08

LBi

"A global marketing and technology agency, blending insight, creativity and expertise to solve business problems."

About LBi

LBi is a global digital marketing and technology agency, blending insight, creativity and expertise to solve business problems. The largest genuinely full service agency of its kind in Europe, LBi provides the full range of digital capabilities, including digital strategy, branded content, service design, media, CRM, technology, managed hosting and support services. The Company employs over 1,600 professionals located primarily in the major European, American and Asian business centers; such as Amsterdam, Atlanta, Berlin, Brussels, London, Milan, Mumbai, New York, Paris and Stockholm. LBi is listed on Nasdaq OMX in Stockholm and NYSE Euronext in Amsterdam.

JANUARY – Appointment of Luke Taylor as new CEO followed by strategic roadmap announcement in March 2008.

MARCH – Presentation of new strategic roadmap with focus on (1) Building expertise centres and strengthening full service offering in key hub markets US, UK and Asia, (2) Leveraging local best-in-class service offering, skills and country rate cards across international client base, (3) Evolving offer in local European markets and (4) Moving towards one global brand and one integrated company.

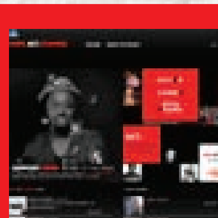
APRIL – Acquisition of Special Ops Media, a New York –based agency, which completes the formation of LBi's US East coast Hub offering.

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE

JANUARY – Acquisition of Netrank, a London-based digital agency extending and deepening LBi's Search Engine Optimisation (SEO) skills.

FEBRUARY – Acquisition of OX2, a Belgian interactive agency specifically strengthening LBi's knowledge and expertise in the field of website measurement and web analytics.

FEBRUARY – Conflict agency Syrup New York launches HopeActChange.com – a site that allows users to express their support for Barack Obama by submitting their own photographs to a collective video mosaic.



APRIL – Chris Clarke, former Executive Creative Director and President of Digitas, London, appointed as global Chief Creative Officer of LBi.

MAY – LBi adds gold and bronze Effie awards to the award record over the year which includes BIMA and Cyberlion awards. LBi IconNicholson wins bronze for their work for Valspar and LBi Conflict agency Syrup New York wins gold for their work supporting GE's ecomagination campaign.

JUNE – LBi in the Net erlands is voted to b top three most wan agency" in a survey Advertising and Ma keting Agencies con ducted by Marketin Tribune.

Key highlights throughout the year 2008

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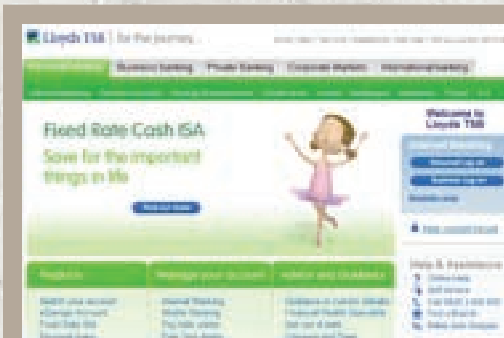


JULY – Lloyds TSB selects LBi to be its strategic user experience design partner in the redesign of Lloyds TSB online banking operations and services.

NOVEMBER – Abu Dhabi (United Arab Emirates) office opening to boost global offering and improve exposure to fast growing markets.

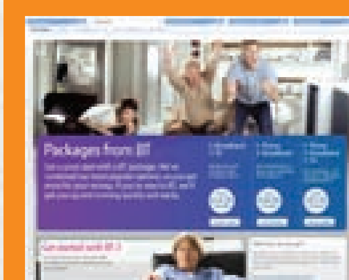
DECEMBER – Electrolux appoints LBi as their CRM partner. This relationship will cover all three Electrolux brands (Electrolux, AEG, Zanussi) across 20 markets in Europe.

Electrolux

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER

JULY – LBi wins the pitch to develop a pan-European awareness and activation campaign for Mitsubishi Motors Europe. The campaign was rolled out in 12 countries beginning in Q4 2008.

AUGUST – LBi is appointed as BT’s (British Telecom) digital agency of record for Consumer Online services in August 2008. Our services comprise: digital strategy; design, development and user experience for BT.com; creative production for online campaigns; innovation in digital through emerging media.



NOVEMBER – LBi wins Gold, Bronze and “Interactive Agency of the Year 2008” at the MIXX Awards.

OCTOBER – LBi tops UK league tables, Marketing week, Campaign and NMA, for third year in a row.

DECEMBER – Conflict agency Syrup New York, is named PUMA’s® global partner for Teamsport. The partnership charges Syrup, with development of strategy, creative direction and campaign creative for all PUMA Teamsport-related business. Particular emphasis will be on PUMA football (soccer), including all PUMA football advertising for the 2010 FIFA World Cup in South Africa.

DECEMBER – LBi wins global financial services company ING, providing banking, investments, life insurance and retirement services to more than 85 million customers.

Content

CEO Message

"We have significantly enhanced the quality of our earnings and both improved and differentiated the quality of our offering."

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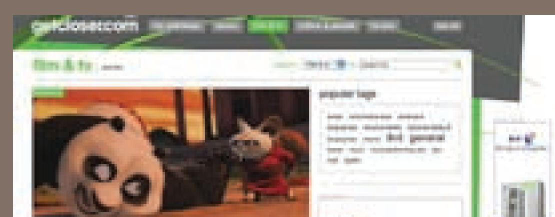
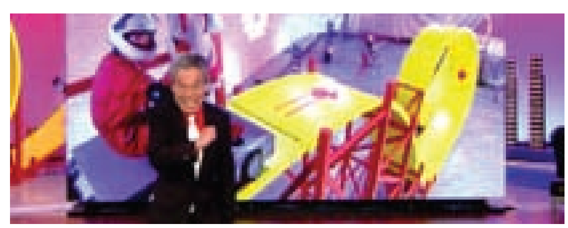
CASE STUDY
HMV

Getcloser.com positions HMV at the forefront of the digital music revolution.

17





CASE STUDY
Mitsubishi Motors Europe

In the autumn of 2008 Mitsubishi Motors Europe introduced two new cars in Europe. On your marks!

20

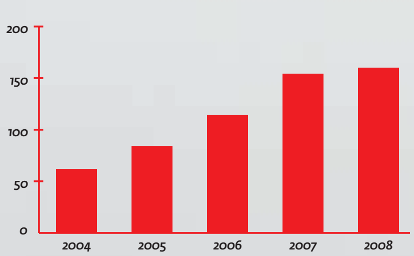
Presentation of new strategic roadmap with focus on (1) Building expertise centres and strengthening full-service offering in key hub markets US, UK and Asia (2) Leveraging local best-in-class service offering, skills and country rate cards across international client base (3) Evolving offer in local European markets and (4) Moving towards one global brand and one integrated company .

New strategic roadmap

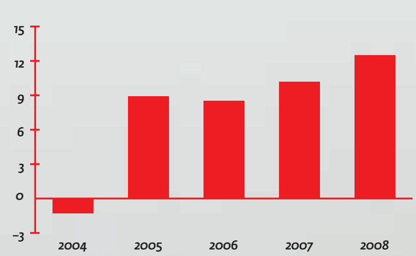
Key highlights of progress booked against strategic roadmap

- Deliberate focus on rebalancing of portfolio and move to more retained business client (agency-of-record) relationships pressured revenue growth but improved margins throughout the Group
- Threshold EBITDA margin of 18% exceeded in all regions, with the exception of the Central and Southern European region
- Expansion of media practice, search engine optimisation and significant scaling of both web analytics and CRM capabilities are evidence of LBi's move up the marketing value chain
- Improved inter-office collaboration and adoption by most LBi offices of a common service structure, branding and organisational model enhance LBi's positioning as a leading global digital marketing and technology agency
- Marked increase in cross border agency-of-record mandates where specialist skills from across the LBi network are combined with local service

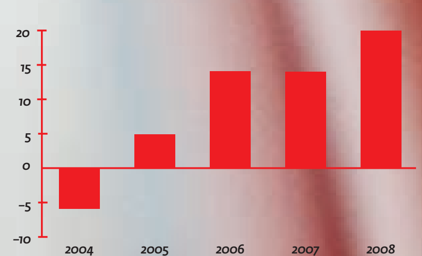
Net sales, MEUR



Operating profit, MEUR



Cash flow from current operations, MEUR



Key financials for the year

- **Good overall financial performance** given the deteriorating economic environment and material adverse currency effects. Strong new business performance in the main has offset some sector specific contraction in spend
- **Net sales for the year** increased by 9.7% at constant rates and amounted to EUR 160.4 million (154.5) year-on-year
- **EBITDA** came in at EUR 21.3 million (16.7), an improvement of 37% year-on-year at constant rates, translating into a margin of 13.3% (10.8%), helped by continued cost optimisation
- **Net result** decreased to EUR 9.5 million (11.0), with year-on-year comparison distorted by tax effects
- Strong improvement of **operational cash flow** to EUR 20.3 million (14.2), mainly due to active management of working capital. Net debt increased to EUR 20.3 million (0.9) as a result of the financing of acquisitions

Net sales for the year at constant rates increased by

+9.7%

EBITDA came in at EUR 21.3 million (16.7), a year-on-year improvement at constant rates of

+37%

Strong improvement of operational cash flow to EUR 20.3 million (14.2), an increase of

+50.2%

The financial information provided in this report complies with statutory regulations in Sweden. SEK is used as functional currency in the LBi Group and EBITDA margins and other growth measures are calculated from SEK. Exchange rate 2008: 1 EUR = 9.6055 SEK.

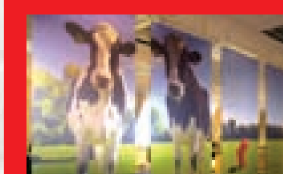
The capitalised terms "LBi" or "Company" or "Parent Company" used in this report refer to LBI International AB (publ). The capitalised terms "LBi Group" or "Group" refer to LBi and its subsidiaries.

CEO Message

Tracking well against strategic plan

We are very pleased with what we've been able to achieve this year. We have significantly enhanced the quality of our earnings and both improved and differentiated the quality of our offering. We achieved the latter by rigorously adhering to the plan set out in the strategic plan delivered in Q1 of 2008.

We significantly expanded our media practice in the UK and integrated the SEO specialist Netrank.



OPERATIONAL IMPROVEMENTS have tracked to plan in most of our regions. We typically target the countries at an EBITDA run rate of at least 18%. We have consistently exceeded this threshold in 2008 in a number of regions, notably Scandinavia, United Kingdom and United States. The Central and Southern European region lagged behind with an EBITDA margin of 12.4% (adjusted 14.3%). Our Dutch operation however deserves explicit mention. The new management, appointed in Q1, have executed well against an aggressive turnaround plan. The cost base has been realigned, the culture reset and the organisation simplified in order to improve the quality of client service. As a consequence new business success has been good and margin improvement in the Netherlands is tracking to plan.

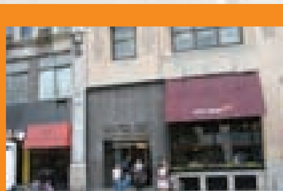
In a survey of all Advertising and Marketing Agencies conducted by Marketing Tribune in the summer, LBi in the Netherlands was voted to be a "top three most wanted agency".

Shortly after assuming the role of CEO in the beginning of 2008, I articulated 4 key objectives; these were then detailed in the strategic review presented on March 6th.

THE FIRST IMPERATIVE articulated the need to evolve our full service offering in the UK, the US and in Asia and continue to move further up the marketing value chain. In pursuit of this we significantly expanded our media practice in the UK and integrated the SEO (Search Engine Optimisation) specialist Netrank. We also aggressively scaled the analytics and CRM functions with a number of high profile hires from organisations such as Siebel and Reuters. This team is now increasingly delivering actionable strategy and data-led insight via our proprietary dashboard application. The dashboard tool collates offline and online data sources that measure both customer acquisition and conversion success. In 2008 we also acquired Special Ops Media in New York thereby bringing into the business over 80 specialists in Social Media marketing. In Asia we further expanded our business in India (and China), mainly on the back of increased work for our international key accounts. In addition, we opened an office in Abu Dhabi in the United Arab Emirates to further boost our global offering and improve exposure to fast growing markets.

Through all these activities we have improved both the stability and predictability of our revenues as we move away from fixed-fee engagements into an agency of record strategic retainers. Perhaps the most positive reinforcement of our ability in this area was the recent decision by Electrolux to make LBi responsible for both customer acquisition and relationship management across all Central and East European territories.

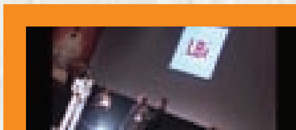
THE SECOND IMPERATIVE communicated in the strategic plan was the requirement to augment our creative and planning capability and ensure that we had a demonstrable best-in-class offering in online advertising across all markets. Historically our capabilities in this area were unevenly distributed across the network. While all countries were market leading at delivering



In 2008 we also acquired Special Ops Media in New York.

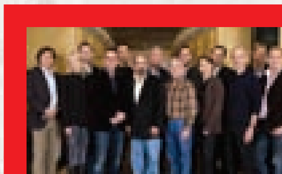
exceptional online experiences only a few were truly expert in creating transformational and disruptive advertising campaigns. We have therefore made a number of key hires in this area; most notably Chris Clarke who joined LBi as Group Creative Director in April 2008. Under Chris' leadership we have augmented the quality of our creative thinking in every single market. A typical example of the success we have been able to achieve is the rapid transformation of our Belgium operation from a technically oriented consultancy to full service digital marketing agency. In August 2008 LBi Belgium was made Agency of The Year at the MIXX awards in recognition of creative excellence. In many markets it has, for a while, been commonplace for LBi to drive the strategic marketing agenda. What's gratifying about our performance in 2008 is that we're increasingly owning the creative high ground as well. Puma Teamsport, Attava and Casall are all examples of clients where we now act as the lead creative agency across all digital and traditional consumer media touch points.

THE THIRD OBJECTIVE was to better leverage our size and geographic footprint on behalf of our clients. We are increasingly servicing clients across multiple territories. National Grid, Electrolux, Sony Playstation, Sara Lee, Proctor and Gamble, Syngenta, BT (British Telecom) Global Services are all examples of complex cross border agency-of-record mandates where we combine specialist skills from across the network with local servicing. In 2008 we established a number of incentive mechanisms, tools and procedures for facilitating better inter-office collaboration. In this way we have been able to arbitrage successfully local market rate cards to the economic advantage of our global clients. Our ability to intelligently combine both market-leading and competitively-priced skills from across a range of different geographies differentiates us from our competitive set.



In August 2008 LBi Belgium was made Agency of The Year at the MIXX awards in recognition of creative excellence.

THE FINAL OBJECTIVE was to standardise our brand, go to market message, and offer. We have made positive strides in this area. Most of our offices have now adopted a common service structure, branding and organisational model. The subsequent harmonisation of language and vision has enabled us to more effectively service our global clients in a consistent fashion. It



In 2008 we established a number of incentive mechanisms, tools and procedures for facilitating better inter-office collaboration.

has also created a renewed sense of self-belief and confidence which I think is most markedly reflected in our recent very strong new business record.

Over the course of the year I believe we have transformed from a network of independent free spirited companies, into a more truly integrated agency with a shared ambition and desire to pace-set our industry.

2008 has, however, also been a year where LBi was exposed to dramatic adverse economic developments. The latter part of the year was characterised by an increase in project cancellations and a decline in spend in sectors specifically vulnerable to consumer sentiment. Despite this negative pressure on the topline we remain confident that marketing budgets are increasingly being diverted away from broadcast TV-based messaging into more accountable digital formats. Therefore, I am optimistic that our differentiated global offer and proven new business record will help us offset the impact of the economic downturn. In line with the past year, we will also continue to act quickly to right-size the organisation and safeguard efficiencies.

This approach should enable us to further evolve the relevancy of our service offering while protecting our strong margins going forward.

March 2009

Luke Taylor
CEO and President
LBI International AB

LBi offers a unique and fully integrated suite of marketing services.

These services sit principally in two categories of activity: customer engagement and customer acquisition. In the former category we have significantly matured our expertise in delivering large cross border e-commerce engagements, award-winning brand experiences and the ground-up build of new online businesses and services.

It is however in the latter category of customer acquisition where we have focused most of our investment energy. The recent acquisition of Special Ops Media, Netrank and Iven & Hillmann have massively augmented existing capabilities in search engine optimisation, search engine marketing and social media marketing. Furthermore we have organically scaled our CRM department on the back of significant new business success and taken the data dashboard offering out of beta into live commercial adoption.

We illustrate on the following pages some of the specific advancements we have made in these areas.

LBi Services introduction

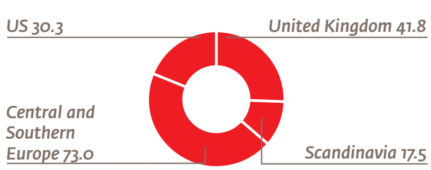
* Including subcontractors.

LBi has global operations with 24 offices in 13 countries and employs over 1,600 professionals, of which 17% were sales/admin, 48% creative, 24% technology and 11% management/consulting. A total of 32% of our employees are women. LBi provides the full range of digital capabilities, including digital strategy, branded content, service design, media, CRM, technology, managed hosting and support services. 67% of our employees have a college degree or higher, 20% have post high school training and 13% have a high school degree.

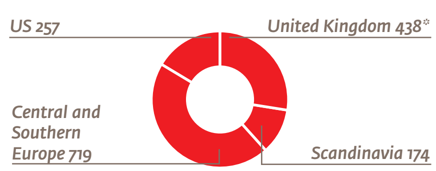
LBi's reporting is in accordance with its regional segmentation: UK (currently including India and UAE), Central and Southern Europe, Scandinavia and US.

LBi is listed on Nasdaq OMX in Stockholm and NYSE Euronext in Amsterdam (symbol: LBI).

Net sales per region, MEUR

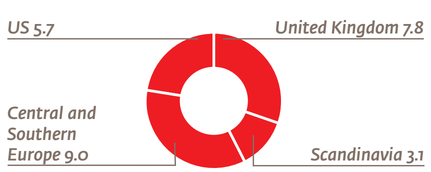


No of employees per region

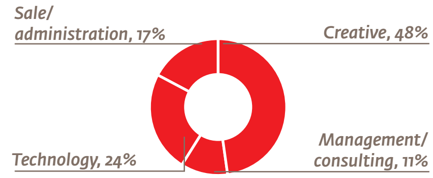


* Including India and UAE but excluding subcontractors .

Operating profit per region, MEUR



Staff category



LBi services

Media overview

2008 has seen LBi's media offering continue to evolve and grow. The successful integration of Netrank, Iven & Hillmann and Special Ops Media is only matched by the client demand for integrated digital thinking and a less siloed approach to digital marketing. LBi remains the only full-service digital agency with a critical mass of both people and billings to be credible in offering a truly blended response to client's business challenges with 150 media experts throughout the network.

While some clients continue to base their relationships on buying rates, many more are recognising the value of an objective agency partnership where client budgets are divorced from revenue and remuneration structures based on results and objectivity is priced above purchasing power. 2008 has witnessed significant service development and cross skilling as we enhance and nationalise the digital PR offering and have made significant investment in the paid-for-search space. The economic environment has resulted in a demand for wholly accountable and more efficient mechanics to reach and talk to consumers and LBi is particularly well positioned to capitalise on this in 2009. This has been validated by 30% organic growth in billings and revenue over the past twelve months and a more cohesive international approach with clients like Starwood engaging LBi in both its London and New York offices.

Other significant achievements have included the global AOR for William Grant secured by LBi Special Ops Media, the reaffirmation of LBi London relationship with Marks and Spencer and its appointment to Red Cross for PR services, LBi Netrank's Q4 win of Oxfam as a client and of course LBi Iven & Hillmann's move into the mobile search market.

The appointment of LBi Lost Boys Netherlands to the Mitsubishi Motors account helped consolidate the offering and led to many successes including the delivery of a hugely popular activation campaign in 12 European markets and appointment to the P & G roster.

Laurence Vandelanotte from Shurgard Europe to the Brussels team in December 2008 is tasked with nurturing the nascent media offering in Belgium.

Finally LBi India in Mumbai has made its first steps into the media market of India with campaigns for Kotak Cards and is rapidly gaining a reputation for supporting clients into their first digital marketing forays. Proprietary tools like the Dashboard and iReputation will continue to differentiate the LBi media offering from its competitors and provide market leading insight to help inform our clients media, acquisition and conversation strategies on digital platforms.

We are incredibly excited about the next 12 months and 2009 will see continued investment in this area and we expect to see substantial growth as clients continue to see the benefits of digital media in the context of the entire digital journey and recognise that creative, media, content, conversations, sites, data and technology cannot be divorced from each other in today's digitally centric world.

Caroline McGuckian
Global Head of Media


X-act Cologne
THERE IS ONLY ONE SALE
SALE STARTS TOMORROW
Harrods
New Menswear
As Seen on TV
M&S
New Womenswear
As Seen on TV
M&S
spg.com
Stay in London
spg.com
See the award winning theatres
spg.com
Hotels that compete with their surroundings
Find special rates online
Book now

LBi services

ePR and social media

Referred to as everything from Grassroots Outreach, and Word of Mouth, to "Buzz" or Viral Marketing over the years, ePR (Electronic Public Relations) has finally begun to take a more prominent stage in comprehensive digital marketing campaigns. In fact, as marketers are forced to become more and more cost-effective with their budgets, ePR provides one of the strongest ROIs in the suite of LBi's service offerings. It also often provides one of the best distribution tactics for any big ideas or marketing and communications messages.

At its simplest, ePR is an analog to traditional Public Relations where teams of digital publicists leverage existing content and assets with their editorial relationships to secure non-paid, integrated placements on websites, blogs, social networks and other relevant digital platforms. But unlike traditional PR, a press release and a comprehensive contact list are by no means sufficient. In fact, within the digital medium, there are a number of other critical tactics integral to the ePR service. These approaches involve reaching out to websites with unique pitch angles for feature stories which highlight the property (Top 10 Scary Movies, Gift Guide for Mothers' Day, etc.), as well as syndicating general product information, such as press releases, images, video, logos and title treatments. This also includes distributing screeners, DVDs, CDs, short form digital video clips, and product samples, to drive reviews, as well as premier content placement. Further tactics may also involve co-ordinating talent interviews with actors, musicians, directors, authors, brand ambassadors and field experts. Promotions and contests, with exclusive content or product giveaways used as prizes, help drive brand/product exposure while also capturing valuable registration data. User-generated content (UGC) competitions encourage deep user engagement and viral behavior.

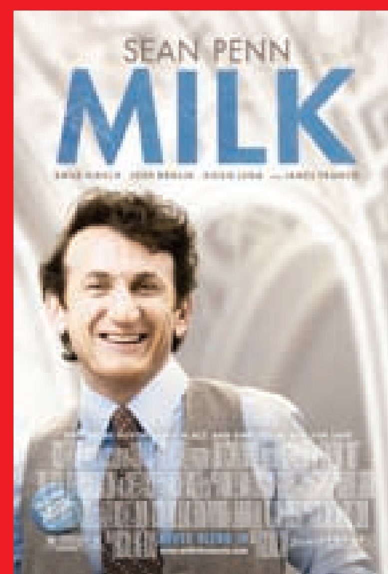
Much like traditional Public Relations, ePR relies quite heavily on relationships – those being the connection between publicist and editor or blogger. With the acquisition of Special Ops Media in New York this year, LBi instantly integrated over six years of relationships and experience in this space and a database built from scratch of over 12,000 websites and blog editors across special interest categories ranging from Male and Female Lifestyle sites to Design, Film/Music/Entertainment, Religion, Parenting, Politics, Gay/Lesbian and everything in between.

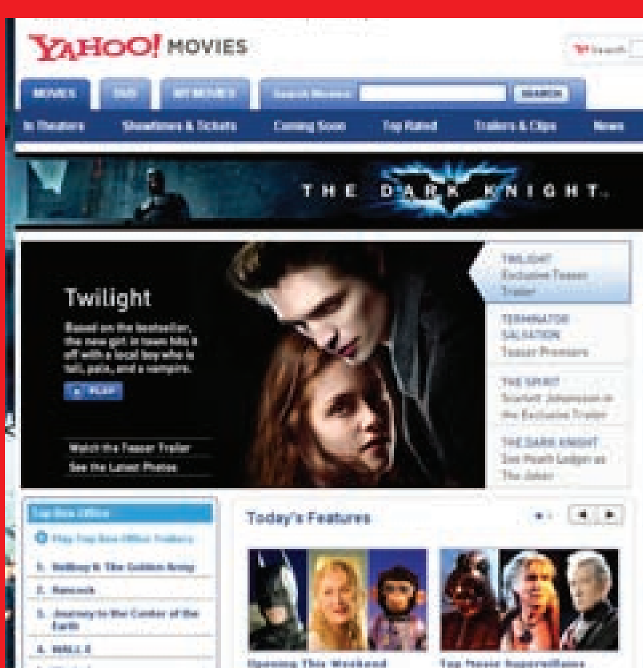
In response to the enormous growth of social networking websites like MySpace and Facebook, marketing within these platforms also often falls under ePR responsibilities. The agency builds, maintains and updates brand pages, as well as recruits users who might be interested in the product or brand. Additionally, helping clients harness the value of viral video platforms for brands via YouTube, Veoh etc is another charge that typically falls under the scope of ePR services.

In a space where brands have traditionally seen opportunities in the form of Search Marketing or Display adverts, ePR truly represents one of the most forward-thinking and highly effective channels to exploit. The challenge, of course, is that this is a service that is constantly evolving. Fortunately for our clients, the experts at LBi's proven track record of innovation and discovery in the space is unparalleled whether it's structuring the first integrated promotion on MySpace in 2004 when it was a relatively unknown site to helping our clients determine today whether twittering is just a fad or the future of customer-brand interactions.

Jason Klein
co-CEO LBi Special Ops Media


fishbowlNY
LEARN TO BUILD YOUR BRAND ONLINE
WEDNESDAY, OCT 22
What Recession? Nerve Parties Like It's 1929
OUR BLOG NETWORK
Now On mediabistro.com
SUBSCRIBE
JOB LISTINGS
FISHBOWLNY: A BLOG ABOUT NEW YORK MEDIA


SEAN PENN
MILK


YAHOO! MOVIES
THE DARK KNIGHT
Twilight
Today's Features


MAXIM.com
Stuffmagazine.com

LBi services

CRM content from acquisition to advocacy

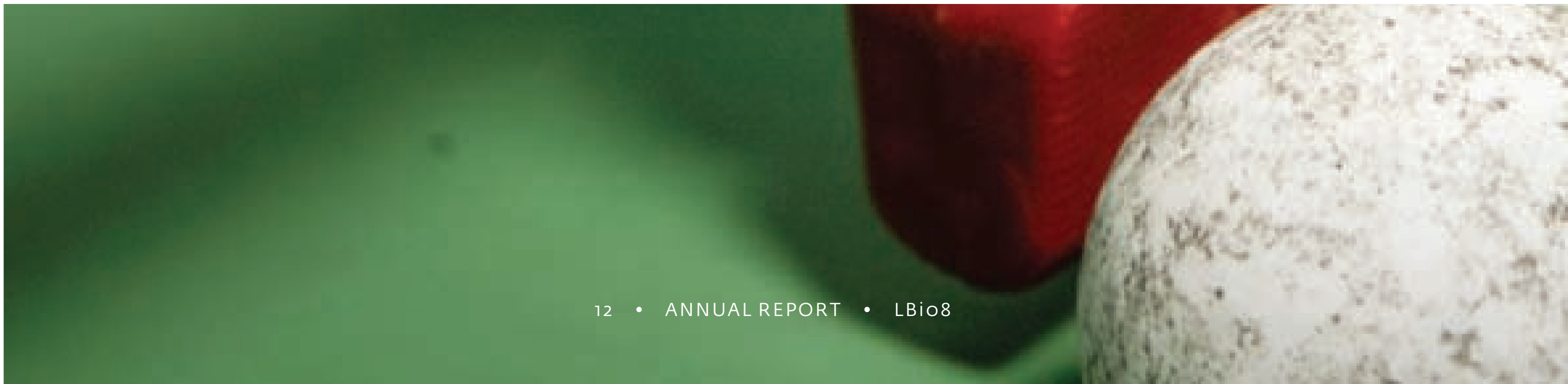
2008 saw LBi formalise its CRM offering with the appointment of Pipa Unsworth as CRM Practice Director in response to a growing demand from both existing and new clients to create more effective ways to manage and facilitate profitable relationships between consumers and their brands.

This growth stems from an acknowledgement that CRM is critical to maintaining profitability and protecting customer relationships during tough economic conditions, and from an ongoing trend for clients to merge their Digital and CRM functions as the balance of customer conversations continues to shift online.

The mass adoption of web 2.0 and social media technologies has fundamentally changed the way people communicate with brands and with each other – a traditional CRM approach is no longer enough.

Recognising this sea change, LBi has built a CRM capability that fuses together both traditional CRM and "CRM 2.0" thinking, and delivers a holistic and fresh approach to CRM strategy and implementation, communications and data planning, multichannel campaign management and customer data management.

By embedding these skills and service offerings into its full service mix, LBi ensures customer engagement is a primary consideration across the customer journey – from acquisition through to retention and advocacy. Collaborating with their colleagues in Media, Planning, User Experience Architecture and Technology, the CRM team have developed a number of innovative

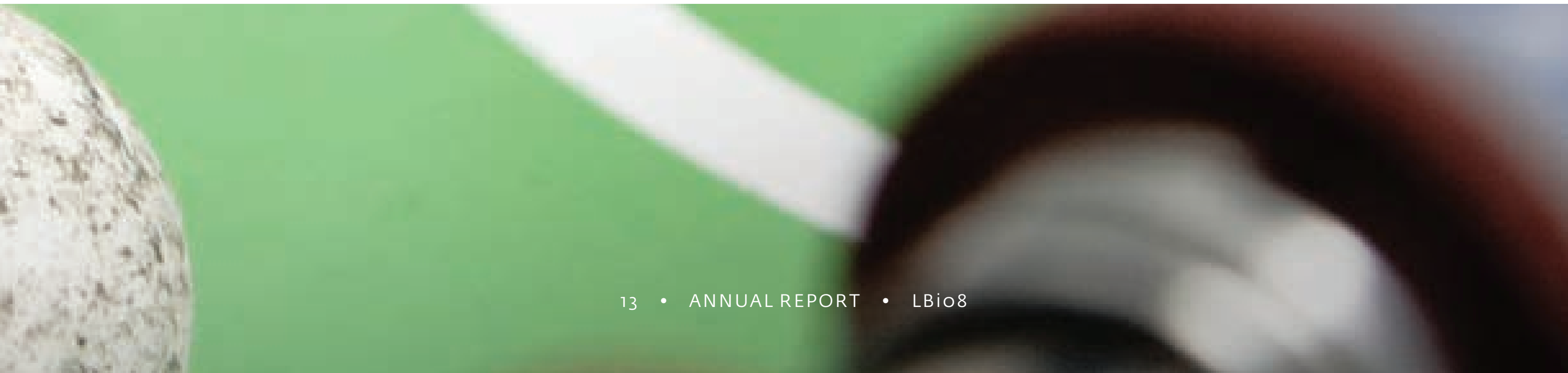


communication planning tools and solutions that aim to simplify the complex reality of planning, managing and facilitating millions customer conversations in a web 2.0 world.

Whether it's working with clients such as Sara Lee and Financial Times to develop and reinvigorate their eCRM programmes, or planning integrated media and CRM campaigns for Mitsubishi Motors Europe, or creating an online customer dialogue platform for Mazda Motors Europe, this integrated approach is proving popular with clients – including new pan-European clients such as Electrolux who plan to shift a significant proportion of their above-the-line budget to CRM, digital and experiential activity this year.

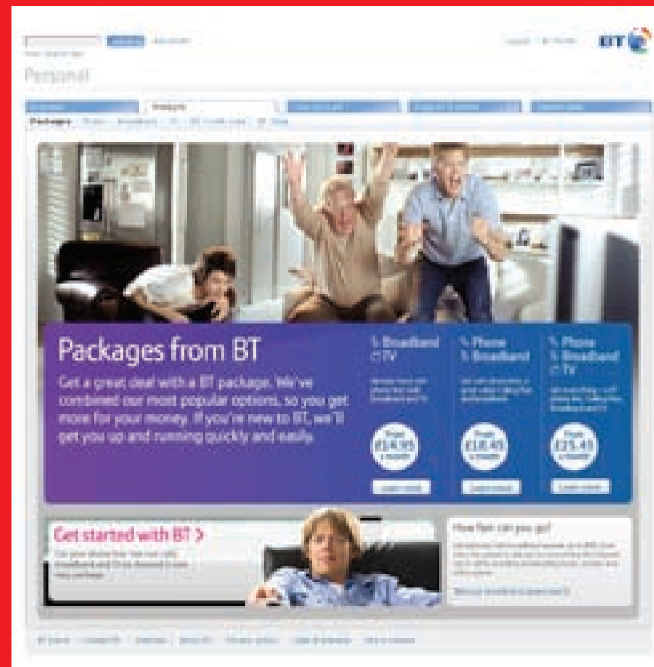
As a data-driven discipline, CRM provides a level of accountability favoured by clients, especially when marketing budgets are under increasing pressure to perform. 2009 will see continued investment in this area, coupled with substantial growth as clients continue to demand improved return on investment and more effective approaches to managing and retaining valuable customer relationships in a digitally centric, socially connected world.

Pipa Unsworth
CRM Practice Director



Our digital dashboard, which pulls together information from across our clients' businesses, collates online and offline data for both customer acquisition and engagement and helps our clients prioritise their expenditure for greatest return.

In Q2 we set up a live beta programme — three times larger than we had originally planned because of client enthusiasm — and rolled it out in Q3.



LBi services

Dashboard

Putting ROI at the heart of our engagement

Alan Davies
Chief Strategy Officer

In 2008 we began to see strong demand from clients for greater accountability for their marketing and technology expenditure. The worsening macroeconomic climate has accelerated this trend and we predict that it will continue to grow in 2009. We observe that the clients best placed to manage their businesses through these troubled times are moving away from business information as a report on historical activity to real-time information upon which they can act. Our digital dashboard, which pulls together information from across our clients' businesses, positions LBi perfectly to lead in this area. By collating online and offline data for both customer acquisition and engagement we are helping our clients prioritise their expenditure for greatest return.

In Q2 we set up a live beta programme — three times larger than we had originally planned because of client enthusiasm — and rolled it out in Q3. The strong performance of this programme has proved both the defining principles of the application and the resilient infrastructure on which we have deployed it. We also introduced the dashboard to many of our top clients with positive responses and, with the digital dashboard at the heart of our full-service offering, our commitment to transparent performance and reporting helped us secure significant client wins including Etihad and Electrolux.

In Q4 we began prototyping of our first subscription service based on the dashboard platform, the competitor landscape tracker for apparel retail in the UK. This combines original editorial content with data from third-party sources, data from our crawling and analysis tools and data from LBi Netrank's search and reputation management suite. Together, it provides a comprehensive, real-time and historical picture of digital activity across 28 key players in the sector. Fascinating in its own right, its power is multiplied when plotted against our clients' own data in custom dashboards, giving unique context. The turbulent Christmas period provided an excellent illustration of the power of this service; it has generated the most interest from clients in all sectors.

In 2009 the dashboard will continue to roll out across our major accounts globally, reinforcing the accountability of our service delivery as well as creating opportunities for increased revenue generation.

During the course of 2009 we will continue to invest in the development of the dashboard, releasing regular updates that bring more visibility to our clients of the returns on their marketing and technology expenditure. We expect to integrate LBi Netrank's suite of tools and migrate all search and media reporting, along with the tens of clients involved, to the dashboard platform throughout the course of the year.

