was at the end of 2002 and beginning of 2003 with fewer personnel and lower operating costs. Sales per consultant are at its highest level since 2001 and increasing every quarter. Clearly, increasing sales more rapidly is the primary objective in order to reach profitability. The cost of delivery in the Company is declining due to the increase in use of offshore resources, the increase in contractual recurring revenues and stronger project management and controls. On the other hand, as customer demand is increasing, the Company is narrowing its business development efforts to its existing blue chip customer base and pursuing higher value, higher margin activities.

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Another significant achievement in Q1 was the raising of approximately € 4.7 million of new capital and the further debt reduction of € 2.5 million in a debt-to-equity swap. In addition, the Company attracted new investors in the UK, US and The Netherlands. Management also demonstrated its confidence in the Company's growth by making a significant investment. The Company's cash position is the strongest since the beginning of 2002. The Company has maintained a positive cash flow from current operations for the past six months and should continue to strengthen as sales increase.

With a strong balance sheet and a solid cash position, the Company is actively pursuing acquisition opportunities in key markets. Both the Board of Directors as well as management in the company are committed to getting the Company to a sustainable, profit generating position as rapidly as possible.

Robert Pickering, CEO of the Company states, "All indications in the market and in our client base point to continued improved demand this year. Admittedly, the market has been sluggish and pricing pressures still impact our margins, but there is growth. We are confident that we have the financial strength, size and management to lead the turnaround in Europe".

Net Sales and Earnings

For the first quarter, net sales were higher by 3% from Q4 2003 and lower by 2% from the prior year to SEK 124.2 million. The operating results excluding items affecting comparability for the quarter improved to SEK – 5.7 million compared to SEK – 12.3 million for the prior quarter and SEK – 6.6 million for the first quarter last year.

The following table illustrates trends in quarterly performance from first quarter 2002 and onwards.

SEK in millions	2004	2003				2002			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	124.2	120.5	115.4	119.3	126.4	124.5	135.1	169.3	224.1
<i>Growth % from same Q prior year</i>	-2%	-3%	-15%	-30%	-44%	-40%	-42%	-47%	-48%
<i>Growth % sequential Q</i>	3%	4%	-3%	-6%	2%	-8%	-20%	-24%	8%
Operating result	-14.8	-14.5	-14.6	-30.9	-3.5	-2.6	-87.0	-129.1	-208.3
Goodwill amortization and write downs	-4.8	-5.0	-4.6	-4.6	-4.3	-4.8	-29.9	-8.5	-16.6
Provision for social security fees on employee stock options	-0.5	0.0	0.0	-0.1	-0.1	-	-	-	-
Operating earnings*	-9.5	-9.5	-10.0	-26.2	0.9	2.2	-57.1	-120.6	-191.7
<i>Operating margin*</i>	-8%	-8%	-9%	-22%	1%	2%	-42%	-71%	-86%
Items affecting comparability**	-0.9	4.3	2.9	-1.3	7.5	27.3	-14.1	-38.9	-
restructuring charges	-2.9	-1.5	-2.0	-0.4	-	-5.5	-	-	-89.5
Operating result excluding items affecting comparability**	-5.7	-12.3	-10.9	-24.5	-6.6	-19.6	-43.0	-81.7	-102.2
<i>Adjusted operating margin</i>	-5%	-10%	-9%	-21%	-5%	-16%	-32%	-48%	-46%
Net result	-18.2	-15.0	-13.0	-33.0	-5.2	6.5	-88.8	-143.1	-215.5

* Prior to goodwill amortization, write-downs and provision for social security fees on employee stock options.

** Items affecting comparability include result on discontinued operations. The 2002 figure also included damage income and result on sale of real estate.

Continued and Discontinued Operations

At the beginning of the quarter the Group discontinued its operations in Switzerland (Icon Medialab Switzerland in Gland and its holding Icon Medialab Boathouse AG in Zug). The impact of this deconsolidation to the group's profit & loss was not material. Our Continued operations now include the businesses in the seven countries where we are currently present: Sweden (parent company), The Netherlands, Germany, Spain, Italy, UK and the US

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Distribution of Net Sales and Operating Result

From the first quarter net sales of SEK 124.2 million, Europe (excluding the parent company) generated SEK 95.3 million (77%). From the first quarter operating loss of SEK 14.8 million, Europe (excluding the parent company) contributed a loss of SEK 9.0 million. This loss is impacted by the fact that Europe includes the costs of the headquarter functions located in Amsterdam.

Financial Position

As of March 31, 2004, shareholders' equity for the Group totaled SEK 96.2 million, compared to SEK 45.1 million on December 31, 2003.

