

ICON MEDIALAB INTERNATIONAL AB (publ.) REPORTS THIRD QUARTER 2002 FINANCIAL RESULTS

Net Sales of SEK 135.1 million (€14.7 million)

Higher productivity and lower cost structure result in significant improvement in operating results

STOCKHOLM, Sweden and AMSTERDAM, The Netherlands – 29 October 2002 –

IconMedialab International AB (Stockholm: ICON), the parent company of the e-business and IT services company IconMedialab and Lost Boys (the Group), today reported the financial results for its third quarter 2002 ended September 30, 2002.

Operating losses have been greatly reduced with most markets reaching profitability or break-even status by end of the quarter. The third quarter is traditionally a weak period due to the summer holiday. While sales figures were down relative to Q2, the group's profitability dramatically increased.

"During the first and second quarter much attention was given to the restructuring and refocusing of the business," says Robert Pickering, CEO. "We took action to exit non-key markets and reduce our cost and headcount level. I feel we have accomplished what we set out to do and that we are very much on track to reach the goals we have set for ourselves including a complete integration of the company.

The quarter results also reflect the write down of goodwill as well as the write off related to the sale of real estate in the US.

Q3 Results

For the third quarter 2002 the Group reported net sales of SEK 135.1 million (€14.7 million) 42% below the same quarter in the prior year. Continuing operations showed a 20% decrease in revenue from the second to the third quarter, a historically weak period for sales.

Operating earnings before goodwill amortization, write-downs, loss on discontinued operations and restructuring charges were a loss of SEK 43.0 million (€4.7 million) in the quarter compared to a loss of SEK 146.9 million (€16.0 million) in the third quarter of 2001 and compared to a loss of 81.7 million (€8.9 million) in Q2. Earnings in most operational units improved substantially due to adjustments in cost structure and an increase in productivity. Other non-operating adjustments made in Q3 included the write down of goodwill and the disposal of real estate in the US., both actions taken as part of a previously announced restructuring plan. At the end of the third quarter the Group employed 716 staff.

Q4 backlog and pipeline activity in all key markets are showing a significant improvement as compared with the first three quarters. This can be attributed to a focused sales effort and a high percentage of new business coming from existing customers. "We see no improvement in general market conditions, but are optimistic in the outlook because of the strength of our client base and our operational improvements," says CEO Pickering.

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Performance key countries

Major country operations in The Netherlands, Spain and Italy continue their profitable or break-even performance as of the end of Q3. The Netherlands operation experienced typical seasonal declines and a general market weakness but managed to grow new business with companies such as MTV and Goodyear as well as to continue services for companies such as KLM and Postbank. The Spanish organisation has developed two software solutions that have helped it secure new customers in the Iberian market. One called Plyca is an electronic procurement solution aimed at the public sector that can be used by government agencies. The other called GIIS (Integrated Digital Information Management) is aimed at healthcare providers. GIIS is a family of products that target specific functional needs inside the hospital. OpenLab, the first of the GIIS series, helps increase operating efficiencies within a hospital's laboratory services. Italy, which also experienced traditional seasonal sales slowdowns, continues to show profitable year-to-date performance. During Q3 the Italian office worked on projects for clients that include Alitalia, Trenitalia and Pirelli.

In the U.S. a traditionally strong region for the company, market and economic conditions continue to be challenging. The St. Louis office (Icon Insight) has expanded its sales operation and RUP training and consulting services into locations in San Francisco and Washington DC. The expansion and weaker demand impacted revenues and profits for the quarter but the St. Louis operation is profitable. In the New York office a solid base of repeat customers such as MasterCard, Bristol-Meyers Squibb and Prada, have stabilized its revenues and provided a pipeline and business backlog that is the strongest of the year.

Denmark reached quarter profitability for the first time this year and MetaDesign in Berlin reached break-even results in September. The Danish business experienced negative market reaction to the company's exit from Sweden but the team in Copenhagen has effectively managed to reach profitability toward the end of the quarter. MetaDesign continues work for existing clients including Volkswagen and Intel and for new clients such as the Berliner Orchestra and the German Stock Exchange. Both Berlin and Copenhagen have a strong backlog and projects for new business through the end of the year.

Smaller operations in Brussels and Hamburg recorded losses for the quarter due to further one-time charges and adjustments as well as continuing weak market conditions. Changes made in Brussels this quarter and a focused effort by the team working with long time and newly added clients, have turned around results as of September. The Hamburg operation has a stronger pipeline of new business and expects to implement additional changes to prevent further losses. Operations in Switzerland with offices in Zurich and Geneva continue to develop. Operational results for Switzerland are reflected in the results of other key countries.

