

PROSPECTUS DATED 2 JULY 2004

LB Icon

LB Icon AB

(A public limited liability company incorporated under the laws of Sweden, with its corporate seat at Stockholm, Sweden)

This prospectus (“Prospectus”) has been prepared in connection with the listing of shares in the capital of LB Icon AB (publ) (the “Company” or “LB Icon”) on the Euro.NM segment of the stock market of Euronext Amsterdam N.V. (“Euronext Amsterdam”) through introduction by trading (*introdunctie door verhandeling*).

Listing is asked for the shares in the capital of the Company with a nominal value of SEK 0.80 (the “Shares”) on Euronext Amsterdam on 9 July 2004, barring unforeseen circumstances. The Shares will be traded on Euronext Amsterdam under the symbol ICON.

Since November 1998 the Shares are traded on the O List of the Stockholmsbörsen under symbol ICON.

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Company or any affiliate or representative thereof to purchase any securities or an offer to sell, or the solicitation to buy, securities by any person.

It is expected that the Shares will be traded on Euronext Amsterdam through the book-entry facilities of the Dutch central depositories for securities Euroclear Netherlands (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) and/or Euroclear NIEC (*Nederlands Interprofessioneel Effecten Centrum*) in accordance with normal settlement procedures applicable to equity securities. The trading facilities, however, may differ among the admitted institutions (*toegelaten instellingen*).

All of the Shares traded in Sweden will be registered with the Swedish security register centre (“VPC”) for safe keeping on behalf of those persons entitled to the Shares. The Shares traded in the Netherlands will however be registered at the VPC in the account of Euroclear S.A./N.V. (“Euroclear”) and will therefore according to Swedish law not have any direct voting rights. More information on this subject can be found in the chapter “Description of Share Capital, Shares and Corporate Structure – Voting rights”.

Investing in the Shares involves a high degree of risk. See “Risk Factors”, beginning on page 12, for a discussion of certain risks that should be carefully considered by prospective investors prior to an investment in the Shares.

This Prospectus will be published in the English language only.

ISIN: SE0000476962
Securities Code: 37113
Common Code: 008852
Euronext symbol: ICON



Listing Agent

Rabo Securities N.V.

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IMPORTANT INFORMATION

Prospective investors in the Shares are explicitly advised that such an investment entails financial risks. In making an investment decision, investors must rely on their own examination of the Company, including the merits and risks involved. In case of any doubt regarding the contents or the meaning of the information contained in this Prospectus, prospective investors should consult a professional person or party specialised pertaining to abovementioned investment decision.

LB Icon declares that the information contained in this Prospectus is true and accurate and not misleading and that, to the best of its knowledge and belief, no information has been omitted which would materially affect the import of the information in this Prospectus. The Company is exclusively responsible for the accuracy and completeness of the information given in this Prospectus.

The consolidated financial statements of LB Icon as per 31 December 2001, 2002 and 2003 included in this Prospectus have been audited by Öhrlings PricewaterhouseCoopers. Öhrlings PricewaterhouseCoopers has issued unqualified auditor's reports on these financial statements. The auditor's confirmation regarding the financial statements in this Prospectus is included herein.

No person is authorised to give any information or to make any representation in connection with the Listing not contained in this Prospectus. In the event such information has been provided or such representation has been made, it must not be relied upon having been authorised by the Company or the Listing Agent.

Neither the delivery of this Prospectus nor any sale or purchase on the basis thereof shall, under any circumstances, imply that the information contained in this Prospectus is correct and complete as of a date subsequent to the date of this Prospectus.

The statements on page 1 of this Prospectus have been provided by the Listing Agent. The other information on pages 2 – F-40 of this Prospectus has been provided by sources other than the Listing Agent. Amongst such other information, the statements on pages 33-38, 55-60, F1-F40 have been provided or approved by experts.

Statements by or approved by experts include (but are not limited to) the *pro forma* financial information and the summary of major differences between Swedish GAAP and IFRS included in the chapter "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Listing Agent does not guarantee the accuracy and completeness of any information provided or approved by experts and does not accept any responsibility therefore.

Pursuant to the Euronext Amsterdam Listing Procedure Rules (*Reglement Procedure Beursnotering*) the Listing Agent, in its capacity as sponsor of the Listing, has conducted a due diligence investigation with regard to this Prospectus. The results of this investigation have been used more particularly for verification, to the extent possible, of the accuracy and completeness of the information contained herein, with the exception of the statements by or approved by experts. Statements by or approved by experts have not been subject to this verification. This due diligence investigation has not disclosed any information leading the Listing Agent to assume that the particulars in this Prospectus do not present a true and fair view of the actual situation or that any particulars have been omitted which, if disclosed, would affect the information in this Prospectus in any material respect.

This Prospectus does not constitute an offer by, or an invitation by or on behalf of, the Company or any affiliate or representative thereof to purchase any securities or an offer to sell, or the solicitation to buy, securities by any person. The distribution of this Prospectus and an offering or a sale of Shares is restricted by law in certain jurisdictions. The Company and the Listing Agent require persons into whose possession this Prospectus comes to inform them of and observe all such restrictions. Neither the Company nor the Listing Agent accepts any legal responsibility for any violation by any person of any such restrictions.

United States

The Shares have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold in the US to or for the account or benefit of US persons (as defined in Regulation S under the Securities Act). The

Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the distribution of this Prospectus.

Canada

The Shares may not be sold in Canada on the basis of a prospectus and may not be offered or sold, directly or indirectly, in any province or territory of Canada, other than as permitted by virtue of exemption from the applicable prospectus registration requirements and in accordance with the applicable securities legislation of the province or territory concerned.

United Kingdom

This Prospectus may not be circulated or delivered in the UK other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which do not result in an offer to the public within the meaning of the Public Offer of Securities Regulations 1995, as amended, of the UK and may only be issued or passed on, and will only be issued or passed on, in the UK to a person who is of a kind described in Section 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended, of the UK or persons to whom the document may otherwise lawfully be issued or passed on.

Japan

The Shares have not been and will not be registered under the Securities and Exchange law of Japan and may not be offered or sold, directly or indirectly, in Japan to or for the account of residents of Japan, other than as permitted by virtue of exemption from the applicable prospectus registration requirements and in accordance with the applicable Japanese legislation.

Certain financial and statistical information in this Prospectus has been subject to rounding adjustments. Adding sets of figures may not, therefore, give the result shown as the total.

Some of the statements contained in this Prospectus discuss future expectations, contain projections of results of operations or financial condition, describe expected changes to the system of regulation applicable to the Company or state other forward-looking information. One can identify these forward-looking statements by the words such as 'strategy', 'expects', 'foresees', 'plans', 'anticipates', 'believes', 'will', 'continues', 'estimates', 'intends', 'projects', 'goals', 'targets', 'could', 'may', 'objectives', 'outlook', 'seek', and other words and phrases, including negative variations of forms, of similar meaning. Generally forward-looking statements are based on Management's beliefs and on assumptions made by information currently available. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, which may cause the actual results, financial condition, performance, achievements or prospects of the Company, or industry results, or the system of regulation applicable to the Company, to be materially different from any future results, performance, achievements, prospects or system of regulation expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors".

In addition, under no circumstances should the inclusion of such forward-looking statements in this Prospectus be regarded as a representation or warranty by the Company, the Listing Agent or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will appear to be accurate. These forward-looking statements speak only as of the date of this Prospectus. Without prejudice to its obligations under applicable laws and stock exchange regulations, the Company expressly disclaims any obligation to update any such forward-looking statements in this Prospectus to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The measurement currency used to prepare LB Icon financial statements is SEK. Unless indicated otherwise, certain amounts in this Prospectus have been translated into EUR as follows:

- Assets, liabilities and equity items are translated at the closing rate existing at the respective year end dates;

- Income and expense items are translated at the average exchange rates existing during the years the transactions occurred;
- Cash receipt and payment items are translated at the average exchange rates existing during the years the transactions occurred; and
- All exchange differences resulting from the above-mentioned translation are recognised in the shareholders' equity.

The exchange rates used to perform the above-mentioned translation are:

	SEK per EUR	EUR per SEK
Average Q1 2002.....	9.2852	0.1077
Average Q2 2002.....	9.1255	0.1096
Average Q3 2002.....	9.1623	0.1091
Average Q4 2002.....	9.0923	0.1100
Average Q1 2003.....	9.1717	0.1090
Average Q2 2003.....	9.1622	0.1091
Average Q3 2003.....	9.1845	0.1089
Average Q4 2003.....	8.9887	0.1113
Average Q1 2004.....	9.1631	0.1091
31 December 2001.....	9.4190	0.1062
31 December 2002.....	9.1925	0.1088
31 December 2003.....	9.0940	0.1100
Average 2001.....	9.2516	0.1081
Average 2002.....	9.1604	0.1092
Average 2003.....	9.1245	0.1096

These translations are solely for the convenience of the reader and should not be construed as representations that the non-EUR amounts actually represent such EUR amounts or that the Company could convert these amounts into EUR at the rate indicated. As a result of the convenience translation, the EUR amounts in this Prospectus might distort the description of the Company's financial condition and results of operations (e.g. the text might discuss an increase while the convenience translation into EUR amounts shows a decrease). See "The Management's Discussion and Analysis of Financial Condition and Results of Operations", for historical information regarding the official rates of exchange.

DEFINITIONS AND GLOSSARY

Annual General Meeting	The annual general meeting of Shareholders of the Company
Articles of Association	The articles of association of the Company as amended on 4 June 2004
Board of Directors	The board of directors of the Company
Bolagsverket	Bolagsverket AB, Swedish companies registration office
CMS	Content management systems are used to manage the content of corporate websites
Company, we, our or LB Icon	LB Icon AB (publ), a public limited liability company incorporated under the laws of Sweden, with its corporate seat in Stockholm (Sweden) as of the Merger, including where the context so dictates one or more of its subsidiaries. The name of the Company has been changed from Icon Medialab International AB (publ) into LB Icon AB (publ) pursuant to a resolution adopted at a General Meeting held on 4 June 2004
CRM	A system which is used in order to optimise customer relationships (Customer Relationship Management)
e-CRM development	Development of customer relationships of the client by making use of the Internet
e-Commerce	The buying and selling of goods and services on the Internet
EUR	The legal European currency of the European Economic and Monetary Union
Euroclear	Euroclear Bank S.A./N.V., the operator of the Euroclear System
Euroclear Netherlands	Necigef, Netherlands central securities depository (<i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i>)
Euroclear NIEC	NIEC, Netherlands electronic book-entry transfer system for international shares (<i>Nederlands Interprofessioneel Effecten Centrum</i>)
Euronext Amsterdam	Euronext Amsterdam N.V.
GBP	The currency of the United Kingdom, the British Pound
General Meeting	The general meetings of Shareholders of the Company
Global Employee Stock Option Program	The share option plan for the employees of the Company in use as of a general meeting of IconMedialab on 12 November 1999, in which it was resolved to implement an international employee stock option program for the employees
IconMedialab	Icon Medialab International AB (publ), a public limited liability company incorporated under the laws of Sweden as it existed before the Merger
Internet	A global interconnected system of computer networks
IFRS	International Financial Reporting Standards
Listing	The dual listing of the Shares on Euronext Amsterdam through introduction by trading (<i>introductie door verhandeling</i>)

Listing Agent	Rabo Securities N.V.
Lost Boys	Lost Boys N.V., a limited liability company incorporated under the laws of the Netherlands which was the holding company of the Lost Boys group before the Merger
Management	The management of the Company, consisting of the Chief Executive Officer (“CEO”) and the Chief Operational Officer (“COO”)
Managing Director	The Chief Executive Officer (“CEO”) of the Company
Merger	The merger between Icon Medialab and Lost Boys on 18 January 2002
O List	The O List, ATTRACT40 TM , the segment of the Stockholmsbörsen on which the Shares are listed
Operating Entity	This refers to the operating subsidiaries of LB Icon located in the various countries
Prospectus	This prospectus related to the Listing
Rabo Securities	Rabo Securities N.V.
Reverse Split	On 4 June 2004 the General Meeting decided to change the nominal value of the Shares from SEK 0.08 into SEK 0.80, a so called 1:10 reverse split, whereby ten old shares were consolidated into one new Share
RFID	Radio frequency identification is a technology used for the tracking of materials or products
SEK	The currency of Sweden, the Swedish Kronor
Shareholders	The holders of Shares
Shares	The shares in the share capital of the Company, with a nominal value of SEK 0.80 per Share
Stockholmsbörsen	Stockholmsbörsen AB, the Stockholm stock exchange, part of OMX Group
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
US Option Plan	Additional special option plan for employees of one of the Company’s US subsidiaries
US, USA or United States	United States of America
USD	The currency of the United States of America, the US Dollar
VPC	VPC AB, the Swedish securities register centre

SUMMARY

This summary is qualified in its entirety by more detailed information and financial statements and notes thereto included elsewhere in this Prospectus, including but not limited to the “Risk Factors, beginning on page 12. This summary is not complete and does not contain all information that a prospective investor should consider before making any investment decision.

Shares and Listing

The Shares were introduced on the Stockholm Börsinformation list (SBI, now Nordic Growth Market “NGM”) in June 1998. In November 1998, the Shares were introduced on the O List on the Stockholmsbörsen, under symbol ICON. The Shares are registered under ISIN code: SE0000476962.

Listing of the Shares for trading on the Euro.NM market of Euronext Amsterdam is asked for on 9 July 2004, barring unforeseen circumstances. The Shares will be traded on Euronext Amsterdam under the symbol ICON.

More information can be found in the chapter “Description of Share Capital, Shares and Corporate Structure – Share capital and Shares”.

Business overview

LB Icon AB is a public limited liability company incorporated under the Swedish laws. The Company is registered in Stockholm, Sweden with its statutory seat at Birger Jarlsgatan 24, 114 34 Stockholm, Sweden. The principal place of business of the Company is Joop Geesinkweg 209, 1096 AV Amsterdam, the Netherlands. The Company is entered in the trade register of the Bolagsverket, under corporate registration number 556284-0917.

The Company has started its business in 1996 and has changed considerably since then. One of the main changes was in December 2001 when the Swedish IconMedialab and Amsterdam based Lost Boys announced their agreement to merge. Due to the Merger the Company’s operational and financial structure changed significantly. Also since that date the Company divested some of its activities and acquired some companies.

Today, the Company provides innovative and integrated strategic consulting, business consulting, creative design and technology services to clients looking to define and implement e-business, digital marketing and innovation strategies. The Company’s services are a comprehensive array of e-business related services, ranging from conception to implementation. The Company has offices in seven countries throughout Europe and Northern America. The locally Operating Entities each serve (sometimes large) clients in their local markets and local market place. Further restructuring will create more possibilities for the exchange of clients within separate entities within the Company.

Strategy

The environment in which the Company is operating is volatile, dynamic and largely depends on the economic circumstances. This makes it hard for the Company to forecast future profits and results. The Company’s strategy is to grow the amount and quality of their revenue streams at its current client base as well as to target other significant corporate activities at new clients. LB Icon’s strategy is to grow in key markets both organically and through acquisitions. LB Icon strives to strengthen its service offerings in branding and marketing, as well as in technical areas. LB Icon’s value proposition and differentiation is based on its creative and entrepreneurial approach to develop new markets and distribution channels for its clients.

Recent developments

The Company acquired Melstar in the United Kingdom (asset deal) and Winsome in Belgium in 2004. Also the Company recently signed a share purchase agreement with Escador Holdings B.V. in the Netherlands. Historically, company acquisitions have contributed to the Company’s growth. Further company acquisitions may be made in the future should the right opportunity arise, as a consequence of which the operational and capital structure of the Company might change.

On 4 June 2004, the legal name of the Company has been changed from Icon Medialab International AB into LB Icon AB. Additionally the General Meeting has decided on a Reverse Split. For further information see chapter “Recent Transactions”.

Dividend and dividend policy

The Company has never declared or paid any dividends and currently intends to retain future earnings to finance the business. As a result the Company does not foresee any dividend in the foreseeable future. In the event of a profit, the General Meeting decides what portion of the profit shall be retained by way of reserve, with due observance of the applicable provisions of the Swedish law. Further information is provided in chapter “Description of Share Capital, Shares and Corporate Structure - Dividends and dividend policy”.

Voting rights

At a General Meeting each one entitled to vote may vote for the full number of Shares owned or represented by him, without restriction as to the number of votes. According to Swedish law, Shareholders not being registered in their own name in the Share register kept by the VPC are prevented from voting at General Meetings. Registration at the VPC of Shares traded in the Netherlands is possible in practice. Shareholders should take into account that this registration will take longer if compared to shares that have a single listing on Euronext Amsterdam. Further information can be found in section “Description of Share Capital, Shares and Corporate Structure – Voting rights”.

Under the Swedish Companies Act, resolutions by the General Meeting are passed by a simple majority of votes cast at the meeting with the chairman of the meeting having a decisive vote (except in respect of elections), unless otherwise required by law or the Articles of Association.

Risk factors

Prior to making the investment decision, prospective investors should consider carefully the matters discussed under “Risk Factors”.

Security codes

ISIN: SE0000476972

Securities Code: 37113

Common Code: 008852

Euronext symbol: ICON

Selling restrictions

Outside Sweden and the Netherlands the Shares are subject to certain restrictions on sales, re-sales and transfer, see chapter “Important Information”.

Summary of financial statements

Translation of the consolidated financial statements are solely for the convenience of the reader and should not be construed as representations that the non-EUR amounts actually represent such EUR amounts or that the Company could convert these amounts into EUR at the rate indicated. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, for historical information regarding the official rates of exchange.

Consolidated balance sheet

Assets	SEK 000s			Translation EUR 000s		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	1-12-2002	31-12-2001
Fixed assets						
Total intangible fixed assets.....	64,958	76,750	84,613	7,143	8,349	8,983
Total tangible fixed assets.....	31,021	54,594	134,912	3,411	5,939	14,324
Total financial fixed assets.....	4,345	5,747	32,385	478	625	3,438
	SEK 000s			Translation EUR 000s		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Current assets						
Accounts receivable – trade.....	107,704	115,916	170,914	11,844	12,610	18,146
Other receivables.....	9,769	29,312	29,013	1,074	3,188	3,080
Prepaid expenses and accrued income..	28,521	34,930	66,614	3,136	3,800	7,072
Total current receivables.....	145,994	180,158	266,541	16,054	19,598	28,298
Cash and bank balances.....	47,351	64,296	68,568	5,207	6,995	7,280
Total assets.....	293,669	381,545	587,019	32,293	41,506	62,323
	SEK 000s			Translation EUR 000s		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Shareholders' equity & liabilities						
Shareholders' equity.....	45,090	53,155	109,705	4,958	5,782	11,647
Provisions						
Pension provisions.....	8,476	8,034	—	932	874	—
Other provisions.....	20,834	36,442	41,706	2,291	3,964	4,428
Total provisions.....	29,310	44,476	41,706	3,223	4,838	4,428
Liabilities						
Total long-term liabilities.....	97,462	103,735	13,054	10,717	11,285	1,386
Total current liabilities.....	121,807	180,179	422,554	13,395	19,601	44,862
Total shareholders' equity and liabilities	293,669	381,545	587,019	32,293	41,506	62,323

Consolidated income statement

	SEK 000s			Translation EUR 000s		
	2003	2002	2001	2003	2002	2001
Net sales.....	481,569	653,037	1,186,323	52,778	71,289	128,229
Production expenses.....	-397,524	-683,759	-1,560,993	-43,567	-74,643	-168,727
Gross margin.....	84,045	-30,722	-374,670	9,211	-3,354	-40,498
Operating loss.....	-63,476	-427,035	-1,079,612	-6,957	-46,618	-116,695
Net loss for the year.....	-66,292	-440,828	-1,208,282	-7,265	-48,123	-130,602
Result per Share (SEK or EUR).....	-0.41	-3.15	-17.75	-0.04	-0.34	-1.92
Result per Share after dilution (SEK or EUR) *.....	-0.41	-3.15	-17.75	-0.04	-0.34	-1.92
Average number of shares **.....	162,786,741	139,953,198	68,075,017	162,786,741	139,953,198	68,075,017

* Result per Share has not been allowed to be affected by the dilution due to its positive effect on the result per Share.

** Before Reverse Split.

Consolidated cash flow statement

	SEK 000s			<i>Translation EUR 000s</i>		
	2003	2002	2001	2003	2002	2001
Net loss for the year	-66,292	-440,828	-1,208,282	-7,265	-48,123	-130,602
Cash flow from operations before changes in operating capital	-48,494	-256,276	-538,529	-5,315	-27,977	-58,209
Changes in working capital						
Decrease in receivables	22,707	49,902	408,648	2,489	5,448	44,170
Decrease in liabilities	-54,862	-98,153	-158,880	-6,013	-10,715	-17,173
Cash flow from current operations	-80,649	-304,527	-288,761	-8,839	-33,244	-31,212
Investing activities						
Acquisition of intangible fixed assets ...	-2,786	-2,005	-21,750	-305	-219	-2,351
Acquisition of tangible fixed assets	-4,768	-8,864	-16,030	-523	-968	-1,733
Sale of tangible fixed assets	75	14,566	551	8	1,590	60
Acquisition of subsidiaries	-868	104,014	-150	-95	11,355	-16
Sale of subsidiaries	-1,118	-12,076	—	-123	-1,318	—
Sale of associated companies	3,045	—	—	334	—	—
Acquisition of other fixed financial assets	-1,809	-3,988	-7,508	-198	-435	-812
Sale of other financial fixed assets	783	9,202	16,030	86	1,005	1,733
Cash flow from investing activities	-7,446	100,849	-28,857	-816	11,010	-3,119
Financing activities						
New share issue	33	171,577	149,104	4	18,730	16,117
Loans raised	75,030	138,803	23,642	8,223	15,152	2,555
Amortisation of loans	-1,460	-106,677	-65,212	-160	-11,645	-7,049
Shareholders' contribution	—	—	289	—	—	31
Cash flow from financing activities	73,603	203,703	107,823	8,067	22,237	11,654
Cash flow for the year	-14,492	25	-209,795	-1,588	3	-22,677
Liquid funds – opening balance	64,296	68,568	267,068	6,995	7,280	30,153
Exchange differences in liquid funds	-2,453	-4,297	11,295	-200	-288	-196
Liquid funds – closing balance	47,351	64,296	68,568	5,207	6,995	7,280

RISK FACTORS

In addition to the other information included in this Prospectus, prospective investors should carefully consider the following risk factors in evaluating the Company and its business before investing in the Shares. This Prospectus contains, in addition to historical information, forward-looking statements involving risks and uncertainties. The Company's actual results could differ materially from future results expressed or implied by such forward-looking statements. Factors that might cause or contribute to the value and results of the Company are not limited to the factors discussed below and elsewhere in the Prospectus.

In case of any doubt about the content or meaning of the information contained in this Prospectus, prospective investors should consult professional persons from institutions specialised in advice pertaining to the acquisition of financial instruments such as the Shares.

RISK RELATED TO INDUSTRY AND BUSINESS

Acquisitions and new activities. Historically, company acquisitions have contributed to the Company's growth. Further acquisitions may arise in the near future should the right opportunity arise, as a consequence of which the operational and capital structure of the Company might change. Acquisitions always carry the risk that the companies in question might not produce expected results, or that difficulties might arise in the integration of operations.

Competition. The Company operates in a highly competitive environment. To maintain and improve its market position, LB Icon must invest continuously in the quality of its products, its IT capability and its personnel. In the market where the Company is operational, competition is met from several directions, including, but not limited to Internet consultants, management consultants, IT consultants and communication agencies. Increased competition could lead to lower or lost fees, and a subsequent deterioration of profitability.

The Company's business has not been profitable in previous years and may not be profitable in the future. Since the Company started its business in 1996, it has not been profitable and there is no assurance that the Company will be profitable in the future.

Dependence on key management. LB Icon's structure is characterised by its decentralised company structure and consists of several operating companies operating in several geographical areas headed by local management. The Company's country managers are vital to the ongoing stability and growth in their respective regions. Although key management of the Company both at the holding and at Operating Entity level remained intact since the Merger, any unplanned change in key managers could have a negative impact on the continued improvement of business.

Dependence on employees. LB Icon is a knowledge company and is therefore dependent upon being able to attract and retain skilful personnel. Should the Company be unable to retain and to recruit skilful personnel, this would have a material adverse effect on LB Icon's business, financial condition and /or results of operations.

Dependence on large clients. A substantial part of the Company's sales derives from large clients, in 2003 net sales from the ten largest clients covered approximately 37% of the total revenues. Should one or more large clients choose another supplier or another solution or reduce the use of the Company's services, the Company's business, results of operations and financial condition could be negatively affected.

Restructuring. Due to substantial restructuring in the recent years it is currently unclear to what extent the current cost base of LB Icon is sustainable in the future. Additional overheads resulting from additional staff at head office level might be required in order to support the Company's current growth strategy. It is unclear if these additional costs can be absorbed by future gross margin growth and therefore this could have a negative impact on the Company's future profitability.

Reputation risk. Should the Company not be able to fulfil clients' expectations regarding projects, there is a risk that the Company's reputation will be damaged, which could considerably reduce the possibilities of obtaining follow-up assignments or assignments from new clients.

Quality of the management information system. Due to the dynamic development of the Company in recent years and the decision by Management not to formalise or harmonise management reporting throughout the Company, Management may only be aware of certain issues or information after some delay, which could have a material adverse effect on LB Icon's business, financial condition and/or results of operations. The Company intends to further develop and improve its current management information system.

The Company is subject to potential tax audits. The Company operates in various countries and is therefore subject to the risk of tax audits and assessments in these countries. The Company seeks to manage its tax affairs in compliance with all applicable laws. Authorities may disagree with positions taken by the Company; if that is the case this may have a material adverse effect on the Company's financial condition, results and cash flow.

For Dutch tax purposes the place of effective management is decisive when determining whether LB Icon AB is a resident of the Netherlands. The place of effective management depends on a wide range of facts and circumstances. The place of effective management of LB Icon AB is dispersed. Authorities may disagree with positions of LB Icon AB on its tax residency; if that is the case this may have a material adverse effect on the Company's financial condition, results and cash flow. The Board of Directors has decided to fully concentrate effective management of LB Icon AB in the Netherlands.

Rental risk. Due to disposals and divestments of various subsidiaries the Company still is subject to certain obligations to pay rent which are partly for spaces no longer in use by the Company. The disability to sublease these facilities could have a material adverse effect on LB Icon's financial condition and/or results of operations.

Bankruptcy risk. LB Icon has closed down several subsidiaries in the past few years by leading such companies into bankruptcy. The Company carried out an analysis prior to commencing the close-downs. However, matters relating to insolvency proceedings comprise many aspects and potential risks relating to the close downs can, therefore, not be excluded. If the Company will be held liable by a bankruptcy trustee or creditors for the deficit of the bankrupt estate or for other amounts in connection with these bankruptcies, this could negatively affect the Company's results.

Economic risk. The majority of the Company's clients IT investments are sensitive to changes in the economic climate (e.g. clients may choose to reduce their purchase of consultant services). Deterioration of the general economic conditions may have an adverse effect on the results of LB Icon. As a result, the Company might be obliged to adapt its organisation and range of services to prevailing conditions. Since the average backlog and pipeline amounts to approximately 3 months, forecasts and other forward-looking statements are primarily based on overall market development expectations of management. Since the market in which the Company is operating is volatile and dynamic, the actual results may materially differ.

Market risk. The market in which the Company is operating can be described as dynamic and volatile, therefore forecasts and forward-looking statements concerning the Company and its environment may differ from the actual statements. These differences may be material.

Operational risks. Operational risks relate *inter alia* to the risk of the malfunctioning of information systems, communications systems, transaction processing and settlement systems during the regular processing but also during special projects such as the Internet activities, as well as the risk of fraudulent and/or unauthorised transactions by LB Icon employees or third parties. These operational risks may have an adverse effect on the Company's financial position and results.

Technical development. The Company is operational in a market driven by technology, and is dependent upon keeping up with technical developments. Should the Company not be able to adapt its operations rapidly and cost effectively in pace with such developments, there is a risk that the Company might lose competitiveness, and consequently lose part of its market share.

RISK RELATED TO THE LISTING

No public market for the Shares on Euronext Amsterdam. Prior to the Listing, there has been no public market for the Shares in the Netherlands. Although the Shares are listed and traded on the O List of the Stockholmsbörsen, no assurance can be given that a consistently active trading market for the Shares will develop or be maintained following the Listing, or that the market price of the Shares will not decline.

RISK RELATED TO THE SHARES

Future capital requirements. The Board of Directors and the Management believe that the forecasted results from ongoing operations create the prerequisites to ensure the Company's future financial requirements. However the current restructuring process in which the Company is involved could lead to the need of additional funding. There is no guarantee that new capital can be acquired when the need arises, that it can be acquired at advantageous conditions, or that such acquired capital be sufficient to finance future operations.

However in respect to the above, Management decided to raise new capital to finance cash flow deficits from operations in the current year. On 28 June 2004 the Company issued 1,827,500 new Shares. More information on this matter can be found in "Recent Transactions – Share Issues".

Future requirement to adopt IFRS for accounting purposes. Companies established in the European Union, that have issued securities listed on a stock exchange in the European Union are obliged to adopt IFRS in their consolidated financial statements for accounting years commencing 1 January 2005. Currently, the Company is preparing for the change in reporting in accordance with IFRS instead of Swedish GAAP. The differences between the accounting policies will be dependent on many factors, including future events and the interpretation of any accounting policies or guidelines. The introduction of IFRS could have a material adverse effect on the Company's financial statements, which as a consequence may influence future decisions of stakeholders. Further information can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Summary of significant differences between Swedish GAAP and IFRS".

Voting rights. Due to the Swedish regulation, only Shareholders registered in their own name in the Shareholders' register kept by the VPC may vote at General Meetings. Since holders of Shares in the Netherlands are registered via Euroclear, they do not automatically have the possibility to bring their voting right into effect. More information in section "Description of Share Capital, Shares and Corporate Structure – Voting rights".