Creative excellence

Introduction to case studies

2008 was a strong year for LBi as a creative force. The story is one of award-winning work in all our territories at prestigious shows like Cannes, Webbys, One Show and major pitch wins for Mitsubishi, Etihad, Electrolux and Puma, where big creative thinking was used to tie our offering together. We've hired some amazing talent like Gui Borchert who joined Syrup from Mother to run Puma, in New York. Laura Jordan-Bambach joined as Executive Creative Director for the UK agency from Glue who along with Cori Donohue (joining Copenhagen from Hello Group) shows we're the agency of choice for the still far too few creative women working in digital.

Since joining in September 2008, I've been amazed by the range and depth of ideas and craft available to clients of LBi. 2008 marks the year when we brought our diversity together into a coherent and consistently pitch winning offering. I can't think of any other agency capable of handling communications challenges and transactional experiences with equal panache. As digital marketing comes of age, clients increasingly view the internet as a tool for brand building. On the one hand we're encroaching on the "traditional" agencies with above the line work to support our core digital programmes (Puma, Mitsubishi) and on the other, we're creating engaging digital experiences which stretch from pure entertainment (Atava), education (Generation Green for British Gas), branded communities (Get Closer for HMV) and business transformation (Lloyds TSB).

Perhaps one of the most encouraging developments in 2008 was the improvement in the quality of problems we're being asked to solve for our clients. We built this agency because we believe clients need a complete view of the customer journey to benefit fully from what digital has to offer. At our best, we no longer distinguish between online advertising and web design, preferring instead to understand how consumers interact with brands, then creating experiences, content and services to help build businesses. As clients increasingly ask us to help them move from Broadcast to Narrowcast, we're able to harness the combined energy of media, creativity, technology and marketing nous in the service of what we see as the New Marketing.

Looking forward to 2009, we now have a platform for the LBi brand with which to excite the market and capture our point of view. The New Marketing replaces the shouty messaging of the past with engaging digital experiences offering something compelling and useful. In this complex post-broadcast age it's increasingly difficult for our clients to be heard and even harder to be believed. Our new brand platform for the agency "Building Believable Brands" shows how we help our clients to deliver on their promises, meeting the demands of the empowered digital consumer for transparency, openness, value for money and especially in these dark times; fun.

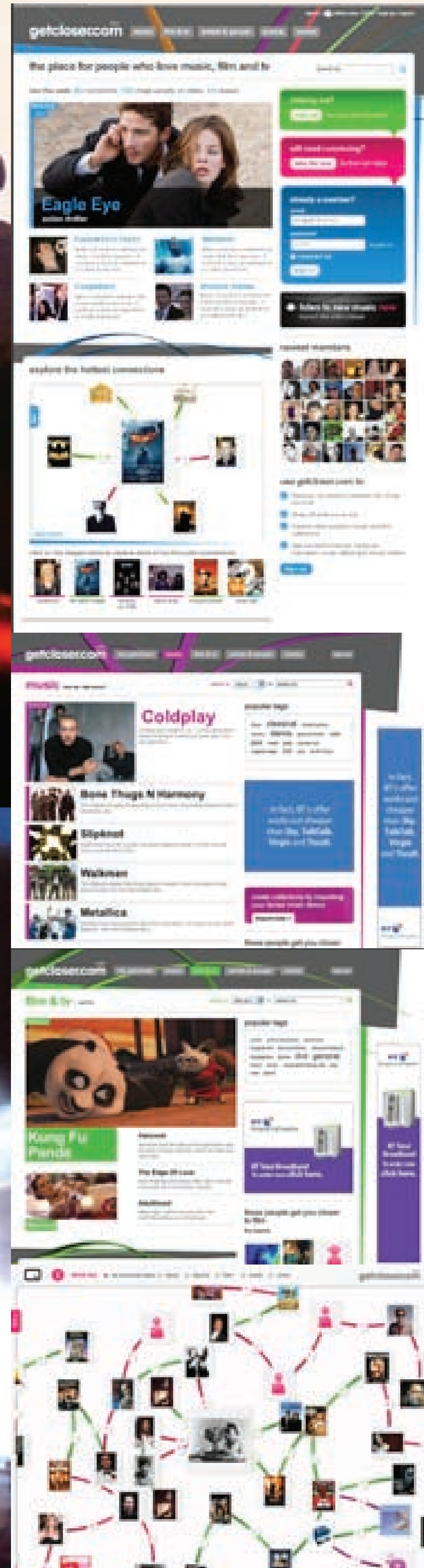
In 2009 we'll continue to have fun at LBi as we write and promptly break the rules of the New Marketing. More than ever, to produce ideas which engage that tricky consumer, we must look to our own values. Creativity in 2009 requires us to innovate, remaining Experts in tried and tested digital disciplines whilst developing new ones. We will ensure the recession doesn't mark a retreat to business as usual, finding Brave ideas to beat the market and in Building Believable Brands, we will Collaborate across our full service offering to help clients make the most of these interesting times.

In the spirit of the age, it's essential to deliver on your promises. Here are some case studies which really demonstrate how LBi has been actively Building Believable Brands in 2008.

Chris Clarke
Chief
Creative Officer

CASE STUDY

HMV



The objective

HMV is one of the most venerable brands on the British High street, and yet its future hangs in the balance as a result of the collapse of its traditional revenue. HMV needs to connect with consumers in ever more innovative ways, to maintain relevance. The brand also desperately needs to find new revenue streams to replace CDs and DVDs. It's the internet's fault.

The work

HMV enjoys fantastic access to the content behind the bands and movies people love. "Get Closer" is a believable proposition for HMV if it's able to genuinely offer that access to consumers. Getcloser.com is a branded utility providing fans with unprecedented access to the music and movies they love and the opportunity to share their excitement with fellow fans. Bringing the social aspect of the live experience into the day-to-day life of the fan, Get Closer positions HMV at the forefront of the digital music revolution. You could say we're teaching an old dog new tricks.

The results

Get Closer has been a huge success for HMV who in partnership with LBi are now exploring the next stage of evolution for the community; its integration with the online store. The beta version of the community has 38,586 unique users per month and has become the centrepiece for HMVs digital strategy.

CASE STUDY

The Atava House Online, we're all neighbours

The objective
Atava, an insurance company based on the Internet, wanted to market a home insurance product to young urban first home owners. An audience that couldn't care less about insurance.

The work
Our solution was to build a virtual house on the net where anyone can be a tenant. All you need is a web cam.

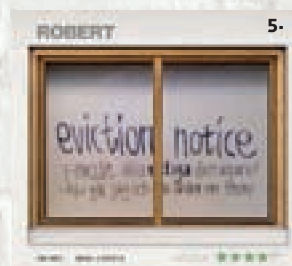
Once inside the house you broadcast yourself live from your own home. If the visitors like what they see you get to stay another day. If not, you'll be evicted and replaced by the number one from the Atava housing queue. All decided by the visitors at the site.

The Atava house was opened for 30 days and 30 nights. Each day someone moved out and someone else moved in. After the campaign was over people have been e-mailing the marketing director of Atava begging him to open up the house again. Some described it as Big Brother meets the YouTube generation.

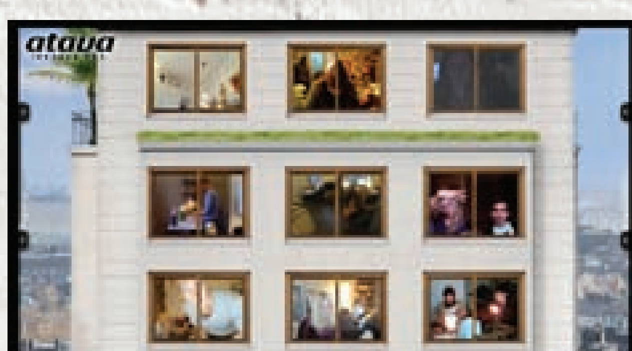
The results
- 36% of the visitors stayed more than 27 minutes on the site
- Sales increased over 100%
- 101,000 chat posts from the visitors
- 671 referring blogs

The site was in Swedish only.

atava
INSURES FUN

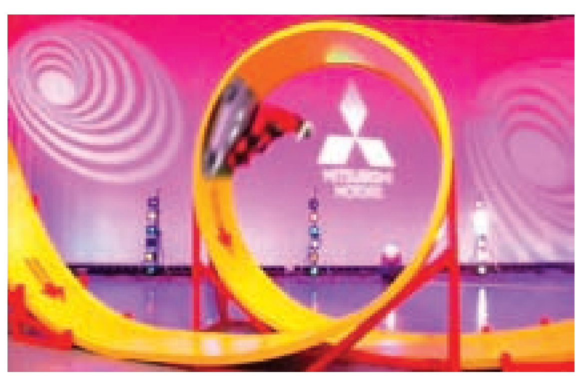


1. Housewarming. Dear neighbours, welcome to my party. Please come by. Here's my adress; www.atavahuset.se **2.** Vacant flats available. Central. No Rent. www.atavahuset.se. **3.** The Atava housing queue. **4.** Just another day in the Atava house. **5.** Eviction Notice. **6.** If the visitors like what they see you get to stay another day.



CASE STUDY

Mitsubishi Motors Europe



ON YOUR MARK

WWW.ONYOURMARK.EU

The objective

In the autumn of 2008 Mitsubishi Motors Europe introduced two new cars in Europe – the Lancer Sportback and the new Colt. Mitsubishi Motors wanted Europe to know about her latest creations…but more importantly about the Mitsubishi Motors brand!

Mitsubishi Motors Europe challenged LBi Lost Boys Netherlands to come up with an unconventional idea to have a 'loud and proud' re-acquaintance with Europe.

The work

In this campaign we don't ask people IF they want a Mitsubishi, but we ask them WHERE they want their Mitsubishi! We ask them to select a landing zone, mark it with a familiar shape, and on the 29th of November 2008, Mitsubishi will deliver that all-new Mitsubishi right ON YOUR MARK!

Participants marked a landing zone on www.onyourmark.eu by selecting the spot where they wanted to receive their car on a Google-map. That very simple step made people eligible to win an all-new Mitsubishi Colt. By uploading a photo or video of their interpretation of the Mitsubishi logo on the chosen delivery spot, people had a chance to win a bigger car; the new Mitsubishi Lancer Sportback. And of course, in case they didn't want to wait; people could request a test drive or order a brochure.

To support the campaign (and to warm up the online audience), LBi created an extra layer to boost the 'ON YOUR MARK' concept. And being 'loud and proud' also meant embracing Mitsubishi's Japanese heritage and culture: LBi developed a real life interactive Japanese game show, in which Japanese contestants showed that they go to great lengths to claim their mark and win a new Mitsubishi.

Online videos of the gameshow triggered the online audience to visit www.onyourmark.eu and play interactive mini games such as 'Colt Curling' and 'Lancer Loop'. All activities led into the grand finale where contestants were asked to mark their landing zone.

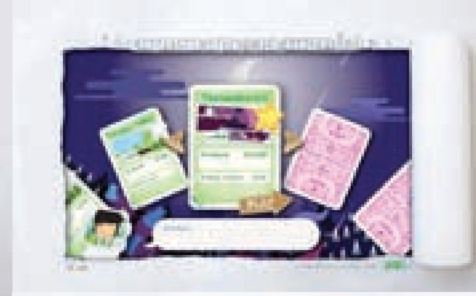
LBi supported the local marketing departments and their agencies on local additions to this campaign, whether it be online (minisites, bannering), outdoor advertising, radio, print, showroom materials and guerilla marketing.

The results

Where will the cars land? Who will be the first to drive these new models? That was announced on 'ON YOUR MARK' day – the 29th of November 2008. Helicopters circled the European countries, carrying the cars to their first owners. At the end of the day the lucky ones received their new Mitsubishi right on their mark! These events were covered in local and national newspapers and radio stations and in selected countries on national television.

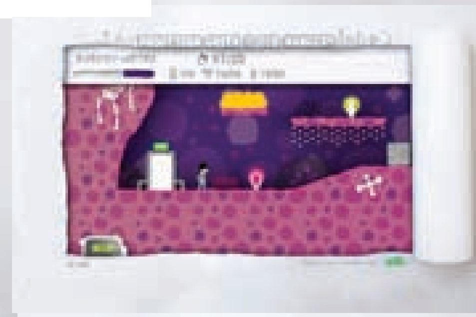
Didn't win? No worries; get invited back to the platform, take an even closer look at the cars and book a testdrive!

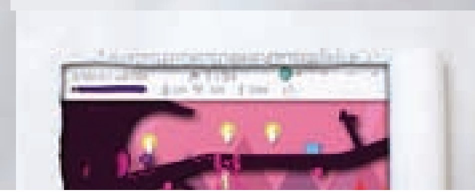
Hundreds of thousands of Europeans entered the website, made their claim and became acquainted with the new models, thousands made a special effort to show their interpretation of the Mitsubishi logo on their mark. And, loads of them requested a test drive or requested a brochure!



CASE STUDY

British Gas and Generation Green





The objective

British Gas wanted to convince Britons of its green credentials, helping Britain to become a more energy-efficient country while still delivering against its commercial goals.

The work

Galvanising the nation in the face of scepticism of your green credentials, is a challenge that would daunt most companies, but British Gas rose to the challenge. It not only put digital at the heart of its strategy, but went one step further by marrying the strengths of both the real and virtual worlds to create an educational and entertaining engagement programme to inspire a generation, their parents and their teachers to take action on energy. In doing so, British Gas has taken an important step towards making Britain a greener place for future generations.

The results

The programme is still in its infancy, but early results already demonstrate that it has struck a chord with the nation, beyond expectations.

Looking at TNS data for the campaign period we can see the positive impact our Generation Green advertising has had on consumers:

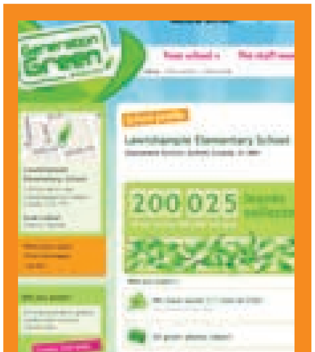
- Supports the community – from 5% to 19%
- Cares for the environment – from 17% to 23%
- Greenest energy supplier – from 3% to 7%
- Anticipating changing needs – from 6% to 33%
- Net promoter score (NPS) – from –52 to –42

As a result of the programme, British Gas has also seen significant positive shifts on key brand measure statements:

57% of respondents associated "Creating a greener future" with Generation Green

62% of respondents stated "Teaching the children why the environment matters was one of the most valuable aspects of Generation Green"

In just under six months, Generation Green inspired over 8,090 schools to sign up, meaning that 3,168,515 children across the UK were potentially impacted by the programme. The popularity of the Green lesson plans with teachers has resulted in British Gas providing over 303,000 hours of learning in UK schools.



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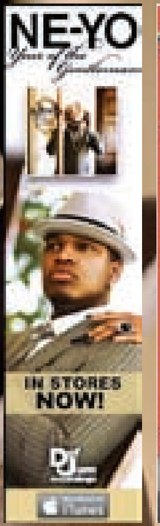
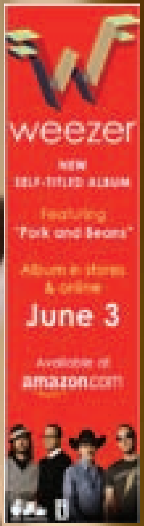
CASE STUDY

Universal Music Group





The objective

Universal Music Group (UMG) is the largest business group and family of record labels in the recording industry. Our brief was to beat the decline in CD sales caused by the growth of the internet and illegal downloads.

The work

LBi Special Ops Media has worked with UMG since 2003 and officially became its Agency of Record for Online Media in January 2008. Campaigns have included album releases for many of the most recognisable names in music, such as U2, Rihanna, Weezer, Kanye West, Amy Winehouse, Guns n' Roses and The Police. LBi Special Ops Media not only services UMG and its artists with successful media initiatives, but also executes online publicity campaigns for featured artists and releases to secure prominent editorial coverage online. Central to our approach is the fusion of the latest social media marketing techniques, with content syndication, EPR and Rich Media online advertising. This rich combination of digital marketing techniques allows our team to respond in real time to the needs and interests of music communities to launch products in the most compelling way possible.

The results

After great success in 2008, UMG will continue with LBi Special Ops Media as their paid media Agency of Record for 2009. The LBi Special Ops Media team is busily planning several campaigns for Q1, kicking off with a major branding initiative for Motown's 50th Anniversary. Other campaigns expected to launch in the New Year include new albums by 50 Cent, Eminem, Dr. Dre and U2.

UNIVERSAL
UNIVERSAL MUSIC GROUP

CASE STUDY

British Red Cross

The objective

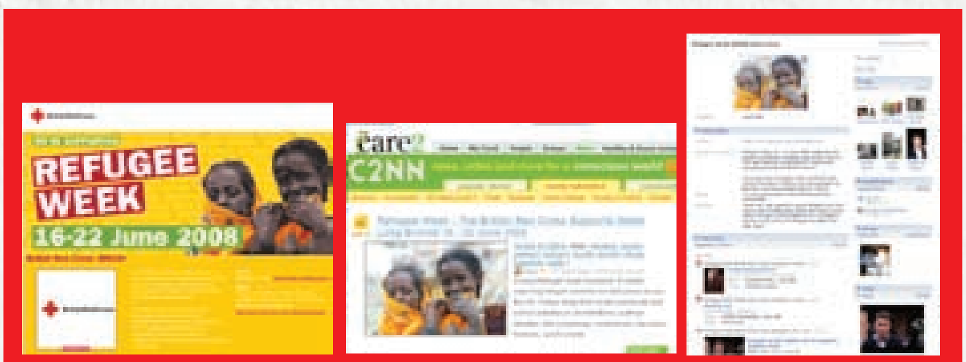
Fundraising and awareness are the beginning and the end of the challenge for charities. Doing this without wasting a penny is the core objective of any charity campaign. Our challenge on an ongoing basis is to use the power of digital word of mouth to help the British Red Cross do its work in the UK and around the world, whilst making donated money work as hard as possible.

The work

Recent activity includes stimulating online buzz around an Alternate Reality Game "Traces of Hope", driving awareness and tackling prejudice during Refugee Week. LBi's EPR team is able to work in an integrated way with the core creative platform, generating huge ROI for the charity by securing coverage through both the biggest digital properties and highly targeted niche sites. Our social media campaigns have been instrumental in helping the British Red Cross to strengthen the voice of young people within the organisation and secure valuable support from young volunteers.

The results

Typical ROI of GBP 27 per GBP 1 invested has been achieved for British Red Cross.



Market

Overview

2008 was a dramatic year. Adverse economic developments affected all markets worldwide and the second half of the year saw the effects of the credit crunch cascade from the financial sector into other parts of the economy, leading to rapid tightening of overall marketing budgets and simultaneous softening of consumer and business demand for marketing services.

This trend rippled through the marketing and technology agency, and like everyone else in this sector, LBi experienced reductions in online marketing spend from retained multinational clients towards the end of 2008. This squeeze was, however, largely compensated for by some excellent international new business wins, much of it against strong competition from the other major players in this space. The persistence of good quality new business opportunities may also provide evidence that more companies are taking the downturn as an opportunity to shift spend from traditional offline marketing to more accountable marketing solutions in online and direct response.

Budgets cut in the UK and Europe

According to the renowned Bellwether Report, published in the UK in January, overall marketing budgets fell in Q4 2008 by a massive 42%. This was based on the budgets of 300 global marketing organisations tracked by the IPA. While the biggest falls in marketing spend occurred once again in traditional media – over 30% reductions were recorded for TV and print – for the first time since the economic downturn, digital was not immune: search budgets fell 4% and the decline across all other online marketing sectors was 7%.

US online market growth

Against this we have to consider the continued increase not only in the overall size of the online market, but in the quantity and quality of usage. Recent US research shows that social networking activity has grown 93% in the past two years, and is now a regular feature of online life for 76% of America's 105 million broadband users. Add to that the knowledge that active social networkers spend an average of USD 101 online per month compared with USD 80 online per month for inactive or non-social networkers, and a clear upward economic trend is apparent, with a market valued at USD 1,471 billion in 2009. The Aberdeen Group report, The ROI on Social Media (March 2009) finds that 63 percent of companies plan to increase their social media marketing budgets in 2009. Social network advertising worldwide will rise almost 20% in 2009 to USD 2.35 billion, up from USD 2 billion in 2008.

Social networking as a KPI

So in the wider context of more people spending more time online, and, if the trend is sustained, more people spending more money online; the contraction of online marketing budgets makes less sense. Marketing needs an audience and that audience is now increasingly located online. US adults now spend, on average, 30% of their leisure time online – part of a recent and dramatic (over 70% increase since 2007) trend and a number likely to rise as a greater proportion of the population spend more time at home as a consequence of the current economic downturn. (The corresponding numbers for Sweden, Germany and the UK respectively are 18%, 23% and 28%.). Therefore, even if overall discretionary consumer spend falls as a result of reduced income, a greater proportion of that income will be spent online. Factoring these estimated variables – falling consumer spend versus more time spent online - creates the difficulty in calculating the percentage of market share growth for digital against overall decline in consumer spend.

The wider opportunity in Asia

For further context, and as a more positive look at where the growth opportunities really lie, note that in China, South Korea and Japan, Internet users spend respectively, 44%, 40% and 38% of their leisure time online. If regular participation in social network is the key indicator for increased consumer spend, there is plenty of reason for optimism, as only 24% of all Chinese broadband users currently regularly participate in social networking. Numbers for India and the Middle East, where LBi is establishing a growing presence and reputation are lower still, and correspondingly present even greater opportunities.

The Business to Business Market

Finally, looking briefly at the impact of the current downturn on the business-to-business market, current dynamics are clearer. Marketing budgets will be reduced overall, but digital spend will remain stable or grow slightly. (A current survey from Worldwide Partners, published in February 2009, shows that, in a sample of 83 global business leaders, 62% of North American CEOs and 39% of non-North American CEOs said that they think digital marketing budgets will increase in 2009.). Thus digital budgets will grow as a proportion of total marketing spend.

Over the long-term the movement of audiences and marketers from traditional display and broadcast media to interactive media will continue to accelerate. The outlook for digital is certainly positive once the challenges of the current business cycle can be overcome.

Sources:
IPA – Institute of Practitioners in Advertising
TNS Global
Harrison Interactive
Magna
ChangeWave
Worldwide Partners
The Aberdeen Group

Report of the Board of Directors

The Board of Directors and the Chief Executive Officer in LBI International AB (publ) hereby submit the Annual Accounts and the consolidated financial statements for 2008.

LBI International AB (publ.), organisation number 556528-6886, is a limited liability company with its registered office in Stockholm, Sweden.

Market

Adverse economic developments in 2008 affected all markets worldwide, leading to rapid tightening of overall marketing budgets and simultaneous softening of consumer and business demand for marketing services.

Overall marketing budgets fell in in the UK and Europe in Q4 2008 by a massive 42%. While the biggest falls in marketing spend occurred once again in traditional media – over 30% reductions were recorded for TV and print – for the first time since the economic downturn, digital was not immune: search budgets fell 4% and the decline across all other online marketing sectors was 7%.

Recent US research shows however that social networking activity has grown 93% in the past two years, and is now a regular feature of online life for 76% of America's 105 million broadband users. Add to that the knowledge that active social networkers spend an average of USD 101 online per month compared with USD 80 online per month for inactive or non-social networkers, and a clear upward economic trend is apparent, with a market valued at USD 1,471 billion in 2009. Social network advertising worldwide will rise almost 20% in 2009 to USD 2.35 billion, up from USD 2 billion in 2008.

US adults now spend, on average, 30% of their leisure time online (over 70% increase since 2007), a number likely to rise as a greater proportion of the population spend more time at home as a consequence of the current economic downturn. Therefore, even if overall discretionary consumer spend falls as a result of reduced income, a greater proportion of that income will be spent online.

For a more positive look at where the growth opportunities really lie, note that in China, South Korea and Japan, Internet users spend respectively, 44%, 40% and 38% of their leisure time online. Numbers of active social networkers in India and the Middle East, where LBi is establishing a growing presence and reputation are lower still, and correspondingly present even greater opportunities.

Over the long-term the movement of audiences and marketers from traditional display and broadcast media to interactive media will continue to accelerate. The outlook for digital is certainly positive once the challenges of the current business cycle can be overcome.

Operations

Group

LBi was formed 1 August 2006 by the merger of Europe's two leading digital companies, Framfab and LB Icon. LBi is Europe's leading digital agency network, offering full service for developing marketing and communication solutions. The Group is composed of LBi and OX2 in Belgium, LBi in Denmark, LBi Icon-Medialab in Italy, LBi Lost Boys in the Netherlands, LBi in Switzerland, LBi and Nexus in Spain, LBi in the United Kingdom (including India and UAE), LBi France, LBi and Syrup in Sweden, LBi Iven & Hillmann and MetaDesign in Germany (including China) and LBi Icon-Nicholson, Syrup, LBi Media (Special Ops Media) and LBi Atlanta in the United States. During 2008 there was a total of 24 offices in 13 countries. The total number of employees was 1,602 at the end of the period.

Central and Southern Europe (including China)

Our businesses in central and southern Europe are in the Netherlands, Germany (including China), Belgium, Italy, Spain, Switzerland and France.

Forty-five percent of the consolidated net sales stem from our businesses in central and southern Europe. At the end of the year there were a total of 719 employees at our offices in Amsterdam, Ghent, Brussels, Berlin, Munich, Hamburg, Cologne, Milan, Madrid, Zurich, Paris and Beijing.

During the first quarter of 2008, Igor Milder took over as Managing Director of LBi Lost Boys.

OX2 in Belgium was acquired in February.

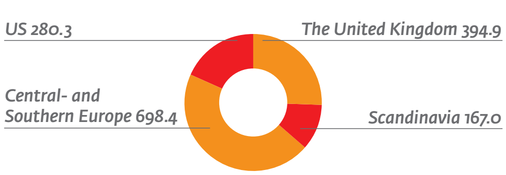
Central and southern Europe reports an operating profit of MSEK 69.4 (51.1) for 2008 and an operating margin of 10.0 percent. External net revenue during 2008 was MSEK 698.4 (573.8).

Scandinavia

Scandinavian operations employ 174 associates at offices in Göteborg, Copenhagen, Malmö and Stockholm. Eleven percent of total consolidated net revenue was derived from the Scandinavian operations.

The operating profit for the year was MSEK 28.4 (37.5) and the operating margin was 17.0 percent. External net revenue during 2008 was MSEK 167.0 (194.0).

External net sales by country/region in MSEK



The United Kingdom (including India and the United Arab Emirates)

At year-end 2008 a total of 438 persons worked in the UK operations at offices in London, Exeter, Mumbai and Abu Dhabi. Twenty-six percent of the Group's total net revenue is derived from the UK operations.

LBi in the United Kingdom reports an operating profit of MSEK 54.0 (64.8) for 2008 and the operating margin was 13.7 percent. External net revenue for 2008 was 394.9 (475.4). Netrank, one of the country's largest search engine optimisation and online brand positioning companies, was acquired in January 2008. This acquisition will bolster LBi's already strong position in search engine optimisation and new specialised services will be introduced.

US

LBi's American operations consist of LBi Icon-Nicholson, Syrup, LBi Atlanta (formerly Creative Digital Group) and LBi Media (Special Ops Media), at year-end with a total of 257 employees. Nineteen percent of consolidated net revenue was derived from the US operations. LBi Media (Special Ops Media) in New York with 64 employees was acquired in April 2008. During 2007 LBi Media (Special Ops Media) had net invoicing of MUSD 22.3, net revenue of MUSD 10.1 and EBIT of MUSD 4.0.

The United States reported an operating profit of MSEK 52.7 (28.3) for 2008 and an operating margin of 18.8 percent. External net revenue for 2008 was MSEK 280.3 (188.4).

Group

Luke Taylor was appointed President & Chief Executive Officer 10 January 2008. Luke Taylor founded Oyster Partners Ltd in London and previously held the post of Executive Vice President of the Framfab Group. Huub Wezenberg was appointed to the post of Chief Financial Officer 11 February 2009. Huub Wezenberg served as acting Chief Financial Officer since 11 March 2008 and has worked for Group companies since 2000. Other members of Group management include Theo Cordesius, Jesper Andersen and Ewen Sturgeon. Sven Skarendahl, a director of LBI International AB, passed away at the end of January 2008. Lucas Mees, who was a member of the Board of Directors of Framfab 2005–2006, was elected as new Director at the Annual General Meeting in May 2008. The other members of the Board of Directors during the period were Fred Mulder, Chairman, Katarina G. Bonde, Michiel Mol and Robert Pickering, who was also the Company's President & Chief Executive Officer until 31 December 2007.

Net revenue by quarter

MSEK	Q4	Q3	Q2	Q1
Net revenue	397.8	388.4	399.2	355.2
Quarterly change (%)	2.4	–2.7	12.4	4.1

Net revenue for 2008 was MSEK 1,540.6 (2007: 1,429.1 and 2006: 1,051.6). Operating profit for 2008 was MSEK 119.8 (2007: 94.1 and 2006: 78.9). Net finance items for the full year were MSEK –25.2 (–17.4). Profit after finance items was MSEK 94.6 (76.7).

Parent Company

The Parent Company is a pure holding company with staff functions. In 2008 net revenue, in the form of internal invoicing, was MSEK 25.3 (20.5). The result after financial items was MSEK –29.6 (–43.5). Cash and cash equivalents amounted to MSEK 8.3 (71.9) as of 31 December 2008.

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 194.6 (129.6) for the full year 2008. Total cash flow, not including investment and financing activities, amounted to MSEK –39.8 (34.6). Cash and cash equivalents amounted to MSEK 185.8 (217.2) as of 31 December 2008.

Acquisitions and divestments

During January LBi acquired Netrank, one of the United Kingdom's foremost search engine optimisation and online brand positioning companies. Netrank strengthens LBi's already strong capacity in search engine optimisation. During February LBi acquired the Belgian interactive agency OX2. This company strengthens LBi's competence and expertise in web analytics. The agency has 14 employees and revenue of MSEK 12.9.

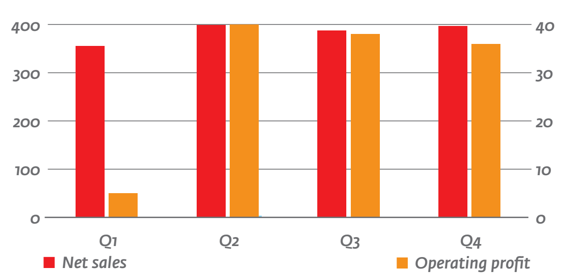
LBi Media (Special Ops Media) in New York was acquired in April. With this acquisition LBi expands and broadens its offering of services in the United States, one of the Company's key markets, with first class strategic marketing and media capacity.

Share data and personnel options

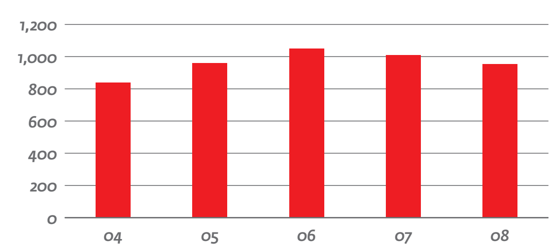
A 30 May 2006 extraordinary general meeting of Framfab approved the merger of Framfab AB and LB Icon AB. The meeting also approved a 50:1 reverse split of the Framfab shares.

Subject to due registration of the merger, a 13 July 2006 extraordinary general meeting of Framfab voted to change the name of the parent company to LBI International AB. The

Net sales and operating profit by quarter, MSEK



Net sales per employee, KSEK



Swedish Companies Registration Office registered the new name on 1 August 2006. On the same day the merged LBI International AB was registered on NYSE Euronext in Amsterdam in addition to its existing listing on Nasdaq OMX Stockholm. The share has the "LBI" ticker symbol on both exchanges.

The merger between Framfab AB and LB Icon AB was registered 31 July 2006 and in conjunction therewith 35,634,133 new shares in Framfab AB were issued and used as payment in the merger. LB Icon's shareholders received one share in Framfab for each share in LB Icon held. After registration of the merger and the new issue LBI International AB (the former Framfab AB) had a total of 60,522,946 shares outstanding. The extraordinary general meeting held 30 May 2006 also resolved to issue 1,896,124 new subscription options to secure LB Icon's previous option programme.

66,000 options from Framfab's previous option programme have been moved to LBi's option programme. An extraordinary general meeting held 11 October 2006 resolved to issue a total of 1,835,000 options. One new serie totalling 837,000 options were granted during 2008.

The Parent Company had 62,023,276 shares registered as of 31 December 2008.

Risk management

All business activity involves risk. Risks that are well-managed can lead to opportunities and create value, while risks that are not managed correctly may result in damage and losses. Accordingly, the ability to manage risks is an important part of the steering and control of LBi's business operation to achieve the Group's targets, while applying well-considered risk-taking within set parameters.

The purpose of LBi's risk management is to identify, assess, manage, control, report and monitor significant risks. Risk management focuses on strategic risks, operational risks, risk of non-compliance with legislation or other regulations and risk of error in LBi's reporting, including the financial reporting. Risk management relates to various types of measures to prevent risk and damage-limiting strategies.

The company has performed detailed and structured riskanalysis from corporate perspective and from a financial reporting perspective with respect to both quantitative and qualitative risk parameters.

Risks were identified, evaluated and prioritised. The risks were allocated in a heat map. The outcome of the risk analysis was reported and discussed within the Audit Committee. The Audit Committee reported to the Board of Directors. The Board of Directors prioritised the next steps to be taken, based on the outcome of the Audit Committee's findings. This means that analysis efforts, documentation and evaluation of the Company's controls to mitigate the identified heightened risks will continue.

The risk factors affecting the Company's business, financial performance and market value can be divided into five main categories: market and business risks, personnel-related risks, technology and information security risks, financial risks and legal risks.

LBi protects itself against the negative impact of other risks by means of comprehensive insurance policies. These include, for example, professional indemnity insurance, general and product liability insurance, property damage, crime insurance and extra cost insurance and (provides coverage for certain extra costs to be made to restart your business after the occurrence of an event causing damage. For example the temporally lease of furnished office space). The level of insurance coverage, insurance rates and deductibles are reviewed on an annual basis.

Risk Factors

LBi is exposed to a number of risks which to varying degrees can affect the Group's earnings and financial position.

Economic climate

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

Market and Competition

LBi is exposed to severe competition. Its rivals include other companies, some of which are quite large, as well as the divisions of current and prospective clients. While responding quickly to changing client requirements, LBi needs resources to develop the market and sell both its established and newly developed services. Any failure to satisfy demands and remain competitive in these and other respects could be detrimental to the Group's operations, earnings and financial position.

Dependency on key management

LBi is characterised by its decentralised corporate structure and consists of several operating companies operating in several geographical areas headed by local management. The Group's country managers are vital to the ongoing stability and growth in the respective regions. Any unplanned change in key managers could have negative impact on the business.

Digital media trends and reliance on skilled employees

LBi must remain at the forefront of development to succeed in the long term. To do so, LBi must pioneer innovative, interactive digital solutions, thereby ensuring profitable strategic cooperation with its clients. The Group's future is also contingent upon attracting qualified employees and offering effective skills development opportunities. The Group strives to create a work environment that encourages personal and career development, commitment and competitive terms of employment. Loss of the ability to spearhead development, or to recruit the best people available, could have a negative effect on profitability.

Reliance on big clients

LBi's goal is to forge long-term relationships with big international companies on a large number of projects. The Company is of the opinion that such relationships minimise LBi's selling costs and enhance its capacity to create added value for its clients. There is no guarantee that such partnerships will always take the same form. At any time, and on short notice, clients can cut back on their purchases of LBi's services.

Assignments performed at fixed price

Assignments performed at a fixed price account for 60–70% of LBi's income. Misjudgements with respect to the resources required to complete such an assignment can generate a loss.

