

ICON MEDIALAB INTERNATIONAL AB (publ.) REPORTS SECOND QUARTER REPORT 2001 FINANCIAL RESULTS

STOCKHOLM, Sweden and BRUSSELS, Belgium – July 25, 2001 – Icon Medialab International (publ.), today reported the financial results for its second quarter, ended June 30, 2001.

Revenues for the quarter are reported at SEK 318.0 million, with an operating loss, before goodwill amortization and provision for social security fees related to employee stock options, of SEK 97.9 million, including a gain on the sale of the Brandlab operations of SEK 17 million.

The US operations outperformed a challenging US market environment, and reported essentially even revenues from the first to the second quarter.

Although the economic and business environment continues to be uncertain, the management expects the second half of the year revenue level to be impacted by the large increase in sales activity and client and project development over the past six months, including revenues from projects with Stora Enso, FöreningsSparbanken and MasterCard. In addition the company expects to generate important incremental revenues over the next twelve months from the global alliance with IBM that was announced early July. IBM and IconMedialab have jointly developed a Corporate Communications Platform (CCP), which is a modular e-business offering, built on a combination of IBM technologies and IconMedialab services.

Staff reductions and restructuring actions have been executed in line with previously announced plans and the company will continue to bring its cost base down in line with the difficult market conditions.

“Due to the economic and consulting market slowdown, the revenue level in the quarter is below what we had hoped for in particular in Sweden and Germany. Client wins during the second quarter and current large sales activities should help us achieve a stronger second half of the year”, said Rens Buchwaldt, Interim CEO of Icon Medialab International AB (publ.). “I further expect the global IBM alliance we announced early July to have a substantial positive impact on our revenues in the remainder of this year and into 2002. “

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Net Sales and earnings

For the first half of the year, net sales increased 5% from the prior year to SEK 745.8 million. Net sales for the second quarter were SEK 318.0 million, which is 26% below the same quarter in the prior year. The operating earnings before goodwill amortization and provision for social security fees were a loss of SEK 97.9 million in the quarter compared to a profit of SEK 2.8 million in the second quarter of 2000.

Operating earnings after goodwill amortization and provision for social security fees were a loss of SEK 143.0 million for the quarter, a decline of SEK 10.0 million from the prior year.

SEK m	Apr-Jun 2001	Apr-Jun 2000	Jan-Jun 2001	Jan-Jun 2000
Net sales	318.0	431.9	745.8	710.4
Cost of sales ^{¤*}	-302.3	-308.0	-707.2	-508.1
Gross profit*	15.7	123.9	38.6	202.3
% of net sales	4.9%	28.7%	5.2%	28.5%
Sales costs*	-45.3	-39.7	-114.9	-63.5
Administrative expenses*	-94.1	-88.4	-233.0	-157.7
Other income/expenses	25.8	7.0	33.0	7.1
Operating earnings*	-97.9	2.8	-276.3	-11.8
Goodwill amortization	-45.1	-160.1	-100.4	-273.2
Change in social security fees on stock options	0.0	24.3	0.0	56.3
Operating earnings	-143.0	-133.0	-376.7	-228.7

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

* Excluding goodwill amortization and provision for social security fees on stock options.

Quarterly Trends

Net sales declined by 26% from the first quarter, while the operating loss excluding one-time charges deteriorated by SEK 16.3 million from the first to the second quarter.

The following table illustrates trends in quarterly performance from first quarter 1999 and onwards.

SEK m	2001		2000				1999			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	318.0	427.8	508.2	481.6	431.9	278.5	161.8	103.2	90.7	61.0
<i>Growth % from same Q prior year</i>	-26%	54%	214%	367%	376%	357%	194%	238%	298%	162%
<i>Growth % sequential Q</i>	-26%	-16%	6%	12%	55%	72%	57%	14%	49%	11%
Operating earnings*	-97.9	-178.4	-144.3	-43.4	2.8	-14.6	-57.2	-28.7	-13.6	-14.8
<i>Operating margin*</i>	-30.8%	-41.7%	-28.4%	-9.0%	0.6%	-5.2%	-35.4%	-27.8%	-15.0%	-24.3%
One time items/restructuring		96.8	85.2							
Operating margin excluding one time charges		-81.6	-59.1							

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

Distribution of net sales

The following table displays the geographical distribution of net sales for the second quarter and first half of the year 2001, compared with the same period prior year. Net sales outside of Sweden comprise 72 percent of total net sales for the quarter. Net sales in Sweden declined 51% from the second quarter 2000. Net Sales in North America were essentially flat with the second quarter 2000 level, while net sales in the Rest of Europe were 14% below the prior year level.