Absence of dividends. LB Icon has not paid dividends since the start of its operations in 1996, and does not expect to pay dividends on the Shares in the foreseeable future. The payment of dividends in the future will depend among other things upon LB Icon's performance, financial position, funding arrangements and the expected capital needs of LB Icon. In deciding whether to propose a dividend the Board of Directors will also take into consideration contractual, legal and regulatory restrictions on the payment of dividends and such other factors as the Board of Directors may deem relevant. There can be no assurance that the Company will generate sufficient earnings to allow it to pay dividends and if it does, the Annual General Meeting may elect to reinvest instead of paying dividends. See also "Description of the Share Capital, Shares and Corporate Structure – Dividends and dividend policy".

Major Shareholders. A large part of the Shareholders is known to the Company of which Red Valley Ltd. is the largest with a total of about 41.8% of the Shares (see "Major Shareholders" on page 54). This investment vehicle is controlled by the Mol family. In addition, Michiel Mol is on the Board of Directors; hence he is in the position to exert considerable influence on the Management and Board of Directors of the Company and in the General Meeting.

Volatility. The market price of, and trading volumes in, the Shares may be volatile and could be significantly affected by, among others, the following factors:

- the Company's actual or anticipated results of operations;

- the level of the Company’s debt;
- future sales and issues of Shares;
- new services or products offered, or new relationships entered into or existing relationships lost, by the Company or its competitors;
- changes in, or the Company’s failure to meet, securities analysts’ expectations;
- developments and technological innovations in the Company’s business; and
- general market conditions and other factors beyond the Company’s control.

Dilution resulting from the exercise of outstanding options, warrants and the issuance of Shares to pay the purchase price of acquisitions. Dilution resulting from the exercise of outstanding options under the Global Employee Stock Option Program and US Option Plan could adversely affect the price of the Shares. More information can be found in chapter “Our Company – Global Employee Stock Option Program” and “Our Company – US Option Plan”. Dilution could also occur from the exercise of warrants, issued by the Company, especially of warrants issued for purposes other than hedging the Global Employee Stock Option Program. More information can be found in sections “Our Company – Warrants” and “Description of Share Capital, Shares and Corporate Structure – Share Capital and Shares”. Furthermore dilution could result from the issuance of Shares in order to pay acquisitions.

LISTING

On 1 July 2004 the Board of Directors approved a resolution according to which listing was asked for the Shares to trade on the Euro.NM market of Euronext Amsterdam and the O List of the Stockholmsbörsen. Before the dual listing the Shares were only trading on the Stockholmsbörsen.

The background of the decision to apply for a dual listing on Euro.NM is as follows:

- LB Icon, through its subsidiaries, has extensive operations in seven different countries operating in Internet services and consultancy.
- The Board of Directors and the Management believe that a public trading of Shares via an international trading platform offers advantages to the Company. This is expected to assist the Company in expanding and developing its operations, expanding the accessibility to international institutions and to international financing resources; in expanding the possibilities to participate in international tenders; expanding the possibilities of creating strategic partnerships and attracting foreign investors; developing mergers and acquisitions; improving LB Icon's competitiveness and expanding the Company's horizons of operations.

It is expected that the Shares will be admitted to listing on Euro.NM on 9 July 2004, barring unforeseen circumstances. Regarding the Listing the following trading codes are applicable:

ISIN: SE 0000476962

Securities Code: 37113

Common Code: 008852

Euronext symbol: ICON

OUR COMPANY

Introduction

We are a company that provides innovative and integrated strategic consulting, business consulting, creative design and technology services to corporations looking to define and implement e-business, digital marketing and innovation strategies. We provide our clients with a comprehensive array of e-business related services, ranging from conception to implementation. We approach e-business problem solving by combining multidisciplinary, fully integrated skills that can be customised to meet the individual needs of our clients. We distinguish ourselves from our competitors through our geographic presence in Europe and the US as well as our expertise in developing premium business solutions using leading edge technologies.

Historic overview

The following historic overview shows a brief overview of our Company's history, the Merger and the restructuring.

Brief history of IconMedialab

1996

Magnus Lindahl, Erik Wickström, Johan Staël von Holstein and Jesper Jos Olsson started IconMedialab with the goal of becoming one of the leading Internet consultancy firms in the world. By the end of the year, IconMedialab was operational in Sweden, Spain and the US.

1997

IconMedialab invested in infrastructure and international expansion. New offices were opened and acquired in Malaysia, Finland, Denmark and Great Britain. Franco Fedeli was appointed new managing director and chief executive officer.

1998

In June 1998, IconMedialab became listed on the Stockholm Börsinformation list (SBI, today called Nordic Growth Market, NGM), and on the O List of Stockholmsbörsen in November 1998. Operations expanded with new offices in Norway, Belgium and Germany.

1999

In order to retain employees, a program for stock options for all employees was introduced. IconMedialab continued its geographical expansion through acquisitions of companies in the US, Italy, France and the Netherlands. In September 1999, Ulf Dahlsten replaced Franco Fedeli as managing director and chief executive officer.

2000

Continued expansion in Europe with acquisitions in Spain and establishing activities in Austria and Portugal. IconMedialab also expanded in Asia through a participating interest in IconMedialab Asia.

2001

Rens Buchwaldt was appointed managing director and chief executive officer. A comprehensive restructuring program was carried out, involving staff reductions and closure of certain offices.

The board of directors of IconMedialab evaluated several alternatives to improve IconMedialab's financial position and safeguarding its future. On 16 November 2001 a public offer was announced in order to sell deductible tax losses. However the offer was withdrawn on 10 December 2001, due to the introduction of legislation to block the utilisation of deductible tax losses by the Swedish government. As a result of this decision, the board of directors intensified its previous discussions on the financial and strategic way forward for IconMedialab.

Brief history of Lost Boys

1993

Lost Boys was founded by Michiel Mol, Kees Kousemaker and Jan Pieter Melchior, and initially focused on the production and development of new media for CD-I and CD-ROM.

1995 – 2001

During the year 1995 Lost Boys' business orientation shifted towards the production of creative Internet solutions. From 2000 onwards Lost Boys expanded in the Netherlands and across Europe. In addition to the organic growth, a number of acquisitions and mergers were also carried out.

2000

During the year MVLG B.V., a strategy and Internet consultant, Netcast B.V., which was operational in integrated web solutions, and ACS-i B.V., which was active within content management and usability research, were acquired. This has brought the total staff to 256 people at the end of the year.

2001

Lost Boys acquired MetaDesign AG, which works with brands and company identities as well as LabProduction S.A., a company that provided web solutions and interactive TV.

Lost Boys initiated a restructuring program during 2001, with the aim to accelerate the integration of acquired companies and to focus on core competencies: brand development, strategy and implementation of digital channels. The restructuring, which also was in response to changing demand in the market, resulted in redundancies and divestments during the latter part of the year.

The Merger

2002

As a result of changing demand for e-business and IT professional services, the year 2001 was very demanding for IconMedialab, Lost Boys and the industry. In discussions between IconMedialab and Lost Boys it emerged that the strategy and market position of both companies complemented each other well. Additionally, the companies share a user centred approach, complementary geographical footprints and could leverage on knowledge and expertise. The companies' management, boards and owners intensified negotiations with the objective of effecting a merger as well as a related capital injection. On 20 December 2001, IconMedialab and Lost Boys announced that an agreement had been reached regarding a merger, whereby IconMedialab would acquire all shares in Lost Boys through a non-cash issuance. It was agreed with Lost Boys' principal shareholder, Red Valley Ltd. that LB Icon's immediate liquidity requirements would be secured. On 18 January 2002 both companies merged.

The Merger was an important stage in further developing the Company. The companies together established a critical mass in a number of key markets; extended their international client base and now had additional skills, particularly in areas such as digital interactive TV and broadband technology. As of the beginning of 2002 IconMedialab and Lost Boys operate under joint management and continued to work with existing brand names in their respective markets.

Robert Pickering and Theo Cordesius were appointed CEO and COO respectively and, in difficult economic circumstances, reshaped and restructured the activities of the Company with focus on two main areas:

- improving the operational performance as of the first and second quarter of 2002 and thereby creating a solid basis for the coming years; and
- establishing the Company's new position with respect to brand, sales, marketing and business strategies in such a way that they combine the best skills of both companies.

As part of the integration, it was decided to downsize or sell those offices which had no immediate value in the short term future. In line with this, operations in Norway and Finland were sold to WM

Data and operations in Amersfoort, the Netherlands, were divested. Other operations in Paris, London, Hamburg, Stockholm, Malmö, Gothenburg, Warsaw and Barcelona were ceased.

In November 2002 a group of investors, including our Management and members of the Board of Directors purchased the remaining 14,726,875 Shares held by one of our Shareholders, Interpublic Group of Companies Inc. Our investments during 2002 were primarily related to software, office equipment and computers.

2003

The start of the war in the Middle East at the beginning of 2003 had a profound impact on capital spending by our clients. Effectively, business activity for the first half of 2003 was stagnant. Virtually every segment of industry experienced uncertainties and reduced demand as a result of the tumultuous political climate. This gloomy economic picture started to change in the last 4-5 months of 2003 and the results of the Company reflect stronger confidence and demand by our corporate clients. We focus on growing revenues and improving operating margins. The cost structure of the operating companies is more efficient than in any prior period and is among the lowest in our industry.

In November 2003 we acquired three new subsidiaries from the Escador Group in Munich, London and New York. Furthermore as part of the restructuring and the reshaping of activities, the different subsidiaries in the US merged into one group and operating companies in Belgium and Denmark were divested.

Lastly in Asia, we successfully sold our minority stake of 26.66% in Icon Asia (Boathouse Ltd, Georgetown, Cayman Islands) to other existing investors. Furthermore, we reduced our interest in MetaDesign Suisse to 35%.

Investments in 2003 related to the purchasing of development software licenses, office equipment and computer infrastructure.

2004

In 2004, we have acquired several companies in Belgium and the UK. Further information on these acquisitions can be found in "Recent Transactions – Acquisitions".

At the General Meeting on 4 June 2004, the statutory name of the Company was changed from Icon Medialab International AB into LB Icon AB. During this meeting the resolution concerning the Reversed Split was approved.

Today, we are one Company with an international network of experienced personnel. We continue to help our clients use technology to improve their business performance and to achieve a high return on e-commerce investments. With subsidiaries in seven countries throughout Europe and the US, our network combines broad international experience as well as extensive knowledge of the local market business environment.

Strategy and objectives

Our main objective is to be one of the leading professional branding, digital marketing and e-commerce companies that offers user focused solutions. We will continue to develop long-term and strategic relations with existing and new leading clients in various selected industry verticals: Financial Services, Pharmaceuticals/Healthcare, Government, Retail/Distribution, Media, Telecommunication and Automotive. Our strong user focus and leading edge creative competence will distinguish us among other e-business and IT services companies. To complement our services and products we also work with selected partners.

Our challenge is to grow the amount and quality of our revenue streams at our current client base as well as to target other significant corporate activities at new clients. LB Icon is positioned to grow in key markets both organically and through acquisitions. We look to strengthen our service offerings in branding and marketing, as well as in technical areas. Our value proposition and differentiation is based on our creative and entrepreneurial approach to develop new markets and distribution channels for our clients. We combine branding, creative and design our portfolio of technology tools and processes in order to position ourselves as a pre-eminent e-commerce player.

Our culture

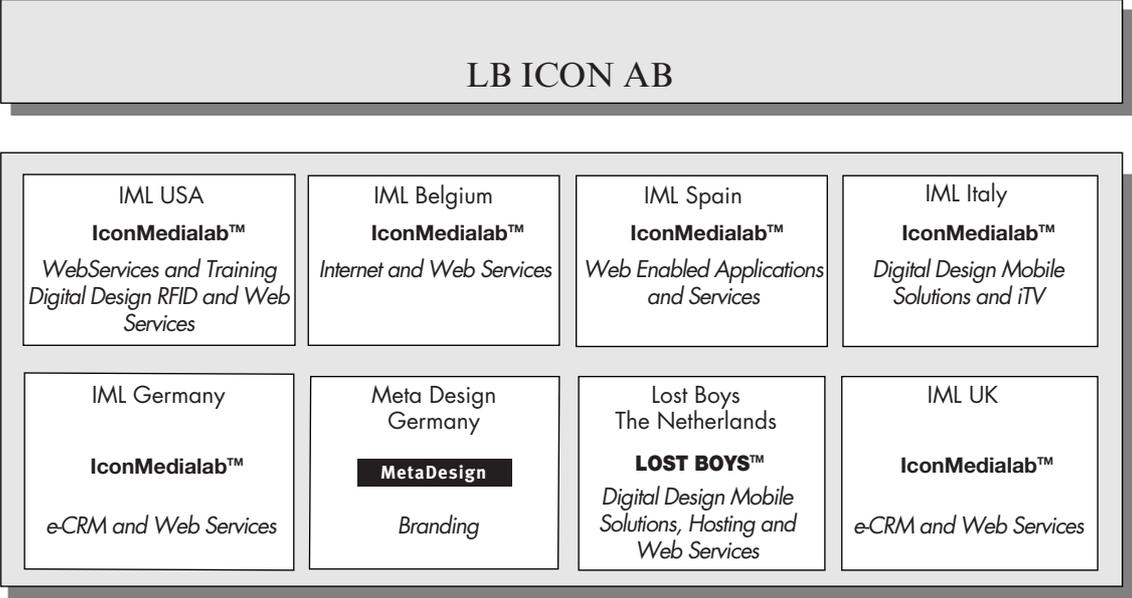
LB Icon’s culture is a combination of experienced IT engineers, creative ability and employees with extensive sector experience. This creative and productive combination of talented individuals allows us to form teams that combine technology, strategy, creative design and industry professionals.

We are a pioneer in branding, digital design and linking organisations to the Internet or other media for the purposes of e-commerce and entertainment. The foundation of our Company is composed of some of the most innovative, creative and dedicated people in the industry. Our corporate and operating organisations have clear lines of reporting and the appropriate policies, procedures and controls. However, we encourage an open workplace and maintain relatively small operating groups.

We are a multinational organisation consisting of individuals whose traditions and cultures vary between countries. They are bounded by our innovative and creative emphasis and our entrepreneurial spirit which are the common characteristics that cross country boundaries.

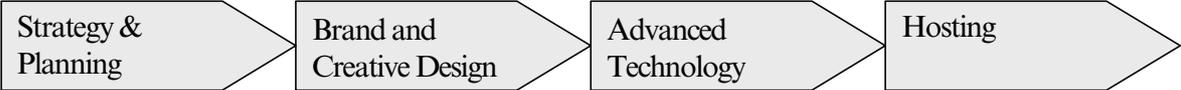
Organisation

We are currently operating in seven different countries in Europe and the US. Our head office is located in Stockholm, with additional support mainly located in Amsterdam. We are a group of locally Operating Entities, each serving (sometimes large) clients in their local markets and local market place. We are organised into geographical entities, which address local market requirements and co-operate with other entities to be able to meet clients’ needs on various projects. Collaboration between our offices is facilitated through the use of a client data base, proprietary development tools and other methodologies that incorporate best practices developed over the past several years. Further restructuring of our Company will create more possibilities for the exchange of clients within separate entities within the Company. We have a project-based organisation, in which customer assignments are staffed according to the needs of each assignment. Our global management team consists of representatives from each principal market and a number of other business functions. The Management and local management have extensive experience from the IT branding and digital marketing industries. In the graph below an overview of our operational activities and the geographical spread is presented.



Description of activities

We are a company that provides innovative and integrated strategic consulting, business consulting, creative design and technology services to corporations looking to define and implement e-business, digital marketing and innovation strategies. We provide our clients with a comprehensive array of e-business related services, ranging from conception to implementation. We approach e-business problem solving by combining multidisciplinary, fully integrated skills that can be customised to meet the individual needs of our clients. In each step, we integrate expertise to tailor our e-business problem solving to each client’s business and market. The primary service offerings include the following:



- | | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> - Business strategy - Customer segmentation studies - Competitive analysis - Product and channel development - Media planning and strategies - Digital/Direct and Search-engine marketing strategies - Infrastructure strategies | <ul style="list-style-type: none"> - Identity design - Interactive branding - Online marketing - Campaign design - User experience design - Usability testing | <ul style="list-style-type: none"> - Wireless/Mobile - Radio Frequency Identification (RFID) - Multi-channel integration - Corporate intranets and employee portals - Content management solutions - Web architecture design & analysis - eCRM development and integration - Data base design and development - QMS implementation - Performance management statistics and analysis | <ul style="list-style-type: none"> - CMS support - Intranet and extranet support - Multi-channel application support |
|--|---|---|---|

Clients

LB Icon has a blue chip client base, but more importantly these clients allocate substantial budgets to invest in their digital marketing, Internet infrastructure, websites and front end user interfaces. It is our belief that most of our clients plan to increase their online marketing initiatives, and most marketing departments plan to spend more on digital business-to-consumer (“B2C”) and business-to-business (“B2B”) channels in 2004. Customers recognise that digital marketing programs are having a different impact on buying behaviour than traditional communication channels. However, the market in which we are operating is very dynamic and volatile. In order to forecast of our client investments we rely heavily on the knowledge and expertise of local managers and the Management. Below a representative list of our current clients per industry is given.

Financial	Pharma/ Healthcare	Government	Retail/ Distribution	Media	Tele Communications	Automotive Industry
- ING Bank	- Abbott Lab	- Canary Islands	- Otto	- Mediaset	- BT Group	- Audi
- Caja Espana	- Bio Merieux	- Metropolitan	- Esselunga	- Wegener	- KPN	- Volkswagen
- UWV	- Delta Dental	Police	- Safeway	- AOL	- Siemens	- Seat
- Mastercard	- Bristol Myers		- Prada	- EMI	mobile	- Goodyear
- Banco	- Squib		- HP		- Nokia	- Mercedes
- Comercial	- Sanofi		- Siemens			- Pirelli
- ICO						- Dunlop
- DKV						- PON Group

Client cases

The following client cases are presented in order to give a better understanding of the activities of the Company.

DKV Deutsche Krankenversicherung AG

DKV, a company in the ERGO Insurance Group, is Europe's largest private health insurance carrier. DKV is evolving into a health enterprise that provides insurance, health services and medical care from one source. This strategy must be backed up by brand and corporate presence. LB Icon's Berlin-based branding agency, MetaDesign, has developed DKV's new image.

– Business case:

The health market is a market of the future. DKV intends to gain and expand market share in rapidly growing fields such as disease prevention. This process of re-orientation has made a new visual identity necessary. It recognises the value of identity promoting corporate design processes as strategic instruments of management.

– Solutions and expertise:

MetaDesign created a new corporate design system and a new logo, which emphasises the credibility of the company's new position and enhances its appeal. Public opinion polls carried out by market research institute Infratest have confirmed the success of the project.

– Created value:

DKV's new image is symbolic of future tasks. This applies not only to the parent company, but also to the new business divisions, which offer a broad range of future oriented services. The corporate design system is thus a strategic instrument and crucial success factor, ensuring a forward looking, clear profile in the market. DKV will be "the Health Company in Europe".

Mediaset Group

Mediaset is the leading Italian multimedia company bringing television, information and communication services to a broad audience of customers in Italy. The company will play a leading role in the introduction of new digital interactive services and programs for the broadcasting market in Europe.

– Business case:

The Italian government has decided by law that multimedia services and programs in terrestrial frequencies will be digitally broadcasted exclusively by 2006. Between today and ultimo 2005 broadcasters will have the opportunity to test digital interactive capabilities on present licenses for analogue techniques. It is critical to Mediaset to build a broad service offering for this new market and position itself as one of the leading digital interactive service provider in Europe.

– Solutions and expertise:

Since early year 2002 IconMedialab Italy in Milan has partnered with Mediaset supporting their digital interactive project in the design and implementation of applications for broadcasters, like Free to Air TV. IconMedialab has developed a suite of fully integrated multi-device solutions, which enable the delivery of digital interactive services to consumers and for broadcasters to resell.

– Partnership:

IconMedialab Italy and Mediaset will be well positioned to offer their combined services and solutions to European broadcasters who are entering the digital interactive markets in their respective countries.

Tibbett & Britten

Tibbett & Britten is one of the world's leading logistics and supply chain solutions companies.

IML USA, New York is leading the design and implementation of a "living" Radio Frequency Identification ("RFID") lab at Tibbett & Britten's member distribution company, Connect Logistics Inc. in Alberta, Canada.

– Business case:

Connect Logistics is the third-party logistics provider for the Alberta Gaming and Liquor Commission. The project validated the return on investment identified in the business case developed by our New York office. The project identified the highest value application areas and the optimal configuration for warehouse equipment as well as any practical limitations in current RFID technology.

– Solutions and expertise:

Our New York office was selected to lead development based on its established experience in RFID implementations from strategic consulting to deployment.

Nuon

Nuon is a Netherlands based, independent, international energy group active in the generation, marketing, sale and distribution of electricity, gas and heat, as well as related products and services, on behalf of millions of customers.

– Business case:

At the end of 2002, Nuon selected Lost Boys in the Netherlands to develop the Internet channel for the planned liberalisation of the energy market as of July 2004. As of that date Dutch customers will be able to choose their preferred energy supplier. This requires a complete new approach to customer engagement, sales and marketing.

– Solutions and expertise:

Lost Boys has completely redesigned, restructured and rebuilt the online presence of Nuon for its four main target groups: consumers, business, stakeholders (holding) and potential employees. For this challenge a full range of competencies (from concept & design to implementation) was dedicated to the task. Furthermore, Nuon asked for several action-marketing sites in order to increase consumer awareness about energy and to improve time to market for their products and services. Lost Boys partnered closely with Nuon's ICT group.

Daimler Chrysler Nederland

Daimler Chrysler is one of the leading players in the automotive industry. Its product portfolio ranges from small cars to sports cars and luxury sedans and from versatile vans to heavy-duty trucks and comfortable coaches. Daimler Chrysler Nederland BV is responsible for the marketing and sales of well known brands such as Mercedes-Benz, Maybach, Chrysler, Jeep, Dodge and Smart in the Netherlands.

– Business case:

Daimler Chrysler Nederland focuses on the higher automobile segment, especially with regard to craftsmanship. To increase their market share, the (younger) customers with car models that are dynamic and sportive were targeted. With the introduction of the new C-class, Mercedes Benz is doing just that. The new model has design elements and functional features that attract the sportive driver, while keeping the craftsmanship in the forefront. The main challenge for Mercedes Benz was to introduce this new C-class to the heart of the customers.

– Solutions and expertise:

Lost Boys created an online introduction campaign for the new C-class aimed at, in particular, drivers of competing brands. For the creative concept, Lost Boys has built on the positive driving characteristics of the Mercedes C-class and on the fact that fifty percent of the people who have done a test-drive actually buy the car. The campaign, 'Proef de C' ('Taste the C'), offers prospects the opportunity to take a virtual test drive. In this test drive they experience the unique driving characteristics of the C-class from beyond their screen. In a nearly real-time experience they hear, feel and see the new C-class. Through the optimal use of Macromedia Flash, users can listen to different engines, feel the difference between several gearboxes in an

acceleration test and look at the car from all imaginable corners. The application is linked to the lead management system of Mercedes Benz, allowing dealers to get in direct contact with prospects that signed up for a real test-drive in the custom made calendar.

Sales and marketing

Through our direct sales force and marketing organisation, which operate locally, we market and sell our services to clients who are rethinking or expanding their organisations to integrate e-business capabilities. Each of our offices is aligned with sales professionals dedicated to promoting our service offerings and maintaining client relationships. In addition, our Management is closely involved in the sales process and in maintaining existing client relationships. We believe that our sales force and marketing organisation are critical to us establishing and maintaining a key position in the e-business service provider market. We focus on building long-term relationships with our clients. To market our enterprise-wide strategic services, we focus on maintaining relationships with the senior management personnel of current and potential clients. Our marketing activities are specifically intended to develop our brand. We believe that maintaining brand awareness is critical to attracting new clients in existing and new markets.

Competition

Competition in the e-business solutions market has become increasingly intense. The market has evolved from creative web design to larger, enterprise-wide projects requiring high-level strategy and systems integration. Traditional systems integrators and business consulting firms have entered the market to compete with the existing Internet enablers and web consulting firms. Many of our competitors have longer operating histories, larger client bases, longer relationships with clients, greater brand or name recognition and significantly greater financial, marketing and public relations resources. We believe that we compete favourably against our competitors (including the traditional business consulting firms) by having talented professionals, by possessing strong creative design, digital marketing and technology skills and in-depth knowledge of our clients' businesses, and by demonstrating our flexibility in addressing, understanding and in meeting our clients' needs.

Industry background

The continued expansion of the Internet and related technologies has created opportunities for companies to improve efficiencies and increase revenue in a competitive, global marketplace. Companies, however, often lack the internal skills necessary to fully recognise and leverage the potential competitive advantages that the systems have to offer. As a result, companies have engaged third parties to help them develop and integrate the e-business solutions they require. The rapid development and proliferation of the Internet with the simultaneous increase of companies relying upon third parties to implement new technology has led to significant increases and shifts in demand for e-business service providers. This shift is reflected in the influx of firms to the market and the re-positioning of existing firms in response to changing market needs. The evolution of the e-business marketplace can be characterised by the following three phases:

Phase 1 – The emergence of the Internet

The emergence of the Internet and the rapid expansion of its use created a number of marketing and communication opportunities for companies interested in attracting a wider audience. Internet enablers emerged to address this growing demand. Projects in this phase typically involved setting up a company's web presence in an attractive and interesting manner. At this time, the Internet was largely viewed as an adjunct advertising vehicle for companies to supply information and increase a company's profile among the Internet public and e-business strategies principally involved creative and design capabilities based on knowledge of HTML and other emerging Internet standards. The relative simplicity of HTML and other Internet programming, and the abundance of personnel qualified in this area, made entry into the Internet enabler market attractive, and consequently the number of providers increased steadily.

Phase 2 – Technology service providers

The Internet soon evolved into a new venue within which companies could transact business electronically. Both traditional and emerging growth companies began seeking new ways to use the

Internet to increase their customer bases and demand for their product. This extended use of the Internet prompted companies to seek third parties that could address interactivity issues between systems and, more specifically, enable online order processing and secure transactions. This required not only front-end creative design but also back-end systems integration. As a consequence, existing Internet enablers sought to quickly expand their technical expertise, and traditional systems integrators sought to quickly expand their creative service offerings. Simultaneously, demand for strategy consulting began to emerge among companies that were interested in understanding how Internet technology could be used in their businesses. This increased demand by companies for Internet related strategies attracted existing strategy consulting firms to the developing e-business market. These consulting firms had solid foundations in strategy and consequently focused more on the strategy needs of the market than on the technical implementation needs. The cumulative effect of these various companies converging on the services provider marketplace was an increase in firms promoting e-business strategies and solutions, but no single services provider emerged capable of addressing all of the demands of the marketplace.

Phase 3 – The current market

Recently, the market has expanded further to include the use of Internet and emerging technologies as a means to create new efficiencies and substantial savings in traditional business processes. This type of business evolution requires comprehensive and integrated solutions that can be deployed company-wide. Because large organisations must protect their substantial investments in their existing IT systems, these innovative company-wide solutions involve the complex technical integration of new technologies with the traditional corporate legacy systems and require highly skilled expertise in back-end integration. The evolving nature of these solutions calls for flexible providers that can adapt to the changing needs of large companies and deliver innovative solutions efficiently by building upon past project-related experience. To be successful, e-business projects on this scale require senior-level management to support and oversee the implementation of the enterprise-wide solutions across the various departments of an organisation. In addition, multinational organisations require solutions that not only can be deployed in each country of operation but also can be implemented seamlessly enterprise-wide without regard to geography.

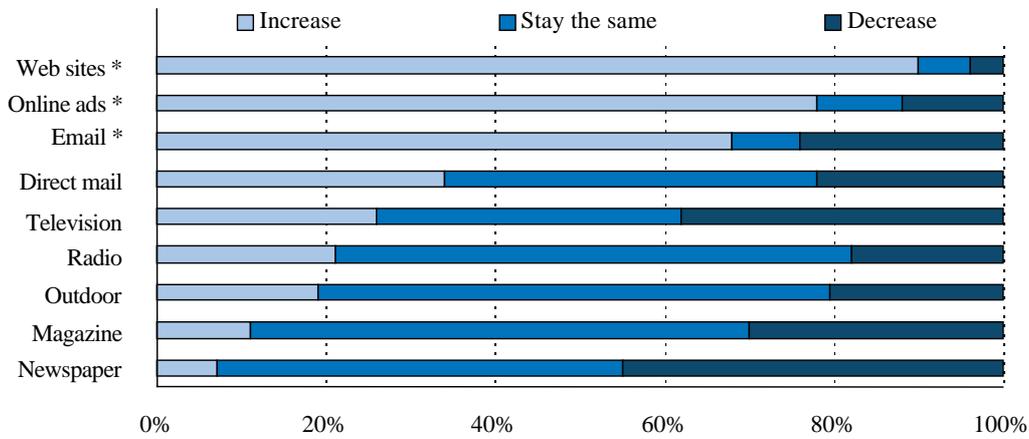
Market trends

The growth in e-commerce continues to exceed most forecasts that were made at the height of the infamous 'Internet bubble in 2002'. Forrester Research reported growth in business-to-business e-commerce in the US exceeded USD 2.4 trillion in 2003, significantly more than the forecast of USD 1.3 trillion. In 2003, growth in B2C was forecasted to top USD 108 billion and despite recession, terrorism and war, the number reached approximately USD 95 billion.

The outlook for further growth in e-commerce is strong both in Europe and the US. IDC (see section: "Other Information – Market data") reports a 75% growth rate per year in e-commerce. According to IDC, goods and services purchased on-line by European companies topped USD 200 billion last year, a fourfold increase from 2000. IDC reports that Western European investments in Internet based services will grow by about 29% annually from 2001-2006.