Sales and cost structure

LBi derives most of its sales from the services it sells. As a company exclusively devoted to consultancy, the majority of LBi's costs are employee related 78% (79%). In addition to its own employees, LBi also engages subcontractors to cover fluctuations in its resource requirements and the market's demand for specific skills. Ongoing profitability is dependent on maintaining a balance between personnel costs and the revenue the Company generates from services provided.

Restructuring

Due to the current world-wide economic crisis situation, potential future restructuring cannot be excluded. See further note 43.

Reputation risk

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

Acquisitions and new activities

Historically, company acquisitions have contributed to LBi's growth. Future acquisitions may be undertaken by LBi should the right opportunity arise, as a consequence of which the operational and capital structure of LBi may change. Acquisitions always carry the risk that the companies in question may not produce expected results, or that difficulties arise in the integration process.

Cash effects of earn-out clauses

Acquisitions made during 2008 increased the earn-out obligations substantially. Several of the contractual agreements in relation to these acquisitions contain earn-out clauses in which substantial amounts may have to be paid in the future by means of cash or the issuance of shares. However, if LBi is not able or willing to issue shares for whatever reason, LBi may be obligated to pay these amounts in cash. This may have a material negative effect on LBi's liquidity and/or financial conditions in general.

Claims and disputes

The Company is involved in a number of ongoing VAT and income tax disputes. LBi does not believe that these matters will affect its earnings, but a resolution that is unfavourable for the Company could impact the size of its tax loss carryforwards.

Legal Risks

LBi's legal risks are mostly related to its customer agreements. Typically the risks involve responsibility regarding delivery, which should be effected on a timely basis and in conformity with the agreed specifications. LBi has adopted a group policy for the governance of its client contracts. The Company has not identified any agreements with unusual risks.

Financial risk management

Financial policy

LBi has a policy of being risk-averse and taking hedging measures in case of material exposure to guard against financial risks, such as transaction and translation exposure, involving currencies and interest rates. The policy is based on the magnitude of the assessed risks and the estimated costs associated with guarding against them.

LBi's policy is to minimise the currency risks faced by its subsidiaries and the goal is not to have more net assets in foreign units than operationally warranted.

Surplus liquidity is invested in the fixed income market in financial instruments with a minimum credit rating of K-1 (the highest credit rating). Investments in the fixed income market are made awaiting interesting operational investment alternatives. Additional information about financial instruments and risk management will be found in note 25, page 68.

Sensitivity analysis

Personnel costs

An increase of payroll expenses for Company employees by 3 percent would reduce the annual operating profit by MSEK 27.8 (25.0) calculated on the salary level during 2008. The ability to rapidly adapt personnel costs to lower demand has a significant impact on the Company's earnings. Such an adjustment takes an average of four months. The backlog of orders normally persists for 2–5 months. To ensure more cost flexibility for production resources, LBi engages subcontractors, who accounted for 12 % (16 %) of all personnel costs during 2008.

Net sales

Net sales for a period is a function of the number of chargeable days, which varies according to holidays, etc. Net sales is also dependent on the billing ratio for billable consultants.

Exchange rates

LBi operates in several countries and is thus exposed to exchange rate fluctuations. LBi's policy is to minimise the exchange rate risks faced by its subsidiaries and have the Parent Company assume as much as possible of the potential risk that remains. Essentially all assets and liabilities held by each subsidiary are in the currency of the respective country. A 10 percent change in the value of the Swedish krona with respect to the Group's other currencies in 2008 would have impacted net revenue by MSEK 144.8 (130.5) and operating profit by MSEK 18.8 (11.4).

Intellectual property rights

LBi is primarily engaged in providing consulting services and develops only limited proprietary software. Software is normally developed in connection with individual assignments from clients.

In the case that such software may be suitable for assignments from other clients and when it is important and feasible, the parties sign an agreement whereby LBi retains the copyright and the client obtains a non-exclusive license. Otherwise software is usually specifically designed for a particular client and LBi has no reason to obtain the copyright.

To the extent required, the Group protects its intellectual property rights, such as trademarks and domain names, by registration and maintenance in all countries where the Group is represented.

Guidelines for salaries and other compensation to management

The basic principle for 2008 is that compensation and other terms of employment for members of senior management shall be comparable to, and competitive with, current market standards in order to ensure that the Group attracts and maintains competent management personnel. Total compensation shall consist of fixed compensation, variable compensation, pension benefits and other benefits. In addition to a fixed salary, Group management also receives variable compensation based on the outcome relative to earnings and growth targets within the individual area of responsibility. The maximum variable compensation shall be 100 percent of the fixed annual salary for the President & CEO and other persons in Group management. Other benefits, such as company car, extra health insurance, or corporate health care will be paid to the extent such benefits are in line with market practice for members of senior management in equivalent positions in the labour market where the individual in question is active.

The notice period and severance payment vary per country and per Group manager. In the event of termination at the initiative of the Company, the maximum notice period is 12 months and the maxium right to severance can amount to the annual fixed and variable compensation.

The Board of Directors proposes that the guidelines for compensation to management remain unchanged for 2009.

Environmental information

LBi has no operations in Sweden that require official permits or notification.

Change of accounting policies

Segment reporting

Starting with the second quarter of 2007, LBi reports operations by new segments where Benelux, Germany and Southern Europe are combined into one segment for reporting, administration and management.

Revenue recognition for media services

LBi's service offerings include a growing proportion of media services, such as collection and analysis of data on search words and other services related to online marketing campaigns. These services are purchased from independent partners. According to IFRS, revenue from such services can be reported either on a gross or a net basis, with a deduction for the purchase value of external services. LBi decided to change accounting policy from gross to net reporting from 1 July 2007. In the case of reporting on a net basis, only the profit mark-up on purchased services will be recognised as net revenue. Financial information for the previous periods of 2007, 2006, 2005, 2004 and 2003 has been recalculated in accordance with the new policy. The change of accounting from gross to net basis provides a more accurate picture of the Company's results, as well as a better basis for comparison with other companies in the media sector.

Work of the board of directors

LBi's Board of Directors is composed in such a way so as to efficiently support and monitor the work of management. During 2008 the Board of Directors convened 15 meetings, one of which was a statutory meeting per capsulam; 8 additional meetings were held per capsulam.

With its registered office in Stockholm, the Board of Directors during the period consisted of Katarina G. Bonde, Fred Mulder (Chairman), Michiel Mol, Robert Pickering (also the Group's President and Chief Executive Officer until 31 December 2007) and Lucas Mees, who was elected as member of the Board of Directors at the Annual General Meeting held in May 2008. Former Director Sven Skarendahl passed away in January 2008. There are no alternate directors. Corporate officers participate in Board of Directors Meetings as needed as presenters, or in administrative functions. For information on directors, refer to page 94.

The Board of Directors continued to focus on improving the utilisation of resources due to the current difficult economic situation and has continually evaluated potential acquisition candidates based on set criteria. The Board of Directors also supports and follows the work according to LBi's strategy and vision as presented by the Group's Chief Executive in March 2008 according to four main priorities:

1) Assemble the Group's expertise and strengthen the complete offering of services on key markets, the United States, the United Kingdom and Asia.
2) Utilise first-class local service offerings, competencies and price levels via the international customer base.
3) Develop the service offering on local European markets.

4) Progress in the direction of an international brand, with a unified work process and a collected offering to achieve increased recognition as the leading international digital agency.

The Company's nomination committee consisted of Gunnar Ek (Chairman), Fred Mulder and Frank Bergman.

A remuneration committee has been formed within the Board of Directors. It is comprised of Fred Mulder (Chairman), Michiel Mol and Robert Pickering. The Audit Committee of the Board of Directors is comprised of Katarina G. Bonde (Chairman), Fred Mulder and Lucas Mees. There are no other committees. The Board of Directors in its entirety thus deals with all issues. In accordance with the adopted rules of procedure for the Board of Directors and instructions for the President, management has informed the Board of Directors on a current basis about the Company's economic situation, the strategic development and the business and market situation.

The Company's auditors report two times per year on their audit to the Audit Committtee/Board of Directors. At the Annual General Meeting held 2 May 2007, Öhrlings PricewaterhouseCoopers was appointed as auditors of LBI International AB for a period of four years. Chief auditor is Hans Jönsson, Authorised Public Accountant.

The Board of Directors stays constantly updated on new rules with respect to matters such as corporate governance and financial reporting.

Subsequent events

Huub Wezenberg was appointed as Chief Financial Officer effective from 11 February 2009 and Alan davies was appointed Chief Strategy Officer in March 2009.

In Q1 2009 LBi recorded a one time charge of approximately EUR 3.6 million relating entirely to severance costs and property related charges incurred during the period. This action was taken as a consequence of the deteriorating economic climate and the headcount reduction has been explicitly targeted at the Central European and American regions where LBi anticipates further pressure on the top line. The organisational redesign in these regions includes simplification of organisational structures, reduction of management layers and removal of duplicate roles.

In Central Europe LBi now plans to create a full-service hub managed out of LBi's Dutch office, replicating the UK full-service model and is uniquely differentiated in that it offers clients a one stop shop combining all digital strategic marketing, media and CRM disciplines with best in class website design and build skills. As a consequence of this activity LBi has closed down the operations in the Den Dolder location and simultaneously rationalised office space requirements in Amsterdam.

In the USA LBi is also creating a single integrated full-service offer through the combination of LBi Media (Special Ops Media), LBi IconNicolson and LBi Atlanta. LBi is targeting a single organisational model which will become effective at the end of the year. In anticipation of the year-end merger LBi is already now reshaping the US companies.

These combined actions across the Group will have a significant structural impact on our cost base and annualised savings are expected to be greater than EUR 9 million.

The current group credit facility with Danske Bank that expired on 31 March 2009 has been prolonged for another year.

Proposed allocation of the Company's earnings

The Board of Directors and the President propose to the Annual General Meeting that retained earnings available for disposition, SEK 683,696,619 be allocated so that SEK 683,696,619 be carried forward.

The Board of Directors and the President propose that no dividend be paid for 2008. See further note 44.

For information regarding the result and financial position of the Group and the Parent Company at the end of the financial year, as well as financing and application of capital during the financial year, reference is made to the following income statements, balance sheets, statement of changes in equity, cash flow statements and notes to the financial statements.

Consolidated Income Statements

MSEK	Note	2008	2007	2006
Net revenue	3	1,540.6	1,429.1	1,051.6
Production costs		–1,073.0	–1,005.4	–732.4
Gross profit	16	**467.6**	**423.7**	**319.2**
Selling expenses		–95.8	–75.7	–80.5
Administrative expenses		–269.9	–261.9	–171.6
Other operating income	6	17.9	8.0	13.0
Other operating expenses	6	–	–	–1.2
Operating profit	1, 2, 3, 5, 7, 16	**119.8**	**94.1**	**78.9**
Result from financial investments				
Result from shares in associated companies	9	0.0	0.2	2.0
Result from financial non-current assets	10	–7.6	–10.8	0.1
Finance income	11	9.4	21.4	11.5
Finance expense	12	–27.0	–28.2	–8.0
Result after finance items	3, 16	**94.6**	**76.7**	**84.5**
Income tax	13	–3.7	25.2	5.1
Net result for the year	16	**90.9**	**101.9**	**89.6**
Attributable to				
The Parent Company's equity holders		90.9	101.2	89.6
Minority interest		0.0	0.7	0.0
Earnings per share attributable to the Parent Company's equity holders	42			
Earnings per share (SEK)		1.46	1.63	1.95
Earnings per share after dilution (SEK)		1.46	1.63	1.94
Average number of shares outstanding (thousands)		62,021	61,826	46,011
Average number of shares outstanding after dilution (thousands)		62,088	62,345	46,258

Net revenue and profit

Net revenue and profit
- Net revenue increased by 8 percent (36)
- The operating margin was 7.8 percent (6.6)
- Profit after taxes declined from MSEK 101.9 to MSEK 90.9

Net revenue for the full year was MSEK 1,540.6 (1,429.1). Net revenue per employee on a full-year basis declined by 5 percent to an annual rate of SEK 955 thousand (1,010).

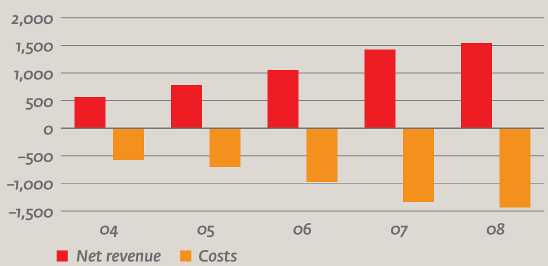
The full-year operating profit was MSEK 119.8 (94.1).

Personnel-related costs, including sub-contractors, accounted for 78 percent (79) of total costs during 2008, while costs for sub-contractors accounted for 12 percent (16) of total personnel costs. Generally speaking, costs for sub-contractors can change with less than a month's notice, and costs for own personnel can as a rule be adjusted after four months.

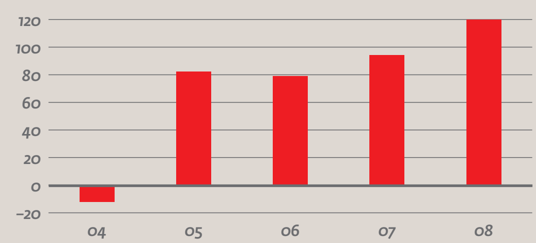
Earnings per share

Earnings per share amounted to SEK 1.46 (1.63).

Net revenue and costs, MSEK



Operating profit, MSEK



Pro forma: Operations at a glance

The pro forma accounts presented below have been prepared to illustrate the Group's earnings as if the merger between Framfab and LB Icon had been completed as of 1 January 2006. In the pro forma accounts a preliminary valuation of client relationships has been made, and amortisation has been charged to this result. No adjustments were made for synergy gains, cost savings or costs in conjunction with the merger. Pro forma accounting is intended to describe a hypothetical situation and has been created only for illustrative purposes to provide information and highlight facts.

Pro forma

MSEK	2008	2007	2006
External net sales			
United Kingdom	394.9	475.4	474.8
Scandinavia	167.0	194.0	174.1
Central and Southern Europe	698.4	573.8	606.9
USA	280.3	188.4	114.2
Eliminations	–0.0	–2.5	–0.0
Group	**1,540.6**	**1,429.1**	**1,370.0**
Operating income 1)			
United Kingdom	54.0	64.8	64.9
Scandinavia	28.4	37.5	37.0
Central and Southern Europe 2)	69.4	51.1	72.5
USA	52.7	28.3	14.9
Parent Company and eliminations	–84.7	–87.6	–72.4
Group	**119.8**	**94.1**	**116.9**

1) Operating income before management fee and costs for restructuring 2006.

2) Escador Germany was sold 31 July 2006 and is included until divested.

Operating margin (%)

	2008	2007	2006
United Kingdom	13.7	13.6	13.7
Scandinavia	17.0	19.3	21.2
Central and Southern Europe	10.0	8.9	11.9
USA	18.8	15.0	13.0
Group	**7.8**	**6.6**	**8.5**
Number of employees at end of period			
United Kingdom	438	430	362
Scandinavia	174	192	202
Central and Southern Europe	719	702	649
USA	257	164	77
Parent Company/ Holding Companies	14	12	11
Group	**1,602**	**1,500**	**1,301**

Consolidated Balance Sheets

MSEK	Note	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
ASSETS				
Non-current assets				
Intangible non-current assets				
Other intangible non-current assets	17	145.4	135.9	115.0
Goodwill	18	1,664.0	1,417.0	987.3
Total intangible non-current assets		**1,809.4**	**1,552.9**	**1,102.3**
Tangible non-current assets				
Leasehold improvements	19	60.5	20.2	20.9
Equipment	20, 21	57.1	43.2	30.2
Total tangible non-current assets		**117.6**	**63.4**	**51.1**
Financial non-current assets				
Participations in associated companies	9, 24	2.5	1.7	1.5
Other long-term securities	26	0.7	20.4	59.6
Other long-term receivables		9.1	14.9	7.3
Total financial non-current assets		**12.3**	**37.0**	**68.4**
Deferred tax assets	13	510.2	498.3	456.4
Total non-current assets	15	**2,449.5**	**2,151.6**	**1,678.2**
Current assets				
Short-term receivables				
Trade receivables	14	483.1	414.6	338.0
Due from associated companies		0.0	0.0	0.3
Current tax assets	13	2.4	1.9	7.1
Other receivables		63.3	26.8	25.5
Prepaid expenses and accrued revenue	27	138.6	115.8	109.6
Total short-term receivables	15	**687.4**	**559.1**	**480.5**
Cash and cash equivalents		185.8	217.2	185.4
Total current assets		**873.2**	**776.3**	**665.9**
Total assets	15, 25	**3,322.7**	**2,927.9**	**2,344.1**

Financial position – Group

Financial position

- Equity amounts to MSEK 2,119.7; the equity ratio was 64 percent
- Equity per share amounts to SEK 34.16
- Interest-bearing net liabilities amount to MSEK 225.5

MSEK	2008 31 Dec	2008 30 Sep	2008 30 Jun	2008 31 Mar	2007 31 Dec
Working capital	83.9	104.0	70.6	184.5	181.5
Proportion of net revenue (%)	21	27	18	52	53
Equity ratio (%)	64	61	62	69	69
Capital employed	2,712	2,764	2,624	2,476	2,456
Cash and cash equivalents	185.8	135.8	125.4	144.6	217.2

Intangible non-current assets amount to MSEK 1,809.4 (1,552.9) and consist primarily of goodwill and similar items from acquisitions of subsidiaries. Any need for impairment charges against goodwill is being tested continually using an evaluation model based on future discounted cash flows. No impairment of goodwill was identified during the year.

Tangible non-current assets amount to MSEK 117.6 (63.4) and consist mainly of leasehold improvements in London and computers and office equipment.

Financial non-current assets amount to MSEK 12.3 (37.0). Deferred tax assets in the amount of MSEK 510.2 (498.3) refer mainly to tax-loss carryforwards in the Netherlands, the United Kingdom and Sweden.

MSEK	Note	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	28	155.0	155.0	153.4
Share capital paid in, but not yet registered		–	–	0.1
Other contributed capital		1,833.4	1,826.2	1,812.4
Reserves		143.2	140.6	139.3
Accumulated loss, including the year's result		–13.0	–103.9	–202.1
Total equity attributable to the Parent Company's equity holders		**2,118.6**	**2,017.9**	**1,903.1**
Minority interest		1.1	1.1	0.0
Total equity		**2,119.7**	**2,019.0**	**1,903.1**
Long-term liabilities				
Liabilities to credit institutions	33	289.8	163.0	10.9
Provision for pensions and similar obligations	29	9.7	8.0	7.0
Deferred tax liability	13	7.1	14.7	17.9
Other provisions	30	174.4	283.3	48.9
Total long-term liabilities	15	**481.0**	**469.0**	**84.7**
Current liabilities				
Liabilities to credit institutions	34	118.5	62.3	10.5
Other interest-bearing liabilities	34	–	–	40.6
Advance payments from customers		35.7	42.0	19.8
Trade payables		121.8	99.7	58.8
Current tax liabilities	13	25.5	24.4	12.7
Other liabilities		55.5	48.4	51.0
Current provisions		140.6	49.8	50.0
Accrued expenses and prepaid income	35	224.4	113.3	112.9
Total current liabilities	15	**722.0**	**439.9**	**356.3**
Total equity and liabilities	15, 25	**3,322.7**	**2,927.9**	**2,344.1**

For information about pledged assets and contingent liabilities, refer to notes 36 and 37.

Trade receivables amount to MSEK 483.1 (414.6) and average DSO (Days of Sales Outstanding), including revenue for completed but not yet invoiced work, was 66 days (see definitions on page 99).

Prepaid expenses and accrued income include accrued revenue of MSEK 117.6 (94.8).

Interest-bearing net liabilities amount to MSEK 225.5. The Group's net indebtedness increased due to the year's acquisitions.

MSEK 133.5 of the Group's short-term provisions refer to expected supplementary purchase money and the long-term provisions of MSEK 174.4 refer in their entirety to supplementary purchase money.

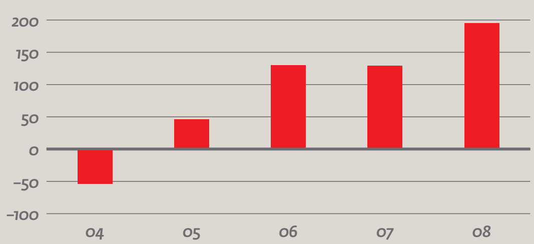
Consolidated Cash Flow Statements

MSEK	Note	2008	2007	2006
Operating activities				
Net result for the year		90.9	101.9	89.6
Adjustment for items not included in cash flow		70.5	26.3	9.2
Cash flow from operating activities before changes in working capital		**161.4**	**128.2**	**98.8**
Cash flow from changes in working capital				
Operating receivables		–69.1	–29.5	85.4
Operating liabilities		102.3	30.9	–53.8
Cash flow from operating activities		**194.6**	**129.6**	**130.4**
Investment activities				
Acquisition of Group companies	22	–168.2	–211.0	41.0
Sale of Group companies		3.2	0.4	4.9
Purchase money paid for previous years acquisitions		–59.2	–51.4	–18.4
Investment in intangible/tangible non-current assets		–111.4	–40.3	–23.5
Change in other financial non-current assets		5.3	32.4	–36.9
Cash flow from investment activities		**–330.3**	**–269.9**	**–32.9**
Financing activities				
New issues		0	10.5	9.8
Repayment of loans		–76.8	–32.4	–25.0
Loans raised		172.7	196.8	–
Cash flow from financing activities		**95.9**	**174.9**	**–15.2**
Cash flow for the year		**–39.8**	**34.6**	**82.3**
Cash and equivalents at beginning of year		217.2	185.4	108.8
Translation difference in cash and equivalents		8.4	–2.8	–5.7
Cash and equivalents at year-end		**185.8**	**217.2**	**185.4**

Consolidated Cash Flow

MSEK	Q4	Q3	Q2	Q1	Full year 2008	Full year 2007	Full year 2006
Cash flow from operating activities	133.8	30.1	–11.1	41.8	194.6	129.6	130.4
Cash flow of net revenue (%)	34	8	–3	12	13	9	12

Cash flow from operating activities, MSEK



Supplementary Information to Consolidated Cash Flow Statement

MSEK	2008	2007	2006
Interest paid			
Interest income	7.9	5.7	2.9
Interest paid	–26.5	–11.2	–4.2
Adjustment for items not included in cash flow			
Depreciation, amortisation and impairment	84.7	60.1	41.7
Change in provisions	0.1	–1.0	–4.9
Personnel options	7.2	6.3	3.7
Finance items	8.4	–	–
Result from shares in associated companies and partnerships	0.0	–0.2	–1.5
Financial assets and liabilities valued at fair value	–	–	–5.0
Result of sale and disposal of Group companies	–16.3	–0.4	–5.7
Unrealised exchange rate differences	0.1	–0.3	–5.1
Deferred taxes	–13.7	–38.2	–14.0
Total	**70.5**	**26.3**	**9.2**

Changes in Consolidated Equity

	Note	Equity attributable to the Parent Company's equity holders					Minority interest	Total equity
		Share capital	Paid in, not registered share capital	Other contributed capital	Reserves	Accumulated loss		
Equity as of 1 January 2006		**22.4**	**2.1**	**577.6**	**173.5**	**–294.7**	**0.0**	**480.9**
Year's translation differences					–30.7			–30.7
Revaluation of financial non-current assets to fair value						3.0		3.0
Translation difference attributable to financial non-current assets at fair value					–3.0			–3.0
Total changes in value charged directly to equity		**0.0**	**0.0**	**0.0**	**–33.7**	**3.0**	**0.0**	**–30.7**
Translation differences attributable to units sold					–0.5			–0.5
Net profit for the year						89.6		89.6
Total changes in value, not including transactions with the Company's equity holders		**0.0**	**0.0**	**0.0**	**–34.2**	**92.6**	**0.0**	**58.4**
Personnel options	41			2.6				2.6
Registration of shares		2.1	–2.1					0.0
New issues paid in cash		0.5	0.1	9.2				9.8
Merger [1]		60.6		–60.6				0.0
Issues with payment in kind and by offset		64.7		1,136.5				1,201.2
Conversion of convertible debentures		3.1		147.1				150.2
Equity 31 December 2006		**153.4**	**0.1**	**1,812.4**	**139.3**	**–202.1**	**0.0**	**1,903.1**
Equity as of 1 January 2007		**153.4**	**0.1**	**1,812.4**	**139.3**	**–202.1**	**0.0**	**1,903.1**
Year's translation differences					–1.7			–1.7
Sale of financial non-current assets at fair value						–3.0		–3.0
Translation differences attributable to financial non-current assets on sale					3.0			3.0
Minority interest at acquisition							0.4	0.4
Total change in value carried directly to equity		**0.0**	**0.0**	**0.0**	**1.3**	**–3.0**	**0.4**	**–1.3**
Net profit for the year						101.2	0.7	101.9
Total changes in value, not including transactions with the Company's equity holders		**0.0**	**0.0**	**0.0**	**1.3**	**98.2**	**1.1**	**100.6**
Personnel options	41			4.8				4.8
Registration of shares		0.1	–0.1					0.0
New issues paid in cash		1.5		9.0				10.5
Equity 31 December 2007		**155.0**	**–**	**1,826.2**	**140.6**	**–103.9**	**1.1**	**2,019.0**
Equity as of 1 January 2008		**155.0**	**–**	**1,826.2**	**140.6**	**–103.9**	**1.1**	**2,019.0**
Net investment hedge	40				–84.0			–84,0
Translation differences for the year					105.9			105.9
Tax effect of translation difference					–1.1			–1.1
Total change in value carried directly to equity		**0.0**	**0.0**	**0.0**	**20.8**	**0.0**	**0.0**	**20.8**
Translation differences attributable to units sold					–18.2			–18.2
Net profit for the year						90.9	0.0	90.9
Total changes in value, not including transactions with the Company's equity holders		**0.0**	**0.0**	**0.0**	**2.6**	**90.9**	**0.0**	**93.5**
Personnel options	41			7.2				7.2
New issues paid in cash		0.0		0.0				0.0
Equity 31 December 2008		**155.0**	**–**	**1,833.4**	**143.2**	**–13.0**	**1.1**	**2,119.7**

1) The quotient value was changed from 0.8 to 2.5 in connection with the merger.

Parent Company Income Statements

MSEK	Note	2008	2007	2006
Net revenue	3, 4	25.3	20.5	15.8
Gross profit		**25.3**	**20.5**	**15.8**
Administrative costs		–49.9	–49.6	–42.4
Operating profit	1, 2, 4, 5, 7	**–24.6**	**–29.1**	**–26.6**
Result from financial investments				
Result from shares in Group companies	8	–	0.4	155.9
Result from financial non–current assets	10	–	–11.3	–
Finance income	11	36.5	11.9	8.7
Finance expense	12	–41.5	–15.4	–6.3
Result after finance items		**–29.6**	**–43.5**	**131.7**
Income tax	13	1.3	1.7	–
Net result for the year		**–28.3**	**–41.8**	**131.7**

Parent Company Balance Sheets

MSEK	Note	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
ASSETS				
Non-current assets				
Intangible non-current assets				
Other intangible non-current assets	17	2.6	4.7	3.9
Total intangible non-current assets		**2.6**	**4.7**	**3.9**
Tangible non-current assets				
Equipment	20	0.1	0.5	0.0
Total tangible non-current assets		**0.1**	**0.5**	**0.0**
Financial non-current assets				
Participations in associated companies	24	0.0	0.0	0.0
Participations in Group companies	22, 23	1,231.5	1,213.7	1,171.8
Other long-term securities	26	–	–	59.1
Total financial non-current assets		**1,231.5**	**1,213.7**	**1,230.9**
Total non-current assets		**1,234.2**	**1,218.9**	**1,234.8**
Current assets				
Short-term receivables				
Trade receivables		0.0	1.5	1.5
Due from associated companies		0.0	0.0	0.0
Due from Group companies		549.5	225.1	112.9
Other receivables		1.6	9.6	7.7
Prepaid expenses and accrued revenue	27	2.2	3.7	1.4
Total short-term receivables		**553.3**	**239.9**	**123.5**
Cash and cash equivalents		8.3	71.9	42.9
Total current assets		**561.6**	**311.8**	**166.4**
Total assets	25	**1,795.8**	**1,530.7**	**1,401.2**

MSEK	Note	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	28	155.0	155.0	153.4
Share capital paid in, but not yet registered		–	–	0.1
Legal reserve		173.1	173.1	173.1
Total		**328.1**	**328.1**	**326.6**
Unrestricted equity				
Premium reserve		1,534.1	1,534.1	1,525.1
Fair value reserve		–	–	0.0
Retained earnings		–822.1	–744.3	–880.5
Net result for the year		–28.3	–41.8	131.7
Total		**683.7**	**748.0**	**776.3**
Total equity		**1,011.8**	**1,076.1**	**1,102.9**
Long-term liabilities				
Liabilities to credit institutions	33	283.6	157.6	–
Other provisions	30	0.7	26.2	46.5
Total long-term liabilities		**284.3**	**183.8**	**46.5**
Current liabilities				
Liabilities to credit institutions	34	107.9	57.1	–
Other interest-bearing liabilities	34	–	–	40.6
Trade payables		2.2	7.2	6.3
Due to Group companies		358.1	185.5	149.0
Other liabilities		3.5	0.1	0.0
Current provisions		25.5	17.6	50.0
Accrued expenses and prepaid income	35	2.5	3.3	5.9
Total current liabilities		**499.7**	**270.8**	**251.8**
Total equity and liabilities	25	**1,795.8**	**1,530.7**	**1,401.2**

For information about pledged assets and contingent liabilities, refer to notes 36 and 37.

Parent Company Cash Flow Statements

MSEK	Note	2008	2007	2006
Operating activities				
Net result for the year		–28.3	–41.8	131.7
Adjustment for items not included in cash flow		0.2	–0.1	–156.0
Cash flow from operating activities before changes in working capital		**–28.1**	**–41.9**	**–24.3**
Cash flow from changes in working capital				
Operating receivables		–276.6	–111.1	–4.9
Operating liabilities		183.3	11.9	37.4
Cash flow from operating activities		**–121.4**	**–141.1**	**8.2**
Investment activities				
Acquisition of Group companies	23	–	–19.3	–17.1
Capital infusion in subsidiaries	23	–10.0	–	–4.6
Sale of Group companies		–	0.4	–
Purchase money paid for previous years acquisitions		–22.8	–51.4	1.4
Merger with LB Icon AB		–	–	55.7
Investment in intangible/tangible non-current assets		–0.1	–3.3	–3.5
Sale of intangible/tangible non-current assets		0.3	–	–
Change in other financial non-current assets		–	59.1	–
Cash flow from investment activities		**–32.6**	**–14.5**	**31.9**
Financing activities				
New issues		0	10.5	1.1
Repayment of loans		–75.2	–40.6	–
Loans raised		165.6	214.7	–
Cash flow from financing activities		**90.4**	**184.6**	**1.1**
Cash flow for the year		**–63.6**	**29.0**	**41.2**
Cash and equivalents at beginning of year		71.9	42.9	1.7
Translation difference in cash and equivalents		–	–	–
Cash and equivalents at year-end		**8.3**	**71.9**	**42.9**

Supplementary Information to Parent Company's Cash Flow Statements

MSEK	2008	2007	2006
Interest paid			
Interest income	18.7	1.4	2.6
Interest paid	–24.5	–8.3	–0.6
Adjustment for items not included in cash flow			
Depreciation, amortisation and impairment	2.3	2.0	0.3
Provision for and impairment of shares in subsidiaries	–	–	–143.1
Finance items	–4.5	–	–
Result of sale and disposal of Group companies	–	–0.4	–12.8
Unrealised exchange rate differences	3.7	–	–0.4
Deferred taxes	–1.3	–1.7	–
Total	**0.2**	**–0.1**	**–156.0**

Changes in Parent Company's Equity

	Restricted equity				Unrestricted equity				
	Share capital	Paid in, not registered share capital	Legal reserve	Revaluation reserve	Share premium reserve	Fair value reserve	Profit/loss brought forward	Net profit for the year	Total equity
Equity as of 1 January 2006	**60.0**	**0.0**	**173.1**	**52.2**	**0.0**	**–**	**–2.1**	**23.8**	**307.0**
Earnings allocation							23.8	–23.8	0.0
Reduction of revaluation reserve				–52.2			52.2		0.0
Revaluation of financial non-current assets to fair value						3.0			3.0
Translation difference attributable to financial non-current assets at fair value						–3.0			–3.0
Merger difference							–954.4		–954.4
Total changes in value charged directly to equity, not including transactions with the Company's equity holders	**0.0**	**0.0**	**0.0**	**–52.2**	**0.0**	**0.0**	**–878.4**	**–23.8**	**–954.4**
Net profit for the year								131.7	131.7
Total changes in value. not including transactions with the Company's equity holders	**0.0**	**0.0**	**0.0**	**–52.2**	**0.0**	**0.0**	**–878.4**	**107.9**	**–822.7**
New issues paid in cash	0.1	0.1			0.9				1.1
New issues paid in kind and by offset	93.3				1,524.2				1,617.5
Equity 31 December 2006	**153.4**	**0.1**	**173.1**	**–**	**1,525.1**	**0.0**	**–880.5**	**131.7**	**1,102.9**
Equity 1 January 2007	**153.4**	**0.1**	**173.1**	**–**	**1,525.1**	**0.0**	**–880.5**	**131.7**	**1,102.9**
Earnings allocation							131.7	–131.7	0.0
Sale of financial non-current assets at fair value						–3.0			–3.0
Translation difference attributable to financial non-current assets at fair value						3.0			3.0
Group contribution received							6.2		6.2
Tax effect of group contribution received							–1.7		–1.7
Total changes in value charged directly to equity, not including transactions with the Company's equity holders	**0.0**	**0.0**	**0.0**	**–**	**0.0**	**0.0**	**136.2**	**–131.7**	**4.5**
Net result for the year								–41.8	–41.8
Total changes in value, not including transactions with the Company's equity holders	**0.0**	**0.0**	**0.0**	**–**	**0.0**	**0.0**	**136.2**	**–173.5**	**–37.3**
Registration of shares	0.1	–0.1							0.0
New issues paid in cash	1.5				9.0				10.5
Equity 31 December 2007	**155.0**	**–**	**173.1**	**–**	**1,534.1**	**–**	**–744.3**	**–41.8**	**1,076.1**
Equity 1 January 2008	**155.0**	**–**	**173.1**	**–**	**1,534.1**	**–**	**–744.3**	**–41.8**	**1,076.1**
Earnings allocation							–41.8	41.8	0.0
Group contribution rendered, Sweden							–1.8		–1.8
Group contribution rendered, abroad							–39.5		–39.5
Group contribution received, Sweden							6.6		6.6
Tax effect on group contribution received							–1.3		–1.3
Total changes in net wealth recognised directly in equity, not including transactions with the Company's owners	**0.0**	**0.0**	**0.0**	**–**	**0.0**	**0.0**	**–77.8**	**41.8**	**–36.0**
Net profit for the year								–28.3	–28.3
Total changes in value, not including transactions with the Company's equity holders	**0.0**	**0.0**	**0.0**	**–**	**0.0**	**0.0**	**–77.8**	**13.5**	**–64.3**
New issues paid in cash	0.0				0,0				0.0
Equity 31 December 2008	**155.0**	**–**	**173.1**	**–**	**1,534.1**	**–**	**–822.1**	**–28.3**	**1,011.8**

Accounting principles

Conformity with standards and law
The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1.1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU.

The Parent Company applies the same accounting policies as the Group, except in the cases set forth below in the section on the Parent Company's accounting policies. Any discrepancies that exist between the Parent Company's and the Group's policies are caused by limitations in the possibilities of applying IFRS in the Parent Company as a consequence of the Swedish Annual Accounts Act (ÅRL).