Other Comments and Market Conditions

The third quarter revenue results were strongly influenced by the seasonal drop in demand as well as the further decline and overall pessimism in the market related to global economic and political events. The management does not expect any appreciable improvement in these market conditions over the next several months. The improvement in the results are due solely to focusing our development efforts, a strong existing customer-base, lower costs of delivery and higher productivity and lower overall overhead. These improvements to the business model were only partially realized in Q3 and will be fully realized in Q4 and beyond.

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2

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The Icon Medialab / Lost Boys Group is one of the leading e-business and IT services companies in the US and Europe. The management and core team of professionals in every one of our locations is stable and have managed their businesses throughout the business cycle over the past 2-3 years. In summary, we are optimistic as to our continued improvement and growth due in most part to their determination and dedication to providing our clients with the highest level of service.

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3

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Q 3 Results

Net Sales and earnings

Net sales for the third quarter were SEK 135.1 million, which is 20% below the second quarter. The operating earnings before goodwill amortization and items affecting comparability were a loss of SEK 43.0 million in the quarter compared to a loss of SEK 81.7 million in the second quarter.

The following table illustrates trends in quarterly performance from first quarter 2000 and onwards.

SEK in millions	2002			2001				2000			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	135.1	169.3	224.1	207.0	233.5	318.0	427.8	508.2	481.6	431.9	278.5
<i>Growth % from same Q prior year</i>	-42%	-47%	-48%	-59%	-52%	-26%	54%	214%	367%	376%	357%
<i>Growth % sequential Q</i>	-20%	-24%	8%	-11%	-27%	-26%	-16%	6%	12%	55%	72%
Operating earnings*	-57.1	-120.6	-191.7	-137.0	-233.7	-97.9	-178.4	-144.3	-43.4	2.8	-14.6
<i>Operating margin*</i>	-42.3%	-71.2%	-85.5%	-66.2%	-100.1%	-30.8%	-41.7%	-28.4%	-9.0%	0.6%	-5.2%
Items affecting comparability**	14.1	38.9	89.5	41.7	86.8	-	96.8	85.2	-	-	-
Operating margin excluding items affecting comparability**	-43.0	-81.7	-102.2	-95.3	-146.9	-97.9	-81.6	-59.1	-43.4	2.8	-14.6
<i>Adjusted operating margin</i>	-31.8%	-48.3%	-45.6%	-46.0%	-62.9%	-30.8%	-19.1%	-11.6%	-9.0%	0.6%	-5.2%

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

** Items affecting comparability include loss on discontinued operations, sale of real estate and restructuring charges.

Continued and discontinued operations

The following table illustrates the split in the Income Statement between the continued and discontinued operations. The discontinued operations figures consist of:

Sweden (excl. parent company)
 Norway
 Finland
 Poland
 UK
 France
 Lost Boys interactive s.a. (Barcelona)

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4

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Continued operations include the businesses of the nine countries where we are currently present. In addition, all headquarter costs are included in the continued operations.

SEK in millions	July - Sept 2002			Jan - Sept 2002		
	continued	discontinued	total	continued	discontinued	total
Net sales	116,5	18,6	135,1	450,6	77,9	528,5
Cost of sales [‡] *	-99,1	-18,6	-117,7	-439,7	-110,3	-550,0
Gross profit*	17,4	0,0	17,4	10,9	-32,4	-21,5
% of net sales	14,9%	0,0%	12,9%	2,4%	-41,6%	-4,1%
Sales costs*	-6,6	-2,3	-8,9	-65,5	-19,2	-84,7
Administrative costs*	-55,1	1,0	-54,1	-193,6	-24,9	-218,5
Other costs/income*	3,9	-1,3	2,6	11,4	-3,1	8,3
Operating earnings*	-40,4	-2,6	-43,0	-236,8	-79,6	-316,4
Goodwill amortization	-6,3	-3,5	-9,8	-19,7	-15,2	-34,9
Write-downs on goodwill	-12,6	-7,5	-20,1	-12,6	-7,5	-20,1
Items affecting comparability**	-14,9	0,8	-14,1	-14,9	-38,1	-53,0
Operating earnings	-74,2	-12,8	-87,0	-284,0	-140,4	-424,4

[‡] 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 write-downs.