Forrester Research forecasts continued high growth in spending by companies for everything from online advertising to selling goods via the Internet. The two charts included below illustrate the expected growth in this area.

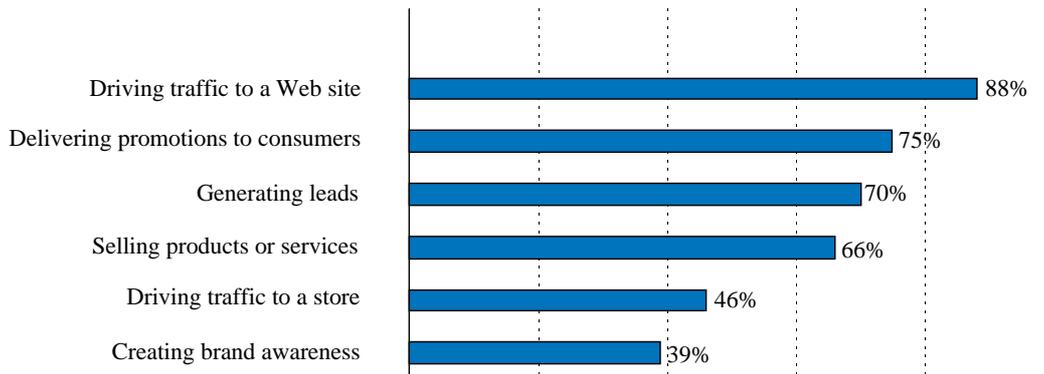
Based on the question: “In the next 3 years, do you think marketing’s effectiveness will increase, stay the same, or decrease in each of the following media?” the answers were as following:



“75% of respondents indicate continued increases in online”

* Within the scope of LB Icon’s services
Source: Forrester Research

Per cent of marketers who said digital marketing was more effective than traditional media at each of the following:



Source: Forrester Research

We believe that we are well positioned to not only benefit from the growth in e-commerce and increase of demand for web related services but more directly to be a leader in the development of digital marketing and sales programs.

Human capital

For a knowledge-based company like our Company, the most important asset is our employees and what they represent in the form of expertise, experience and creativity. The Company is working actively to attract and to retain the highest quality personnel.

The average number of employees in 2003 was 595 people. Apart from the holding company located in Sweden, personnel were located in Germany, Spain, the US, the Netherlands, Italy, Portugal and the UK and Switzerland.

Average number of employees	2003			2002		
	Women	Men	Total	Women	Men	Total
Sweden (holding company)	2	2	4	4	4	8
Operating Entities						
Germany	57	67	124	73	79	152
Spain	36	77	113	42	99	141
US	36	63	99	43	80	123
Netherlands	30	123	153	40	140	180
Italy	20	40	60	26	42	68
Portugal	1	7	8	1	8	9
UK	2	6	8	1	4	5
Switzerland	0	3	3	2	10	12
Poland (discontinued)	0	0	0	1	1	2
Belgium (discontinued)	0	1	1	2	23	25
Denmark (discontinued)	6	16	22	17	35	52
Finland (discontinued)	0	0	0	11	21	32
France (discontinued)	0	0	0	9	13	22
Sweden (discontinued)	0	0	0	30	71	101
Norway (discontinued)	0	0	0	5	19	24
Company total	190	405	595	307	649	956

Global Employee Stock Option Program

The Global Employee Stock Option Program provides that the Company's current and future employees can be allocated options to purchase Shares, which after the Reverse Split, entitle the holder of ten options to acquire one Share. The exercise price for the options must essentially reflect the market value of the Share on the date on which the options were granted. The options may be exercised no earlier than six months and no later than seven years from the date on which they were issued and on condition that the holder of the options is still an employee of the Company on the exercise date. The distribution of options is determined by the Board of Directors or a committee appointed by the Board of Directors, with due reference to such criteria as the employee's performance and his/her position within, and significance for, the Company. The purpose of the option program is to create the conditions for maintaining and recruiting competent employees in the Company. On 28 June 2004 the General Meeting resolved that the Company grants not more than 900,000 new stock options to the executive managers and key employees under the terms and conditions of the Global Employee Stock Option Program. In connection with acquisitions, the Company may grant options with exercise price below market value of the Shares to replace existing options in the acquired holding companies and to grant options to non-employees holding options in such companies.

As of 28 June 2004, employees own a total of 19,564,891 options to purchase under the Global Employee Stock Option Program. The table on the next page shows all stock options held by employees as of 28 June 2004.

Series	Date of grant	Date of expiration	Exercise price (SEK) options	Number of options as of 31-12-2002	Matured	Exercised	Granted	Number of options as of 28-06-2004
A	12-11-1999	31-12-2004	990	147,960	-72,400	—	—	75,560
B1-3	21-3-2000	31-12-2005	2370	157,937	-27,937	—	—	130,000
B4	1-9-2000	31-12-2005	2370	104,407	-31,829	—	—	72,578
C1	1-9-2000	30-09-2006	1510	149,439	-49,615	—	—	99,824
C2	1-9-2000	30-09-2007	1510	149,418	-49,609	—	—	99,809
C3	1-9-2000	30-09-2008	1510	61,592	-16,222	—	—	45,370
D1-6	27-4-2001	31-12-2006	110	598,990	-422,490	—	—	176,500
D11-16	27-4-2001	31-12-2006	123.7	99,385	-47,385	—	—	52,000
D31-36	27-4-2001	31-12-2006	110.4	544,876	-125,876	—	—	419,000
J	19-8-2002	19-8-2007	15.4	1,600,000	—	—	—	1,600,000
I1-4	4-9-2002	19-8-2007	11.5	315,000	-100,000	-28,750	—	186,250
I5-7	4-9-2002	4-4-2006	11.5	2,000,000	—	—	—	2,000,000
H1	14-11-2002	31-12-2006	11.3	2,000,000	—	—	—	2,000,000
H2-5	14-11-2002	19-8-2007	11.3	500,000	-125,000	—	—	375,000
K	14-2-2003	4-4-2008	18.5	—	—	—	3,293,000	3,293,000
L	29-5-2003	29-11-2006	15.0	—	—	—	4,495,000	4,495,000
M	14-11-2003	14-11-2008	22.9	—	—	—	2,745,000	2,745,000
N	14-11-2003	14-11-2008	22.9	—	—	—	800,000	800,000
Total				8,429,004	-1,068,363	-28,750	11,333,000	18,664,891

Vesting period

A	1st part of 36.0% was vested on 1-Jan-01; 2nd part of 33.7% was vested on 1-Jan-02; 3rd part of 30.4% was vested on 1-Jan-03
B1-3	1st part of 33.3% was vested on 1-Jun-01; 2nd part of 33.3% was vested on 1-Jun-02 and the remaining 33.3% on 1-Jan-03
B4	100% was vested on 1-Sep-03
C1	100% was vested on 1-Sep-01
C2	100% was vested on 1-Sep-02
C3	100% was vested on 1-Sep-03
D1-6	1st part of 16.7% was vested on 1-Nov-01; 2nd part of 16.7% was vested on 1-May-02; 3rd part of 16.7% was vested on 1-Nov-02; 4th part of 16.7% was vested on 1-May-03; 5th part of 16.7% was vested on 1-Nov-03; 6th and final part of 16.7% was vested on 1-May-04
D11-16	1st part of 24% was vested on 1-Nov-01; 2nd part of 39.5% was vested on 1-May-02; 3rd part of 9.1% was vested on 1-Nov-02; 4th part of 9.1% was vested on 1-May-03; 5th part of 9.1% was vested on 1-Nov-03 and 6th remaining part of 9.1% was vested on 1-May-04
D31-36	1st part of 16.7% was vested on 1-Nov-01; 2nd part of 16.7% was vested on 1-May-02; 3rd part of 16.7% was vested on 1-Nov-02; 4th part of 16.7% was vested on 1-May-03; 5th part of 16.7% was vested on 1-Nov-03; 6th and final part of 16.7% was vested on 1-May-04
J	1st part of 25% was vested on 19-Aug-03; 2nd part of 25% is vested on 19-Aug-04; 3rd part of 25% is vested on 19-Aug-05 and remaining 4th part of 25% is vested on 19-Aug-06
I1-4	1st part of 25% was vested on 19-Aug-03; 2nd part of 25% was vested on 19-Aug-04; 3rd part of 25% is vested on 19-Aug-05 and remaining 4th part of 25% is vested on 19-Aug-06
I5-7	1st part of 33.3% was vested on 4-Apr-03; 2nd part of 33.3% was vested on 4-Apr-04; remaining 3rd part of 33.3% is vested on 4-Apr-05
H1	100% was vested on 19-Aug-03
H2-5	1st part of 25% was vested on 19-Aug-03; 2nd part of 25% is vested on 19-Aug-04; 3rd part of 25% is vested on 19-Aug-05 and remaining 4th part of 25% is vested on 19-Aug-06
K	1st part of 25% was vested on 4-Apr-04; 2nd part of 25% is vested on 4-Apr-05; 3rd part of 25% is vested on 4-Apr-06 and remaining 4th part of 25% is vested on 4-Apr-07
L	1st part of 33.4% was vested on 29-May-04; 2nd part of 33.4% is vested on 29-Nov-04 and remaining 3rd part of 33.3% is vested on 29-Dec-04
M	1st part of 25% is vested on 14-Nov-04; 2nd part of 25% is vested on 14-Nov-05; 3rd part of 25% is vested on 14-Nov-06 and remaining 4th part of 25% is vested on 14-Nov-07
N	1st part of 50% is vested on 14-Nov-05; 2nd part of 25% is vested on 14-Nov-06 and remaining 25% is vested on 14-Nov-07

US Option Plan

There is a special option program in force for certain employees of LB Icon's American subsidiary IML USA – New York, which originally stipulated that holders of options were entitled to acquire shares in IML USA – New York. This option plan was changed in conjunction with the acquisition, to the effect that ten options now provide for entitlement to acquire one Share. At present there are a total of 72,834 options outstanding under this special option program each providing entitlement to acquire one Share, of which 58,559 options have an exercise price of USD 1.32 (i.e. USD 13.20 after the Reverse Split) and 14,275 options have an exercise price of USD 5.27 (i.e. USD 52.70 after the Reverse Split). To guarantee the option commitments, 225,826 Shares are held by a trust.

Warrants

Mainly to ensure the Company's undertaking to deliver Shares under the stock option program and to cover related administrative costs and social security contributions, the Company has, since 1999, issued a total of 38,040,150 warrants (including warrants that have not yet been registered). Upon the exercise of stock options by an employee warrants held by PIMI AB will be exercised to create new Shares. The exercise of warrants does not require further approval of the General Meeting contrary to a Share issue. The exercise of warrants causes dilution. After the Reverse Split, resolved on 4 June 2004, each ten warrants entitles the holder to subscribe for one new Share, in fifteen different series. Of the total number of warrants that the Company has issued, 35,160,150 warrants have been issued to wholly-owned subsidiary PIMI AB and 3,245,500 warrants have been issued to executives and key employees in the Company. See table on page 49.

No. of warrants	No. of Shares can increase by	Period		Subscription price (SEK)
2,775,000	277,500	31-12-1999	31-12-2004	990.00
2,775,000	277,500	31-12-2000	31-12-2005	2370.00
1,775,000	177,500	31-12-2000	31-12-2008	1,588.80
250,000	25,000	31-12-2000	31-12-2008	626.00
250,000	25,000	31-12-2000	31-12-2009	119.30
250,000	25,000	31-12-2000	31-12-2009	119.10
250,000	25,000	31-12-2000	31-12-2009	56.90
1,275,000	127,500	31-12-2000	31-12-2009	626.00
5,838,300	583,830	6-3-2002	31-3-2007	110.00
1,600,000	160,000	19-8-2003	31-12-2007	15.40
2,791,400	279,140	4-4-2003	31-12-2007	11.50
2,790,000	279,000	1-7-2003	31-12-2007	11.30
3,625,000	362,500	6-5-2003	30-6-2008	18.50
4,989,450	498,945	4-6-2004	30-6-2009	15.00
3,926,000	392,600	4-6-2004	31-12-2009	22.90
Total	3,516,015			

RECENT TRANSACTIONS

Acquisitions

Melstar (asset deal)

On 26 April 2004, Escador Ltd entered into a sale and purchase agreement of certain assets with Melstar Ltd (UK). The price will be paid in three tranches by means of a payment in cash and an issuance of Shares. The first tranche in cash has already been paid. The second tranche has been paid through the issuance of 1,893,846 shares (i.e. 189,385 Shares after the Reverse Split) on 4 May 2004. The third tranche will also be paid in Shares, provided that LB Icon may opt to pay this tranche in cash instead of Shares in case the Annual General Meeting 2005 does not approve the issuance of Shares.

Melstar Ltd was founded fourteen years ago and provides services for the development of web enabled applications for clients in the public and private sectors. Formerly branded as Linkhand Limited, the company has developed a proprietary content management product that includes workflow management functionality. It is intended that Melstar Ltd will be re-branded as LBI-Linkhand. The existing business of LB Icon in the UK will be combined with the LBI-Linkhand organisation in order to maximise the market presence, increase activities with existing clients and to further reduce operating and overhead costs. It is expected that the Company's revenues in the UK will increase until over GBP 4 million (EUR 6 million) and will bring the number of LBI staff in the UK to a total of 40.

Winsome

On 15 May 2004, the Company entered into a sale and purchase agreement with the selling shareholders of Winsome Benelux N.V. (Belgium). The purchase price is paid in three tranches by means of an issuance of Shares. The first tranche has been paid through the issuance of 1,599,211 shares (i.e. 159,921 Shares after the Reverse Split) on 4 May 2004. LB Icon may opt to pay the second and third tranche in cash in case the Annual General Meeting of LB Icon does not approve the issuance of the Shares. The Shares to be acquired by the sellers pursuant to the second tranche are subject to a lock up until 31 December 2006.

The current management team of Winsome has expressed the intention to continue their employment with or services for Winsome until at least 21 months following completion. In case any of these managers leaves Winsome prior to the end of this period, due to circumstances which are for the account of these managers, his/her *pro rata* entitlement to the Shares pursuant to the second and third tranche will be cancelled, or such Shares will have to be sold by the manager who is leaving, unless the relevant Shares have already been issued and registered and are not or no longer subject to the lock up.

Winsome is a Belgium based digital design company that also markets and sells a proprietary content management system (CMS), NetEngine. Winsome was founded 14 years ago and has offices located in Brussels and Bruges.

In 2003, revenues for Winsome were EUR 2.0 million with a positive net result of EUR 26,000 before extraordinary adjustments. As part of the acquisition transaction adjustments were made for a total of EUR 544,000 additional cost. These adjustments were needed to bring the valuation of the assets in line with the Company's valuation principles. Most of these one-time adjustments related to different revenue recognition criteria for maintenance contracts.

Escador Holdings B.V.

On 16 June 2004, the Company entered into a share purchase agreement regarding the purchase of 13,873,758 of the 15,415,286 issued and outstanding shares of Escador Holdings B.V. with the major shareholders. Completion of the acquisition is subject to several conditions precedent being satisfied or waived by the Company.

The annual accounts of Escador Holdings BV report in 2003 net sales of EUR 4.8 million and an income after taxation excluding extraordinary items of EUR 400,000.

Share issues

At a General Meeting on 26 March 2004, the Shareholders approved the Board of Directors' resolution of 10 March 2004, to increase the Share capital with not more than 16,645,000 shares (i.e. 1,664,500 Shares after the Reverse Split), each with a nominal value of, at that time, SEK 0.08 (i.e. SEK 0.80 after the Reverse Split). The issue was directed to a limited number of financial institutions and professional investors. The subscription price was EUR 0.328 (i.e. EUR 3.28 after the Reverse Split). As part of the above share issue, the General Meeting also approved issuance of 166,450 debentures with up to 3,329,000 warrants. The warrants entitle the holder thereof to subscribe for one Share per warrant at a subscription price of SEK 4.00 per share (i.e. SEK 40.00 after the Reverse Split) from 26 August 2005 up to and including 26 September 2005. The debentures entitle the investor to subscribe for 20 warrants for each 100 Shares issued. The issuance of Shares and debentures was underwritten by Fidessa Asset Management S.A. The underwriter's fee amounts to 3% of the guaranteed amount, to be paid in Shares on 7 April 2004 at the latest and at the same subscription price.

In order to retain key personnel and management, the General Meeting on 26 March 2004 agreed to a proposal of one of the main shareholders, Red Valley Ltd., to issue not more than 3,355,000 shares (i.e. 335,500 Shares after the Reverse Split) to directors, senior executives and certain key employees. Together with these Shares, debentures were issued with up to 671,000 detachable warrants under the same conditions as described above for the warrants issued under the underwriters' agreement. On the closing date 2,426,220 shares (i.e. 242,622 Shares after the Reverse Split), 24,262 debentures and 485,240 warrants had been subscribed for.

On 31 March 2004 the Board of Directors resolved the issue of 6,468,506 shares (i.e. 646,851 Shares after the Reverse Split) to Red Valley Ltd. The new shares were issued at a subscription price of SEK 3.58 (i.e. SEK 35.80 after the Reverse Split), which corresponded to the average last price paid for the shares on Stockholmsbörsen during a period of 30 days up to and including 31 March 2004. Payment for the new shares were made by a set-off of claims amounting to EUR 2,500,000 relating to a long term loan which Red Valley Ltd. has granted the Company. The applicable exchange rate is EUR/SEK 9.2629, which means that an amount equivalent to SEK 23,157,251 will be subject to set-off against Shares.

The General Meeting decided on the Reverse Split and the name change on 4 June 2004. On 28 June 2004 the General Meeting resolved the following matters:

- Increase of the Share capital with not more than SEK 782,000 (EUR 85,362) by an issue of not more than 977,500 Shares. The new Shares were subscribed for by a limited number of financial institutions and other professional investors. Subscription for the new Shares was made on 28 June 2004. Payment for subscribed Shares shall be made in cash on 2 July 2004 at the latest. The subscription price amounts to SEK 33 (EUR 3,60). The new Shares entitle to dividends from and including the financial year 2004.
- Increase of the Share capital with not more than SEK 680,000 (EUR 74,228) by an issue of not more than 850,000 Shares, at a subscription price of SEK 33. The new Shares were subscribed for by Red Valley Ltd. on 28 June 2004. Payment for subscribed Shares shall be made by a set-off of claims relating to part of a long term loan of approximately EUR 5.6 million, which Red Valley Ltd. has granted the Company. The applicable exchange rate was set at EUR/SEK 9.161.
- Furthermore the General Meeting decided to raise a subordinated loan in the amount of not more than SEK 182.75 (EUR 19.95) by the issuance of not more than 18,275 subordinated debentures, each with a nominal value of SEK 0.01. Each debenture shall be attached with 20 detachable warrants, which each entitles the holder thereof, from 26 August 2005 up to and including 26 September 2005, to subscribe for one Share in the Company (publ), with a nominal value of SEK 0.80, at a subscription price of SEK 40 per Share. If the latest price paid for the Shares on Stockholmsbörsen is equal to or exceeds SEK 45 for 90 consecutive days, the Board of Directors shall be entitled to resolve that the warrants shall lapse within 25 business days from the day of such resolution. The debentures shall not carry interest. Payment for each debenture including warrants to subscribe for new Shares shall be made in cash with SEK 0.01 on 2 July 2004

at the latest. The debentures were subscribed for by financial institutions and other professional investors, whereby such financial institution or professional investors are entitled to subscribe for one debenture for each hundred Shares subscribed for.

- In the same meeting, the General Meeting authorised the Board of Directors to issue not more than 29,325 Shares against set-off of claims at a subscription price of SEK 33 per Share as payment of the underwriters in respect of the issue of Shares pursuant to the resolution above.
- To ensure the option undertakings with respect to the Global Employee Stock Option Plan a corresponding number of warrants have been subscribed by PIMI AB, a wholly owned subsidiary of LB Icon. Moreover, PIMI AB has subscribed for warrants to cover administrative costs and social contributions or similar taxes that may arise by reason of the Global Employee Stock Option Program. In order to attract and to retain key employees, the Board of Directors proposes that the General Meeting approves that the Company grants not more than 900,000 new stock options to the executive managers and key employees under the terms and conditions of the Global Employee Stock Option Program. In connection with acquisitions, the Company may grant options with exercise price below market value of the Shares to replace existing options in the acquired companies and to grant options to non-employees holding options in such companies. If all stock options are exercised, executive managers and key employees of the Company will acquire Shares corresponding to a dilution effect amounting to approximately 3.5 per cent after dilution and considering the Share issues mentioned above. Considering previously adopted incentive programmes to the employees, the aggregate dilution effect amounts to approximately 10.5 per cent after dilution.
- The authorisation of the Board of Directors to issue subordinated debentures with not more than 900,000 detachable warrants at one or several occasions during the period until the next Annual General Meeting. By virtue of exclusion of the Shareholders' preferential rights, wholly owned subsidiaries in the Company shall be entitled to subscribe for the Shares.
- If the authorisation is fully used and if all 900,000 warrants are exercised, the Company's Share capital will increase by 720,000. The purpose of the exclusion of the Shareholders' preferential rights is to ensure the option undertakings according to the Global Employee Stock Option Program and to cover administrative costs, social security contributions and similar taxes arising in connection with the program.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial position and results of operations refers to and should be considered in conjunction with the audited financial statements for the years ended 31 December 2001, 2002 and 2003 and related notes, of which an abbreviated version is included in this Prospectus on pages F 1 to F 40. The Company's financial year runs from 1 January to 31 December.

Included in this section is certain un-audited pro forma financial information in respect of the years ended 31 December 2003, 2002 and 2001. This financial information as well as comments from Management have been prepared in order to illustrate what the results of LB Icon might have been if the same restructuring and acquisitions had occurred prior to 1 January 2001, apart from Escador entities, in this section referred to as the Company's continued operational businesses.

This discussion contains certain forward-looking statements concerning LB Icon's operations, economic performance and financial condition. These forward-looking statements include statements concerning future revenues, expenses and capital expenditures and possible changes in the industry and competitive environment. Because these forward-looking statements involve risks and uncertainties, LB Icon's actual results may differ materially from the results expressed or implied in these statements. See also "Important Information" and "Risk Factors".

Certain figures mentioned in the text paragraphs of this chapter have been rounded and may not conform to the exact total which is mentioned in the included tables.

The Company

LB Icon is an international creative Internet services company with EUR 52.8 million (SEK 481.6 million) total net sales in 2003. The Company's primary services include strategy and planning, branding and creative design, advanced technology services and application hosting. In 2003 the Company had a total average workforce of approximately 595 Full Time Equivalents (FTE) in Europe and the US. Europe accounted for over 75% of the total revenues in 2003.

The Company's target clients include large, multinational companies involved in extensive branding, marketing and Internet channel development activities. The strategy and planning and creative design activities are high value services that require a strong local market presence. The corresponding technological development of services requires less personalisation and can be delivered separately from the client site at one of our centres.

Basis of the preparation of our pro forma financial statements

Our audited financial statements have been prepared in accordance with the rules and regulations of Swedish Financial Accounting Standards Council, using the purchase method. This means that assets and liabilities owned by the acquired company on the date of acquisition are valued to determine their consolidated purchase value. Any difference between the purchase price and the consolidated purchase value is reported as goodwill. Goodwill is amortised over a period of three to five years, according to the accounting policies used by LB Icon.

Before the Merger both companies had undergone substantial operational changes. The changes consist of a number of acquisitions and disposals of business activities. The *pro forma* accounts have been prepared as if Icon Medialab had acquired 100% of the shares in Lost Boys on 1 January 2001 as well as Lost Boys' acquisitions of MetaDesign AG (Germany) for a total of 51.0% of the shares per 1 January 2001 and 32.7% per 1 December 2002. Furthermore the acquisitions of Escador GmbH, Munich, Escador Ltd., London and Escador Inc., New York (all 100%) have been inserted into the comparables as of 1 May 2003.

Amortisation and write-down of goodwill has only been recorded for continued operational businesses. For 2001 and 2002, the amortisation of goodwill for Lost Boys has been calculated on actual goodwill from acquisition of Lost Boys.

In the pro forma items affecting comparability such as results of sale and closing of subsidiaries, results of sale of real estate and damage income has been excluded.

The profit and loss statement for all discontinued operations and non operational business and their effect on combined operational businesses has been excluded from 1 January 2001.

Acquisitions and disposals

Since the formal approval of the Merger, the Company has focused on achieving profitability as soon as possible. The Internet and technology market, at that time, was already deep into a decline in demand which necessitated a severe restructuring of the entire industry.

The Board of Directors and Management developed a comprehensive restructuring plan by March 2002 and proceeded with the implementation for the remainder of the year. Several former IconMedialab and Lost Boys offices were closed in Scandinavia and the rest of Europe. Geographic operations with stable and competent management, experience in the branding and digital design business, and the potential for local market demand were the criteria for determining the core markets for the Company. By the third quarter in 2002, the primarily management focus changed from divestment of operations to the improvement of the operating performance of the remaining entities. By the end of 2002, the Company's revenues started to stabilise and the financial performance of the Company started to improve.

At the start of 2003, however, the situation in the Middle East worsened, creating enough gloom to stop any turnaround in business environment. Our clients halted or sharply curtailed their discretionary spending on marketing and IT. The Company took further immediate actions by restructuring the existing core Operating Entities in the US, the Netherlands, Italy and Spain. In addition, both the Danish and Belgian operations were closed.

After the summer months of 2003, market conditions generally started to improve again. However, the demand for our services was still sluggish and continued pricing pressure kept our margins low.

For 2004, the outlook is cautiously optimistic that the global business climate will gradually improve. This improvement and the rapid growth of Internet related business activity should result in a higher demand for our staff and services.

Summary of key financial figures 2003 — 2002 — 2001

The presented key figures set forth below should be read in conjunction with the financial information of the Company and the notes thereto included in the Prospectus on pages F 1 to F 40

Pro forma un-audited consolidated profit and loss statements of continued operational businesses

	SEK 000s			EUR 000s		
	2003	2002	2001	2003	2002	2001
Net sales	456,143	505,382	703,566	49,991	55,170	76,048
Production expenses ...	-362,142	-452,789	-651,544	-39,689	-49,429	-70,425
Gross margin	94,001	52,593	52,022	10,302	5,741	5,623
Selling expenses	-39,483	-62,455	-83,450	-4,327	-6,818	-9,020
Administrative expenses.....	-110,595	-208,358	-293,231	-12,121	-22,746	-31,695
Other operating income.....	6,061	9,476	-2,555	664	1,035	-276
Other operating expenses.....	-538	-268	0	-59	-29	0
EBITA	-50,554	-209,012	-327,214	-5,541	-22,817	-35,368
Amortisation goodwill	-18,514	-22,508	-290,788	-2,029	-2,457	-31,431
EBIT	-69,068	-231,520	-618,002	-7,570	-25,274	-66,799

Net sales

Net sales in the period under review significantly declined primarily due to restructuring and downsizing of the Operating Entities. This resulted in staff reductions of 50% or more at each of the

locations starting the first half of 2002. In 2003, the further decline in revenue was primarily due to a weaker demand for our demand. This resulted in further staff reductions.

As a result of market changes, also called “the burst of the Internet bubble”, all subsidiaries have experienced significant changes in their respected markets. Growth in volume came to a complete stop and turned into a shrinking market in 2001. Revenues in 2001 compared to 2002 were down by approximately 28% due to lower spending by clients and a decrease of the average project size.

Compared to 2002, revenues in 2003 decreased further by approximately with 10% reflecting further decline in market demand followed by a substantial drop in average hourly rates of IT & Web Consultants and sale prices in general in the technology markets. Gross margins improved significantly from 2002 to 2003 due to decreased spending on outside consultancy fees and restructuring.

Net sales by Operating Entities

**Pro forma un-audited net sales activity of the
Operating Entities of continued businesses**

	SEK 000s			EUR 000s		
	2003	2002	2001	2003	2002	2001
MetaDesign.....	106,501	102,010	109,335	11,672	11,136	11,818
IML/LB NL.....	91,692	118,179	152,088	10,049	12,901	16,439
IML USA	115,572	164,993	300,817	12,666	18,011	32,515
IML Spain	60,878	76,617	91,899	6,672	8,364	9,933
IML Italy.....	37,310	41,707	45,374	4,089	4,553	4,905
Escador	43,112	—	—	4,725	—	—
Parent company.....	1,078	1,876	4,053	118	205	438
Total continued operations	456,143	505,382	703,566	49,991	55,170	76,048

In the years between 2001 and 2003 all operating companies, with the exception of MetaDesign, showed net sales reductions, which was in line with the development in the industry during that period. In the US, Spain and the Netherlands, the net sales as included in the table above, consists of two or more legal entities within those countries. Escador, consolidated in May 2003, includes two legal entities located in Germany and the UK.

MetaDesign located in Berlin showed stable net sales over the period of 2001 to 2003. In 2001 and through the first half of 2002, the sales consisted of offline branding and interactive web design. The restructuring plan developed in early 2002 resulted in the closure of the interactive design production capabilities. The healthy demand for its core services (i.e. branding and corporate identity) has led to a steady revenue stream.

The table above includes net sales of Lost Boys in the Netherlands combined with the smaller IML Amsterdam entity. Lost Boys was reorganised and restructured causing the elimination or dormancy of various other legal entities including IML Amsterdam. The decline in sales between 2001 and 2002 is influenced by decreased demand but also the discontinuation of unprofitable activities. The further decline of net sales in the period 2002 — 2003 is primarily caused by increasing price pressure and further decreases in demand for our services in the Netherlands.

Net sales in the US are generated by our two operating companies located in New York City and St. Louis, which were both part of IconMedialab. The decrease of net sales in the US, related to the loss of a few large clients toward the end of 2001 and early 2002. Net sales in the period 2002 — 2003 further decreased due to weak demand in the market. The US recorded losses in 2002 and 2003 even with further downsizing.

