

ICON MEDIALAB INTERNATIONAL AB (publ.)
Report for the period January 1st until December 31st, 2003

STOCKHOLM, Sweden and AMSTERDAM, The Netherlands, February 26, 2004 – Icon Medialab International AB (Stockholm: ICON), the parent company of the e-business and IT services company IconMedialab and Lost Boys (the Group) today reported stronger operating results for the year due to sustained strong sales and cost effectiveness. Performance for year to date and for the quarter were as follows:

- Net sales January – December totalled SEK 481.6 million (EUR 52.9 million) compared to SEK 653.0 million (EUR 71.8 million) for January – December 2002 and increased to SEK 120.5 million (EUR 13.2 million) for the fourth quarter compared to SEK 115.4 million (EUR 12.7 million) for the third quarter.
- Operating Margin (excluding restructuring charges and one-time items) further improved to SEK – 12.3 million (EUR – 1.4 million) for the fourth quarter compared to SEK – 19.6 million (EUR - 2.1 million) for the fourth quarter last year.
- Net result January – December improved to SEK – 66,3 million (EUR – 7.3 million) from SEK – 440.8 million (EUR – 48.4 million) for January – December 2002 and the fourth quarter recorded a SEK – 15,0 million (EUR – 1.6 million) compared to SEK – 13,0 million (EUR – 1.4 million) for the third quarter.
- Earnings per share January – December improved to SEK – 0.41 from SEK – 3.15 for January – December 2002 and ended at SEK – 0.09 for the current quarter compared to SEK – 0.08 in the prior quarter.
- Cash Flow from current operations for January – December improved to SEK – 80.7 million (EUR – 8.9 million) from SEK – 304.5 million (EUR – 33.5 million) and was positive for the first time in the fourth quarter SEK 1.1 million (EUR 120.000) compared to SEK – 25.4 million (EUR – 2.8 million) in the prior quarter.
- Total long term debt was reduced by SEK 58.1 million (original EUR 6.5 million at SEK 8.94) as a result of a debt to equity swap approved by an Extraordinary General shareholders' Meeting on December 30th, in which 27.4 million shares were issued at 2.12 SEK per share.
- Maturity of the remaining debt to shareholder Red Valley Ltd of SEK 69.1 million (EUR 7.6 million) was extended to December 31, 2007 with a new interest rate fixed at 6%.

Fourth quarter revenues increased over the previous quarter reflecting stronger market demand and increased activity with major clients particularly in the US, Italy and Germany. Despite fewer production days in the quarter due to holidays particularly in the US, revenues edged higher on new contracts signed in Q4 with clients such as HP, Yamaha Motor Europe and Nuon.

With revenues increasing, the operating margin has improved over the last year. This improvement has been slowed somewhat by continued pricing pressures in the market, but a continuation of the demand increase we have seen recently should result in a continued growth of operating margins and a improved profitability in 2004.

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Earlier in 2004, the group launched an initiative focused on radio frequency identification (RFID) using technology solutions developed for retail clients and extended into applications for business-to-business (B to B) customers. Demand for this expertise has been growing dramatically in the US with demand beginning to also appear in Europe.

As stated in prior releases, we are committed to growing revenues both organically and through strategic acquisition. The priority is to grow profitability and as quickly as possible in our key markets. The position of the Group's operating units in The Netherlands, Italy, Spain, Germany and the US has grown significantly stronger as those markets continue to consolidate with fewer players and as demand continues to increase along with an improving economy. As corporate spending increases on Internet and digital media in 2004, the Group remains the leading provider among pan-European companies specializing in digital media-solutions and the deployment of Internet technologies for both customer facing and business-to-business applications.

As mentioned previously, shareholders in Icon Medialab AB approved in late 2003 the authorization of new shares to be used for debt reduction, raising additional capital and for M&A activity. A significant portion of long-term debt was converted to equity subsequent to this approval in Q4 2003. The group expects to complete additional initiatives in Q1 and Q2 2004, which will strengthen the financial structure of the company and boost business activities in its key markets.