New IFRS and interpretations that will be applied in future periods
In the course of preparing the consolidated financial statements as of 31 December 2008, several standards and interpretations have been published, which will or already have come into force. Below is a preliminary assessment of the effect that the application of these standards and statements may have on the financial reporting of LBi.

IFRIC 14[1], "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction".
IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements, as the Group has no defined benefit pension asset in any of its pension plans and the Group is not subject to any minimum funding requirements.

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009).
The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

IFRS 2 (Amendment), "Share-based payments" (effective from 1 January 2009).
The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are so-called non-vesting conditions (conditions that are not defined as vesting conditions). These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (Amendment) from 1 January 2009. It is not expected to have a material impact on the Group's financial statements.

IAS 39 (Amendment) [2], "Financial instruments: Recognition and measurement" – "Eligible Hedged Items" (effective from 1 January 2009).
The amendment clarifies how existing policies for hedge accounting should be applied in two specific situations. It clarifies when inflation can be identified as the hedged risk in a financial instrument and how reporting should be done with the utilisation of options as hedging instruments. The Group will apply IAS 39 (Amendment) from 1 January 2009, but this is not expected to have any impact on the Group's financial statements.

IAS 27 (Revised) [2], "Consolidated and separate financial statements," (effective from 1 July 2009).
The revised standard requires the effects of all transactions with minority shareholders to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with minority shareholders from 1 January 2010.

IFRS 3 (Revised) [2], "Business combinations" (effective from 1 July 2009).
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquired company either at fair vale or at the non-controlling interest's proportionate share of the acquired company's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

IFRS 8, Operating Segments (effective from 1 January 2009).
IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information." The new standard requires a "management approach," under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS 8 from 1 January 2009. Management continues to analyse the impact the standard will have, but it appears likely that both the number of segments for which information will be provided and the manner in which reporting will be performed for each segment will be changed in a way that will be consistent with internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segments will require a reallocation of goodwill to the newly identified operating segments. Management believes that the reallocation will not result in any additional impairment of goodwill.

IAS 23 (Amendment) [2], "Borrowing costs" (effective from 1 January 2009).
The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "Financial instruments: Recognition and measurement." This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.

[1] This interpretation came into force on 1 January 2008, but was not validated by the EU until in December 2008. EU then decided that application of the interpretation is mandatory for companies within the EU from 1 January 2009. Early application in 2008 is possible, however.

[2] Approval in the EU process pending.

IAS 28 (Amendment) [2]***, "Investments in associates" (and consequential amendments to IAS 32, "Financial Instruments: Presentation," and IFRS 7, "Financial instruments: Disclosures") (effective from 1 January 2009).***
The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment charges are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.

IAS 36 (Amendment) [2]***, "Impairment of assets" (effective from 1 January 2009).***
The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

IAS 38 (Amendment) [2]***, "Intangible assets" (effective from 1 January 2009).***
The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for shoe mail order catalogues when the group has access to the catalogues and not when the catalogues are distributed to customers, as is the group's current accounting policy. The Group will apply the IAS 38 (Amendment) from 1 January 2009 with an expected write-off of prepayments of SEK 500 thousand, which reduces retained earnings.

IFRIC 16 [2]***, "Hedges of a net investment in a foreign operation" (effective from 1 October 2008).***
IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, "The effects of changes in foreign exchange rates," do apply to the hedged item. The Group will apply IFRIC 16 from 1 January 2009. It is not expected to have a material impact on the Group's financial statements.

Several standards and interpretations have been published but have yet to become effective. Below is a compilation of standards and interpretations believed not to impact LBI International AB's financial statements:

- IFRIC 11, "IFRS 2 – Group and Treasury Share Transactions"
- IFRIC 12, "Service Concession Arrangements"
- IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations"
- IAS 19 (Amendment), "Employee Benefits"
- IFRIC 131, "Customer Loyalty Programmes"
- IAS 16 (Amendment), "Property Plant and Equipment"
- IAS 29 (Amendment), "Financial Reporting in Hyperinflationary Economies"
- IAS 31 (Amendment), "Interests in Joint Ventures"
- IAS 40 (Amendment), "Investment Property"
- IAS 41 (Amendment), "Agriculture"
- IAS 20 (Amendment), "Accounting for Government Grants and Disclosure of Government Assistance"
- IFRIC 15[1], "Agreements for the Construction of Real Estate"
- IFRIC 17[1], "Distributions of Non-cash Assets to Owners"

Basis for preparation of the Parent Company's and the Consolidated Statements
The Parent Company's functional currency, and also the reporting currency, is Swedish kronor (SEK). This means that the financial statements are presented in Swedish kronor. Unless otherwise specifically stated, all amounts are rounded to the nearest million with one decimal. Assets and liabilities are reported at historical acquisition values, except in the case of certain financial assets and liabilities, which are valued at fair value.

The preparation of financial statements in conformity with IFRS requires management to use certain critical estimates and to make assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on historical experience and a number of factors that are deemed to be reasonable under current circumstances. The result of these estimates and assumptions are then used to assess the values of assets and liabilities that are not clearly apparent from other sources.

Critical estimates and judgments
Estimates and judgments are reviewed on a regular basis and based on historical and other factors, including expectations of future events that appear reasonable under current conditions. Changes of estimates are reported in the period when the change is made, or in future periods and the period when the change is made, where the change affects both the current period and future periods.

Goodwill and other intangible assets
The Group tests annually whether any impairment has been suffered. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to Note 18.

Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain at the time when the transactions and calculations are made. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Revenue recognition
The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as of the balance sheet date as a proportion of the total services to be performed.

Additional purchase price for acquisitions
The Group/Management continually follows up the earnings performance of acquired businesses with outstanding supplementary purchase money obligations and makes estimates of future outcomes.

Segment reporting
A segment can be geographic areas that provide products and services in an economic environment exposed to risks an opportunities that differ from those of other geographic environments. A segment can also be an operating sector that is a group of assets and businesses exposed to risks an opportunities

[1] This interpretation came into force on 1 January 2008, but was not validated by the EU until in December 2008. EU then decided that application of the interpretation is mandatory for companies within the EU from 1 January 2009. Early application in 2008 is possible, however.

[2] Approval in the EU process pending.

that differ from those of other operating sectors.

The primary segments are geographic areas. There is no secondary segment reporting in the Group as there is only one operating sector, which is the providing of consultancy services.

Classification

Non-current assets and long-term liabilities in the Parent Company and the Group consist in all material respects of only amounts expected to be recovered or paid more than twelve months from the balance sheet date.

Current assets and current liabilities in the Parent Company and the Group consist in all material respects of only amounts expected to be recovered or paid within twelve months from the balance sheet date.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which LBI International AB has a controlling interest. Controlling interest means a direct or indirect power to govern the financial and operating policies for the purpose of obtaining economic benefits. Subsidiaries are reported according to the purchase method of accounting. This method means that the acquisition of a subsidiary is regarded as a transaction by which the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's acquisition value is determined by an acquisition analysis in conjunction with the acquisition of the business. In this analysis the acquisition value of the shares or the business is determined, the fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities. The difference between the acquisition value of the shares in the subsidiary and the fair value of acquired assets, assumed liabilities and contingent liabilities constitute Group goodwill.

The financial statements of subsidiaries are consolidated from the time of acquisition They are de-consolidated from the date that control ceases.

Associated companies

Associated companies are the companies in which LBI International AB has a significant but not controlling interest, which usually means between 20 percent and 50 percent of the votes. Holdings in associated companies are reported pursuant to the equity method and are initially valued at acquisition value. Shares in profit in associated companies are included in the consolidated income statement in profit before taxes and refers to the share in profit of the associated company after taxes.

Transactions eliminated in consolidation

Inter-company receivables and liabilities, revenue or expenses and unrealised gains that arise from inter-company transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no indication of a need for an impairment charge.

Foreign currency

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences resulting from the settlement of such transactions and from translation are recognised in the income statement.

Functional currency is the currency in the primary economic environments where the companies in the Group conduct business.

Financial statements of foreign businesses

Assets and liabilities in foreign businesses, including goodwill and other Group surpluses and deficits, are translated to SEK using the exchange rate prevailing on the balance sheet date. Revenue and costs in foreign operations are translated to SEK using the average rate of exchange at each respective transaction date. Translation differences resulting from translating foreign operations are reported as a restatement reserve in equity.

Net investments in foreign operations

Translation differences resulting from translation of foreign net investments are reported directly in the translation reserve in equity. Upon disposal of a foreign operation the accumulated translation differences are realised after deduction of any foreign exchange hedges in the consolidated income statement.

Accumulated translation differences attributable to the time before 1 January 2004, i.e. the time for adopting IFRS, are reported as a separate component, translation reserve, in equity.

Revenue recognition

Sale of goods and performance of service assignments

Revenue from fixed-price contracts is recognised in the income statement based on the percentage of completion on the balance sheet date. The percentage of completion is determined by estimating the amount of work performed based on investigations made. Revenue is not recognised where it is probable that the economic benefits will not inure to the Group. Where there is significant uncertainty with respect to payment or related expenses, revenue is not recognised. In cases when projects are believed to contain risk of losses individual provisions are set aside based on estimates of the risk involved. From 2007 revenue from media services is recognised on a net basis. LBi's service offerings include a growing proportion of media services, such as collection and analysis of data relating to search words and other services related to online marketing campaigns. These services are purchased from independent partners.

Fixed-price contracts

Revenue from fixed-price contracts is recognised to the extent the project in question is completed, using the number of hours worked as measurement. Production costs include all direct material and labour costs, as well as indirect costs attributable to the completion of the project in question. A probable loss in a project is reported immediately as a cost. Revenue for a fixed-price contract not yet invoiced to a customer is carried in the balance sheet as accrued revenue. Where the invoiced amount exceeds the total value of completion of the project, the excess amount invoiced is reported as advance payments from customers. Revenue from maintenance agreements is allocated to the right period and recognised proportionally over the contract periods during which the services are performed.

Dividends

Dividend income is recognised when the right to receive payment is established.

Operating expenses

The income statement is compiled by function of expense. The functions are as follows:

- Production costs include costs for payroll and materials, purchased services, costs for premises and costs for depreciation, amortisation and impairment of intangible and tangible non-current assets.
- Selling costs include costs for the Company's own sales organisation and marketing.
- Administrative expenses refer to costs for Board of Directors, management and other administration.
- Other operating income and expense refers to secondary activities, changes in value of derivative financial instruments and the realisation result on sale of tangible non-current assets. Also included at the consolidated level is the realisation result on the sale of Group companies.

Lease payments under operating leases

Payments under operating leases are reported in the income statement on a straight-line basis over the lease period. Benefits received in conjunction with entering into a contract are reported as part of the total lease cost in the income statement.

Payments under finance leases
Minimum lease fees are allocated to interest expense and repayment of the outstanding liability. The interest cost is distributed over the lease period so that each accounting period is charged with an amount equivalent to a fixed interest rate for the reported liability during each respective period. Variable fees are expensed in the periods when they arise.

Finance income and expenses
Finance income and expenses consist of interest income on bank deposits and receivables and interest-bearing securities, interest expense on loans, dividend income, exchange rate differences, unrealised and realised gains on financial investments. Dividend income is recognised when the right to receive payment is established.

The Group and the Parent Company do not capitalise interest in the acquisition value of assets.

Financial instruments
Financial instruments are valued and accounted for in the Group in accordance with the rules in IAS 39. The adoption thereof had no impact, however. On each reporting date LBi makes an assessment if there are objective indications that a financial asset or a group of financial assets has suffered any impairment. IAS classifies financial instruments in categories. The classification depends on the intent with the acquisition of the financial instrument. Management decides on classification at the original time of acquisition. LBi has classified financial assets and financial liabilities in the following categories in accordance with IAS 39:

- **Financial assets valued at fair value via the income statement.**

This category consists of two subgroups, available-for-sale financial assets and other financial assets. A financial asset is classified as available for sale if acquired with the intention of selling it in the short term.

- **Loan receivables and trade receivables**

Loan receivables and trade receivables are financial assets that are not derivative financial instruments with fixed payments, or with payments that may by determined, and which are not traded in an active market. The receivables arise when companies provide money, goods and services directly to the creditor without any intention to trade in the claims.

- **Other financial liabilities**

Financial liabilities are valued at accrued acquisition cost. Accrued acquisition cost is determined based on the effective interest rate calculated when the liability was incurred.

- **Net investment hedge**

The effective portion of changes in the fair value of a derivative financial instrument identified as a hedge of a net investment and which meets the requirements for hedge accounting are carried to equity. The gain or loss attributable to the ineffective portion is reported immediately in the income statement in net finance items. Accumulated amounts in equity are reversed to the income statement in the periods when the hedged item impacts earnings (e.g. when subsidiaries with other reporting currencies than SEK are sold).

- **Available-for-sale financial assets**

Available-for-sale financial assets are assets that are not derivatives and where the assets have been identified as available for sale, or have not been classified in any of the other categories. They are included in long-term assets if management has no intention of selling the asset within 12 months after the balance sheet date. When securities classified as available-for-sale financial assets are sold, the accumulated adjustments of fair value are taken from equity to the income statement as gains and losses from financial instruments. The Group makes an assessment on each balance sheet date if there is any objective proof of a need for impairment charges for a financial asset or group of financial assets.

Cash and cash equivalents
Liquid funds consist of cash and cash equivalents and funds on deposit with banks and similar institutions and short-term liquid investments with a term from the time of acquisition of less than three months which are only subject to minimal risk of fluctuation in value.

Financial investments
Financial investments are either financial non-current assets or short-term investments depending on the purpose of the holding. Where the term or the expected holding period is more than 1 year they are financial non-current assets and if the term is less than 1 year they are short-term investments.

Financial investments that are shares belong either to the category financial assets valued at fair value via the income statement or available-for-sale financial assets.

Interest-bearing securities purchased with the intention of being held until maturity belong to the category held-to-maturity financial assets and are valued at accrued acquisition value. Interest-bearing securities where the intention is to hold them until maturity are classified as financial assets valued at fair value via the income statement, or as available-for-sale financial assets.

Long-term receivables and other receivables
Long-term receivables and other receivables are receivables that arise when the company provides money without any intention to trade in the claims. Where the expected holding period is more than one year they are long-term receivables and where that period is shorter they are other receivables. These receivables belong to the category Loan receivables and trade receivables.

Trade receivables
Trade receivables are classified in the category Loan receivables and trade receivables. Trade receivables are recognised in the amount expected to be collected after a deduction for individually assessed doubtful credits. The term of trade receivables is short so the value is accounted for at nominal value without discounting. Impairment charges against trade receivables are accounted for in operating expenses.

Liabilities
Liabilities are classified as other financial liabilities, which means that they are carried initially at the amount received less transaction costs. After the time of acquisition loans are valued at accrued acquisition value in accordance with the effective interest method. Long-term liabilities have an expected term of more than 1 year, while short-term liabilities have a term of less than 1 year.

Borrowing
Borrowing is reported initially at fair value, net after transaction costs. Borrowing is then reported at accrued acquisition value and any difference between amount received (net after transaction costs) and the repayment amount is reported in the income statement distributed over the term of the loan, with application of the effective interest method.

The fair value of the liability portion of convertible debentures is determined by using market interest rate for an equivalent non-convertible debenture. This amount is reported as a liability at accrued acquisition value until the liability is extinguished through conversion or redemption. The remaining portion of the amount received is attributable to the option portion, which is carried to equity. Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Trade payables
Trade payables are classified in the category Other financial liabilities. Trade payables have a short expected term and are valued without discounting at nominal value.

Financial assets valued at fair value via equity

Changes in fair value of securities in foreign currency is allocated between translation differences due to changes in the accrued acquisition value of the security and other changes of the security's reported value. Translation differences on non-monetary securities are reported in equity. Changes in fair value of monetary and non-monetary securities classified as available-for-sale financial assets are reported in equity.

Financial instruments and hedge accounting

In its business the Group is exposed to different kinds of financial risks. By financial risks are meant fluctuations in the Company's earnings and cash flow due to changes in foreign exchange rates, interest rate levels, refinancing and credit risks. The Group's current policy is not to protect itself against financial risks relating to loan, transaction or translation exposures. This decision was made taking into consideration the proportion of net assets under exposure in the Group and the cost of protection against possible risks. The Group's and the Parent Company's handling of financial risks is in accordance with guidelines adopted by the Board of Directors. The Parent Company handles mainly issues related to investment of surplus liquidity and other bank matters. For further information refer to Note 25, Financial risks and finance policies.

Receivables and liabilities in foreign currency

Changes in the value of operating receivables and liabilities are reported in operating profit while changes in value of financial receivables and liabilities are reported in net finance items.

The Group's foreign exchange risk and its potential effect on profits and net assets is regarded as manageable.

Tangible non-current assets

Owned assets

Tangible non-current assets are reported as an asset in the balance sheet where it is probable that future economic benefits will be derived by the Company and that the acquisition value of the asset can be calculated in a reliable manner.

Tangible non-current assets are reported in the Group at acquisition value less a deduction for accumulated depreciation and any impairment charges. The acquisition value includes the purchase price and costs directly attributable to the asset to bring it to location and in a state to be used in accordance with the intention of the purchase. The reported value of a tangible non-current asset is removed from the balance sheet upon disposal or sale. Gains and losses are reported as other operating income or expense.

Leased assets

IAS 17 is applied to leased assets. In the consolidated financial statements leases are classified as either finance or operating leases. Under finance leases a significant portion of the risks and rewards of ownership are transferred to the lessee. Where that is not the case the lease is an operating lease. Assets held under finance leases are reported as assets in the consolidated balance sheet. The obligation to make future payments of leasing fees is reported as long-term and current liabilities. Leased assets are depreciated according to plan, while lease payments are reported as interest and repayment of liabilities.

Depreciation principles

Assets are depreciated over their estimated useful life. Estimated useful life for machinery and equipment is 3-5 years, but this is reconsidered on a regular basis. The useful life of remodelling coincides with term of the underlying contract. Tangible non-current assets refer primarily to rebuilding of premises, office equipment and IT equipment.

The reported value of the Group's assets is reviewed on each balance sheet date to determine if there are indications of impairment or a change in the periods of use. In the event of a need for an impairment charge, the recoverable value of the asset is calculated as the higher of the value in use and the net sales value. For calculation of the value in use a discount rate of 11-15 percent has been used.

Intangible assets

Goodwill

Goodwill represents the difference between the acquisition value of an acquired business and the fair value of the acquired assets, assumed liabilities and contingent liabilities. In the case of acquisitions made before 1 January 2004, goodwill, after a test for impairment, is reported at an acquisition value equivalent to the reported value according to previously applied accounting policies. Goodwill is valued at acquisition value, less any accumulated amortisation. Goodwill is allocated to cash-generating units and is no longer amortised, but instead tested annually for any impairment. The basis for allocation to cash-generating unit follows the segment classification.

Research and development

Research expenses are expensed as incurred. Costs that arise in development projects are reported as intangible assets when it is probable that the project will be successful, taking into account its commercial and technical viability, and only where the expenditure can be measured accurately.

Other intangible assets

Other intangible assets refer to capitalised expenses for software, brand names and customer relationships reported at acquisition value, less accumulated amortisation and impairment.

Amortisation

Amortisation is reported in the income statement on a straight-line basis over the estimated useful life of intangible assets, unless such useful life is undetermined. Goodwill and intangible assets with undetermined useful life are tested for impairment on an annual basis, or as soon as indications arise pointing to a reduction in value of the asset in question.

Impairment

The reported values for the Group's assets – with the exception of assets tested in accordance with a separate standard – are tested on each balance sheet date to determine whether any impairment has been suffered. Where indications of any such impairment exists, the recoverable amount of such asset is estimated. For goodwill and other intangible assets with undeterminable useful lives the recoverable amount is estimated annually.

Goodwill and other intangible assets with undeterminable useful lives were tested for impairment as of 1 January 2004, the date of adoption of IFRS, even though there was no indication of impairment suffered at that time.

Reversal of impairment charges

Impairment charges against investments held to maturity and trade receivables reported at accrued acquisition value are reversed where a later increase in the recoverable amount can be determined objectively. Impairment charges against goodwill are not reversed.

Impairment charges against other assets are reversed in cases where there has been no change in the assumptions on which the calculation of the recoverable amount was based. Impairment charges are reversed only to the extent the carrying value of the asset after reversal exceeds the carrying value the asset would have had where no impairment charge had been made, taking into account any amortisation that would then have been charged.

Employee benefits

Defined contribution pension plans

Obligations relating to fees for defined contribution pension plans are reported as an expense in the income statement as incurred. The Group pays set fees to a separate legal entity and has no obligation to make further payments of fees.

Defined benefit pension plans

The Group has defined benefit pension plan obligations in subsidiary MetaDesign AG in Germany and in Italian subsidiary IconMedialab. In defined benefit pension plans benefits are paid to employees and former employees based on the salary at the time of retirement and the number of years of service. The Group bears the risk for payment of earned benefits.

The defined benefit pension plans are not funded. The pension cost and the pension obligation for defined benefit pension plans is calculated in accordance with the Projected Unit Credit Method. This method distributes the cost of pensions over the period during which the employee performs services for the company that increases their right to future benefits. The calculation is made annually by independent actuaries. The companies' obligations are valued at the present value of expected future payments using a discount rate equivalent to the interest on treasury bills with a term equivalent to the obligations in question. The most important actuarial assumptions are set forth in Note 29.

Compensation upon termination

A provision is set aside in conjunction with terminations of personnel only where the Company is obligated to terminate the employment before the normal point in time.

Restructuring costs

A provision for resolved restructuring measures is set aside when a detailed plan for implementation of the measures has been presented and the plan has been communicated to those affected. Provisions for restructuring were set aside during the second quarter of 2006 and the planned measures were implemented during the third and fourth quarter of 2006. No restructuring costs were incurred in 2007 and 2008 and no provisions for restructuring remain as of 31 December 2008.

Share-based payments

An option programme enables employees to acquire shares in the Company. The fair value of options awarded is reported as a personnel expense with a corresponding increase in equity. The fair value is calculated at the time the awards are made and are distributed over the vesting period. The fair value of options awarded is calculated in accordance with the Black-Scholes model and due consideration is given to the terms and conditions that applied at the time the awards were made.

Social security fees attributable to share-based instruments to employees as compensation for purchased services are expensed over the period during which the services were performed. The provision for social security fees is based on the fair value of the options at the time of reporting. Refer to Note 41 for information about the option programme.

Provisions

A provision is set aside in the balance sheet when the Group has an existing obligation as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the obligation and that a reliable estimate of the amount involved can be made.

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are accounted for in the income statement, except when the underlying transaction is carried directly to equity, in which case the commensurate tax effect is also carried to equity. Current taxes are taxes to be paid or received for the current year, with application of the tax rates in effect, or in practice in effect as of the balance sheet date. The same applies to adjustments of current taxes attributable to prior periods.

Deferred taxes are calculated in accordance with the balance sheet method based on temporary differences between reported value and the value for tax purposes of assets and liabilities. No consideration is given to temporary differences arising on the first reporting of goodwill and temporary differences attributable to subsidiaries. The valuation of deferred taxes is based on how the reported values of assets or liabilities are expected to be realised or settled. Deferred taxes are calculated using the tax rates and taxation rules in effect or in practice in effect as of the balance sheet date.

Only deficits expected to be utilised with realisation of the related tax benefit within the foreseeable future, and where the business in a compelling way is expected to be profitable during the following calendar year, are taken into consideration in the valuation of deferred tax assets in subsidiaries. In the acquisition analysis relating to the merger with Framfab, all deficits in the Framfab Group have been valued since they were expected to be utilised within a foreseeable future.

Share capital

Ordinary (common) shares are classified as equity.

Transaction costs directly attributable to the issuance of new shares or options are carried to equity as a deduction from proceeds of share issues received.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation that stems from uncertain future events, or when there is an undertaking not reported as a liability or provision because it is unlikely that an outflow of resources will be required.

Parent Company's accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2:1 Accounting for Legal Entities of the Swedish Financial Reporting Board. The stated accounting policies for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial statements. The Parent Company refers to LBI International AB, name-changed from Framfab AB on 31 July 2006, for periods reported.

Leased assets

In the Parent Company all lease contracts are reported in accordance with the rules for operating leases.

Group contributions and shareholder contributions for legal entities

The Company reports group contributions and shareholder contributions in accordance with the statement from the Emergency Issues Task Force of the Swedish Financial Accounting Standards Council. Shareholder contributions are carried directly to the recipient's equity and are capitalised in the form of shares with the donor, to the extent impairment has not been suffered. Group contributions are reported in accordance with their economic purport. This means that a group contribution rendered for the purpose of minimising the Group's total taxes is carried directly to retained earnings after deduction of its current tax effect.

Subsidiaries

Shares in subsidiaries are reported in the Parent Company in accordance with the acquisition value method. Only dividend income emanating from profit earned after the time of acquisition is reported as income. Dividends in excess of these retained earnings are regarded as a repayment of an investment and reduces the value of the share.

Transactions with closely related parties

The Parent Company has closely-related-party relationships with its subsidiaries. All invoicing relates to subsidiaries and 48 percent of purchases are made by subsidiaries. Receivables from and liabilities to subsidiaries are set forth in the balance sheet.

The Group's and the Parent Company's transactions with key individuals are set forth in Note 1, Compensation to Group management and Board of Directors. None of the Company's Directors or members of senior management have had any direct contact or indirect participation in business transactions with LBi, which are or were unusual in character or with respect to terms or conditions. Nor has LBi granted any loans, issued any guarantees or entered into surety agreements with or for the benefit of any of the Company's directors or members of senior management.

Notes

Amounts in MSEK otherwise indicated.

NOTE 1 EMPLOYEES

Average number of employees	2008 Women	2008 Men	2008 Total	2007 Women	2007 Men	2007 Total	2006 Women	2006 Men	2006 Total
Parent Company									
Sweden	4	2	6	3	3	6	3	3	6
Group									
Sweden	51	81	132	48	84	132	16	27	43
Denmark	12	42	54	13	47	60	8	22	30
Belgium/Netherlands	76	180	256	66	189	255	46	155	201
United Kingdom/India	110	351	461	94	258	352	35	190	225
Southern Europe	62	103	165	67	98	165	62	125	187
Germany	134	173	307	123	164	287	112	127	239
United States	78	160	238	45	119	164	27	50	77
Group total	**523**	**1,090**	**1,613**	**456**	**959**	**1,415**	**306**	**696**	**1,002**

Directors and senior executives (%)	Men 2008	Men 2007	Men 2006
Parent Company			
Directors	80	80	80
Group			
Directors	75	92	87
Managing Directors and senior executives	78	63	65

Salaries and remuneration	2008 Salaries and remuneration	2008 Payroll overhead (of which pension expenses)	2007 Salaries and remuneration	2007 Payroll overhead (of which pension expenses)	2006 Salaries and remuneration	2006 Payroll overhead (of which pension expenses)
Parent Company	4.7	2.4 (0.4)	5.8	2.5 (0.6)	8.9	2.6 (0.6)
Group	**850.1**	**126.5 (12.9)**	**768.2**	**113.7 (12.7)**	**612.5**	**95.2 (8.2)**

2008 Salaries and remuneration for directors and senior executives (SEK thousand)	Basic salary/ remuneration	Other benefits	Pensions	Other remuner-ation	Total	No. of shares	No. of options	Options granted during the year
Katarina G. Bonde	190	–	–	–	190	3,340	–	–
Michiel Mol	190	–	–	–	190	15,843,597[1]	–	–
Fred Mulder (Chairman)	285	–	–	–	285	274,500	–	–
Robert Pickering	95	–	–	26,572	26,667	412,856	200,000	–
Luke Taylor	4,699	–	–	–	4,699	77,000	555,000	280,000
Lucas Mees	–	–	–	–	–	6,627	–	–
Sven Skarendahl	190	–	–	–	190	–	–	–
Other senior executives (5 persons)	9,378	49	4,090	–	13,517	59,000	1,108,000	427,000
Total	**15,027**	**49**	**4,090**	**26,572**	**45,738**	**16,676,920**	**1,863,000**	**707,000**

[1] Via companies.

NOTE 1 cont'd

2007 Salaries and remuneration for directors and senior executives (SEK thousand)	Basic salary/ remuneration	Other benefits	Pensions	Other remuner-ation	Total	No. of shares	No. of options	Options granted during the year
Katarina G. Bonde	185	–	–	–	185	3,340	–	–
Michiel Mol	185	–	–	–	185	15,249,607 [1)]	–	–
Fred Mulder (Chairman from 2 May)	247	–	–	–	247	274,500	–	–
Robert Pickering	5,614	–	–	–	5,614	412,856	200,000	200,000
Sven Skarendahl (Chairman until 2 May)	863	–	–	–	863	–	–	–
Other senior executives (3 persons)	7,216	56	463	–	7,735	54,000	520,000	200,000
Total	**14,310**	**56**	**463**	**–**	**14,829**	**15,994,303**	**720,000**	**400,000**

1) Via companies

2006 Salaries and remuneration for directors and senior executives (SEK thousand)	Basic salary/ remuneration	Other benefits	Pensions	Other remuner-ation	Total	No. of shares	No. of options	Options granted during the year
Katarina G. Bonde	185	–	–	–	185	3,340	–	–
Michiel Mol	185	–	–	–	185	15,082,798 [1)]	–	–
Fred Mulder	185	–	–	–	185	274,500	–	–
Robert Pickering (MD and CEO)	5,311	–	–	–	5,311	412,356	3,295,000	–
Sven Skarendahl (Chairman)	925	–	–	–	925	–	–	–
Other senior executives (3 persons)	8,684	–	268	–	8,952	54,000	320,000	220,000
Total	**15,475**	**–**	**268**	**–**	**15,743**	**15,826,994**	**3,615,000**	**220,000**

1) Via companies

Remuneration for the Board of Directors, CEO and senior executives [1)]

	2008	2007	2006
Parent Company			
Salaries and other benefits	1.5	1.6	0.4
(of which bonuses)	–	0.3	–
Pensions	0.1	0.3	0.1
Number of persons	1	1	1
Subsidiaries			
Salaries and other benefits	74.0	61.0	39.8
(of which bonuses)	8.4	10.9	7.5
Pensions	1.8	1.8	1.0
Number of persons	56	42	35
Group			
Salaries and other benefits	75.5	62.6	40.2
(of which bonuses)	8.4	11.2	7.5
Pensions	1.9	2.1	1.1
Number of persons	57	43	36

1) By senior executives is meant the management group in each respective Group company.

2008

The Annual General Meeting held 6 May 2008 elected Katarina G. Bonde, Lucas Mees, Michiel Mol, Fred Mulder and Robert Pickering as ordinary Board members with Fred Mulder as Chairman. They approved Board fees up to the Annual General Meeting 2009 of KEUR 20 for ordinary Board members, and KEUR 30 to the Chairman. Luke Taylor was recognised as CEO from 10 January 2008 while Robert Pickering continues to hold his position on the Board.

The other senior executives were the Group's vice presidents Jesper Andersen and Theo Cordesius, as well as Ewen Sturgeon, CEO LBi UK and CFOs Huub Wezenberg and Jan Norman. They received combined compensation of KSEK 9,378 as base salary and bonuses, as well as KSEK 4,090 in occupational pension.

During 2008 KEUR 300 and KUSD 3,600 was paid to Director Robert Pickering for consultancy services in connection with the acquisition and integration of OX2 Sprl, Netrank Ltd and LBI Media, LLC (Special Ops Media).

2007

The Annual General Meeting held 2 May 2007 elected Katarina G. Bonde, Michiel Mol, Fred Mulder, Robert Pickering and Sven Skarendahl as ordinary Board members with Fred Mulder as Chairman. They approved Board fees up to the Annual General Meeting 2009 of KEUR 20 for ordinary Board members, and KEUR 30 to the Chairman. Luke Taylor was recognised as CEO from 10 January 2008 while Robert Pickering continues to hold his position on the Board.

The other senior executives were group vice presidents Jesper Andersen and Theo Cordesius, as well as CFO Jan Norman. They received combined compensation of KSEK 7,216 as base salary and bonuses, as well as KSEK 463 in occupational pension.

During 2007 KEUR 70 was paid to Chairman Sven Skarendahl for consultancy services in connection with the merger between Framfab AB and LB Icon AB.

2006

An extraordinary general meeting on 30 May elected Katarina G. Bonde, Michiel Mol, Fred Mulder, Robert Pickering and Sven Skarendahl to serve as directors, effective upon approval by the Swedish Companies Registration Office of the merger between Framfab AB and LB Icon AB. The merger was registered on 31 July 2006.

An extraordinary general meeting held 11 October 2006 approved directors' fees of KEUR 30 for the Chairman and KEUR 20 for the other directors. Previous fees received from Framfab AB or LB Icon AB are to be deducted. No member who is employed by the Company shall receive a fee.

Steve Callaghan, who was CEO of Framfab AB during the period January–June, received total remuneration of KGBP 565 in 2006. The remuneration included a KGBP 216 bonus for the first six months. Completion of the merger with LB Icon triggered a change of control clause, whereby Steve Callaghan was entitled to severance pay equivalent to 12 monthly salaries.

Directors Kaj Green, Arne Myhre and Lucas Mees have received KSEK 120 per person in directors' fee during 2006. Directors of the former LB Icon AB, Jesper Jos Olsson and Christopher Honeyborne, received a total of KEUR 23.3 in directors' fee for 2006.

NOTE 2 FEES AND REIMBURSEMENTS

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Audit						
Öhrlings PricewaterhouseCoopers	5.1	3.9	4.0	1.1	1.4	0.8
KPMG	–	–	–	–	–	0.5
Others	0.1	0.5	–	–	–	–
Services other than audit assignment						
Öhrlings PricewaterhouseCoopers	1.0	0.2	2.3	0.6	0.4	1.4
KPMG	–	0.1	0.4	–	0.1	1.8
Others	2.9	1.0	0.3	1.7	0.4	–
Total	**9.1**	**5.7**	**7.0**	**3.4**	**2.3**	**4.5**

By audit assignment is meant examining the annual accounts and accounting records, as well as the management of the Company by the Board of Directors and CEO, other tasks that the Company's auditors are obligated to perform, advisory services and other assistance occasioned by observations made during said examination, or performance of said other tasks. Non-audit assignments refer to everything else. Other assignments for 2006 refer to services in connection with the prospectus, merger and the listing on Euronext. A major portion of these expenditures is capitalised in the acquisition analysis in connection with the merger.

NOTE 3 SEGMENT REPORTING

Geographic areas

Segment reporting is prepared for the Group's geographic areas. The Group's internal reporting system is structured so as to monitor the return generated by its operations in various countries. Thus, the basic breakdown is by geographic area.

Information about the assets of the segments and the period's investments in tangible and intangible non-current assets are based on geographic areas grouped according to the location of the assets. Intra-Group sales are at market prices.