SEK m	Apr-Jun	Apr-Jun	% Q2	Jan - Jun	Jan - Jun	%
	2001	2000	01 vs 00	2001	2000	01 vs 00
Sweden excluding Parent	88.3	181.6	-51%	208.0	300.9	-31%
Rest of Europe	172.3	199.4	-14%	424.0	325.3	30%
North America	82.6	82.1	1%	166.9	129.2	29%
Parent and elimination	-25.2	-31.2		-53.1	-45.0	
Total	318.0	431.9	-26%	745.8	710.4	5%

Financial position

As of June 30, 2001, shareholders' equity totaled SEK 880 million, compared to SEK 984 million on December 31, 2000.

Trade receivables as of June 30, 2001 totaled SEK 289 million representing approximately 76 days sales outstanding, an improvement of one day from the end of the first quarter position.

Liquid assets on June 30, 2001 totaled SEK 208 million, compared to SEK 267 million as of December 31, 2000.

Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 6.61 for year to date 2001 compared to a loss of SEK 5.21 for the same period 2000. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 12.34, compared to SEK 16.98 December 31, 2000.

The parent company had 71,359,504 outstanding shares (including paid but not yet registered) as of June 30. On a fully diluted basis, including all outstanding options, the maximum number of shares was 107,399,891 as of that date.

Operating Earnings for the second quarter, before goodwill amortization and write-off, and provision for social security fees on employee stock options, and assuming an effective tax rate of 35 percent, are a loss of SEK 0.78 per fully diluted share.

New client projects and alliances

During the quarter the company signed a frame agreement with FöreningsSparbanken. The agreement with FöreningsSparbanken is for the next year and covers basically all the skills offered by IconMedialab - from security expertise and system integration to training and digital design. IconMedialab has worked with FöreningsSparbanken since 1998 and was the architect in charge of the design of FöreningsSparbanken's Internet bank, which currently has 860,000 customers and was ranked as best Internet bank in Sweden by the magazine Sparöversikt last year.

In the beginning of July, Stora Enso extended its collaboration with IconMedialab for public online consultancy services. The Global Lead On-line Consultancy Agency's role is to develop business-driven solutions for Stora Enso in online media, including leading the online development work in Content Management System (CMS), strategy and scope development, CMS implementation and utilization of solutions for storaenso.com.

In the beginning of July, IBM and IconMedialab announced the launch of their jointly developed Corporate Communications Platform (CCP). The CCP is a modular e-business offering, built on a combination of IBM technologies and IconMedialab services.

Parent company

The parent company recorded net sales, including management fees, of SEK 18.9 million for the second quarter, and a loss, net of financial items, of SEK 39.0 million. Investments totaled SEK 135 thousand. As of June 31, 2001, the parent company recorded liquid assets of SEK 84.1 million.

Forthcoming reports

The report for the third quarter will be published on October 24, 2001.

Income, Balance Sheet, Cash Flow and Key Ratio Statements

Summary Consolidated Income Statement

SEK in thousands	Apr-Jun 2001	Apr-Jun 2000	Jan-Jun 2001	Jan-Jun 2000	Jan - Dec 2000
Net sales	317 991	431 908	745 811	710 403	1 700 183
Cost of sales*	-335 906	- 426 983	- 784 336	- 700 207	-3 208 409
Gross margin	-17 915	4 925	- 38 525	10 196	-1 508 226
Sales costs	-50 203	- 48 533	- 124 193	- 77 704	- 279 463
Administrative expenses	-100 660	- 96 398	- 247 039	- 168 287	- 670 043
Other income/expenses	25 811	7 016	33 031	7 084	30 318
Operating result	-142 967	- 132 990	- 376 726	- 228 711	-2 427 414
Equity in loss/earnings of assoc. co's.	-25 932	- 10 025	- 46 614	- 10 497	- 126 693
Net financial items	6 913	9 402	- 2 040	10 697	- 34 905
Loss after financial items	-161 986	- 133 613	- 425 380	- 228 511	-2 589 012
Income taxes	13 511	- 8 936	12 694	- 10 300	- 20 893
Minority interest	0	- 13	0	- 92	0
Net loss for the period	-148 475	- 142 562	- 412 686	- 238 903	-2 609 905

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

Summary Consolidated Balance Sheet

SEK in thousands	Jun 30, 2001	Jun 30, 2000	Dec 31, 2000
Assets			
Intangible fixed assets	8 663	3 572	4 960
Goodwill	402 957	1 811 784	461 517
Tangible fixed assets	200 559	117 117	195 840
Financial fixed assets	109 341	248 379	155 588
Total fixed assets	721 520	2 180 852	817 905
Work in progress	-	35 767	-
Accounts receivable, trade	288 659	410 383	471 539
Other current assets	171 641	68 883	173 331
Cash and bank, sh.-term inv's	208 166	339 701	267 068
Total current assets	668 466	854 734	911 938
Total assets	1 389 986	3 035 586	1 729 843
Liabilities & shareholders' equity			
Restricted equity	2 004 051	3 064 975	3 918 869
Loss carried forward	- 711 104	- 363 322	- 324 648
Net result for the period	- 412 686	- 238 903	-2 609 905
Total shareholders' equity	880 261	2 462 750	984 316
Total provision	34 968	160 538	145 059
Minority interest	0	0	0
Long-term liabilities	11 676	9 425	53 162
Convertible debentures	110 000	78 104	110 000
Customer advances	4 802	18 677	9 141
Other current liabilities	348 279	306 092	428 165
Total liabilities	474 757	412 298	600 468
Total liabilities & shareholders' equity	1 389 986	3 035 586	1 729 843

