09

About us

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 about 1,400 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.

The year in brief

Key financials for the year

- **Net sales decreased** by 11.5% at constant rates to EUR 137.5 million due to a contraction in client spend, mainly in the first half of the year.
- **EBITDA adjusted* came in at EUR 18.1 million** a decrease of 10.6% at constant rates, while margins were well protected at 13.1% (12.4%), due to effective restructuring and increased focus on retained global strategic engagements.

Net sales for the year at constant rates decreased by 11.5% reflecting the adverse effects of the global economic crisis

MEUR 137.5

EBITDA adjusted* came in at EUR 18.1 million (19.9), reflecting well protected margins at 13.1% (12.4%), due to effective restructuring and increased focus on retained global strategic engagements

13.1%

Good operational cash flow of EUR 13.0 million (20.3) given the current economic climate

MEUR 13.0

* EBITDA adjusted excludes EUR 4.7 million restructuring costs and EUR 0.5 million related to prior years divestments and liquidaitions

Contents

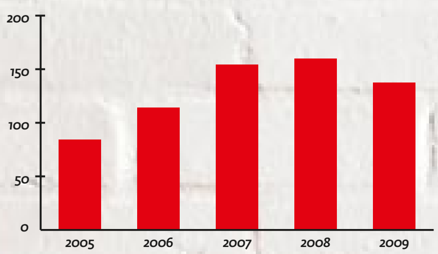
- **Sound financial** performance in an unprecedented and challenging environment fuelled by the credit crunch.
- **Continuing to track well** against strategic plan with a further move up the marketing value chain and broadening of our full service offering in the US, UK and Asia.
- **Going forward in 2010 as a new merged company** forming Europe's largest marketing and technology agency.

LBi to merge with Obtineo – February 2010

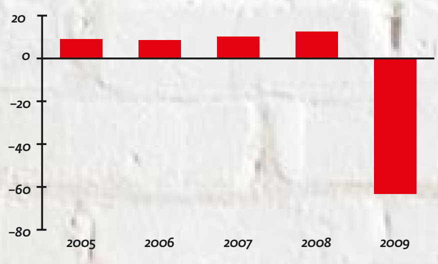
On 25 February 2010 LBi announced the merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is a combination of Bigmouthmedia, the largest search engine marketing specialist in Europe, and EUR 40 million of new capital committed towards global expansion of the combined entity. LBi and Obtineo's Boards of Directors and Executive Management expect the merger to be finalised by July 2010. The merged entity, which will trade under the name LBi, will be a Dutch N.V. with a single listing at NYSE Euronext Amsterdam and is expected to be listed in July, 2010. Upon completion of the merger, the shares in LBi will no longer be listed on Nasdaq OMX Stockholm.

- **Net result came in at EUR 63.8 million negative,** affected by a one off impairment of EUR 68.9 million related to goodwill, other intangibles etc, related to acquired entities, mainly the Framfab LB Icon merger in 2006 at the height of the market.
- **Good operational cash flow of EUR 13.0 million** (20.3) given the current economic climate. Net debt in line with previous levels EUR 19.0 million (20.3) as a result of the financing of acquisitions (payments of earn out obligations that fell due during 2009).

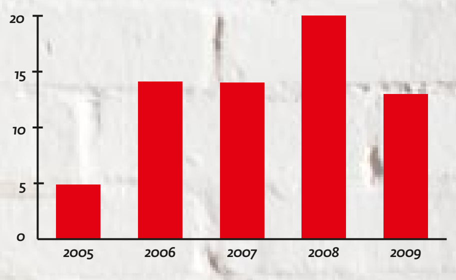
Net sales, MEUR



Operating profit, MEUR



Cash flow from current operations, MEUR



CEO Message

Protecting margin in an unprecedented and challenging environment

2009 was of course a challenging year. The severity of the credit crunch drove a contraction in client spend across most of our key service lines. It was immediately apparent that negative sentiment was going to throttle the top line for at least a year and as a consequence we immediately removed approximately 150 FTE's in the Central European and American regions - around 9 percent of the global headcount. As a consequence of this restructuring the new organisation was properly right sized to deliver a good EBITDA performance.

In the second quarter, we continued to experience further pressure on the top line; mainly as a consequence of the marked slowdown in decision making on the client side. Despite these continued adverse market developments, we were able to protect our operational result and reported a strong sequential underlying margin improvement in the second quarter.

In the second half of the year demand for our services gradually increased and significantly we booked strong operational progress and growth in our key markets, the UK and the US. Performance in our Central European and Nordic markets remained more hesitant, but although sentiment remained fragile there was nevertheless a strong pick up in the new business pipeline pointing to a confident performance in 2010.

Our improved operating result over the course of the year illustrates the effectiveness of the restructuring and legitimises our increased focus on margin and retained global strategic engagements. We continue to prioritise relationships that deliver long term visibility, where we have the opportunity to manage the entire digital channel, thereby improving the quality and stability of our earnings. We believe that this strategy better positions us for long term sustainable top line growth as markets further recover.

If we look at our full year performance and exclude the impairment related to goodwill, other intangibles etc, related to acquired entities, mainly the Framfab LB Icon merger in 2006 at the height of the market, we ended the year with group results that reflect the significant progress we have made at both a management and operational level across all our key markets. At the same time, we have extended our service offering and further improved the quality of services, both of which have contributed to the gradual recovery of our group EBITDA margin to pre-crisis levels.

Continuing to track well against our strategic plan. Despite the disruptive economic climate we managed to track well against our strategic plan throughout the year. We further evolved our full service offering in the UK, US and Asia and continued to move further up the marketing value chain.

We specifically expanded our global media, SEO and CRM business units.

This was done in response to huge demand from brands wanting to create more effective ways to manage and facilitate profitable relationships with their customers in today's more socially connected world. We have successfully fused together both traditional CRM and "social CRM" thinking to deliver a fresh approach to CRM strategy and implementation and programme management, communications and data planning, multi-channel campaign design and management, customer data management and hosting.

As it is crucially important that our services strategy and offering is informed by a deep understanding of clients and their needs, we also appointed Alan Davies as Chief Strategy Officer.

Alan has been at the forefront of our most important strategic client relationships for many years and has all the capabilities to drive forward our services to support large, international brands.

We also made good progress in the continued evolution of our creative and planning capabilities. We attracted top talent at a senior level to the agency, most notably Dutch advertising creative legend Maarten Vijfeijken who joins as ECD Holland from BBDO and our new Global Head of Planning Jonathan Isaac, who joins from Another Anomaly and whose pedegree includes a period at Goodby, Silverstein & Partners where he developed the legendary the Computer is Personal Again work for HP. We now have a demonstrable best-in-class offering in online advertising across all our key hubs, and enjoy lead creative agency status on Puma globally and in many of our clients in the Netherlands including insurance giant FBTO and children's care brand Zwitsal. We again won several major creative and effectiveness awards, including a particularly good showing at the London International Advertising Awards for Electrolux, British Red Cross and Nike. In the UK we won the Best B2B campaign at the prestigious Revolution Awards for our Generation Green and the eco rangers game; an example of digital branded content being used to reach 11 million school children. In Sweden, we won the People's voice award in Interactive Advertising at the 13th Annual Webby Awards with the HELLO FRA campaign that introduced digital disobedience to the net. It was hailed as the "Internets highest honour" by the New York Times, 500,000 people vote for their favorite websites, videos and ads.

In the Netherlands, we won a SAN Accent award for the 'Hello Amsterdam' campaign developed for Vodafone. The campaign was aimed at recruiting 250 top talents for Vodafone's new head office in Amsterdam. The campaign resulted in an impressive 4,500 CVs being received, in a market known for its difficulty in finding the right candidates. All the vacancies have been filled rapidly. Lastly, LBi topped the NMA Top 100 Interactive Marketing Agencies 2009 as the UK's number one digital marketing agency, an achievement we can be proud of.

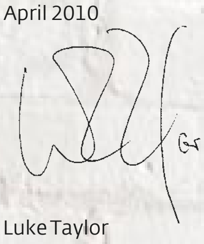
At least as important as project wins from new and retained clients and the further development and expansion of our service offer, we also kept track on social media development and innovation and made sure we were leading the charge in a year when social media went mainstream, delivering social media strategies for many of our global accounts, and seeing significant demand for our integrated Creative, EPR, SEO and social media offering.

Championing some of these key trends, Chief Creative Officer Chris Clarke, kicked off the Cannes Lions International Festival Seminar programme this year. Chris' presentation, 'The death of the creative director' spoke about the consumer taking control and agencies' need to reach those consumers through their networks with clever tools, content and services which make a difference and improve people's lives. Doing this effectively calls for collaboration, open-mindedness and a feel for technology, which is radically shaking up the structure of agencies around the world. We are of course proud to be leading the way with an agency model designed for these new times.

Going forward as a new merged company in 2010. After year-end, we announced the acquisition of Triple Copenhagen as a further step in our plan to revitalise top-line growth for the entire Nordic region. Most notably however, we also announced that LBi and Obtineo will merge to form Europe's largest marketing and technology agency. Obtineo will deliver Europe's pre-eminent search engine marketing company, Bigmouthmedia and sizeable new funding. In the combined firm we will have over 1,600 people across 15 countries with annual 2009 turnover of around €170 million. The new merged entity will be headquartered in Amsterdam and will obtain a new primary listing on NYSE Euronext in Amsterdam.

This merger will enable us to offer our clients digital marketing, consulting and technology services wherever they operate, all under one roof. The new combination also solidifies our position as the European leader and enables us to strengthen our reach in the US, Asia and MENA. We are now well placed to take advantage of the irreversible spending shift to online channels."

April 2010



Luke Taylor
CEO and President
LBI International AB

LBi – services

We think it's fair to say we now live in a digital world. The Internet changed the relationship between people and information, and revolutionised the relationship between people and brands. Old approaches to marketing just don't cut the mustard with consumers anymore.

We think the biggest issue for brands these days is believability. It's not good enough to demonstrate your proposition in advertising, you have to prove your value every day in demonstrable ways. That's why LBi exists. We're a marketing and technology agency with the ability to manage brands digitally throughout the entire customer journey. We call it Building Believable Brands.

That means we're set up to develop big creative ideas in the digital space, build and manage complex transactional websites, run complex CRM programmes, and even handle the media buying, planning, and EPR for blue chip companies. That's why we have 1,400 people working in our offices around the world. You just can't be credible across all those services if you're any smaller than that.

LBi has global operations with 24 offices in 13 countries and employs over 1,400 professionals. The merged entity will employ 1,600 people

CUSTOMER ACQUISITION SERVICES

Social media/EPR

Social media is a bit of a buzzword. Really it's just PR. And we have that at LBi too. When integrated with our creative offering, we can help ideas to travel for free in the social media maelstrom.

SEO/SEM

Based in London and Exeter, we have one of the most comprehensive SEO and SEM offerings in the market.

Display media

Our team of 60 media professionals covers digital planning and buying for top brands like M&S and Starwood Hotels. And because we charge a fee rather than taking percentage of spend, we can advise our clients on earned media alongside the stuff we help them buy.

CUSTOMER ENGAGEMENT SERVICES

Brand campaigns & experiences

We deliver all manners of digital creative stuff from online display, to viral campaigns, games, events and branded entertainment.

Multichannel innovation

We have a long heritage of experimenting with emerging channels. We're able to think across boundaries innovating for multiple screens from mobile to microsoft's new surface table.

Transactional systems

With one of the most robust technology offerings of any agency in our space we are able to build complex systems for retailers, banks and government.

CUSTOMER MANAGEMENT SERVICES

CRM/data

How do you manage thousands of conversations? That's the question at the heart of our CRM offering. With deep technology expertise and strong strategic grasp of conversation marketing, our team helps simplify this complecated area.

Content support

So many websites fail when business can't find the time and recources to keep content fresh. Our experts are able to take that problem away from clients, ensuring that when a customer conversation starts, it can be kept going.

Application support and hosting

Many of our clients have massive data requirements and business critical systems wich need 24/7 support. Our team is trusted by Unilever and F1 amongst others to keep the critical web services in peak form.

Spotlight:

Media

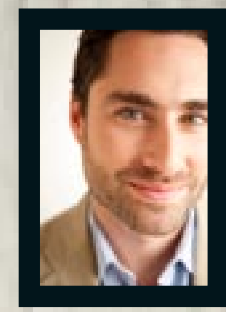
Caroline McGuckian
Global Head of Media

2009 is notable as another year of progress for LBis media offering, despite difficult economic circumstances it continues to flourish.

Championing our integrated approach to media has resulted in clients like Disney continuing to support our combined approach increasing their retainer to incorporate analytics and studio services. The relationship between media analysis and on site data has proven invaluable for clients like Mark and Spencer as they recognise the incremental benefits of"joined up" acquisition and conversion activities.

Social media and digital pr have gathered pace as expected and LBi leads the way in integrating bought and earned media solutions for Starwood hotels EMEA and the award winning work for British Red Cross . Anticipated trends include the increased demand for mobile marketing skills and a deepening understanding of how bought and earned media work together to influence peer to peer communication and brand recommendation as we move through 2010. Finally robust data driven optimisation and understanding of acquisition journeys have produced some incredibly rich data and insight through the LBi dashboard product. We have increased the investment in talent through the recruitment of Marika Tasic in LBi Germany and Miriam Martinus in Amsterdam to further enhance our media strategy capabilities and work with our full service clients to incorporate media thinking into their digital plans. This has resulted in

ePR and social media

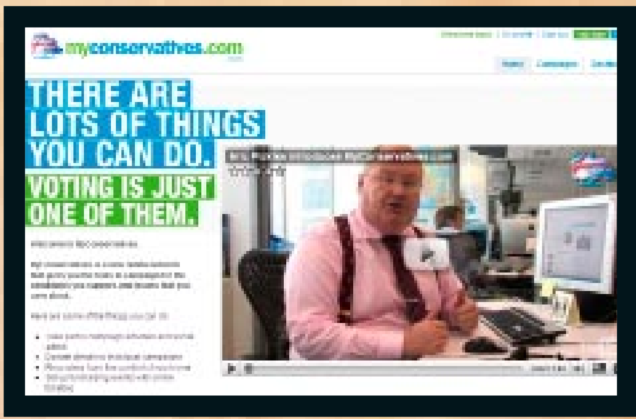


Jason Klein
co-CEO LBi Special Ops Media

2009 saw a number of changes to the way marketers spend their advertising budgets. Forced by both economic factors and the ever-changing consumer, brands had to find the most cost-effective ways to reach their target. Certainly top-of-mind for everyone was social media. With Facebook numbers increasing by the day, bloggers replacing editors, and any message boiling down to 140 characters, ePR (electronic Public Relations) and Social Media expertise became a must for all brands. Call it "grassroots outreach", word-of-mouth, "buzz", or viral marketing—these services took center stage in comprehensive digital marketing campaigns. In fact, they provided some of the strongest ROIs in the LBi service offering suite and proved a critical piece of clients' distribution tactics for marketing and communications messages.

At its simplest, ePR is an analog to traditional public relations; 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. Beyond traditional PR, this digital medium reveals a unique opportunity for access and involvement, allowing brands to live in a space where the consumer feels given to instead of marketed at. Various items such as screeners, DVDs, CDs, short-form digital video clips, and product samples are distributed to thought leaders, bloggers, and editors to drive reviews, premier content placement, and site and content integration. To reinforce the brand message, ePR specialists also coordinate talent interviews with actors, musicians, directors, authors, brand ambassadors, and field experts.

In response to the enormous growth of social media – particularly on outlets such as Facebook and Twitter, marketers continue to look to agencies for expertise



many multimarket engagements with expertise from across the network being deployed as appropriate in the SEO, PPC and media planning and buying space. As our global boundaries continue to blur we have witnessed a lot of cross border collaboration with Nokia and GARP operating in multimarket territories and many of our Italian clients being supported both locally through Milan and from our London hub for multimarket work. We expect this pattern to be repeated in 2010.

Significant wins in 2009 include our appointment as Moneygram Media AOR, new client relationships with our Syrup colleagues like Clinique and the appointment of LBi UK as the media partner for the Conservative Parties General Election plans. Our Berlin team is successfully progressing their service expansion plans with social campaigns for Sony as well as winning the Nuon affiliate marketing campaign and launching some of Germanys earliest mobile marketing initiatives.

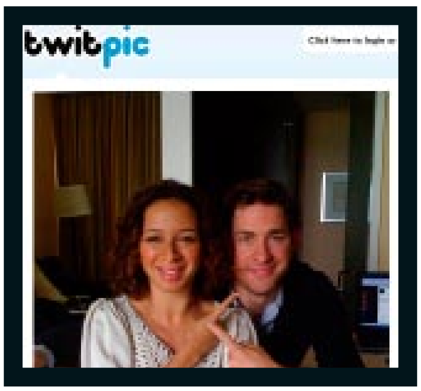
Once again LBi has led the way with media innovation in the form of a strong relationship with Facebook allowing them to launch fan friend targeting within 24 hours of the product launch, cpc advertising with TiVo and some early experimentation with audio advertising.

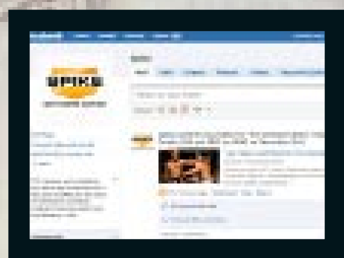
In placing media thinking at the heart of all of our client engagements we are hugely excited about the opportunities our combined proposition offers to our clients in 2010.

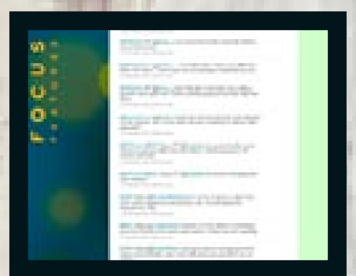
and guidance to market within these platforms. Fortunately, the LBi social media offering is far ahead of the curve with nearly eight years of experience in the space—in fact longer than the actual term "social media" even existed. LBi social media experts develop strategies and then build, maintain, and update brand pages, while recruiting users who might be interested in the product or brand. In 2009, in the US alone, LBi debuted the first ever "live-tweeting" of a TV broadcast for a major sporting event on Spike TV (a Viacom company) as well as the first ever "twitter-view" with the stars of Ang Lee's film, "Taking Woodstock."

Much of this exciting growth and market leading expertise was fueled by the 2008 acquisition of Special Ops Media in NY, a long-established and recognised leader in this space. Through the acquisition, Special Ops brought a number of years of experience in ePR and Social Media including their built-from-scratch database of over 13,000 websites and blog editors across special interest categories such as male and female lifestyle, design, film/music/entertainment, religion, parenting, politics, gay/lesbian, and everything in between.

The offering has continued to expand and develop across the network, providing new revenue streams and critically important services for LBi's clients across the globe. Forrester Research predicts 34% annual growth in social media spend through 2014; ePR and social media are truly defining competitive differentiators and already proving crucial components for major pitches and client work.







Spotlight:

CRM content – from acquisition to advocacy

2009 saw our CRM capability go from strength to strength; winning new clients such as BT Tradespace and Barratt Developments, developing existing client accounts like Electrolux, bringing new talent into the team, and developing a significant pipeline of opportunities going into 2010.

CRM ascended most clients' agendas in 2009, with the recession reminding companies that understanding and managing profitable customer relationships is a business priority. CRM also offers a level of accountability favoured by clients when marketing budgets are squeezed and greater focus is placed on accountability and return on investment.

This, together with what Forrester called "the most profound evolution the marketing world has seen in fifty years or more", saw greater demand for a more innovative approach to developing CRM and communications strategy coupled with a more pragmatic approach to implementing CRM solutions. Specifically, we've witnessed a growing client demand for:

Dashboard Actionable intelligence

Following on from our successful Dashboard Beta programme in 2008, the goal of 2009 was to begin to commercialise the LBi Digital Dashboard by introducing it to our top accounts globally.

The first half of the year, of course, presented the most challenging economic climate that we've seen in many years. Although we feared that our timing could not have been worse and that it really wasn't the right environment into which to launch a new product, we actually found that these new, challenging conditions required greater accountability, greater transparency of spend and the ability to show return on investment. Our clients were crying out for a solution that allowed them to make better use of data within their organisations.

Our early trials and Beta programme had shown us the importance of speed and simplicity, both in the application itself but most importantly in set-up and roll-out. We spent a great deal of effort in Q1 streamlining the application and surrounding procedures to allow us to bring new clients on board with minimal lead time, disruption and cost. With new budgets hard to come by and the pressure on our clients to show real results, we hit upon a winning formula with the LBi Digital Dashboard.