Parent Company's invoicing	2008	2007	2006
Sweden	**2.0**	**2.0**	**1.8**
Belgium	1.3	0.9	0.4
Denmark	1.0	1.2	1.8
Italy	0.9	0.9	0.2
Netherlands	3.0	2.3	1.0
Switzerland	0.2	–	–
Spain	1.3	1.2	0.3
United Kingdom	6.6	6.5	8.0
Germany	4.2	3.2	1.8
USA	4.8	2.3	0.5
Total outside Sweden	**23.3**	**18.5**	**14.0**
Total invoicing	**25.3**	**20.5**	**15.8**

NOTE 3 cont'd

Information about geographic areas

2008	United Kingdom*	Scandi-navia	Central and Southern Europe	USA	Parent company and eliminations	Group total
External net sales	394.9	167.0	698.4	280.3	–	1 540.6
Intra-Group net sales	6.4	0.7	2.5	10.8	–20.4	–
Total revenue	**401.3**	**167.7**	**700.9**	**291.1**	**–20.4**	**1 540.6**
Operating profit/loss	54.0	28.4	69.4	52.7	–84.7	119.8
Finance/result from shares	–22.3	51.5	–3.0	–10.9	–40.5	–25.2
Pre-tax profit/loss	**31.7**	**79.9**	**66.4**	**41.8**	**–125.2**	**94.6**
Assets	793.6	571.7	996.1	687.6	273.7	3 322.7
Liabilities	75.4	17.6	130.9	355.1	624.0	1 203.0
Capital expenditures, non-current assets	60.5	2.1	29.9	2.3	4.7	99.5
Depreciation and amortisation, non-current assets	–20.9	–1.8	–16.4	–2.3	–43.3	–84.7
2007						
External net sales	475.4	194.0	573.8	188.4	–2.5	1,429.1
Intra-Group net sales	26.0	0.2	3.5	5.9	–35.6	0.0
Total revenue	**501.4**	**194.2**	**577.3**	**194.3**	**–38.1**	**1,429.1**
Operating profit/loss	64.8	37.5	51.1	28.3	–87.6	94.1
Finance/result from shares	–33.3	61.7	–34.8	–7.2	–3.8	–17.4
Pre-tax profit/loss	**31.5**	**99.2**	**16.3**	**21.1**	**–91.4**	**76.7**
Assets	848.7	804.2	870.3	294.4	110.3	2,927.9
Liabilities	104.5	36.7	272.2	194.0	301.5	908.9
Capital expenditures, non-current assets	16.2	1.6	52.4	17.0	3.2	90.4
Depreciation and amortisation,non-current assets	–21.3	–13.2	–20.3	–2.4	–2.9	–60.1
2006						
External net sales	335.0	67.0	534.9	114.7	0.0	1,051.6
Intra-Group net sales	16.0	0.4	13.9	0.1	–30.4	0.0
Total revenue	**351.0**	**67.4**	**548.8**	**114.8**	**–30.4**	**1,051.6**
Operating profit/loss	42.7	18.5	70.4	14.9	–67.6	78.9
Finance/result from shares	–27.7	8.3	–33.4	–4.8	63.2	5.6
Pre-tax profit/loss	**15.0**	**26.8**	**37.0**	**10.1**	**–4.4**	**84.5**
Assets	291.9	1,123.4	329.0	39.8	560.0	2,344.1
Liabilities	165.9	114.2	268.0	20.7	–127.8	441.0
Capital expenditures, non-current assets	4.1	61.1	13.4	0.0	3.6	82.2
Depreciation and amortisation,non-current assets	–11.3	–12.0	–15.4	–0.1	–2.9	–41.7

* Including India and UAE.

NOTE 4 PURCHASING AND SALES WITHIN THE GROUP

Of administrative expenses during the financial year, 48 percent (78) was for purchases from Group companies. Of net sales for the financial year, 100 percent (100 percent) was for sales to Group companies.

NOTE 5 OPERATING LEASES

The nominal value of future lease fees for contracts with remaining maturities exceeding one year is broken down as follows:

	Group			Parent Company		
Due for payment	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
2009/2008/2007	58.5	29.4	38.7	–	–	1.6
2010/2009/2008	54.3	25.4	22.7	–	–	–
2011/2010/2009	42.0	25.3	21.2	–	–	–
2012/2011/2010	31.5	16.8	18.6	–	–	–
2013/2012/2011	17.4	16.9	11.3	–	–	–
After 5 years	48.2	62.0	38.4	–	–	–
Total	**251.9**	**175.8**	**150.9**	**–**	**–**	**1.6**

NOTE 6 OTHER OPERATING REVENUE AND EXPENSES

	Group		
	2008	**2007**	**2006**
Profit/loss on divestment and liquidation of Group companies	16.3	0.4	6.9
Profit/loss from financial assets reported at fair value via the income statement	–	–	5.0
Subleasing	–	1.6	–
Other income	1.6	6.0	1.1
Total other operating revenue	**17.9**	**8.0**	**13.0**
Profit/loss on divestment and liquidation of Group companies	–	–	–1.2
Total other Operating expenses	**–**	**–**	**–1.2**
Total	**17.9**	**8.0**	**11.8**

Profit/loss from financial assets reported at fair value via the income statement refers to shares in Framfab AB that LB Icon AB held through 31 March 2006.

NOTE 7 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS

	2008	**2007**	**2006**
Depreciation of tangible non-current assets	–44.4	–27.5	–23.7
Amortisation of intangible non-current assets	–40.3	–32.6	–18.0
Total	**–84.7**	**–60.1**	**–41.7**

Depreciation, amortisation and impairment losses have been allocated among the following functions:

	2008			2007			2006		
	Tangible	**Intangible**	**Total**	**Tangible**	**Intangible**	**Total**	**Tangible**	**Intangible**	**Total**
Production	–32.8	–31.9	–64.7	–19.9	–25.1	–45.0	–17.1	–	–17.1
Sales	–1.8	–2.1	–3.9	–0.8	–2.6	–3.4	–1.7	–	–1.7
Administration	–9.8	–6.3	–16.1	–6.8	–4.9	–11.7	–4.9	–18.0	–22.9
Total	**–44.4**	**–40.3**	**–84.7**	**–27.5**	**–32.6**	**–60.1**	**–23.7**	**–18.0**	**–41.7**

NOTE 8 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2008	2007	2006
Reversal of previous impairment loss	–	–	143.1
Profit/loss on divestments	–	0.4	12.8
Total	**–**	**0.4**	**155.9**

The reversal of shares in Group companies in 2006 refers to adjustments of participations in IconMedialab Mijada AB after the merger between Framfab and LB Icon AB.

NOTE 9 PARTICIPATIONS IN ASSOCIATED COMPANIES

	Group		
	2008	2007	2006
Profit/loss on divestment of shares	–	–	0.5
Revaluation of receivables	–	–	–
Profit participation for the year	–	0.2	1.5
Participation in profit/loss of associated companies	**–**	**0.2**	**2.0**
Opening proportion of equity	1.7	1.5	0.0
Translation difference	0.4	–	–
Reclassification	0.4	–	–
Profit participation for the year, including changes in shareholders' equity	–	0,2	1,5
Closing proportion of equity	**2.5**	**1.7**	**1.5**

NOTE 10 PROFIT/LOSS FROM OTHER SECURITIES AND RECEIVABLES THAT ARE NON-CURRENT ASSETS

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Profit/loss on divestments	–8.1	–11.3	–	–	–11.3	–
Interest	0.5	0.5	0.1	–	–	–
Total	**–7.6**	**–10.8**	**0.1**	**–**	**–11.3**	**–**

NOTE 11 FINANCE INCOME

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Interest income	7.4	5.8	3.2	31.1	8.5	6.5
Exchange rate differences	2.0	15.6	8.3	5.4	3.4	2.2
Total	**9.4**	**21.4**	**11.5**	**36.5**	**11.9**	**8.7**

MSEK 29.1 (7.1) of the Parent Company's interest income is from subsidiaries.

NOTE 12 FINANCE EXPENSE

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Interest expense	–26.5	–11.4	–4.5	–32.4	–11.8	–4.5
Translation differences	–0.5	–16.8	–3.5	–9.1	–3.6	–1.8
Total	**–27.0**	**–28.2**	**–8.0**	**–41.5**	**–15.4**	**–6.3**

MSEK 7.9 (6.0) of the Parent Company's interest expenses are to subsidiaries.

NOTE 13 TAXES

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Deferred tax	13.7	39.3	14.0	1.3	1.7	–
Current tax	–17.4	–14.1	–8.9	–	–	–
Total	**–3.7**	**25.2**	**5.1**	**1.3**	**1.7**	**–**
Pre-tax profit/loss	94.6	76.7	84.5	–29.6	–43.5	131.7
Tax according to current tax rate	–31.2	–26.1	–27.6	8.3	12.2	–36.9
Tax impact of costs that are not tax-deductible						
Amortisation of intangible assets	–11.3	–8.6	–5.2	–	–	–
Impairment loss on shares	–	–	–	–	–	40.1
Divestment of Group and associated companies	4.9	0.1	1.6	–	0.1	3.4
Other non-deductible costs	–5.5	–6.5	–9.4	–0.1	–3.3	–0.2
Tax impact of revenue that is not taxable						
Other non-taxable revenue	0.1	0.2	3.1	–	–	0.5
Tax impact of items that are tax-deductible, but not recognised as an expense	9.4	10.4	25.2	–	–	0.2
Tax effect of group contributions	–	–	–	–1.3	–1.7	–
Utilised tax loss carry-forwards	20.1	24.5	18.0	–	–	–
Utilised tax loss carry forwards/unreported tax assets with regard to tax loss carry-forwards	–3.9	–8.1	–14.6	–6.9	–7.3	–7.1
Reported current tax expenses	**–17.4**	**–14.1**	**–8.9**	**–**	**–**	**–**

Swedish tax loss carry-forwards may be utilised over an unlimited period of time. Total loss carry-forwards as of the balance sheet date may be utilised the following year.

	Group			Parent Company		
Tax loss carry-forwards	2008	2007	2006	2008	2007	2006
2009/2008/2007	6.8	2.8	5.1	–	–	–
2010/2009/2008	1.3	5.9	2.6	–	–	–
2011/2010/2009	147.5	1.3	5.6	–	–	–
2012/2011/2010	92.4	0.1	1.1	–	–	–
Subsequent years	152.5	256.4	–	–	–	–
Unlimited time	1,951.4	2,099.6	2,445.6	718.9	694.4	668.3
Total	**2,351.9**	**2,366.1**	**2,460.0**	**718.9**	**694.4**	**668.3**

MSEK 638.5 of the Parent Company's tax loss carry-forward will not be available for use until 2011 because of restrictions in connection with a merger. In addition to tax loss carry-forwards there are capital losses that may be utilised against future capital gains only.

Deferred tax assets and liabilities	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Deferred tax assets						
Tangible and intangible non-current assets	11.0	8.2	10.6	–	–	–
Tax loss carry-forwards	499.2	490.1	445.8	–	–	–
Deferred tax liabilities						
Temporary differences	7.1	14.7	17.9	–	–	–

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and liabilities. The above amounts have arisen after such a set-off. The amounts in the table below have been reported in accordance with gross accounting.

Temporary differences
Temporary differences reflect any discrepancy between the reported and tax values of assets and liabilities.
Temporary differences for the following items have led to deferred tax liabilities and assets:

Deferred tax liabilities	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Tangible and intangible non-current assets	7.1	14.7	17.9	–	–	–
Total deferred tax liabilities	**7.1**	**14.7**	**17.9**	**–**	**–**	**–**

Deferred tax assets	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Tangible and intangible non-current assets	11.0	8.2	10.6	–	–	–
Current receivables and liabilities	–	–	–	–	–	–
Tax loss carry-forwards	648.7	679.1	706.2	189.1	194.4	187.1
Total deferred tax assets	**659.7**	**687.3**	**716.8**	**189.1**	**194.4**	**187.1**
Unreported tax assets relating to loss carry-forwards	–149.5	–189.0	–260.4	–189.1	–194.4	–187.1
Unreported tax assets relating to temporary differences	–	–	–	–	–	–
Total unreported tax assets	**–149.5**	**–189.0**	**–260.4**	**–189.1**	**–194.4**	**–187.1**
Total deferred tax assets, net	**510.2**	**498.3**	**456.4**	**0.0**	**0.0**	**0.0**

NOTE 14 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither due for payment or subject to impairment can be evaluated by referring to customer category or be determined based on the counterparty's credit history:

	2008	2007	2006
Trade receivables	483.1	414.6	338.0
Counterparties by customer category			
Listed companies	348.4	234.4	197.2
Central and local government	31.2	32.7	23.4
Other	103.5	147.5	117.4
	483.1	**414.6**	**338.0**

Trade receivables	2008	2007	2006
Trade receivables	492.1	418.6	345.2
Less: provision for doubtful credits	–9.0	–4.0	–7.2
Trade receivables, net	**483.1**	**414.6**	**338.0**

Note 14 cont'd

No impairment provision is deemed necessary for trade receivables less than three months overdue. As of 31 December 2008 trade receivables in an amount of MSEK 64.6 (31.1) were more than 3 months overdue without a provision of impairment being deemed necessary. This refers to a number of different clients with a good payment history. The aging of these trade receivables is as follows:

	2008	2007	2006
3 to 6 months overdue	38.0	26.3	8.0
More than 6 months overdue	26.6	4.8	3.8
Total	**64.6**	**31.1**	**11.8**

The reported amounts, by currency, for the Group's trade receivables are as follows:

	2008	2007	2006
EUR	236.3	219.9	171.6
SEK	34.6	38.8	22.9
USD	112.6	36.1	23.4
GBP	93.1	103.8	114.2
Other currencies	6.5	16.0	5.9
Total	**483.1**	**414.6**	**338.0**

Changes in the reserve for doubtful trade accounts receivable are as follows:

	2008	2007	2006
As of 1 January			
Provision for doubtful receivables	–4.0	–7.2	–4.8
Cost	–7.4	–0.5	–2.5
Reversal of unutilised amounts	2.4	3.7	0.1
As of 31 December	**–9.0**	**–4.0**	**–7.2**

NOTE 15 FINANCIAL INSTRUMENTS BY CATEGORY

Accounting policies for financial instruments have been applied for the following items:

	Loans and trade receivable	Available-for-sale assets	Total	Fair value
31 Dec. 2008				
Assets in balance sheet				
Other long-term securities	0.7	–	0.7	0.7
Other long-term receivables	9.1	–	9.1	9.1
Trade receivables and other receivables	546.4	–	546.4	546.4
Cash and cash equivalents	185.8	–	185.8	185.8
Total	**742.0**	**–**	**742.0**	**742.0**

	Other financial liabilities		Total	Fair value
Liabilities in balance sheet				
Trade payables	121.8	–	121.8	121.8
Other liabilities	91.2	–	91.2	91.2
Liabilities to credit institutions	408.3	–	408.3	408.3
Total	**621.3**	**–**	**621.3**	**621.3**

NOTE 15 cont'd

	Loans and trade receivables	Available-for-sale assets	Total	Fair value
31 Dec. 2007				
Assets in balance sheet				
Other long-term securities	0.5	19.9	20.4	20.4
Other long-term receivables	14.9	–	14.9	14.9
Trade accounts receivable and other receivables	441.4	–	441.4	441.4
Cash and cash equivalents	217.2	–	217.2	217.2
Total	**674.0**	**19.9**	**693.9**	**693.9**

	Other financial liabilities		Total	Fair value
Liabilities in balance sheet				
Trade payables	99.7	–	99.7	99.7
Other interest-bearing liabilities	90.4	–	90.4	90.4
Liabilities to credit institutions	225.3	–	225.3	225.3
Total	**415.4**	**–**	**415.4**	**415.4**

	Loans and trade receivables	Available-for-sale assets	Total	Fair value
31 Dec. 2006				
Assets in balance sheet				
Other long-term securities	0.5	59.1	59.6	59.6
Other long-term receivables	7.3	–	7.3	7.3
Trade receivables and other receivables	363.8	–	363.8	363.8
Cash and cash equivalents	185.4	–	185.4	185.4
Total	**557.0**	**59.1**	**616.1**	**616.1**

	Other financial liabilities		Total	Fair value
Liabilities in balance sheet				
Trade payables	58.8		58.8	58.8
Other liabilities	70.8		70.8	70.8
Other interest-bearing liabilities	40.6		40.6	40.6
Liabilities to credit institutions	21.4		21.4	21.4
Total	**191.6**	**–**	**191.6**	**191.6**

NOTE 16 UNITS SOLD

	2008	2007	2006
Net revenue	14.2	–	53.7
Production costs	–10.7	–	–40.6
Gross profit	**3.5**	**–**	**13.1**
Selling costs	–0.6	–	–2.0
Administrative expense	–2.0	–	–3.9
Operating profit	**0.9**	**–**	**7.2**
Finance income	0.1	–	0.1
Profit after finance items	**1.0**	**–**	**7.3**
Income taxes	0.0	–	–2.6
Net profit for the year	**1.0**	**–**	**4.7**

NOTE 17 OTHER INTANGIBLE NON-CURRENT ASSETS

	Group			Parent Company		
Software	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Opening acquisition value	41.6	43.5	37.5	6.8	4.1	0.6
Via acquisition of Group companies	1.5	0.1	6.3	–	–	–
Capitalised expenditures for the year	2.0	10.5	7.3	0.1	2.7	3.5
Sales and disposals	–9.9	–13.0	–4.6	–	–	–
Reclassification	2.5	–	–	–	–	–
Translation differences	2.6	0.5	–3.0	–	–	–
Closing accumulated acquisition value	**40.3**	**41.6**	**43.5**	**6.9**	**6.8**	**4.1**
Opening amortisation	–25.7	–33.2	–27.3	–2.1	–0.2	0.0
Via acquisition of Group companies	–0.6	0.0	–5.6	–	–	–
Sales and disposals	9.2	13.0	3.1	–	–	–
Amortisation for the year	–5.4	–5.0	–4.1	–2.2	–1.9	–0.2
Reclassification	–0.6	–	–	–	–	–
Translation differences	–2.4	–0.5	0.7	–	–	–
Closing accumulated amortisation	**–25.5**	**–25.7**	**–33.2**	**–4.3**	**–2.1**	**–0.2**
Closing residual value according to plan	**14.8**	**15.9**	**10.3**	**2.6**	**4.7**	**3.9**

	Group			Parent Company		
Brands	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Opening acquisition value	17.3	17.5	17.9	–	–	–
Via acquisition of Group companies	0.2	–	–	–	–	–
Capitalised expenditures for the year	3.4	–	–	–	–	–
Reclassification	2.1	–	–	–	–	–
Translation differences	0.3	–0.2	–0.4	–	–	–
Closing accumulated acquisition value	**23.3**	**17.3**	**17.5**	**–**	**–**	**–**
Opening amortisation	–9.4	–5.9	–3.3	–	–	–
Via acquisition of group companies	–0.2	–	–	–	–	–
Amortisation for the year	–3.2	–3.5	–2.9	–	–	–
Reclassification	–1.9	–	–	–	–	–
Translation differences	–0.3	0.0	0.3	–	–	–
Closing accumulated amortisation	**–15.0**	**–9.4**	**–5.9**	**–**	**–**	**–**
Closing residual value according to plan	**8.3**	**7.9**	**11.6**	**–**	**–**	**–**

NOTE 17 cont'd

Customer relationships	Group 2008	Group 2007	Group 2006	Parent Company 2008	Parent Company 2007	Parent Company 2006
Opening acquisition value	169.6	126.4	25.1	–	–	–
Via acquisition of Group companies	32.8	43.1	99.8	–	–	–
Capitalised expenditures for the year	5.0	–	–	–	–	–
Reclassification	–1.4	–	–	–	–	–
Translation differences	14.7	0.1	1.5	–	–	–
Closing accumulated acquisition value	**220.7**	**169.6**	**126.4**	**–**	**–**	**–**
Opening amortisation	–57.5	–33.3	–6.1	–	–	–
Via acquisition of Group companies	–	–	–9.0	–	–	–
Amortisation for the year	–31.7	–24.1	–18.0	–	–	–
Reclassification	–7.5	–	–	–	–	–
Translation differences	–1.7	–0.1	–0.2	–	–	–
Closing accumulated amortisation	**–98.4**	**–57.5**	**–33.3**	**–**	**–**	**–**
Closing residual value according to plan	**122.3**	**112.1**	**93.1**	**–**	**–**	**–**
Total other intangible non-current assets	**145.4**	**135.9**	**115.0**	**2.6**	**4.7**	**3.9**

Other intangible non-current assets by segment	2008	2007	2006
United Kingdom	22.7	26.5	33.7
Scandinavia	42.6	49.5	59.7
Central and southern Europe	42.5	49.5	21.5
USA	37.6	10.4	0.1
Total	**145.4**	**135.9**	**115.0**

NOTE 18 GOODWILL

	2008	2007	2006
Opening acquisition value	1,417.0	987.3	377.5
Via acquisition of Group companies	280.9	440.8	628.5
New assessment with regard to additional purchase price	–142.2	0.9	3.0
Sales and disposals	–	–	–4.8
Translation differences	108.3	–12.0	–16.9
Closing accumulated acquisition value	**1,664.0**	**1,417.0**	**987.3**
Opening impairment losses	0.0	0.0	–3.3
Sales and disposals	–	–	3.3
Closing accumulated impairment losses	**0.0**	**0.0**	**0.0**
Closing carrying amount	**1,664.0**	**1,417.0**	**987.3**
Goodwill by segment			
United Kingdom	471.9	496.9	497.9
Scandinavia	293.0	267.0	262.0
Central and southern Europe	474.8	446.9	227.4
USA	424.3	206.2	–
Total	**1,664.0**	**1,417.0**	**987.3**

Goodwill has an indeterminable useful life and is not amortised. Impairment tests are performed on a regular basis for each cash-generating unit. The impairment charge is the amount by which the book value exceeds the recovery value. The recovery value is the present value of future cash flows. Cash flows are prognosticated by cash-flow-generating units for the coming three years based on local financial plans adopted by Group management and approved by the Board of Directors. Cash flows beyond this period are extrapolated with the help of an assumed growth rate of 3 percent. The calculation of the value in use is based on assumptions and estimates. The most essential assumptions relate to future cash flow and future capital operationally employed as well as the discount factor.

The discount factor is estimated according to WACC (Weighted Average Cost of Capital) and totals 11–11,4 percent (11–13) depending on local conditions. Management estimates that no change of the essential assumptions made will lead to an estimated recovery value for goodwill that will be lower than the reported value. The acquisitions of the year are specified in Note 22.

NOTE 19 LEASEHOLD IMPROVEMENTS

	Group		
	2008	2007	2006
Opening acquisition value	53.3	51.5	40.3
Via acquisitions of Group companies	0.2	0.0	15.5
Acquisitions for the year	53.7	2.4	3.0
Sales and disposals	–19.3	–0.8	–3.7
Reclassification	–1.7	–	–
Translation differences	2.7	0.2	–3.6
Closing accumulated acquisition value	**88.9**	**53.3**	**51.5**
Opening depreciation	–29.4	–27.0	–24.0
Via acquisitions of Group companies	–	0.0	–4.9
Sales and disposals	19.3	0.8	3.7
Depreciation for the year	–13.9	–3.0	–2.2
Reclassification	1.1	–	–
Translation differences	–2.9	–0.2	0.4
Closing accumulated depreciation	**–25.8**	**–29.4**	**–27.0**
Opening impairment losses	–3.7	–3.6	–3.9
Reversal of impairment losses	0.7	–	–
Reclassification	0.6	–	–
Translation differences	–0.2	–0.1	0.3
Closing accumulated impairment losses	**–2.6**	**–3.7**	**–3.6**
Closing carrying amount	**60.5**	**20.2**	**20.9**

NOTE 20 EQUIPMENT

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Opening acquisition value	214.6	167.2	93.3	1.2	0.7	1.1
Via acquisitions of Group companies	1.2	14.7	71.3	–	–	–
Via divestments of Group companies	–	–	–1.1	–	–	–
Acquisitions for the year	35.4	32.5	15.0	–	0.6	–
Sales and disposals	–39.1	–0.1	–6.3	–0.5	–0.1	–0.4
Reclassification	1.2	–	–	–	–	–
Translation differences	11.9	0.3	–5.0	–	–	–
Closing accumulated acquisition value	**225.2**	**214.6**	**167.2**	**0.7**	**1.2**	**0.7**
Opening depreciation	–171.4	–137.0	–73.9	–0.7	–0.7	–1.0
Via acquisitions of Group companies	–0.4	–9.8	–58.1	–	–	–
Via divestments of Group companies	–	–	0.7	–	–	–
Sales and disposals	38.2	0.1	6.0	0.2	0.1	0.4
Reclassification	5.6	–	0.0	–	–	–
Depreciation for the year	–31.2	–24.5	–14.5	–0.1	–0.1	–0.1
Translation differences	–8.9	–0.2	2.8	–	–	–
Closing accumulated depreciation	**–168.1**	**–171.4**	**–137.0**	**–0.6**	**–0.7**	**–0.7**
Closing residual value according to plan	**57.1**	**43.2**	**30.2**	**0.1**	**0.5**	**0.0**

NOTE 21 FINANCIAL LEASE CONTRACTS

The Group's tangible non-current assets include leased assets held under financial lease contracts as follows:

	2008	2007	2006
Equipment			
Accumulated acquisitions	10.1	6.6	8.0
Accumulated depreciation	–6.4	–4.6	–3.4
Total	**3.7**	**2.0**	**4.6**

The present value of future payment commitments stemming from the financial lease contracts are reported as current and long-term liabilities to credit institutions as follows:

	2008	2007	2006
Long-term portion	4.2	2.6	2.6
Current portion	0.8	1.9	2.2
Total debt reported in consolidated balance sheet	**5.0**	**4.5**	**4.8**

NOTE 22 ACQUISITION OF GROUP COMPANIES

Group
The following operating companies were acquired during the year:

Company	Consolidated as of	Stake (%)	Share in Group's net sales 2008 (%)	Share in Group's profit after financial Items 2008 (%)
Netrank Limited	2008-01-01	100	1	4
OX2 Sprl	2008-02-01	100	1	3
LBI Media LLC (Special Ops Media)	2008-04-01	100	4	13

Netrank Limited

Netrank, located in London England, was acquired in January 2008. One of the United Kingdom's prime search engine and online brand positioning companies, that strengthens LBi's already strong position in search engine optimisation. The company was purchased for cash in the amount of MSEK 46.3 and earnings-based additional purchase price based on the outcome of the operations of MSEK 3.9. Goodwill was recognised in the purchase in the amount of MSEK 41.3 and customer relationships were valued at MSEK 7.7, to be amortised over 5 years.

OX2 Sprl

The Belgian interactive agency OX2 was acquired in February 2008. This acquisition strengthens already existing competencies in our Company in this area and it is in line with our digital dashboard that makes it possible for LBi's customers to analyse the efficiency of each element on the web. The company was purchased for cash in the amount of MSEK 8.2 and earnings-based additional purchase price based on the outcome of the operations of MSEK 1.9. Goodwill was recognised in the purchase in the amount of MSEK 10.8.

LBI Media, LLC (Special Ops Media)

Special Ops Media, located in New York, USA, was acquired in April 2008. With this acquisition LBi expands and deepens its service offering in the United States, one of the Company's key markets, with first class strategic marketing and media capacity. The company was purchased for cash in the amount of MSEK 134.0 and earnings-based additional purchase price based on the outcome of the operations of MSEK 118.6. Goodwill was recognised in the purchase in the amount of MSEK 228.8 and customer relationships were valued at MSEK 25.1, to be amortised over 5 years.

NOTE 22, cont'd

Acquisition of Group companies

The total value of acquired assets and liabilities, purchase prices and effect on the Group's cash and cash equivalents is as follows:

	Group		
MSEK	**2008**	**2007**	**2006**
Goodwill	280.9	440.8	628.5
Other intangible non-current assets	33.7	43.2	91.5
Tangible non-current assets	1.0	4.9	23.8
Financial non-current assets	0.3	–	–
Deferred tax asset	–	–	432.0
Other receivables	54.7	54.6	201.3
Cash and cash equivalents	20.3	16.9	87.3
Total assets	**390.9**	**560.4**	**1 464.4**
Minority interest	–	0.4	–
Deferred tax liability	–	–	19.4
Other liabilities	78.0	40.4	209.2
Total liabilities	**78.0**	**40.8**	**228.6**
Purchase price paid			
Purchase price	–312.9	–519.6	–1,235.8
Less: Issues of shares and options and convertible debentures	–	–	1 141.8
Provisions for supplemental purchase money and acquisition costs	124.4	291.7	47.7
Purchase price paid	–188.5	–227.9	–46.3
Less: Cash and cash equivalents in acquired units	20.3	16.9	87.3
Effect on cash and cash equivalents	**–168.2**	**–211.0**	**41.0**

Acquisition of Netrank	**Fair value in the Group**	**Reported value**
Goodwill	41.3	–
Other intangible non-current assets	7.7	–
Tangible non-current assets	0.3	0.3
Other receivables	6.5	6.5
Cash and cash equivalents	–1.3	–1.3
Total assets	**54.5**	**5.5**
Other liabilities	4.3	4.3
Total liabilities	**4.3**	**4.3**
Purchase price paid		
Purchase price	–50.2	
Less: Purchase price not paid	3.9	
Purchase price paid	–46.3	
Less: Liquid funds in acquired business	–1.3	
Impact on cash and cash equivalents	**–47.6**	

NOTE 22, cont'd

Acquisition of OX2	Fair value in the Group	Reported value
Goodwill	10.8	–
Other intangible non-current assets	0.7	0.7
Tangible non-current assets	0.1	0.1
Other receivables	2.7	2.7
Cash and cash equivalents	–	–
Total assets	**14.3**	**3.5**
Other liabilities	4.2	4.2
Total liabilities	**4.2**	**4.2**
Purchase price paid		
Purchase price	–10.1	
Less: Purchase price not paid	1.9	
Purchase price paid	–8.2	
Less: Liquid funds in acquired business	–	
Impact on cash and cash equivalents	**–8.2**	

Acquisition of Special Ops Media	Fair value in the Group	Reported value
Goodwill	228.8	–
Other intangible non-current assets	25.3	0.2
Tangible non-current assets	0.6	0.6
Financial assets	0.3	0.3
Other receivables	45.5	45.5
Cash and cash equivalents	21.6	21.6
Total assets	**322.1**	**68.2**
Other liabilities	69.5	69.5
Total liabilities	**69.5**	**69.5**
Purchase price paid		
Purchase price	–252.6	
Less: Purchase price not paid	118.6	
Purchase price paid	–134.0	
Less: Liquid funds in acquired business	21.6	
Impact on cash and cash equivalents	**–112.4**	

NOTE 23 PARTICIPATIONS IN GROUP COMPANIES

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Nr of shares/ participations	Book value Parent Comp
Parent Company's holdings						
Framfab Holding Deutschland GmbH	HRB 36778	Cologne	100	100	2,945	1.6
Framfab Sverige AB (under name change to Parallel Consulting Group International AB (publ))	556449-2220	Stockholm	100	100	100,000	23.2
Framtidsfabriken AB	556485-4353	Skellefteå	100	100	6,064	0.6
Icon AB	556617-9825	Stockholm	100	100	6,250,000	0.3
Icon Medialab Mijada AB	556528-8718	Stockholm	100	100	100,000	185.0
Icon Medialab Portugal Servicos LDA	P505215519	Lisbon	100	100	1	0.0
Icon Medialab Srl	MI-1998-106771	Milano	100	100	50,000	24.7
Icon Nicholson, Inc.	13-2918300	New York	100	100	1,000	39.2
LBi Belgium SA (the former Digital Age Design SA)	0456.630.072	Brussels	100	100	7,690	70.0
LBI France SARL	510 525 603	Paris	100	100	100	0.0
LBI Group Interactive Spain SAU	A81.567.810	Madrid	100	100	10,000	1.1
LBi Holding NV (the former Lost Boys NV)	34137169	Amsterdam	99.41	99.41	44,369,621	139.7
LBi India Pvt Ltd (the former Vizualize Technologies Pvt Ltd)	11-98352	Mumbai	51	51	13,958	19.3
LBI Starring AB (the former Starring Ltd AB)	556647- 0992	Stockholm	100	100	1,000	73.1
LBI Sverige AB (the former Framfab Sverige AB)	556296-9468	Stockholm	100	100	7,120,000	600.9
LBI Switzerland AG (the former Framfab Schweiz AG)	CH- 20.3.025.039-9	Zurich	100	100	99,997	0.6
LBI US Holdings, Inc.	11-3811618	Delaware	100	100	1,000	0.0
Nexus Information Technology SA	A81.727.810	Madrid	100	100	1,368	8.8
Oyster Partners Framfab Limited (the former SBI)	3435961	London	100	100	16,600,181	43.3
Starring Ltd AB (under name change to PIMI AB)	556541-9545	Stockholm	100	100	10,000	0.1
Total						**1,231.5**
Group companies' holdings						
Framfab AB	556529-3031	Stockholm	100	100	1,000	
Framtidsfabriken Diviso AB (the former Framfab Diviso AB)	556571-8755	Stockholm	100	100	1,000	
Icon Nicholson, LLC	13-3935591	New York	100	100	10,680,000	
Iven & Hillmann GmbH & Co. KG	HRA 36970 B	Berlin	100	100	1	
Iven & Hillmann Verwaltungs GmbH	HRB 98032	Berlin	100	100	1	
LBI Atlanta, LLC	11-3811627	Delaware	100	100	1	
LBi Denmark A/S (the former Framfab A/S)	21096571	Copenhagen	100	100	2,100	
LBi Germany AG (the former Framfab Deutschland AG)	HRB 42707	Cologne	100	100	270,000	
LBI Limited (the former Framfab/Oyster)	3080409	London	100	100	23,334,432	
LBi Lost Boys BV (the former Lost Boys BV)*	33276575	Amsterdam	100	100	2,700	
LBI Media, LLC	74-3255099	New York	100	100	1	
LBI New York, LLC	74-3233659	New York	100	100	1	
LBi Nordic Holding A/S (the former Framfab Nordic Holding A/S)	29184852	Copenhagen	100	100	500,000	
LBI UK Holding Ltd	5920477	London	100	100	14,500	
Lost Boys Polska Z.o.o.	63269	Warszawa	100	100	100	
MetaDesign AG	HRB 76143	Berlin	83.67	83.67	1,024,000	
MetaLog Gesellshaft fur Kommunikationstechnologien GmbH	HRB 43781	Berlin	100	100	3	
Netrank Limited	4103675	Exeter	100	100	17,794	
OX2 Sprl	BE0480.322.323	Brussels	100	100	1,279	
Vizualize Technologies Limited	2638373	Kent	100	100	100	
Vizualize Technologies, Inc	5172497	Delaware	100	100	100,000	

* All Inpact, Escador and Satama entities in the Netherlands merged into LBi Lost Boys BV or were liquidated in 2008.