Net sales of the IconMedialab operation in Spain (headquarter — Madrid) also includes activities for services in Portugal. Over the period 2001 — 2003 there has also been a shift in the client base and sources of revenue. In 2001 and 2002, the loss of several smaller clients, a weakened market and overcapacity of Internet resources has had a negative impact on sales. As of 2001 onwards we focused

more on developing solutions in the hospital and government administration areas. In 2002, over 27% of the revenues in Spain were generated by sales of these solutions. In 2003, this grew to 51%.

The IconMedialab operation in Italy, Milan suffered from the same weakened market as the other Operating Entities. Over the period 2001 — 2003, we adjusted our production capacity and staffing levels to match the market demand. The client base in 2001 and 2002 has remained relatively stable; however the size of the projects has declined. In 2002 and 2003, new revenues from the development of id-TV type formats and solutions became a new and larger source of revenues.

In May 2003, we acquired the e-CRM development business, Escador, which had offices in London and Munich. Although the demand for the services provided by Escador has declined, the projects are on average of a longer duration and therefore Escador was not as negatively impacted.

Selling and administrative expenses

There is a strong reduction in all expenses over the period. Most of this reduction is the result of staff reductions in the corporate overhead as well as other overheads in the Operating Entities. Selling expenses declined by approximately 25% in the period between 2002 — 2001 and 37% in the period between 2003 — 2002. This reduction was to some extent related to the drop in sales but also reflected other reductions in selling expenses and increased efficiencies over the entire period. In the period between 2001 — 2002, sales staff was primarily working on a corporate level. Early 2002, it was decided to decentralise these sales functions since they were highly inefficient and unproductive. The remaining corporate sales staff focused on a few key service offerings.

Administrative expenses also declined sharply by approximately 29% between 2001 — 2002 and by another 47% between 2002 — 2003. The decrease in the period 2001 — 2002 includes primarily headcount reductions and was applied across the Operating Entities as well as the corporate level. In the period 2002 — 2003, the corporate overhead was further reduced through the reduction of staff in corporate offices located in Stockholm, Amsterdam and Brussels. For most of 2001 — 2002, corporate departments were located at these various locations. Early 2002, it was decided to immediately reduce the size of the corporate administrative staff. By the beginning of 2003, corporate staff was located in Stockholm and Amsterdam.

Personnel costs

Pro forma un-audited breakdown of personnel costs

	SEK 000s				EUR 000s	
	2003	2002	2001	2003	2002	2001
Production	-221,527	-258,553	-400,870	-24,278	-28,225	-43,330
Administration.....	-60,585	-85,048	-107,985	-6,640	-9,284	-11,672
Sales.....	-20,085	-28,642	-35,545	-2,201	-3,127	-3,842
Total personnel costs.....	-302,197	-372,243	-544,400	-33,119	-40,636	-58,844
Total average # FTE's	566	626	932	566	626	932

The reduction in costs for production personnel was due to the downsizing of the Operating Entity. The largest decrease occurred in 2002 as part of the restructuring. However, further reductions were made in 2003 in response to continued market weakness. Average costs per fulltime equivalents (FTE) have remained relatively flat over the period with a slight reduction from 2003 onwards due to further cuts in the parent company's overhead and exchange rate adjustments.

Sales and administrative staff levels were reduced in the period 2001 — 2002. The percentage of non-billable personnel costs in relation to billable personnel costs is relatively stable and it is expected to decrease if net sales increase, since the administration personnel can support a larger number of billable production personnel.

The reduction of the average number of FTE over the period 2001 to 2003 shows the overall impact of the restructuring started in the second quarter of 2002. The subsequent reductions in headcount in 2003 are a result of the further reductions in Operating Entities and in the corporate entity.

EBIT

In the period under review, there is a significant improvement in the EBIT of the Company. Although net sales decreased, the Company has been able to improve its gross margin, primarily due to a strong increase of utilisation and chargeability of the remained staff and through cost reductions. This improvement was accomplished over a period in which a general decline in demand for our services existed.

In 2001, EBIT was influenced by the rapid decline of net sales. While cost levels were reduced in response to this decline, losses were realised as general market conditions and demand deteriorated.

In 2002, the loss for the year was reduced compared to 2001 due to the restructuring activities executed in the first half of 2002. By the second half of 2002, the business activities in the Netherlands, Germany and Spain stabilised or started showing improvement. However, activities in the US, historically profitable, suffered losses and only recovered toward the end of 2002.

EBIT in 2003 improved significantly compared to the prior year however, the outbreak of war in the Middle East had a profound, negative, impact on all Operating Entities particularly in the first 6 to 9 months of 2003.

Summary of certain differences between Swedish GAAP and IFRS

An initial analysis of the Company's annual report as of 31 December 2003 has been conducted by the Company with regard to any significant differences in accounting principles when compared to IFRS. The consolidated financial statements of LB Icon are prepared in accordance with Swedish GAAP. Swedish GAAP have in recent years been successively adapted to IFRS, however, there are certain areas where differences exist.

In this analysis differences between Swedish GAAP and IFRS that relate to disclosures have been disregarded. Instead focus has been on the differences between IFRS and Swedish GAAP that affect recognition and measurement. Accordingly there has been identified only one difference between Swedish GAAP and International Accounting Standards that would have affected the reported earnings and Shareholders' equity for the year ending 31 December 2003:

- **Pension accounting:** According to Swedish GAAP, defined benefit pension obligations are recorded in the consolidated financial statements on the basis of accounting standards valid in the countries where the sponsoring companies operate. IAS 19 is more prescriptive in that it requires that a specific actuarial method (the projected unit credit method) should be used, and in the use of actuarial assumptions such as future salary increases, discount rates and inflation. The difference between Swedish GAAP and IAS 19 with regard to defined benefit plans has been analysed only for Italy and Germany.

The pension accrual in Italy was calculated following Italian law and the amount booked in the consolidated financial statements was EUR 232,000 as of 31 December 2003.

Regarding recorded pension liability in Germany of EUR 709,000 (MetaDesign) the determination was performed according to Section 6a EStG of the "Law to improve the Company's pension scheme" as of 19 December 1974, using the fair value method.

The initial analysis indicated that liabilities calculated under IAS 19 normally has a value in the range of -20% to +30% of the ones computed according to local law. It is expected that this will result in a maximum adjustment that ranges from EUR -46,000 to EUR 258,000.

Since applying IAS 19 or RR 29 (Swedish GAAP) will be considered as a change in principles the increased liabilities described above will be booked directly to equity from 1 January 2004.

Based on this analysis, it was concluded that the difference between IFRS and Swedish GAAP, as it relates to the 2003 financial statements are insignificant.

As of 2005, LB Icon will report in accordance with IFRS. The 2004 Annual Report will be the last one compiled in accordance with Swedish GAAP. In the interim report for the first quarter of 2005 and the 2005 Annual Report, the income statement and balance sheets in 2004 in accordance with IFRS will be reconciled with the statements in accordance with the company's current accounting principles. The company will in accordance with IFRS 1 report one comparative year according to IFRS in the 2005 Annual Report and in the 2005 Interim Reports.

As indicated above, there are no significant differences between IFRS and Swedish GAAP, as it relates to the 2003 financial statements. However, IASB has recently published some standards that will affect the financial statements of LB Icon on a prospective basis. These future changes will apply to IFRS financial statements that will be published in the 2005 Annual Report, in the following areas:

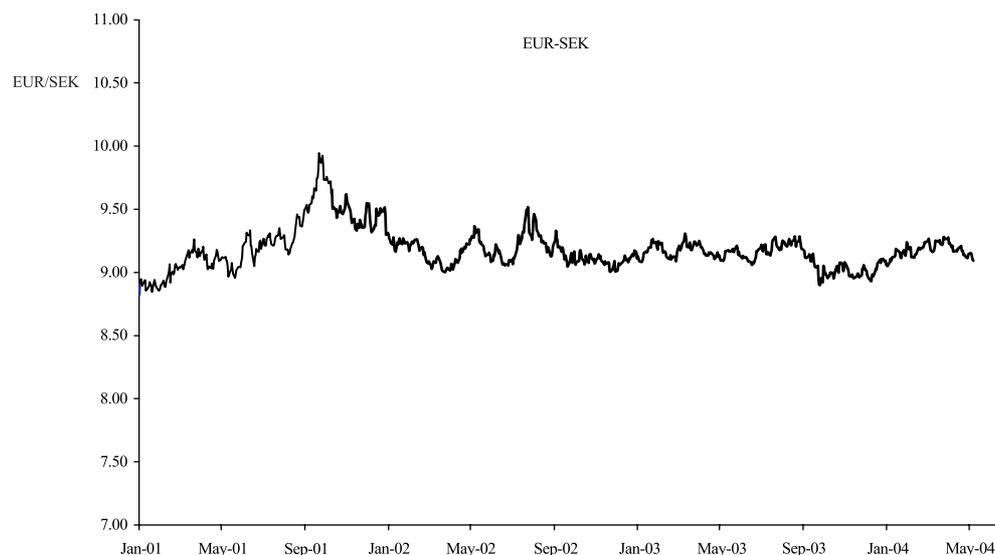
- **Amortisation of goodwill:** Under Swedish GAAP, all goodwill must be amortised over the expected useful life of the asset. According to IFRS 3, goodwill is deemed to have an indefinite useful life and is no longer amortised. Instead, it will be subject to annual impairment tests. This applies to goodwill from new transactions and to goodwill from previous transactions. For first-time adopters, this means that the goodwill amount recorded in the books as of 31 December 2003 will be frozen, and that amortisation of that goodwill will cease from 1 January 2004 and onwards. A goodwill impairment test of LB Icon was performed as of 31 December 2003 and the conclusion from this was that no impairment loss was necessary. Under the transitional provisions of IFRS 1, the goodwill amortisation recognised in the 2004 Annual Report (under Swedish GAAP) will be reversed when presenting the comparative income statement (for 2004) under IFRS in the 2005 Annual Report.
- **Share-Based Payments:** Under Swedish GAAP, no charge to the income statement has been recorded when options are granted to employees. IFRS 2 is the new financial reporting standard for share-based payments. It was published on 19 February 2004 and will need to be implemented by first-time adopters in the 2005 Annual Report. The new accounting standard will require a P&L charge for the grant of options to employees. IFRS 2 requires companies to recognise the cost of share-based awards to employees over the period from the grant date to the vesting date. The cost is assessed on a fair value basis with measurement at the grant date. The fair value of awards will be assessed using an option-pricing model. There will be a corresponding credit to equity. IFRS 2 will apply to accounting periods commencing on or after 1 January 2005 with a restatement of comparatives. The transitional provisions prescribe a partial retrospective effect. Share awards made on or after 7 November 2002 that have not been vested by 1 January 2005 are taken into account.

Reporting currencies

The currency in which the Company is reporting is the Swedish Kronor. In order to present the figures in Euros we have used the following exchange rates.

	SEK per EUR	EUR per SEK
Average Q1 2002.....	9.2852	0.1077
Average Q2 2002.....	9.1255	0.1096
Average Q3 2002.....	9.1623	0.1091
Average Q4 2002.....	9.0923	0.1100
Average Q1 2003.....	9.1717	0.1090
Average Q2 2003.....	9.1622	0.1091
Average Q3 2003.....	9.1845	0.1089
Average Q4 2003.....	8.9887	0.1113
Average Q1 2004.....	9.1631	0.1091
31 December 2001.....	9.4190	0.1062
31 December 2002.....	9.1925	0.1088
31 December 2003.....	9.0940	0.1100
Average 2001.....	9.2516	0.1081
Average 2002.....	9.1604	0.1092
Average 2003.....	9.1245	0.1096

Development of EUR-SEK exchange rate as of 2001



On 29 April 2004 LB Icon released the following un-audited 04Q1 figures and Company outlook¹:

“LB Icon has shown an increasing sales growth the backlog of work and pipeline of new business activity for the Company is stronger than in any recent period. The Company is achieving comparable sales levels with fewer personnel and lower operating costs. 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.

Another significant achievement in Q1 was the raising of approximately EUR 4.7 million of new capital and the further debt reduction of EUR 2.5 million in a debt-to-equity swap. In addition, the Company attracted new investors in the UK, the 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 and the Management are committed to getting the Company to a sustainable, profit generating position as rapidly as possible.

At the beginning of the quarter the Company 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 Company’s profit & loss was not material. Our continued operations now include the businesses in the seven countries where we are currently present: Sweden, the Netherlands, Germany, Spain, Italy, the UK and the US.

¹ The market in which the Company is operating can be described as dynamic and volatile, therefore forecasted figures, outlooks and forward-looking statements concerning the Company and its environment may differ from the actual statements. These differences could be material. Further information can be found in chapter “Risk Factors”.

	2004		2003			2002			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	SEK in millions								
Net sales	124.2	120.5	115.4	119.3	126.4	124.5	135.1	169.3	224.1
Growth % from same Q prior year	-2%	-3%	-15%	-30%	-44%	-40%	-42%	-47%	-48%
Growth % sequential Q.....	3%	4%	-3%	-6%	2%	-8%	-20%	-24%	8%
Operating result.....	-15	-15	-15	-31	-4	-3	-87	-129	-208
Goodwill amortisation and write-downs.....	-5	-5	-5	-5	-4	-5	-30	-8	-17
Provision for social security fees on employee stock options	-0.5	0.0	0.0	-0.1	-0.1	—	—	—	—
Operating earnings*	-10	-10	-10	-26	1	2	-57	-121	-192
Operating margin*	-8%	-8%	-9%	-22%	1%	2%	-42%	-71%	-86%
Items affecting comparability**	-1	4	3	-1	8	27	-14	-39	—
Restructuring charges.....	-3	-2	-2	0	—	-6	—	—	-90
Operating result excluding items affecting comparability**	-6	-12	-11	-25	-7	-20	-43	-82	-102
Adjusted operating margin	-5%	-10%	-9%	-21%	-5%	-16%	-32%	-48%	-46%
Net result.....	-18	-15	-13	-33	-5	6	-89	-143	-216

	2004		2003			2002			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	EUR in millions								
Net sales	13.5	13.4	12.6	13.0	13.8	13.7	14.7	18.6	24.1
Operating result.....	-1.6	-1.6	-1.6	-3.4	-0.4	-0.3	-9.4	-14.1	-22.4
Goodwill amortisation and write-downs.....	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-3.2	-0.9	-1.8
Provision for social security fees on employee stock options	-0.1	0.0	0.0	0.0	0.0	—	—	—	—
Operating earnings*	-1.0	-1.1	-1.1	-2.9	0.1	0.2	-6.2	-13.2	-20.6
Items affecting comparability**	-0.1	0.5	0.3	-0.2	0.8	3.0	-1.5	-4.3	—
Restructuring charges.....	-0.3	-0.2	-0.2	0.0	—	-0.6	—	—	-9.6
Operating result excluding items affecting comparability**	-0.6	-1.4	-1.2	-2.7	-0.7	-2.2	-4.7	-8.9	-11.0
Net result.....	-2.0	-1.7	-1.4	-3.6	-0.6	0.7	-9.7	-15.7	-23.2

* Prior to goodwill amortisation, 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.

Outlook

The market in which the Company is operating can be described as dynamic and volatile, therefore forecasted figures, outlooks and forward-looking statements concerning the Company and its environment may differ from the actual statements. These differences could be material. Further information can be found in chapter "Risk Factors"

The Company has seen that demand for its services is increasing and it expects further improvement and growth in demand through 2004. The Company believes that existing and prospective clients are increasing their expenditures particularly related to Internet commerce. This improvement cannot be characterised as robust but compared to the prior two years any increase in demand is a positive development. Although pressure on pricing and our profit margins will continue as demand increases, management will be more selective in identifying clients who have a keen economic interest in selling their products and services utilizing the Internet. For LB Icon 2004 is expected to be a growth year with a strong push to reach profitability.

Future mergers and acquisitions

We expect to grow in our industry in 2004 and beyond as we selectively look for merger and acquisition opportunities that strengthen our service and solution offerings. We have identified strategic acquisition opportunities that solidify our leading position in Europe and expand our presence in existing and new markets in the UK, Belgium and the Scandinavian region. Clearly, our goal is to be a pre-eminent, European based Internet consultancy firm. We have the momentum to take steps forward in 2004 that can solidify our position as one of Europe's leading Internet design and technology companies."

BOARD OF DIRECTORS AND MANAGEMENT

According to the Articles of Association, the Board of Directors shall consist of at least five members and at the most ten members. The Board of Directors currently consists of six members. The work of the Board of Directors is ruled by the Swedish Companies Act, the Articles of Association, amended from time to time, and the work programme for the Board of Directors as adopted by the Board of Directors.

Since the Merger, there have been no changes in the composition of the Board of Directors and Management. On 29 April 2004, the Annual General Meeting resolved to re-elect Michiel Mol, Fred Mulder, Dieter Pöhlmann, Jesper Jos Olsson and Tom Nicholson as regular members of the Board of Directors. Roel Pieper was elected chairman of the Board of Directors at the constituent board meeting held in connection with the Annual General Meeting. The Management comprise of Robert Pickering, CEO, and Theo Cordesius, COO. In 2003, the Board of Directors held 10 board meetings (22 in 2002).

The powers and responsibilities of the Board of Directors and Management are summarised in the chapter “Description of Share Capital, Shares and Corporate Structure”.

Major resolutions

2003

The major resolutions taken by the Board of Directors in 2003 pertained to the decision regarding the acquisition of the Escador entities in the UK (Escador Ltd.), US (Escador Inc.) and Germany (Escador GmbH) and related new Shares that were issued. The Board of Directors decided to stop funding and divest the operations in Denmark (Icon Medialab A/S), Belgium (Icon Medialab S.A. and Icon Medialab Coordination S.A.), UK (Icon Medialab Ltd. and Lost Boys UK Ltd.) and Asia (Boathouse Limited), and to merge three legal entities in the US (based in St. Louis (2) and San Francisco (1)) and decided on small restructuring programs carried out during the year. Furthermore the Board of Directors improved the solvency of the Company, which resulted in the decision of the new Share issue by the end of December 2003 by which EUR 6.5 million of debt was swapped to equity.

2004

In 2004 the Board of Directors has resolved on the acquisitions of Winsome and Melstar as described in the chapter “Recent Transactions — Acquisitions”. Furthermore it has resolved to convene a General Meeting in which it was decided to change the name of the Company and to increase the nominal value of the Shares to SEK 0.80 through the Reverse Split.

In the board meeting of 31 March 2004, the Board of Directors resolved on the issue of two debentures with warrants to PIMI AB, to cover social security costs in relation to options granted under the Global Employee Stock Option Program in 2003, on the issue of Shares to Fidessa Asset Management S.A. as the underwriting fee (see “Recent Transactions — Share issues”) and on the issue of 6,468,506 Shares to Red Valley Ltd. (see “Recent Transactions — Share issues” and “Related Party Transactions”).

Board of Directors

Roel Pieper (1956);

Chairman of the Board of Directors since 2002.

– Domicile:
the Netherlands

– Education:
Graduated summa cum laude with a Master’s degree in Mathematics and Computer Science from Delft University of Technology, the Netherlands.

- Other positions:
Founded Favonius Ventures, an investment company focused on opportunities in the US and Europe. Board member of various companies and non-profit organisations, incl. Sterrekind.
- Shareholding:
500,000 Shares direct and 59,399 Shares indirect
Options: none

Michiel Mol (1969)

Member of the Board of Directors since 2002.

- Domicile:
the Netherlands
- Education:
Master's degree in Computer Science and Artificial Intelligence from the University of Leiden.
Other positions: Founder of Lost Boys and Media Republic, Director of Lost Boys N.V.
- Shareholding:
see section "Major Shareholders"
Options: none

Fred Mulder (1941)

Member of the Board of Directors since 2002.

- Domicile:
the Netherlands
- Education:
MBA from Harvard Business School
- Other positions:
Chairman of investment committees of Greenfield Capital Partners. Chairman of the supervisory board of Stahomij B.V., Amsterdam, Mpct Solutions, London/ Chicago, ECH Jacksonville, USA and Pensioenstichting Radio Holland. Member of the supervisory board of Debitel, Hoofddorp.
- Shareholding:
262,500 Shares
Options: none

Jesper Jos Olsson (1974)

Member of the Board of Directors since 2000.

- Domicile:
Sweden
- Other positions:
Founder of IconMedialab, board member of Jos & Frisk Capital AB, Jos & Partners AB, Wasasten AB, Nya Jämtlandskalksten AB and Stiftelsen Wanas Utställningar.
- Shareholding:
75,000 Shares
Options: none

Tom Nicholson (1947)

Member of the Board of Directors since 2000.

- Domicile:
USA
- Education:
Bachelor's degree from Detroit University and a Masters in Fine Arts and Design from Cranbrook Academy of Art.
- Other positions:
Chief Creative Officer of IconMedialab Inc., Co-Managing Director of IML-USA, New York
- Shareholding:
195,833 Shares
- Options

Exercise price	Number	Maturity
990.00	60,000	31-Dec-04
110.40	125,000	31-Dec-06
18.50	2,000,000	4-Apr-08
Total	<u>2,185,000</u>	

Dieter Pöhlmann (1938)

Member of the Board of Directors since 2002.

- Domicile:
Germany
- Education:
Graduated with a Master's degree in Economics from Munich University.
- Other positions: board member of the supervisory and advisory board of Peppermint Financial Partners and MetaDesign AG in Berlin, which merged with Lost Boys in May 2001.
- Shareholding: none
Options: none

Management

Robert Pickering (1952)

Managing Director since 2002.

- Domicile:
the Netherlands
- Robert Pickering has been in the IT professional services industry for over 25 years. He started his career at Arthur Andersen (now Accenture) where he was admitted as a partner in 1985. He has served as CIO for a large US bank and an airline company. He has held senior executive positions in private IT services companies, most notably serving as Chairman and CEO of one of the largest European IT services companies, Origin. As CEO of Origin he built a management team that led the turnaround of the company, which was eventually merged into Atos of France.
- Robert Pickering is also a board member of the American Chamber of Commerce in the Netherlands and serves on the boards of a foodservice, a retailing and technology product company. He has a Master's degree in Business.
- Shareholding: 467,927 Shares

– Options			
Exercise price		Number	Maturity
11.30.....		2,000,000	31-Dec-06
15.00.....		4,345,000	29-Nov-06
Total		<u>6,345,000</u>	

Theo Cordesius (1953)
COO since 2002

- Domicile:
the Netherlands
- Theo has over 16 years' experience within the IT industry. He joined Digital/Compaq in 1992, coming from Philips Telecommunications and Information Systems. Since 1994 he headed the Network & System Integration Division and the Systems & PC Business for Digital Equipment BV. In 1998, Theo was appointed Director Professional Services at Compaq the Netherlands. Later, he served as Vice President EMEA & Managing Principal within Compaq Global Services where he lead the team that accelerated Compaq's growth and market status in the professional services area and Compaq's Global Accounts.

– Shareholding: 45,000 Shares

– Options			
Exercise price		Number	Maturity
11.50.....		2,000,000	4-Apr-06
22.90.....		1,000,000	14-Nov-08
Total		<u>3,000,000</u>	

Shares traded by the members of the Board of Directors and the Management

Below is an overview of the transactions involving the Shares that have been entered into by members of the Board of Directors or the Management during the 12-month period prior to the date of Listing and any such transactions by legal entities in which these persons directly or indirectly hold a 5% or greater interest.

Name	Date	Change in No. of shares**	Total holding No. of shares**
Jesper Jos Olsson	8-Sep-03	-423,667	1,300,000
	7-Dec-03	-300,000	1,000,000
	11-Feb-04	-250,000	750,000
Theo Cordesius	26-Mar-04	+450,000	450,000
Robert Pickering	10-June-04	-25,000*	4,679,268

* In the General Meeting of 4 June 2004 it was decided that the Shareholders with a shareholding not equally divided by ten, would free of charge receive the number of Shares required from Robert Pickering.

** Amounts before Reverse Split.

Remuneration

In 2003 the CEO's remuneration totalled SEK 4,034,000 (EUR 442,106) in salary, including SEK 527,000 (EUR 57,757) for allowances to cover medical/health insurance, pension/retirement contributions and other nominal expenses, and including SEK 144,000 (EUR 15,782) as a gross housing allowance to cover his resident costs in the Netherlands. No material change is expected for the year 2004.

The CEO was awarded 4,345,000 stock options on 29 May 2003 that entitle him to subscribe for new Shares at a price of SEK 1.50 (i.e. SEK 15.00 after Reverse Split). The value of these options at grant was SEK 1.1 million (SEK 0.26 per option); the value by the end of December 2003 was SEK 5.0

million (SEK 1.15 per option). Subscription for new Shares can be made on predetermined dates: the 1st part of 33.4% vested on 29 May 2004; 2nd part of 33.4% vests on 29 November 2004; and the remaining 3rd part of 33.3% vests on 29 November 2004, which is 1 year and 7 months after grant. The options expire by 29 November 2006.

In addition to salaries, some persons in the Management, the management teams of Operating Entities and a number of key persons also have bonus agreements. No bonuses have been accrued as of 31 December 2003. The CEO was awarded a signing bonus of SEK 400,000 (EUR 43,612) in the first quarter 2003. He is also eligible for a bonus of up to 100% of base salary for 2003. The CEO has applied for a 30% tax ruling in the Netherlands, which effectively means that 30% of his gross salary and allowances are not taxed. The CEO has a notice period of 90 days for termination of employment and a 12 month's severance period.

For the year 2002, a fee of SEK 227,250 (EUR 24,808) was paid in 2003 to the Chairman of the Board of Directors and SEK 151,500 (EUR 16,604) each to other members of the Board of Directors (a total of three members) except to those who are, or had been, fulltime employees of the Company during 2003 (one member). One member of the Board of Directors waived the entitlement to payment of his fee. Payment of SEK 384,000 (EUR 42,084) was made to a member of the Board of Directors, Jesper Jos Olsson, for consulting services in the area of mergers and acquisitions.

In accordance with a decision by the Annual General Meeting on 29 April 2003, fees to members of the Board of Directors during 2003 amounted led to SEK 2 million (EUR 216,178). On the Annual General Meeting 2004, it was decided that the fees to members of the Board of Directors during 2004 shall amount to SEK 1 million (EUR 109,133), specific allocation of these fees has not yet been decided on by the Board of Directors.

Overview

2002 SEK00s	Basic Salary/fee	Other benefits	Pension Cost	Other remuneration	Total	Granted Options	in 2002
Roel Pieper.....	—	—	—	—	—	—	—
Michiel Mol.....	—	—	—	—	—	—	—
Fred Mulder.....	—	—	—	—	—	—	—
Jesper Jos Olsson.....	75	—	—	596	671	—	—
Tom Nicholson.....	1,799	—	—	—	1,799	185,000	—
Dieter Pöhlman.....	137	—	—	—	137	—	—
Robert Pickering.....	3,773	216	833	—	4,822	2,000,000	2,000,000
Theo Cordesius (9 months).....	1,736	50	62	—	1,849	2,000,000	2,000,000
Total.....	7,521	266	895	596	9,278	4,185,000	4,000,000

2003 SEK00s	Basic Salary/fee	Other benefits	Pension Cost	Other remuneration	Total	Granted Options	in 2003
Roel Pieper.....	218	—	—	—	218	—	—
Michiel Mol.....	—	—	—	—	—	—	—
Fred Mulder.....	152	—	—	—	152	—	—
Jesper Jos Olsson.....	100	—	—	384	484	—	—
Tom Nicholson.....	2,012	—	—	566	2,578	2,185,000	2,000,000
Dieter Pöhlman.....	289	—	—	—	289	—	—
Robert Pickering.....	4,034	79	48	364	4,525	6,345,000	4,345,000
Theo Cordesius.....	2,290	62	107	—	2,459	3,000,000	1,000,000
Total.....	9,095	141	155	1,314	10,705	11,530,000	7,345,000

Notes:

Remuneration of the Board of Directors of 2002 has effectively taken place in 2003 and therefore, according to Swedish regulations, this has been stated in 2003 remuneration. This consisted of USD 30,000 (SEK 218,000) for Roel Pieper and USD 20,000 for other members of the Board of Directors of which Michiel Mol and Tom Nicholson were excluded.

Dieter Pöhlman has been awarded SEK 10,000 in 2002 and SEK 15,000 in 2003 as a board member of MetaDesign. Tom Nicholson's salary consists for a large part of a remuneration for IML-USA activities.

RELATED PARTY TRANSACTIONS

Other than compensation for services to LB Icon, described in this chapter, there are no transactions or agreements between the Company and the members of Board of Directors and the Management, entities in which they, directly or indirectly, hold an interest of 5% or more, or close family members. The following transactions involve parties who are directly or indirectly related to the Company.

Sublease contract

The premises at the Herengracht 410 in Amsterdam have been subleased until 31 October 2003 for the full office space to Lost Boys Games B.V, a related party due to an interest by Michiel Mol (member of the Board of Directors). On 1 November 2003, Lost Boys Games B.V. took over the lease contract under the same conditions as Lost Boys B.V. As part of this agreement, an extra 3 months rent free period for Lost Boys Games B.V. was agreed upon. The three rent free months had already been provided for in 2002 and had therefore no impact on the 2003 result. The guarantee and the deposit for the Herengracht 410 premises, were released on 30 January 2004.

Red Valley Ltd.

A loan agreement with Red Valley Ltd., one of the largest Shareholders, had been concluded for an amount of EUR 8.0 million (SEK 73.4 million) in 2002 out of which EUR 6.5 million was converted into equity by end 2003. During 2003, EUR 5.5 million new loans were granted by Red Valley Ltd. carrying a fixed interest rate of 6% which must be paid back in full by the end of 2007 together with the remainder of the first loan of EUR 2.1 million (including accrued interest). As a security for the loans, shares in Iconmedialab Inc. (Delaware, US) are pledged and shares in Lost Boys will be pledged. In January 2004, an additional amount of EUR 500,000 was granted under the same conditions as the 2003 loans, adding up to a total of EUR 8.1 million long term loan.