** Items affecting comparability include loss on discontinued operations and sale of real estate

Distribution of net sales

From the third quarter revenue of SEK 135 million, Europe generated SEK 107 million (79%). Revenue for the three quarters in 2002 totalled SEK 529 million of which SEK 375 million was generated by Europe (71%)

Financial position

As of September 30, 2002, shareholders' equity totalled SEK 40 million, compared to SEK 110 million on December 31, 2001.

Liquid assets on September 30, 2002 totalled SEK 52 million, compared to SEK 69 million as of December 31, 2001.

Share data

Earnings per share after tax on a non-diluted basis were a loss of SEK 3.41 for year to date 2002 compared to a loss of SEK 10.9 for the same period 2001. At the end of the period, shareholders' equity per share on a non-diluted basis was SEK 0.25, compared to SEK 1.53 December 31, 2001.

The parent company had 156.963.643 outstanding shares (including paid but not yet registered) as of September 30, 2002. On a fully diluted basis, including all outstanding options, the maximum number of shares was 170.478.643 as of that date.

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5

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Parent company

The parent company recorded net sales, including management fees, of SEK 4.8 million for the third quarter. As of September 30, 2002, the parent company recorded liquid assets of SEK 15.7 million.

Forthcoming reports

The report for the fourth quarter will be published on February 27, 2003.

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

Summary Consolidated Income Statement

SEK in thousands	July-Sept 2002	July-Sept 2001	Jan-Sept 2002	Jan-Sept 2001	Jan-Dec 2001
Net sales	135 162	233 529	528 515	979 340	1 186 323
Cost of sales*	- 141 287	- 336 888	- 592 149	-1 121 224	-1 560 993
Gross margin	- 6 125	- 103 359	- 63 634	- 141 884	- 374 670
Sales costs	- 10 593	- 54 174	- 89 038	- 178 367	- 239 794
Administrative costs	- 58 779	- 125 829	- 227 040	- 372 868	- 519 134
Items affecting comparability**	- 14 099	-	- 53 002	-	-
Other costs/income	2 578	2 105	8 266	35 136	53 986
Operating result	- 87 018	- 281 257	- 424 448	- 657 983	-1 079 612
Equity in loss/earnings of assoc. co's.	- 5	- 16 931	- 10 403	- 63 545	- 95 037
Net financial items	- 1 799	- 1 761	- 12 395	- 3 801	- 28 476
Loss after financial items	- 88 822	- 299 949	- 447 246	- 725 329	-1 203 125
Income taxes	69	- 339	- 35	12 355	- 5 157
Minority interest	0	0	0	0	0
Net loss for the period	- 88 753	- 300 288	- 447 281	- 712 974	-1 208 282
Earnings per share (SEK)	-0.57	-4.21	-3.41	-10.90	-18.05
Average number of shares	156,963,643	71,359,504	131,133,611	65,414,928	66,926,072

* 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.

** Items affecting comparability include loss on discontinued operations and sale of real estate.

Summary Consolidated Balance Sheet

SEK in thousands	Sept. 30, 2002	Sept. 30, 2001	Dec 31, 2001
Assets			
Intangible fixed assets	7 584	8 499	21 004
Goodwill	71 695	353 606	63 609
Tangible fixed assets	75 013	179 451	134 912
Financial fixed assets	32 932	87 496	32 385
Total fixed assets	187 224	629 052	251 910
Accounts receivable, trade	114 745	224 046	170 914
Other current assets	76 740	151 039	95 627
Cash and bank, sh.-term inv's	51 986	108 214	68 568
Total current assets	243 471	483 299	335 109
Total assets	430 695	1 112 351	587 019
Liabilities & shareholders' equity			
Restricted equity	940 861	2 029 081	2 111 083
Loss carried forward	- 453 910	- 735 504	- 793 096
Net result for the period	- 447 281	- 712 974	-1 208 282
Total shareholders' equity	39 670	580 603	109 705
Minority interest	0	0	0
Total provision	58 264	86 701	41 706
Long-term liabilities	36 709	14 676	13 054
Convertible debentures	-	110 000	110 000
Loans from shareholders	91 716	-	23 642
Customer advances	2 338	6 942	6 992
Other current liabilities	201 998	313 429	281 920
Total liabilities	332 761	445 047	435 608
Total liabilities & shareholders' equity	430 695	1 112 351	587 019