NOTE 23, cont'd

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares	Included in consolidated statements from
Parent Company's holdings in companies being dissolved						
Framfab 2002 Limited	3189494	London	100	100	3,435,942	2008-12-18
Icon Medialab AB	556536-1812	Stockholm	100	100	1,000,000	2002-05-01
Icon Medialab AG	HRB 69037	Hamburg	100	100	20,000	2002-11-01
Icon Medialab Boathouse AG	CH-170.3.024.417-9	Basel	100	100	100	2004-01-01
Icon Medialab GmbH	50306306	Wien	100	100	100	2005-12-31
Icon Medialab Holding SA	423488923	Paris	100	100	2,500	2005-12-31
Winsome Benelux NV	71.915	Brussels	100	100	4,067	2006-12-31
Group companies' holdings in companies being dissolved						
Aspect Infotek Software Private Limited	08-31085	Bangalore	100	100	10,000	2008-12-18
Aspect Internet Holdings Ltd	3130785	London	100	100	16,624,536	2008-12-18
Aspect Recruitment Services Limited	–	London	100	100	–	2008-12-18
Escador Ltd	3989892	London	100	100	1,000	2008-05-12
Icon Medialab Parallel AB	556558-0965	Stockholm	100	100	1,000	2002-05-01
Icon Medialab SA	403514805	Paris	100	100	2,500	2002-05-01
Icon Medialab Switzerland AG	CH-550-1032858-3	Zug	100	100	100	2004-01-01
Lost Boys Interactive Spain SA	A62.031.109	Barcelona	100	100	700	2002-06-01
Lost Boys SA	401338827	Paris	100	100	27,000	2002-06-01
Lost Boys tv & streaming media BV	30092344	Hilversum	100	100	400	2003-09-01
Wheel Communications Ltd	4960440	London	100	100	103,001	2008-05-12
Wheel Group Ltd	4413228	London	100	100	1,468,861	2008-05-12
Wheel Ltd	2157728	London	100	100	87,974	2008-05-12

	2008	2007	2006
Opening acquisition cost	5,968.9	5,927.0	3,425.1
Acquisitions via merger	–	–	2,608.3
Acquisitions	–	19.3	89.6
Shareholder contributions	10.0	23.0	549.0
Divested/liquidated	–	–0.4	–745.0
New assessment with regard to additional purchase price	7.8	–	–
Closing accumulated acquisition cost	**5,986.7**	**5,968.9**	**5,927.0**
Opening impairment losses	–4,755.2	–4,755.2	–2,936.0
Impairment losses via merger	–	–	–2 116.9
Revaluation for the year	–	–	143.1
Reversal/impairment losses for the year	–	–	154.6
Closing accumulated impairment losses	**–4,755.2**	**–4,755.2**	**–4,755.2**
Closing carrying value	**1,231.5**	**1,213.7**	**1,171.8**

NOTE 24 PARTICIPATIONS IN ASSOCIATED COMPANIES

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares	Carrying amount Group	Carrying amount Parent Com
WhatSoEver Förlag AB in bankruptcy	556535-6887	Stockholm	49.51	49.51	30,108	0.0	0.0
MetaDesign Suisse	CH-020.3.023.324.4	Zürich	35.00	35.00	350	2.1	0.0
Sturm & Drang GmbH	HRB 98372	Hamburg	30.00	30.00	–	0.4	0.0
Total						**2.5**	**0.0**

	Parent Company		
	2008	2007	2006
Opening acquisition value	5.2	5.2	–
Acquisition via merger	–	–	5.2
Closing accumulated acquisition cost	**5.2**	**5.2**	**5.2**
Opening impairment losses	–5.2	–5.2	–
Impairment loss in merger	–	–	–5.2
Closing accumulated impairment losses	**–5.2**	**–5.2**	**–5.2**
Closing carrying amount	**0.0**	**0.0**	**0.0**

NOTE 25 FINANCIAL RISK MANAGEMENT

Financing

Financing for the Parent Company and Group has been obtained mainly in the form of equity. The Group has a credit facility with Danske Bank that consists of a working capital line of credit in the amount of MEUR 10 and an acquisition line of credit in the amount of MEUR 30, as well as a separate credit facility for the acquisition of LBi Media (Special Ops Media) in the amount of MUSD 22.5. The Group has adequate liquidity for its operations. The goal is for operating activities to generate cash flow in line with consolidated earnings.

Financial risk management in general

LBi's financial risks consist primarily of exchange rate, interest rate, refinancing, liquidity, counterparty, credit and operational risks. The Group has adopted procedures and policies for management and minimisation of these risks

Exchange rate risk

Exchange rate risk is the risk of a change to a financial instrument when exchange rates fluctuate. Exchange rate risks may be broken down into transaction and translation exposure. Translation exposure arises as a consequence of LBi's holdings in foreign operating subsidiaries. Transaction exposure arises as part of the normal activities of the operating subsidiaries, which do business almost exclusively in their domestic markets and invoice predominantly in local currency. LBi makes only limited purchases in foreign currencies. LBi's policy is to minimise the exchange rate risk incurred by its subsidiaries and assign as much of it as possible to the Parent Company.

LBI Sverige AB, however, has net receivables of MDKK 259.4 (MDKK 294.4) and MGBP 27.5 (MGBP 26.8). The Parent Company has net receivables of MEUR –2.0 (MEUR 1.4), GBP 0.0 (MGBP –0.1), MUSD 8.4 (MUSD 1.7) and MDKK 0.0 (MDKK 3.3) from subsidiaries in foreign currency.

Intercompany loans have less than one year to maturity. Interest on all intra-Group loans is at the respective currency's fixing rate. Translation exposure is the risk of a change in the net values of subsidiaries owing to fluctuations in exchange rates. The Group's policy is not to hedge against translation exposure when converting the equity in foreign subsidiaries.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in the market rate of interest. The Group invests excess liquidity in interest-bearing instruments while awaiting attractive operating investment alternatives. Given that excess liquid funds are normally invested for 1–3 months, the interest rate risk and its impact on earnings is deemed to be low.

The impact on the Group's interest income/expense depends on fixed-interest terms for borrowing and investments. The Group seeks a balance between the estimated cost of borrowing and the risk of sustaining a significant negative impact on earnings in the event of a sudden, major movement in interest rates. The interest rate on the loans are based on 3-month variables of LIBOR, EURIBOR or STIBOR.

Refinancing risk

Refinancing risk is the risk that a company will not be able to obtain financing, or will incur significantly higher costs in doing so. The Group has interest-bearing liabilities of MSEK 408.3 (MSEK 225.3), including leasing commitments and cash and cash equivalents of MSEK 185.8 (MSEK 217.2). LBi deems the Group's financing risk to be acceptable. The Group's interest-bearing loans are subject to covenants. During the period under review, the Company has fulfilled the terms of these covenants.

Liquidity risk

Liquidity risk is the risk that LBi will have difficulty meeting its payments obligations in a tight credit market. The Company's operations are financed by means of its own cash, equity and borrowed funds. As present, the Board of Directors anticipates that any future financing requirements can be satisfied on this basis. LBi has fulfilled all its bank covenants requirements during 2008.

Counterparty risk

Counterparty risk is the risk that a party to a financial instrument transaction will be unable to meet its obligations. Counterparty risk in LBi's financial transactions is limited by their being exclusively with counterparties with very high creditworthiness (equivalent to a K-1-rating).

NOTE 25, cont'd

Credit risk

Credit risks also stem from outstanding trade receivables, of which the Group had MSEK 483.1. (MSEK 414.6) at year-end. LBi regularly rates the credit of its clients. The Group's clients are generally big, reputable companies that pose limited risk of credit losses.

Operational risk

Operational risk is the risk of losses due to shortcomings in internal administrative procedures and systems. The LBi Group's procedures are covered by its financing, IT, communications and personnel policies, etc. as well as its authorisation instructions. The Company performs legal reviews of its agreements on an ongoing basis.

NOTE 26 OTHER LONG-TERM SECURITIES

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Opening acquisition cost	20.4	59.6	231.0	–	59.1	–
Capital expenditures	0.4	19.9	59.1	–	–	–
Acquisitions via merger	–	–	–	–	–	59.1
Profit/loss from financial assets reported at fair value via the income statement	–	–	5.0	–	–	–
Divestments	–20.1	–59.1	–235.5	–	–59.1	–
Revaluation	–	–	3.0	–	–	3.0
Reclassification	–0.4	–	–	–	–	–
Translation differences	0.4	–	–3.0	–	–	–3.0
Closing accumulated acquisition values	**0.7**	**20.4**	**59.6**	**–**	**–**	**59.1**
Opening impairment losses	–	–	–37.4	–	–	–
Divestments	–	–	37.4	–	–	–
Closing accumulated impairment losses	**–**	**–**	**–**	**–**	**–**	**–**
Closing carrying amount	**0,7**	**20.4**	**59.6**	**–**	**–**	**59.1**

During 2008 a 5-percent holding in minority-owned Xie Entertainment was sold. This holding was acquired in 2007. The sale in 2007 refers to shares in Atos Origin Middle East (AOME) Holding Ltd.

NOTE 27 PREPAID EXPENSES AND ACCRUED INCOME

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Prepaid rents	3.5	3.8	5.1	–	–	–
Accrued consulting income	117.6	94.8	89.0	–	–	–
Other items	17.5	17.2	15.5	2.2	3.7	1.4
Total	**138.6**	**115.8**	**109.6**	**2.2**	**3.7**	**1.4**

NOTE 28 SHARE CAPITAL

Share capital is divided into 62,023,276 shares with a quotient value of SEK 2.50. All shares are of the same class, entitling the holder to equal rights to assets and profits. Existing option programmes entitle holders to subscribe for a specific number of LBi shares at a predetermined price. Options were awarded to senior executives in 2008 entitling them to subscribe for 837,000 shares at a price of SEK 16.57 per share. The total number of options outstanding as of 31 December 2008 was 4,753,139 which entitles their holders to 3,103,889 shares.

NOTE 29 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

More than half of the provision (MSEK 5.6) is for pension commitments by a German Group company to a member of management. The pension scheme is classified as a defined benefit plan.

The provision is based on an actuarial calculation pursuant to IAS 19 based on the following assumptions:

	2008 Richttafeln 2005 G	2007 Richttafeln 2005 G	2006 Richttafeln 2005 G
Discount rate of interest (%)	6.50	5.50	4.50
Future annual salary increases (%)	2.25	2.00	2.00
Retirement age	63	62	62

Payments under this plan will be made starting in 2020 in accordance with the retirement age.

Just short of half of the provision (MSEK 4.1) is for pension commitments to employees of the Italian Group company. In accordance with Italian legislation (Trattamento di Fine Rapporto), provisions to which employees are entitled are set aside when employment is terminated. The annual provision is based on the remuneration that the employee received during the year and is adjusted to the Italian CPI. The pension scheme is classified as a defined benefit plan pursuant to IAS 19.

The provision is based on an actuarial calculation in accordance with IAS 19.

	2008	2007	2006
Opening balance	8.0	7.0	5.9
Provision for the year	0.8	0.7	1.3
Translation differences	0.9	0.3	–0.2
Closing balance	**9.7**	**8.0**	**7.0**

NOTE 30 OTHER PROVISIONS

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Supplemental purchase money	174.4	279.8	46.5	0.7	26.2	46.5
Social security contributions, options	–	0.2	1.6	–	–	–
Other provisions	–	3.3	0.8	–	–	–
Total	**174.4**	**283.3**	**48.9**	**0.7**	**26.2**	**46.5**
Opening balance	283.3	48.9	27.3	26.2	46.5	82.4
Provision for the year	89.9	263.2	26.2	–	–	23.8
Provisions via merger	–	–	–	–	–	23.4
Utilisation	–59.8	–20.1	–3.5	–25.5	–20.1	–40.5
New assessment with regard to additional purchase price	–142.2	–	–	–	–	–
Reclassification	–	–	–	–	–	–40.6
Translation differences	3.2	–8.7	–1.1	0.0	–0.2	–2.0
Closing balance	**174.4**	**283.3**	**48.9**	**0.7**	**26.2**	**46.5**

Supplemental purchase money is based on acquired companies' estimated future results. Supplemental purchase money can always be paid in cash or shares. No provisions lapse later than in 5 years.

NOTE 31 LOANS FROM SHAREHOLDERS

The Group raised a loan from Red Valley Ltd, one of the Group's major shareholders, totalling MSEK 95.0 in late 2005. The loan was used exclusively to finance Framfab shares. A total of 111.7 million shares (before the 50:1 reverse split) were acquired at an average price of SEK 0.85. On 31 March 2006 , before the merger of Framfab AB and LB Icon AB, LB Icon and Red Valley agreed to repay the loan in full by delivery of 111,715,168 Framfab shares (number of shares before the 50:1 reverse split) from LB Icon to Red Valley. Delivery of the shares took place on 12 April 2006.

	2008	2007	2006
Opening loans	–	–	91.6
Repayment of loans	–	–	–91.6
Closing loans	**–**	**–**	**–**

NOTE 32 CONVERTIBLE DEBT INSTRUMENTS

On 28 December 2004, LB Icon AB issued convertible debentures with a nominal value of MEUR 15. The debentures bore annual interest of 7 percent, to be paid semi-annually starting 28 June 2005. The nominal value of each debenture was KEUR 10.

The fair value of the proportion of debt and equity portion was determined when the debentures were issued. The fair value of the debt proportion, which is included in long-term liabilities, is based on a market rate of interest for equivalent non-convertible debentures. The remaining amount, which represents the value of the equity proportion, is included in equity.

On 6 March 2006, LB Icon AB requested redemption of the convertible debentures with an outstanding principal amount of EUR 17,040,000. On 29 March, when the time limit had expired, holders of debentures representing a total nominal amount of EUR 16,940,000 decided to convert their debentures to 3,849,993 shares (at EUR 4.4 per share), while holders of debt instruments representing a total nominal amount of KEUR 100 chose repayment at 105 percent, plus accrued interest.

	Group		
	2008	2007	2006
Opening values	–	–	150.8
Conversion	–	–	–150.2
Translation difference	–	–	–0.6
Discounted interest	–	–	0.0
Closing residual value, debt portion	**–**	**–**	**–**

The reported value on the balance sheet date of the proportion of debt in the convertible debt instruments is a reliable approximation of the fair value.

Interest expenses for debt instruments are calculated as effective return by using the effective rate of 8 percent for similar, non-convertible debt instruments for the proportion of debt of the debt instruments. After transaction costs, the effective rate on the total loan (including green shoe) is 9.7 percent.

NOTE 33 LIABILITIES TO CREDIT INSTITUTIONS

	2008	2007	2006
Other liabilities to credit institutions	288.5	162.2	10.9
Other liabilities	1.3	0.8	–
Total	**289.8**	**163.0**	**10.9**
Falls due for payment:			
2010/2009/2008	92,5	44.4	8.2
2011/2010/2009	90.7	42.1	2.0
2012/2011/2010	94.4	41.0	0.7
2013/2012/2011	12.2	35.5	–
Total	**289.8**	**163.0**	**10.9**

	2008	Interest (%)
Danske Bank USD	23.4	2.97
Danske Bank USD	133.2	2.96
Danske Bank EUR	104.2	4.47
Danske Bank GBP	22.8	4.27
Total Parent Company	**283.6**	
Centro para el Desarrollo Tecnológico Industrial (CDTI)	0.7	
Finance leases	4.2	
Other	1.3	
Total Group	**289.8**	

In 2008 acquisition credits in the amount of MUSD 22.5 and MGBP 2.9 was raised from Danske Bank. In 2007 an acquisition credit in the amount of MEUR 20.0 was raised from Danske Bank. The interest was variable and with the interest level on 31 December 2008 the interest due in 2009 will be MSEK 9.9, 2010 MSEK 9.9, in 2011 MSEK 6.4, in 2012 MSEK 2.2, and in 2013 at MSEK 0.0.

The loan from Centro para el Desarrollo Tecnológico Industrial (CDTI), a state institution linked to the Spanish Ministry of Industry, has been raised by the Group's Spanish company and is related to R&D projects. The loan, which is to be repaid in six-month instalments, falls due in July 2010 and is interest-free.

NOTE 34 INTEREST-BEARING CURRENT LIABILITIES

	2008	2007	2006
Current portion of financial lease commitments	0.8	1.9	2.2
Current portion of loan from IKB Bank	0.8	0.7	1.4
Supplemental purchase money 1)	–	–	40.6
Acquisition credit	89.0	57.1	–
Utilised bank overdraft facilities	27.9	2.6	6.9
Total	**118.5**	**62.3**	**51.1**

1) Interest-bearing supplemental purchase money relating to the acquisition of Oyster Partners Ltd.

The Parent Company's interest-bearing liabilities in the amount of MSEK 107.9 consist of an acquisition credit in the amount of MSEK 89.0 and utilisation of committed credit facilities in the amount of MSEK 18.9.

The utilised portion of the committed credit facility from Danske Bank was MSEK 18.9 as of 31 December 2008. Interest on the acquisition credit will amount to MSEK 3.2 during 2009 given the interest rate level as of 31 December 2008.

NOTE 35 ACCRUED EXPENSES AND DEFERRED INCOME

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Holiday salaries	18.9	17.6	18.6	0.1	0.3	0.3
Accrued social security contributions	8.4	5.0	5.7	0.3	0.2	0.2
Prepaid income	31.8	25.2	17.7	–	–	–
Other items	165.3	65.5	70.9	2.1	2.8	5.4
Total	**224.4**	**113.3**	**112.9**	**2.5**	**3.3**	**5.9**

NOTE 36 PLEDGED ASSETS

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
For company provisions and liabilities						
For liabilities to credit institutions						
Equipment	0.7	3.6	5.0	–	–	–
Equipment used in accordance with financial lease contracts	3.7	2.0	4.6	–	–	–
Trade receivables	–	–	3.4	–	–	–
Shares in subsidiaries	153.9	162.6	–	–	–	–
Corporate mortgages	20.0	20.0	26.7	–	–	–
For other commitments						
Restricted accounts and deposits	0.6	61.7	7.6	–	61.7	1.0
Total	**178.9**	**249.9**	**47.3**	**–**	**61.7**	**1.0**

Corporate mortgages refer to LBI Sverige AB. Some shares in Group companies held by subsidiaries are used as collateral for acquisition credit in the parent company.

NOTE 37 CONTINGENT LIABILITIES

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Guarantees for liquidated operations	–	–	–	–	–	–
Sureties for the benefit of subsidiaries	–	–	–	15.0	–	35.2
Other contingent liabilities	–	–	–	–	–	–
Total	**–**	**–**	**–**	**15.0**	**–**	**35.2**

NOTE 38 TRANSACTIONS WITH RELATED PARTIES

Red Valley Ltd
On 31 March 2006, LB Icon AB concluded an agreement with Red Valley Ltd, the majority shareholder, to sell its Framfab holding. Of the 236 million shares held by LB Icon, 111.7 million (number of shares before the 50:1 reverse split) were used to repay the loan from Red Valley Ltd. The remaining shares were sold to Red Valley and payment was received on 21 April 2006.

Client agreements
During 2006 and 2007, Lost Boys BV performed consultancy services for Media Republic, of which director Michiel Mol is a shareholder. The agreement for services between Lost Boys BV and Media Republic is on the same terms as for other Lost Boys clients. Not including VAT, income from Media Republic totalled KEUR 128 in 2007 (177 in 2006). No services were performed in 2008.

Consultancy services
In 2008, KEUR 300 and KUSD 3,600 was paid to director Robert Pickering for consultancy services in connection with the acquisition and integration of OX2 Sprl, Netrank Ltd and LBi Media, LLC (Special Ops Media).

In 2007, KEUR 70 was paid to director Sven Skarendahl for consulting services in connection with the merger of Framfab AB and LB Icon AB in 2006.

NOTE 39 COSTS BROKEN DOWN BY TYPE

	Group			Parent Company		
	2008	2007	2006	2008	2007	2006
Office and administration	156.4	129.2	87.1	0.4	1.0	0.8
Marketing and sales	16.1	10.9	8.1	–	–	–
External consultants	139.4	171.5	126.3	7.4	5.8	3.3
Personnel costs	982.9	887.1	638.4	7.1	8.3	14.1
Depreciation	84.7	60.1	41.7	2.3	1.9	0.3
Other costs	59.2	84.2	82.9	32.7	32.6	23.9
Total	**1,438.7**	**1,343.0**	**984.5**	**49.9**	**49.6**	**42.4**
Total, of which for						
Production costs	1,073.0	1,005.4	732.4	–	–	–
Selling expenses	95.8	75.7	80.5	–	–	–
Administrative expenses	269.9	261.9	171.6	49,9	49.6	42.4
Total	**1,438.7**	**1,343.0**	**984.5**	**49.9**	**49.6**	**42.4**

NOTE 40 HEDGE ACCOUNTING

Net investment hedges 2008

The effective portion of changes in fair value of derivative instruments as hedging of net investments in foreign operations, and that meets the requirements for hedge accounting, are reported in equity. The gain or loss attributable to the ineffective portion is reported immediately in the income statement.

	(USD)	(EUR)	(GBP)
Net investment at fair value	**32.2**	**14.6**	**2.9**
Long-term liabilities to credit institutions	20.2	9.5	2.0
Short-term liabilities to credit institutions	6.6	2.9	0.6
Total	**26.8**	**12.4**	**2.6**

For 2008, an amount of MSEK 84.0 was carried directly to equity as a result of this hedging.

Fair value hedges 2005

Changes in the fair value of derivatives that are identified as hedging of fair value and that meet the requirements for hedge accounting are reported in the income statement along with changes in the fair value of the asset or liability that gave rise to the hedged risk.

Financial assets reported at fair value through the income statement	**(SEK)**
Acquisition	95.0
Profit/loss from financial assets reported at fair value	–3.4
Total	**91.6**
Loans from shareholders	
Loans raised	95.0
Revaluation of loans	–3.4
Total	**91.6**

The financial assets reported at fair value through the income statement consist of the investment in Framfab shares.

This investment was partially financed by raising a loan from Red Valley Ltd, one of the Company's major shareholders. The loan was repaid 2006.

NOTE 41 EMPLOYEE STOCK OPTION PROGRAMME

Ever since the Company was founded, it has striven to enable its employees to have a stake in the Company's future, including the chance of owning shares in the Company. At an extraordinary general meeting of shareholders it was resolved to implement an international employee stock option programme for the Group's employees. The Employee Stock Option Programme means that the Group's current and future employees can be awarded options to purchase shares (known as employee stock options), which entitle the holder of the options to acquire shares in LBi. Options are awarded without payment of a premium and the redemption price for the options reflects the market value of the LBi share on the date on which the options were issued. 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 the condition that the holder of the options is still an employee of the Group on the date on which they are redeemed. The award 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 Group. The purpose of the option programme is to create the conditions for maintaining and recruiting competent employees in the Group.

As of 31 December 2008, employees own a total of 4,753,139 (4,226,470) options equivalent to 3,103,889 (2,417,620) shares under the Employee Stock Option Programme. In the year under review a total of 837,000 new options were granted in one new series.

The following employee stock option series expired in 2008: Series C3 expired as of 30 September 2008 and series K expired 4 April 2008.

On 29 December 2006, the Board of Directors resolved to extend the exercise periods of the employee stock options of the former LB Icon employee stock option plan, which have an option period of less than 5 years to a total period of 5 years. This extension applies to the series H1, L and O5-7.

On 22 October 2008 the Board of Directors resolved to extend the exercise periods of the employee stock options of the former LB Icon employee stock option plan with 2 years. This extension applies to the series L and M.

The following tables show all stock options from LB Icon and LBi held by employees as of 31 December 2008, 2007 and 2006:

2008 Employee stock options rollover from LB Icon

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2007-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2008-12-31	Number of shares outstanding can increase by
C3	2000-09-01	2008-09-30	1,510.00	34,00	–	–333	0	0	0
K	2003-02-14	2008-04-04	18.50	177,000	–	–117,000	–60,000	0	0
L	2003-05-29	2010-05-29	15.00	100,000	–	0	0	100,000	10,000
M1-4	2003-11-14	2010-11-14	22.90	1,732,500	–	0	0	1,732,500	173,250
M5-7	2003-11-14	2010-11-14	22.90	0	–	0	0	0	0
N1-3	2004-09-02	2009-09-02	21.28	41,574	–	–498	0	41,076	41,076
N4-6	2004-09-02	2009-09-02	21.28	4,000	–	–4,000	0	0	0
N7-9	2004-09-02	2009-09-02	92.21	1,118	–	0	0	1,118	1,118
N10-14	2004-09-02	2009-09-02	21.28	66,445	–	0	0	66,445	66,445
O1-4	2004-12-30	2009-12-30	33.70	15,000	–	–1,000		14,000	14,000
O5-7	2004-12-30	2009-12-30	33.70	170,000	–	0	0	170,000	170,000
P1-3	2005-04-28	2010-04-28	40.00	0	–	0	0	0	0
P4-7	2005-04-28	2010-04-28	40.00	17,500	–	0	0	17,500	17,500
Total				**2,325,470**	**–**	**–122,831**	**–60,000**	**2,142,639**	**493,389**

2007 Employee stock options rollover from LB Icon

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2006-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2007-12-31	Number of shares outstanding can increase by
C2	2000-09-01	2007-09-30	1,510.00	32,530	–	–32,530	0	0	0
C3	2000-09-01	2008-09-30	1,510.00	333	–	0	0	333	33
H1	2002-11-14	2007-11-14	11.30	1,350,000	–	0	–1,350,000	0	0
H2-5	2002-11-14	2007-08-19	11.30	62,500	–	0	–62,500	0	0
K	2003-02-14	2008-04-04	18.50	2,429,500	–	–26,250	–2,226,250	177,000	17,700
L	2003-05-29	2008-05-29	15.00	2,095,000	–	0	–1,995,000	100,000	10,000
M1-4	2003-11-14	2008-11-14	22.90	2,120,000	–	–75,000	–312,500	1,732,500	173,250
M5-7	2003-11-14	2008-11-14	22.90	0	–	0	0	0	0
N1-3	2004-09-02	2009-09-02	21.28	41,687	–	–113	0	41,574	41,574
N4-6	2004-09-02	2009-09-02	21.28	4,000	–	0	0	4,000	4,000
N7-9	2004-09-02	2009-09-02	92.21	1,118	–	0	0	1,118	1,118
N10-14	2004-09-02	2009-09-02	21.28	66,445	–	0	0	66,445	66,445
O1-4	2004-12-30	2009-12-30	33.70	30,250	–	–10,000	–5,250	15,000	15,000
O5-7	2004-12-30	2009-12-30	33.70	170,000	–	0	0	170,000	170,000
P1-3	2005-04-28	2010-04-28	40.00	0	–	0	0	0	0
P4-7	2005-04-28	2010-04-28	40.00	35,000	–	0	–17,500	17,500	17,500
Total				**8,438,363**	**–**	**–143,893**	**–5,969,000**	**2,325,470**	**516,620**

NOTE 41 cont'd

2006 Employee stock options rollover from LB Icon

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2005-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2006-12-31	Number of shares outstanding can increase by
C1	2000-09-01	2006-09-30	1,510.00	38,880	–	–38,880	0	0	0
C2	2000-09-01	2007-09-30	1,510.00	38,874	–	–6,344	0	32,530	3,253
C3	2000-09-01	2008-09-30	1,510.00	333	–	0	0	333	33
D1-6	2001-04-27	2006-12-31	110.00	150,000	–	–150,000	0	0	0
D11-16	2001-04-27	2006-12-31	123.70	41,500	–	–41,500	0	0	0
D31-36	2001-04-27	2006-12-31	110.40	187,000	–	–187,000	0	0	0
J	2002-08-19	2007-08-19	15.40	1,600,000	–	0	–1,600,000	0	0
I1-4	2002-09-04	2007-08-19	11.50	28,750	–	0	–28,750	0	0
I5-7	2002-09-04	2006-04-04	11.50	1,600,000	–	0	–1,600,000	0	0
H1	2002-11-14	2007-11-14	11.30	1,350,000	–	0	0	1,350,000	135,000
H2-5	2002-11-14	2007-08-19	11.30	62,500	–	0	0	62,500	6,250
K	2003-02-14	2008-04-04	18.50	2,746,500	–	–93,250	–223,750	2,429,500	242,950
L	2003-05-29	2008-05-29	15.00	4,495,000	–	0	–2,400,000	2,095,000	209,500
M1-4	2003-11-14	2008-11-14	22.90	2,230,000	–	–10,000	–100,000	2,120,000	212,000
M5-7	2003-11-14	2008-11-14	22.90	300,000	–	–150,000	–150,000	0	0
N1-3	2004-09-02	2009-09-02	21.28	41,767	–	–80	0	41,687	41,687
N4-6	2004-09-02	2009-09-02	21.28	4,000	–	0	0	4,000	4,000
N7-9	2004-09-02	2009-09-02	92.21	1,763	–	–645	0	1,118	1,118
N10-14	2004-09-02	2009-09-02	21.28	92,001	–	0	–25,556	66,445	66,445
O1-4	2004-12-30	2009-12-30	33.70	57,000	–	–22,500	–4,250	30,250	30,250
O5-7	2004-12-30	2009-12-30	33.70	170,000	–	0	0	170,000	170,000
P1-3	2005-04-28	2010-04-28	40.00	40,000	–	–40,000	0	0	0
P4-7	2005-04-28	2010-04-28	40.00	35,000	–	0	0	35,000	35,000
Total				**15,310,868**	**0**	**–740,199**	**–6,132,306**	**8,438,363**	**1,157,486**

Vesting dates

C1 100% vested 1 September 2001.

C2 100% vested 1 September 2002.

C3 100% vested 1 September 2003.

D1-6 The first part of 16.7% vested 1 November 2001, the second part of 16.7% vested 1 May 2002, the third part of 16.7% vested 1 November 2002, the fourth part of 16.7% veseted 1 May 2003, the fifth part of 16.6% vested 1 November 2003 and the remaining sixth part of 16.6% vested 1 May 2004.

D11-16 The first part of 24% vested 1 November 2001, the second part of 39.5% vested 1 May 2002, the third part of 9.1% vested 1 November 2002, the fourth part of 9.1% vested 1 May 2003, the fifth part of 9.1% vested 1 November 2003 and the remaining sixth part of 9.2% vested 1 May 2004.

D31-36 The first part of 16.7% vested 1 November 2001, the second part of 16.7% vested 1 May 2002, the third part of 16.7% vested 1 November 2002, the fourth part of 16.7% vested 1 May 2003, the fifth part of 16.6% vested 1 November 2003 and the remaining sixth part of 16.6% vested 1 May 2004.

J The first part of 25% vested 19 August 2003, the second part of 25% vested 19 August 2004, the third part of 25% vested 19 August 2005 and the remaning fourth part of 25% vested 19 August 2006.

I1-4 The first part of 25% vested 19 August 2003, the second part of 25% vested 19 August 2004, the third part of 25% vested 19 August 2005 and the remaning fourth part of 25% vested 19 August 2006.

I5-7 The first part of 33.4% vested 4 April 2003, the second part of 33.3% vested 4 April 2004 and the remaining third part of 33.3% vested 4 April 2005.

H1 100% vested 19 August 2003. On 29 November 2006 the Board of Directors decided to extend the exercise period from 31 December 2006 to 14 November 2007.

H2-5 The first part of 25% vested 19 August 2003, the second part of 25% vested 19 August 2004, the third part of 25% vested 19 August 2005 and the remaning fourth part of 25% vested 19 August 2006.

K The first part of 25% vested 4 April 2004, the second part of 25% vested 4 April 2005, the third part of 25% vested 4 April 2006 and the remaining fourth part of 25% vested 4 April 2007.

L The first part of 33.4% vested 29 May 2004, the second part of 33.3% vested 29 November 2004 and the remaining third part of 33.3% vested 29 December 2004. On 29 November 2006 the Board of Directors decided to extend the exercise period from 29 November 2006 to 29 May 2008 and on 22 October the Board of Directors decided to extend the exercise period from 29 May 2008 to 29 May 2010.

M1-4 The first part of 25% vested 14 November 2004, the second part of 25% vested 14 November 2005, the third part of 25% vested 14 November 2006 and the remaining fourth part of 25% vested 14 November 2007. On 22 October 2008 the Board of Directors decided to extend the exercise period from 14 November 2008 to 14 November 2010.

M5-7 The first part of 50% vested 14 November 2005, the second part of 25% vested 14 November 2006 and the remaining 25% vested 14 November 2007. On 22 October 2008 the Board of Directors decided to extend the exercise period from 14 November 2008 to 14 November 2010.

N1-3 The first part of 25% vested 2 September 2004, the second part of 25% vested 2 March 2005 and the remaining 50% vested 2 September 2005.

N4-6 The first part of 30% vested 2 September 2004, the second part of 30% vested 30 September 2005 and the remaining 40% vested 30 September 2006.

N7-9 The first part of 25% vested 2 September 2004, the second part of 25% vested 2 March 2005 and the remaining 50% vested 2 September 2005.

NOTE 41, cont'd

N10-14 The first part of 25% vested 2 September 2004, the second part of 25% vested 2 March 2005, the third part of 16.7% vested 2 November 2005, the fourth part of 16.7% vested 2 September 2006 and the remaining part of 16.6% vested 2 September 2007.

O1-4 The first part of 25% vested 30 December 2005, the second part of 25% vested 30 December 2006, the third part of 25% vested 30 December 2007 and the remaining fourth part of 25% vested 30 December 2008.

O5-7 The first part of 33.4% vested 30 December 2005, the second part of 33.3% vested 30 December 2006 and the remaining third part of 33.3% vested 30 December 2007. On 29 November 2006 the Board of Directors decided to extend the exercise period from 30 December 2008 to 30 December 2009.

P1-3 The first part of 50% vested 28 April 2008, the second part of 25% vested 28 December 2008 and the remaining part of 25% vests 28 April 2009.

P4-7 The first part of 25% vested 28 April 2006, the second part of 25% vested 28 April 2007, the third part of 25% vested 28 April 2008 and the remaining fourth part of 25% vests 28 April 2009.

2008 Employee stock options: LBI International

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2007-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2008-12-31	Number of shares outstanding can increase by
C1-3	2005-09-09	2009-09-10	0.68	0	–	0	0	0	0
D1-3	2006-10-30	2011-10-30	44.65	825,000	–	–67,500	0	757,500	757,500
D4-6	2006-10-30	2011-10-30	44.65	160,000	–	–60,000	0	100,000	100,000
E	2007-02-16	2012-02-16	52.50	200,000	–	0	0	200,000	200,000
F1-3	2007-11-27	2012-11-27	31.79	100,000	–	0	0	100,000	100,000
F4-6	2007-11-27	2012-11-27	31.79	616,000	–	0	0	616,000	616,000
G1-3	2008-08-26	2013-08-26	16.57	0	837,000	0	0	837,000	837,000
Total				**1,901,000**	**837,000**	**–127,500**	**0**	**2,610,500**	**2,610,500**

2007 Employee stock options: LBI International

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2006-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2007-12-31	Number of shares outstanding can increase by
A1-3	2004-04-30	2008-05-01	37.50	0	–	0	0	0	0
A4-5	2004-04-30	2008-05-01	37.50	0	–	0	0	0	0
B1-3	2004-11-10	2008-11-11	25.00	0	–	0	0	0	0
C1-3	2005-09-09	2009-09-10	34.00	0	–	0	0	0	0
D1-3	2006-10-30	2011-10-30	44.65	925,000	–	–100,000	0	825,000	825,000
D4-6	2006-10-30	2011-10-30	44.65	160,000	–	0	0	160,000	160,000
E	2007-02-16	2012-02-16	52.50	0	200,000	0	0	200,000	200,000
F1-3	2007-11-27	2012-11-27	31.79	0	100,000	0	0	100,000	100,000
F4-6	2007-11-27	2012-11-27	31.79	0	616,000	0	0	616,000	616,000
Total				**1,085,000**	**916,000**	**–100,000**	**0**	**1,901,000**	**1,901,000**

2006 Employee stock options: LBI International

Series	Date of grant	Last date for redemption	Strike price options (SEK)	Number of options outstanding as of 2005-12-31	Granted	Expired	Exercised	Number of options outstanding as of 2006-12-31	Number of shares outstanding can increase by
A1-3	2004-04-30	2008-05-01	37.50	750,000	–	–750,000	0	0	0
A4-5	2004-04-30	2008-05-01	37.50	0	–	0	0	0	0
B1-3	2004-11-10	2008-11-11	25.00	0	–	0	0	0	0
C1-3	2005-09-09	2009-09-10	34.00	750,000	–	–750,000	0	0	0
D1-3	2006-10-30	2011-10-30	44.65	0	925,000	0	0	925,000	925,000
D4-6	2006-10-30	2011-10-30	44.65	0	160,000	0	0	160,000	160,000
Total				**1,500,000**	**1,085,000**	**–1,500,000**	**0**	**1,085,000**	**1,085,000**

NOTE 41, cont'd

Vesting dates

A1-3 The first part of 33.4% vested 1 May 2005, the second part of 33.3% vested 1 May 2006 and the remaining part of 33.3% vested 1 May 2007.

A4-5 The first part of 50% vested upon achieving financial criteria for Q4 2004 and the remaining second part of 50% vested upon achieving additional financial criteria for Q4 2004.

B1-3 The first part of 33.4% vested 11 Nov 2005, the second part of 33.3% vested 11 Nov 2006 and the remaining part of 33.3% vested 11 Nov 2007.

C1-3 The first part of 33.4% vested 10 September 2006, the second part of 33.3% vested 10 September 2007 and the remaining part of 33.3% vested 10 September 2008.