On 31 March 2004 the Board of Directors resolved the issue of 6,468,506 shares (i.e. 646,851 Shares after the Reverse Split) to Red Valley Ltd. The new shares were issued at a subscription price of SEK 3.58 (i.e. SEK 35.80 after the Reverse Split), which corresponded to the average last price paid for the company's shares on Stockholmsbörsen during a period of 30 days up to and including 31 March 2004. Payment for the new shares was made by a set-off of claims amounting to EUR 2,500,000 relating to a long term loan which Red Valley Ltd. has granted the Company. The applicable exchange rate is EUR/SEK 9.2629, which means that an amount equivalent to SEK 23,157,251 will be subject to set-off against Shares.

On 28 June 2004, the General Meeting resolved that Share capital was to be increased with not more than SEK 680,000 (EUR 74,228) by an issue of not more than 850,000 Shares, at a subscription price of SEK 33. The new Shares were subscribed for by Red Valley Ltd. on 28 June 2004. Payment for subscribed Shares is made by a set-off of claims relating to part of a long term loan of approximately EUR 5.6 million which Red Valley Ltd. has granted the Company. The applicable exchange rate was set at EUR/SEK 9.161.

Client contract

Lost Boys B.V. provides consulting services to Media Republic, an entity in which Michiel Mol is a member of the Board of Directors. The contract for services between Lost Boys B.V. and Media Republic contains terms consistent with other Lost Boys clients. In 2003, contract revenue from Media Republic was approximately EUR 61,000. In 2004, up to 30 April 2004, contract revenues were approximately EUR 49,000.

Consulting services

In 2003 a payment of SEK 384,000 (EUR 42,084) was made to a member of the Board of Directors, Jesper Jos Olsson, for consulting services in the area of mergers and acquisitions.

DESCRIPTION OF SHARE CAPITAL, SHARES AND CORPORATE STRUCTURE

The Company was incorporated as a limited liability company under the laws of Sweden and registered on 26 September 1986. The Company is registered in Stockholm, Sweden with its statutory seat on Birger Jarlsgatan 24, 114 34 Stockholm, Sweden. The principal place of business of the Company is Joop Geesinkweg 209, 1096 AV, Amsterdam, the Netherlands. The Company is entered in the trade register of the Bolagsverket, under corporate registration number 556284-0917. Before the Company started its business in 1996, the Company had been a dormant company.

On 4 June 2004 the Articles of Association were last amended regarding the Reverse Split, whereby ten old shares were consolidated into one new Share. Furthermore the Company's name has been changed from Icon Medialab International AB into LB Icon AB.

Relevant provisions of the Articles of Association together with some relevant provisions of Swedish law are summarised below. This summary is not intended to be comprehensive and is subordinate in all respects to the Articles of Association and Swedish law. The complete text of the Articles of Association can be found on page 63 of this Prospectus. For a clear understanding of this summary, a distinct reference is made to the complete text of the Articles of Association.

Dividends and dividend policy

The Company has never declared or paid any dividends and currently intends to retain future earnings to finance their business. As a result the Management does not foresee any dividend in the foreseeable future. In the event of a profit, under the Swedish Companies Act, dividends to Shareholders may not exceed an amount equal to (i) the aggregate of the company's consolidated net profit for that year, accumulated profits and freely distributable reserves less (ii) the sum of the amount of reported losses, the amount that is required by law or the Articles of Association to be allocated to restricted equity of the company and the amount that the Articles of Association specifies must be used for a purpose other than for dividends.

Further, the above calculation must be made on the basis of both the consolidated balance sheet of the group and the balance sheet of the parent company. Under the Swedish Companies Act, the lower of the two results is recorded as being distributable and is available for dividends.

Dividends may not be declared to the extent that their payment would be contrary to generally accepted business practices in light of a company's capital structure, liquidity or financial position.

Under the Swedish Companies Act, the payment of dividends may only be authorised at the Annual General Meeting. The amount of dividends paid may not exceed that recommended by the Board of Directors (except in limited circumstances) and may only be paid from funds legally available for that purpose. Under Swedish law, no interim dividends may be paid in respect of a financial period for which audited financial statements have not yet been adopted by the Annual General Meeting.

Because the Company is registered at VPC, the prescription period for claiming the dividend is ten years as of the record date of the dividend.

Share capital and Shares

The Shares were introduced on the Stockholm Börsinformation list (SBI, now Nordic Growth Market, NGM) in June 1998. In November of the same year, they were introduced on the O List on the Stockholmsbörsen, under symbol ICON. The Shares are registered under ISIN code: SE0000476962.

Listing is asked for the Shares on Euronext Amsterdam on 9 July 2004. The Shares will be traded on the Euro.NM market of Euronext Amsterdam under the symbol ICON.

At the date of this Prospectus, LB Icon had 21,483,355 outstanding Shares. In addition, the Company has issued on 28 June 2004 1,827,500 Shares which have been subscribed for and allocated, but which have not yet been registered. On a diluted basis, including all warrants, issued for other purposes than hedging the Global Employee Stock Option Program and the above mentioned issue, the maximum authorised number of Shares 23,635,405, the outstanding options excluded. The Company only has

one class of share. At General Meetings, each person entitled to vote has the right to vote for the full number of Shares represented, without any restrictions on voting rights.

Each Share has a par value of SEK 0.80. All the Shares are of the same series with the same rights to assets and profit.

Below is an overview of the Share capital since 2001:

Date	Notes	Transaction	Change in number of Shares	Total number of Shares	Nominal value per Share, in SEK	Change in Share capital	Total Share Capital
Dec-00				57,984,187			4,638,735
Apr-01	1	Share issue	12,850,400	70,834,587	0.08	1,028,032	5,666,767
May-01	2	Share issue	400,000	71,234,587	0.08	32,000	5,698,767
May-01	3	Share issue	124,917	71,359,504	0.08	9,993	5,708,760
Dec-01	4	Share issue	300,000	71,659,504	0.08	24,000	5,732,760
Jan-02	5	Share issue	2,500,000	74,159,504	0.08	200,000	5,932,760
Jan-02	6	Share issue	29,789,929	103,949,433	0.08	2,383,194	8,315,955
May-02	7	Share issue	51,974,716	155,924,149	0.08	4,157,977	12,473,932
May-02	8	Share issue	1,039,494	156,963,643	0.08	83,160	12,557,091
Oct-03	9	Share issue	4,512,297	161,475,940	0.08	360,984	12,918,075
Dec-03	10	Share issue	27,440,145	188,916,085	0.08	2,195,212	15,113,287
Mar-04	11	Share issue	11,973,780	200,889,865	0.08	957,902	16,071,189
Mar-04	12	Share issue	2,426,220	203,316,085	0.08	194,098	16,265,287
Mar-04	13	Share issue	6,468,506	209,784,591	0.08	517,480	16,782,767
Mar-04	14	Share issue	341,213	210,125,804	0.08	27,297	16,810,064
May-04	15	Share issue	4,545,773	214,671,577	0.08	363,663	17,173,727
Jun-04	16	Utilization of warrants	99,473	214,771,050	0.08	7,957	17,181,684
Jun-04	17	Utilization of warrants	62,500	214,833,550	0.08	5,000	17,186,684
Jun-04		Reversed split		21,483,355	0.80		17,186,684
Jun-04	18	Share issue	977,500	22,460,855	0.80	782,000	17,968,684
Jun-04	19	Share issue	850,000	23,310,855	0.80	680,000	18,648,68

Notes:

- Issue directed to amongst others Fidessa Asset Management S.A. and several individual investors. Issue price of SEK 11.7068.
- Share issue against set-off of claims in conjunction with additional consideration in conjunction with the acquisition of Icon Nicholson NY, LLC. Issue price of SEK 114.30.
- Share issue against set-off of claims related to additional consideration in conjunction with the acquisition of IconMedialab Syd AB. Issue price of SEK 274.
- Share issue against set-off of claims related to additional consideration in conjunction with the acquisition of Insight Technology Group, Inc. Issue price of SEK 104.70.
- Share issue against set-off of claims related to a promissory note of a nominal value of SEK 110 million with 2,401,177 detachable warrants. Issue price of SEK 44.
- Issue against payment in kind to shareholders in Lost Boys in conjunction with the acquisition of Lost Boys. Issue price of SEK 3.40. Payment by capital contribution in kind consisting of shares in Lost Boys.
- Rights issue with preferential rights for the existing shareholders. Issue price of SEK 3.50.
- Share issue against set-off of claim relating to an underwriting fee to Fidessa Asset Management S.A. Issue price of SEK 3.50.
- Share issue against payment in kind to shareholders in Escador Ltd., Escador GmbH and Escador Inc, in conjunction with the acquisition of the mentioned companies. Issue price of SEK 2.033.
- Share issue against set-off of claims relating to a long term loan which Red Valley Ltd. had granted the Company. Issue price of SEK 2.
- Share issue directed to financial institutions and other professional investors. Issue price of EUR 0.328.
- Share issue directed to directors, senior executives and certain key employees in the Company. Issue price of EUR 0.328.
- Share issue against set-off of claims relating to a long term loan which Red Valley Ltd. had granted the Company. Issue price of SEK 3.58.
- Share issue against set-off of claims relating to an underwriting agreement between the Company and Fidessa Asset Management S.A. Issue price of EUR 0.328.
- Share issue in conjunction with several acquisitions
- Utilisation of warrants to cover stock option undertakings. Subscription price of SEK 1.15.
- Utilisation of warrants to cover stock option undertakings. Subscription price of SEK 1.13.
- Share issue directed to financial institutions and other professional investors. Issue price of SEK 33. Payment for the subscribed Shares shall be made on 2 July 2004 at the latest whereafter such Shares will be registered.
- Share issue against set-off of claims relating to a long term loan which Red Valley Ltd. had granted the Company. Issue price of SEK 33.

Warrants

For further information on warrants issued to cover the Company's undertaking to deliver Shares under the Global Employee Stock Option Program and to cover related administrative costs and social security contributions etc., see section Warrants on page 29.

As described in section “Recent Transactions – Share issues” on page 31, the Company resolved on 26 March 2004 to issue debentures attached with detachable warrants in connection with directed share issues to a limited number of financial institutions, professional investors, key personnel and management. Furthermore, the Company resolved on 28 June 2004 to issue debentures attached with detachable warrants in connection with a directed Share issue. For information about these warrants, see section “Recent Transactions – Share issues” on page 31.

Below is an overview of the outstanding warrants:

	No. of warrants	No. of Shares can increase by	Period		Subscription price (SEK)
	2,394,760	239,476	26-08-2005	26-09-2005	40 per Share
	485,240	48,524	26-08-2005	26-09-2005	40 per Share
	365,500*	36,550*	26-08-2005	26-09-2005	40 per Share
Total	3,245,500	324,550			

* Payment for the subscribed warrants shall be made on 2 July 2004 at the latest.

General Meetings

In order to participate in General Meetings, a Shareholder shall be included in the print-out of the entire share register relating to circumstances ten days prior to the meeting, and to notify the Company at the latest by 4 pm on the day stated in the notice of the meeting.

Decisions to be made at an Annual General Meeting of LB Icon are among others:

- Adoption of the income statement and balance sheet, and, where appropriate, the consolidated income statement and consolidated balance sheet.
- Allocation of the Company’s profit or loss according to the adopted balance sheet.
- Discharge of liability for the members of the Board of Directors and the Managing Director.
- Determination of the number of members of the Board of Director and deputy members, if any, who are to be elected by the General Meeting.
- Determination of the fees for the members of the Board of Directors and, where appropriate, the auditor.
- Election of the Board of Directors, and, where appropriate, auditors.
- Other matters to be dealt with by the meeting in accordance with the Swedish Companies Act.

Voting rights

At an General Meeting each one entitled to vote may vote for the full number of Shares owned or represented by him, without restriction as to the number of votes.

Shareholders in the Netherlands however are not directly registered at the VPC. According to Swedish law, Shareholders not being registered in their own name in the share register kept by the VPC are prevented from voting at the General Meeting. Registration at the VPC of Shares traded in the Netherlands is possible, in practice Shareholders should take into account that this registration procedure will take longer than with Shares that have a single listing on Euronext Amsterdam. The Shareholder should therefore start registration in time and should consult its admitted institution for specific information.

Under the Swedish Companies Act, resolutions by the General Meeting are passed by a simple majority of votes cast at the meeting with the chairman of the meeting having a decisive vote (except in respect of elections), unless otherwise required by law or the Articles of Association.

Amendment of the Articles of Association and dissolution of the Company

A resolution to amend the Articles of Association requires a two-thirds majority of votes with two-thirds of all outstanding Shares present or represented at the meeting. A resolution to amend the Articles of Association which reduces any Shareholder’s right to profits or assets, restricts the

transferability of Shares or alters the legal relationship between Shares, requires the unanimous approval of the Shareholders present at the meeting with nine-tenths of all outstanding Shares present or represented at the meeting. A resolution to amend the Articles of Association for the purpose of limiting the number of Shares which a Shareholder may vote at a General Meeting or requiring the retention of a larger amount of the net profit than required by the Swedish Companies Act or amending Shareholders' rights in a liquidation or dissolution, requires the approval of Shareholders representing a two-thirds majority of the votes cast at the meeting with nine-tenths of all outstanding Shares present or represented at the meeting.

The (Annual) General Meeting may resolve that the Company shall be wound up. Under Swedish law and the Articles of Association, the resolution requires more than half of the votes cast at the meeting.

Issuance of Shares and deviations from Shareholders' preferential rights

Under Swedish law and the Articles of Association, the (Annual) General Meeting must approve each issue of additional Shares. Existing Shareholders (except for the Company and its subsidiaries, in the event they hold Shares) have preferential rights in proportion to their shareholdings with respect to issuances of Shares against cash payment, and issuances of convertible debt instruments and debt instruments with a right to subscribe for new Shares, unless the resolution for the issue provides otherwise. A resolution approving or authorizing an issuance for cash, excluding the preferential right for existing Shareholders requires a majority of two-thirds of the votes cast and two-thirds of the Shares represented at the meeting.

Board of Directors and the Management

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for the organisation and the management of the Company's affairs. The Board of Directors shall, in particular, ensure that the organisation of the Company in respect of accounting and management of funds is under satisfactory control. The Managing Director handles the day-to-day management of the Company in accordance with the guidelines and instructions laid down by the Board of Directors. The Managing Director is further responsible to ensure that the Company's accounts are maintained in accordance with applicable law and that the management of funds is conducted in a sound manner.

The Board of Directors is required to issue specific instructions in writing to the Managing Director and other permanent company organs (e.g. head of the company, auditing committee, nomination committee). The written instructions shall (*inter alia*) clarify the division of responsibilities between the Board of Directors and the Managing Director and management of the subsidiaries.

Generally, a member of the Board of Directors is required to carry out his duties with reasonable care and is liable for negligence. In this connection the Board of Directors has a general obligation to observe the provisions in the Swedish Companies Act, the Articles of Association and other applicable rules and regulations. A member of the Board of Directors or the Managing Director may not take part in matters between him and the Company, or in matters between the company and third parties, where he has a material interest in the matter that may conflict with the interest of the Company. Nor may he take part in matters between the Company and a legal entity, which he may represent, either individually or together with any other person. Furthermore, the Board of Directors or any other representatives of the Company may not perform legal acts or take other measures, which might provide undue advantage to a shareholder or other person to the disadvantage of the Company or another shareholder.

According to Swedish law, the Managing Director and at least half of the members of the Board of Directors must be resident in an EEA country unless exempted by the Bolagsverket. Furthermore, a director's term of office (other than a union appointee) may not be more than four years. The Articles of Association provide that the members of the Board of Directors shall be elected at the Annual General Meeting for a period until the end of the next Annual General Meeting. A Managing Director may, however, serve any number of consecutive terms.

Directors elected at the General Meetings may be removed from office by an General Meeting, and vacancies on the Board of Directors, except when filled by an alternate director, may only be filled by a resolution of the General Meeting. According to the Swedish Companies Act and the Articles of

Association, one director is elected chairman of the Board of Directors by resolution of the Board of Directors at the first meeting following its appointment (unless elected by the General Meeting).

Reduction of Share capital

Under the Swedish Companies Act, the share capital of a company may be reduced for the following purposes: (i) allocation for immediate coverage of a loss as reported in the adopted balance sheet, provided the loss cannot be covered by non-restricted equity; (ii) repayment to the Shareholders, or (iii) allocation to the statutory reserve or a reserve for purposes to be decided by the General Meeting. Where the share capital is reduced for purposes set forth under (ii) and (iii), the size of the reduction may not be larger than to leave full coverage for the restricted equity after the reduction. A reduction of the share capital may be effected by (a) redemption or consolidation of shares, (b) withdrawal of shares without repayment, or (c) reduction of the nominal amount of the shares with or without repayment.

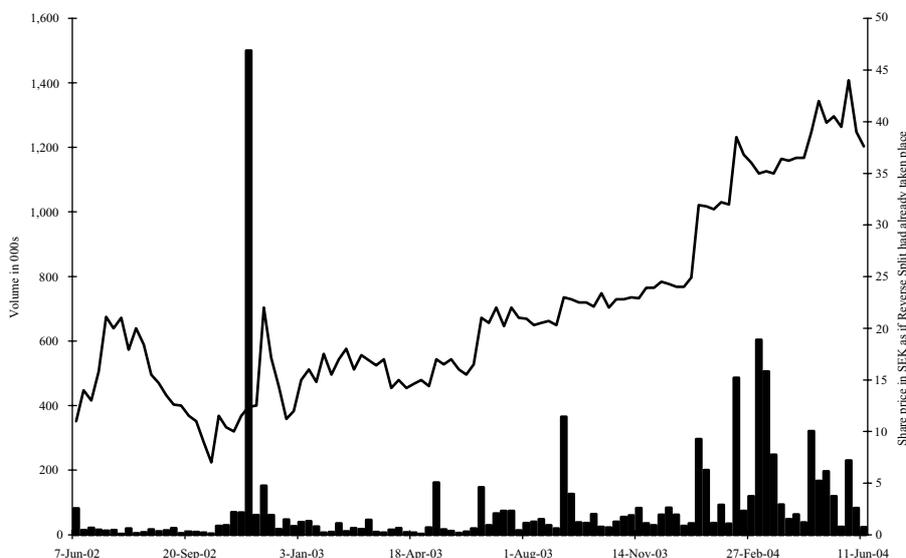
Under the Swedish Companies Act and the Articles of Association, a resolution to redeem the outstanding Share capital requires a two-thirds majority of votes cast and two-thirds of the Shares represented at the General Meeting resolving the reduction. In addition, reduction for the purposes mentioned under (ii) and (iii) above requires permission from the district court in order to notify the Company's creditors (unless the Company's Share capital is simultaneously increased up to an amount of at least the amount of the reduction by way of an issuance of Shares).

Repurchase by the Company of the Shares

A public Swedish limited liability company whose shares are traded on a stock exchange, an authorised marketplace or any other organised marketplace is entitled to purchase its own shares under certain conditions. A purchase by LB Icon of Shares may take place only if (a) the purchase has been authorised by the General Meeting by a two-thirds majority of votes cast and two-thirds of the Shares represented at the meeting (such authorisation is only valid until the following Annual General Meeting), (b) the purchase is effected on a stock exchange or in some other regulated market either in the European Economic Area ("EEA") or outside the EEA (in the latter case with the approval of the Swedish Financial Supervisory Authority) or pursuant to an offer to all Shareholders, (c) the funds used in connection with such purchase could legally have been distributed as dividends, and (d) LB Icon and its subsidiaries do not hold or, as a result of the purchase, will not hold in excess of 10 per cent of all outstanding Shares. As of 4 May 2004, there was no authorisation in force for LB Icon to repurchase Shares.

Share price performance

In the graph below the performance of the Share price over the last twelve months as if the Reverse Split had already taken place at that time together with the weekly average traded volume are shown.



Share price of the Shares in last twelve months

Closing price of the Shares on first trading day in last 12 months

Date	SEK	Closing price of the Shares on trading days as of May 2004								
		Date	SEK	EUR*	Date	SEK	EUR*	Date	SEK	EUR*
May-03	14.00	04-May-04	40.00	4.37	24-May-04	40.00	4.37	11-Jun-04	37.60	4.11
Jun-03	15.50	05-May-04	39.50	4.32	25-May-04	39.50	4.32	14-Jun-04	37.50	4.10
Jul-03	21.40	06-May-04	39.50	4.32	26-May-04	39.50	4.32	15-Jun-04	38.40	4.20
Aug-03	20.90	07-May-04	39.90	4.36	27-May-04	39.00	4.26	16-Jun-04	37.40	4.09
Sep-03	20.00	10-May-04	39.00	4.26	28-May-04	44.00	4.81	17-Jun-04	36.50	3.99
Oct-03	24.40	11-May-04	40.00	4.37	01-Jun-04	41.50	4.54	18-Jun-04	36.20	3.96
Nov-03	22.20	12-May-04	40.00	4.37	02-Jun-04	38.70	4.23	21-Jun-04	36.60	4.00
Dec-03	23.90	13-May-04	40.50	4.43	03-Jun-04	38.60	4.22	22-Jun-04	37.90	4.14
Jan-04	24.90	14-May-04	40.50	4.43	04-Jun-04	39.00	4.26	23-Jun-04	38.50	4.21
Feb-04	31.80	17-May-04	40.00	4.37	07-Jun-04	38.90	4.25	24-Jun-04	37.50	4.10
Mar-04	36.90	18-May-04	40.00	4.37	08-Jun-04	39.40	4.31	25-Jun-04	37.40	4.09
Apr-04	36.40	19-May-04	39.50	4.32	09-Jun-04	38.50	4.21			
May-04	38.50	21-May-04	39.50	4.32	10-Jun-04	38.80	4.24			

* EUR-SEK exchange rate is set at 9.1467

Company's holdings (operational)	Registered office	Portion of equity (%)
Lost Boys N.V. (Holding)	Amsterdam	99.4%
PIMI AB	Stockholm	100%
Icon Medialab S.A.U.	Madrid	99.6%
Nexus Information Technology S.A.U.	Madrid	100%
Icon Medialab Portugal Servicos LDA	Lisbon	100%
Icon Medialab Srl.	Milan	100%
Icon Nicholson LLC.	New York	100%
Icon Medialab Inc.	Delaware	100%
Escador Ltd.	London	100%
Escador GmbH	Munich	100%
Escador Inc.	Delaware	100%
Winsome Benelux N.V.	Brussels	100%

Subsidiaries' holdings (operational)	Registered office	Portion of equity (%)
Lost Boys N.V. (Holding):		
Lost Boys B.V.	Amsterdam	100%
MetaDesign AG	Berlin	83.7%
Meta Design AG:		
MetaLog Gesellschaft für Kommunikationstechnologien GmbH	Berlin	100%
MetaDesign AG Suisse	Zurich	35%
MetaWest Corporation	San Francisco	30%
Icon Nicholson LLC:		
Icon Nicholson Inc.	New York	100%

Company's holdings (dormant)	Registered office	Portion of equity (%)
Icon Medialab Capital S.A.	Brussels	100%
Icon Medialab GmbH	Vienna	100%
Icon Medialab Boathouse AG	Zug	100%
Icon Medialab Vestigia Oy (Holding)	Tampere	100%
Parallel Consulting Group International AB	Stockholm	100%
Icon Medialab Mijada AB	Stockholm	100%
Icon AB	Stockholm	100%
Icon Knowledge Management AB	Stockholm	100%
Icon Training AB	Stockholm	100%
Icon Medialab Holding AB	Stockholm	100%
Icon Medialab Holding S.A.	Paris	100%

Subsidiaries' holdings (dormant)	Registered office	Portion of equity (%)
Icon Medialab Boathouse AG:		
Icon Medialab Switzerland AG	Gland	100%
Lost Boys N.V. (Holding):		
Lost Boys Polska Z.o.o.	Warsaw	100%

Company's holdings in companies under dissolvement	Registered office	Portion of equity (%)	Deconsolidated
Icon Medialab Belgium S.A.	Brussels	100%	1-Mar-03
Icon Medialab Coordination S.A.	Brussels	99.9%	1-Mar-03
Icon Medialab AG	Hamburg	100%	1-Nov-02
IML London Ltd	London	100%	1-May-02
Icon Medialab Syd AB	Malmoe	100%	1-May-02
Icon Medialab AB	Stockholm	100%	1-May-02
Icon Medialab A/S	Copenhagen	100%	1-Aug-03

Subsidiaries' holdings in companies under dissolvement

Lost Boys N.V. (Holding):

Lost Boys TV & Streaming Media B.V.	Hilversum	100%	1-Sep-03
Lost Boys S.A.	Paris	100%	1-Jun-02
Lost Boys Spain S.A.	Barcelona	100%	1-Jun-02
Lost Boys UK Ltd	London	100%	1-Sep-03

Icon Medialab Vestigia Oy (Holding) (dormant):

Icon Medialab Oy	Tampere	100%	1-Aug-02
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Parallel Consulting Group International AB (dormant):

Icon Medialab Parallel AB	Stockholm	100%	1-May-02
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Icon Medialab AB (under dissolvement):

Corebit Svenska AB	Stockholm	100%	
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Icon Medialab Holding S.A. (dormant):

Icon Medialab S.A.	Paris	100%	1-May-02
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MAJOR SHAREHOLDERS

Major Shareholders

Holders of our Shares are not subject to the reporting obligations under the Dutch 1996 Act on Disclosure of Holdings in Listed Companies (“*Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996*”) (the “Disclosure Act”), since the Company is not a company organised under the laws of the Netherlands but organised under the laws of Sweden. However, according to Section 28 paragraph F of the Rules and Regulations of Euronext Amsterdam (*Fondsenreglement van Euronext Amsterdam*), the Company is obliged to inform the public immediately in case a shareholder acquires or disposes an interest in the capital of the Company and if as a result of such acquisition or disposal, the percentage of the capital falls within the percentage bands as mentioned in the Disclosure Act. These percentage bands are 5, 10, 25, 50, and 66 2/3.

Furthermore, according to the Dutch 1995 Act on Supervision of the Securities Trade (*Wet toezicht effectenverkeer 1995*) (the “Securities Trade Act”) an additional disclosure requirement applies for certain categories of persons. This disclosure requirement applies *inter alia* to shareholders with an interest (direct or indirect) of 25% or more in the capital of a listed company, and their spouses, ascendants and descendants in direct line of the shareholder and other persons with whom the shareholders conduct a joint household. These shareholders are required to notify the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) of all transactions in securities pertaining to the company in which they hold an interest of 25% or more. If the shareholder concerned is a company, this obligation extends to the members of the company’s management board and supervisory board.

Major Shareholders (with shareholdings above 5%)	number of shares/votes in millions	% shares/ votes	number of Shares/votes in millions	% Shares/ votes
	31 March 2004		28 June 2004	
Red Valley Ltd*	89.2	42.4%	9.7	41.8%
Team Lost Boys B.V.*	5.9	2.8%	0.6	2.6%

* Controlled by the Mol family.

DUTCH TAXATION

This is a general summary and the tax consequences as described here may not apply to a holder of Shares. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Shares in his particular circumstances.

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of Shares. It does not consider every aspect of taxation that may be relevant to a particular holder of Shares under special circumstances or who is subject to special treatment under applicable law.

This summary assumes that LB Icon AB is organised, and its business will be conducted, in the manner outlined in this Prospectus. It furthermore assumes that LB Icon AB is a resident of the Netherlands for Dutch tax purposes and that its place of effective management is situated in the Netherlands. Changes in LB Icon AB's organisational structure, the manner in which it conducts its business or the tax residency of LB Icon AB may invalidate this summary.

This summary is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Prospectus. The laws upon which this summary is based are subject to change, possibly with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such changes.

Taxes on income and capital gains

Resident holders of Shares

General

The summary set out in this section “Taxes on income and capital gains — Resident holders of Shares” only applies to a holder of Shares who is a “Dutch Individual” or a “Dutch Corporate Entity.”

A holder of Shares is a “Dutch Individual” if:

- he is an individual;
- he is resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or has elected to be treated as a resident of the Netherlands for Dutch income tax purposes;
- he neither is, nor has been, nor is deemed to be, nor has been deemed to be an employee of LB Icon AB nor of any entity related to LB Icon AB; and
- his shares in LB Icon AB do not form part of and are not deemed to form part of a substantial interest (*aanmerkelijk belang*) in LB Icon AB.

If a holder of Shares is an individual who satisfies the second test, but does not satisfy the third and/or the fourth of these tests, his Dutch tax position is not discussed in this Prospectus.

If a person holds an interest in LB Icon AB, such interest forms part or is deemed to form part of a substantial interest in LB Icon AB if any one or more of the following circumstances is present.

1. He either alone or, in the case of an individual, together with his partner (*partner*), if any, has, directly or indirectly, either the ownership of shares of LB Icon AB representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of LB Icon AB, or rights to acquire, directly or indirectly, shares, whether or not already issued, that represent 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of LB Icon AB, or the ownership of profit participating certificates (*winstbewijzen*) that relate to 5% or more of the annual profit of LB Icon AB or to 5% or more of the liquidation proceeds of LB Icon AB.
2. His shares, profit participating certificates or rights to acquire shares or profit participating certificates in LB Icon AB have been acquired by him or are deemed to have been acquired by him under a non-recognition provision.

3. His partner or any of his relatives by blood or by marriage in the direct line (including foster-children) of him or of his partner has a substantial interest (as described under 1. and 2. above) in LB Icon AB.

A person who is only entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or profit participating certificate, as the case may be.

A holder of Shares is a "Dutch Corporate Entity" if:

- it is a corporate entity (including an association that is taxable as a corporate entity) that is subject to Dutch corporation tax;
- it is resident, or deemed to be resident, in the Netherlands for Dutch corporate income tax purposes;
- it is not an entity that, although in principle subject to Dutch corporation tax, is specifically exempt from that tax and the Shares are attributable to the exempt activities;
- the benefits derived from any shares in LB Icon AB held by it are not exempt under the participation exemption (as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*)); and
- it is not an investment institution (*beleggingsinstelling*) as defined in the Dutch Corporation Tax Act 1969.