Consolidated Cash Flow Analysis*

SEK in thousands	July - Sept 2002	July - Sept 2001	Jan - Sept 2002	Jan - Sept 2001	Jan - Dec 2001
Current operations					
Net loss for the period	-88 753	-300 288	-447 281	-712 974	-1 208 282
Adjustments for items not incl in cash flow					
Depreciations and write-downs	40 262	63 831	95 859	195 225	504 457
Non-cash financial items	0	0	11 066	14 730	34 135
Deferred tax	0	458	0	-12 355	- 775
Other non-cash items	17 772	83 493	96 973	115 439	131 936
Cash flow from current operations before changes in working capital	-30 719	-152 506	-243 383	-399 935	-538 529
Changes in working capital	-26 869	40 324	-33 669	127 456	249 768
Cash flow from current operations	-57 588	-112 182	-277 052	-272 479	-288 761
Investment activities					
	- 334	11 388	70 125	-19 509	-28 857
Financing activities					
Issuance of common stock for cash	0	0	171 577	149 195	149 394
Net borrowing/repayment of debt	-9 153	-2 512	22 451	-29 546	-41 571
Cash flow from financing activities	-9 153	-2 512	194 028	119 649	107 823
Change in cash and cash equivalent	-67 075	-103 306	-12 899	-172 339	-209 795
Cash and cash equivalent, opening balance	118 485	208 166	68 568	267 068	267 068
Translation rate differences on cash and cash equivalent	576	3 354	-3 683	13 485	11 295
Cash and cash equivalent, end of period	51 986	108 214	51 986	108 214	68 568

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

Shareholders' equity

SEK	Jan – Sept 2002	Jan – Sept 2001	Jan – Dec 2001
Opening balance shareholders' equity	109 705	984 316	984 316
Issuance of new stock etcetera	395 553	229 165	260 773
Net currency translation	-18 307	80 096	72 898
Net result for the period	-447 281	- 712 974	- 1 208 282
Closing balance shareholders' equity	39 670	580 603	109 705

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9

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Key ratios

	July - Sept 2002	July - Sept 2001	Jan - Sept 2002	Jan - Sept 2001	Jan - Dec 2001
Solvency ratio	9.2%	52.2%	9.2%	52.2%	18.7%
Debt/solvency ratio	2.70	0.25	2.70	0.25	1.52
Number of employees at end of period	716	1,315	716	1,315	1,082
Average number of employees	778	1,418	1,085	1,629	1,554
Sales per employee, SEK thousand	678	847	678	847	763
Sales per consultant, SEK thousand	886	1,105	886	1,105	1,009
Outstanding shares (incl. paid but unregistered)	156,963,643	71,359,504	156,963,643	71,359,504	71,659,504
Average number of shares	156,963,643	71,359,504	131,133,611	65,414,928	66,926,072
Earnings per share (SEK)	-0.57	-4.21	-3.41	-10.90	-18.05
Shareholders' equity per share (SEK)	0.25	8.14	0.25	8.14	1.53
Shareholders' equity per share (SEK) after dilution	0.30	6.84	0.30	6.84	1.94
EBITDA , SEK thousand	-46,756	-217,426	-328,589	-462,758	-575,155
EBITDA per share (SEK)	-0.30	-3.05	-2.51	-7.07	-8.59

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

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

Average number of employees - average for the period itself (not the latest 12-month period).

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 12-month period divided by average number of consultants during the same period.

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

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

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 shares.

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10

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Accounting principles

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

RR 1:00	Consolidated financial statements
RR 15	Intangible assets
RR 16	Provisions, contingent liabilities and contingent assets
RR 17	Impairment of assets
RR 19	Discontinuing operations
RR 21	Borrowing costs
RR 23	Related party disclosures.

The only material effects of these new standards relate to RR 1:00 regarding consolidation of companies and RR 19 regarding discontinuing operations.

October 29, 2002
Stockholm, Sweden

For the Board:

Robert Pickering
CEO

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

IconMedialab/Lost Boys Group

IconMedialab and Lost Boys merged in January 2002 to become one of the world-leading IT professional service providers. The group provides user-driven solutions through innovative technology for all-digital channels, with global reach and local expertise. The group has developed solutions for a broad range of clients, including Volkswagen, Alitalia, Pirelli, Postbank, KLM, Prada and MasterCard International. The IconMedialab stock is traded on the Stockholm Stock Exchange O-List (ICON). For more information: www.iconmedialab.com and www.lostboys.com