Over the course of the year we introduced the Dashboard to a significant proportion of our top global accounts and have been busy rolling out implementations in all of our key territories. In the UK, Marks and Spencer has built the Dashboard into the heart of its e-commerce organisation and we were particularly excited to see Volvo adopt the LBi Digital Dashboard across all of its European trucks divisions. In the US, our commitment to transparency and measure-

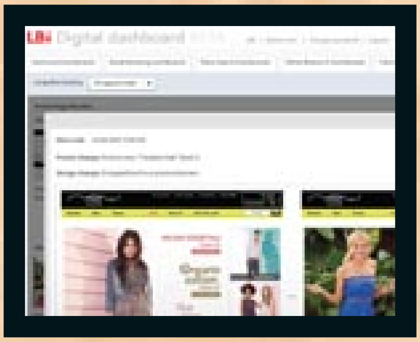
Accountability: Clients are looking for, not just improved, but quicker return on investment. This is understandable, against a rapidly changing marketing landscape, but proves challenging for larger-scale CRM investments. Clients value a practical, phased approach that's based on sound business modelling which helps them get the most out of their existing CRM infrastructure and incrementally build and improve their capabilities.

Multi-channel integration: Campaigns, programmes and platforms all have a role to play (and objectives to fulfil) but must work seamlessly together to deliver a streamlined, end-to-end customer journey. CRM (and data) is the glue that binds these elements together. Clients are looking for an integrated, multi-channel approach to communications planning and customer experience management.

Social CRM: Social media offers the kind of direct engagement and interaction with consumers that CRM has long aspired to. So a combined "social CRM" approach makes a lot of sense, especially in a world where peer-to-peer content often has more impact and believability than a brand's carefully crafted marketing messages. There are so many different ways to communicate with a customer, and so many ways a customer can communicate with (or about) brand; ensuring they are feeding into each other is essential, so that the optimal message is sent to the right customer at the right time. Clients are looking for a joined-up approach that connects outbound messaging, with sales, customer service, and even human resources, - to ensure the brand communicates effectively in every consumer interaction, every tweet, and every touch point.

In response to these continuing trends, we've created a collaborative planning tool, the LBi Communications Framework, that enables our strategic, creative, media and technology specialists to work together to define the desired end-to-end customer experience. This proprietary tool is seeing widespread use across our key clients including Electrolux, BT Tradespace and Barratt Developments.
Looking forward, 2010 will see continued demand and more integrated digital and CRM client briefs. We will continue to embed CRM thinking into all our top accounts, develop packaged services that help our clients see quicker and better return on investment, and increased integration of mobile, social and emerging media into customer communication strategies.

Pipa Unsworth
CRM
Practice Director

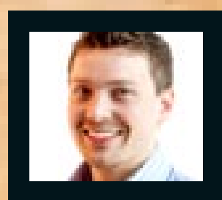


ment has been rewarded by contracts with Bayer Cropsciences and Newell Rubbermaid, and the first multi-language dashboards were created for the German market. We continue to work with Etihad in the Middle East and, as 2009 closed, were in the process of extending the Dashboard to cover more of its international operations.

In fact, the demand and enthusiasm shown by our clients has encouraged us to continue our substantial development programme and we were delighted to be able to introduce significant product features through the course of the year. The Digital Dashboard supports LBi's commitment to actionable intelligence. In support of this we launched a conversation management module for the Dashboard at the start of Q3. This allows our clients to interact with each other as well as the data and, ultimately, helps drive action and change in their business. With additional functionality in the Dashboard document library and significant enhancements to the interface among the many new features that we rolled out through 2009 we have moved the LBi Digital Dashboard even further ahead of the field. With our Software As A Service (SaaS) model, we are delighted to say that all of these new developments are immediately available to all of our clients — current and future.

We continue the migration of our media clients onto the Dashboard platform and look forward to the cessation of off-line reporting with significant improvements to productivity and the sophistication of our analysis.

In parallel to the technical development of the Dashboard, we have strengthened our deep analytical skills. On the back of the transparency that the Dashboard provides, we have been increasingly working with our clients to provide data and analytics support services to help interpret the data, test possible solutions and make operational changes in real time. We are very excited about the work that this team has been doing and the impact that it is having on our clients' businesses. As we move into 2010 we will grow these services further with our clients and, with the Dashboard at the fore, we will bring actionable intelligence to the heart of our service offering.



Alan Davies
Chief Strategy Officer

LBi Employees

Insight, creativity and expertise

What do you stand for?

At LBi we stand for many things. Probably the most important is collaboration. We work together in blended teams to create and innovate. We take individual talents from different disciplines, put them together, throw in some good strategic thinking and the rest is chemistry.

We also stand for building believable brands; a new attitude to marketing and technology. We stand for our values; provocative, expert and collaborative. And we stand for career development through continuous learning. That means you'll be honing your skills in a new technology one minute, learning about social media the next or brewing beer in the basement all in the space of a week.

The energy needed in a business which has to change constantly is incredible. Thankfully we have more than our fair share of incredible people to help us adapt and succeed.

*Total employees end of period**

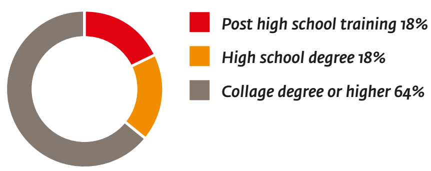
Creative / User Track	635
Technology	379
Managed Services	88
Experienced architecture	10
Client Services	7
Strategic & Planning	13
Media	1
Project Management	29
Support service & Mgmt	17
Sales	69
Administration	149
Total employees end of period	**1 396**

***The numbers do not include BMM and Triple**

Sukhi Pabial
Training & Development Manager

The best part of my job is being able to see the results the training has on what these fab people do. Creating and delivering courses that meet their needs is what it's all about.

All employees by education



Mia Hultman
HR

I left LBi for a while to seek new challenges, but I got homesick. It's all about the people and the inspiring work environment. LBi is just a great place to work.

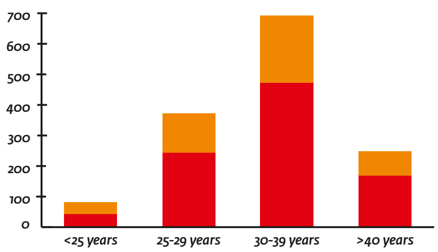
Judith Carr
Managing Director, LBi US

8 years, 4 months, 11 days: the LBi life is always funny, challenging and motivating! I hope for many more years!

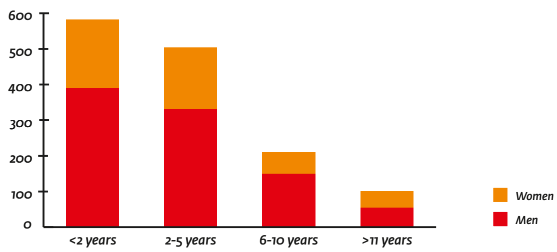
Filippos Arvanitakis
Creative Director

I like the smell of LBi in the morning.

All employees by age and sex



All employees by employment time and sex



Creative excellence

Introduction to case studies

Nobody would argue 2009 was an easy year. Most of our clients were under unprecedented pressure to cut costs and justify every penny of spend. And as the smoke rose from the tall buildings to the East and West of our Brick Lane office, the staff of LBi braced themselves for a year likely to be remarkable only for struggle and pain. The reality turned out to be a bit different. Yes we had to absorb our share of the economic woe, but the year was characterised by our refusal to go with the mood of the Zeitgeist. We forged ahead, producing some brave and eye-catching work bringing social media, offline advertising and powerful service design together in a way which only LBi can.

Notable cases from the year include the beautiful award winning D&AD I'll be there campaign, which saw us collaborate with superstar photographer Nadav Kandar. In the charity sector, we scooped a fistful of gongs for British Red Cross with the Look Behind the Label campaign fusing our EPR and social media expertise with a powerful but simple creative idea. Another case of note from the UK is BT Tradespace, a project which kept a third of the agency off the street and away from home for most of the year and which proves that the social imperative is a powerful force for SMEs.

Our mission to extend our remit across communications disciplines saw some great success in 2009, with Syrup in New York producing some amazing integrated work for Puma. Meanwhile in the Netherlands, the Lost Boys and girls realised their dreams to produce work with an "interactive heart" which nevertheless extends across media this is best exemplified in their FBTO client. Our colleagues in Amsterdam have also done very well this year, producing work designed to make their client more Believable with the new Zwitsol site essentially delivering the "We Know How it Feels" message through content and tools.

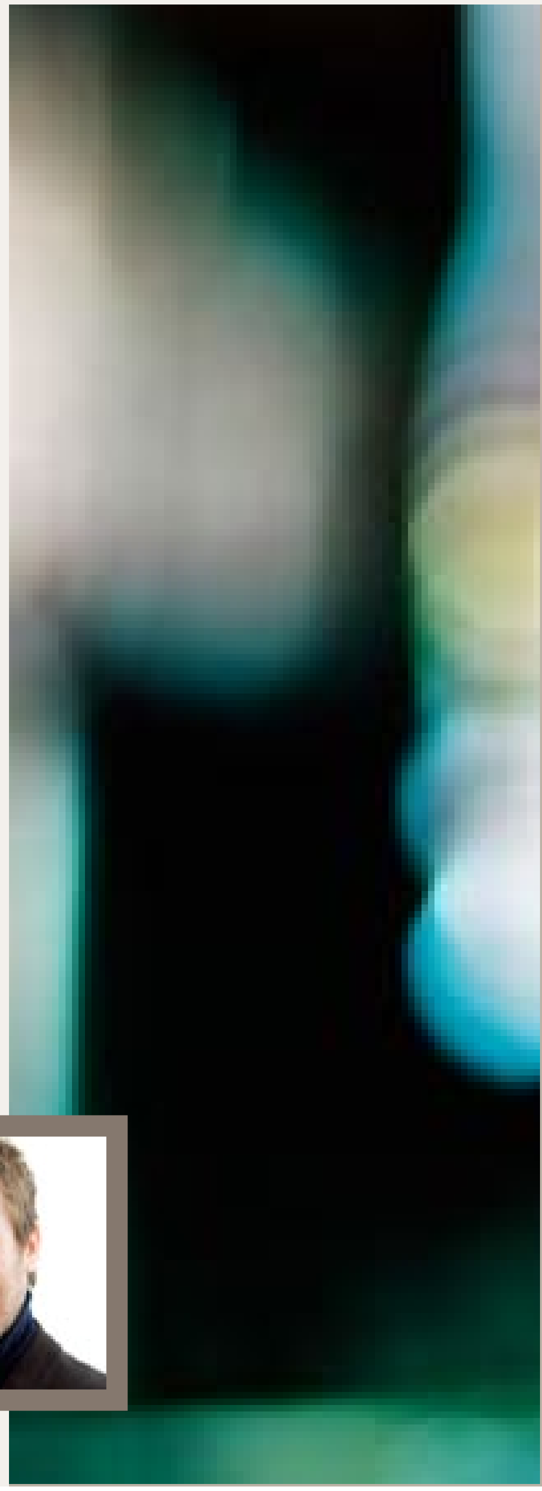
The Nordic region was hit harder than most by restricted spend in 2009, with Copenhagen suffering at the hands of Nike's decision to move out of Europe. Nonetheless, the Nike Debacle Film shows what we can do with branded content even on a tiny budget, and it won deserved awards. We truly have some of our very best talent in the Nordics, and this is in evidence in the work produced for Etihad in Copenhagen, Hello Fra from Syrup Stockholm and the way in which Goteborg supported their iconic automotive client Volvo during the automotive industry's annus horibilis.

One area that saw a big uplift in demand was mobile. We began work on top secret projects for the world's preeminent motor sports brand, LBi Germany brought recipes to iPhones around Europe for Philedelphia and around the network, the smallest screen became a big focus.

2009 also saw some great talent join the agency, especially in our rejuvenated LBi New York where ex-BBH and Your Majesty (and indeed Wheel from back in the old days) Emil Lanne joined as Group Creative Director, and Cedric Devitt left Tribal DDB to bring his Air Guitar skills and creative leadership to the role of ECD.

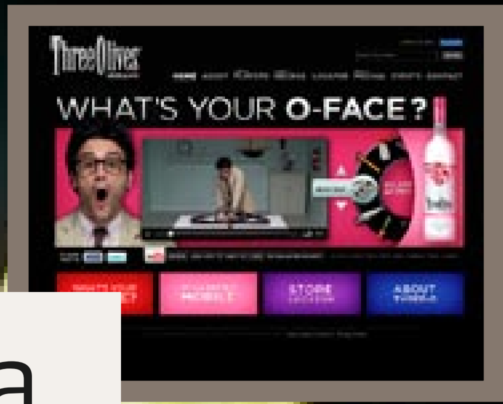
I'm immensely proud of what we achieved creatively in 2009, hopefully, when you look at these cases, you'll see why.

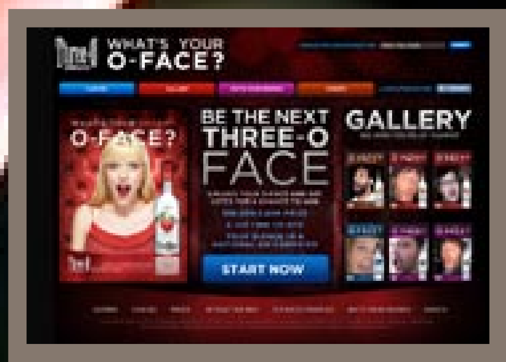
Chris Clarke
Chief Creative Director



Case study

Three olives vodka





The Objective
The premium vodka market had become crowded with brands touting long lines of flavour extensions. The prevailing message these brands conveyed was one of pretension.

Three Olives sought to stand out in the market by introducing new consumers to their bold line of flavours from the standard (citrus, grape) to the outrageous (Triple Shot espresso, Cherry). The brand needed an attention grabbing digital campaign that furthered the positioning as Seriously Premium, Seriously Fun.

The Work
The first thing we needed to do was step away from Olives and find a unique way to carve out a niche from our stuffy and pretentious competitors.

"What's Your O-Face" was part of a multi-million dollar integrated advertising campaign, where users were invited to upload a photo of their best "O-face" – the look of surprise one has after tasting a shockingly delicious Three-O Vodka drink.

Fans uploaded their own 'pictures of pleasure' onto the site, and were judged by their peers using special widgets that plug into Facebook and social networking sites. The winner then starred in a national ad campaign winning $10,000.

Results
The O-Face promotion proved to be the perfect fit to reap the social evangelical benefits of Facebook Connect and help it stand out from the oversaturation of brand-centric UGC efforts. The campaign drove 10,000 site visitors per week, 6,201 Facebook Friends, 4,371 uploaded photos and a staggering 9 million+ votes cast on the site. It continues to be a cornerstone of the digital media strategy for the brand.

Case study

FBTO Health Insurance

The objective
FBTO was one of the first direct underwriters in the Netherlands, and also the first to enable customers to fully purchase and manage their insurance online. They offer insurance for car and motorcycle, health and accident, personal liability and legal aid, travel and recreation, home and of course the big one; death. Their customers can put together the package of insurance that suits them best so they only pay for what they need.

In December every Dutch person over 18 prolongs their health insurance for the next year or switches to another insurer. Our task was to develop a campaign to increase the number of policies at FBTO and significally increase spontaneous brand awareness during the campaign period. The ability to adjust the coverage of the policy to exactly fit your need was the main USP for the product in this campaign.

The work
Choose what makes you feel fine! with the health insurance and the 'Lekker-Leven-pak' of FBTO. That 'Lekker-Leven-pak' was a specially designed tracksuit that acted as a symbol of Lekker Leven (loosely translated as: Live life like you want to). In all campaign-items we focused on the very individual interpretation of what the Lekker Leven suit enables. A crossmedia campaign (DM/eDM, online (advertising and pr), print and RTV) was executed to get the campaign message across and to activate to the FBTO-website.

The results
In the month long campaign period records in number of visitors to the FBTO site were broken almost every other day, the number of policies sold went up by 60 %!

Case study

BT Tradespace

The challenge
BT Business operates in an aggressive marketplace. As a supplier of broadband and other commercial communications solutions, they struggle with differentiating their service offering from that of consumer products. This is particularly hard in terms of reaching micro businesses – one-man bands, home-based companies, and so on, run by everyday people – the 99% of UK businesses that count as small-to-medium-sized enterprises (SME's).

The Work
As BT's digital agency of record, LBi were challenged to architect, design and build an evolved social commerce platform to engage this audience in a more compelling way. In addition, the challenge was to use LBi's communications, social network marketing and CRM skills to ensure that existing users were migrated effectively and new users were found in a cost effective manner.

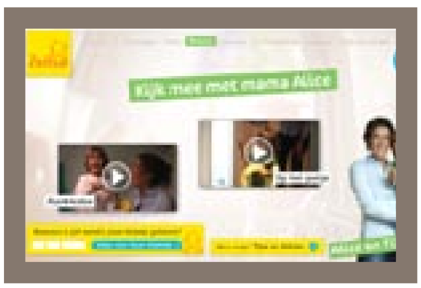
Case study

Zwitsal Group

The objective
Zwitsal is the number one baby care brand in the Netherlands. The brand's purpose is to help young parents take care of their child. With 80 years of experience, Zwitsal really knows what it is like to be a parent. Zwitsal's website dated from 2001 and we were asked to create a new web presence. With this online presence, Zwitsal wants to claim baby skin care authority and strengthen the emotional bond between the brand and its consumers.

The work
The new Zwitsal.nl delivers proof behind the brand message Zwitsal. We know how it feels. The website helps young parents concretely taking care of their kids. Four real mums give a peak into their lives and share their experiences. In eight short online documentary films they share their doubts, tips and tricks. Within the tips and tricks section, visitors will find answers to the most important questions and given the option to ask Zwitsal experts for advice.

The results
The new Zwitsal website went live in November 2009 and has been successful so far. The website is currently the centerpiece of an integrated expert campaign. The video content has been viewed heavily, and visitors are spending around four minutes on the site. LBi and Zwitsal are currently exploring the next stage for Zwitsal's online presence.



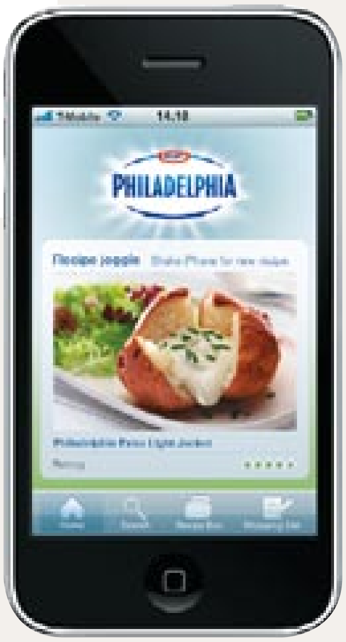
The result is BT Tradespace, a Facebook for these small businesses. A unique social e-commerce platform, it brings together customers and small businesses in a community environment to network and trade. A digital market space that allows for anyone to set up their own website in a few minutes, and that brings free support for the thousands of small businesses around the UK who need an online presence without the hassle. BT Tradespace allows them to buy, sell, and connect, and helps their customers find their products and services, while engaging with an active community.

The results
LBi developed and implemented the creative platform "Get Noticed" to support migration and retention of existing users and acquisition of new users.

An integrated, social CRM strategy and communications plan helped existing users "Get Ready" for the new Tradespace; successfully migrating more than 250,000 businesses and seeing user engagement increase dramatically. The ease of adding content helped create 20,000 new 'active' users from the lapsed segment. Community activity grew with a three-fold increase in posts. Following launch, the "Get Noticed" campaign reached out to small businesses through a range of on and offline channels to promote the key benefits of the new platform.
BT Tradespace now numbers more than 350,000 businesses. Weekly income form the purchase of BT products has seen an increase of 26% since relaunch. Projecting similar growth into the future, we expect that the platform will pay for itself in six months.

Case study

A Digital Strategy for Philadelphia Europe



The objective
Philadelphia is the market leader in cream cheese across Europe. To increase consumption, our job was to point out how versatile it is as an ingredient in thousands of recipes.

The work
Our research helped us to understand the digital and food behaviour of our key audiences country by country. The insight gathered at this stage lead us to develop our ideas around recipes, and offer the consumer a branded utility from Philadelphia across re-launched country sites, Facebook, and the I-phone.

The results
We've delivered a first rate digitally integrated web presence for Philadelphia across Europe. The I-phone app is one of the most successful branded apps to date, sitting at No3 in the lifestyle and 19 in the overall free app charts.

Case study

British Red Cross

The challenge
Formed in 1870, the mission of the British Red Cross is "caring for people in crisis". Our extremely close collaboration is about extending the charity's existing persona to the online world and harnessing the power of social marketing to take the Red Cross message to new and more engaged audiences. Arguably a very believable offline brand, the organisation needed to find ways to connect with younger audiences to make it easy for and appealing to a new generation to continue the work that's been carried out historically. The work is highly emotional: many LBi employees volunteer to do work for the British Red Cross outside of the professional relationship.