D1-3 The first part of 50% vested 11 October 2008, the second part of 25% will vest 11 October 2009 and the remaining part of 25% will vest 11 October 2010.

D4-6 The first part of 50% vested 1 March 2008, the second part of 25% will vest 1 March 2009 and the remaining part of 25% will vest 1 March 2010.

E 100% shall vest on a change of control only (as defined in the plan rules).

F1-3 The first part of 50.0% will vest 27 November 2009, the second part of 25.0% will vest 27 November 2010 and remaining part of 25.0% will vest 27 November 2011. In addition, all options become exercisable in full as of the date that LBi enters into a binding agreement to sell 25.0% or more of the Company, or upon the termination of holders' employment.

F4-6 First part of 50.0% will vest 27 November 2009, the second part of 25.0% will vest 27 November 2010 and the remaining 25.0% will vest 27 November 2011.

Warrants related to the employee stock option program

The Company has issued warrants to secure its undertaking to deliver shares under the stock option programme, and to cover related administrative costs and social security contributions. Upon the exercise of stock options by an employee, warrants will be exercised to create new shares in LBi. As opposed to issuance of shares, the exercise of warrants does not require further approval of a General Meeting of Shareholders. The exercise of options gives rise to dilution.

Each warrant entitles the holder to subscribe for one new share, except for warrants issued before the reverse split that entitles the owner to subscribe for one new share for each ten warrants. No warrants have been issued in 2008.

Series	Subscription price (SEK)	Subscription period		Number of options issued	Number of shares outstanding can increase by	Exercised options	Lapsed/ matured	Options issued as of 2008-12-31	Number of shares outstanding can increase by
A	2.50	2006-07-31	2013-12-31	1,896,124	1,896,124	–682,861	–5,818	1,207,445	1,207,445
B	2.50	2007-01-09	2015-12-31	1,835,000	1,835,000	0	0	1,835,000	1,835,000
Total				**3,731,124**	**3,731,124**	**–682,861**	**–5,818**	**3,042,445**	**3,042,445**

Series	Subscription price (SEK)	Subscription period		Number of options issued	Number of shares outstanding can increase by	Exercised options	Lapsed/ matured	Options issued as of 2007-12-31	Number of shares outstanding can increase by
A	2.50	2006-07-31	2013-12-31	1,896,124	1,896,124	–676,861	–5,818	1,213,445	1,213,445
B	2.50	2007-01-09	2015-12-31	1,835,000	1,835,000	0	0	1,835,000	1,835,000
Total				**3,731,124**	**3,731,124**	**–676,861**	**–5,818**	**3,048,445**	**3,048,445**

Series	Subscription price (SEK)	Subscription period		Number of options issued	Number of shares outstanding can increase by	Exercised options	Lapsed/ matured	Options issued as of 2006-12-31	Number of shares outstanding can increase by
A	2.50	2006-07-31	2013-12-31	1,896,124	1,896,124	–59,496	–2,098	1,834,530	1,834,530
Total				**1,896,124**	**1,896,124**	**–59,496**	**–2,098**	**1,834,530**	**1,834,530**

Weighted average value

Value of employee services related to fair value of options granted have been recognised in the income statement in an amount of SEK 7,150 thousand in 2008, SEK 4,829 thousand in 2007 and SEK 3,667 thousand in 2006.

The weighted average value of options granted during 2008 has been SEK 5.10 (SEK 12.88 for 2007 and SEK 11.89 for 2006). The weighted average value of the share during 2008 was SEK 17.98 (SEK 47.43 for 2007 and SEK 49.15 for 2006).

The fair value of awarded stock options is estimated as of the date of award with the help of the Black and Scholes model, taking into account the terms and conditions upon which the options were awarded. The following table shows the input data used in the model for 2008, 2007 and 2006.

	2008	2007	2006
Expected volatility (%)	40.00	38.90	35.00
Weighted risk-free interest (%)	3.60	3.90	3.80
Employee turnover (%)	7.00	7.00	7.00
Expected term of option (years)	2.75	4.78	2.7

The expected term of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also but not necessarily be the actual outcome.

NOTE 42 EARNINGS PER SHARE

	2008	2007	2006
Earnings per share (SEK)			
Basic	1.46	1.63	1.95
Diluted [1)]	1.46	1.63	1.94
Profit attributable to the equity holders of the Parent Company	90.9	101.2	89.6
Weighted average numbers of shares outstanding, included not registered (thousands)			
Basic	62,021	61,826	46,011
Warrants	67	519	247
Diluted	62,088	62,345	46,258

[1)] The above calculation does not take into account potential shares attributable to options with a strike price above the market price, since that would have resulted in a positive dilutive effect.

Diluted earnings per share is calculated by dividing the year's profit by the weighted average numbers of shares outstanding, adjusted for any additional shares added by conversion and exercise of warrants and the value of any outstanding warrants.

NOTE 43 SUBSEQUENT EVENTS

Huub Wezenberg was appointed as Chief Financial Officer effective from 11 February 2009 and Alan Davies was appointed Chief Strategy Officer in March 2009.

In Q1 LBi recorded a one time charge of approximately 3.6 million EUROS relating entirely to severance costs and property related charges incurred during the period. This action was taken as a consequence of the deteriorating economic climate and the headcount reduction has been explicitly targeted at the Central European and American regions where LBi anticipates further pressure on the top line. The organizational redesign in these regions includes simplification of organisational structures, reduction of management layers and removal of duplicate roles.

In Central Europe LBi now plan to create a full-service hub managed out of LBi's Dutch office, replicating the UK full-service model and is uniquely differentiated in that it offers clients a one stop shop combining all digital strategic marketing, media and CRM disciplines with best in class website design and build skills. As a consequence of this activity LBi has closed down the operations in the Den Dolder location and simultaneously rationalised office space requirements in Amsterdam.

In the USA LBi is also creating a single integrated full-service offer through the combination Special Ops, Nicholson and LBi Atlanta. LBi is targeting a single organisational model which will become effective at the end of the year. In anticipation of the year end merger LBi is already now reshaping the US companies.

These combined actions across the group will have a significant structural impact on our cost base and annualised savings are expected to be greater than EUR 9 million.

The current group credit facility that expired on 31 March 2009 has been prolonged for another year.

NOTE 44 ALLOCATION OF EARNINGS

Funds as follows are at the disposal of the Annual General Meeting:

SEK	
Opening retained earnings brought forward	748,019,621
Group contributions rendered	–41,315,000
Group contributions received	6,574,178
Tax effect on group contributions	–1,326, 970
Net result for the year	–28,255,210
Total	**683,696,619**

The Board of Directors and the President propose that the funds at the disposal of the Annual General Meeting, SEK 683,696,619, be allocated thus that SEK 683,696,619 be carried forward.

The Board of Directors and the President propose that no dividend will be declared for 2008.

The Board of Directors and the Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the financial position and the results of operations of the Group. The Annual Accounts have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the financial position and the results of operations of the Parent Company. The Report of the Board of Directors for the Group and the Parent Company give a true and fair view of the development of the Parent Company and of the Group, respectively, their financial position and their results of operations and presents the significant risks and uncertainties facing the Parent Company and the entities that are members of the Group.

As set forth below, the Annual Accounts and the consolidated financial statements were approved by the Board of Directors on 7 April 2009. The Consolidated Income Statement and the Consolidated Balance Sheet will be subject to adoption by the Annual General Meeting to be held 6 May 2009.

Stockholm, 7 April 2009

LBI International AB (publ)

Fred Mulder
Chairman

Katarina G. Bonde   Lucas Mees

Michiel Mol   Robert Pickering

Luke Taylor
CEO and President

Our audit report was submitted on 7 April 2009

Öhrlings PricewaterhouseCoopers AB

Hans Jönsson
Authorised Public Accountant

Audit report

To the Annual General Meeting of
LBI International AB (publ)
Organisation number 556528-6889

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of LBI International AB (publ) for the 2008 financial year. The company's annual accounts and the consolidated financial statements are included in the printed version of this document on pages 26-78. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Director or the President. We also examined whether any Director or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Report of the Board of Directors and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 7 April 2009
Öhrlings PricewaterhouseCoopers AB

Hans Jönsson
Authorised Public Accountant

Five-year Summary

The information below refers to LBi where the Framfab Group is included from 1 August 2006. Before that date, only the LB Icon Group is included.

Income Statements	**2008**	**2007**	**2006**	**2005**	**2004**
Net revenue	1,540.6	1,429.1	1,051.6	783.0	565.0
Operating profit/loss	119.8	94.1	78.9	82.4	–12.0
Profit/loss after financial items	94.6	76.7	84.5	57.3	–17.6
Profit/loss for the year	**90.9**	**101.9**	**89.6**	**48.7**	**20.0**

Balance Sheets	**31 Dec. 2008**	**31 Dec. 2007**	**31 Dec. 2006**	**31 Dec. 2005**	**31 Dec. 2004**
ASSETS					
Intangible non-current assets	1,809.4	1,552.9	1,102.30	418.0	209.9
Tangible non-current assets	117.6	63.4	51.1	31.8	30.4
Financial non-current assets	12.3	37.0	68.4	196.4	3.5
Deferred tax assets	510.2	498.3	456.4	23.9	38.9
Total non-current assets	**2,449.5**	**2,151.6**	**1,678.2**	**670.1**	**282.7**
Trade receivables	483.1	414.6	338.0	212.4	162.2
Other current assets	204.3	144.5	142.5	88.6	46.4
Cash and cash equivalents	185.8	217.2	185.4	108.8	157.2
Total current assets	**873.2**	**776.3**	**665.9**	**409.8**	**365.8**
Total assets	**3,322.7**	**2,927.9**	**2,344.1**	**1,079.9**	**648.5**
LIABILITIES AND EQUITY					
Shareholders' equity, including minority interest	**2,119.7**	**2,019.0**	**1,903.1**	**480.9**	**256.3**
Long-term provisions	191.2	306.0	73.8	33.2	8.7
Long-term liabilities	289.8	163.0	10.9	255.2	158.1
Prepayments from customers	35.7	42.0	19.8	6.4	0.0
Other current liabilities and provisions	686.3	397.9	336.5	304.2	225.4
Total liabilities	**1,203.0**	**908.9**	**441.0**	**599.0**	**392.2**
Total liabilities and shareholders' equity	**3,322.7**	**2,927.9**	**2,344.1**	**1,079.9**	**648.5**

Cash Flow Statement	**2008**	**2007**	**2006**	**2005**	**2004**
Cash flow from operations	161.4	128.2	98.8	48.8	–27.1
Changes in working capital	33.2	1.4	31.6	–2.9	–26.8
Cash flow from operating activities	**194.6**	**129.6**	**130.4**	**45.9**	**–53.9**
Cash flow from investing activities	–330.3	–269.9	–32.9	–217.0	–34.6
Cash flow from financing activities	95.9	174.9	–15.2	119.4	199.2
Cash flow for the year	**–39.8**	**34.6**	**82.3**	**–51.7**	**110.7**
Cash and cash equivalents at beginning of the year	217.2	185.4	108.8	157.2	47.4
Translation differences in cash and cash equivalents	8.4	–2.8	–5.7	3.3	–0.9
Cash and cash equivalents at end of the year	**185.8**	**217.2**	**185.4**	**108.8**	**157.2**

Five-year Summary, cont'd

Key financial indicators	2008	2007	2006	2005	2004
Growth of net revenue (%)	8	36	34	39	23
Operating margin (%)	8	7	8	11	–2
Profit margin (%)	6	8	8	6	4
Equity ratio (%)	64	69	81	45	40
Return on capital employed (%)	5	5	7	18	–3
Return on shareholders' equity (%)	5	5	7	13	13
Average number of employees	1,613	1,415	1,002	816	674
Number of employees at end of the period	1,602	1,500	1,301	754	615
Net revenue per employee (SEK thousand)	955	1,010	1,050	960	838
Shareholders' equity per share (SEK)	34.16	32.54	31.00	15.71	10.18
Earnings per share (SEK)	1.46	1.63	1.95	1.72	0.81
Cash flow per average no. of shares (SEK)	–0.64	0.56	1.79	–1.83	4.49

Corporate Governance Report

Foreword by Fred Mulder, Chairman of the Board of Directors

Since LBi was created in 2006 as a consequence of the merger between Framfab and LB Icon, development work has been underway in LBi to screen, update and co-ordinate reporting and control procedures for decision-making in the Group's legal and operational units. This task has continuously grown as the Group further completed its footprint and business proposition by several acquisitions during the period 2007 – 2008.

During 2008 the work of the Board of Directors focused considerably on structural issues. We placed particular weight on mapping and evaluating the most significant risks in the procedures in order to control risks more pro-actively. Better governance and control facilitate good business practice and enable to be more competitive in all markets, while also strengthening the position of the business community in the public eye.

LBi's Corporate Governance Report for 2008 is to a great extent built around the fact that LBi's ownership structure is characterised by its large amount of foreign investors and that we as a company listed at two exchanges, Nasdaq OMX and NYSE Euronext, more frequently face questions regarding the Swedish corporate governance structure.

To assist these shareholders, and in order to describe and explain the underlying regulation, as well as to describe its effects on LBi's daily operations, LBi puts great effort in describing the corporate governance system within our Company. This to ensure maximum transparency and pro-active behaviour of our staff.

General

LBi is a public limited company with its registered office in Stockholm, Sweden. On 1 July 2008, the revised Swedish Code of Corporate Governance came into force. LBi applies the Code from that date and includes this corporate governance report attached to the annual accounts for 2008 to be presented at the AGM 2009.

LBi has a primary listing on the Nasdaq OMX Nordic Exchange Stockholm and a secondary listing at NYSE Euronext in Amsterdam, the Netherlands. Since LBi is a Swedish company, LBi is not obliged to adhere to the Dutch code for corporate governance.

Corporate governance at LBi is based on Swedish legislation, primarily the Swedish Companies Act and the Rule Book for Issuers Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance and other applicable rules and regulations.

LBi's Board of Directors and executive management strive to live up to the requirements of sound corporate governance of the shareholders, other stakeholders and Nasdaq OMX Stockholm regarding sound and effective corporate governance.

LBi's corporate governance report has not been reviewed by its auditors.

LBi applies all rules of the Swedish Code of Corporate Governance with exception of the rules set out below. The reason why LBi does not comply with these rules is explained below, together with a description of the alternative solution chosen :

Deviation from 10.4 – The Board of Directors is to ensure that the company's six- or nine-month report is reviewed by its auditors.

Explanation: LBi is applying the Swedish Code of Corporate Governance from 1 July 2008 and is constantly enforcing good internal controls and formalised routines that ensure that established principles for financial reporting and internal controls are followed. All the Company's quarterly reports are discussed with the auditors, though not formally reviewed.

Starting next year, LBi will be in full compliance with the Code and ensure that the Company's six- or nine-month report is reviewed by the auditor.

Bodies for corporate governance

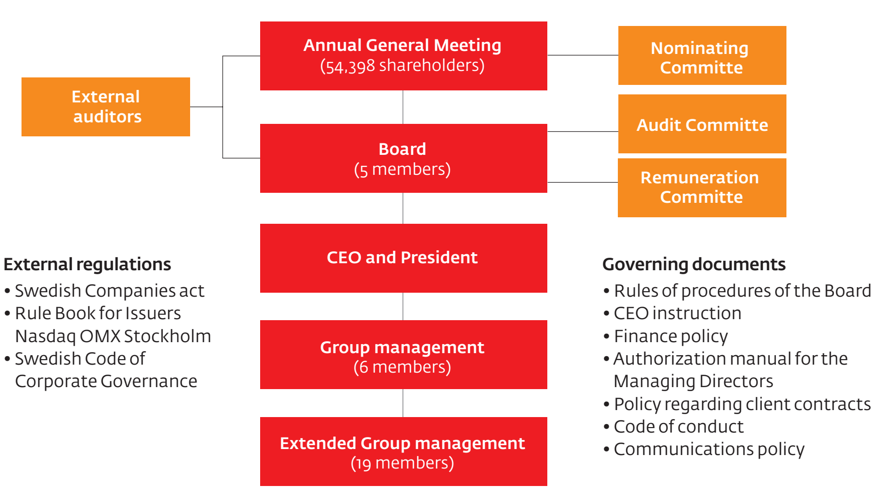
Corporate governance and control is exercised in LBi by a number of bodies within the Company.

Shareholders exercise their voting rights at the Annual General Meeting when it comes to the composition of the Board of Directors and the election of auditors. The Nomination Committee proposes candidates for directors, chairman of the board of directors and auditors. The Board of Directors is responsible for LBi's long-term development and strategy, and for controlling and evaluating the Company's day-to-day business. The Board of Directors also appoints LBi's President. The Board of Directors carries out a part of its duties via the Audit Committee and the Remuneration Committee.

The CEO is responsible for ensuring that the day-to-day business in LBi is conducted in accordance with the guidelines and instructions of the Board of Directors. In accordance with the rules of procedure and instructions for the CEO in force, Group management shall inform the Board of Directors on a current basis of the Company's financial condition and the state of the business and the market.

For the year ended 31 December 2008, LBi had an organisation for reporting in accor-

Corporate Governance at LBi



dance with the country/regional segments United States, Central and Southern Europe, the United Kingdom (including India and UAE) and Scandinavia. Responsibility for reporting in accordance with the segments rests with Group management: the Group CEO, the Group's two executive Vice Presidents, the CEO for LBi UK, the CFO, the Chief Creative Officer and the Group Strategy Director; with ultimate reporting to the Group CEO.

The extended Group management consists of Group management and the Subsidiary CEOs and MDs. The extended Group management holds a scheduled meeting at least four times per year.

There are a number of policy documents adopted by the Board of Directors to govern LBi's operations. Refer to Governing documents.

Ownership situation

The three largest shareholdings per 31 December 2008 were held by Euroclear Bank, custodian in Belgium (46.7 percent), Mellon, custodian in New York (23.4 percent) and Six SIS AG, custodian in Switzerland (5.2 percent). The Mol family in the Netherlands is the largest shareholder in LBi and hold in total 15,843,597 shares (25,5 percent) via companies. Refer to The LBi share section for more information about the Company's ownership structure. The number of shareholders is 54,398. The share capital is MSEK 155.0 divided into 62,023,276 shares. Each share entitles its holder to equal proportions of the Company's assets and earnings.

General Meetings

The right of the shareholders to decide on the affairs of the Company is exercised at annual general meetings or extraordinary general meetings of shareholders. Shareholders who are registered in the share register on the record date and have filed notice of attendance are eligible to attend. The Annual General Meeting shall be held within six months of the end of each financial year, usually between the end of March and the beginning of May. Extraordinary general meetings of shareholders are convened as needed.

Notice of Annual General Meeting in LBI International AB is given as prescribed in the articles of association, in the form of advertisement in Post- och inrikes tidningar and Svenska Dagbladet in Sweden an in the Officiële Prijscourant and a Dutch daily newspaper in the Netherlands. The time and location for the Annual General Meeting are set forth in the notice, and the procedure that must be followed by those wishing to vote. Each share entitles its holder to one vote. Shareholders who are unable to participate in person may be represented by a proxy in writing, signed and dated by the shareholder. (Proxies have a maximum validity of one year from the date of issuance).

The General Meeting usually passes resolutions with an ordinary majority. In certain cases there is a legal requirement for a higher majority. In the case of elections, the person with the highest number of votes is elected.

Issues resolved by the Annual General Meeting include adoption of the income statement and balance sheet, allocation of the Company's earnings or loss, and discharge from liability for the directors and the President. Other issues that may be resolved solely by the General Meeting include the composition of the Board of Directors, increase or reduction of the share capital, new issuance of shares, and issuance of subscription options or warrants. Regarding issuance of securities it is common, however, for the Annual General Meeting to give the Board of Directors a year-long mandate to make decisions within certain limits.

LBi's goal is that as many directors as possible shall be present at the Annual General Meeting. At least one of the Company's auditors shall be present at the Annual General Meeting. Shareholders who wish to have an issue brought before an Annual General Meeting shall make a request in writing to the Board of Directors. On the condition that such request is received in time to be included in the notice, the issue will be brought before the general meeting. Shareholders are also given an opportunity to pose questions to the Company at the Annual General Meeting.

Those who wish to contact the Board of Directors or the Nomination Committee may do so via Anita Hallgren, assistant to management, anita.hallgren@lbi.com. Such message should state whether the matter is aimed at an individual director, the Chairman, the entire Board of Directors, or the Nomination Committee.

Annual General Meeting 2008

At LBi's 2008 Annual General Meeting, held 6 May at Hotel Anglais in Stockholm, the following directors and members of Group management participated: Chairman Fred Mulder, CEO Luke Taylor , CFO Huub Wezenberg (acting CFO at the time) and Auditor Hans Jönsson, assisted by Johan Lilliehöök. A total of 24 shareholders attended the AGM representing 24.9 percent of the votes and share capital. Ola Silberman was elected chairman of the AGM.

Resolutions

The minutes from the AGM 2008 are available on LBi's website. Resolutions passed by the Meeting included the following:

No dividend is declared and retained earnings are carried forward to the 2009 accounts.

Katarina G. Bonde, Michiel Mol, Fred Mulder and Robert Pickering were reappointed as members of the Board of Directors and Lucas Mees was appointed. Fred Mulder was re-appointed as Chairman of the Board.

Remuneration for the Board of Directors amounts to a total of EUR 110,000 to be distributed among the Board members as follows: the Chairman EUR 30,000 and each of the other members of the Board of Directors EUR 20,000.

Procedures for the Nomination Committee's appointment and work.

The guidelines for determining salary and other remuneration to the Managing Directors and other persons of the Company's senior management.

The resolution regarding grant of 2,100,000 employee stock options in accordance with the Group global share option plan, according to the Board's proposal, was adopted.

The resolution regarding issuance of warrants for subscription of 420,000 new shares to ensure the option undertakings of the Company, according to the Board's proposal, was adopted.

The Board of Directors was authorised to resolve to issue up to 2,500,000 new shares in aggregate with non-application of the shareholders pre-emptive rights, against payment in kind or by way of set-off, in connection with acquisitions, or as payment for additional purchase money, at one or several occasions, during the period until the next Annual General Meeting.

2009 Annual General Meeting

LBi's 2009 Annual General Meeting will be held 6 May in Stockholm at 16.00 CET.

Nomination Committee

Among the tasks of the Nomination Committee are to make an assessment of whether the Board of Directors has the right composition and if such is not the case, identify new candidates. The Nominations Committee shall also present suggestions for directors and auditors and proposed remuneration for directors and auditors. The Nomination Committee ahead of the 2009 AGM consists of Gunnar Ek (Chairman and representing The Swedish Shareholders Association), Frank Bergman (Red Valley, Luxembourg, S.a.r.l.), and LBi's Chairman, Fred Mulder. No compensation is paid to the members of the Nomination Committee.

In 2008 the Nomination Committee focused primarily on discussion and evaluation of the Board and its performance and recommendations for the composition of the Board in the coming years. The Nomination Committee recommended Lucas Mees as director, replacing Sven Skarendahl who passed away in January 2008.

Board of Directors

The Board of Directors bears the ultimate responsibility for the Company's organisation and management of its business. The Board of Directors is composed to provide efficient support and monitoring of the work of corporate management, which in turn ensures that the Board of Directors receives reports on a regular basis on the development of the Group's business, its results, performance and liquidity, and events of significance to the Company. In case of need, corporate officers participate in Board of Directors meetings as presenters or in administrative functions.

The Board of Directors, which shall consist of not less than 3 and not more than 10 directors, is elected by the Annual General Meeting for the period until the adjournment of the next following Annual General Meeting. There is no limit for the number of consecutive terms a director may be a member of the Board of Directors.

The rules of procedure describe the tasks of the Board of Directors in greater detail. The rules of procedure contain provisions on how the Board of Directors should operate, how often meetings should be held and what type of issues should be brought before the Board of Directors. For example, according to the rules of procedure, the Board of Directors should assess the Company's financial position on an ongoing basis, set goals for the Company's operations and ensure that rules adopted and plans instituted are followed. The rules of procedure are adopted yearly at the statutory Board of Directors meeting after the AGM. The work of the Board of Directors is evaluated yearly and the material is openly discussed and made available to the Nomination Committee.

Composition of the Board of Directors

LBi's Board of Directors consists of five members elected by the AGM to serve for a period of one year. The CEO is not a member of the Board, but does participate in Board meetings, except those in which the work and/or remuneration of the CEO is evaluated. None of the members of the Board of Directors has an operating role in the Company. The Board members have an average age of 55 years. One of the directors is a woman. All directors except one are independent in relation to the shareholders. The LBi Group's general counsel acts as secretary of the Board of Directors. If necessary, other company officers participate.

The 2008 AGM reappointed Katarina G. Bonde, Michiel Mol, Fred Mulder and Robert Pickering as members of the Board of Directors and appointed Lucas Mees. Fred Mulder was re-appointed as Chairman of the Board. For information about the directors, refer to page 94.

Work of the Board of Directors

The Board of Directors held 15 meetings during 2008, of which one was statutory per capsulam; eight meetings were held per capsulam. Six meetings were live, including attendance via telephone.

The Board of Directors continued to focus on improved utilisation of resources in the current macroeconomic climate and also continually evaluated potential acquisition candidates based on set criteria. The Board supports and oversees the progress against the strategic roadmap presented by the Group CEO in March 2008. Issues brought before the Board of Directors during 2008 include:

Appointment of Luke Taylor as new CEO in January followed by strategic roadmap announcement in March

Acquisition of Netrank, a London-based digital agency extending and deepening LBi's Search Engine Optimisation (SEO) skills in January

Acquisition of OX2, a Belgian interactive agency specifically strengthening LBi's knowledge and expertise in the field of website measurement and web analytics in February

Support and supervision over the progress against the strategic roadmap presented by the Group CEO in March with focus on (1) Building expertise centres and strengthening full service offering in key hub markets US, UK and Asia, (2) Leveraging local best-in-class service offering, skills and country rate cards across international client base, (3) Evolving offer in local European markets and (4) Moving towards one global brand and one integrated company

Board of Directors

Name	Nationality	Elected	Dependence	Shares	Options	Fees Board work[3]
Fred Mulder	Dutch	2006	No	274,500	0	30,000
Katarina G. Bonde	Swedish	2006	No	3,340	0	20,000
Michiel Mol	Dutch	2006	Yes[1]	15,843,597[2]	0	20,000
Robert Pickering	American	2006	No	412,856	200,000	20,000
Lucas Mees	Dutch	2007	No	6,627	0	20,000

1) Michiel Mol is dependent in relation to the company since the Mol family via companies holds 25.5% of the Company's shares.
2) Via companies.
3) Amounts in EUR.

Acquisition of Special Ops Media, a New York-based agency, which completes the formation of LBi's US East coast Hub offering in April

Appointment of Chris Clarke, former Executive Creative Director and President of Digitas, London, as global Chief Creative Officer of LBi in April 2008

Abu Dhabi office opening in November 2008 to boost global offering and improve exposure to fast growing markets.

Appointment of Huub Wezenberg (acting CFO) as new Chief Financial Officer LBi International in February 2009

Appointment of Alan Davies as Chief Strategy Officer in March 2009

Remuneration to the Management and Board of Directors

Principles

The following principles for remuneration to senior executives in the LBi Group were adopted by the 2008 Annual General Meeting.

LBi's principles for remuneration to senior executives entail that the Company shall offer market-based terms of employment that enable the company to recruit, develop and retain senior executives. Remuneration of the CEO and other senior executives consists of basic salary, variable salary, other benefits, pensions and participation in the employee stock option plan. LBi continuously gathers and evaluates information on market-based remuneration levels for relevant industries and market.

Remuneration of management 2008

During 2008 the CEO and Group Management received a total remuneration (basic salary, other benefits and pensions) of SEK 18,216 thousand of which SEK 4,699 thousand (EUR 500,000) related to the CEO.

The potential maximum bonus entitlement of the Group Executive Management members ranged from 25 percent to 50 percent of their base salary. The performance criteria for this variable remuneration include EBITDA targets set for the Group and specific regions, as well as individual targets.

In 2008 no variable salary was paid, since target figures were not achieved.

The CEO's bonus for 2008 was limited to a maximum of EUR 250,000, corresponding to 50 percent of basic salary. The CEO has no pension agreement. The CEO is entitled to a 12 months' severance pay, including a 6 month notice period.

Other senior executives have the possibility of obtaining a variable salary, with an upper limit of 50 percent of fixed salary. The bonus opportunity for other senior management was a total of KEUR 653 in 2008.

Other senior executives have periods of notice of two to twelve months. There are no special benefits for executive management apart from company cars.

Refer to note 1, page 50.

Long-term incentive programme

The LBi Group has a share option programme for senior management. In 2008, a total of 707,000 options were granted to 5 executives (constituting Group executive management) with an exercise price of SEK 16.57, out of which 50 percent will vest as of 26 August 2010, another 25 percent as of 26 August 2011 and the last 25 percent tranche as of 26 August 2012.

Remuneration to the Board

The amount of remuneration to the Board of Directors is determined by the AGM. Remuneration to the Board of Directors for 2008 was set at a total of EUR 110,000, to be distributed among the Board members as follows: the Chairman EUR 30,000 and each of the other directors EUR 20,000.

Assessment of Board performance

The Chairman of the Board of Directors ensures that the work of the Board of Directors is evaluated on an annual basis through a systematic and structured process and that the Nominations Committee is informed of the results of such evaluation. The performance of the CEO and executive management is continuously evaluated and discussed at a minimum of one Board of Directors meeting without the presence of the CEO and directors who are members of management.

Board of Director committees

Remuneration Committee

The principal responsibility of the Remuneration Committee is to offer advice to the Board of Directors in matters dealing with salaries and compensation.

A Remuneration Committee was appointed within the Board of Directors and consisted of the following members during 2008: Robert Pickering, Fred Mulder and Michiel Mol.

The Remuneration Committee held two formal meetings during 2008 in conjunction with Board of Directors meetings with discussions about developing a bonus plan for Group management 2008 and the Company's strategy for retaining key personnel. The Remuneration Committee's objective has been to offer remuneration on market-based terms and to uphold a relationship between basic and variable salary that is proportionate to the responsibilities and powers of the individual in question.

Attendance to meetings

		Attendance to meetings		
Name	**Committee**	**Board**	**Remuneration Committee**	**Audit Committee**
Fred Mulder	Audit, Remuneration	6 (6)	2 (2)	2(2)
Katarina G. Bonde	Audit	6 (6)	–	2 (2)
Michiel Mol	Remuneration	6 (6)	2 (2)	–
Robert Pickering	Remuneration	6 (6)	2 (2)	–
Lucas Mees	Audit	3 (6)*	–	2 (2)

* Attended 3(3) since being apponted as Board member 6 May 2008.

Audit Committee

The Audit Committee usually meets in connection with the Board meetings. The Audit Committee formally monitors on behalf of the Board of Directors the completeness of the financial statements, compliance with legislation and regulations and the effectiveness of LBi's internal control system for financial reporting. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported to the Board of Directors.

During 2008 the Audit Committee of the Board of Directors consisted of Katarina G. Bonde, Fred Mulder and Lucas Mees. The principal task of the Audit Committee during 2008 has been to review the annual accounts and interim reports and to monitor the audit work.

The Audit Committee held two meetings during 2008 for reporting on ongoing reviews, operational audit and review of the year-end financial report. The auditors were present at one meeting of the Audit Committee.

During the year the Audit Committee focused on risk analysis and key aspects of the Company's systems for internal controls and risk management regarding financial reports.

External auditors

Öhrlings PricewaterhouseCoopers AB has been elected to serve as auditors for a period ending with the 2011 Annual General Meeting. Authorised Public Accountant Hans Jönsson is appointed Auditor-in-Charge. The auditors submit an audit report for the Parent Company and the Group. The auditors also examine management of the Company's affairs by the Board of Directors and the CEO. The audit is carried out in accordance with generally accepted auditing standards in Sweden. All subsidiaries outside Sweden are audited in accordance with local rules and regulations.

For the financial year 2008, fees for auditing services amounted to SEK 5.2 million and for non-auditing services to SEK 3.9 million. Aside from auditing services, LBi has consulted PwC on various accounting matters and corporate governance and Deloitte on legal and tax-related matters.

The amount of fees paid to the auditors is shown in note 2 page 52.

Executive management

The Board of Directors appoints the CEO and his deputy. The CEO and Group management bear responsibility for the day-to-day operations.

2008 Group management consists of CEO Luke Taylor (took office 10 January 2008), Executive Vice President Jesper Anderson, Executive Vice President Theo Cordesius, CEO LBi UK Ewen Sturgeon, Chief Financial Officer Huub Wezenberg and Chief Creative Officer Chris Clarke. The executive management is assisted by Group staffs for corporate communications, Finance, IT and legal affairs.

Management has provided the Board of Directors with information on a current basis on the Company's financial position, the strategic development and the state of the business and the market in accordance with the rules of procedure in force for the Board of Directors and the instructions for the CEO. The work of the CEO and Executive management is evaluated at least once a year; the CEO does not participate in such meetings.

Governing documents

LBi's operations are governed, in part, by a number of policy documents adopted by the Board of Directors and/or the CEO, depending of the nature of the policy. These policy documents are made available to staff members, inter alia by publication on LBi's internal web, or by direct information to those affected. The governing documents include the rules of procedure of the Board of Directors, the CEO instruction, a finance policy, an authorisation manual for the Managing Directors of the subsidiaries of the Group, a policy regarding client contracts, a code of conduct and a communications policy.

Information to the capital market

LBi regularly informs the market about the Group's financial position and development. This information is provided in the form of quarterly reports and annual reports that are published in Swedish and English. In addition, the Group issues press releases about news and events that may influence the share price and presentations for shareholders, financial analysts and investors both in Sweden and abroad. The quarterly reports, annual reports and press releases are also published on the corporate website www.lbi.com. The Company's website also contains a large amount of information that is continuously updated.

More information available on www.lbi.com/investors

Remuneration

KSEK	Year	Fixed salary	Variable salary	Options granted	Pension	Other benefits	Total
CEO (Luke Taylor)	**2008**	**4,699**		**280,000**			**4,699**
CEO (Robert Pickering)	2007	5,614		200,000			5,614
Group Management others 5	**2008**	**9,378**		**427,000**	**4,090**	**49**	**13,517**
Group Management others 3	2007	7,216		200,000	463	56	7,735
Total	**2008**	**14,077**	**0**	**707,000**	**4,090**	**49**	**18,216**
	2007	12,830	0	400,000	463	56	13,349

Internal Control

Board report on Internal control over financial reporting during 2008

As stated in the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for establishing and maintaining adequate internal control.

This report has been prepared in accordance with the Code and is limited to a description of how internal control over financial reporting is organised. This report on internal control over the financial reporting has not been reviewed by the company's auditors.The report does not represent part of the formal annual report documentation.

Internal control

LBi has defined internal control as a process that is influenced by the Board of Directors, the Audit Committee, the CEO, Executive Group Management and other employees and is formulated to provide reasonable assurance that LBi's goals are achieved in terms of appropriate and effective business activities, reliable financial reporting and compliance with applicable legislation and regulations.

The process is based on a control environment that creates discipline and structure for the other four components of the process, namely risk assessment, control structures, information and communication, and monitoring. The starting point for the process is the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), www.coso.org.

The control environment includes the values and ethics upon which the board, the Audit Committee, the CEO, Executive Group Management bases their communication and actions, as well as the Group's organisational structure, leadership, decisions routes, authorisations, responsibilities and the expertise of the employees. LBi's values constitute a long-term commitment, which combined with business concepts, targets and strategies, guides the employees in their daily work. LBi's Code of Conduct comprises principles for how business should be conducted. LBi is characterised by a decentralised organisation that is managed based on target-oriented leadership with clear targets and rewards based on performance.