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Net Sales and Earnings

For the fourth quarter, net sales were higher by 4% from Q3 2003 to SEK 120.5 million. The operating earnings before goodwill amortization and provision for social security fees on employee stock options improved to a loss of SEK 9.5 million in the quarter from a loss of SEK 10.0 million in the third quarter 2003.

The following table illustrates trends in quarterly performance from first quarter 2001 and onwards.

SEK in millions	2003				2002				2001			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	120.5	115.4	119.3	126.4	124.5	135.1	169.3	224.1	207.0	233.5	318.0	427.8
Growth % from same Q prior year	-3%	-15%	-30%	-44%	-40%	-42%	-47%	-48%	-59%	-52%	-26%	54%
Growth % sequential Q	4%	-3%	-6%	2%	-8%	-20%	-24%	8%	-11%	-27%	-26%	-16%
Operating result	-14.5	-14.6	-30.9	-3.5	-2.6	-87.0	-129.1	-208.3	-421.6	-281.3	-143.0	-233.8
Goodwill amortization and write downs	-5.0	-4.6	-4.6	-4.3	-4.8	-29.9	-8.5	-16.6	-284.6	-47.6	-45.1	-55.4
Provision for social security fees on employee stock options	0.0	0.0	-0.1	-0.1	-	-	-	-	-	-	-	-
Operating earnings*	-9.5	-10.0	-26.2	0.9	2.2	-57.1	-120.6	-191.7	-137.0	-233.7	-97.9	-178.4
Operating margin*	-7.9%	-8.7%	-22.0%	0.7%	1.8%	-42.3%	-71.2%	-85.5%	-66.2%	-100.1%	-30.8%	-41.7%
Items affecting comparability** restructuring charges	4.3 -1.5	2.9 -2.0	-1.3 -0.4	7.5 -	27.3 -5.5	-14.1 -	-38.9 -	-	-	-	-	-
Operating margin excluding items affecting comparability**	-12.3	-10.9	-24.5	-6.6	-19.6	-43.0	-81.7	-102.2	-95.3	-146.9	-97.9	-81.6
Adjusted operating margin	-10.2%	-9.4%	-20.5%	-5.2%	-15.7%	-31.8%	-48.3%	-45.6%	-46.0%	-62.9%	-30.8%	-19.1%
Net result	-15.0	-13.0	-33.0	-5.2	6.5	-88.8	-143.1	-215.5	-495.3	-300.0	-148.5	-264.2

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

** Items affecting comparability include result on discontinued operations. Last year's figure also included damage income and result on sale of real estate.

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Continued and Discontinued Operations

The following table illustrates the split in the Income Statement between the continued and discontinued operations. The discontinued operations figures consist of Belgium, Denmark and Lost Boys tv and streaming media in The Netherlands. Continued operations include the businesses of the seven countries where we are currently present. In addition, all headquarter costs are included in the continued operations.

SEK in millions	Oct - Dec 2003			Jan - Dec 2003		
	continued	discontinued	total	continued	discontinued	total
Net sales	120.5	0.0	120.5	477.7	3.9	481.6
Cost of sales [#] *	-95.3	0.0	-95.3	-378.8	-4.2	-383.0
Gross profit*	25.2	0.0	25.2	98.9	-0.3	98.6
% of net sales	20.9%		20.9%	20.7%	-7.7%	20.5%
Sales costs*	-11.8	0.0	-11.8	-43.1	-0.5	-43.6
Administrative costs*	-26.9	0.0	-26.9	-118.0	-0.9	-118.9
Other costs/income*	-0.3	0.0	-0.3	5.7		5.7
Operating earnings*	-13.8	0.0	-13.8	-56.5	-1.7	-58.2
Goodwill amortization	-5.0		-5.0	-18.5		-18.5
Provision for social security fees on employee stock options	0.0		0.0	-0.2		-0.2
Items affecting comparability**	4.3		4.3	13.4		13.4
Operating earnings	-14.5	0.0	-14.5	-61.8	-1.7	-63.5

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

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

** *Items affecting comparability include result on discontinued operations.*

Distribution of Net Sales and Operating Result

From the fourth quarter net sales of SEK 120.5 million, Europe (excluding the parent company) generated SEK 88.5 million (73%). From the fourth quarter operating loss of SEK 14.5 million, Europe (excluding the parent company) contributed a loss of SEK 4.2 million.