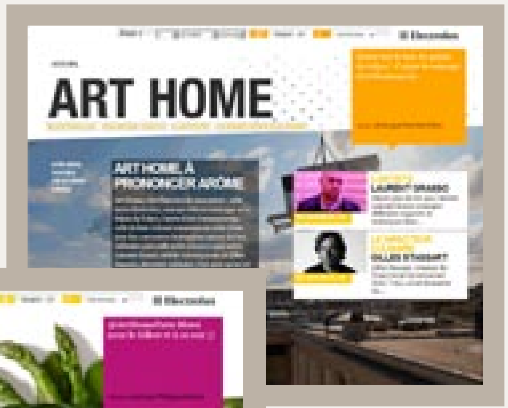
The Work
The British Red Cross needs vast amounts of volunteers to survive, and innovative use of social media is one way to build that community online. "Engaging to survive" is what their social media effort is all about. For Refugee Week, LBi devised the Look Beyond the Label campaign, creating an online movement to pledge support for refugees and tackle discrimination via online profiles. The Traces of Hope campaign was a high-profile alternate reality game, and the Red Recruits campaign a scheme designed to empower young "virtual volunteers" to act as advocates for the organisation and drive awareness across their social networks.

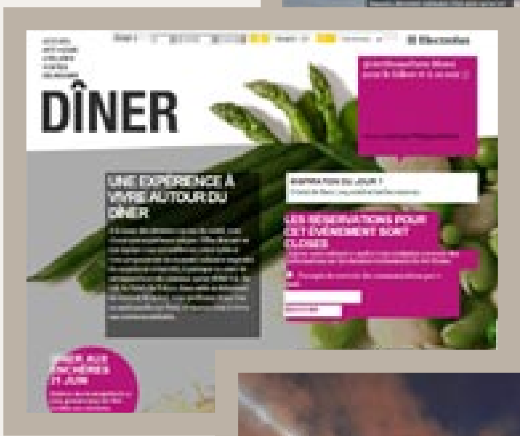
The results
More than 70 news articles were printed in UK and international press, up to three campaign tweets per minute were recorded, and an extensive discussion took place across the blogosphere, as thousands of users actively took part in the Look Beyond the Label campaign. One of the world's first-ever charity online alternate reality games, Traces of Hope had around 8,000 players and was covered by the likes of The Economist and the Guardian. Red Recruits now help the charity spread the word about their appeals, campaigns, and local fundraising events on their respective social media websites, and are also used as key consultant on new projects.

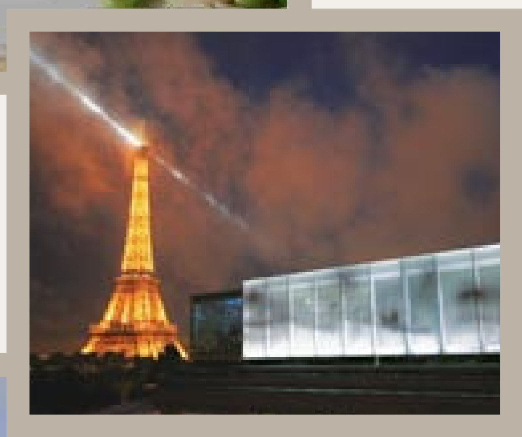
In partnership LBi and The British Red Cross have unlocked the power of social media to take the British Red Cross message to new audiences and powerful advocates.

Case study

Electrolux







The Challenge

Electrolux's challenge was to increase brand awareness of Electrolux in France to help sell white goods. The aim was to make white goods seem attractive in a unique and creative way.

The Work

The concept was to move away from just 'talking' about the lifestyle attributes of the Electrolux products but to actually deliver them for real and therefore make them believable. The aim was to bring to life Electrolux's white goods in a real and desired setting through an amazing confluence of art, architecture and food at the Palais de Tokyo museum in Paris. The restaurant seats 12 people for dinner at any one time and is intimately cased within a glass dome on the top of the Palais de Tokyo. With the experience in place, the use of specialist media activities and a dynamic web site take the experience out to the web at large.

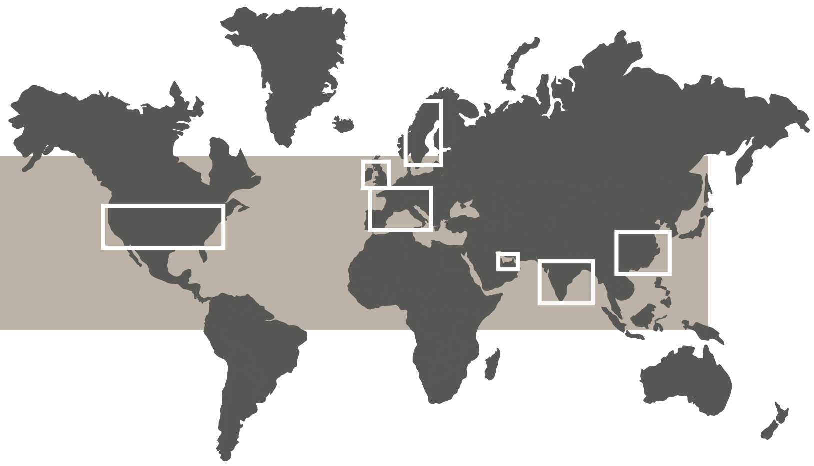
This project is all about conversations. Consumers can find out about the concept via twitter, social networks and word of mouth, then they are pointed to the website to book. At the end of Art Home there will be a digital record of each and every daily experience.

CRM was a large part of this project. With only twelve seats for dinner managing disappointment, waiting lists and contact was paramount.

The result

Within the first 2 months of going live, the site received 1,500 transactions, resulting in over 4,000 people attending the lunch, dinner or workshops. On Twitter, there are so far 300 followers which has exceeded the estimated target of 200 by the end of 2009.

Market



Introduction. The digital marketplace has matured significantly in the past year. There has been a shift from multiple suppliers to single full service relationships where the agency understands the full customer journey underpinned by an appetite for sophisticated analytics and CRM. Technology has also opened up more efficient flexible ways of working, allowing agencies to service global accounts using experts clustered in certain territories rather than through the inefficiency of market silos.

At present, clients are focusing more on the potential for digital content to build their brands amongst highly motivated digital communities, and social media have become the major influencer of purchase decisions. There has also been an increase in branded digital utility, where marketing and the service collide, this is born out most obviously in the rise of the iphone application. Mobile marketing has yet to reach its tipping point, though in 2009 revenues became significant as brands began to explore the massive potential of the ubiquitous mobile device.

The information below is mostly based on the following sources: IPA (Institute of Practitioners in Advertising), TNS Global, Harrison Interactive, Magna, ChangeWave, Worldwide partners, The Aberdeen Group, Forrester and Group M.

The information in this section has been accurately reproduced and as far as LBi is aware and is able to ascertain from information published by the sources above, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Competition. LBi will be exposed to intense 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 new and established services. Failure to satisfy demands and remain competitive in these and other respects could be detrimental to LBi's operations, earnings and financial position. The digital marketing sector could still be considered as fragmented and further consolidation opportunities are expected. LBi's key competitors are Sapient, Razorfish, Digitas, AKQA, Ogilvyone and Tribal DDB.

Online advertising. Over the long-term the movement of audiences and marketers from traditional display and broadcast media to interactive media is anticipated to accelerate. According to GroupM's June 2009 forecast[1], online advertising, which includes display, search, video, and other categories, is expected to reach USD 26.1 billion in spending in 2010.

The online marketing sector is assumed to continue to outperform traditional advertising. In particular, the Search market continues to grow. The Forrester report[2] on growth of online activities over the past three years shows that general activities are steadying. Functions such as email and search are the mainstays of online activities. Therefore companies continue to funnel a majority of their online marketing budgets into search engine optimisation and email marketing campaigns. According to Forrester research, online social networking shows double-digit growth numbers and online media use is growing in single numbers. With regard to mobile internet the adoption rates of many of the advanced cell phone functions are still small, but they show that people have an interest in a mobile device with other features than just talking.

In the wider context of more people spending more time online, a decrease in online marketing budgets is less likely. Marketing needs an audience and that audience is now increasingly expected to be located online. According to the Aberdeen Group Report "The ROI on Social Media" (March 2009), US adults now spend, on average, 30% of their leisure time online. With more than 70% increase since 2007, this is part of a recent and dramatic trend. The number is in addition likely to rise further as a greater proportion of the population spend more time at home due to the current economic downturn. Corresponding numbers for Sweden, Germany and the UK respectively are 18%, 23% and 28%[3]. This means that even if overall discretionary consumer spend falls as a result of reduced income, a greater proportion of that income might be spent online. The effect on the share of marketing budgets being allocated to digital with falling consumer spend, but more time spent online is therefore difficult to assess.

In the Search Engine Marketing product segment, margins have been pressured as a result of lower discounts from search engine operators. During 2008 Google withdrew the Best Practice Funding commission from the market place and this has put earning pressure on the industry as a whole. However, LBi believes that an extended product portfolio with turnover in sectors with good margins, such as search engine optimisation and affiliate marketing, as well as products such as Online PR, Design Efficiency and Social Media Marketing will be able to compensate for this.

The Business-to-Business Market. Looking briefly at the impact of the current downturn on the Business-to-Business market, current dynamics are clearer. It is anticipated that marketing budgets will be reduced overall, while digital spend will remain stable or grow slightly. A survey from Worldwide Partners[4], 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

[1] GroupM Global Ad Forecast (June 2009). [2] The Forrester Wave Full-Service Market ResearchOnline Community Vendors (Q4 2009).

said that they think digital marketing budgets will increase in 2009.

LBi consequently anticipates that digital budgets as a proportion of total marketing spend will grow. Over the long term a continued movement of audiences and marketers from traditional display and broadcast media to interactive media is expected to accelerate. In summation, the expected outlook for digital marketing is positive once the challenges of the current business cycle can be overcome.

Budgets cut in the UK and Europe. The UK market is recovering from the first quarter 2009, which is believed to represent the bottom of the UK market for digital & advertising services. According to the renowned Bellwether Report[5], published in the UK in January 2009, overall marketing budgets fell in Q4 2008 by 42%. This was based on the budgets of 300 global marketing organisations tracked by the IPA. The biggest falls in marketing spend has once again occurred in traditional media with over 30% reductions recorded for TV and print. However, for the first time since the economic downturn, digital was not immune. Search budgets fell by 4% and the decline across all other online marketing sectors was 7%. Especially a sharp drop-off in spend from clients in the Financial sector has impacted sales negatively.

In the most mature markets, the US and the UK, there are benefits of having a disciplined approach. In both these regions there is increasing evidence of improved sentiment and as a consequence of LBi's strategy, significant improvements in both the top and bottom line could be achieved. LBi will probably also benefit from the increasing trend to consolidate digital spend into the larger more mature full-service agencies.

US online market growth. In the US, similar positive trends are observed. The Aberdeen Group report "The ROI on Social Media" (March 2009) 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 report 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.

Scandinavia. Scandinavian operations recovered slightly from the first quarter but are still under pressure as several larger Nordic clients are cutting budgets as a consequence of increased economic uncertainty. The slowdown on the Nordic market can over time be counterbalanced by funnelling clients via the UK, to make use of the good technical and creative skills in Denmark and Sweden and benefit from the lower cost rates. In response to the difficult circumstances, management has been able to downward adjust the cost base to ensure that the region delivers adequate margins.

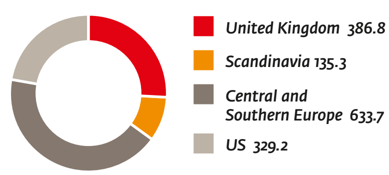
Western continental Europe and Scandinavia. In western continental Europe and Scandinavia, market conditions are country specific. Overall, the recovery is more hesitant with a lagging top line and margin development. In the third quarter, performance in these regions is typically impacted by seasonality and the high proportion of holiday entitlement in the period.

The wider opportunity in Asia. For further context, and as a more positive look at future growth opportunities, note that in China, South Korea and Japan, Internet users spend respectively, 44%, 40% and 38% of their leisure time online[3]. If regular participation in social network is the key indicator for increased consumer spend, there is 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 could present additional opportunities.

On 25 February 2010 LBi announced the merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is a combination of Bigmouthmedia, the largest search engine marketing specialist in Europe, and €40m of new capital committed towards global expansion of the combined entity. The combined entity will:

- combine LBi's best in class digital media, marketing, communications, design, branding and technology services with Obtineo's leading search engine marketing
- meet growing customer demand for one agency to provide services across geographies
- create Europe's largest marketing and technology agency with strong capabilities in US, Asia and MENA
- encompass knowledge sharing for the benefit of clients with over 1,600 people across 15 countries
- bring together a strong customer base of blue chip, global companies
- create a stronger appeal to attract and maintain the best talent
- provide a simplified listing structure, greater access to global capital markets and international investors
- capitalise on the structural shift in spend from offline to online channels
- strengthen financial position with ability to drive further industry consolidation
- support further expansion in the US, Asia and MENA
- enable material revenue synergies and cost savings

Net sales per region, MSEK



No of employees per region

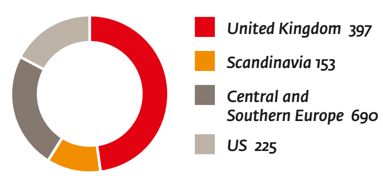


Diagram per 31 December 2009, not including BMM and Triple

[3] Aberdeen Group Report "The RO I on Social Media" (March 2009). [4] Worldwide Partners Inc. Agency CEO Survey (February 2009). [5] Q4 2008 Bellwether Report.

Corporate Governance Report

LBi to merge with Obtineo

On 25 February 2010 LBi announced the merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is a combination of Bigmouthmedia, the largest search engine marketing specialist in Europe, and €40m of new capital committed towards global expansion of the combined entity. LBi and Obtineo's Boards of Directors and Executive Management expect the merger to be finalised by July 2010. The merged entity, which will trade under the name LBi, will be a Dutch NV with a single listing at NYSE Euronext Amsterdam and is expected to be listed on July, 2010. Upon completion of the merger, the shares in LBi will no longer be listed on NASDAQ OMX Stockholm. The head office of the combined entity, responsible for central administration and financial functions, will be located in Amsterdam.

The governance of the merged entity will be undertaken through a two-tier Board structure consisting of a Supervisory Board who will be responsible for taking key strategic decisions, and a Management Board whose responsibility will be for the day-to-day operations of the business and implementation of the Board strategy. Mr. Luke Taylor, current CEO of LBi, will be the new CEO of the Management Board of the combined group and Mr. Huub Wezenberg, current CFO of LBi, will be CFO of the combined group. Mr Fred Mulder, LBi's current Chairman, will be Chairman of the Supervisory Board. In addition to Mr Mulder, the Supervisory Board will include Joost Tjaden, Nazo Moosa, George William Fink and another independent member. Such proposal will be subject to the appropriate involvement of the nomination committee. In addition to the Supervisory and the Management Board, a Strategic Advisory Committee will be formed to help inform the strategic direction of the company. This Committee will be chaired by Frank Botman, CEO of Cyrte, and include Michiel Mol and Steve Leach, founders of Lost Boys and Bigmouthmedia respectively.

General

LBi is a public limited company with its registered office in Stockholm, Sweden. LBi applies the revised Swedish Code of Corporate Governance from 1 July 2008 and includes this corporate governance report attached to the annual accounts for 2009 to be presented at the AGM 2010.

In 2009 LBi had a primary listing on the Nasdaq OMX Nordic Exchange Stockholm and a secondary listing at NYSE Euronext in Amsterdam, the Netherlands. The merged entity, which will trade under the name LBi, will be a Dutch NV with a single listing at NYSE Euronext Amsterdam and is expected to be listed in July 2010. The Dutch Corporate Governance Code shall apply to the merged entity.

Corporate governance in 2009 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.

Bodies for corporate governance

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

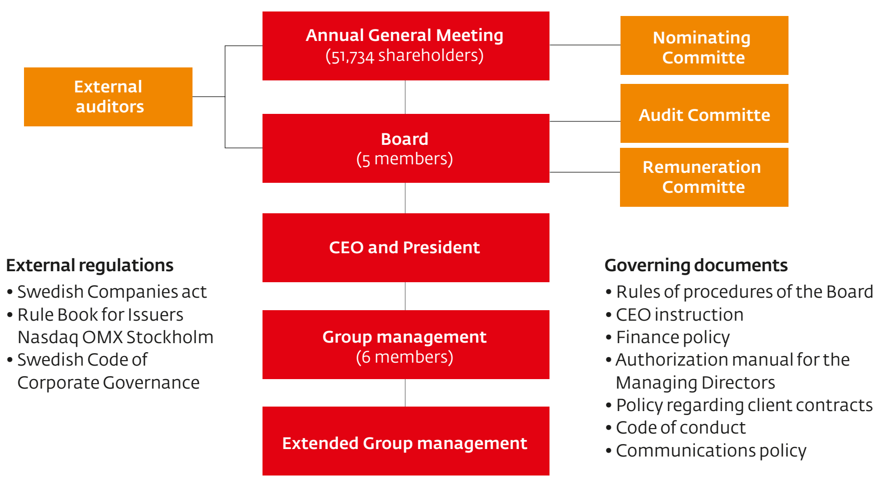
Shareholders exercise their voting rights at the Annual General Meeting when it comes to the composition of the Board of Directors and the election of auditors. The Nomination Committee proposes candidates for directors, chairman of the board of directors and auditors. The Board of Directors is responsible 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 CEO. 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, the state of the business and the market.

For the year ended 31 December 2009, LBi had an organisation for reporting in accordance 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 COO, the CEO for LBi UK, the Group CFO, the Group 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 Subsid-

Corporate Governance at LBi



iary 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 2009 were held by Euroclear Bank (50.3 percent), Ing Luxenbourg (23.3 percent) and Six SIS (5.5 percent). The Mol family in the Netherlands is the largest shareholder in LBi and holds in total 16,103,597 shares (26,0 percent) via companies. Refererance is made to the LBi share section for more information about the Company's ownership structure. The number of shareholders is 51,734. 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 the Annual General Meeting 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 the 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 and in 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 Annual 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 Annual 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 Annemarie de Bont, annemarie.debont@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 2009

At LBi's 2008 Annual General Meeting, held 6 May 2009 at Hotel Anglais in Stockholm, the following directors and members of Group management participated: Chairman Fred Mulder, CEO Luke Taylor , CFO Huub Wezenberg and Auditor Hans Jönsson, assisted by Johan Lilliehöök. A total of 21 shareholders attended the AGM representing 24.1 percent of the votes and share capital. Ola Silberman was elected chairman of the AGM.

Resolutions

The minutes from the AGM 2009 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 2010 accounts.

Katarina G. Bonde, Michiel Mol, Fred Mulder and Lucas Mees were reappointed as members of the Board of Directors and George W. was appointed. Former Board member Robert Pickering decided not to be available for re-election. Fred Mulder was reappointed 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 in the company's management, according to the Board's proposal, were adopted.

The resolution regarding grant of 1,400,000 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 1,400,000 warrants for subscription of new shares to ensure the option undertakings of the Company, according to the Board's proposal, was adopted.

2010 Annual General Meeting

LBi's 2010 Annual General Meeting will be held 12 May in Stockholm at 14.30 CET.

Nomination Committee

Among the tasks of the Nomination Committee is the assessment of whether the Board of Directors has the right composition and if such is not the case, identify new candidates. The Nomination Committee shall also present suggestions for directors and auditors and proposed remuneration for directors and auditors. The Nomination Committee ahead of the 2010 AGM consists of Gunnar Ek (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 2009 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 George W. Fink to be elected as Board member.

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 to monitor 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. If needed, 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. 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.

Katarina G. Bonde, Michiel Mol, Fred Mulder and Lucas Mees were reappointed as members of the Board of Directors and George W. Fink was appointed. Former Board member and CEO Robert Pickering decided not to be available for re-election. Fred Mulder was re-appointed as Chairman of the Board. For information about the directors, refer to page 32.

Work of the Board of Directors

The Board of Directors held 12 meetings in 2009 of which one was statutory per capsulam, five were held per capsulam and six meetings were life, 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. Issues brought before the Board of Directors during 2009 include:

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.

Appointment of Thomas Elkan Boisen as Chief Operating Officer in October 2009.

Support and supervision over the progress against the 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; (4) Moving towards one global brand and one integrated company.

Merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is the combination of Bigmouthmedia, Europe's largest company in search engine marketing, and EUR 40 million of new capital commited towards global expansion of the new company. The merger was announced 25 February 2010.

Acquisition of TRIPLE in Copenhagen ("TRIPLE"), one of the most successful and experienced digital agencies in Denmark, as announced 22 February 2010.