Liquid assets on March 31, 2004 totaled SEK 61.6 million, compared to SEK 47.4 million as of December 31, 2003.

Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 0.10 for the quarter compared to a loss of SEK 0.03 for the same period 2003. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 0.46 compared to SEK 0.30 at March 31, 2003.

The parent company had 210,154,554 outstanding shares as of March 31, 2004. On a fully diluted basis, including all outstanding options, the maximum number of shares was 228,819,445 as of that date.

Parent Company

The parent company recorded net sales, including management fees, of SEK 0.8 million for the first quarter. As of March 31, 2004, the parent company recorded liquid assets of SEK 24.3 million. The equity of the parent company totaled SEK 189 million per end of March, compared to SEK 122.8 million as of end of December 2003.

Forthcoming Reports

The company will announce its second quarter 2004 results on July 29, 2004.

Income Statement, Balance Sheet, Cash Flow Analysis and Key Ratios

Summary Consolidated Income Statement

SEK in thousands	Jan-Mar 2004	Jan-Mar 2003	Jan-Dec 2003
Net sales	124 188	126 384	481 569
Cost of sales*	- 100 404	- 95 923	- 397 524
Gross margin	23 784	30 461	84 045
Sales costs	- 8 943	- 10 878	- 45 005
Administrative costs	- 28 755	- 33 885	- 121 575
Other operating income	30	10 835	19 635
Other operating expenses	- 901	-	- 576
Operating result	- 14 785	- 3 467	- 63 476
Equity in loss/earnings of assoc. co's.	-	0	3 045
Net financial items	- 3 661	- 3 617	- 8 066
Loss after financial items	- 18 446	- 7 084	- 68 497
Income taxes	248	1 837	2 205
Minority interest	0	0	0
Net result for the period	- 18 198	- 5 247	- 66 292
Earnings per share (SEK)	-0,10	-0,03	-0,40
Average number of shares	189 300 672	161 572 539	164 738 491

* *Cost of sales includes personnel costs, consultants, other direct costs and a portion of overhead in the form of office space, equipment expenses and depreciation.*

Summary Consolidated Balance Sheet

SEK in thousands	March 31, 2004	March 31, 2003	Dec 31, 2003
Assets			
Intangible fixed assets	4 582	6 444	5 055
Goodwill	56 390	66 556	59 903
Tangible fixed assets	30 992	48 847	31 021
Financial fixed assets	4 520	4 905	4 345
Total fixed assets	96 484	126 752	100 324
Accounts receivable, trade	105 556	113 352	107 704
Other current assets	40 107	71 534	38 290
Share issue subscribed not yet paid	20 537	-	-
Cash and bank, sh.-term inv's	61 619	42 464	47 351
Total current assets	227 819	227 350	193 345
Total assets	324 303	354 102	293 669
Shareholders' equity & liabilities			
Restricted equity	484 139	702 874	404 049
Loss carried forward	- 369 695	- 650 894	- 292 667
Net result for the period	- 18 198	- 5 247	- 66 292
Total shareholders' equity	96 246	46 733	45 090
Minority interest	0	0	0
Total provision	26 682	37 842	29 310
Long-term loans from shareholders	51 910	73 654	69 147
Other long-term loans	38 595	44 775	28 315
Debenture	2	-	-
Short-term loans from shareholders	-	9 230	-
Customer advances	862	8 371	3 476
Other current liabilities	110 006	133 497	118 331
Total liabilities	201 375	269 527	219 269
Total Shareholders' equity and liabilities	324 303	354 102	293 669

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Consolidated Cash Flow Analysis

SEK in thousands	Jan-Mar 2004	Jan-Mar 2003	Jan-Dec 2003
Current operations			
Net result for the period	-18 198	-5 247	-66 292
Adjustments for items not incl in cash flow			
Depreciations and write-downs	8 392	9 820	48 772
Non-cash financial items	1 094	1 214	1 837
Taxes	- 248	-1 837	-2 205
Other non-cash items	704	-15 083	-30 606
Cash flow from current operations before changes in working capital	-8 256	-11 133	-48 494
Changes in working capital	10 123	-29 430	-32 155
Cash flow from current operations	1 867	-40 563	-80 649
Investment activities			
	-5 103	-2 247	-7 446
Financing activities			
Issuance of common stock for cash	23 122	-	33
Net borrowing/repayment of debt	-6 686	21 259	73 570
Cash flow from financing activities	16 436	21 259	73 603
Change in cash and cash equivalent	13 200	-21 551	-14 492
Cash and cash equivalent, opening balance	47 351	64 296	64 296
Translation rate differences on cash and cash equivalent	1 068	- 281	-2 453
Cash and cash equivalent, end of period	61 619	42 464	47 351