Financial Position

As of December 31, 2003, shareholders' equity for the Group totalled SEK 45.1 million, compared to SEK 53.2 million on December 31, 2002.

Liquid assets on December 31, 2003 totalled SEK 47.4 million, compared to SEK 64.3 million as of December 31, 2002.

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Share Data

Earnings per share after tax on a non-diluted basis were a loss of SEK 0.09 for the quarter compared to a gain of SEK 0.04 for the same period 2002. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 0.24 compared to SEK 0.34 at December 31, 2002.

The parent company had 188 944 835 outstanding shares (including paid not registered) as of December 31, 2003. On a fully diluted basis, including all outstanding options, the maximum number of shares was 207 731 085 as of that date.

Parent Company

The parent company recorded net sales, including management fees, of SEK 0.4 million for the fourth quarter. As of December 31, 2003, the parent company recorded liquid assets of SEK 4.2 million.

Forthcoming Reports

The company will announce its first quarter 2004 results on April 29, 2004.

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

Summary Consolidated Income Statement

SEK in thousands	Oct - Dec 2003	Oct - Dec 2002	Jan - Dec 2003	Jan - Dec 2002
Net sales	120 448	124 522	481 569	653 037
Cost of sales*	- 99 276	- 91 610	- 397 524	- 683 759
Gross margin	21 172	32 912	84 045	- 30 722
Sales costs	- 12 204	- 10 421	- 45 005	- 99 459
Administrative costs	- 27 374	- 56 144	- 121 575	- 283 184
Items affecting comparability**	4 308	27 321	13 384	- 25 681
Other costs/income	- 366	3 745	5 675	12 011
Operating result	- 14 464	- 2 587	- 63 476	- 427 035
Equity in loss/earnings of assoc. cc	3 045	5	3 045	- 10 398
Net financial items	- 2 774	- 1 863	- 8 066	- 14 258
Loss after financial items	- 14 193	- 4 445	- 68 497	- 451 691
Income taxes	- 828	10 898	2 205	10 863
Minority interest	0	0	0	0
Net result for the period	- 15 021	6 453	- 66 292	- 440 828
Earnings per share (SEK)	-0.09	0.04	-0.41	-3.15
Average number of shares	164,522,468	159,658,298	162,786,741	139,953,198

* *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.*

** *Items affecting comparability include result on discontinued operations. Last year's figure also included damage income and result on sale of real estate.*

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Summary Consolidated Balance Sheet

SEK in thousands	Dec 31, 2003	Dec 31, 2002
Assets		
Intangible fixed assets	5 055	6 092
Goodwill	59 903	70 658
Tangible fixed assets	31 021	54 594
Financial fixed assets	4 345	5 747
Total fixed assets	100 324	137 091
Accounts receivable, trade	107 704	115 916
Other current assets	38 290	64 242
Cash and bank, sh.-term inv's	47 351	64 296
Total current assets	193 345	244 454
Total assets	293 669	381 545
Shareholders' equity & liabilities		
Restricted equity	404 049	733 026
Loss carried forward	- 292 667	- 239 043
Net result for the period	- 66 292	- 440 828
Total shareholders' equity	45 090	53 155
Minority interest	0	0
Total provision	29 310	44 476
Long-term loans from shareholders	69 147	73 430
Other long-term loans	22 367	30 305
Customer advances	3 476	10 800
Other current liabilities	124 279	169 379
Total liabilities	219 269	283 914
Total Shareholders' equity and liabilities	293 669	381 545