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 2009 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 con-

Board of Directors

Name	Nationality	Elected	Dependence	Shares	Options	Total fees (KSEK)[3]
Fred Mulder	Dutch	2006	No	274,500	0	647
Katarina G. Bonde	Swedish	2006	No	3,340	0	359
Michiel Mol	Dutch	2006	Yes[1]	16,103,597[2]	0	318
Robert Pickering (resigned 2009)	American	2006	No	412,856	200,000	214
George W. Fink (appointed 2009)	American	2009	No	0	0	104
Lucas Mees	Dutch	2008	No	6,627	0	318

1) Michiel Mol is dependent in relation to the company since the Mol family via companies control 26.0% of the Company's shares.
2) Via companies.
3) The 2009 AGM approved Board fees up to the Annual General Meeting 2010 of EUR 20,000 for ordinary Board members, and EUR 30 000 to the Chairman. Katarina G. Bonde received 4 KEUR as Chairman of the Audit Committee and Fred Mulder received 8 KEUR as Chairman of the Remuneration Committee. During 2009 SEK 129,000 was paid to Chairman Fred Mulder for consultancy services via his company FM Sud Consulting.

sists of basic salary, variable salary, other benefits, pensions and participation in the Global Share Option Plan. LBi continuously gathers and evaluates information on market-based remuneration levels for relevant industries and market.

Remuneration of management 2009

During 2009 President Luke Taylor and the other senior executives (Huub Wezenberg, Ewen Sturgeon, Chris Clarke, Alan Davies, Thomas Elkan Boisen, Theo Cordesius and Jesper Andersen) received compensation of KSEK 18,988 in the form of basic salary and KSEK 9,470 in severance pay (to Theo Cordesius and Jesper Andersen) and KSEK 887 in retirement pension. (Refer to table Remuneration, page 24.)Theo Cordesius resigned 1 September 2009 and Jesper Andersen resigned 1 October 2009.

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.

The CEO's bonus for 2009 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. No bonuses were awarded in 2009.

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 63.

Long-term incentive programme

The LBi Group has a share option programme for senior management. A total of 2,567,300 new options were awarded during 2009 of which 199,400 were returned for re-issue. The options were amongst others granted to 6 executives (costituting Group executive management) in two series with an exercise price of SEK 11.26 and SEK 15.50. Of the first series 25 percent will vest as of 13 February 2010, another 25 percent at respectively 13 February 2011, 2012 and 2013. Out of the second series 50 percent will vest as of 21 September 2011, 25 percent on 21 September 2012 and another 25 percent on 21 September 2013.

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 2009 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. The Chairman of the Audit Committee and the Remuneration Comitte shall receive compensation of EUR 8,000 each (total EUR 16.000).

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 Nomination 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 2009: George W. Fink , Fred Mulder and Michiel Mol.

The Remuneration Committee held two formal meetings during 2009 in conjunction with Board of Directors meetings with discussions about developing a bonus plan for Group management 2010 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.

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 2009 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 2009 has been to review the annual accounts and interim reports and to monitor the audit work.

Attendance to meetings

		Attendance to meetings		
Name	**Committee**	**Board**	**Remuneration Committee**	**Audit Committee**
Fred Mulder	Audit, Remuneration	6 (6)	2 (2)	6 (6)
Katarina G. Bonde	Audit	6 (6)	–	6 (6)
Michiel Mol	Remuneration	6 (6)	2 (2)	–
Robert Pickering (resigned 2009)	Remuneration	3 (6)	0 (2)	–
George W. Fink*	Remuneration	3(6)	2(2)	–
Lucas Mees	Audit	6 (6)	–	6 (6)

*Attended 3(3) since being apponted as Board member 6 May 2009.

The Audit Committee held six meetings during 2009 for reporting on ongoing reviews, operational audit and review of the year-end financial report. The auditors were present at 2 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 2009, fees for auditing services amounted to SEK 5.8 million and for non-auditing services to SEK 4.0 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 64.

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.

2009 Group management consists of CEO Luke Taylor, COO Thomas Elkan Boisen, CEO LBi UK Ewen Sturgeon, CFO Huub Wezenberg, Chief Creative Officer Chris Clarke and Chief Strategy Director Alan Davies. Theo Cordesius resigned 1 September 2009 and Jesper Andersen resigned 1 October 2009. 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.

Remuneration

KSEK	Year	Salary	Severance Pay	Options granted	Pension	Other benefits	Total
CEO (Luke Taylor)	**2009**	**4,803**	**0**	**500,000**	**0**	**0**	**4,803**
CEO (Luke Taylor)	2008	4,699	0	280,000	0	0	4,699
Group Management others 7	**2009**	**14,185**	**9,470**	**1,179,500**	**887**	**42**	**24,584**
Group Management others 5	2008	9,378	0	427,000	4,090	49	13,517
Total	**2009**	**18,988**	**9,470**	**1,679,500**	**887**	**42**	**29,387**
Total	2008	14,077	0	707,000	4,090	49	18,216

Internal Control

Board report on internal control over financial reporting during 2009

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 base 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

Based on the outcome of last years' risk analysis, the audit committee has proposed to the Board of Directors the prioritised next steps that have approved upon these next steps. Meaning that further analysis, documentation and evaluation of the company's controls to mitigate the identified heightened risks were continued during current year.

During 2009 the order to cash process has been analysed in detail and the related risks to the order to cash related processes within the group have been indentified and appropriate next steps have been taken.

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 to and that appropriate relations are maintained with the company's auditors. The Board has also established priority areas 2010.

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 from 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 that has been established last year 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. In addition, the order to cash process within the group has been analysed and reviewed. Starting with a workshop, where a few key entities were participating, the review instructions for the order to cash process were set. Local entities were visited by a colleague finance manager for 2 days who reviewed the local order to cash process. The outcome of these visits were summarised and discussed during the yearly CFO meeting in Amsterdam in September 2009.

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 communication and cooperation between headquarters and local entities and between local entities itself in our group, working capital management and structured risk analysis of the order to cash process and to agree and decide upon the minimum internal control requirements at group level.

The communication workshop, held during the CFO meeting, had the purpose to show how we communicate and cooperate in times of a crisis. It gave some first insights on how we communicate and next steps need to be taken to take advantage of the insights we got as a outcome of this workshop.

The importance of well organised working capital management from a group perspective was expressed during the CFO meeting. To emphasize the importance of good working capital management the working capital competition has been continued and the results of this years' working capital management competition were presented. The working capital competition was introduced in 2007. All operating entities are frequently informed about their own progress as well as those of the other participants. In relation to working capital management,special attention was paid to the debt collection in difficult times and the audit committee was presented with overviews of accounts receivable outstanding with a breakdown per days overdue. This overview has been discussed in the audit committee.

During the CFO meeting a whole day workshop supported by PWC was held to discuss the outcome of the reviews, on the local order to cash process, done by our finance managers visiting another subsidiary for a few days. Purpose of the workshop was to define order to cash process related risks and key controls on group level.

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 relevant 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.

This year we introduced proper tailor made self-assessments within the group. The order to cash process has been assessed during the year. For the coming year we will continue with proper tailor made-self-assessments within the group.

Internal Controls over business operations

Management has identified a need to enlarge the internal control environment to comprise internal controls over business operations. The purpose of internal controls over business operations is to monitor performance metrics related to defined metric measurements and as a result promote well suited and efficient business operations.

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 organisational 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.

However the developments in 2010, e.g. the merger with Obtineo, will impact the organisation significantly and are reason to take into consideration to appoint or recruit a person that will be dedicated working on internal control and risk management within the group. This way it will safeguard that the further development of LBi's internal control and risk management will have a permanent character and will have less a project- and ad-hoc oriented character.

Stockholm, 12 April 2010

The Board of Directors of LBI International AB

Fred Mulder, Chairman

Katarina G. Bonde

Lucas Mees

Michiel Mol

George W. Fink

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 2009. 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. At the time of this annual report 27 April 2010 the number of shares outstanding was 62,023,276. The total number of shares outstanding on a fully diluted basis is 62,057,414 per 31 December 2009.

At year-end LBi's market capitalisation was MSEK 806. Earnings per share was SEK -11.07 (1.46). The Board of Directors proposes that no dividend be declared for 2009. The Group has a personnel option programme. As of 31 December 2009 there were a total of 6,117,150 options outstanding, entitling their holders to subscribe for 4,467,900 shares. A total of 2,567,300 new options were awarded during 2009 of which 199,400 were returned for re-use.

Share price performance in 2009

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. There were no changes in share capital during 2009.

During the 2009 operating year the market price of the share price increased from SEK 12.0 to SEK 13.0 as of 30 December, equivalent to an increase of 8 percent.

The Stockholm Stock Exchange's Nasdaq OMX PI index increased by 47 percent during the same period and SX45 Information technology PI increased by 12 percent. The highest paid price on the Stockholm Stock Exchange during the year was SEK 16.90, which was quoted on 9 September and the lowest paid price was SEK 10.00 SEK, which was listed on 2 February. The highest paid price on Euronext during the year was EUR 1.68 which was quoted on 17 September, and the lowest paid price was EUR 0.91, which was quoted on 10 March.

On 2 June 2008, 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 Euronext.

Trading in LBi shares

A total of 7,301,314LBi shares were traded on the Stockholm Stock Exchange and 6,509,073 shares were traded on Euronext in Amsterdam. A total of 13,810,687 shares at a value of MSEK 184 (292) were traded. The total average trading volume per trading day amounted to KSEK 0.7 (1.2). The total number of shares traded was 22 percent of the average total number of shares outstanding.

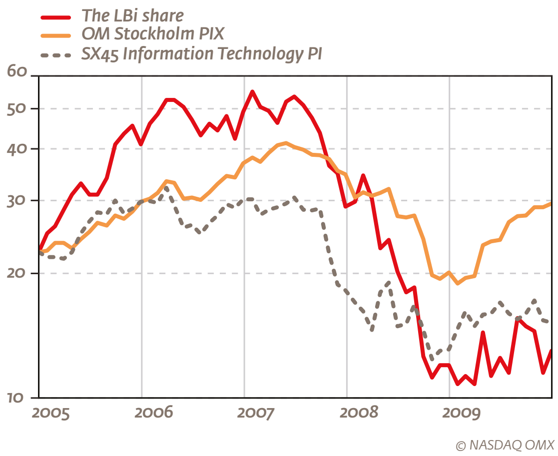
Ownership structure

LBi had 51,734 shareholders as of 31 December 2009, compared to 54,398 shareholders during the year before. The ten largest shareholders accounted for 84.1 percent (81.1 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 control a total of 16,103,597 nominee-registered shares in the Company (Red Valley and Team Lost Boys), equivalent to a total of 26.0 percent of the shares outstanding.

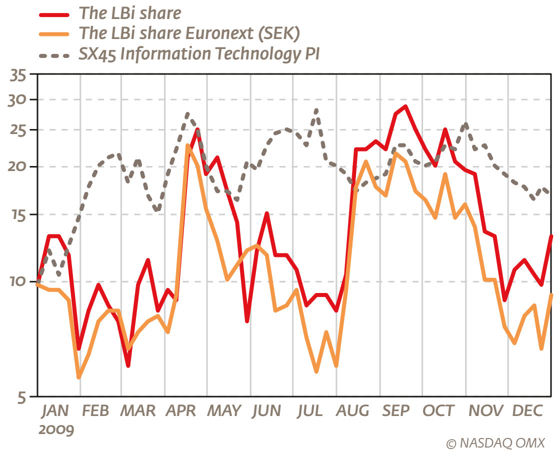
Foreign ownership accounted for 88.8 percent of capital and votes.

LBi's Group management hold 0.13 percent of the share capital and the votes, while LBi's Board of Directors control 26.4 percent of the share capital and the votes.

The LBi share 2005–2009



The LBi share 2009



Largest owners as of 31 December 2009[1)]

	Number of shares	Percentage of shares and votes
Euroclear Bank	31,167,117	50,3%
Ing Luxembourg SA	14,479,658	23,3%
SIX SIS	3,419,859	5,5%
Sweden Tax Treaty	691,357	1,1%
Pictet & Cie	640,406	1,0%
Robert Pickering	420,883	0,7%
SEB Investment Management	401,200	0,6%
Clearstream Banking SA	348,448	0,6%
Citibank (Switzerland)	323,204	0,5%
UBS Financial Services	286,963	0,5%
Total, 10 largest owners	**52,179,095**	**84,1%**
Other shareholders	9,844,181	15,8%
Total number of shares	**62,023,276**	**100,0 %**

1) LBi's largest owner, the Mol family, control a total of 16,103,597 nominee-registered shares in the Company, equivalent to 26.0 percent of the total number of shares outstanding.

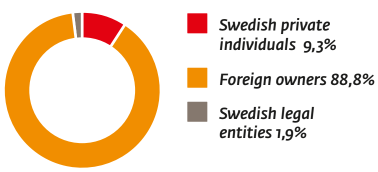
Source: VPC Analys, Euroclear

Shareholdings by size, 31 December 2009

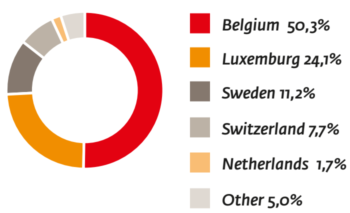
	Number of shareholders	Percentage of shareholders	Percentage of shares and votes
1 – 500	49,544	95.8	5.3
501 – 1,000	1,277	2.5	1.5
1,001 – 5,000	724	1.4	2.5
5,001 – 10,000	83	0.1	0.9
10,001 – 15,000	27	0.1	0.5
15,001 – 20,000	17	0.0	0.5
20,001 –	62	0.1	88.9
Total	**51,734**	**100.0**	**100.0**

Source: VPC Analys, Euroclear

Shareholder categories 31 December 2009



Owners by country 31 December 2009



Per-share data

	2009	2008	2007	2006	2005
Closing share price, 31 December (SEK) *	13.00	12.00	29.00	49.10	41.00
Annual price performance (%) *	8	–59	–41	20	82
High price paid (SEK)*	16.90	35.60	56.50	56.00	55.00
Lowest closing price (SEK)*	10.00	7.90	29.00	41.50	22.00
Total volume traded (thousands of shares)	13,811	14,440	28,570	29,809	55,543
Average number of shares traded (thousands of shares)	55	57	112	116	220
Total volume traded (SEK thousand)	184,112	291,916	1,335,123	1,445,232	1,893,040
Average volume traded (SEK thousand)	730	1,158	5,237	5,602	7,482
Rate of turnover	0.22	0.23	0.46	0.65	2.31

*Share price data from NASDAQ OMX.

Key financial indicators per share 1)	2009	2008	2007	2006	2005
P/E ratio*	–1.17	8.22	17.79	33.65	27.60
P/S ratio*	0.57	0.48	1.26	2.87	1.26
Volatility (%)*	60.0	93.0	38.6	35.0	45.5
Market price/Equity (%) *	0.57	0.35	0.89	158.4	273.4
Earnings per share (SEK)	–11.07	1.46	1.63	1.95	1.50
Dividend per share (SEK)	–	-	–	–	–
Equity per share (SEK)	22.81	34.16	32.54	31.00	15.00
Cash flow per share (SEK)	0.69	–0.64	0.56	1.34	–4.00
Number of shares outstanding (thousands)	62,023	62,023	62,017	61,398	24,009
Average number of shares outstanding (thousands)	62,023	62,021	61,826	46,011	23,629
Market capitalisation 31 December (SEK thousand) *	806,303	744,279	1,798,501	3,014,631	984,358

* 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 35.

Change in share capital

Year	Transaction	Change in number of shares outstanding	Change in share capital (SEK)	Total number of shares outstanding	Total shares 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

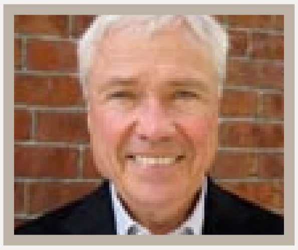
There were no changes in share capital during 2009.

Board

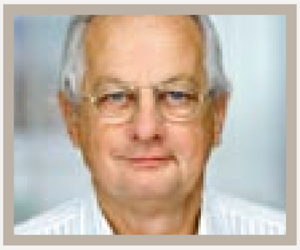
Fred Mulder,
Chairman
Chairman of LBi since May 2007. Member of the Board since August 2006 (member of the Board of LB Icon since 2002 and Chairman since 2005) *Born:* 1941 *Education:* MBA, Harvard Business School, USA. *Other board/committee assignments:* NEThave N.V. (Chairman of the Board) – since 2009; Artilium PLC, London (Chairman of the Board) – since 2008; Lithium Technology Corporation, Plymouth Meeting, PA, USA (Co-Chairman of the Board) – since 2008; W.P. Stewart & Co., Ltd., New York (Board member) – since 2007; and Chairman Investment Advisory Committee in Greenfield Capital Partners N.V. – since 1999. *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 Assignements:* Orc Software (since March 2006, The 6th AP fund (since August 2008), and Aptilo Networks (Chairman since September 2005), Propellerhead Software (Chairman since August 2008), The Royal Swedish Opera (since June 2005), eBuilder Software (since May 2008) *Previous positions:* CEO of Unisite Software Inc. (April 2000 – September 2003), Managing Director Captura International Ltd.January 1998- March 2000, EVP at Captura Software (January 1997 – January 1998 *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 ForceIndia 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:* 16,103,597 (through Red Valley and Team Lost Boys B.V.) *LBi stock options:* 0



George W Fink
Mr. Fink, former President and COO of the Dutch multinational company Tele Atlas, has a strong operational and financial background with expertise in technology, multi-outlet rental, retail operations and professional services. *Born:* 1947 *Education:* Northland College, B.S., Accounting 1969 Harvard, Advanced Management Program for Arthur Young Partners. *Previous positions:* Tele Atlas N.V., Boston, US – President and COO (2002 – 2008), MIRUS Information Technology Services, Inc. in Houston, US – Co-Founder/Chairman/President and CEO (1999 – 2002), Metamor Worldwide in Houston, US – Vice Chairman-Metamor/ President-International/President Comsys IT Services (1995 – 1999), Remco America and Rent-A-Center, subsidiaries of Thorn EMI, Plc (1986 – 1994), Ernst & Young, New York, NY, Providence, RI and Houston, US – Partner, Director – Entrepreneurial Service Group (1971 – 1986), Steelmet, Inc., Pittsburgh, US – Staff Account and Assistant Controller (1969 – 1971). *LBi shares:* 0 *LBi Stock options:* 0



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 and mediacompany Interbest. *Previous positions:* Board member of Nethave (1999-2008), Young&Rubicam (2000-2008), Holland Festival(1998-2009) and Framfab AB (2005-2006) 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, cont'd

Tomas Elkan Boisen
Chief Operating Officer of LBI International AB. Thomas was previously Finance Director of Framfab Denmark, Group Commercial Director and Group Controller of Framfab International and more recently Chief Financial Officer of LBi UK. *Born:* 1969. *Education:* M.Sc. in Corporate Finance from Copenhagen Business School. *Previous positions:* Business Analyst at FLSmiljø and Financial Controller at Budget Rent a Car Denmark. *LBi shares:* 1,176 *LBi stock options:* 270,000

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

Management

Luke Taylor

Luke Taylor has been the 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 (previously Icon Medialab) a new entity was created called LBI International AB. *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. Between 1993 and 1995 he helped set up and grow the Internet Bookshop (Europe's first Ecommerce Venture) as Head of Sales and Marketing. *External Board assignments:* Member of the Creative Industries Forum with a mandate to advise the British 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. Member of the Public Services Council with responsibility for informing Government Policy on Information strategy and delivery.
LBi shares: 77,000 *LBi stock options:* 1,055,000

Ewen Sturgeon

Chief Executive of LBi UK since 2008 and CEO EMEA. 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 of e-consultancy one of the worlds leading providers of information, training and events to digital marketing professionals. *LBi shares:* 0 *LBi options:* 554,000

Huub Wezenberg

Chief Financial Officer of LBI International AB since 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 February 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: 475,000 which entitle to 385,000 shares

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. *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. Judges Creative Annual, D&AD - Black pencil, Eurobest, Dubai Lynx, CRESTA, Festival of Media, Megas.
LBi shares: 0 *LBi options:* 207,000

Alan Davies

Chief Strategy Officer. Alan has worked for LBi for nearly 10 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: 172,500

All the share and option data reflect 7 April 2009.

Shareholder information

Welcome to the Annual General Meeting

The shareholders of LBI International AB (publ) are hereby invited to the Annual General Meeting of shareholders to be held on Wednesday 12 May 2010 at 2.30 p.m. at Hotel Anglais, Humlegårdsgatan 23 in Stockholm.

Shareholders who wish to attend the Meeting shall have entered their names in the register of shareholders maintained by Euroclear Sweden AB no later than 6 May 2010 at 4 p.m. and notify of their intention to participate to LBI International AB no later than 6 May 2010 at 4 p.m.

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 6 May 2010.

Notice of attendance
Shareholders who wish to attend the Annual General Meeting shall give notice not later than 6 May 2010 to LBi via Eva Ottosson.