If a holder of Shares is not an individual and if such holder does not satisfy any one or more of these tests, with the exception of the second test, its Dutch tax position is not discussed in this Prospectus.

Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise and Dutch Corporate Entities.

Any benefits derived or deemed to be derived from Shares, including any gain realised on the disposal thereof, by a Dutch Individual that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise (other than as an entrepreneur or a shareholder), are generally subject to Dutch income tax at progressive rates.

Any benefits derived or deemed to be derived from Shares, including any gain realised on the disposal thereof, that are held by a Dutch Corporate Entity are generally subject to Dutch corporation tax.

Dutch Individuals deriving benefits from miscellaneous activities

Any benefits derived or deemed to be derived from Shares, including any gain realised on the disposal thereof, by a Dutch Individual that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to Dutch income tax at progressive rates.

A Dutch Individual may, *inter alia*, derive benefits from Shares that are taxable as benefits from miscellaneous activities in the following circumstances:

- if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of the use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
- if he makes Shares available or is deemed to make Shares available, legally or in fact, directly or indirectly, to a related party as described in articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there.

Other Dutch Individuals

If a holder of Shares is a Dutch Individual whose situation has not been discussed before in this section "Taxes on income and capital gains — Resident holders of Shares," the benefit from his

Shares will be taxed as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be 4% per annum of the average of his “yield basis” (*rendementsgrondslag*) at the beginning and at the end of the year, insofar as that average exceeds the “exempt net asset amount” (*heffingvrij vermogen*). The benefit is taxed at the rate of 30%. The value of the Shares forms part of his yield basis. Actual benefits derived from his Shares, including any gain realised on the disposal thereof, are not as such subject to Dutch income tax.

Non-resident holders of Shares

The summary set out in this section “Taxes on income and capital gains — Non-resident holders of Shares” only applies to a holder of Shares who is a Non-Resident holder of Shares.

A holder of Shares will be considered a Non-Resident holder of Shares if:

- he is neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes; and
- in the case of an individual, he neither is nor has been, nor is deemed to be nor has been deemed to be an employee of LB Icon AB nor of any entity related to LB Icon AB; and
- his shares in LB Icon AB do not form part, and are not deemed to form part, of a substantial interest (*aanmerkelijk belang*) in LB Icon AB, unless such interest forms part of the assets of an enterprise.

See the section “Taxes on income and capital gains — Resident holders of Shares” for a description of the circumstances under which Shares form part of a substantial interest in LB Icon AB or may be deemed to form part of a substantial interest in LB Icon AB.

If a holder of Shares satisfies the first test, but does not satisfy the second and/or the third of these tests, its Dutch tax position is not discussed in this Prospectus.

A Non-Resident holder of Shares will not be subject to any Dutch taxes on income or capital gains in respect of dividends distributed by LB Icon AB (other than the dividend withholding tax described below) or in respect of any gain realized on the disposal of Shares, provided that both of the following conditions are satisfied.

1. If he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as an entrepreneur or a shareholder, in the case of an individual, or a holder of securities, in other cases, which enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, as the case may be, his Shares are not attributable to such enterprise.
2. He does not derive benefits from Shares that are taxable as benefits from miscellaneous activities in the Netherlands.

See the section “Taxes on income and capital gains — Resident holders of Shares” in this chapter, for a description of the circumstances under which the benefits derived from the Shares may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

Dividend withholding tax

General

Dividends distributed by LB Icon AB are generally subject to a withholding tax imposed by the Netherlands at a rate of 25%. The concept “dividends distributed by LB Icon AB” as used in this section includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions (including, as a rule, consideration for the repurchase of Shares by LB Icon AB (other than a repurchase as a

temporary investment) in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes), and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;

- liquidation proceeds and proceeds of redemption of Shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by LB Icon AB to a holder of Shares or an increase of the par value of Shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), unless (a) the general meeting of shareholders of LB Icon AB has resolved in advance to make such repayment and (b) the par value of the Shares concerned has been reduced by an equal amount by way of an amendment to the Articles of Association.

Resident holders of Common Shares

Dutch Individuals and Dutch Corporate Entities generally can credit the dividend withholding tax against their Dutch income tax or Dutch corporation tax liability and generally are entitled to a refund of Dutch dividend withholding tax insofar as such tax, together with any other creditable domestic and/or foreign taxes, exceeds their aggregate Dutch income tax or Dutch corporation tax liability. Dutch dividend withholding tax will only be creditable by or refundable to the beneficial owner (*uiteindelijk gerechtigde*) of dividends distributed by LB Icon AB.

See the section “Taxes on income and capital gains — Resident holders of Shares” in this chapter, for a description of the terms Dutch Individual and Dutch Corporate Entity.

If a holder of Shares is a Dutch Individual or a Dutch Corporate Entity, LB Icon AB is not required to withhold Dutch dividend withholding tax from a dividend distributed by LB Icon AB to such holder to the extent that the temporary special distribution tax, discussed below in the section “Distribution tax” applies to the distribution.

Non-resident holders of Common Shares

If a double tax treaty is in effect between the Netherlands and the country of residence of a Non-Resident holder of Shares, such holder may be eligible for a full or partial relief from the Dutch dividend withholding tax, provided that such relief is duly claimed. Pursuant to domestic rules to avoid dividend stripping, dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by LB Icon AB. The Netherlands tax authorities have taken the position that this beneficial ownership test can also be applied to deny relief from Netherlands dividend withholding tax under double tax treaties and the tax arrangement for the Kingdom of the Netherlands.

See the section “Taxes on income and capital gains — Non-resident holders of Shares” in this chapter, for a description of the term Non-Resident Holder of Shares.

If a Non-Resident holder of Shares is resident in the Netherlands Antilles or Aruba or in a member state of the European Union or in a country that has concluded a double tax treaty with the Netherlands, LB Icon AB is not required to withhold Dutch dividend withholding tax from a dividend distributed by LB Icon AB to the extent that the temporary special distribution tax, discussed below in the section “Distribution tax”, applies to the distribution.

If LB Icon AB has received a profit distribution from a foreign entity, or a repatriation of foreign branch profit, that is exempt from Dutch corporate income tax and that has been subject to a foreign withholding tax of at least 5%, LB Icon AB may be entitled to a reduction of the amount of Dutch dividend withholding tax withheld that must be paid over to the Dutch tax authorities in respect of dividends distributed by LB Icon AB.

Non-Resident holders of Shares are urged to consult their tax advisors regarding the general creditability or deductibility of Dutch dividend withholding tax and, in particular, the impact to such investors of LB Icon AB's potential ability to receive a reduction as meant in the previous paragraph.

Gift and inheritance taxes

A person who acquires Shares as a gift, in form or in substance, or who acquires or is deemed to acquire Shares on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax, as the case may be; or
- (ii) the Shares are or were attributable to an enterprise or part of an enterprise that the donor or the deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
- (iii) the donor made a gift of Shares, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days after the date of the gift.

Distribution tax

LB Icon AB is subject to a temporary special distribution tax at a rate of 20% to the extent that dividends distributed by LB Icon AB during the period from 1 January 2001 up to and including December 31, 2005 are classified as “excessive”. For purposes of this distribution tax, dividends distributed by LB Icon AB are considered to be “excessive” to the extent that, during a particular calendar year, the total thereof exceeds the highest of the following three amounts:

- 4% of the market capitalization of LB Icon AB at the beginning of the relevant calendar year;
- twice the amount of the average annual dividends (exclusive of extraordinary distributions) that LB Icon AB distributed in the three calendar years immediately preceding 1 January 2001; and
- LB Icon AB’s consolidated commercial results for the preceding book year, subject to certain adjustments.

See the section “Dividend withholding tax — Dividend withholding tax” in this chapter, for a description of the concept “dividends distributed by LB Icon AB.”

The special distribution tax will not be due if and to the extent the aggregate of dividends distributed by LB Icon AB during the period from 1 January 2001 up to and including 31 December 2005 exceeds the fair market value of LB Icon AB’s assets at the end of the book year ending on 31 December 2000, net of liabilities and provisions and reduced by LB Icon AB’s paid-in capital. The special distribution tax will be reduced in proportion to the percentage of LB Icon AB’s shares that were held, at the time of the “excessive” distribution, during an uninterrupted period of three years, by individuals or entities (other than investment institutions (*beleggingsinstellingen*) as defined in the Dutch Corporation Tax Act 1969) holding at least 5% of the nominal paid-in capital of LB Icon AB, provided such shareholders are resident in the Netherlands, the Netherlands Antilles or Aruba, or in a member state of the European Union, or in a country that has concluded a double tax treaty with the Netherlands. The special distribution tax is not a withholding tax; it is imposed directly on LB Icon AB. Therefore, if it is reduced because LB Icon AB has shareholders who own at least 5% of our nominal paid-in capital, LB Icon AB will receive the benefit of the reduction and it will inure indirectly not only to the shareholders whose shareholdings caused the reduction to apply.

Capital tax

LB Icon AB is subject to Dutch capital tax at a rate of 0.55% on any contribution it receives in respect of Shares, unless an exemption applies.

SWEDISH TAXATION

This is a general summary and the tax consequences as described here may not apply to a holder of Shares. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Shares in his particular circumstances.

This taxation summary solely addresses the principal Swedish income and net wealth tax consequences for investors that are not considered to be residents in Sweden under Swedish tax laws. This section applies only to investors who hold their shares as a portfolio investment representing less than 10% of the capital or votes, and is not applicable if Shares pertain to a permanent establishment or fixed place of business in Sweden.

This summary is based on the tax laws of Sweden as they are in force and in effect on the date of this Prospectus. The laws upon which this summary is based are subject to change. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such changes.

In this section it is assumed, that the place of effective management of LB Icon AB is situated in the Netherlands and that LB Icon AB is resident in the Netherlands under the double tax treaty between Sweden and the Netherlands.

Taxation of dividends

Under Swedish domestic tax law, withholding tax at a rate of 30% is generally imposed on dividends paid by a Swedish company (such as LB Icon AB) to non-residents of Sweden. The same applies to certain other payments made by a Swedish company, including payments as a result of redemption of shares and repurchase of stock through an offer directed to its shareholders. Exemption from the withholding tax or a lower tax rate may apply by virtue of a tax treaty. Under the double tax treaty between Sweden and the Netherlands, Sweden may not impose withholding tax on dividends paid to Dutch holders covered by the treaty if LB Icon AB is a tax resident of the Netherlands under the treaty. A reduced withholding tax rate is generally applied at source. It is not clear if and how this shall be effected in a situation where a Swedish company is resident in another state under a double tax treaty. In those cases where Swedish withholding tax is withheld at the rate of 30% and the person that receives the dividend is entitled to a reduced withholding tax rate, a refund may be claimed from the Swedish Tax Agency before the end of the fifth calendar year after the distribution.

Taxation of capital gains

Generally, non-residents of Sweden and corporations not incorporated under Swedish law are not subject to tax in Sweden with respect to sale of Shares. However, under Swedish domestic tax law, capital gains from the sale of Swedish shares (and certain other securities) by private individuals may be taxed in Sweden at a rate of 30% if that individual has been a tax resident of Sweden or has lived permanently in Sweden at any time during the year of the sale or the ten calendar years preceding the year of the sale (the “ten-year rule”). The ten-year rule may, however, be limited by tax treaties that Sweden has concluded with other countries. The ten-year rule will not apply if the private individual is covered by the double tax treaty between Sweden and the Netherlands if LB Icon AB is a tax resident of the Netherlands under the treaty.

Net wealth taxation

The Shares are not subject to Swedish net wealth taxation in the hands of an investor that is not a resident of Sweden for tax purposes.

OTHER INFORMATION

Material change

Except as disclosed in this Prospectus, there has been no adverse material change in the conditions, financial or otherwise, in the income, in the operational and commercial activities or prospects of the Company, since December 2003.

Auditors

Öhrlings PricewaterhouseCoopers have given and not withdrawn their written consent to the inclusion in this Prospectus of their reports in the form in which they appear. The financial statements of LB Icon (Icon Medialab International AB) for the 2001, 2002 and 2003 financial year have been audited by Öhrlings PricewaterhouseCoopers, who have issued an unqualified report thereon.

Proceedings and disputes

The Company is a party to the following labour disputes in which claims in excess of EUR 100,000 have been submitted against the Company.

In 2002 former employees of Lost Boys Interactive S.A. (in bankruptcy) initiated two court proceedings before the court of Barcelona against the Company. The claims are based on the allegation that Lost Boys Interactive S.A. formed in fact one entity with Lost Boys N.V. and/or Icon Medialab S.A. and/or Team Lost Boys B.V. (this last company does no longer belong to the LB Icon group) so that these companies are obliged to pay the fees due to the termination of their employment agreements. The claims amount to approximately EUR 366,634.

A former employee of Icon Medialab AB (in bankruptcy) filed a claim against LB Icon and Icon Medialab Mijada AB with the court of Stockholm up to an amount of approximately EUR 380,000 due to the termination of his employment contract. The claim is based on the allegation that in fact he was employed by one of these latter two companies.

Market data

Market data used in this Prospectus are based on information from “Forrester” and “IDC” reports, two globally operating companies that analyze and forecast technology trends IT purchases and business strategy for Internet research bureaus. Although the Company believes these sources to be reliable, it has not independently verified this information.

Corporate governance

Although the Company does not have a registered office in the Netherlands and does not have to comply with the corporate governance code of the Tabaksblat Committee, the Company is aware of the recommendations in this code and will consider to what extent it can apply the various principles and best practice provisions.

Regulations on insider trading

The Company is adopting measures to prevent insider trading in compliance with Sections 46 and 46a-d of the Securities Trade Act.

Listing Agent and paying agent

Rabo Securities has been designated as Listing Agent for the Listing, and will also act as paying agent of the Company.

Incorporation of documents by reference

The following documents are incorporated into this Prospectus by reference and are available free of charge at the addresses described under “Available documents” below:

- the audited financial statements of LB Icon (Icon Medialab International AB) as of and for the years ended 31 December 2003, 2002 and 2001;
- the un-audited first quarter 2004 report.

The information that is incorporated by reference is an important part of this Prospectus and is deemed to constitute a part of this Prospectus as if such information were expressly included herein. Accordingly, all information appearing in this Prospectus is qualified in its entirety by such information. As you read any document that is incorporated by reference herein, you may find inconsistencies in information from one document to another or with this Prospectus. If you find inconsistencies you should rely on the statements made in the most recent document or made with respect to the most recent period referred to in any document.

Available documents

Copies of this Prospectus, in the English language, are available free of charge, with due observance of the restrictions set out in this Prospectus, at:

- the website of Euronext Amsterdam N.V.: www.euronext.com (Dutch residents only);
- the offices of LB Icon, Joop Geesinkweg 209, 1096 AV Amsterdam, telephone: +31 (0)20 460 4500, fax: +31 (0)20 460 4502, email: annemarie.debont@lostboys.com; and Rabo Securities N.V., Equity Capital Markets, Amstelplein 1, 1096 HA Amsterdam, telephone: +31 (0)20 460 4747, fax: +31 (0)20 460 4958, email: corporateadvisory.info@rabobank.com;
- the Company's financial statements for the years ended 31 December 2003, 2002 and 2001 will be, to a limited number per request, available free of charge at the offices of the Company and Rabo Securities N.V.

Additional information, financial as well as operational can be found on the corporate website: <http://www.lbicon.nl>

Stockholm, 2 July 2004
LB Icon AB (publ).

ARTICLES OF ASSOCIATION

LB IconAB, reg no 556284-0917 adopted at the extraordinary shareholders' meeting on 4 June 2004

1. The Company's name is LB Icon AB. The Company is a public company.
2. The Company's board of directors shall have its registered office in the municipality of Stockholm, county of Stockholm.
3. The object of the Company's business is to provide services relating to Internet, intranet, extranet and other interactive media and to provide services relating to web-design, e-business, technology, consultancy services, users' polls and education and to hold and administer real property and goods and business related thereto.
4. The Company's Share capital shall amount to no less than SEK 8,000,000 and no more than SEK 32,000,000.
5. The nominal value of each share shall be SEK 0.80.
6. The board of directors shall consist of no less than five and no more than ten directors with no more than ten deputies. The directors and deputies shall be appointed annually at the annual general meeting for the period until the next annual general meeting.
7. One auditor with one deputy shall be appointed at the annual general meeting for the period until the annual general meeting of shareholders which is held on the fourth financial year after the appointment took place.
8. Persons who, on the recorded date, are registered in the share register or in a schedule in accordance with Chapter 3 section 12 of the Swedish Companies Act (1975:1385) shall be deemed entitled to receive dividends and, in connection with a bonus issue, new shares to which the holder is entitled and to exercise such shareholder's pre-emptive rights to participate in new issues.
9. Notice of the annual shareholders' meeting and any extraordinary shareholders' meeting at which a proposal for amendment of the articles of association is to be considered shall be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice of other extraordinary shareholders' meetings shall be given not earlier than six weeks and not later than two weeks prior to the meeting.

Notice convening a shareholders' meeting shall be given through an announcement in the Post- och Inrikes Tidningar and in Dagens Nyheter or Svenska Dagbladet or another daily newspaper which has nation-wide coverage.

Shareholders who wish to participate at a shareholders' meeting shall be registered in the register of shareholders of the Company according to Chapter 3 13 second paragraph of the Swedish Companies Act (1975:1385) pertaining to conditions ten days prior to the General Meeting, and shall notify the Company of the same, at the latest 4.00 p.m. on the date stated in the notice. The latter shall not be a Saturday, Sunday, holiday, Mid-Summer's Eve, Christmas Eve, New Year's Eve and not fall earlier than five working days before the general shareholders meeting.

10. The annual shareholders' meeting shall be kept within six months from the expiry of the previous fiscal year. At the annual shareholders' meeting the following matters shall be dealt with:
 1. Election of chairman of the meeting
 2. Establishment and approval of a voting list.
 3. Approval of the agenda.
 4. Election of one or two persons to verify the minutes.

5. Determination as to whether the meeting has been duly convened.
6. Presentation of annual statements of accounts and the Auditors Report and, where appropriate, for the group.
7. Decision
 - a) regarding approval of the Company's profit and loss statement and balance sheet and, where appropriate, for the group;
 - b) regarding allocations concerning the Company's profit or loss according to the established Balance Sheet; and
 - c) regarding discharge from liability of the members of the Board of Directors and the Managing Director when such has been appointed.
8. Decision concerning remuneration for the board of directors and auditor.
9. Resolution in respect of the number of directors and deputies.
10. Appointment of board of directors and, when appropriate, auditors and, when applicable, possible deputies of the board of directors and the auditors.
11. Other items to be decided at the shareholders' meeting according to the Swedish Companies Act (1975: 1385) or the articles of association.
11. Each participant entitled to vote at the shareholders' meeting has the right to vote without any limitations for the entire sum of shares which he owns and which he represents.
12. The financial year of the company shall be a calendar year.

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AUDITOR'S STATEMENT REGARDING THE FINANCIAL STATEMENTS

In our opinion, the extracted consolidated financial information for the years ended 31 December 2003, 2002 and 2001, as included in this Prospectus on pages F-3 to F-40, is consistent, in all material respects, with the financial statements for those years from which it has been derived. We issued unqualified opinions on these financial statements on 5 April 2004, 31 March 2003, and 14 March 2002, respectively.

For better understanding of the Company's financial position and results and of the scope of our audit, the consolidated financial information should be read in conjunction with the financial statements from which it has been derived and our auditor's reports.

2 July 2004, Stockholm, Sweden

Hans Jönsson
Authorised Public Accountant
Öhrlings PricewaterhouseCoopers AB

CONSOLIDATED INCOME STATEMENTS

	Note	SEK 000s		
		2003	2002	2001
Net sales.....	3	481,569	653,037	1,186,323
Production expenses.....		-397,524	-683,759	-1,560,993
Gross margin	14	84,045	-30,722	-374,670
Selling expenses.....		-45,005	-99,459	-239,794
Administrative expenses.....		-121,575	-283,184	-519,134
Other operating income	6	19,635	39,052	53,986
Other operating expenses.....	6	-576	-52,722	—
Operating loss	1,2,5,7,14	-63,476	-427,035	-1,079,612
Result from financial investments				
Result from participations in associated companies.....	9	3,045	-10,398	-95,037
Result from other securities and receivables accounted for as fixed assets.....	10	342	-504	-36,902
Other interest income and similar profit items	11	4,449	1,893	12,813
Interest expense and similar loss items.	12	-12,857	-15,647	-4,387
Loss after financial items	14	-68,497	-451,691	-1,203,125
Tax on profit for the year.....	13	2,205	10,863	-5,157
Minority share of result for the year....		0	0	0
Net loss for the year	14	-66,292	-440,828	-1,208,282
Result per Share (SEK)		-0.41	-3.15	-17.75
Result per Share after dilution (SEK)*		-0.41	-3.15	-17.75
Average number of Shares.....		162,786,741	139,953,198	68,075,017

* Result per Share has not been allowed to be affected by the dilution due to its positive effect on the result per Share.

CONSOLIDATED BALANCE SHEETS

Assets

	Note	31-12-2003	SEK 000s 31-12-2002	31-12-2001
Fixed assets				
Intangible fixed assets				
Software	16	5,055	6,092	21,004
Goodwill	17	59,903	70,658	63,609
Total intangible fixed assets		64,958	76,750	84,613
Tangible fixed assets				
Land	18	—	—	10,230
Buildings	19	—	—	19,074
Leasehold improvement	20	16,265	30,451	30,220
Equipment	21, 22	14,756	24,143	75,388
Total tangible fixed assets		31,021	54,594	134,912
Financial assets				
Participations in associated companies.	9, 25	0	0	8,520
Other securities held as fixed assets	26	1,069	741	4,776
Other long-term receivables	27	3,276	5,006	19,089
Total financial fixed assets		4,345	5,747	32,385
Total fixed assets		100,324	137,091	251,910
Current assets				
Current receivables				
Accounts receivable — trade		107,704	115,916	170,914
Receivables from associated companies		0	0	0
Other receivables		9,769	29,312	29,013
Prepaid expenses and accrued income ..	28	28,521	34,930	66,614
Total current receivables		145,994	180,158	266,541
Cash and bank balances	43	47,351	64,296	68,568
Total current assets		193,345	244,454	335,109
Total assets		293,669	381,545	587,019

CONSOLIDATED BALANCE SHEETS

Shareholders' equity and liabilities

	Note	SEK 000s		
		31-12-2003	31-12-2002	31-12-2001
Shareholder's equity				
Restricted equity				
Share capital	29	12,918	12,557	5,733
Paid in, not registered capital		2,197	—	—
Restricted reserves		388,934	720,469	2,105,351
Total restricted equity		404,049	733,026	2,111,084
Accumulated deficit				
Loss brought forward		-292,667	-239,043	-793,097
Net loss for the year		-66,292	-440,828	-1,208,282
Total accumulated deficit		-358,959	-679,871	-2,001,379
Total shareholders' equity		45,090	53,155	109,705
Minority interests		0	0	0
Provisions				
Pension provisions	30	8,476	8,034	—
Other provisions	31	20,834	36,442	41,706
Total provisions		29,310	44,476	41,706
Long-term liabilities				
Bank overdraft facility utilised		—	—	5,916
Liabilities to credit institutions	33	18,406	8,080	3,810
Loan from shareholders	32	69,147	73,430	—
Other liabilities	33	9,909	22,225	3,328
Total long-term liabilities		97,462	103,735	13,054
Current liabilities				
Liabilities to credit institutions	22	27,254	818	20,598
Promissory note loan	34	—	—	110,000
Loan from shareholders		—	—	23,642
Advance payments from customers		3,476	10,800	6,992
Accounts payable -trade		40,081	63,916	90,130
Other liabilities		16,522	48,722	75,976
Accrued expenses and deferred income	35	34,474	55,923	95,216
Total current liabilities		121,807	180,179	422,554
Total shareholders' equity and liabilities		293,669	381,545	587,019
Pledged assets	36	176,516	58,441	65,295
Contingent liabilities	37	2,119	2,539	None

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SEK 000s				Total equity
	Share capital	Paid in not registered Share capital	Restricted reserves	Accumulated deficit	
Closing balance 31-12-2001	5,733	—	2,105,351	-2,001,379	109,705
Share issue for cash*.....	4,158	—	167,419	—	171,577
Non-cash issue and offset issues for company acquisitions*.....	2,466	—	110,736	—	113,202
Conversion of loan	200	—	109,800	—	110,000
Transfer between restricted reserves and accumulated deficit	—	—	-1,565,224	1,565,224	0
Change in translation differences	—	—	-207,613	197,112	-10,501
Net result for the year	—	—	—	-440,828	-440,828
Shareholders' equity 31-12-2002 ..	12,557	—	720,469	-679,871	53,155
Exercise of options.....	—	2	31	—	33
Non-cash issue and offset issues for company acquisitions	361	—	6,137	—	6,498
Conversion of loan/set off issue..	—	2,195	55,886	—	58,081
Transfer between restricted reserves and accumulated deficit	—	—	-382,746	382,746	0
Change in translation differences	—	—	-10,843	4,458	-6,385
Net result for the year	—	—	—	-66,292	-66,292
Shareholders' equity 31-12-2003 ..	12,918	2,197	388,934	-358,959	45,090

Accumulated translation differences

The following amounts pertaining to translation differences are included in restricted and unrestricted shareholders' equity respectively:

Closing balance 31-12-2001	428,062	-197,112	230,950
Change during year from translation of subsidiaries accounts....	-207,613	197,112	-10,501
Closing balance 31-12-2002	220,449	0	220,449
Change during year from translation of subsidiaries accounts....	-10,843	4,458	-6,385
Closing balance 31-12-2003	209,606	4,458	214,064

* Total transaction costs KSEK 13,973 has been deducted from restricted reserves.

CONSOLIDATED CASH FLOW ANALYSES

	Note	2003	SEK 000s 2002	2001
Current operations				
Net loss for the year.....	38	-66,292	-440,828	-1,208,282
Adjustments for items not included in cash flow				
Provision for social security contributions on stock options.....		244	—	—
Amortisation, depreciation and write-downs		48,772	109,888	504,457
Provision for restructuring costs		-18,042	15,549	12,740
Result from disposals of intangible assets.....		—	1,802	—
Result from disposals of equipment.....		576	39,261	21,316
Result from participation in associated companies		-3,045	10,398	95,037
Capital gain/loss from sale of subsidiaries and associated companies		-13,384	37,519	—
Capital gain/loss from sale of long term financial assets		-104	530	6,960
Write-downs of long term financial assets		-256	2,420	30,018
Received damage		—	-26,348	—
Interest.....		5,589	6,426	—
Exchange rate differences.....		-347	-2,030	—
Tax.....		-2,205	-10,863	-775
Cash flow from operations before changes in operating capital		-48,494	-256,276	-538,529
Changes in working capital				
Decrease in receivables		22,707	49,902	408,648
Decrease in liabilities		-54,862	-98,153	-158,880
Cash flow from current operations		-80,649	-304,527	-288,761
Investing activities				
Acquisition of intangible fixed assets		-2,786	-2,005	-21,750
Acquisition of tangible fixed assets	39	-4,768	-8,864	-16,030
Sale of tangible fixed assets		75	14,566	551
Acquisition of subsidiaries.....	40	-868	104,014	-150
Sale of subsidiaries	41	-1,118	-12,076	—
Sale of associated companies.....		3,045	—	—
Acquisition of other fixed financial assets.....		-1,809	-3,988	-7,508
Sale of other financial fixed assets.....		783	9,202	16,030
Cash flow from investing activities		-7,446	100,849	-28,857
Financing activities				
New share issue	42	33	171,577	149,104
Loans raised		75,030	138,803	23,642
Amortisation of loans.....		-1,460	-106,677	-65,212
Shareholders' contribution		—	—	289
Cash flow from financing activities		73,603	203,703	107,823
Cash flow for the year		-14,492	25	-209,795
Liquid funds — opening balance		64,296	68,568	267,068
Exchange differences in liquid funds.....		-2,453	-4,297	11,295
Liquid funds — closing balance.....	43	47,351	64,296	68,568

PARENT COMPANY INCOME STATEMENTS

		SEK 000s		
	Note	2003	2002	2001
Net sales	3	17,504	16,754	139,325
Production expenses		-14,405	13,336	-113,465
Gross margin		3,099	3,418	25,860
Administrative expenses		-27,873	-62,454	-88,325
Other operating income.....	6	1,833	26,399	11,289
Other operating expenses		-172	-268	—
Operating loss	1,2,4,5	-23,113	-32,905	-51,176
Result from financial investments				
Result from participations in group companies.....	8	-58,235	-198,728	-617,047
Result from participations in associated companies	9	3,045	-8,520	-86,413
Result from other securities and receivables accounted for as fixed assets.....	10	-23,333	-176,485	-856,724
Other interest income and similar profit/loss items	11	25,506	40,169	48,305
Interest expense and similar loss items.....	12	-8,485	-6,277	-2,169
Loss after financial items		-84,615	-382,746	-1,565,224
Tax on profit for the year	13	—	—	—
Net loss for the year		-84,615	-382,746	-1,565,224

PARENT COMPANY BALANCE SHEETS

Assets

Fixed assets	Note	31-12-2003	SEK 000s 31-12-2002	31-12-2001
Intangible fixed assets				
Renting rights	15	—	—	0
Software.....	16	—	0	11,566
Total intangible fixed assets		—	0	11,566
Tangible fixed assets				
Leasehold improvement.....	20	—	—	0
Equipment	21	109	418	1,039
Total tangible fixed assets		109	418	1,039
Financial assets				
Participations in group companies	23, 24	180,212	196,990	260,400
Receivables from group companies.....		33,345	30,938	14,303
Participations in associated companies	9, 25	0	0	8,520
Other long-term receivables.....	27	343	974	618
Total financial fixed assets		213,900	228,902	283,841
Total fixed assets		214,009	229,320	296,446
Current Assets				
Current receivables				
Accounts receivable — trade.....		139	1,135	1,090
Receivables from group companies.....		2,617	2,387	7,304
Receivables from associated companies		0	0	0
Other receivables		2,159	1,237	1,394
Prepaid expenses and accrued income.....	28	740	914	7,117
Total current receivables		5,655	5,673	16,905
Cash and bank balances.....	43	4,216	3,222	3,396
Total current assets		9,871	8,895	20,301
Total assets		223,880	238,215	316,747

PARENT COMPANY BALANCE SHEETS

Shareholders' equity and liabilities

		SEK 000s		
	Note	31-12-2003	31-12-2002	31-12-2001
Shareholders' equity				
Restricted equity				
Share capital	29	12,918	12,557	5,733
Paid in, not registered capital		2,197	—	—
Share premium reserve		184,532	502,549	1,679,529
Statutory reserve		7,759	7,759	7,759
Total restricted equity		207,406	522,865	1,693,021
Accumulated deficit				
Profit or loss brought forward		0	0	289
Loss for the year		-84,615	-382,746	-1,565,224
Total accumulated deficit		-84,615	-382,746	-1,564,935
Total shareholders' equity		122,791	140,119	128,086
Provisions				
Other provisions	31	16,052	776	—
Total provisions		16,052	776	—
Long-term liabilities				
Loan from shareholders	32	69,147	73,430	—
Total long-term liabilities		69,147	73,430	—
Current liabilities				
Promissory note loan	34	—	—	110,000
Loan from shareholders		—	—	23,642
Accounts payable -trade		9,225	14,030	30,782
Liabilities to group companies		689	675	15,142
Other liabilities		60	113	686
Accrued expenses and deferred income	35	5,916	9,072	8,409
Total current liabilities		15,890	23,890	188,661
Total shareholders' equity and liabilities		223,880	238,215	316,747
Pledged assets	36	112,000	29,525	25,065
Contingent liabilities	37	2,255	28,781	310,911

PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SEK 000s					
	Share capital	Paid in not registered Share capital	Share premium reserve	Statutory reserve	Accumulated deficit	Total equity
Closing balance						
31-12-2001	5,733	—	1,679,529	7,759	-1,564,935	128,082
Share issue for cash* ..	4,158	—	167,419	—	—	171,577
Non-cash issue and offset issues for company acquisitions*	2,466	—	110,736	—	—	113,202
Conversion of loan	200	—	109,800	—	—	110,000
Distribution of loss	—	—	-1,564,935	—	1,564,935	0
Net result for the year	—	—	—	—	-382,746	-382,746
Shareholders' equity						
31-12-2002	12,557	—	502,549	7,759	-382,746	140,119
Exercise of options	—	2	31	—	—	33
Non-cash issue and offset issues for company acquisitions	361	—	8,812	—	—	9,173
Conversion of loan/set off issue	—	2,195	55,886	—	—	58,081
Distribution of loss	—	—	-382,746	—	382,746	0
Net result for the year	—	—	—	—	-84,615	-84,615
Shareholders' equity						
31-12-2003	12,918	2,197	184,532	7,759	-84,615	122,791

* Total transaction costs KSEK 13,923 has been deducted from restricted reserves.