Consolidated Cash Flow Statement*

SEK in thousands	Jan - Jun 2001	Jan - Jun 2000	Jan - Dec 2000
Current operations			
Operating loss	-412 686	-228 711	-2 609 905
Adjustments for items not affecting in cash flow	163 340	292 521	2 487 570
Change in social security fees employee stock options	0	-56 267	-60 838
Financial items	14 730	13 182	59 466
Income taxes	-12 813	-10 300	-1 230
Cash flow from current operations before adjustments in working capital	-247 429	10 425	-124 937
Adjustments in working capital	87 132	-127 364	-162 631
Cash flow from current operations	-160 297	-116 939	-287 568
Investment activities	-30 898	-85 237	-172 040
Financing activities			
Issuance of common stock for cash	149 195	274 440	373 804
Net borrowing/repayment of debt	-27 033	15 335	94 617
Cash flow from financing activities	122 162	289 775	468 421
Change in cash and cash equivalent	-69 033	87 599	8 813
Cash and cash equivalent, opening balance	267 068	253 694	253 694
Translation rate differences on cash and cash equivalent	10 131	-1 592	4 561
Cash and cash equivalent end of period	208 166	339 701	267 068

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

Shareholders' equity

SEK	Jan – June 2001
Opening balance shareholders' equity	984,316
Issuance of new stock etcetera	229,165
Net currency translation	79,466
Net result for the period	- 412,686
Closing balance shareholders' equity	880,261

Key ratios

	Jan - Jun 2001	Jan - Jun 2000	Jan - Dec 2000
Solvency ratio	63.3%	81.1%	56.9%
Debt/solvency ratio	0.17	0.04	0.20
Number of employees at end of period	1 520	1 609	1 990
Average number of employees	1 734	1 091	1 588
Sales per employee, SEK thousand	1 001	894	1 071
Sales per consultant, SEK thousand	1 101	1 630	1 252
Outstanding shares (incl. paid but unregistered)	71,359,504	50,737,663	57,984,187
Average number of shares	62,442,640	45,817,649	50,654,837
Earnings per share (SEK)	-6.61	-5.21	-51.52
Shareholders' equity per share (SEK)	12.34	48.54	16.98
Shareholders' equity per share (SEK) after dilution	10.53	64.48	17.19
EBITDA , SEK million	-245.33	63.80	-86.97
EBITDA per share (SEK)	-3.93	1.39	-1.72

Solvency ratio - is calculated by dividing shareholders' equity including minority holdings by total assets.

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

Net sales per employee - net sales during the latest 12-month period divided by average number of employees during the same period.

Net sales per consultant - net sales during the latest quarter divided by average number of consultants during the same period times four (annualized).

Average number of shares - calculated in consideration of when the issue payment or the capital contributed has been accessible. Average number of shares after dilution includes shares added when issued convertible debts are converted and shares added when issued options are exercised.

Earnings per share relate to earnings after full taxation divided by average number of shares. Options and convertible debt are treated as dilutive only when their conversion to ordinary shares would decrease net profit/loss per share.

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

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

EBITDA per share - EBITDA in relation to average number of share.

Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Interims report. The same accounting principles have been used as in our latest annual report.

July 25, 2001
Stockholm, Sweden

For the Board:

Rens Buchwaldt
Interim President and CEO

I have reviewed this quarterly report in accordance with the recommendation of Föreningen Auktoriserade Revisorer [Swedish Institute of Authorized Public Accountants]. A review is significantly limited in relation to an audit. Nothing has emerged in the quarterly report to indicate that it does not fulfil the requirements stipulated in the stock exchange agreement and the annual accounts act of Sweden.

July 25, 2001
Stockholm, Sweden

Hans Jönsson
Authorized Public Accountant

Disclaimer

This document is a non-official translation of a Swedish original that has been approved by the Board of Directors of Icon Medialab International AB (publ.). In the event of discrepancies between this translation and the Swedish original, the Swedish document shall take precedence. The Swedish version should be consulted when evaluating the Icon Medialab share.

IconMedialab

IconMedialab is a world-leading e-business consultancy providing the best user-driven solutions through innovative technology. We help clients achieve competitive advantage and generate long-term value by utilizing the power of digital technology to build stronger and more profitable relationships with customers, business partners, employees, suppliers and shareholders. The IconMedialab stock is traded on the Stockholm Stock Exchange O-List (ICON).

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