E-mail: eva.ottosson@lbi.com

Mail: LBI International AB
Attention: Eva Ottosson
Hamngatan 2
SE-111 47 Stockholm
SWEDEN

Telephone: +46 8 41 00 10 40

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.

The information document regarding the proposed merger between LBi and Obtineo is published on LBi's website and the printed document may be ordered by:

E-mail: lbi@strd.se
Phone: +46 8 449 88 16

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 2010
- Interim Report for the period January–March will be published 29 April 2010
- Annual General Meeting 2010 to be held 12 May in Stockholm
- Interim Report for the period January–June will be published 26 August 2010

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.

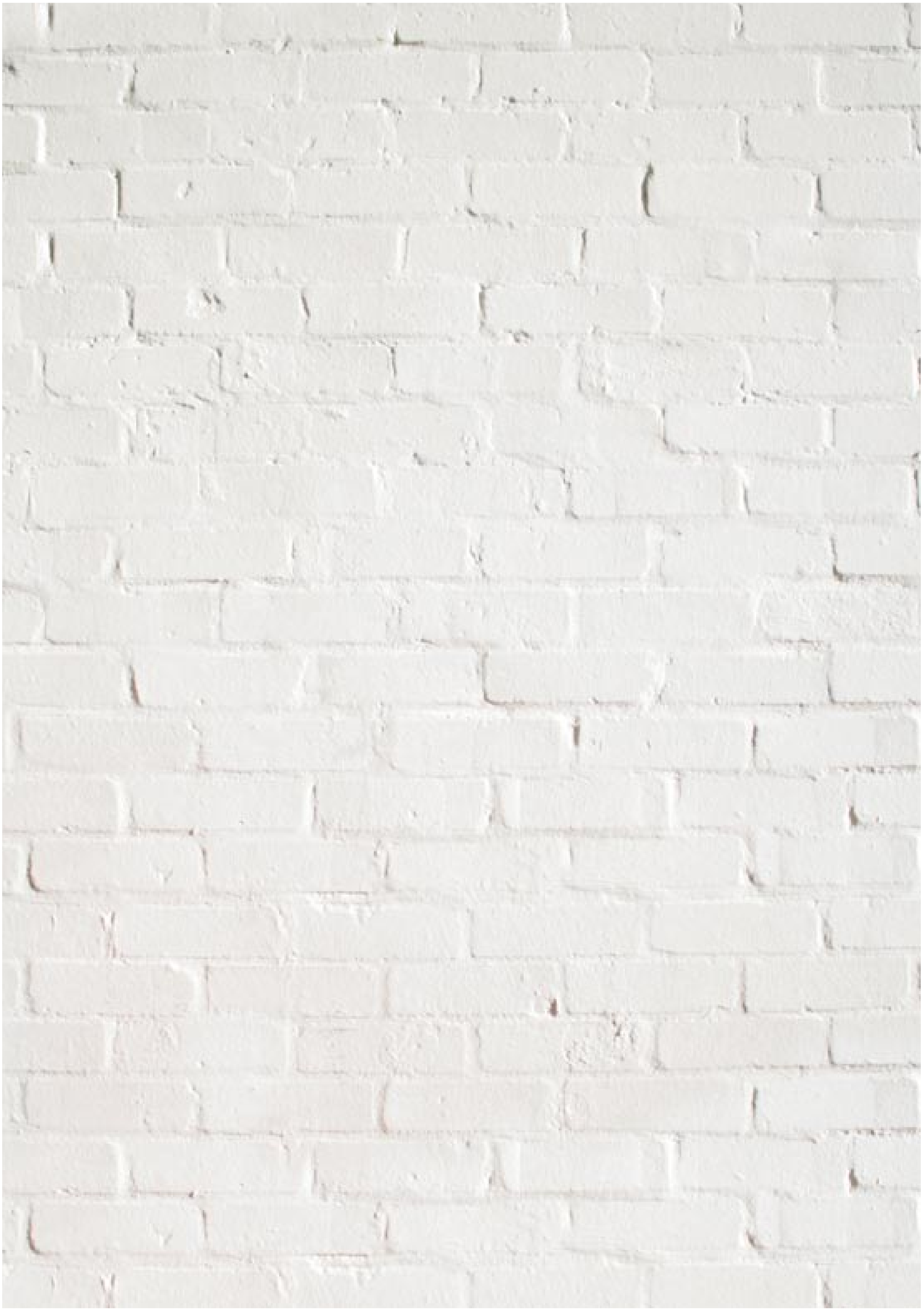
Glossary

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 organise 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.



The Annual Accounts and the consolidated financial statements 2009

Contents

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 2009.

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

Market

Though the current economic downturn has, without doubt, impacted virtually every sector of the marketplace it has also accelerated and intensified the digital migration among both providers and consumers of content. The case for digital migration, however, will continue to vary across geographies depending on the availability of efficient and cost-effective broadband and mobile infrastructure.

The Forrester report on growth of online activities over the past three years shows that general activities are steadying. Functions such as email and search are the mainstays of online activities. Therefore companies continue to funnel a majority of their online marketing budgets into search engine optimisation (SEO) and email marketing campaigns.

Online social networking shows doubledigit growth numbers and online media use is growing in single numbers. With regard to mobile internet the adoption rates of many of the advanced cell phone functions are still small, but they show that people have an interest in a mobile device with other features than just talking.

Tapping into the massive collective buying-power of online communities is an increasingly central focus of consumer marketing campaigns globally. Although companies are still struggling to adapt their current business models to ensure that they are monetising their digital content and capturing the revenues. Successful models will be those that provide enough product differentiation from free or low-cost substitutes to generate revenue from either consumers, advertisers or, more likely, both.

LBi as a digital technology and marketing agency has the capabilities to support clients in taking advantage of these developments.

Operations

The 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, offering full service for developing marketing and communication solutions. The Group is composed of LBi in Belgium, LBi in Denmark, LBi IconMedialab 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, LBi Iven & Hillmann and MetaDesign in Germany (including China) and LBI US, LBI New York and LBI Atlanta in the United States. During 2009 there was a total of 24 offices in 13 countries. The total number of employees was 1,396 at the end of the period.

Central and Southern Europe (including China)

LBi operations in central and southern Europe are in the Netherlands, Germany (including China), Belgium, Italy, Spain, Switzerland and France. At the end of the year there were a total of 641 employees at our offices in Amsterdam, Ghent, Brussels, Berlin, Munich, Hamburg, Cologne, Milan, Madrid, Zurich, Paris and Beijing.

43% percent of the consolidated net sales stem from our businesses in Central and Southern Europe. Net revenue during 2009 was MSEK 633.7 (700.9).

Central and southern Europe reports an operating result of MSEK –195.9 (69.4) for 2009. The operating result for 2009 includes restructuring costs of MSEK 22.8 and write downs of MSEK 230.3.

Scandinavia

Scandinavian operations employ 146 associates at offices in Stockholm, Gothenburg, Malmö and Copenhagen. 9% of total consolidated net revenue was derived from the Scandinavian operations. Net revenue during 2009 was MSEK 135.3 (167.7). The operating result for the year was MSEK –246.6 (28.4). The operating result for 2009 includes restructuring costs of MSEK 4.7 and write downs of MSEK 252.0.

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

At year-end 2009 a total of 375 persons worked in the UK operations at offices in London, Mumbai and Abu Dhabi. 26% of the Group's total net revenue is derived from the UK operations.Net revenue for 2009 was 386.8 (401.3).

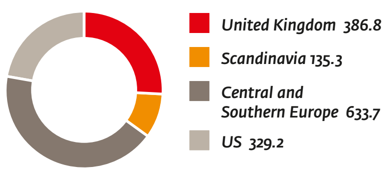
LBi in the United Kingdom reports an operating result of MSEK –159.5 (54.0) for 2009. The operating result for 2009 includes restructuring costs of MSEK 4.0 and write downs of MSEK 228.0.

USA

LBi's American operations consist of LBI US (former IconNicholson), (merged with LBI Media (LBi Special Ops Media) on the 31 December 2009), LBI New York and LBI Atlanta, at year-end with a total of 223 employees. 22% of consolidated net revenue was derived from the US operations.

The United States reported an operating profit of MSEK 37.3 (52.7) for 2009. The operating profit for 2009 includes restructuring costs of MSEK 8.4 and write downs of MSEK 14.5. Net revenue for 2009 was MSEK 329.2 (291.1).

External net sales by country/region , MSEK



The Group

Net revenue and EBIT per quarter 2009

MSEK	Q4	Q3	Q2	Q1	2009
Net revenue	357.8	351.7	372.3	378.3	1 460.1
EBIT	26.2	-714.8	30.3	-18.4	–676.7
EBIT excl impairment & restructuring	31.3	26.4	30.3	23.1	111.1
Change in net revenue per quarter (%)	1.7%	-5.5%	-1.5%	–4.9%	n/a

The January–December 2009 net sales amounted to MSEK 1, 460.1 (1,540.6). Organic growth was –6.3%, adjusted for currency effects. Gross media billings for January–December 2009 were MSEK 481.2 (510.9), a decrease of 13.8% at constant rates.

Cost of operations

Cost of operations for January–December 2009 was MSEK 1,275.5 million (87.4% of net sales) compared to MSEK 1,354.0 (87.9%) same period last year. Personnel expenses (including subcontracting) for January–December 2009 amounted to MSEK 1,052.0 (which is 75.6% of cost of operations including depreciation and amortisation), compared to MSEK 1 169.9 last year (81.3% of cost of operations). The costs of subcontractors were MSEK 119.8, representing 11.7% (12.4%) during January–December 2009.

EBITDA

EBITDA in January–December 2009 came in at MSEK 137.1 (204.5). Adjusted EBITDA for January - December 2009 was MSEK 191.3 (191.2) and adjusted EBITDA- margin was 13.1% (12.4), a strong improvement from previous years. EBITDA for January–December 2009 was impacted by a restructuring charge of MSEK 49.5 relating entirely to severance costs , property related charges as part of the strategic restructuring and organisational redesign and MSEK 4.7 related to prior years divestments and liquidations in Italy, Belgium and United Kingdom.

Depreciations and impairment of tangible assets and amortisation of intangible assets

Depreciation for January–December 2009 was MSEK 39.4, including impairment of tangible assets (2.7% of net sales) compared to MSEK 44.4 million (2.9%) last year. Depreciation for the period January– December 2009 included a write down of MSEK 9.1 million in the Netherlands relating to empty office space and January–December last year included a write down on leasehold improvements in the UK of MSEK 11.2 due to move.

Amortisation of intangible assets for January –December 2009 amounted to MSEK 36.1 (40.3)

Impairment of intangible assets

During the third quarter of 2009 the result for 2009 was impacted by a charge of MSEK 738.3 non cash impairment of goodwill of MSEK 676.6 and MSEK 61.7 of other intangibles, client contract values and trademarks, related to acquired entities. The adjustment is due to the effects of the economic downturn on the performance of the acquired entities and is consistent with the IFRS rules on fair value accounting. The adjustment has no effect on LBi's cash position and cash generating ability. The one-off impairment is mainly related to the reversed merger of LB Icon and Framfab in August 2006, which was an all share deal, and to some extent to smaller past acquisitions.

Financial items

Net financial items for January–December 2009 amount to MSEK –9.6 (-25.2). The financial items include an amount of MSEK 2.5 as a result from interest rate hedges and MSEK 2.7 related to dividend from an associated company. Financial items last year included the write down on the minority share in XIE partnership with KPN /Endemol of MSEK 7.6. The interest costs for January–December 2009 amounted to MSEK 16.6 (26.5) and was mainly related to the Danske Bank facilities.

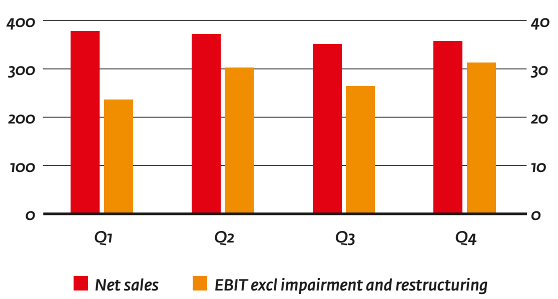
Tax

The Swedish corporate income tax rate has decreased from 28% to 26.3% per 1 January 2009. Tax gain during January–December 2009 was MSEK 2.1 (–3.7).

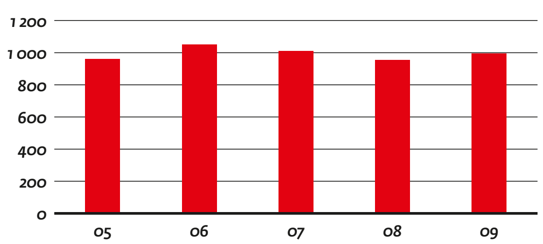
Net result after tax and earnings per share

Net result for January-December 2009 was MSEK –684.2 (90.9) and earnings per share were SEK –11.07 (1.46).

Net sales and EBIT excl impairment and restructuring, by quarter, MSEK



Net sales per employee, KSEK



The Parent Company

The Parent Company is a pure holding company with staff functions. In 2009 net revenue, in the form of internal invoicing, was MSEK 31.1 (25.3). The result after financial items was MSEK –74.6 (–29.6). Cash and cash equivalents amounted to MSEK 41.3 (8.3) as of 31 December 2009.

Cash flow and financial position

Operating working capital by the end ofDecember 2009 amounted to MSEK 380.0 compared to MSEK 443.3 by the end of December 2008. DSO of working capital by end of December 2009 amounts to 69 days compared to 77 days by end of December 2008. The decrease of 8 days during 2009 is a result of increased invoicing of ongoing projects in combination with improved debt collection.

In order to finance its working capital, the Group has a working capital credit line with Danske Bank of MSEK 103 (MEUR 10) available for use by all group companies. This credit line is attached to the Group cash pool. By the end of December, an amount of MSEK 42.3 was used (disclosed under short term interest bearing liabilities).

The result for the full year of 2009 was impacted by a charge of MSEK 738.3 of non cash impairment of goodwill and intangibles related to acquired entities. The adjustment is due to the effects of the economic downturn on the performance of the acquired entities and is consistent with the IFRS rules on fair value accounting. The adjustment has no effect on LBi's cash position and cash generating ability. The one-off impairment is mainly related to the reversed merger of LB Icon and Framfab in August 2006, which was an all share deal, and to some extent to smaller past acquisitions.

Goodwill in the balance sheet amounted to MSEK 910.2 per 31 December 2009 compared to MSEK 1 664.0 per 31 December 2008. The decrease of MSEK 753.8 during 2009 is next to impairment also due to reassessments of the earn out obligations offset by exchange rate movements.

The net debt by end of December 2009 amounted to MSEK 197.1 compared to MSEK 222.5 at the end of December 2008. The increase is mainly due to payments of earn out obligations that fell due during 2009. These earn out payments were financed by raising additional debt under the Group's credit facility.

The total bank debt under the acquisition line by end of D ecember 2009 was MSEK 355.9 million of which MSEK 104.7 million will fall due in 1 year. Out of the working capital line of MSEK 103 (MEUR 10), an amount of MSEK 42. 3was used by end of December 2009. The Group has renewed its credit facility agreement with Danske Bank per 31 March 2009 and prolonged it for 1 year. The equity/assets ratio ended at 58.4%.

Earn out provision

The remaining provision for unpaid considerations of acquisitions (earn out dependant on future profitability targets) amounts to MSEK 132.5 by end of December 2009 compared to MSEK 307.9 per 31 December 2008. The decrease of MSEK 175.4 during 2009 is due to actual settlement of earn out obligations in cash for an amount of MSEK 104.0 during 2009. The additional decrease of MSEK 71.4 reflects a review of current performances of the acquired companies under an earn out offset by exchange rate movements.

Acquisitions and divestments

During 2009 no acquisitions nor divestments have been made.

During 2008 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 2008 LBi acquired the Belgian interactive agency OX2. This company strengthens LBi's competence and expertise in web analytics. In April 2008 LBi Media (Special Ops Media) in New York was acquired.

Subsequent events

Triple

On 22 February the Group announced the acquisition of TRIPLE Köpenhamn ("TRIPLE"), one of the most successful and experienced digital agencies in Denmark.

The new management that will lead operations in Copenhagen consist of Bettina Sherain and COO Jonas Bechlund (both cofounders of Triple). Danish operations will encompass more than 70 digital specialists with deep expertise in all aspects of the digital landscape. During 2009 Triple reported gross invoicing of MEUR 3.6 for the full year; the company has high margins. The total purchase money will be based on future results and will be presented in upcoming financial reporting. LBi expects that the acquisition will contribute to the Group's increasing profitability with immediate effect.

Obtineo

On 25 February LBi announced the merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is the result of Bigmouthmedia, Europe's largest company in search engine marketing, and EUR 40 million of new capital commited towards global expansion of the new company.

The terms have been set such that the shareholders after the planned rights issue in LBi will receive 51 percent of the merged company; the former owners of Bigmouthmedia will receive 25 percent of the merged company and those investors who participate in the rights issue of EUR 40 million will receive 24 percent of the merged company. One share in LBi will be exchanged for 1 share in Obtineo. LBi has obtained irrevocable undertakings from shareholders representing 34,414,053 shares of common stock, or 55.5 percent of LBi's share capital to vote in favour of the merger plan and the shareholders of Obtineo have irrevocably undertaken to vote in favour of the merger.

Completion of the merger is subject to standard terms and conditions, including extra general meetings of shareholders in LBi and Obtineo, both which are expected to be held during April 2010. LBi's and Obtineo's Boards of Directors and management groups are expecting the merger to be completed by July 2010.

The merged company, which will be traded under the LBi name, will be a Netherlands-based NV to be listed only on NYSE Euronext Amsterdam; listing is expected to take place during July 2010.

After the merger the shares of LBi will not be listed on Nasdaq OMX Stockholm. Complete information and a timetable is available at www.lbi.com.

Credit facilities

The company has renewed its credit facilities with Danske Bank per 1 April 2010. The existing term loans (used to finance acquisitions) are extended till maturity date. The term loans are raised in various currencies (EUR/ GBP/ USD/ SEK) and are repaid on a quarterly basis in 5 years. The last repayment is due by end of March 2014. The total amount of term loans outstanding is EUR 35.7 million by end of March 2010.

The working capital facility of EUR 10 million is extended for 1 year and will be increased to EUR 15 million per merger date (expected in July 2010).

The company has arranged for bankguarantees for a total of EUR 5.2 million related to the acquisition of Triple. An amount of EUR 2.6 million expires in April 2010 and the remainder expires on 1 April 2011.

As security for the term loans and working capital facility the shares in the acquired companies are pledged as well as a floating charge of 8 million GBP in the UK and 20 million SEK in Sweden.

Covenants apply to the credit facility arrangement amongst which are a net debt/ EBITDA ratio and interest coverage ratio.

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 appropriately 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 operations to achieve the Group's set targets, while pursuing a policy of well-balanced risk management as adopted by the Board of Directors.

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 and strategies to prevent and mitigate risk.

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

Risks have been identified, evaluated and prioritised. The risks have been allocated in a so-called heat map. The outcome of the risk analysis was reported and discussed within the Audit Committee. The Audit Committee has 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 that may arise when restarting a business after the occurrence of an event causing damage. For example costs for temporary leasing of 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 overall economic conditions may have an adverse effect on the results of LBi. As a result, it may become necessary for LBi to adapt its organisation and range of services to prevailing conditions. Since the average backlog and pipeline cover 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 individuals

LBi is characterised by its decentralised corporate structure and consists of several operating companies operating in several geographical areas headed by local management groups. 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.

Fixed-price assignments
Assignments performed at a fixed price basis account for 60–70 percent of LBi's income. Misjudgments with respect to the resources required to complete such assignments can give rise to losses.

Sales and cost structure
LBi generates most of its revenue from the services it sells. As a company exclusively devoted to consultancy, the majority of LBi's costs are employee-related 76% (81%) of total operational costs, including depreciation and amortisation. 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. Sustained profitability is dependent on maintaining a balance between personnel costs and the revenue the Company generates from services provided.

Restructuring
Due to impact from the world-wide economic crisis situation during 2009 potential future restructuring cannot be excluded.

Reputation risk
Should LBi not be able to fulfil client's expectations with respect to 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.

Liquidity 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 in the form of cash or by 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 on-going 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 these 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 hedging 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 24.

Sensitivity analysis

Personnel costs
An increase of payroll expenses for Company employees by 3 percent would reduce the annual operating profit by MSEK 25.3 (27.8) calculated on the salary level during 2009. 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 is normally 2–3 months. To ensure more cost flexibility for production resources, LBi engages subcontractors, who accounted for 12 % (12 %) of all personnel costs during 2009.

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

Dependency on currency 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 2009 would have impacted net revenue by MSEK 105.3 (144.8) and operating profit by MSEK 10.1 (18.8).