PARENT COMPANY CASH FLOW ANALYSES

	Note	2003	SEK 000s 2002	2001
Current operations				
Net loss for the year	38	-84,615	-382,746	-1,565,224
Adjustments for items not included in cash flow				
Amortisation, depreciation and write-downs		93	3,569	4,626
Result from disposals of equipment		172	268	57
Result from shares in subsidiaries		58,235	198,728	617,047
Result from shares in associated companies		-3,045	8,520	86,413
Capital losses from sale of financial assets		—	9,327	6,855
Write-downs of long term financial assets		23,339	167,247	849,869
Restructuring		12,409	106	—
Items affecting comparability		—	-26,348	—
Exchange rate differences		-3,483	-2,335	—
Interest expenses		5,589	4,337	—
Cash flow from operations before changes in operating capital		8,694	-19,327	-357
Changes in working capital				
Decrease/increase in receivables		-27	8,830	32,765
Decrease/increase in liabilities		-6,754	-22,641	18,262
Cash flow from current operations		1,913	-33,138	50,670
Investing activities				
Acquisition of intangible fixed assets		—	—	-15,422
Acquisition of tangible fixed assets	39	-14	-162	-399
Sale of tangible fixed assets		58	24	29
Acquisition of subsidiaries		-3,341	-4,822	-161,916
Sale of subsidiaries and associated companies		3,045	0	—
Increase in other long term receivables		-50,694	-179,015	-120,557
Acquisition of other fixed financial assets		—	—	-1,744
Changes in other financial fixed assets		—	—	4,160
Cash flow from investing activities		-50,946	-183,975	-295,849
Financing activities				
Share issue	42	33	171,577	149,104
Loans raised		49,994	137,582	23,642
Amortisation of loans		—	-92,220	-41,545
Shareholders contribution		—	—	289
Cash flow from financing activities		50,027	216,939	131,490
Cash flow for the year		994	-174	-113,689
Liquid funds — opening balance		3,222	3,396	117,085
Liquid funds — closing balance	43	4,216	3,222	3,396

ACCOUNTING AND VALUATION PRINCIPLES

The Annual Report is prepared in accordance with the Swedish Annual Accounts Act and recommendations and statements of the Swedish Financial Accounting Standards Council.

Changed accounting principles

As of January 1, 2003, a number of recommendations and statements issued by the Swedish Financial Accounting Standards Council came into effect. Their application had no effects on the opening balance of shareholder's equity and net income for the current year. However, requirements for disclosing information in the following new recommendations have been of significance when preparing this annual report:

- RR 22 Presentation of Financial Statements
- RR 25 Segment Reporting
 - Operating Areas and Geographical Areas
- RR 26 Events after the balance sheet date
- RR 27 Financial Instruments
 - Disclosure and Presentation

As of January 1, 2004, RR 29 Employee benefits, is being applied. The adoption of this recommendation will not have any significant effects the Company's earnings and financial position.

Segment reporting

The geographical areas Europe, US and parent company constitute the primary format for reporting the group's operations by segment. The internal reporting structure is based on a corresponding format, which is why the geographical areas are the most appropriate primary reporting format to use.

Consolidated financial statements

Subsidiaries

The consolidated accounts include the parent company, Icon Medialab International AB (publ.) and all subsidiaries in which there is ownership, directly or indirectly, of more than 50 percent of the number of votes.

Companies that were acquired during the year are included in the consolidated results from the date of the acquisition. Companies sold off during the year are included in the consolidated accounts up to and including the date on which they were sold. The consolidated accounts have been drawn up in accordance with recommendation RR 1:00 of the Swedish Financial Accounting Standards Council and by applying the purchase method. This means that the assets and liabilities held by the acquired company at the time of the acquisition are evaluated to determine their acquisition value upon consolidation. Any difference between the purchase price and the acquisition value on the consolidation is shown as goodwill.

The consolidated income statement and balance sheet are shown exclusive of year-end appropriations and untaxed reserves. The accounts of foreign subsidiaries are translated to SEK using the current method. Balance sheets, accordingly, are translated at year-end exchange rates and income statements are translated at average exchange rate for the year. Exchange rate differences arising from translations of income statements and balance sheets are entered directly under equity.

For subsidiaries with a minority ownership, the share of the net result and shareholders' equity is reported.

Associated companies

For the companies in which Icon Medialab International AB (publ.) ownership is at least 20 percent and at most 50 percent of the votes, i.e. "associated companies", the equity method of accounting has

been applied. This means that the book value of the shares in associated companies is reported as the group's share of the result in the associated company, reduced by the dividend received.

Discontinued operations

A discontinuing operation results from a decision, pursuant to a single disposal plan to divest an operation comprising a separate major line of business or market for which the assets less liabilities and net financial result may be distinguished physically, operationally and for financial reporting purposes.

Items affecting comparability

Significant revenue or expense items, which are not expected to occur frequently, are classified as items affecting comparability. Items affecting comparability include result from disposal of operations, result from disposal of major fixed assets and damage.

General valuation principles

Assets, provisions and liabilities are valued at the acquisition value, unless stated otherwise below.

Intangible fixed assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net asset of the acquired subsidiary at the date of acquisition. Goodwill is primarily attributable to three aspects of an acquisition: personnel, structure capital and market presence. As a result of the rapid technological development and the competition for qualified staff, the goodwill in connection with an acquisition in the same sector is amortised during the period in which the value of the asset is estimated to retain the value.

Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies. Goodwill is amortised over a period of maximum five years. At each balance sheet date the group assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold or disposed.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. No development expenditures have met the criteria's for capitalisation.

Software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly associated with identifiable and unique software products controlled by the group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Expenditure that enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

Tangible fixed assets

Leasehold improvements and equipment

Leasehold improvements and equipment are reported at acquisition values with deduction for depreciation. The depreciation period for leasehold improvement is the shorter of the useful life or the length of the leasing contract. Only the initial investment of computers is capitalised as an asset in the balance sheet. Upgrades are expensed directly.

Leasing

Leasing is classified in the consolidated accounts either as a financial or operational lease. A financial leasing contract exists when economic risks and benefits relating to the ownership of an asset are transferred to the lessee. Other contracts are to be considered as operational leasing agreements. A financial leasing contract is reported as an asset in the consolidated balance sheet and depreciated according to the same principles as other corresponding assets. When signing a financial leasing contract a value equal to the purchase value is shown as a financial liability. Liabilities are divided into current and long-term liabilities and depreciation takes place as payments are made for leasing fees. The part of the leasing cost that is not depreciated is shown in the consolidated income statement as interest expense.

Depreciation policy for fixed assets

Depreciation according to plan is based on the acquisition value of the assets with deduction for the estimated residual value. Depreciation is calculated with the straight-line method over the estimated useful life of the assets. The following useful life periods are applied:

Software.....	3 years
Goodwill.....	3 - 5 years
Leasehold improvements.....	1.5 - 10 years
Vehicles.....	5 years
PC's	3 years
Office supplies	5 years

Impairment of assets

Carrying amounts for the group's fixed assets are reviewed on each balance sheet date to determine if there is any indication that the assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated at the higher of its value in use and net selling price. Any impairment loss is charged against income for the period. The value in use is calculated by discounting future cash flows at an interest rate before tax that corresponds to the market's evaluation of the risk-free interest rate and risk associated with the specific asset. An impairment loss is reversed if the conditions that were used as a basis for the impairment loss have changed. An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that should have been reported, net of depreciation, if no impairment loss should have been recognised for the asset in prior years. An impairment loss for goodwill is usually not reversed.

Receivables

Receivables are reported at the amounts at which they are expected to be paid, based on individual assessment.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are translated at exchange rates on the balance sheet date. Exchange rate differences in current receivables and liabilities are included in operating income, while differences in financial receivables and liabilities are booked among financial items. Receivables and liabilities hedged by forward contracts are valued at the agreed forward rates.

Provisions

A provision is reported in the balance sheet when there is a formal or informal commitment as a consequence of an event for which it is probable that an outflow of resources will be needed to settle the commitment and when a reliable estimate of the amount can be made.

Pension provisions

Pension provisions are accounted for in accordance with local rules in each country.

Restructuring costs

A provision for decided restructuring measures is reported when a detailed plan for the implementation of the measures is complete and when this plan is communicated to those who are affected.

Contingent liabilities

A contingent liability is reported when there is:

- a possible commitment originating from events that have occurred and whose existence is confirmed only by one or more uncertain future events, which are not completely in the group's control, will occur or not occur,
- a commitment originating from occurred events but which is not reported as a liability or provision since it is not likely that an outflow of resources will be required to settle the commitment, or that the extent of the commitment cannot be calculated with sufficient certainty.

Revenue recognition

Revenues are recognised for time and materials agreements as services are provided. Revenues from fixed price arrangements are recognised on the percentage-of-completion method of accounting using labour hours incurred as the measure of progress towards completion. Production costs include all direct material and labour costs and indirect costs, related to contract performance.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Revenue not yet invoiced to customers for fixed price projects is presented as accrued income in the balance sheet. If the invoiced amount exceeds the total completed project value, the additional invoicing is reported as advance payments from customers. Revenue from maintenance contracts are deferred and recognised rateably over the contractual periods during which services are performed.

Tax

The accounted income taxes are comprised of taxes to be paid or received during the current year, adjustments regarding the previous year's tax, changes to deferred tax and shares in associated companies' tax. Assessment of all tax liabilities / claims occurs at the nominal amount and are made according to the set tax provisions and tax rates, or are announced and in all probability set. For items accounted in the income statement, related tax effects are also accounted for in the income statement. Tax effects on items accounted directly against equity are also accounted directly against equity. Deferred tax is calculated according to the balance sheet method on all temporary differences that arise between book and fiscal value of assets and liabilities. For the time being, deferred income taxes recoverable with regard to deficit deductions are not accounted as assets.

Cash flow analysis

The cash flow analysis has been compiled in accordance with the indirect method. In addition to cash or cash held at banks, short-term financial investments that are traded on an open market and which have remaining maturity less than three months from the date of the investment are also classified as liquid funds.

Option plans

The group's option plan entitles the owner to subscribe to a number of shares in Icon Medialab International AB (publ.) at a predefined price. No cost has been reported for issuing these options. The option plan will result in social security contributions in some countries. The social security contributions are calculated on the difference between market price of the Icon Medialab International AB (publ.) shares and the subscription price multiplied by the tax rate in the various countries. A

provision for the social security contributions is booked on an ongoing basis in the consolidated accounts.

Transition of reporting in accordance with IFRS

In accordance with future reporting requirements that listed companies in the EU will have to meet; the group will adopt International Financial Reporting Standards (IFRS) as of 2005. For this purpose the group started a project in 2003 to identify, analyse and implement necessary changes. During the year the project identified and analysed areas affecting the Company and developed proposals for changes in all significant areas. Such as:

- accounting of pension provisions
- accounting of goodwill
- accounting for option plan

Financial risk

The group is by its operations exposed to different kinds of financial risks such as fluctuations in earnings and cash flow of the group as a result of changes in foreign currencies, interest rates, risk of re-financing and credit risk. Currently, the policy is not to hedge any exposures of financial risks related to loans, transactions or translation differences on consolidation. The policy is based on actual amounts of financial instruments being exposed for financial risk and the cost for hedging such expenditures.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Personnel

See chapter "Our Company-Human capital"

Note 2 Fees and expenses

	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
SEK 000s						
Audit						
PricewaterhouseCoopers	3,565	5,419	3,887	1,196	1,588	1,397
Others.....	—	156	315	—	—	—
Services other than audit assignments						
PricewaterhouseCoopers	1,684	1,933	5,698	1,595	1,314	4,290
Others.....	2,388	1,119	118	159	—	—
Total.....	7,637	8,627	10,018	2,950	2,902	5,687

Note 3 Net sales distributed per geographic market

	2003	2002	2001
SEK 000s			
Sweden, excluding parent company.....	0	33,000	329,312
Europe	366,622	461,759	636,163
US.....	119,219	171,033	319,023
Parent company	17,504	16,754	139,325
Group eliminations.....	-21,776	-29,509	-237,500
Total.....	481,569	653,037	1,186,323

2003	Europe	US	Parent company	Sweden elimination	Group Total
SEK 000s					
External sales	364,773	115,718	1,078	—	—
Internal sales.....	1,849	3,501	16,426	—	-21,776
Total sales	366,622	119,219	17,504	—	-21,776
Gross margin	70,555	23,755	3,099	—	-13,364
Operating loss	-45,512	-26,293	-23,113	-2,762	34,204
Result from participations in associated companies	—	—	—	—	—
Other result from financial investments	-22,892	-3,032	-64,547	-701	83,106
Loss after financial items	-68,404	-29,325	-87,660	-3,463	117,310
Taxes	1,898	307	0	0	0
Net loss	-66,506	-29,018	-87,660	-3,463	117,310
Total assets	260,147	39,069	223,880	4,103	-233,530
Total liabilities	531,695	24,657	101,089	3,113	-411,975
Investment in intangible and tangible assets.....	15,844	478	14	—	—
Depreciation and amortisation of intangible and tangible assets.....	-40,155	-8,524	-93	—	—

The major part of external sales per segment is local.

Note 4 Inter-company purchases and sales

Of the production and administrative expenses for the year, SEK 6,654 (12,201) thousands or 16 (16) percent represents purchases from subsidiaries. Of the net sales for the year SEK 16,426 (14,878) thousands or 94 (89) percent represents sales to subsidiaries.

Note 5 Operational leasing agreements

Leasing fees paid for the year including rental costs relating to operational leasing agreements amounted to SEK 35,913 (71,853) thousands in the group and SEK 716 (530) thousands in the parent company. The nominal values of the agreed future leasing fees relating to agreements in which the remaining maturity exceeds one year distributed as follows:

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Becoming due for payment 2004/2003/2002.....	40,885	51,558	88,512	10,208	12,053	12,545
Becoming due for payment 2005/2004/2003.....	39,345	46,508	84,678	9,865	11,367	13,740
Becoming due for payment 2006/2005/2004.....	34,171	46,574	73,644	9,865	11,367	13,740
Becoming due for payment 2007/2006/2005.....	23,104	33,982	68,847	10,301	12,450	13,740
Becoming due for payment 2008/2007/2006.....	21,623	25,510	61,006	10,301	12,450	13,740
Becoming due for payment later than 5 years...	76,913	104,016	253,269	9,363	23,862	45,145
Total	236,041	308,148	629,956	59,903	83,549	112,650

Note 6 Items affecting comparability included in Other operating income/expenses

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Damage income	—	26,348	—	—	26,348	—
Result of sale and closing of subsidiaries	13,384	—	—	—	—	—
Total reported as other operating income	13,384	26,348	—	—	26,348	—
Result of sale of real estate.....	—	-14,510	—	—	—	—
Result of sale and closing of subsidiaries	—	-37,519	—	—	—	—
Total reported as other operating expenses	—	-52,029	—	—	—	—
Total Items affecting comparability	13,384	-25,681	—	—	26,348	—

Note 7 Amortisation, depreciation and write-downs

SEK 000s	Group		
	2003	2002	2001
Goodwill amortisation	-18,514	-39,742	-194,326
Write-down of goodwill	—	-20,084	-238,296
Other depreciation and amortisation	-30,258	-50,062	-71,835
Total	-48,772	-109,888	-504,457

Amortisation, depreciation and write-downs are distributed over the following functions:

SEK 000s	2003			2002			2001		
	Other	Goodwill	Total	Other	Goodwill	Total	Other	Goodwill	Total
Production	-24,423	-14,445	-38,868	-28,131	-45,617	-73,748	-44,466	-335,793	-380,259
Sales	-1,716	-1,417	-3,133	-3,894	-4,777	-8,671	-6,299	-34,094	-40,393
Administration.	-4,119	-2,652	-6,771	-18,037	-9,432	-27,469	-21,070	-62,735	-83,805
Total	-30,258	-18,514	-48,772	-50,062	-59,826	-109,888	-71,835	-432,622	-504,457

Write-down of goodwill in 2002 was primarily made regarding businesses in Denmark and UK based on calculated net present value of estimated future cash flow.

Note 8 Result from participations in group companies

SEK 000s	Parent Company		
	2003	2002	2001
Write-downs of shares in subsidiaries	-58,235	-141,694	-617,047
Capital gains/losses on sales	0	-57,034	—
Total	-58,235	-198,728	-617,047

Write-downs have been made after yearly impairment test based on estimated discounted future cash flows.

Note 9 Result from participation in associated companies

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Write-down of receivables	—	—	-5,122	—	—	-4,854
Capital gains on sale of shares	3,045	—	—	3,045	—	—
Write-down of shares	—	-10,398	-31,225	—	-8,520	-81,559
Share of net income for the year including changes in equity	—	—	-58,690	—	—	—
Share in result of associated companies.	3,045	-10,398	-95,037	3,045	-8,520	-86,413
Acquisition value — opening balance ..	0	8,520	89,843	0	8,520	90,079
Through acquisitions of subsidiaries	—	1,890	—	—	—	—
Sales	-192,401	—	—	-192,401	—	—
Translation differences	—	-12	8,592	—	—	—
Write-down of shares	—	-10,398	-31,225	—	-8,520	-81,559
Reversal of prior years' write down	192,401	—	—	192,401	—	—
Share of net income for the year including changes in equity	0	0	58,690	—	—	—
Proportion of equity in associated companies — closing balance	0	0	8,520	0	0	8,520
Recorded proportion of equity	0	0	8,520	—	—	—
Share of equity	0	0	8,520	—	—	—
Goodwill	0	0	0	—	—	—

Note 10 Result from other securities and receivables accounted for as fixed assets

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Capital gains/losses on sales	104	530	-6,960	6	-9,327	-6,855
Write-downs.....	-602	-2,420	-30,018	—	-76	-14,315
Write-downs of receivables on subsidiaries	—	—	—	-23,339	-167,171	-835,554
Reversal of prior years write down	858	—	—	—	—	—
Interest	—	1,386	76	—	89	—
Exchange rate differences	-18	—	—	—	—	—
Total.....	342	-504	-36,902	-23,333	-176,485	-856,724

Note 11 Other interest income and similar income items

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Interest income.....	786	1,780	5,691	20,721	37,723	48,208
Exchange rate differences	3,663	113	6,949	4,785	2,446	—
Capital gains on sales	—	—	173	—	—	97
Total.....	4,449	1,893	12,813	25,506	40,169	48,305

Note 12 Interest expense and similar loss items

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Interest expense.....	-5,865	-8,261	-3,308	-1,594	-1,811	-451
Discounted interest expense.....	-5,589	-6,543	—	-5,589	-4,426	—
Exchange rate differences	-1,403	-803	-923	-1,302	—	-1,562
Write-downs.....	—	-40	—	—	-40	—
Capital losses on sales	—	—	-156	—	—	-156
Total.....	-12,857	-15,647	-4,387	-8,485	-6,277	-2,169

Note 13 Tax

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Deferred tax	—	—	775	—	—	—
Current tax.....	2,205	10,863	-5,932	—	—	—
Total.....	2,205	10,863	-5,157	—	—	—

* As result of losses carried backwards and earlier payment of income taxes for subsidiaries in US tax receivables are recorded related to these repayments.

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Reported result before tax	-68,497	451,691	-1,203,125	-84,615	-382,746	-1,565,224
Tax according to current tax rate ..	23,270	144,677	336,875	23,692	107,169	438,263
Tax effects of non-deductible expenses						
Amortisation of goodwill	-6,295	-12,413	-51,639	—	—	—
Write-down of goodwill	—	-5,624	-66,695	—	—	—
Write-down of shares and sale of shares	1,035	-3,852	-17,148	-15,119	-42,059	-199,602
Write-down of receivables and sale of receivables	—	0	-1,574	-5,237	-49,419	-235,330
Disposal of companies	4,551	-12,502	—	-1,630	-15,970	—
Other non-deductible expenses.....	-5,534	-2,511	-29,800	-4,003	-871	-2,097
Tax effects of non-taxable income						
Other non-taxable income.....	698	10	47	14	2	20
Tax effects of deductible expenses not reported on income statement						
	2,362	4,300	401	817	4,056	373
Utilised tax losses carry-forward/ Not reported tax receivable due to tax losses carry-forward*						
	-17,882	-101,222	-175,624	1,466	-2,908	-1,627
Reported tax cost.....	2,205	10,863	-5,157	0	0	0

* The accumulated tax losses carry-forward have not been reported as an asset due to the latest years performance

Tax Losses carry-forward	Group		Parent Company	
	2003	2002	2003	2002
2004/2003	4,674	1,558	—	—
2005/2004	2,491	15,345	—	—
2006/2005	10,358	26,640	—	—
2007/2006	19,234	46,033	—	—
2008/2007	41,005	30,324	—	—
Later	87,137	362,890	—	—
Unlimited time.....	1,768,462	110,481	1,057,845	89,973
Total	1,933,361	593,271	1,057,845	89,973

In addition there are capital losses that only can be utilised against capital gains.

Deferred tax receivable and liabilities	Group		Parent Company	
	2003	2002	2003	2002
Deferred tax receivables				
Temporary differences	0	0	0	0
Tax losses carry-forward	0	0	0	0
Total	0	0	0	0

Deferred tax liability

Temporary differences	0	0	0	0
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Deferred tax receivables and liabilities are set-off when there is a legal right to set-off current tax receivables and liabilities.

The amount above has been calculated after set-off. The amounts below have been reported gross.

Temporary differences

Temporary differences are identified when the book value of assets and their tax value are different. Temporary differences on the following assets and liabilities have resulted in deferred tax receivables and liabilities

	Group		Parent Company	
	2003	2002	2003	2002
Deferred tax liabilities				
Tangible and intangible fixed assets.....	—	—	—	—
Long term receivables and liabilities.....	—	—	—	—
Current assets and liabilities.....	—	—	—	—
Total deferred tax liabilities	0	0	0	0
	Group		Parent Company	
	2003	2002	2003	2002
Deferred tax receivables				
Tangible and intangible fixed assets.....	2,389	1,316	0	817
Long term receivables and liabilities.....	1,100	836	120	110
Current assets and liabilities.....	7,918	1,665	1,288	1,288
Provisions.....	7,939	10,933	3,979	30
Losses carry-forward.....	607,941	183,914	296,197	25,192
Total deferred tax receivables	627,286	198,664	301,584	27,437
Not reported tax receivables related to losses carry forward.....	-607,941	183,914	-296,197	-25,192
Not reported tax receivables related to temporary differences.....	-19,346	14,750	-5,387	-2,245
Total not reported tax receivables	-627,286	198,664	-301,584	-27,437
Total deferred tax receivables, net	0	0	0	0
Deferred tax receivables, net	0	0	0	0

Note 14 Continued and discontinued operations

SEK 000s	2003		2003	2002		2002
	Continued	Discontinued	Total	Continued	Discontinued	Total
Net sales.....	464,677	16,892	481,569	484,823	168,214	653,037
Production expenses.....	-379,915	-17,609	-397,524	-464,132	-219,627	-683,759
Gross margin	84,762	-717	84,045	20,691	-51,413	-30,722
Selling expenses.....	-43,530	-1,475	-45,005	-63,876	-35,583	-99,459
Administrative expenses....	-115,573	-6,002	-121,575	-213,793	-69,391	-283,184
Other operating income	19,635	0	19,635	35,696	3,356	39,052
Other operating expenses..	-189	-387	-576	-4,095	-48,627	-52,722
Operating loss.....	-54,895	-8,581	-63,476	-225,377	-201,658	-427,035
Result from financial investments						
Result from participations in associated companies	3,045	—	3,045	-10,398	—	-10,398
Result from other securities and receivables accounted for as fixed assets.....	296	47	342	-2,369	1,865	-504
Other interest income and similar profit items.....	5,005	-556	4,449	17,109	-15,216	1,893
Interest expense and similar loss items	-12,770	-87	-12,857	-12,325	-3,322	-15,647
Loss after financial items...	-59,320	-9,177	-68,497	-233,360	-218,331	-451,691
Tax on profit for the year.	2,205	—	2,205	10,863	—	10,863
Minority share of result for the year	0	0	0	0	0	0
Net loss for the year	-57,115	-9,177	-66,292	-222,497	-218,331	-440,828

For the discontinued operations, total assets as per December 31, 2002 amounted to SEK 20,485 thousands and the liabilities amounted to SEK 43,105 thousands.

Summary Cash Flow analysis for discontinued operations.....	2003	2002	2001
Cash Flow from current operations.....	-8,850	-114,113	-118,959
Investment activities	-156	4,729	-11,186
Financing activities	4,642	855	1,312
Cash Flow	-4,364	-108,529	-128,833

Sold and closed businesses have been recorded as discontinued. Following businesses have been recorded as being discontinued in 2003:

- Belgium (including Coordination)
- Denmark
- Lost Boys TV & streaming media B.V. (NL)
- IconMedialab Ltd (UK)
- Alapi Inc (USA)
- Lost Boys UK Ltd

Note 15 Renting rights

SEK 000s	Parent Company		
	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	—	395	395
Sales and disposals	—	-395	—
Accumulated acquisition value — closing balance	—	—	395
Amortisation — opening balance.....	—	-395	-395
Sales and disposals	—	395	—
Accumulated amortisation — closing balance.....	—	—	-395
Planned residual value — closing balance	—	—	0

Note 16 Software

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	22,995	32,361	7,974	6,934	15,422	—
Through acquisitions of subsidiaries	247	686	—	—	—	—
Through sale of subsidiaries....	-1,603	-5,014	—	—	—	—
Expenses activated during the year.....	2,786	2,005	21,750	—	—	15,422
Received credit notes*	—	-8,488	—	—	-8,488	—
Sales and disposals	-8,375	-2,418	—	-6,934	—	—
Reclassifications.....	—	4,798	1,907	—	—	—
Translation differences	-752	-935	730	—	—	—
Accumulated acquisition value — closing balance	15,298	22,995	32,361	—	6,934	15,422
Amortisation — opening balance	-16,903	-11,357	-3,014	-6,934	-3,856	—
Through acquisitions of subsidiaries	-202	-288	—	—	—	—
Through sale of subsidiaries....	1,566	2,561	—	—	—	—
Sales and disposals	8,375	616	—	6,934	—	—
Reclassifications.....	—	-1,477	-1,344	—	—	—
Amortisation during the year ..	-3,668	-7,475	-6,584	—	-3,078	-3,856
Translation differences	589	517	-415	—	—	—
Accumulated amortisation — closing balance	-10,243	-16,903	-11,357	—	-6,934	-3,856
Planned residual value — closing balance	5,055	6,092	21,004	—	0	11,566

* After settlement with supplier of prior years acquisitions.