* *Investing and financing transactions that do not require the use of cash are excluded from the cash flow analysis.*

Shareholders' Equity

SEK in thousands	Jan – Mar 2004	Jan – Mar 2003	Jan – Dec 2003
Opening balance shareholders' equity	45 090	53 155	53 155
Issuance of new stock etcetera	66 839	-	64 612
Net currency translation difference	2 515	-1 175	-6 385
Net result for the period	-18 198	-5 247	-66 292
Closing balance shareholders' equity	96 246	46 733	45 090

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Key ratio's	Jan-Mar 2004	Jan-Mar 2003	Jan-Dec 2003
Equity/assets ratio	29.7%	13.2%	15.4%
Debt/equity ratio	1.01	2.74	2.32
Liquid ratio, %	205%	150%	159%
Gross margin, %	-12%	-3%	-13%
Profit margin %	-15%	-6%	-14%
EBITDA (SEK thousand)	-6,393	6,353	-14,704
EBITA (SEK thousand)	-9,986	890	-44,975
EBIT (SEK thousand)	-14,785	-3,467	-63,476
EBITDA (% of sales)	-5%	5%	-3%
EBITA (% of sales)	-8%	1%	-9%
EBIT (% of sales)	-12%	-3%	-13%

Key ratio's per employee

Number of employees at end of period	567	596	559
Average number of employees for the period	563	624	595
Sales per employee, SEK thousand	827	810	810
Sales per consultant, SEK thousand	1,045	1,035	1,029

Share data

Number of shares (incl. not registered)	210,154,554	156,963,643	188,944,835
Average number of shares	189,300,672	161,572,539	164,738,491
Number of shares after dilution	228,819,445	169,165,643	207,609,726
Shareholders' equity per share (SEK)	0.46	0.30	0.24
Shareholders' equity per share (SEK) after dilution	0.59	0.38	0.39
Earnings per share (SEK)	-0.10	-0.03	-0.40
EBITDA per share (SEK)	-0.03	0.04	-0.09
EBITA per share (SEK)	-0.05	0.01	-0.27
EBIT per share (SEK)	-0.08	-0.02	-0.39
Cash flow from current operations per share (SEK)	0.01	-0.25	-0.5
Share price	3.65	1.55	2.45
Market capitalisation (SEK thousand)	767,064	243,294	462,915
Price/Sales (P/S)	1.60	0.44	0.96

Key Ratios:

Equity/assets ratio – is calculated by dividing shareholders' equity including minority holdings by total assets.

Debt/equity ratio – calculated by dividing financial liabilities by shareholders' equity including minority shares.

Liquid ratio – current assets in relation with current liabilities.

Gross margin – operating profit/loss in relation with net sales.

Profit margin – profit/loss after financial items in relation to net sales.

EBITDA – earnings before interest, tax, depreciation and amortization.

EBITA – earnings before interest, income tax and amortization.

EBIT – operating earnings.

Net sales per employee – net sales during the period divided by average number of employees during the same period (annualised).

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Net sales per consultant – net sales during the period divided by average number of consultants during the same period (annualised).

Average number of shares – is calculated in consideration of when the issue payment or the capital contributed has been accessible.

Shareholders' equity per share – is calculated by dividing shareholders' equity by number of shares (including not registered) at end of the period. In consideration of dilution, shareholders' equity has been increased by received issue payments.

Earnings per share relate to earnings after full taxation divided by average number of shares.

EBITDA per share – EBITDA for the period in relation to average number of shares.

EBITA per share – EBITA for the period in relation to average number of shares.

EBIT per share – EBIT for the period in relation to average number of shares.

P/S – calculated by dividing the market capitalisation by rolling 12 months' net sales

Accounting Principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Interims report. The Group's accounting principles have been changed since the latest annual report. The following Swedish GAAP recommendations is now implemented:

RR29 – Employee Benefits

The implementation of RR29 has not had any material accounting effect. The Company's accounting policies are otherwise unchanged from their 2003 Annual Report.

Stockholm, Sweden, April 29, 2004

For the Board:

Robert Pickering
CEO

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

About IconMedialab/Lost Boys Group:

IconMedialab and Lost Boys merged in January 2002 to become one of the world-leading Internet consulting service providers. The Group provides user-driven solutions through innovative technology for all-digital channels, with global reach and local expertise. The Group has developed solutions for a broad range of multinational client companies. Offices are located in Amsterdam, Berlin, Lisbon, London, Madrid, Milan, Munich, New York, San Francisco, St. Louis, Stockholm, Washington and Zürich.

The Icon Medialab International AB stock is traded at the Stockholm Stock Exchange O-List (ICON). For more information: www.iconmedialab.com and www.lostboys.com.

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