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 2009 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 terms vary by country and by different members of management. In the event of termination at the initiative of the Company, the maximum notice period is 12 months and the maximum 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 2010.

Environmental information

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

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. Under 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 starting 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 2009 the Board of Directors convened 12 meetings, one of which was a statutory meeting per capsulam; 5 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 (until the AGM on 6 May 2009), Lucas Mees and George W. Fink (from AGM on 6 May 2009). There are no alternate directors. Corporate officers participate in Board of Directors Meetings as needed as presenters, or in administrative functions.

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 George W. Fink. 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 CEO & 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 Committee/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

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 573,784,350 be allocated so that SEK 573,784,350 be carried forward. The Board of Directors and the CEO & President propose that no dividend be paid for 2009. For further details, refer to Note 41.

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	2009	2008
Net revenue	3	1,460.1	1,540.6
Production costs		–1,032.1	–1,073.0
Gross profit		**428,0**	**467.6**
Selling expenses		–93.9	–95.8
Administrative expenses		–274.5	–269.9
Impairment		–738.3	–
Other operating income	6	6.7	17.9
Other operating expenses	6	–4.7	–
Operating profit	1, 2, 3, 5, 7	**–676.7**	**119.8**
Result from shares in associated companies	9	1.7	0.0
Result from financial non-current assets	10	–	–7.6
Finance income	11	22.7	9.4
Finance expense	12	–34.0	–27.0
Result after finance items	3	**–686.3**	**94.6**
Income tax	13	2.1	–3.7
Net result for the year		**–684.2**	**90.9**
Attributable to			
The Parent Company's equity holders		–686.6	90.9
Minority interest		2.4	0.0
Net result for the year		**–684.2**	**90.9**
Earnings per share attributable to the Parent Company's equity holders			
Earnings per share (SEK)	39	–11.07	1.46
Earnings per share after dilution (SEK)		–11.07	1.46
Average number of shares outstanding (thousands)		62,023	62,021
Average number of shares outstanding after dilution (thousands)		62,057	62,088

Consolidated statement of comprehensive income

MSEK	2009	2008
Profit/loss for the year	**–684.2**	**90.9**
Other comprehensive income		
Exchange rate differences related to foreign operations	–57.1	87.7
Net investment hedge	33.8	–84.0
Income tax related to net investment hedge	–8.9	23.5
Income tax related to components of other comprehensive income	13.5	–24.6
Total other comprehensive income	**–18.7**	**2.6**
Total comprehensive income	**–702.9**	**93.5**
Total comprehensive income attributable to:		
Parent company's shareholders	–705.0	93.5
Minority interest	2.1	0.0
Total comprehensive income	**–702.9**	**93.5**

Consolidated net revenue and profit

Net revenue and profit

- Net revenue decreased by 12 percent (–8) adjusted for currency effects.
- The operating margin was 9.4 percent (13.3)
- Profit after taxes declined from MSEK 90.9 to MSEK –684.2

Net revenue for the full year was MSEK 1,460.1 (1,540.6). Net revenue per employee on a full-year basis increased on an annual rate from KSEK 955 to KSEK 994.

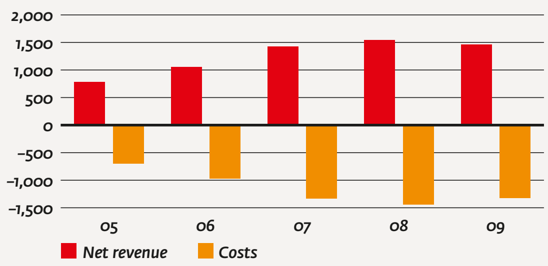
The full-year operating profit was MSEK –676.7 (119.8).

Personnel-related costs, including sub-contractors, accounted for 76 percent (81) of total costs during 2008, while costs for sub-contractors accounted for 12 percent (12) 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.

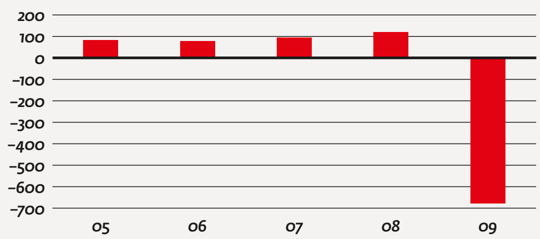
Result per share

Result per share amounted to SEK –11.07 (1.46).

Net revenue and costs, MSEK



Operating result, MSEK



Consolidated Balance Sheets

MSEK	Note	2009-12-31	2008-12-31
ASSETS			
Non-current assets			
Intangible non-current assets			
Other intangible non-current assets	17	57.2	145.4
Goodwill	18	910.2	1,664.0
Total intangible non-current assets		**967.4**	**1,809.4**
Tangible non-current assets			
Leasehold improvements	19	55.5	60.5
Equipment	20, 21	36.5	57.1
Total tangible non-current assets		**92.0**	**117.6**
Financial non-current assets			
Participations in associated companies	9, 23	2.4	2.5
Other long-term securities	25	1.2	0.7
Other long-term receivables		12.6	9.1
Derivative instruments	24	2.5	–
Total financial non-current assets		**18.7**	**12.3**
Deferred tax assets	13	527.7	510.2
Total non-current assets	15	**1,605.8**	**2,449.5**
Current assets			
Short-term receivables			
Trade receivables	14	425.7	483.1
Due from associated companies		2.0	2.2
Current tax assets	13	11.4	2.4
Other receivables		16.3	61.1
Prepaid expenses and accrued revenue	26	147.2	138.6
Total short-term receivables	15	**602.6**	**687.4**
Cash and cash equivalents		217.4	185.8
Total current assets		**820.0**	**873.2**
Total assets	15, 24	**2,425.8**	**3,322.7**

Financial position – Group

Financial position

- Equity amounts to MSEK 1,415.6; the equity ratio was 58 percent.
- Equity per share amounts to SEK 22.81.
- Interest-bearing net liabilities amount to MSEK 197.1.

MSEK	2009 31 dec	2009 30 sep	2009 30 jun	2009 31 mar	2008 31 dec
Working capital	117.2	207.0	163.1	184.9	83,9
Proportion of net revenue (%)	33	59	44	49	21
Equity ratio (%)	58	60	68	65	64
Capital employed	1,935	1,856	2,723	2,759	2,712
Cash and cash equivalents	217.4	136.9	177.2	181.9	185,8

Intangible non-current assets amount to MSEK 967.4 (1,809.4) and consist primarily of goodwill and similar items from acquisitions of subsidiaries.

Tangible non-current assets amount to MSEK 92.0 (117.6) and consist mainly of leasehold improvements in London and computers and office equipment.

Financial non-current assets amount to MSEK 18.7 (12.3). Deferred tax assets in the amount of MSEK 527.7 (510.2) refer mainly to tax-loss carryforwards in the Netherlands, the United Kingdom and Sweden.

MSEK	Note	2009-12-31	2008-12-31
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	27	155.0	155.0
Other contributed capital		1,833.4	1,833.4
Reserves		125.7	143.2
Accumulated loss, including the year's result		–699.6	–13.0
Total equity attributable to the Parent Company's equity holders		**1,414.5**	**2,118.6**
Minority interest		1.1	1.1
Total equity		**1,415.6**	**2,119.7**
Long-term liabilities			
Liabilities to credit institutions	30	258.2	289.8
Provision for pensions and similar obligations	28	10.2	9.7
Deferred tax liability	13	7.8	7.1
Other provisions	29	94.1	174.4
Total long-term liabilities	15	**370.3**	**481.0**
Current liabilities			
Liabilities to credit institutions	31	156.3	118.5
Advance payments from customers		57.6	35.7
Trade payables		106.1	121.8
Current tax liabilities	13	13.4	25.5
Other liabilities		56.7	55.5
Current provisions		54.7	140.6
Accrued expenses and prepaid income	32	195.1	224.4
Total current liabilities		**639.9**	**722.0**
Total equity and liabilities	15, 24	**2,425.8**	**3,322.7**

For information about pledged assets and contingent liabilities, refer to notes 33 and 34.

Trade receivables amount to MSEK 425.7 (483.1) and average DSO (Days of Sales Outstanding), including revenue for completed but not yet invoiced work, was 69 days.

Prepaid expenses and accrued income include accrued revenue of MSEK 119.2 (117.6).

MSEK 54.7 of the Group's short-term provisions refer fully to expected supplementary purchase money and of the long-term provisions of MSEK 94.1 an amount of MSEK 77.8 refer to supplementary purchase money.

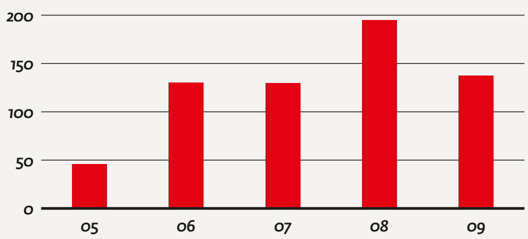
Consolidated Cash Flow Statements

MSEK	Note	2009	2008
Operating activities			
Net result for the year		**–684.2**	**90.9**
Adjustment for items not included in cash flow		797.8	70.5
Cash flow from operating activities before changes in working capital		**113.6**	**161.4**
Cash flow from changes in working capital			
Operating receivables		52.6	–69.1
Operating liabilities		-28.7	102.3
Cash flow from operating activities		**137.5**	**194.6**
Investment activities			
Acquisition of Group companies		–	–168.2
Sale of Group companies		–	3.2
Purchase money paid for previous years acquisitions		–104.0	–59.2
Investment in intangible/tangible non-current assets		–27.7	–111.4
Change in other financial non-current assets		–1.5	5.3
Cash flow from investment activities		**–133.2**	**–330.3**
Financing activities			
Issuance of shares		–	0.0
Repayment of loans		–130.2	–76.8
Loans raised		170.4	172.7
Dividend to minority		–2,0	–
Cash flow from financing activities		**38.2**	**95.9**
Cash flow for the year		**42.5**	**–39.8**
Cash and equivalents at beginning of year		185.8	217.2
Translation difference in cash and equivalents		–10.9	8.4
Cash and cash equivalents at year-end		**217.4**	**185.8**

Consolidated Cash Flow

MSEK	Q4	Q3	Q2	Q1	Full year 2009	Full year 2008
Cash flow from operating activities	114.9	–25.4	81.0	–33.0	137.5	194.6
Cash flow of net revenue (%)	32%	–7%	22%	–9%	9%	13%

Cash flow from operating activities, MSEK



Supplementary Information to Consolidated Cash Flow Statements

MSEK	2009	2008
Interest paid/received		
Received interest income	1.7	7.9
Paid interest expense	–15.1	–26.5
Adjustment for items not included in cash flow		
Depreciation, amortisation and impairment	813.8	84.7
Change in provisions	6.3	0.1
Personnel options	0.9	7.2
Finance items	–6.8	8.4
Result from shares in associated companies and partnerships	–2.7	0.0
Result of sale and disposal of Group companies	4.7	–16.3
Unrealised exchange rate differences	–0.1	0.1
Deferred taxes	–18.3	–13.7
Total	**797.8**	**70.5**

Changes in Consolidated Equity

		Equity attributable to the Parent Company's equity holders					
	Note	Share capital	Other contributed capital	Reserves	Accumulated loss	Minority interest	Total equity
Equity as of 1 January 2008		**155.0**	**1,826.2**	**140.6**	**–103.9**	**1.1**	**2,019.0**
Net investment hedge	37	–	–	–84.0	–	–	–84.0
Tax effect of net investment hedge		–	–	23.5	–	–	23.5
Revaluation of financial non-current assets to fair value		–	–	105.9	–	–	105.9
Tax effect of translation difference		–	–	–24.6	–	–	–24.6
Translation differences attributable to units sold		–	–	–18.2	–	–	–18.2
Net profit for the year		–	–	–	90.9	0.0	90.9
Total result for the year		**–**	**–**	**2.6**	**90.9**	**0.0**	**93.5**
Personnel options	38	–	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**
Equity as of 1 January 2009		**155.0**	**1,833.4**	**143,2**	**–13,0**	**1.1**	**2,119.7**
Net investment hedge	37	–	–	33.8	–	–	33.8
Tax effect of net investment hedge		–	–	–8.9	–	–	–8.9
This year's translation differences		–	–	–56.8	–	–0.3	–57.1
Tax effect of translation difference		–	–	13.5	–	–	13.5
Net profit for the year		–	–	–	–686.6	2.4	–684.2
Total result for the year		**–**	**–**	**–18.4**	**–686.6**	**2.1**	**–702.9**
Personnel options	38	–	–	0.9	–		0.9
New issues paid in cash		–	–	–	–	–2.1	–2.1
Equity 31 December 2009		**155.0**	**1,833.4**	**125.7**	**–699.6**	**1.1**	**1,415.6**

Parent Company Income Statements

MSEK	Note	2009	2008
Net revenue	3, 4	31.1	25.3
Gross profit		**31.1**	**25.3**
Administrative costs		–52.4	–49.9
Other operational income	6	1.3	–
Other operational expense	6	–2.3	–
Operating profit	1,2,4,5	**–21.3**	**–24.6**
Result from financial investments			
Result from shares in Group companies	8	–88.4	–
Finance income	11	59.0	36.5
Finance expense	12	–23.9	–41.5
Result after finance items		**–74.6**	**–29.6**
Income tax	13	–	1.3
Net result for the year		**–74.6**	**–28.3**

Parent Company Balance Sheets

MSEK	Note	2009-12-31	2008-12-31
ASSETS			
Non-current assets			
Intangible non-current assets			
Other intangible non-current assets	17	0.5	2.6
Total intangible non-current assets		**0.5**	**2.6**
Tangible non-current assets			
Equipment	20	0.1	0.1
Total tangible non-current assets		**0.1**	**0.1**
Financial non-current assets			
Participations in associated companies		0.0	0.0
Participations in Group companies	22	912.1	1,231.5
Derivative instruments	24	2.5	–
Total financial non-current assets		**914.6**	**1,231.5**
Total non-current assets		**915.2**	**1,234.2**
Current assets			
Short-term receivables			
Trade receivables		–	0.0
Due from associated companies		0.0	0.0
Due from Group companies		713.2	549.5
Other receivables		2.8	1.6
Prepaid expenses and accrued revenue	26	5.9	2.2
Total short-term receivables		**721.9**	**553.3**
Cash and cash equivalents		41.3	8.3
Total current assets		**763.2**	**561.6**
Total assets	24	**1,678.4**	**1,795.8**

MSEK	Note	2009-12-31	2008-12-31
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	27	155.0	155.0
Legal reserve		173.1	173.1
Total		**328.1**	**328.1**
Unrestricted equity			
Premium reserve		1,534.1	1,534.1
Fair value reserve		–35.3	–
Retained earnings		–850.4	–822.1
Net result for the year		–74.6	–28.3
Total		**573.8**	**683.7**
Total equity		**901.9**	**1,011.8**
Long-term liabilities			
Liabilities to credit institutions	30	251.2	283.6
Other provisions	29	0.7	0.7
Total long-term liabilities		**251.9**	**284.3**
Current liabilities			
Liabilities to credit institutions	31	147.0	107.9
Trade payables		5.1	2.2
Due to Group companies		369.1	358.1
Other liabilities		0.1	3.5
Current provisions		2.0	25.5
Accrued expenses and prepaid income	32	1,3	2.5
Total current liabilities		**524.6**	**499.7**
Total equity and liabilities	24	**1,678.4**	**1,795.8**

For information about pledged assets and contingent liabilities, refer to notes 33 and 34.

Parent Company Cash Flow Statements

MSEK	Note	2009	2008
Operating activities			
Net result for the year		–74.6	–28.3
Adjustment for items not included in cash flow		52.8	0.2
Cash flow from operating activities before changes in working capital		**–21.8**	**–28.1**
Cash flow from changes in working capital			
Operating receivables		56.3	–276.6
Operating liabilities		–18.4	183.3
Cash flow from operating activities		**16.1**	**–121.4**
Investment activities			
Capital infusion in subsidiaries	22	–	–10.0
Sale of Group companies		0,0	–
Purchase money paid for previous years acquisitions		–23.5	–22.8
Investment in intangible/tangible non-current assets		–	–0.1
Sale of intangible/tangible non-current assets		–	0.3
Cash flow from investment activities		**–23.5**	**–32.6**
Financing activities			
New issues		–	0.0
Repayment of loans		–105.4	–75.2
Loans raised		145.8	165.6
Cash flow from financing activities		**40.4**	**90.4**
Cash flow for the year		**33.0**	**–63.6**
Cash and cash equivalents at beginning of year		8.3	71.9
Cash and cash equivalents at year end		**41.3**	**8.3**

Supplementary Information to Parent Company's Cash Flow Statements

MSEK	2009	2008
Interest		
Recived interest income	8.4	18.7
Paid interest expense	–14.7	–24.5
Adjustment for items not included in cash flow		
Depreciation, amortisation and impairment	2.1	2.3
Provision for and impairment of shares in subsidiaries	24.2	–
Dividend shares in group companies	-24.2	–
Finance items	–6.9	–4.5
Result of sale and disposal of Group companies	93.2	–
Unrealised exchange rate differences	–35.6	3.7
Deferred taxes	–	–1.3
Total	**52.8**	**0.2**

Changes in Parent Company's Equity

	Restricted equity		Unrestricted equity				
	Share capital	Legal reserve	Share premium reserve	Fair value reserve	Profit/loss brought forward	Net profit for the year	Total equity
Equity as of 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 value charged directly to equity, not including transactions with the Company's equity holders	**–**	**–**	**–**	**–**	**–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	**–**	**–**	**–**	**–**	**–77.8**	**13.5**	**–64.3**
New issues paid in cash	–	–	0,0	–	–	–	0.0
Equity 31 December 2008	**155.0**	**173.1**	**1,534.1**	**–**	**–822.1**	**–28.3**	**1,011.8**
Equity 1 January 2009	**155.0**	**173.1**	**1,534.1**	**–**	**–822.1**	**–28.3**	**1,011.8**
Earnings allocation	–	–	–	–	-28.3	28.3	0,0
Currency effects related to expanded net investment in Group Companies	–	–	–	–35.3	–	–	–35.3
Total changes in value charged directly to equity, not including transactions with the Company's equity holders	**–**	**–**	**–**	**–35.3**	**–28.3**	**28.3**	**–35.3**
Net result for the year	–	–	–	–	–	–74.6	–74.6
Total changes in value, not including transactions with the Company's equity holders	**–**	**–**	**–**	**–35.3**	**–28.3**	**–46.3**	**–109.9**
New issues paid in cash	–	–	–	–	–	–	–
Equity 31 December 2009	**155.0**	**173.1**	**1,534.1**	**–35.3**	**–850.4**	**–74.6**	**901.9**

Accounting policies

Conformity with standards and law

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1.2 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, Årsredosningslagen).

Basis for preparation of the Parent Company's and the Consolidated Statements

Amendment to IFRS 7 Improving Disclosures about Financial Instruments

The adoption of the amended IFRS 7 mainly results in new disclosure requirements about financial instruments measured at fair value in the balance sheet. The instruments are divided into three levels depending on the quality of the inputs used in making the measurements. The classification in levels settles how and which disclosures that are required, where level 3 with the lowest input-quality requires more disclosures compared to level 1 and 2. The amendment to IFRS 7 also impacts the disclosures about liquidity risk. According to the transition rules, an entity needs not provide comparative information for the disclosures required by the amendments in the first year of application. The revised standard does not change the recognition and measurement of the amounts reported in the financial statements.

Revised IAS 1 Presentation of Financial Statements

The adoption of the revised IAS 1 results in items of income and expense that were previously recognized directly in equity are now reported in a separate statement that discloses these items as other comprehensive income. This statement is named statement of comprehensive income and follows the income statement. The changes, that only affect the presentation of the financial statements, have been applied retrospectively.

IFRS 8 Operating Segments

The new standard requires that the "management approach" is applied to segment reporting, which implies that the the reporting is based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker. The adoption of IFRS 8 did not have any impact on the Groups financial position and did not require any change in the presentation of the segments as those previously presented according to the old standard IAS 14.

The other new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2009, have had no material effect on the consolidated financial statements.

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). The Group's reporting currency is Swedish kronor (SEK). This means that the financial statements are presented in Swedish kronor (SEK). 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 judgements 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 assessments 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.

Supplementary purchase money 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 and opportunities that differ from those of other geographic environments. In 2009 IFRS 8 Operating Segments – IFRS 8 replaced IAS 14 Segment Reporting and introduced the "management approach" to segment reporting. The segments are identified based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker. The Group's President has been identified as the Chief Operating Decision maker. The adoption of IFRS 8 did not require any change in the presentation of the segments as those previously presented correspond to the geographical segments reviewed by the Group's Operating Decision Maker, i.e. the business areas. Accordingly, there has been no restatement of previously reported information. The Group reports no secondary segment reporting 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 acquisition 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 not 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 as 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. No restructuring costs were incurred in 2008 and the restructuring cost incurred during 2009 amounted to MSEK 49.5.