Note 17 Goodwill

SEK 000s	Group		
	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	1,757,718	3,086,391	2,936,427
Acquisitions during the year.....	8,782	88,091	150
Sales and disposals	-375,380	-1,218,934	—
Translation differences	-160,840	-197,830	149,814
Accumulated acquisition value — closing balance	1,230,280	1,757,718	3,086,391
Amortisation — opening balance.....	-491,910	-982,438	-748,917
Sales and disposals	78,158	470,179	—
Amortisation during the year	-18,514	-39,742	-194,326
Translation differences	50,751	60,091	-39,190
Accumulated amortisation — closing balance.....	-381,515	-491,910	-982,433
Write-downs — opening balance.....	-1,195,150	-2,040,344	-1,725,993
Sales and disposals	297,222	729,279	—
Write-downs during the year.....	—	-20,084	-238,296
Translation differences	109,066	135,999	-76,055
Accumulated write-downs — closing balance.....	-788,862	-1,195,150	-2,040,344
Booked value — closing balance.....	59,903	70,658	63,609

The remaining goodwill is related to the acquisition of Lost Boys N.V, Escador Ltd, Escador Inc and Escador GmbH.

Note 18 Land

SEK 000s	Group		
	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	—	10,230	9,144
Sales and disposals	—	-9,327	—
Translation differences	—	-903	1,086
Accumulated acquisition value — closing balance	—	—	10,230

Note 19 Buildings

SEK 000s	Group		
	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	—	20,023	17,249
Purchases	—	—	725
Sales and disposals	—	-18,458	—
Translation differences	—	-1,565	2,049
Accumulated acquisition value — closing balance	—	—	20,023
Depreciation — opening balance	—	-949	-210
Sales and disposals	—	1,099	—
Depreciation during the year	—	-233	-701
Translation differences	—	84	-38
Accumulated depreciation -closing balance	—	—	-949
Planned residual value — closing balance	—	—	19,074

Note 20 Leasehold improvement

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	55,536	58,863	69,320	—	548	548
Through acquisitions of subsidiaries	559	26,553	—	—	—	—
Through sales of subsidiaries ..	-5,747	-16,111	—	—	—	—
Purchases	1,186	2,233	1,620	—	—	—
Sales and disposals	-4,256	-13,634	-17,327	—	-548	—
Translation differences	-3,168	-2,368	5,250	—	—	—
Accumulated acquisition value — closing balance	44,110	55,536	58,863	—	—	548
Depreciation — opening balance	-25,085	-28,643	-17,316	—	-548	-548
Through acquisitions of subsidiaries	-165	-5,561	—	—	—	—
Through sales of subsidiaries ..	5,698	7,287	—	—	—	—
Sales and disposals	3,933	8,528	6,977	—	548	—
Depreciation during the year ...	-14,257	-8,083	-15,735	—	—	—
Translation differences	2,031	1,387	-2,569	—	—	—
Accumulated depreciation — closing balance	-27,845	-25,085	-28,643	—	—	-548
Planned residual value — closing balance	16,265	30,451	30,220	—	—	0

Note 21 Equipment

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Acquisition value — opening balance	107,703	192,100	196,329	2,117	2,771	2,513
Through acquisitions of subsidiaries	7,496	82,392	—	—	—	—
Through sale of subsidiaries....	-9,246	-95,985	—	—	—	—
Purchases	3,582	6,631	15,108	14	162	399
Sales and disposals	-19,707	-64,183	-30,910	-1,593	-816	-141
Reclassifications	452	-4,798	-1,907	—	—	—
Translation differences	-7,485	-8,454	13,480	—	—	—
Accumulated acquisition value — closing balance	82,795	107,703	192,100	538	2,117	2,771
Depreciation — opening balance	-83,560	-116,712	-78,676	-1,699	-1,732	-1,016
Through acquisitions of subsidiaries	-6,304	-52,321	—	—	—	—
Through sale of subsidiaries....	8,319	68,181	—	—	—	—
Sales and disposals	19,379	42,148	19,393	1,363	524	55
Reclassifications	0	1,477	1,344	—	—	—
Depreciation during the year...	-12,333	-34,271	-48,815	-93	-491	-771
Translation differences	6,460	7,938	-9,958	—	—	—
Accumulated depreciation — closing balance	-68,039	-83,560	-116,712	-429	-1,699	-1,732
Planned residual value — closing balance	14,756	24,143	75,388	109	418	1,039

Note 22 Liabilities to credit institutions

SEK 000s	Group	
	31-12-2003	31-12-2002
Financial leasing obligations short term portion	0	818
IKB Beteiligungsgesellschaft GmbH *	13,641	—
IKB Bank loan short-term portion	1,455	1,460
Credit lines with credit institutions.....	12,158	0
Total liabilities reported in the consolidated balance sheet	27,254	2,278

* This loan of EUR 1.5 million has expired on June 30, 2004. In March 2004, the Company reached agreement with IKB Beteiligungsgesellschaft to extend EUR 1 million to be repaid in 3 years in equal portions, the last one due on June 30, 2007. The loan carries an interest rate of 8.4% plus a profit share of 3.75%.

Note 23 Acquisition of subsidiaries

During the year the following subsidiaries were acquired:

Company	Date of acquisition	Capital stock	Consolidated	Consolidated
			net sales 2003	profit after financial items 2003
Escador GmbH	30-4-2003	100%	17,911	957
Escador Ltd	30-4-2003	100%	25,055	777
Escador Inc	30-4-2003	100%	146	549

Note 24 Participations in subsidiaries

See chapter “Description of Share Capital, Shares and Corporate Structure”

Note 25 Participations in associated companies

	Reg. No.	Registered office	Portion of equity, %	Share of votes, %	No. Shares participations.	Book value Group	Book value Parent Company
WhatSoEver Förlag AB under liquidation.....	556535-6887	Stockholm	49.51%	49.51%	30,108	0	0
MetaWest Inc.....	—	San Francisco	30.00%	30.00%	2,700,000	0	0
MetaDesign Suisse AG.....	CH-020.3.023.324 4	Zürich	35.00%	35.00%	350	0	0

SEK 000s	Parent Company	
	31-12-2003	31-12-2002
Opening acquisition value.....	197,578	197,578
Sales.....	-192,401	—
Closing accumulated acquisition value	5,177	197,578
Opening write-downs.....	-197,578	-189,058
Sales.....	192,401	—
Write downs for the year.....	—	-8,520
Closing accumulated write-downs	-5,177	-197,578
Closing book value	0	0

Note 26 Other securities held as fixed assets

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Opening acquisition value	39,847	42,209	98,084	—	—	65,656
Investments.....	225	—	7,508	—	—	1,744
Through sale of subsidiaries....	—	-1,341	—	—	—	—
Sales.....	-752	-300	-64,554	—	—	-64,400
Translation differences	-141	-721	1,171	—	—	—
Closing accumulated acquisition value	39,179	39,847	42,209	—	—	—
Opening balance write-downs..	-39,106	-37,433	-60,085	—	—	-39,070
Write-downs for the year	—	-2,332	-30,018	—	—	-14,315
Reversal of prior years write-downs	858	—	—	—	—	—
Sales.....	73	300	53,385	—	—	53,385
Translation differences	65	359	-715	—	—	—
Closing accumulated write-downs	-38,110	-39,106	-37,433	—	—	—
Closing book value	1,069	741	4,776	—	—	—

Note 27 Other long-term receivables

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Opening acquisition value	7,079	21,332	29,677	1,050	618	799
Investments.....	1,584	3,988	4,348	—	343	—
Through acquisitions of subsidiaries	196	667	522	—	—	—
Through sale of subsidiaries....	-3,046	-8,797	—	—	—	—
Reclassification	1,200	—	—	—	—	—
Receivables settled	—	-8,672	-14,695	—	—	-181
Capitalised interest	—	89	—	—	89	—
Translation differences	-647	-1,528	1,480	—	—	—
Closing accumulated acquisition value	6,366	7,079	21,332	1,050	1,050	618
Opening write-downs balance..	-2,073	-2,243	-1,951	-76	—	—
Write-downs for the year	-1,233	-88	-287	-631	-76	—
Translation differences	216	258	-5	—	—	—
Closing accumulated write-downs	-3,090	-2,073	-2,243	-707	-76	—
Closing book value	3,276	5,006	19,089	343	974	618

Note 28 Prepaid expenses and accrued income

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Prepaid rentals.....	2,309	1,090	6,988	172	172	—
Accrued consultancy revenue ..	21,927	21,054	37,136	—	—	—
Other items	4,285	12,786	22,490	568	742	7,117
Total	28,521	34,930	66,614	740	914	7,117

Note 29 Capital stock

The Share capital consist of 188,944,835 shares (including paid and not registered) with a par value of SEK 0.08. All the shares are of the same series with the same rights to assets and income. The options program in place entitles the owners to subscribe to a number of shares in Icon Medialab International AB (publ.) at a predefined price. During 2003, 11,333,000 options were granted through this program at an average strike price of SEK 1.85 per share.

Note 30 Pension provisions

The main part of the provision (SEK 6.4 million) refers to pension liabilities in one of the subsidiaries to one member of the management board and two former members. The provision is calculated against 6% interest taking into account local tax regulations. The pension claims are not yet vested. Payments against the provision will start in 2012, 2023 and 2025 respectively, according to the retirement dates.

Note 31 Other provisions

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Supplementary purchase price*	3,607	670	—	4,142	670	—
Restructuring	16,685	34,782	38,484	11,910	106	—
Other allocations	542	990	3,222	—	—	—
Total	20,834	36,442	41,706	16,052	776	—

* To be paid in the form of 1,078,781 shares in Icon Medialab International AB (publ.) and 180,000 Euros

The major part of restructuring provision relates to rental costs for not fully used premises. Most of these provisions will be paid during the next two years.

SEK 000s	Group		Parent Company	
	31-12-2003	31-12-2002	31-12-2003	31-12-2002
Opening balance	36,442	41,706	776	—
This year's accrual	14,844	95,666	33,278	776
Through acquisitions of subsidiaries	—	14,138	—	—
Through sale of subsidiaries	-1,433	-14,011	—	—
Usage/reversal	-21,858	-100,216	-8,159	—
Issuing shares	-6,498	—	-9,173	—
Translation differences	-663	-841	-670	—
Closing balance	20,834	36,442	16,052	776

Note 32 Loan from shareholders

New loans have been granted in 2003 by the company's largest shareholder, Red Valley Ltd., for an amount of EUR 5.5 million (SEK 50.0 million) carrying an interest of 6%. The interest related to loans from Red Valley Ltd has been either paid (Q1 2003 interest) or added to the loan amount (Q2 to Q4 interest). At year-end, a conversion of the debt to Red Valley Ltd. into equity has been carried out for an amount of EUR 6.5 million (SEK 58.1 million). By the end of December 2003, an agreement was reached to extend the maturity of the remaining loan of EUR 7.6 million (SEK 69.1 million) until December 31, 2007, with a 6% fixed interest rate.

Note 33 Other long-term liabilities

SEK 000s	Group	
	31-12-2003	31-12-2002
Liabilities to credit institutions	18,406	8,080
Other liabilities	9,909	22,225
Total	28,315	30,305

SEK 000s	31-12-2003	31-12-2002
Due for payment in 2005/2004	1,455	15,753
Due for payment in 2006/2005	10,767	1,471
Due for payment in 2007/2006	1,455	10,884
Due for payment in 2008/2007	718	1,471
Due for payment in 2009/2008	13,920	726
Total	28,315	30,305

For the year-end 2003 other long-term liabilities regard three loans that are in the balance sheet of two of the subsidiaries and are due to the following credit institutions:

	interest	profit sharing	total
IKB Bank	4.50%	—	4.50%
ABN Amro	6.00%	—	6.00%
Mittelstandische Beteiligungsgesellschaft Berlin Brandenburg	7.50%	2.00%	9.50%

The additional interest is due for payment in case of profits and is maximised by this percentage. As security for the IKB Bank loan all tangible fixed assets of the subsidiary are pledged. The MBG loan is subordinated to all other creditors in case of a default. As security for the credit line with ABN AMRO, all trade receivables of the subsidiary are pledged.

Note 34 Promissory note loan

In connection with the extra general meeting on January 18, 2002 the interest-free promissory note loan from The Interpublic Group of Companies (IPG) of SEK 110 million was converted to 2,500,000 shares in Icon Medialab International AB (publ.). At the same time, the options attached to the loan were cancelled.

Note 35 Accrued expenses and deferred income

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Holiday pay.....	6,310	11,481	28,165	53	112	448
Social security contributions	1,455	727	13,401	1,200	442	298
Deferred income.....	3,315	4,227	4,487	—	—	—
Other items.....	23,394	39,488	49,163	4,663	8,518	7,663
Total	34,474	55,923	95,216	5,916	9,072	8,409

Note 36 Pledged assets

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
For company's provisions and liabilities						
For liabilities to credit institutions						
Shares in subsidiaries.....	—	—	19,000	—	0	19,000
Other long-term financial assets	—	—	423	—	—	—
Property mortgage.....	—	—	10,657	—	—	—
Leasehold improvement.....	14,709	14,579	—	—	—	—
Equipment	6,500	4,799	—	—	—	—
Equipment financial leasing.....	—	579	7,573	—	—	—
Accounts receivables.....	69,150	—	4,632	—	—	—
Floating charges taken out.....	8,800	8,800	24,900	8,800	8,800	8,800
Floating charges in company possession	-8,800	-5,000	-5,000	-8,800	-5,000	-5,000
For other commitments						
Shares in subsidiaries.....	69,682	3,513	—	112,000	25,000	—
Blocked accounts.....	16,475	31,171	3,110	—	725	2,265
Total	176,516	58,441	65,295	112,000	29,525	25,065

Note 37 Contingent liabilities

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Guarantees on behalf of former subsidiaries	709	2,539	—	709	—	—
Guarantees on behalf of subsidiaries	—	—	—	—	5,239	9,000
Capital cover guarantees	—	—	—	1,546	23,542	301,911
Other contingent liabilities	1,410	—	—	—	—	—
Total	2,119	2,539	—	2,255	28,781	310,911

Note 38 Cash-flow analyses

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Taxes paid.....	-19,332	-19,198	-22,810	-559	-589	-342
Interest received	786	3,046	5,767	20,721	37,723	48,208
Interest paid	-5,599	-8,261	-3,308	-1,594	-1,811	-451
Total.....	-24,145	-24,413	-20,351	18,568	35,323	47,415

Note 39 Acquisition of tangible fixed assets

SEK 000s	Group			Parent Company		
	2003	2002	2001	2003	2002	2001
Investments during the year (note 19,20,21,22)	-4,768	-8,864	-17,473	-14	-162	-399
Financed through leasing or instalments.....	—	—	1,443	—	—	—
Cash flow from the acquisition of tangible fixed assets	-4,768	-8,864	-16,030	-14	-162	-399

Note 40 Subsidiaries acquired

For all during the year acquired subsidiaries the total value of the acquired assets and liabilities, purchase prices and effect on the liquid funds of the group were as follows:

SEK 000s	Group		
	2003	2002	2001
Goodwill	-8,782	-88,091	-150
Other intangible fixed assets.....	-45	-398	—
Tangible fixed assets	-1,586	-51,063	—
Financial fixed assets	-196	-2,557	—
Other current assets.....	-11,754	-101,592	—
Liquid funds	-2,473	-109,668	-100
Provisions	—	16,138	—
Long-term liabilities.....	512	35,148	—
Short-term liabilities	11,484	180,155	—
Total purchase price	-12,840	-121,928	-250
Share issue	6,498	113,202	—
Provision for share issue.....	1,299	670	—
Provision for additional cash payment.....	1,702	—	—
Acquisition costs.....	—	2,402	—
Liquid funds in acquired companies	2,473	109,668	100
Effect of acquisitions during the year on consolidated	-868	104,014	-150
Cash paid for acquisitions made in prior years	—	—	—
Total cash-flow related to investments in subsidiaries	-868	104,014	-150

Note 41 Sold and closed subsidiaries

For all during the year disposed subsidiaries the total value of the disposed assets and liabilities, purchase prices and effect on the liquid funds of the group were as follows:

SEK 000s	Group		
	2003	2002	2001
Goodwill	0	19,476	—
Other intangible fixed assets	37	2,453	—
Tangible fixed assets	976	36,628	—
Financial fixed assets	3,046	10,138	—
Other current assets	16,620	46,933	—
Liquid funds	1,118	12,076	—
Provisions	-1,433	-14,011	—
Long-term liabilities.....	-500	-3,151	—
Short-term liabilities	-33,248	-73,023	—
Loss on sale and closing businesses.....	13,384	-37,519	—
Total sale price.....	0	0	—
Liquid funds in disposed subsidiaries.....	-1,118	-12,076	—
Effect of sales and closings during the year on consolidated liquid funds	-1,118	-12,076	—

Note 42 Transaction not affecting the cash flow

In connection with the acquisition of Escador Ltd, Escador GmbH and Escador Inc, 4,512,297 shares were issued valued to SEK 6,498 thousands. During the year, a conversion of a long term loan took place by issuing 27,440,145 shares (not registered December 31) and reducing the liabilities by SEK 58,081 thousands and increasing the equity by the same amount.

Note 43 Liquid funds

SEK 000s	Group			Parent Company		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Cash and bank balances.....	47,351	64,296	68,568	4,216	3,222	3,396
Total	47,351	64,296	68,568	4,216	3,222	3,396

CONSOLIDATED INCOME STATEMENTS
TRANSLATED TO EUR FOR THE CONVENIENCE OF THE
READER (UN-AUDITED)

	SEK 000s			Translation EUR 000s		
	2003	2002	2001	2003	2002	2001
Net sales.....	481,569	653,037	1,186,323	52,778	71,289	128,229
Production expenses	-397,524	-683,759	-1,560,993	-43,567	-74,643	-168,727
Gross margin	84,045	-30,722	-374,670	9,211	-3,354	-40,498
Selling expenses.....	-45,005	-99,459	-239,794	-4,933	-10,858	-25,919
Administrative expenses..	-121,575	-283,184	-519,134	-13,324	-30,914	-56,113
Other operating income..	19,635	39,052	53,986	2,152	4,263	5,835
Other operating expenses	-576	-52,722	—	-63	-5,755	—
Operating loss	-63,476	-427,035	-1,079,612	-6,957	-46,618	-116,695
Results from financial investments						
Result from participations in associated companies..	3,045	-10,398	-95,037	334	-1,135	-10,272
Result from other securities and receivables accounted for as fixed assets	342	-504	-36,902	37	-55	-3,989
Other interest income and similar profit items	4,449	1,893	12,813	488	207	1,385
Interest expense and similar loss items	-12,857	-15,647	-4,387	-1,409	-1,708	-474
Loss after financial items.	-68,497	-451,691	-1,203,125	-7,507	-49,309	-130,045
Tax on profit for the year	2,205	10,863	-5,157	242	1,186	-557
Minority share of result for the year.....	0	0	0	0	0	0
Net loss for the year	-66,292	-440,828	-1,208,282	-7,265	-48,123	-130,602
Result per Share (SEK or EUR)	-0.41	-3.15	-17.75	-0.04	-0.34	-1.92
Result per Share after dilution (SEK or EUR) *.....	-0.41	-3.15	-17.75	-0.04	-0.34	-1.92
Average number of Shares	162,786,741	139,953,198	68,075,017	162,786,741	139,953,198	68,075,017

* Result per Share has not been allowed to be affected by the dilution due to its positive effect on the result per Share.

CONSOLIDATED BALANCE SHEET
TRANSLATED TO EUR FOR THE CONVENIENCE OF THE
READER (UN-AUDITED)

Assets

	SEK 000s			<i>Translation</i> EUR 000s		
	31-12-2003	31-12-2002	31-12-2001	<i>31-12-2003</i>	<i>31-12-2002</i>	<i>31-12-2001</i>
Fixed assets						
Intangible fixed assets						
Software	5,055	6,092	21,004	<i>556</i>	<i>663</i>	<i>2,230</i>
Goodwill	59,903	70,658	63,609	<i>6,587</i>	<i>7,686</i>	<i>6,753</i>
Total intangible fixed assets.....	64,958	76,750	84,613	<i>7,143</i>	<i>8,349</i>	<i>8,983</i>
Tangible fixed assets						
Land.....	—	—	10,230	—	—	<i>1,086</i>
Buildings	—	—	19,074	—	—	<i>2,025</i>
Leasehold improvement..	16,265	30,451	30,220	<i>1,788</i>	<i>3,313</i>	<i>3,209</i>
Equipment	14,756	24,143	75,388	<i>1,623</i>	<i>2,626</i>	<i>8,004</i>
Total tangible fixed assets	31,021	54,594	134,912	<i>3,411</i>	<i>5,939</i>	<i>14,324</i>
Financial assets						
Participations in associated companies..	0	0	8,520	—	—	<i>904</i>
Other securities held as fixed assets.....	1,069	741	4,776	<i>118</i>	<i>80</i>	<i>507</i>
Other long-term receivables.....	3,276	5,006	19,089	<i>360</i>	<i>545</i>	<i>2,027</i>
Total financial fixed assets.....	4,345	5,747	32,385	<i>478</i>	<i>625</i>	<i>3,438</i>
Total fixed assets.....	100,324	137,091	251,910	<i>11,032</i>	<i>14,913</i>	<i>26,745</i>
Current assets						
Current receivables						
Accounts receivable – trade	107,704	115,916	170,914	<i>11,844</i>	<i>12,610</i>	<i>18,146</i>
Receivables from associated companies..	0	0	0	—	—	—
Other receivables.....	9,769	29,312	29,013	<i>1,074</i>	<i>3,188</i>	<i>3,080</i>
Prepaid expenses and accrued income.....	28,521	34,930	66,614	<i>3,136</i>	<i>3,800</i>	<i>7,072</i>
Total current receivables..	145,994	180,158	266,541	<i>16,054</i>	<i>19,598</i>	<i>28,298</i>
Cash and bank balances ..	47,351	64,296	68,568	<i>5,207</i>	<i>6,995</i>	<i>7,280</i>
Total current assets	193,345	244,454	335,109	<i>21,261</i>	<i>26,593</i>	<i>35,578</i>
Total assets	293,669	381,545	587,019	<i>32,293</i>	<i>41,506</i>	<i>62,323</i>

CONSOLIDATED BALANCE SHEETS
TRANSLATED TO EUR FOR THE CONVENIENCE OF THE
READER (UN-AUDITED)

Shareholders' equity and liabilities

	SEK 000s			Translation EUR 000s		
	31-12-2003	31-12-2002	31-12-2001	31-12-2003	31-12-2002	31-12-2001
Shareholders' equity						
Restricted equity						
Share capital	12,918	12,557	5,733	1,420	1,366	609
Paid in, not registered Share capital	2,197	—	—	242	—	—
Restricted reserves	388,934	720,469	2,105,351	42,768	78,376	223,522
Total restricted equity	404,049	733,026	2,111,084	44,430	79,742	224,131
Accumulated deficit						
Loss brought forward	-292,667	-239,043	-793,097	-32,182	-26,005	-84,203
Net loss for the year	-66,292	-440,828	-1,208,282	-7,265	-48,123	-130,602
Total accumulated deficit.	-358,959	-679,871	-2,001,379	-39,447	-74,128	-214,805
				4,983	5,614	9,326
Change for EUR translation				-25	168	2,321
Shareholders' equity	45,090	53,155	109,705	4,958	5,782	11,647
Minority interests	0	0	0	—	—	—
Provisions						
Pension provisions	8,476	8,034	—	932	874	—
Other provisions	20,834	36,442	41,706	2,291	3,964	4,428
Total provisions	29,310	44,476	41,706	3,223	4,838	4,428
Long-term liabilities						
Bank overdraft facility utilized	—	—	5,916	—	—	628
Liabilities to credit institutions	18,406	8,080	3,810	2,024	879	405
Loan from shareholders .	69,147	73,430	—	7,603	7,988	—
Other liabilities	9,909	22,225	3,328	1,090	2,418	353
Total long-term liabilities	97,462	103,735	13,054	10,717	11,285	1,386
Current liabilities						
Liabilities to credit institutions	27,254	818	20,598	2,997	89	2,187
Promissory note loan	—	—	110,000	—	—	11,679
Loan from shareholders .	—	—	23,642	—	—	2,510
Advance payments from customers	3,476	10,800	6,992	382	1,175	742
Accounts payable -trade .	40,081	63,916	90,130	4,408	6,953	9,569
Other liabilities	16,522	48,722	75,976	1,817	5,300	8,066
Accrued expenses and deferred income	34,474	55,923	95,216	3,791	6,084	10,109
Total current liabilities	121,807	180,179	422,554	13,395	19,601	44,862
Total shareholders' equity and liabilities	293,669	381,545	587,019	32,293	41,506	62,323
Pledged assets	176,516	58,441	65,295	19,410	6,357	6,932
Contingent liabilities	2,119	2,539	None	233	276	None

**CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY**
**TRANSLATED TO EUR FOR THE CONVENIENCE OF THE
READER (UN-AUDITED)**

	SEK 000s				<i>Translation EUR 000s</i>	
	Share capital	Paid in not registered Share capital	Restricted reserves	Accumulated deficit	Total equity	<i>Total equity</i>
Closing balance 31-12-2001	5,733	—	2,105,351	-2,001,379	109,705	<i>11,647</i>
Share issue for cash*	4,158	—	167,419	—	171,577	<i>18,730</i>
Non-cash issue and offset issues for company acquisitions*	2,466	—	110,736	—	113,202	<i>12,358</i>
Conversion of loan.....	200	—	109,800	—	110,000	<i>12,008</i>
Transfer between restricted reserves and accumulated deficit	—	—	-1,565,224	1,565,224	0	<i>0</i>
Change in translation differences..	—	—	-207,613	197,112	-10,501	<i>-1,006</i>
Net result for the year.....	—	—	—	-440,828	-440,828	<i>-48,123</i>
EUR translation this year result...	—	—	—	—	—	<i>168</i>
Shareholders' equity 31-12-2002	12,557	—	720,469	-679,871	53,155	<i>5,782</i>
Exercise of options.....	—	2	31	—	33	<i>4</i>
Non-cash issue and offset issues for company acquisitions	361	—	6,137	—	6,498	<i>712</i>
Conversion of loan/set off issue....	—	2,195	55,886	—	58,081	<i>6,365</i>
Transfer between restricted reserves and accumulated deficit	—	—	-382,746	382,746	0	<i>0</i>
Change in translation differences..	—	—	-10,843	4,458	-6,385	<i>-615</i>
Net result for the year.....	—	—	—	-66,292	-66,292	<i>-7,265</i>
EUR translation.....	—	—	—	—	—	<i>-25</i>
Shareholders' equity 31-12-2003	12,918	2,197	388,934	-358,959	45,090	<i>4,958</i>

* Total transaction costs KSEK 13,973 has been deducted from restricted reserves.

CONSOLIDATED CASH FLOW STATEMENT

TRANSLATED TO EUR FOR THE CONVENIENCE OF THE READER (UN-AUDITED)

	SEK 000s			Translation EUR 000s		
	2003	2002	2001	2003	2002	2001
Current operations						
Net loss for the year	-66,292	-440,828	-1,208,282	-7,265	-48,123	-130,602
Adjustments for items not included in cash flow						
Provision for social security contributions on stock options	244	—	—	27	—	—
Amortisation, depreciation and write-downs	48,772	109,888	504,457	5,345	11,996	54,527
Provision for restructuring costs	-18,042	15,549	12,740	-1,977	1,697	1,377
Result from disposals of intangible assets	—	1,802	—	—	197	—
Result from disposals of equipment ..	576	39,261	21,316	63	4,286	2,304
Result from participation in associated companies	-3,045	10,398	95,037	-334	1,135	10,272
Capital gain/loss from sale of subsidiaries and associated companies	-13,384	37,519	—	-1,467	4,096	—
Capital gain/loss from sale of long term financial assets	-104	530	6,960	-11	58	752
Write-downs of long term financial assets	-256	2,420	30,018	-28	264	3,245
Received damage	—	-26,348	—	—	-2,876	—
Interest	5,589	6,426	—	612	701	—
Exchange rate differences	-347	-2,030	—	-38	-222	—
Tax	-2,205	-10,863	-775	-242	-1,186	-84
Cash flow from operations before changes in operating capital	-48,494	-256,276	-538,529	-5,315	-27,977	-58,209
Changes in working capital						
Decrease in receivables	22,707	49,902	408,648	2,489	5,448	44,170
Decrease in liabilities	-54,862	-98,153	-158,880	-6,013	-10,715	-17,173
Cash flow from current operations	-80,649	-304,527	-288,761	-8,839	-33,244	-31,212
Investing activities						
Acquisition of intangible fixed assets.	-2,786	-2,005	-21,750	-305	-219	-2,351
Acquisition of tangible fixed assets	-4,768	-8,864	-16,030	-523	-968	-1,733
Sale of tangible fixed assets	75	14,566	551	8	1,590	60
Acquisition of subsidiaries	-868	104,014	-150	-95	11,355	-16
Sale of subsidiaries	-1,118	-12,076	—	-123	-1,318	—
Sale of associated companies	3,045	—	—	334	—	—
Acquisition of other fixed financial assets	-1,809	-3,988	-7,508	-198	-435	-812
Sale of other financial fixed assets	783	9,202	16,030	86	1,005	1,733
Cash flow from investing activities	-7,446	100,849	-28,857	-816	11,010	-3,119
Financing activities						
New share issue	33	171,577	149,104	4	18,730	16,117
Loans raised	75,030	138,803	23,642	8,223	15,152	2,555
Amortisation of loans	-1,460	-106,677	-65,212	-160	-11,645	-7,049
Shareholders' contribution	—	—	289	—	—	31
Cash flow from financing activities	73,603	203,703	107,823	8,067	22,237	11,654
Cash flow for the year	-14,492	25	-209,795	-1,588	3	-22,677
Liquid funds — opening balance	64,296	68,568	267,068	6,995	7,280	30,153
Exchange differences in liquid funds .	-2,453	-4,297	11,295	-200	-288	-196
Liquid funds — closing balance	47,351	64,296	68,568	5,207	6,995	7,280

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