Ongoing activities and planned initiatives

The company has performed a detailed and structured risk analysis at the Group level of the risk for significant deficiencies in the consolidated profit and loss accounts, balance sheets, with respect to both quantitative and qualitative risk parameters. Based on the initial risk analysis, a number of significant accounts were identified. And based on the outcome of this risk analysis the audit committee, proposed to the Board of Directors the prioritised next steps who has approved upon these next steps. Which means that further analysis, documentation and evaluation of the company's controls to mitigate the identified heightened risks will be continued.

LBi also continued to file its contracts (e.g. framework agreements), corporate documents, corporate income tax documents, financial management reports, general legal documents, HR documents and minutes into their web based corporate document management system. This web based system is used on corporate and on subsidiary level and was introduced as a group system in September 2007 and enables the Group to monitor and have access to all formal legal, financial, tax and filing documentation.

Internal control over financial reporting

Internal control as regards financial reporting aims to provide reasonable assurance with regard to the reliability of the external financial reporting in the form of interim reports, annual reports and year-end reports, and that external financial reporting is prepared in accordance with legislation, applicable accounting standards and other requirements on listed companies.

Internal control over financial reporting is based on the overall control environment established by the Board of Directors and management. This includes the culture and values established and practiced by the Board of Directors. Key components of the control environment are the organisational structure, management philosophy and style, responsibilities and authority that are clearly defined and communicated for all levels in the Group. Additional components are the knowledge of the employees and a number of normative documents such as policies, manuals, guidelines and routines that create discipline and structure.

The following description has been prepared in accordance with the Swedish Code of Corporate Governance and current application regulations, and constitutes the Board of Director's report on internal control over financial reporting.

Control environment

The Board of Director's bears the overall responsibility for internal control relating to financial reporting. The board has established a written formal working plan that clarifies the Board's responsibilities and regulates the Board's and its committees' internal distribution of work. Furthermore, the Board has appointed an Audit Committee, the primary task of which is to ensure that established principles for financial reporting and internal control are adhered and that appropriate relations are maintained with the company's auditors. The Board has also established priority areas 2009.

The responsibility for maintaining an effective control environment and the ongoing work on internal control as regards the financial reporting is delegated to the CFO. The Group's CFO reports to the Audit Committee and coordinates the work on internal control over financial reporting with the Group's companies and business areas.

Internal steering instruments for financial reporting primarily comprise the Group's Finance Policy, Communication Policy and Accounting Manual, which define the accounting and reporting rules.

LBi has a flat and client-driven organisation structure that is distinguished by decentralisation where each subsidiary has a high degree of autonomy and authority as set within the group guidelines and structure. The Group works according to a business model in which the business momentum is generated by the entire organisation and all employees take part in working with clients. Managers at every level in the Group have explicit responsibility and authority to make autonomous decisions and develop their respective operations in line with client needs.

The Group has a signatory and decision-making policy that clearly regulates the allocation of powers and authorities at every level in the company, form the individual consultant to the Board of Directors of LBi. The areas that are covered include price offers, investments, rental and lease agreements, expenditures and guarantees, etc.

Risk assessment

LBi's risk assessment regarding financial reporting, meaning the identification and valuation of the most significant risks concerning financial reporting in the Group's companies, business areas and processes constitutes the basis for how these processes shall be managed. Risk Management can be accomplished by the risks being accepted, reduced or eliminated, with requirements on controls and control levels set by the Board of Directors, the Audit Committee, the CEO and Group Management.

The risk assessment procedure regarding financial reporting has been established and will be annually updated under supervision of the Group's CFO and the results are reported to the Audit Committee. The Board of Directors approves principles and limits for risk management.

LBi has performed a detailed and structured analysis of the risks that can affect the completeness and accuracy of the externally reported financial information, with respect to both quantitative and qualitative risk parameters. The analysis identified a number of items in the income statement and balance sheet that are associated with a heightened risk for significant deficiencies. A large share of LBi operations consists of projects and is exposed to (regular) project management risks. Related to financial reporting these risks can be addressed to revenue recognition, fixed price projects and overruns.

Control structures

The significant risks identified with regard to the financial reporting are managed through various control structures in the companies, business areas and processes that aim to ensure that fundamental requirements of the external reporting are met.

The group has a finance policy that clarifies responsibilities and authority within the Group's finance function. The finance function manages issues relating to cash management, liquidity and financial risks. The finance policy sets areas of responsibility for each respective function, authority and criteria for assessing risk. The finance policy also governs the distribution of responsibility among the Board of Directors, the CEO, the CFO and other associates in the Parent Company's finance function.

We apply the following guidelines for our financial reporting: transparency, relevance, simplicity, consistency and immediate.

To secure the financial reporting, LBi has established policies, guidelines, and procedures for this express purpose. Knowledge and awareness of these are gained through regular in-service training and frequent physical meetings where all local CFOs are present.

During the year, several workshops were organised and had as themes working capital management, crisis management and structured risk analysis.

In the working capital management workshop all local CFO's had to present their actions and vision, regarding improving working capital management. Also the importance of well organised working capital management from a group perspective was expressed during this workshop. To emphasise the importance of good working capital management a working capital management competition has been introduced in 2007. All operating entities are frequently informed about their own progress as well as those of the other participants.

In the crisis workshop the local subsidiaries had to present their plan how to deal and react on a sudden and substantial decline in revenue.

The risk analysis workshops were focused on a risk analysis from a corporate perspective as well as from a financial reporting perspective. Risks were identified, evaluated and prioritised. The risks were allocated in a heat map. The outcome of these risk analysis workshops were reported and discussed with the Audit Committee. The Audit Committee reported to the Board of Directors.

One of the purposes of these workshops is also to establish some best practices for the group.

As an ongoing process, activities regarding mitigating risks and internal control will be further structured, extended and tailored.

Information and communication

Information about LBi's normative documents such as group policies, manuals, guidelines and routines is gathered on the LBI's internal communication network. Important guidelines, manuals, etc., are continuously updated and communicated to the affected employees. Communication about financial reporting also takes place in connection with CFO meetings that are held regularly within the Group. For external communication, there is a corporate documentations policy that defines the responsibilities and rules for communication with external parties.

The Group's CFO has reported the results of his work on the risk assessments and internal control over financial reporting as a standing item on the agenda of the Audit Committee meetings. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are continuously reported to the Board of Directors. External financial reporting is performed in accordance with relevant external and internal regulations and guidelines.

To secure the financial reporting, LBi has established policies, guidelines, and procedures for this express purpose. Knowledge and awareness of these are gained through regular in-service training and physical frequent meetings where all local CFOs are present.

Monitoring

Follow-up to ensure the effectiveness of internal control over financial reporting is conducted by the Board of Directors, the Audit Committee, the CEO, Group Management and by the Group's companies and business areas. Follow-up takes place both informally and formally and includes the follow-up of monthly financial reports on budgets and targets as well as quarterly extended financial and business reports and reviews. Also during quarterly meetings between Executive group management and Managing Directors of subsidiaries as well as on frequently held group CFO meetings financial reports/results/instructions/procedures/guidelines and business are discussed and reviewed.

The Group's business system contains a number of functions for financial management, control and monitoring. The reporting system tracks monthly earnings and key ratios at the group, region, company/business area and country level. Key ratios of relevance operations can also be followed up monthly at all of these levels. Every month, a group-wide consolidation is carried out to measure actual results against budgets and internal forecasts.

Every company has a local finance manager/controller whose task is to monitor compliance with policies, guidelines and routines. The finance managers/controllers are also responsible for ensuring the accuracy and completeness of the reported financial information according to the above. As an ongoing process, activities regarding mitigating risks and internal control will be further structured, extended and tailored.

For the coming year we will introduce proper tailor made self-assessments within the group.

Internal audit function

LBi has internal instructions, procedures, systems and a delegation of roles and responsibilities for the purpose of maintaining good internal control. The Group's results and development are monitored internally on a monthly basis with analysis and comments.

In view of the organizational structure, the work methods described above and based on the outcome of the structured risk analysis and the planning to introduce a process for performance of proper tailor made self-assessments within the group next year, the Board of Directors has concluded that there is currently no need for a separate internal audit function in order to perform effective monitoring of internal control.

Stockholm, March 2009

The Board of Directors of LBI International AB

Fred Mulder, Chairman

Katarina G. Bonde

Lucas Mees

Michiel Mol

Robert Pickering

The LBi share

The information below refers to the Parent Company's share, LBI International AB, formerly Framfab AB.

Share capital and number of shares outstanding

LBi is listed on Nasdaq OMX Nordic in Stockholm and on NYSE Euronext in Amsterdam. The number of shares outstanding in LBI International AB was 62,023,276 as of 31 December 2008 and at the time of this annual report. Each share entitles its holder to one vote at general meetings of shareholders and to an equal proportion of the Company's assets and earnings. The shares have a quotient value of SEK 2.5. The total share capital was MSEK 155.0. The total number of shares outstanding on a fully diluted basis is 62,090,394 per 31 December 2008.

At year-end LBi's market capitalisation was MSEK 744. Earnings per share was SEK 1.46 (1.63). The Board of Directors proposes that no dividend be declared for 2008. The Group has a personnel option programme. As of 31 December 2008 there were a total of 4,753,139 options outstanding, entitling their holders to subscribe for 3,103,889 shares. A total of 837,000 new options were awarded during 2008.

Share price performance in 2008

The LBi share is listed on the Stockholm Stock Exchange since 23 June 1999. The issue price was SEK 781.50, recalculated after split 8:1 carried out 6 March 2000 and the reverse split 50:1 carried out 11 July 2006 before the merger between Framfab and LB Icon. All data have been adjusted for the reverse split.

During the 2008 operating year the market price of the share declined from SEK 29.0 to SEK 12.0 as of 30 December, which was the last trading day during 2008, equivalent to a decline of 59 percent.

The Stockholm Stock Exchange's Nasdaq OMX PI index dropped by 42 percent during the same period and SX45 Information technology PI declined by 28 percent. The highest paid price on the Stockholm Stock Exchange during the year was SEK 35.6, which was quoted on 4 February and the lowest paid price was SEK 7.9 SEK, which was listed on 8 October. The highest paid price on Euronext during the year was EUR 3.7 which was quoted on 4 and 5 February, and the lowest paid price was EUR 0.88, which was quoted on 23 December.

On 2 June, the Stockholm Stock Exchange Nasdaq OMX, introduced a trading lot of one (1) share in Stockholm and Iceland (as opposed to 200 shares before) in an effort to harmonise the Nordic stock markets. A trading lot in LBI International AB is thus equivalent to one (1) share on Nasdaq OMX and NYSE Euroclear.

Trading in LBi shares

A total of 7,135,231 LBi shares were traded on the Stockholm Stock Exchange and 7,304,307 shares were traded on Euronext in Amsterdam. A total of 14,439,538 shares at a value of MSEK 292 (1,335) were traded. The total average trading volume per trading day amounted to KSEK 1.2 (5.2). The total number of shares traded was 23 percent of the average total number of shares outstanding.

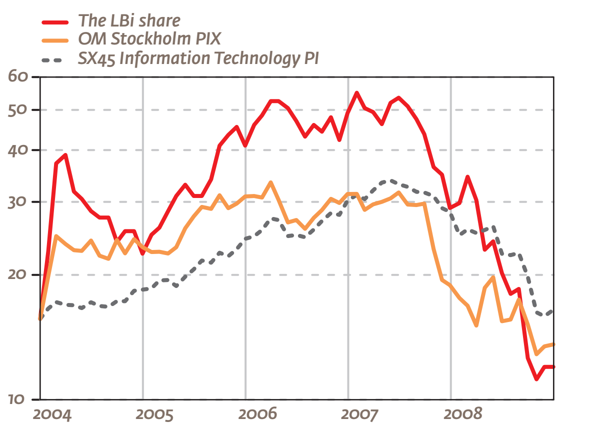
Ownership structure

LBi had 54,398 shareholders as of 31 December 2008, compared to 57,247 shareholders during the year before. The ten largest shareholders accounted for 81.1 percent (78.7 percent) of the number of shares and votes. The largest shareholding is held by the Mol family in the Netherlands, represented on the Board of Directors by Michiel Mol. Via companies, the Mol family holds a total of 15,843,597 nominee-registered shares in the Company (Red Valley 15,249,608 shares and Team Lost Boys 593,989 shares), equivalent to a total of 25.5 percent of the shares outstanding.

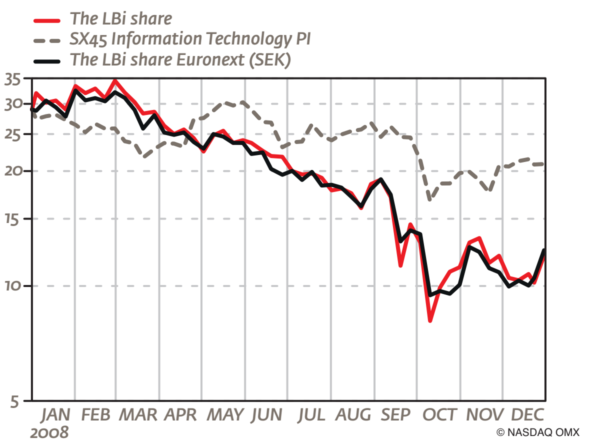
Foreign ownership accounted for 87.4 percent of capital and votes.

LBi's Group management holds 0.2 percent of the share capital and the votes, while LBi's Board of Directors hold 26.7 percent of the share capital and the votes.

The LBi share 2004–2008 (Nasdaq OMX Stockholm)



The LBi share 2008 (Nasdaq OMX Stockholm)



Largest owners as of 31 December 2008[1)]

	Number of shares	Percentage of shares and votes
Euroclear Bank	28,958,416	46.7%
Mellon AAM (New York)	14,486,913	23.4%
SIX SIS AG	3,202,485	5.2%
Sweden Tax Treaty	1,151,690	1.8%
Pictet & Cie	676,406	1.1%
Robert Pickering	412,856	0.7%
The Bank of New York	405,859	0.6%
SEB Sverigefond	401,200	0.6%
Citibank (Switzerland)	323,204	0.5%
Clearstream Banking SA	306,140	0.5%
Total, 10 largest owners	**50,325,169**	**81.1%**
Other shareholders	11,698,107	18,9%
Total number of shares	**62,023,276**	**100.0%**

1) LBi's largest owner, the Mol family, holds a total of 15,843,597 nominee-registered shares in the Company, equivalent to 25.5 percent of the total number of shares outstanding.

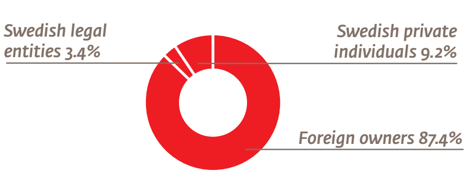
Source: VPC Analys, Euroclear

Shareholdings by size, 31 December 2008

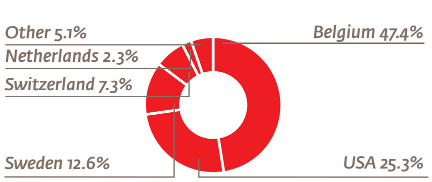
	Number of shareholders	Percentage of number of shareholders	Percentage of shares and votes
1 – 500	52,128	95.8	5.6
501 – 1,000	1,352	2.5	1.6
1,001 – 5,000	711	1.3	2.3
5,001 – 10,000	82	0.2	0.9
10,001 – 15,000	30	0.1	0.6
15,001 – 20,000	18	0.0	0.5
20,001 –	77	0.1	88.5
Total	**54,398**	**100.0**	**100.0**

Source: VPC Analys, Euroclear

Shareholder categories 2008



Owners by country, 31 December 2008



Per-share data

	2008	2007	2006	2005	2004
Closing share price, 31 December (SEK)*	12.00	29.00	49.10	41.00	22.50
Annual price performance (%)*	–59	–41	20	82	29
High price paid (SEK)*	35.60	56.50	56.00	55.00	64.50
Lowest closing price (SEK)*	7.90	29.00	41.50	22.00	18.00
Total volume traded (thousands of shares)	14,440	28,570	29,809	55,543	48,101
Average number of shares traded (thousands of shares)	57	112	116	220	190
Total volume traded (SEK thousand)	291,916	1,335,123	1,445,232	1,893,040	1,687,968
Average volume traded (SEK thousand)	1,158	5,237	5,602	7,482	6,672
Rate of turnover	0.23	0.46	0.65	2.31	2.46

*Share price data from NASDAQ OMX.

Key financial indicators per share[1)]	2008	2007	2006	2005	2004
P/E ratio*	8.22	17.79	33.65	27.60	neg
P/S ratio*	0.48	1.26	2.87	1.26	0.92
Volatility (%)*	93.0	38.6	35.0	45.5	63.2
Market price/Equity (%)*	0.35	0.89	158.4	273.4	185.5
Earnings per share (SEK)	1.46	1.63	1.95	1.50	1.50
Dividend per share (SEK)	–	–	–	–	–
Equity per share (SEK)	34.16	32.54	31.00	15.00	12.0
Cash flow per share (SEK)	–0.64	0.56	1.34	–4.00	5.50
Number of shares outstanding (thousands)	62,023	62,017	61,398	24,009	22,991
Average number of shares outstanding (thousands)	62,021	61,826	46,011	23,629	19,575
Market capitalisation 31 December (SEK thousand)*	744,279	1,798,501	3,014,631	984,358	517,290

* Share price data from NASDAQ OMX.
1) Key financial indicators are adjusted for reverse split 50:1 during 2006.

Definitions will be found on page 99.

Change in share capital

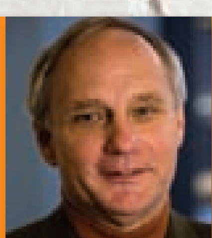
Year	Transaction	Change in number of shares outstanding	Change in share capital (SEK)	Total number of shares outstanding	Total share capital (SEK)	Nominal amount (SEK)
1998	Formation of Company	10,000,000	100,000	10,000,000	100,000	0.01
	Non-cash issue	1,913,562	19,136	11,913,562	119,136	0.01
	Private placement	2,100,000	21,000	14,013,562	140,136	0.01
1999	Bonus issue		5,465,289	14,013,562	5,605,425	0.40
	Reverse split 1:2	–7,006,781		7,006,781	5,605,425	0.80
	Non-cash issues	3,780,299	3,024,240	10,787,080	8,629,665	0.80
	New issues	2,000,000	1,600,000	12,787,080	10,229,665	0.80
	New subscription	315,475	252,380	13,102,555	10,482,045	0.80
2000	Non-cash issues before split	2,172,747	1,738,198	15,275,302	12,220,243	0.80
	New issues before split	650,000	520,000	15,925,302	12,740,243	0.80
	New subscription before split	186,175	148,940	16,111,477	12,889,183	0.80
	Split 8:1	112,780,339		128,891,816	12,889,183	0.10
	Non-cash issues after split	12,264,087	1,226,408	141,155,903	14,115,591	0.10
	New subscription after split	712,000	71,200	141,867,903	14,186,791	0.10
2001	Non-cash issues	4 266 870	426,687	146,134,773	14,613,478	0.10
	New subscription	3,706,446	370,645	149,841,219	14,984,123	0.10
	New subscription	324,841,219	32,484,122	474,682,438	47,468,245	0.10
2002	No transactions				47,468,245	0.10
2003	Set-off issues	27,563,980	2,756,398	502,246,418	50,224,642	0.10
	New issue	1,700,000	170,000	503,946,418	50,394,642	0.10
	New issue	1,050,000	105,000	504,996,418	50,499,642	0.10
	Private placement	110,000,000	11,000,000	614,996,418	61,499,642	0.10
	Private placement	95,000,000	9,500,000	709,996,418	70,999,642	0.10
	New issue	1,750,000	175,000	711,746,418	71,174,642	0.10
2004	New issue	35,000,000	3,500,000	746,746,418	74,674,642	0.10
	New issue	20,000,000	2,000,000	766,746,418	76,674,642	0.10
	Non-cash issue	19,348,514	1,934,851	786,094,932	78,609,493	0.10
	Reduction of share capital		–39,304,747		39,304,747	0.05
	Set-off issue	35,000,000	17,500,000	821,094,932	41,054,747	0.05
	Rights issue	328,437,972	16,421,898	1,149,532,904	57,476,646	0.05
2005	Non-cash issue	50,903,077	2,545,154	1,200,435,981	60,021,800	0.05
2006	New issue	44,004,631	2,200,232	1,244,440,612	62,222,031	0.05
	Subscription options	38	2	1,244,440,650	62,222,033	0.05
	Reverse split 50:1			24,888,813	62,222,033	2.50
	New issue	35,634,133	89,085,332	60,522,946	151,307,365	2.50
	Subscription options	63,182	157,955	60,586,128	151,465,320	2.50
	New issue	811,651	2,029,128	61,397,779	153,494,448	2.50
2007	Subscription options	619,497	1,548,742	62,017,276	155,043,190	2.50
2008	Subscription options	6,000	15,000	62,023,276	155,058,190	2.50

Board

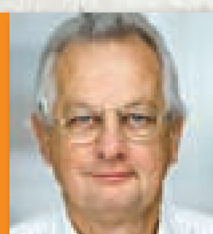
Fred Mulder,
Chairman
Chairman of LBi since May 2007. Member of the Board since August 2006 (member of the Board of LB Icon since 2002 and Chairman since 2005)
Born: 1941
Education: MBA, Harvard Business School, USA
Other board/committee assignments: Lithium Technology Corporation, Plymouth Meeting, PA, USA (Co-Chairman of the Board), Artilium Limited, London (Chairman of the Board), WPP Stewart & Co Limited New York, Orange India Holding Sarl., Luxemburg, Aleri Lab Inc., Chicago/London, Duos Technology Inc., USA and Chairman Investment Advisory Committee in Greenfield Capital Partners N.V.
Previous positions: Over 40 years of professional experience. Member of the Executive Board of Pon Holdings B.V., President Transmark Holding B.V. and Director International Marketing of Xerox Corporation and Managing Director Rank Xerox Netherlands
LBi shares: 274,500
LBi stock options: 0

Katarina G. Bonde
Member of the Board since August 2006 (Member of the Framfab Board June 2005 – August 2006)
Born: 1958
Education: M.Sc., Royal Institute of Technology, Stockholm
Other Board assignments: Orc Software (since March 2006), The Royal Swedish Opera (since June 2005), The Sixth Swedish National Pension Fund (since June 2008), Aptilo Networks (Chairman since September 2005) and Propellerhead Software (Chairman since September 2008)
Other positions: Managing Director of Kubi LLC in the US (since October 2003)
Previous positions: 25 years experience in international business, executive positions such as CEO of Unisite Software Inc. (April 2000 – September 2003), Managing Director at Captura International (January 1997 – March 2000), VP Sales and Marketing Timeline Inc., CEO Programator Industri (acquired by Gap Gemini)
LBi shares: 3,340 (held by family member)
LBi stock options: 0

Michiel Mol
Member of the Board since August 2006 (Member of the LB Icon Board 2002 – August 2006)
Born: 1969
Education: Master degree in Computer Science and Artificial Intelligence from the University of Leiden
Other positions: Co-owner and Board Member of Force India F1 team
Previous positions: Director of Formula One Team, Spyker F1, Creative Director and founder of Media Republic B.V and CEO and founder of Lost Boys B.V.
LBi shares: 15,843,597 (through Red Valley and Team Lost Boys B.V.)
LBi stock options: 0

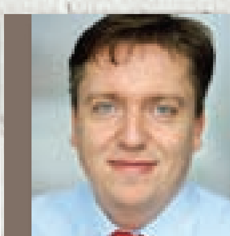


Robert Pickering
Member of the Board since August 2006 (Chief Executive Officer of LBi 2006- December 2007. Chief Executive Officer of LB Icon 2002– August 2006 and member of the Board of LB Icon 2005 – August 2006)
Born: 1952
Education: Master degree in Business, Baylor University, USA
Other board assignments: B&J Food Service Equipment, USA (since 1996) and OraOxygen, Canada (since 2005) and Board Member of the Texas Department of Information Resources of the State of Texas (since May 2007)
Previous positions: IT professional services industry for over 30 years. Partner with Andersen Consulting/Accenture, USA and CEO of Origin, the Netherlands
LBi shares: 412,856
LBi Stock options: 200,000



Lucas Mees
Member of the Board since May 2008
Born: 1944
Education: Marketing at Unilever in conjunction with Erasmus University in Rotterdam and Ashridge College in England.
Other assignments: Advisor to the Board of Dutch Event Marketing company Being There. Board member of the Friends of the Holland Festival, an annual cultural event in Amsterdam
Previous positions: Board member of Dutch private equity investment company Nethave (1999–2008), Board member Framfab AB (2005–2006). Board member and advisor of the Board of Young&Rubicam Netherlands (2002–2009). DDB Worldwide – President Northern & Central Europe and Chairman German Group (1997-2000), DDB Group Netherlands – CEO/Partner (1980-1996), Johnson & Johnson Benelux– Marketing Director Consumer Products (1978–1979), Unilever – management assignments (1967–1977)
LBi shares: 6,627
LBi stock options: 0

Management, continued



Huub Wezenberg
Chief Financial Officer of LBI International AB since 11 February 2009 (acting CFO since 1 March 2008, group controller of LBI International AB since August 2006 and previously group controller of LB Icon since 2002 and before that group controller of Lost Boys NV since 2001)
Born: 1965.
Education: Graduate in Business Administration and post doc Accountancy at Vrije Universiteit Amsterdam.
Previous positions: Chief accountant and Head of Internal Audit at the Amsterdam police force (Regiopolitie Amsterdam-Amstelland) and six years at Paardekooper & Hoffman Registeraccountants (now Mazars).
LBi shares: 5,000
LBi stock options: 225,000 which entitle to 135,000 shares

Management

Luke Taylor

Chief Executive Officer of LBI International AB since January 2008. Previously Chief Executive Officer of LBi UK. Luke founded Oyster Partners in 1995 as an independent full-service interactive agency. Oyster grew rapidly to become the largest full-service digital agency in the UK. Following the sale of Oyster to Framfab and the subsequent merger of Framfab and LB Icon a new entity was created called LBi UK.
Born: 1968
Education: Degree in English Literature from Oxford
Previous positions: Broad experience as a strategic business adviser in both Marketing and IT professional services. Luke has advised Vuarnet, Kodak Eastman and Conagra on their European growth strategy while at IAMCO consulting. He helped set up and grow the Internet Bookshop (Europe's first Ecommerce Venture) as Head of Operations.
External Board assignments: Member of the Creative Industries Forum with a mandate to advise the Government on how to promote and build the UK's Creative industries both at home and overseas. Member of George Osborne's New Enterprise Council.
LBi shares: 77,000
LBi stock options: 555,000

Ewen Sturgeon

Chief Executive Officer of LBi UK since January 2008. Previously Managing Director of LBi UK. Ewen was one of the founders of full service digital agency Wheel and has been working in the industry since 1992. Wheel became one of the best regarded and largest full service digital agencies in the UK. Following the sale of Wheel to LB Icon in 2005 and subsequent merger with Oyster/Framfab, LBi UK was created.
Born: 1966
Education: Degree in Business from Middlesex University
Previous positions: Ewen began his career at Wheel and managed its evolution from launch to market leadership and subsequent purchase by LBi. During this time he has acted as digital marketing adviser and strategist to clients such as Marks and Spencer, Unilever, Argos and Inbev.
External Activities: Ewen is a founding shareholder and Non-Executive Director of e-consultancy, one of the worlds leading providers of information, training and events to digital marketing professionals.
LBi shares: 0
LBi options: 254,000

Theo Cordesius

Executive Vice President of Operations of LBI International AB since August 2006 (COO of LB Icon from 2002 – August 2006)
Born: 1953
Education: Business Management and Marketing Executive studies in Boston, Lausanne and Paris
Previous positions: Over 25 years of experience in the IT industry. Vice President EMEA & Managing Principal within the Professional Services and Global Services organisations of Compaq Computer and senior executive positions in Digital Equipment Corp. (DEC) and Philips Information Systems
LBi shares: 54,000
LBi stock options: 1,368,000 which entitle to 468,000 shares

Jesper Andersen

Executive Vice President and Chief Operations Officer of LBI International AB since 2008. Executive Vice President since August 2006. Chief Executive Officer of LBi Denmark and Sweden. (Joined Framfab Denmark in January 2001 and assumed the role as Managing Director of Framfab Denmark in May the same year. Managing Director of Framfab Sweden since November 2003 and Executive Vice President of Framfab AB August 2005 – August 2006).
Born: 1961
Education: Master degree from Copenhagen Business School
Previous positions: Business and IT Consultant at Andersen Consulting (now Accenture) for more than 14 years, the last three and a half years as a Partner.
LBi shares: 0
LBi stock options: 251,000

Chris Clarke

Chief Creative Officer of LBI International AB since 2008. Chris is an award winning creative who has been at the forefront of the digital industry since the late 90s.
Born: 1975
Education: Leicester University 1st class honours degree English
Previous positions: UK founder of pioneering digital agency Abel & Baker, which in 2002 became part of Wheel where Chris eventually became Executive Creative Director. In early 2006 Chris moved to Digitas agency Modem Media as European Executive Creative Director becoming UK President and Executive Creative Director of Digitas following the acquisition of the agency by Publicis.
External assignments: Founder member of Creative Social, a global networking group for senior digital creatives.
LBi shares: 0
LBi options: 0

Alan Davies

Chief Strategy Officer. Alan has worked for LBi for over 8 years and has worked with most of LBi's most significant clients.
Born: 1975
Education: Physics at Durham University; Business at Cambridge University
Previous positions: Over 10 year's experience in the Digital industry. Prior to LBi, Alan was lead strategist at N.C.Co, a digital consultancy, developing business and technology strategies for blue-chip clients. His business foundations were laid with Mars & Co, one of the world's leading boutique strategy houses, where he led project teams in both the UK and the US, across numerous industries, from Fine Art to Utilities.
LBi shares: 0
LBi options: 0

All the share and option data reflect 7 April 2009.

Accountants Öhrlings PricewaterhouseCoopers
Hans Jönsson (Auditor in charge) Accountant for the company since October 2006. *Born:* 1955

Subsidiary CEOs and MDs

BELGIUM

Brussels and Ghent
Stanislas van Oost

INDIA

Mumbai
Nand Kapadia

SPAIN

Madrid
Maria José Carus

SWITZERLAND

Zurich
Anke Freikamp

DENMARK

Copenhagen
Jesper Andersen

ITALY

Milan
Marco Tosi

SWEDEN

Malmoe and Gothenburg
Jesper Andersen

Stockholm
Petra Stenqvist

FRANCE

Paris
Ewen Sturgeon

NETHERLANDS

Amsterdam
Igor Milder

GERMANY

Berlin – Monbijouplatz
Arend Lars Iven

Berlin – Monbijouplatz
Ron Hillmann

Berlin – Leibnizstrasse (MetaDesign)
Uli Mayer-Johanssen

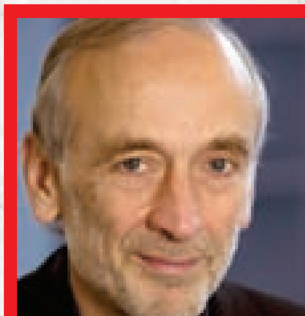
Cologne, Hamburg and Munich
Anke Freikamp

UK

London and Exeter
Ewen Sturgeon

US

Atlanta
Joe Schab



New York – Lafayette Street
Tom Nicholson

New York – Park Avenue South
Christian Anthony

New York – Park Avenue South
Jason Klein

New York – Vestry Street
Robert Holzer

Shareholder information

Welcome to the Annual General Meeting
Shareholders are welcome to attend the Annual General Meeting of LBI International AB to be held at 4:00 p.m., Wednesday, 6 May 2009 at Hotel Anglais, Humlegårdsgatan 23, in Stockholm.

Shareholders, who wish to attend the Annual General Meeting must not later than 4:00 p.m. CET, 29 April 2009 have been entered in the Euroclear (former VPC) share registry, and must also give notice of attendance to LBI International AB via Anita Hallgren.

Registration in the share registry
Shareholders, whose shares are registered in the name of a nominee, must request the nominee to enter temporarily the shareholder in the share registry to be entitled to participate at the Annual General Meeting. Such registration must take place well in advance of 29 April 2009.

Notice of attendance
Shareholders who wish to attend the Annual General Meeting shall give notice not later than 29 April to LBi via Anita Hallgren.

E-mail: anita.hallgren@lbi.com

Mail: LBI International AB
Attention: Anita Hallgren
Kungsgatan 6
SE-111 43 Stockholm
SWEDEN

Telephone: +46 8 41 00 10 39

Telefax: +46 8 411 65 95

The following information must be provided:
Name
Person registration or organisation number
Address
Telephone number
Number of shares represented
Attending counsel

Shareholders represented by proxy should provide a power of attorney for the representative in connection with submitting the notice to attend. Those who represent a legal entity must present a copy of the certificate of registration or equivalent document of authority.

Financial information
All financial information is published on LBi's website www.lbi.com/investors. Here you can also subscribe via e-mail to press releases and financial reports. Reports can also be ordered from LBI International AB, directly from Anita Hallgren by telephone +46 8 41 00 10 39 or via e-mail anita.hallgren@lbi.com

If you have questions about LBi you are welcome to contact Eva Ottosson, Investor Relations, directly by telephone +46 709 41 21 40 or via e-mail eva.ottosson@lbi.com

Financial calendar 2009
- Interim Report for the period January–March will be published 29 April 2009
- Annual General Meeting 2009 to be held 6 May in Stockholm
- Interim Report for the period January–June will be published 23 July 2009
- Interim Report for the period January–September 2009 will be published 22 October

Definitions

Capitalised terms used in this Annual Report shall have the meanings as described below unless the context may otherwise require.

LBi, Company or Parent Company
LBI International AB (publ).

LBi Group or Group
LBi and its subsidiaries.

Capital employed
Balance sheet total less current interest-free operating liabilities, including deferred tax liabilities.

Cash flow per average number of shares
Cash flow divided by the average number of shares outstanding.

Days of Sales Outstanding (DSO)
Trade accounts receivable plus accrued income for non-invoiced services rendered less advance payments from clients and accounts payables divided by (annualised) gross sales over the prior 3 months times 365 days.

Earnings per share
Profit/loss for the period divided by the average number of shares outstanding during the year.

Equity per share
Equity as of the balance sheet date divided by the number of shares outstanding.

Equity ratio
Shareholders' equity as a percentage of the balance sheet total.

Operating margin
Operating profit/loss as a percentage of net revenue.

Profit/loss per employee
Operating profit/loss for the period after depreciation of tangible non-current assets divided by the average number of employees during the period.

Profit margin
Profit/loss for the period after financial items as a percentage of net sales.

P/E ratio
Share price divided by net earnings per share as of 31 Dec.

P/S ratio
Market capitalisation as of 31 Dec divided by total revenue.

Return on capital employed
Operating profit/loss, including financial income, as a percentage of average quarterly capital employed.

Return on equity
Earnings for the period as a percentage of average quarterly equity.

Revenue per employee
Net revenue for the period divided by the average number of employees during the period – quarterly data are calculated on an annual-rate basis.

Trading rate
Number of times total number of shares traded during the year.

Volatility
Rate of share price fluctuation.

Working capital
Current assets less cash and cash equivalents, less interest-free current liabilities.

In the report the terms operating profit and operating profit margin are used synonymously to EBITDA and EBITDA margin, and profit after tax is used synonymously to net result.

Glossary

Agency of Record is an advertising agency that coordinates the purchase of media time and space for a large corporation/company that is likely to have a number of different agencies handling the various divisions and products.

Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers and its customer relations.

Search engine optimization (SEO) is the process of improving the volume and quality of traffic to a web site from search engines via search results.

Social media marketing is an engagement with online communities to generate exposure, opportunity and sales. Common social media marketing tools include Twitter, Blogs, LinkedIn, Facebook and YouTube.

Offices and contacts

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