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 2:2 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 was unusual in character or with respect to terms or conditions. Nor has LBi granted any loans, issued its guarantee or entered into surety agreements with or for the benefit of any of the Company's directors or members of senior management.

New IFRS and interpretations that will be applied in future periods

In the course of preparing the consolidated financial statements as of 31 December 2009, 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 International AB:

• Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements require changes in consolidated financial statements and accounting for business combinations. The revised standards are effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 will have an effect on how future business combinations are accounted for. The changes in the amended IAS 27 will mainly influence the accounting of future transactions.
• IFRS 9 Financial Instruments (not yet adopted by the EU) deals with classification and measurement of financial assets only. The standard requires financial assets to be classified on initial recognition as measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2013 but may be applied earlier. The standard generally requires retrospective application in accordance with IAS 8 but there are several exceptions to this principle and the transitional requirements are extensive. If an entity adopts IFRS 9 for reporting periods beginning before January 1, 2012 it is not required to restate prior periods.
• Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (not yet adopted by the EU) removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement. The amendment results in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. It shall be applied from the beginning of the earliest periods beginning on or after January 1, 2011, but may be applied earlier. It will only have a limited impact on the consolidated financial statements.
• IAS 38 (amendment), 'Intangible Assets'. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group or company's financial statements.

The following amended IFRS standards and new IFRIC interpretations are not expected to have any impact on the consolidated financial statements:

• Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions (not yet adopted by the EU)
• Revised IAS 24 Related Party Disclosures (2009) (not yet adopted by the EU)
• Amendments to IAS 32 Classification of Rights Issues
• Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
• Improvements to IFRSs (April 2009) (not yet adopted by the EU)
• IFRIC 12 Service Concession Arrangements
• IFRIC 15 Agreements for the Construction of Real Estate
• IFRIC 16 Hedges of a Net Investment in a Foreign Operation
• IFRIC 17 Distributions of Non-cash Assets to Owners
• IFRIC 18 Transfers of Assets from Customers
• IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (not yet adopted by the EU)ate share of the acquiree'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.

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Notes

Amounts in MSEK unless otherwise indicated.

NOTE 1 EMPLOYEES

Average number of employees	2009			2008		
	Women	Men	Total	Women	Men	Total
Parent Company						
Sweden	4	–	4	4	2	6
Group						
Sweden	43	69	112	51	81	132
Denmark	6	35	41	12	42	54
Belgium/Netherlands	49	153	202	76	180	256
United Kingdom/India	107	290	397	110	351	461
Southern Europe	68	110	178	62	103	165
Germany/China	138	172	310	134	173	307
USA	78	147	225	78	160	238
Group total	**489**	**976**	**1,465**	**523**	**1,090**	**1,613**

Directors and senior executives (%)	Men	
	2009	2008
Parent company		
Directors	80	80
Group		
Directors	70	75
Managing Directors and senior executives	91	78

	2009		2008	
	Salaries and remuneration	Payroll overhead (of which pension expenses)	Salaries and remuneration	Payroll overhead (of which pension expenses)
Parent company	4.3	1.8 (0.4)	4.7	2.4 (0.4)
Group	729.3	123.5 (8.8)	850.1	126.5 (12.9)

NOTE 1 cont'd

2009 Salaries and remuneration for directors and senior executives (SEK thousand)	Basic salary/ remuneration	Other benefits	Pension-costs	Other Remune-ration [1]	Total	Number of shares	Number of options	Options granted during the year
Katarina G. Bonde	359	–	–	–	359	3,340	–	–
Michiel Mol	318	–	–	–	318	16,103,597	–	–
Fred Mulder (Chairman)	518	–	–	129	647	274,500	–	–
Robert Pickering [2]	214	–	–	–	214	412,856	200,000	–
Lucas Mees	318	–	–	–	318	6,627	–	–
George W. Fink	104	–	–	–	104	–	–	–
Luke Taylor	4,803	–	–	–	4,803	77,000	1,055,000	500,000
Other senior executives (7 persons) [3]	23,655	42	887	–	24,584	6,176	1,852,500	1,179,500
Total	**30,289**	**42**	**887**	**129**	**31,347**	**16,884,096**	**3,107,500**	**1,679,500**

[1] Via company.
[2] Robert Pickering requested that he be withdrawn from consideration for re-election as member of the Board of Directors at the AGM on the 6th of May.
[3] Theo Cordesius resigned on 1 september 2009 and Jesper Andersson resigned on 1 October 2009. Remaining in the executive managemen; Luke Taylor, Huub Wezenberg, Ewen Sturgeon, Chris Clarke, Alan Davies and Thomas Elkan Boisen (appointed 1 October 2009).

2008 Salaries and remuneration for directors and senior executives (SEK thousand)	Basic salary/ remuneration	Other benefits	Pension-costs	Other Remune-ration [1]	Total	Number of shares	Number 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	–
Lucas Mees	–	–	–	–	–	6,627	–	–
Sven Skarendahl [2]	190	–	–	–	190	–	–	–
Luke Taylor	4,699	–	–	–	4,699	77,000	555,000	280,000
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 company.
[2] Sven Skarendahl passed away in January 2008.

Remuneration for the CEO and senior executives [1]

	2009	2008
Parent company		
Salaries and other benefits	–	1.5
(of which bonuses)	–	–
Pensions	–	0.1
Number of persons	–	1
Subsidiaries		
Salaries and other benefits	87.9	74.0
(of which bonuses)	2.3	8.4
Pensions	1.5	1.8
Number of persons	42	56
Group		
Salaries and other benefits	87.9	75.5
(of which bonuses)	2.3	8.4
Pensions	1.5	1.9
Number of persons	42	57

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

2009 The Annual General Meeting held 6 May 2009 elected Katarina G. Bonde, Lucas Mees, Michiel Mol, Fred Mulder and George W. Fink as ordinary Board members with Fred Mulder as Chairman. They approved Board fees up to the Annual General Meeting 2010 of EUR 20,000 for ordinary Board members, and EUR 30 000 to the Chairman. Katarina G. Bonde received 8 KEUR as Chairman of the Audit Committee and Fred Mulder received 8 KEUR as Chairman of the Remuneration Committee. During 2009 SEK 129,000 was paid to Chairman Fred Mulder for consultancy services via his company FM Sud Consulting.

President Luke Taylor and the other senior executives (Huub Wezenberg, Ewen Sturgeon, Chris Clarke, Alan Davies and Thomas Elkan Boisen) received total compensation of KSEK 18,988 in the form of basic salary and bonus, and KSEK 9,470 in severance pay and KSEK 887 in retirement pension. Theo Cordesius resigned 1 September 2009 and Jesper Andersen resigned 1 October 2009.

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 2010 of EUR 20,000 for ordinary Board members, and EUR 30 000 to the Chairman.

On 10 January 2008 Luke Taylor was appointed CEO & President. He received together with the other senior executives (Huub Wezenberg, Ewen Sturgeon, Chris Clarke, Alan Davies and Thomas Elkan Boisen) received total compensation of KSEK 9,378 in the form of basic salary and bonus, and KSEK 4,090 in retirement pension.

NOTE 2 FEES AND REIMBURSEMENTS

	Group		Parent company	
	2009	2008	2009	2008
Audit				
Öhrlings PricewaterhouseCoopers	5.7	5.1	1.5	1.1
Others	0.1	0.1	–	–
Services other than audit assignment				
Öhrlings PricewaterhouseCoopers	0.5	1.0	0.3	0.6
Others	3.5	2.9	0.5	1.7
Total	**9.8**	**9.1**	**2.3**	**3.4**

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.

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	2009	2008
Sweden	**2.2**	**2.0**
Belgium	1.7	1.3
Denmark	1.1	1.0
Italy	1.0	0.9
Netherlands	2.7	3.0
Switzerland	0.2	0.2
Spain	1.7	1.3
United Kingdom [1)]	7.7	6.6
Germany [2)]	6.2	4.2
USA	6.6	4.8
Total outside Sweden	**28.9**	**23.3**
Total invoicing	**31.1**	**25.3**

[1)] Includes India and the United Arab Emirates.

[2)] Includes China.

NOTE 3 cont'd

Information about geographic areas

	United Kingdom[1)]	Scandinavia	Central and Southern Europe [2)]	USA	Parent company & eliminations	Group Total
2009						
External sales	372.8	131.0	628.8	327.5	0.0	1,460.1
Intra-Group sales	14.0	4.3	4.9	1.7	–24.9	–
Total net revenue	**386.8**	**135.3**	**633.7**	**329.2**	**–24.9**	**1,460.1**
Operating profit/loss	–159.5	–246.6	–195.9	37.3	–112.0	–676.7
Finance/result from shares	–15.6	397.0	–10.7	0.6	–380.9	–9.6
Pre-tax profit/loss	**–175.1**	**150.4**	**–206.6**	**37.9**	**–492.9**	**–686.3**
Assets	588.1	249.4	701.7	563.6	323.0	2,425.8
Liabilities	39.1	–5.6	103.1	224.0	612.9	973.5
Capital expenditures, non-current assets	0.6	1.0	15.9	1.7	2.9	22.1
Depreciation and amortisation, non-current assets	–9.7	–1.8	–15.4	–2.9	–36.6	–66.4
2008						
External sales	394.9	167.0	698.4	280.3	–	1,540.6
Intra-Group sales	6.4	0.7	2.5	10.8	–20.4	–
Total net 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

[1)] Including India and United Arab Emirates.

[2)] Including China.

NOTE 4 PURCHASING AND SALES WITHIN THE GROUP

Of administrative expenses during the financial year, 66 percent (48) was for purchases from Group companies. Of net sales for the financial year, 100 percent (100) 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	
Due for payment	**2009**	**2008**
2010/2009	38.4	58.5
2011/2010	37.1	54.3
2012/2011	31.5	42.0
2013/2012	25.8	31.5
2014/2013	22.3	17.4
After 5 years	18.8	48.2
Total	**173.9**	**251.9**

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
Profit/loss on divestment and liquidation of Group companies	–	16.3	–	–
Other revenue	6.7	1.6	1.3	–
Total other Operating income	**6.7**	**17.9**	**1.3**	**–**
Profit/loss on divestment and liquidation of Group companies	–4.7	–	–	–
Other operating expenses	–	–	–2.3	–
Total other Operating expenses	**–4.7**	**–**	**–2.3**	**–**
Total	**2.0**	**17.9**	**–1.0**	**–**

NOTE 7 DEPRECIATION AND AMORTISATION

	2009	**2008**
Depreciation of tangible non-current assets	–30.3	–44.4
Amortisation of intangible non-current assets	–36.1	–40.3
Total	**–66.4**	**–84.7**

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

	2009			2008		
	Tangible	**Intangible**	**Total**	**Tangible**	**Intangible**	**Total**
Production	–23.7	–28.0	–51.7	–32.8	–31.9	–64.7
Sales	–1.7	–2.6	–4.3	–1.8	–2.1	–3.9
Administration	–4.9	–5.5	–10.4	–9.8	–6.3	–16.1
Total	**–30.3**	**–36.1**	**–66.4**	**–44.4**	**–40.3**	**–84.7**

NOTE 8 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2009	2008
Capital gain on disposals	–93.2	–
Dividend from Group Companies	–29.1	–
Write down of shares in Group Companies	–24.3	–
Total	**–88.4**	**–**

NOTE 9 SHARES IN ASSOCIATED COMPANIES

	Group	
	2009	2008
Revaluation of receivables	–1.0	–
Share in profit for the year	2.7	–
Participation in profit/ loss of associated companies	**1.7**	**–**
Opening proportion of equity	2.5	1.7
Translation difference	–0.1	0.4
Received dividend	2.7	–
Reclassifcation	–	0.4
Profit participation for the year, including changes	–2.7	–
Closing proportion of equity	**2.4**	**2.5**

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

	Group	
	2009	2008
Profit/loss on divestments	–	–8.1
Interest	–	0.5
Total	**–**	**–7.6**

NOTE 11 FINANCIAL INCOME

	Group		Parent company	
	2009	2008	2009	2008
Interest income	3.3	7.4	16.8	31.1
Exchange rate differences	16.8	2.0	39.7	5.4
Valuation of derivat instruments to fair value	2.5	–	2.5	–
Other financial income	0.1	–	–	–
Total	**22.7**	**9.4**	**59.0**	**36.5**

MSEK 16.7 (29.1) of the Parent Company's interest income is from subsidiaries.

NOTE 12 FINANCIAL COST

	Group		Parent company	
	2009	2008	2009	2008
Interest expense	–16.0	–26.5	–18.7	–32.4
Translation differences	–13.6	–0.5	–3.0	–9.1
Other financial expense	–3.8	–	–2.2	–
Total	**–34.0**	**–27.0**	**–23.9**	**–41.5**

MSEK 4.0 (7.9) of the Parent Company's interest expenses are to subsidiaries.

NOTE 13 TAXES

	Group		Parent company	
	2009	2008	2009	2008
Deferred tax	18.4	13.7	–	1.3
Current tax	–16.3	–17.4	–	–
Total	**2.1**	**–3.7**	**–**	**1.3**
Pre-tax profit/loss	–686.3	94.6	–74.6	–29.6
Tax according to current tax rate	187.5	–31.2	19.6	8.3
Tax impact of costs that are not tax-deductible				
Amortisation of intangible assets	–4.6	–11.3	–	–
Impairment loss on shares	–	–	–6.3	–
Dividend to Group companies	–	–	7.6	–
Divestment of Group and associated companies	–1.4	4.9	–24.3	–
Other non-deductible costs	–208.1	–5.5	-0.6	–0.1
Tax impact of revenue that is not taxable				
Other non-taxable revenue	–	0.1	–	–
Tax impact of items, that are tax-deductible but not recognised as an expense	–2.8	9.4	9.2	–
Tax effect of group contributions	–	–	–	–1.3
Utilisation of tax loss carry-forwards	15.0	20.1	–	–
Utilisation of tax loss carry forwards/unreported tax assets with regard to tax loss carry-forwards	–1.9	–3.9	–	–6.9
Reported current tax expenses	**–16.3**	**–17.4**	**–**	**–**

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	2009	2008	2009	2008
2010/2009	–	6.8	–	–
2011/2010	6.5	1.3	–	–
2012/2011	113.0	147.5	–	–
2013/2012	87.4	92.4	–	–
Later years	138.2	152.5	–	–
Unlimited time	1,635.3	1,951.4	738.9	718.9
Total	**1,980.4**	**2,351.9**	**738.9**	**718.9**

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.

NOTE 13 cont'd

Deferred tax assets and liabilities	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Deferred tax assets				
Tangible and intangible non-current assets	72.9	11.0	–	–
Temporary differences	565.8	499.2	–	–
Deferred tax liabilities				
Temporary differences	7.8	7.1	–	–

Deferred tax assets and liabilities are offset when there is a legal right to 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 2009	Group 2008	Parent company 2009	Parent company 2008
Tangible and intangible non-current assets	7.8	7.1	–	–
Total deferred tax liabilities	**7.8**	**7.1**	**–**	**–**

Deferred tax assets	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Tangible and intangible non-current assets	72.9	11.0	–	–
Current receivables and liabilities	–	–	–	–
Tax loss carry-forwards	476.3	648.7	194.3	189.1
Total deferred tax assets	**549.2**	**659.7**	**194.3**	**189.1**
Unreported tax assets relating to loss carry-forwards	–21.5	–149.5	–194.3	–189.1
Unreported tax assets relating to temporary differences	–	–	–	–
Total unreported tax assets	**–21.5**	**–149.5**	**–194.3**	**–189.1**
Total deferred tax assets, net	**527.7**	**510.2**	**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.

	2009	2008
Trade receivables	425.7	483.1
Counterparties by customer category		
Listed companies	289.1	348.4
Central and local government	32.4	31.2
Other	104.2	103.5
	425.7	**483.1**

Trade receivables	2009	2008
Trade receivables	427.7	492.1
Less: provision for doubtful credits	–2.0	–9.0
Trade receivables, net	**425.7**	**483.1**

No impairment provision is deemed necessary for trade receivables less than three months overdue. As of 31 December 2009 trade receivables in an amount of MSEK 25.1 (64.5) 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 the trade receivables is as follows:

	2009	2008
Not due	251.7	249.6
Due less than 3 months	148.9	169.0
Due more than 3 months	25.1	64.5
Total	**425.7**	**483.1**

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

	2009	2008
EUR	177.4	236.3
SEK	25.9	34.6
USD	115.8	112.6
GBP	96.6	93.1
Other currencies	10.0	6.5
Total	**425.7**	**483.1**

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

	2009	2008
As of 1 January	**–9.0**	**–**
Provision for doubtful receivables	–	–4.0
Cost	–2.7	–7.4
Reversal of unutilised amounts	9.7	2.4
As of 31 December	**–2.0**	**–9.0**

NOTE 15 FINANCIAL INSTRUMENTS BY CATEGORY

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

2009-12-31

	Loans and accounts receivable	Total	Fair value
Assets in balance sheet			
Other long-term securities	1.2	1.2	1.2
Other long-term receivables	15.1	15.1	15.1
Trade receivables and other receivables	453.4	453.4	453.4
Cash and cash equivalents	217.4	217.4	217.4
Total	**687.1**	**687.1**	**687.1**

	Loans and accounts receivable	Total	Fair value
Liabilities in balance sheet			
Trade payables	106.1	106.1	106.1
Other liabilities	114.3	114.3	114.3
Liabilities to credit institutions	414.5	414.5	414.5
Total	**634.9**	**634.9**	**634.9**

2008-12-31

	Loans and accounts receivable	Total	Fair value
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**

	Loans and accounts receivable	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 16 UNITS SOLD

	2009	2008
Net revenue	–	14.2
Production costs	–	–10.7
Gross profit	**–**	**3.5**
Selling costs	–	–0.6
Administrative expense	–	–2.0
Operating profit	**–**	**0.9**
Finance expense	–	0.1
Profit after finance items	**–**	**1.0**
Income taxes	–	0.0
Net profit for the year	**–**	**1.0**

NOTE 17 OTHER INTANGIBLE NON-CURRENT ASSETS

	Group		Parent company	
Software	**2009**	**2008**	**2009**	**2008**
Opening acquisition value	40.3	41.6	6.9	6.8
Via acquisition of Group companies	–	1.5	–	–
Capitalised expenditures for the year	10.1	2.0	–	0.1
Sales and disposals	–	–9.9	–	–
Reclassification	20.8	2.5	–	–
Translation differences	–2.4	2.6	–	–
Closing acc. acquisition value	**68.8**	**40.3**	**6.9**	**6.9**
Opening amortisation	–25.5	–25.7	–4.3	–2.1
Via acquisition of Group companies	–	–0.6	–	–
Sales and disposals	–	9.2	–	–
Amortisation for the year	–5.7	–5.4	–2.1	–2.2
Reclassification	–12.0	–0.6	–	–
Translation differences	0.4	–2.4	–	–
Closing acc. amortisation	**–42.8**	**–25.5**	**–6.4**	**–4.3**
Book value at 31 December	**26.0**	**14.8**	**0.5**	**2.6**

	Group		Parent company	
Trademarks	**2009**	**2008**	**2009**	**2008**
Opening acquisition value	23.3	17.3	–	–
Via acquisition of Group companies	–	0.2	–	–
Capitalised expenditures for the year	0.6	3.4	–	–
Reclassification	–5.9	2.1	–	–
Translation differences	–1.9	0.3	–	–
Closing acc. acquisition value	**16.1**	**23.3**	**–**	**–**
Opening amortisation	–15.0	–9.4	–	–
Via acquisition of group companies	–	–0.2	–	–
Amortisation for the year	–1.2	–3.2	–	–
Reclassification	5.2	–1.9	–	–
Translation differences	1.2	–0.3	–	–
Closing acc. amortisation	**–9.8**	**–15.0**	**–**	**–**
Opening impairment	–	–	–	–
Impairment for the year	–6.5	–	–	–
Translation differences	0.2	–	–	–
Closing acc. impairment	**–6.3**	**–**	**–**	**–**
Book value at 31 December	**0.0**	**8.3**	**–**	**–**

	Group		Parent company	
Customer relationships	**2009**	**2008**	**2009**	**2008**
Opening acquisition value	220.7	169.6	–	–
Via acquisition of Group companies	–	32.8	–	–
Capitalised expenditures for the year	–	5.0	–	–
Reclassification	–24.3	–1.4	–	–
Translation differences	–6.7	14.7	–	–
Closing acc. acquisition value	**189.7**	**220.7**	**–**	**–**
Opening amortisation	–98.4	–57.5	–	–
Amortisation for the year	–29.2	–31.7	–	–
Reclassification	13.8	–7.5	–	–
Translation differences	2.5	–1.7	–	–
Closing acc. amortisation	**–111.3**	**–98.4**	**–**	**–**
Opening impairment	–	–	–	–
Impairment for the year	–55.2	–	–	–
Reclassification	5.8	–	–	–
Translation differences	2.2	–	–	–
Closing acc. impairment	**–55.2**	**–**	**–**	**–**
Book value at 31 December	**31.2**	**122.3**	**–**	**–**
Total other intangible non-current assets	**57.2**	**145.4**	**0.5**	**2.6**

Other intangible non-current assets by segment	**2009**	**2008**
United Kingdom	13.2	22.7
Scandinavia	9.2	42.6
Central and southern Europe	21.0	42.5
USA	13.8	37.6
Total	**57.2**	**145.4**

NOTE 18 GOODWILL

	2009	2008
Opening acquisition value	1,664.0	1,417.0
Via acquisition of Group companies	16.1	280.9
New assessment with regard to additional purchase money	–65.6	–142.2
Translation differences	–49.0	108.3
Book value at 31 December	**1,565.5**	**1,664.0**
Opening impairment	–	–
Impairment for the year	–676.6	–
Translation differences	21.3	–
Closing accumulated impairment	**–655.3**	**–**

Goodwill by segment	2009	2008
United Kingdom	272.6	471.9
Scandinavia	51.8	293.0
Central and Southern Europe	237.6	474.8
USA	348.2	424.3
Total	**910.2**	**1,664.0**

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 in 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 (11-11.4) 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.