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Consolidated Cash Flow Analysis

SEK in thousands	Oct - Dec 2003	Oct - Dec 2002	Jan - Dec 2003	Jan - Dec 2002
Current operations				
Net result for the period	-15 021	6 453	-66 292	- 440 828
Adjustments for items not incl in cash flow				
Depreciations and write-downs	10 279	14 029	48 772	109 888
Non-cash financial items	1 556	6 148	1 837	17 214
Taxes	828	-10 863	-2 205	-10 863
Other non-cash items	-10 151	-28 660	-30 606	68 313
Cash flow from current operations before changes in working capital	-12 509	-12 893	-48 494	-256 276
Changes in working capital	13 585	-14 582	-32 155	-48 251
Cash flow from current operations	1 076	-27 475	-80 649	-304 527
Investment activities	-2 237	30 724	-7 446	100 849
Financing activities				
Issuance of common stock for cash	33	0	33	171 577
Net borrowing/repayment of debt	13 736	9 675	73 570	32 126
Cash flow from financing activities	13 769	9 675	73 603	203 703
Change in cash and cash equivalent	12 608	12 924	-14 492	25
Cash and cash equivalent, opening balance	35 592	51 986	64 296	68 568
Translation rate differences on cash and cash equivalent	- 849	- 614	-2 453	-4 297
Cash and cash equivalent, end of period	47 351	64 296	47 351	64 296

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

Shareholders' Equity Key Ratios

SEK in thousands	Oct – Dec 2003	Oct – Dec 2002	Jan – Dec 2003	Jan – Dec 2002
Opening balance shareholders' equity	- 2 758	39 670	53 155	109 705
Issuance of new stock etcetera	64 612	- 774	64 612	394 779
Net currency translation difference	-1 743	7 806	- 6 385	- 10 501
Net result for the period	- 15 021	6 453	- 66 292	- 440 828
Closing balance shareholders' equity	45 090	53 155	45 090	53 155

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Key Ratios

	Oct - Dec 2003	Oct - Dec 2002	Jan - Dec 2003	Jan - Dec 2002
Equity/assets ratio	15.4%	13.9%	15.4%	13.9%
Debt/equity ratio	2.32	1.97	2.32	1.97
Number of employees at end of period	559	652	559	652
Average number of employees for the period	566	684	595	956
Sales per employee, SEK thousand	852	728	810	683
Sales per consultant, SEK thousand	1,070	932	1,029	891
Outstanding shares (incl. paid but unregistered)	188,944,835	156,963,643	188,944,835	156,963,643
Average number of shares	164,522,468	159,658,298	162,786,741	139,953,198
Earnings per share (SEK)	-0.08	0.04	-0.41	-3.15
Shareholders' equity per share (SEK)	0.24	0.34	0.24	0.34
Shareholders' equity per share (SEK) after dilution	0.39	0.37	0.39	0.37
EBITDA , SEK thousand	-4,185	11,442	-14,704	-317,147
EBITDA per share (SEK)	-0.03	0.07	-0.09	-2.27

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.

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

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.

Earnings per share – relate to earnings after full taxation divided by average number of shares. The share data has been calculated in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 18 concerning earnings per share.

Shareholders' equity per share – is calculated by dividing shareholders' equity by registered number of shares at end of the period. In consideration of dilution, shareholders' equity has been increased by received issue payments.

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

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

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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 are now implemented:

RR22 – Presentation of financial statements

RR25 – Segment reporting

RR26 – Events after the balance sheet date

RR27 – Financial instruments: Disclosure and Presentation

RR28 – Accounting for Government Grants and Disclosure of Government Assistance

None of these new recommendations has had any material accounting effect.

February 26, 2004
Stockholm, Sweden

For the Board:

Robert Pickering
CEO

IconMedialab/Lost Boys Group

IconMedialab and Lost Boys merged in January 2002 to become one of the world-leading IT professional 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 clients, including Audi, Goodyear, Postbank, KLM, Prada and MasterCard International.

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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