LBi recorded a charge of EUR MSEK 676.6 non cash impairment of goodwill related to acquired entities. The impairment is due to the effects of the economic downturn on the performance of the acquired entities and is consistent with the IFRS rules on fair value accounting. The adjustment has no effect on LBi's cash position and cash generating ability. The one-off impairment is mainly related to the reversed merger of LB Icon and Framfab in August 2006, which was an all share deal, and to some extent to smaller past acquisitions.

NOTE 19 LEASEHOLD IMPROVEMENTS

	Group	
	2009	**2008**
Opening acquisition value	88.9	53.3
Via acquisitions of Group companies	–	0.2
Acquisitions for the year	7.0	53.7
Sales and disposals	–	–19.3
Reclassification	–3.5	–1.7
Translation differences	–2.0	2.7
Closing accumulated acquisition value	**90.4**	**88.9**
Opening depreciation	–25.8	–29.4
Sales and disposals	–	19.3
Depreciation for the year	–6.5	–13.9
Reclassification	3.9	1.1
Translation differences	1.6	–2.9
Closing accumulated depreciation	**–26.8**	**–25.8**
Opening impairment	–2.6	–3.7
Impairment losses for the year	–5.7	–
Reversal of impairment losses	–	0.7
Reclassification	–	0.6
Currency translation differences	0.2	–0.2
Closing accumulated impairment	**–8.1**	**–2.6**
Book value at 31 December	**55.5**	**60.5**

NOTE 20 EQUIPMENT

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Opening acquisition value	225.2	214.6	0.7	1.2
Via acquisitions of Group companies	–	1.2	–	–
Acquisitions for the year	11.5	35.4	–	–
Sales and disposals	–1.3	–39.1	–	–0.5
Reclassification	–33.9	1.2	–	–
Translation differences	–5.4	11.9	–	–
Closing accumulated acquisition value	**196.1**	**225.2**	**0.7**	**0.7**
Opening depreciation	–168.1	–171.4	–0.6	–0.7
Via acquisitions of Group companies	–	–0.4	–	–
Sales and disposals	0.4	38.2	–	0.2
Depreciation for the year	–23.8	–31.2	–0.0	–0.1
Reclassification	30.2	5.6	–	–
Translation differences	5.0	–8.9	–	–
Closing accumulated depreciation	**–156.3**	**–168.1**	**–0.6**	**–0.6**
Opening impairment	–	–	–	–
Impairment losses for the year	–3.4	–	–	–
Translation differences	0.1	–	–	–
Closing accumulated impairment	**–3.3**	**–**	**–**	**–**
Book value at 31 December	**36.5**	**57.1**	**0.1**	**0.1**

NOTE 21 FINANCIAL LEASE CONTRACTS

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

	2009	2008
Equipment		
Accumulated acquisitions	13.4	10.1
Accumulated depreciation	–9.6	–6.4
Total	**3.8**	**3.7**

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:

	2009	2008
Long–term portion	2.5	4.2
Current portion	1.8	0.8
Total debt reported in consolidated balance sheet	**4.3**	**5.0**

NOTE 22 PARTICIPATIONS IN GROUP COMPANIES

	Organisation-number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations	Book Value Parent Company
Parent Company holdings						
Icon Medialab Portugal Servicos LDA	P505215519	Lisbon	100	100	1	0.0
Icon Medialab SRL	MI-1998-106771	Milan	100	100	50,000	24.7
LBi Belgium SA [1]	0456.630.072	Brussels	100	100	7,689	57.1
LBI France SARL	510 525 603	Paris	100	100	100	0.0
LBi Germany AG [2]	HRB 42707	Cologne	100	100	270,000	1.6
LBI Group Interactive Spain SAU	A81.567.810	Madrid	100	100	10,000	1.1
LBi Holding N.V.	34137169	Amsterdam	99.41	99.41	44,369,621	139.7
LBi India Pvt Ltd.	11-98352	Mumbai	1	1	274	19.3
LBI Sverige AB	556296-9468	Stockholm	100	100	7,120,000	576.6
LBI Switzerland AG	CH-20.3.025.039-9	Zürich	100	100	99,997	0.6
LBI US Holdings, Inc. [3]	11-3811618	Delaware	100	100	1,000	39.2
Nexus Information Technology SA	A81.727.810	Madrid	100	100	1,368	8.8
Oyster Partners Framfab Ltd.	3435961	London	100	100	16,600,181	43.4
Total						**912.1**

1) Winsome Benelux NV merged into LBi Belgium SA during 2009. LBi Holding N.V. holds 1 share in LBi Belgium SA.
2) Framfab Holding Deutschland GmbH merged into LBi Germany AG during 2009.
3) Icon Nicholson Inc. merged into LBI US Holdings Inc. per 31 December 2009.

	Organisation-number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations
Group company holdings					
Framfab AB	556529-3031	Stockholm	100	100	1,000
Framfab Sverige AB	556449-2220	Stockholm	100	100	100,000
Framtidsfabriken AB	556485-4353	Skellefteå	100	100	6,064
Framtidsfabriken Diviso AB	556571-8755	Stockholm	100	100	1,000
Icon AB	556617-9825	Stockholm	100	100	6,250,000
Icon Medialab Mijada AB	556528-8718	Stockholm	100	100	100,000
LBI US, LLC (the former Icon Nicholson, LLC) [1]	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 Belgium SA [2]	0456.630.072	Brussels	100	100	1
LBi Denmark A/S	21096571	Copenhagen	100	100	2,100
LBi India Pvt Ltd.	11-98352	Mumbai	50	50	13,684
LBI Ltd.	3080409	London	100	100	23,334,432
LBi Lost Boys B.V.	33276575	Amsterdam	100	100	2,700
LBi MENA FZ-LLC	17659	Dubai	100	100	50
LBi MetaDesign Ltd	3977302200009080	Hong Kong	100	100	1
LBI New York, LLC	74-3233659	New York	100	100	1
LBi 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	Warsaw	100	100	100
MetaDesign AG	HRB 76143	Berlin	83.66	83.66	1,024,000

NOTE 22 cont'd

	Organisation-number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations
MetaLog Gesellshaft für Kommunikationstechnologien GmbH	HRB 43781	Berlin	100	100	3
OX2 SPRL	0480.322.323	Brussels	100	100	1,279
Pimi AB	556541-9545	Stockholm	100	100	10,000
Syrup Sthlm AB (the former Starring Ltd AB)	556647- 0992	Stockholm	100	100	1,000
Vizualize Technologies Ltd.	5172497	Kent	100	100	100
Vizualize Technologies, Inc.	3704139	Delaware	100	100	100,000

1) LBI Media LLC. merged into LBI US, LLC, per 31 December 2009.
2) LBi International AB holds the remainingn 7,689 shares in LBi Belgium SA.

	Organisation-number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares	Not included in consolidated statements from
Parent company holdings in companies being disolved						
Icon Medialab AB	556536-1812	Stockholm	100	100	1,000,000	2002-05-01
IconMedialab AG	HRB 69037	Hamburg	100	100	20,000	2002-11-01
Icon Medialab Boathouse AG	CH-170.3.024.417-9	Zug	100	100	100	2004-01-01
Icon Medialab GmbH	50306306	Vienna	100	100	100	2005-12-31
Icon Medialab Holding SA	423488923	Paris	100	100	2,500	2005-12-31
Group company holdings in companies being disolved						
Aspect Infotek Software Private Ltd.	08-31085	Bangalore	100	100	10,000	2008-12-18
Icon Medialab Parallel AB	556558-0965	Stockholm	100	100	1,000	2002-05-01
Icon Medialab Switzerland AG	CH-550-1032858-3	Gland	100	100	100	2004-01-01
Lost Boys Interactive Spain SA	A62.031.109	Barcelona	100	100	700	2002-06-01
Lost Boys tv & streaming media B.V.	30092344	Hilversum	100	100	400	2003-09-01
Netrank Ltd.	4103675	London	100	100	17,794	2009-12-31

	2009	2008
Opening acquisition cost	5,986.7	5,968.9
Shareholder contributions	–	10.0
Sale of Group Companies	–1,410.4	–
Liquidation	–12.9	–
Changed assessment of supplementary purchase money	–	7.8
Closing accumulated acquisition cost	**4,563.4**	**5,986.7**
Opening impairment losses	–4,755.2	–4,755.2
Sale of Group Companies	1,128.2	–
This years impairment	–24.3	–
Closing accumulated impairment losses	**–3,651.3**	**–4,755.2**
Closing carrying amount	**912.1**	**1,231.5**

NOTE 23 PARTICIPATIONS IN ASSOCIATED COMPANIES

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares	Carrying amount Group	Carrying amount Parent Company
WhatSoEver Förlag AB in liquidation	556535-6887	Stockholm	49.51	49.51	30,108	0.0	–
MetaDesign Suisse	CH-020.3.023.324.4	Zürich	35.00	35.00	350	2.0	–
Sturm & Drang GmbH	HRB 98372	Hamburg	30.00	30.00	–	0.4	–
Total						**2.4**	**–**

	Parent Company	
	2009	**2008**
Opening acquisition value	5.2	5.2
Closing accumulated acquisition cost	**5.2**	**5.2**
Opening impairment losses	–5.2	–5.2
Closing accumulated impairment losses	**–5.2**	**–5.2**
Closing carrying amount	**0.0**	**0.0**

NOTE 24 FINANCIAL RISK MANAGEMENT

Financing
Financing for the Parent Company and Group has been obtained mainly in the form of equity. On 1 April 2010 the Company has renewed an agreement with Danske Bank for credit facilities of MEUR 10 for working capital (which will be increased to MEUR 15 upon the date of the merger expected by mid July 2010) and MEUR 35.7 in term loans in different currencies related to acquisitions. The Group has adequate liquidity for its operations. The goal is for operating activities to generate cash flow in line with Group earnings.

Financial risk management in general
LBi's financial risks consist primarily of risks relating to exchange rate, interest, refinancing, liquidity, counterparty, credit and operational. The Group has adopted procedures and policies for management of risks and the object is to minimise 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.

However, in LBI Sverige AB there are net receivables of MDKK 76.1 (259.4) and MGBP 27.6 (27.5).

The Parent Company has net receivables of MEUR 17.3 (-2.0), MGBP 6.4 (0.0), MUSD 40.3 (8.4) and MDKK 11.1 (0.0) from subsidiaries in foreign currency.

Intra-Group loans have less than one year to maturity. The interest on all intra-Group loans is at the particular 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 shareholders' equity of 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 places excess liquidity in interest-bearing instruments while awaiting attractive operating investment alternatives. Given that the liquidity is normally invested for 1–3 months, the interest rate risk and its impact on earnings is deemed to be low.

The effect of the Group's interest income/expense depends on the terms for fixed-interest borrowing and investments at fixed interest. The Group strives for balance between the estimated cost for borrowing and the risk of being exposed to significant negative impact on earnings in the event of a sudden major change in the interest rate level. Interest on the loans is based on 3-month LIBOR, EURIBOR or STIBOR. In the balance sheet an amount of 2.5 MSEK has been included, related to fair value of the derivative instruments (interest swap) outstanding per 31 december 2009.

Refinancing risk
Refinancing risk is the risk that a company is unable to obtain financing, or will incur significantly higher costs in doing so. The Group has interest-bearing liabilities of MSEK 414.8 (408.3), including lease commitments, and cash and cash equivalents of MSEK 217.4 (185.8). LBi deems the Group's refinancing risk to be acceptable. The Group's interest-bearing loans have terms that must be met. All loan covenants were satisfied during the year.

Liquidity risk
Liquidity risk is the risk that LBi will have difficulty meeting its payment obligations in a tight credit market. The Company's operations are financed primarily by means of its own cash, equity and borrowing. At present, the Board of Directors anticipates that any future financing requirements can be satisfied on this basis. LBi has satisfied all loan covenants imposed by banks during 2009.

Counterparty risk
Counterparty risk is the risk that a party to a financial instrument transaction is unable to meet its obligation. The counterparty risk in LBi's financial transactions is limited by their being exclusively with counterparties that have very high creditworthiness (equivalent to a K1 rating).

Credit risk
Credit risks also stem from outstanding trade accounts receivable, of which the Group had MSEK 425.7 (483.1). LBi regularly rates the credit of its clients. The Group's clients are generally large, 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 has routines in place to cover its financing, IT, communications, personnel policies, etc., as well as its authorisation procedures. The Company performs legal reviews of its agreements on an ongoing basis.

NOTE 25 OTHER LONG-TERM SECURITIES HOLDINGS

	Group	
	2009	2008
Opening acquisition cost	0.7	20.4
Capital expenditures	0.4	0.4
Divestments	–	–20.1
Reclassification	0.1	–0.4
Translation differences	0.0	0.4
Closing carrying amount	**1.2**	**0.7**

During 2008 a 5-percent holding in minority-owned Xie Entertainment was sold (acquired in 2007).

NOTE 26 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2009	2008	2009	2008
Prepaid rents	4.6	3.5	–	–
Accrued consulting income	119.2	117.6	–	–
Other items	23.3	17.5	5.9	2.2
Total	**147.2**	**138.6**	**5.9**	**2.2**

NOTE 27 SHARE CAPITAL

The share capital is divided into 62,023,276 shares with a quotient value of SEK 2.50 each. 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 International AB (publ.) shares at a predetermined price. During 2009 senior executives were awarded options entitling them to subscribe for 2,567,300 shares at an exercise price of SEK 11.26 or SEK 15.50 per share. 199,400 of these have been returned for re-issue. The total number of options outstanding as of 31 December 2009 was 6,117,150 which entitles their holders to 4,467,900 shares.

NOTE 28 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

More than half of the provision (MSEK 5.9) is for pension commitments by one of the German Group companies 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 actuarial assumptions:

	2009 Richttafeln 2005 G	2008 Richttafeln 2005 G
Discount rate of interest (%)	6.00	6.50
Future annual salary increases (%)	1.75	2.25
Retirement age	63	63

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

Just short of half of the provision (MSEK 4.3) 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.

	2009	2008
Opening balance	9.7	8.0
Provision for the year	1.6	0.8
Utilised	–0.6	–
Translation differences	–0.5	0.9
Closing balance	**10.2**	**9.7**

NOTE 29 OTHER PROVISIONS

	Group		Parent Company	
	2009	2008	2009	2008
Supplemental purchase money	77.8	167.2	0.7	0.7
Other provisions	16.3	7.2	–	–
Total	**94.1**	**174.4**	**0.7**	**0.7**
Opening balance	174.4	283.3	0.7	26.2
Provision for the year	–1.7	89.9	–	–
Change in assessment of supplemental purchase money	–85.7	–142.2	–	–
Provision for acquistion of minority shareholders option	17.0	–	–	–
Reclassifications	–3.7	–59.8	–	–25.5
Translation differences	–6.2	3.2	–	–
Closing balance	**94.1**	**174.4**	**0.7**	**0.7**

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 30 LIABILITIES TO CREDIT INSTITUTIONS

	2009	2008
Other liabilities to credit institutions	255.2	288.5
Other liabilities	3.0	1.3
Total	**258.2**	**289.8**
Falls due for payment :		
2011/2010	109.1	92.5
2012/2011	111.3	90.7
2013/2012	30.9	94.4
2014/2013	6.9	12.2
Total	**258.2**	**289.8**

	2009	Interest (%)
Danske Bank USD	126.7	2.53
Danske Bank SEK	12.5	2.77
Danske Bank EUR	95.6	2.99
Danske Bank GBP	16.4	3.40
Parent Company total	**251.2**	
Centro para el Desarrollo Tecnológico Industrial (CDTI)	–	
Finance leases	2.5	
Other	4.5	
Group total	**258.2**	

In 2009 acquisition credits in the amount of MUSD 6.4, one for MEUR 4.1 and one for MSEK 19.2 were raised from Danske Bank. During 2008 one acquisition credit for MGBP 2.9 and one for MUSD 22.5 were raised from Danske Bank. During 2007 one acquisition credit for MEUR 20.0 was raised from Danske Bank.

The interest for utilised credit is variable and with the interest rate level prevailing 31 December 2009 interest expense for 2010 will be MSEK 9.7, interest 2011 will be MSEK 6.7, interest 2012 will be MSEK 3.0, interest 2013 will be MSEK 0.6 and interest 2014 will be MSEK 0.0.

NOTE 31 INTEREST-BEARING CURRENT LIABILITIES

	2009	2008
Current portion of financial lease commitments	1.8	0.8
Current portion of loan from IKB Bank & CDTI Bank	7.5	0.8
Acquisition credit	104.7	89.0
Utilised bank overdraft facilities	42.3	27.9
Total	**156.3**	**118.5**

The Parent Company's interest-bearing short-term liabilities in the amount of MSEK 147.0 consist of acquisition credits in the amount of MSEK 104.7 and utilisation of committed credit facilities in the amount MSEK 42.3.

The utilised portion of the committed credit facility from Danske Bank was MSEK 42.3 as of 31 December 2009 (18.9). Interest on the acquisition credit will amount to MSEK 2.9 during 2010 given the interest rate level as of 31 December 2009.

The loan from CDTI (Centro para el Desarrollo Tecnológico Industrial), 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 is repaid in six-monthly instalments and the final maturity is in July 2010. The loan is interest-free.

NOTE 32 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2009	2008	2009	2008
Holiday pay	15.4	18.9	0.1	0.1
Accrued social security contributions	2.0	8.4	0.2	0.3
Prepaid income	142.1	31.8	–	–
Other items	35.6	165.3	1.0	2.1
Total	**195.1**	**224.4**	**1.3**	**2.5**

NOTE 33 PLEDGED ASSETS

	Group	
	2009	2008
For company provisions and liabilities for liabilities to credit institutions		
Equipment	0.7	0.7
Equipment used in accordance with financial lease contracts	3.8	3.7
Trade receivables	3.1	–
Shares in subsidiaries	83.1	153.9
Corporate mortgages	111.9	20.0
Other engagements		
Restricted accounts and deposits	12.7	0.6
Total	**215.3**	**178.9**

Corporate mortgages refer to LBI Sverige AB in the amount of MSEK 20 and UK Ltd in the amount of MGBP 8. Certain subsidiaries' holdings in Group companies are used as security for an acquisition credit raised by the Parent Company. No pledged assets have been accounted for in the Parent Company during 2009 and 2008.

NOTE 34 CONTINGENT LIABILITIES

	Group		Parent Company	
	2009	2008	2009	2008
Guarantees for liquidated operations	–	–	–	–
Sureties for the benefit of subsidiaries	–	–	15.0	15.0
Other contingent liabilities	–	–	–	–
Total	**–**	**–**	**15.0**	**15.0**

NOTE 35 TRANSACTIONS WITH RELATED PARTIES

During 2009 Chairman Fred Mulder via his company FM Sud Consulting invoiced LBI International AB in the amount of EUR 12,000. During 2009 LBi Holding NV invoiced Futuremakers B.V. an amount of EUR 72,000 for sublease, canteen- and cleaning services. Director Michiel Mol has a 50-percent interest in Futuremakers B.V. LBi Holding NV also invoiced Xeed BV an amount of EUR 31,000 data server services. The President of Lost Boys BV, Igor Milder, has a 50-percent interest in Xeed BV.

During 2008 EUR 300,000 and USD 3,600,000 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).

NOTE 36 COSTS BROKEN DOWN BY TYPE

	Group		Parent Company	
	2009	**2008**	**2009**	**2008**
Office and administration	142.0	156.4	0.4	0.4
Marketing and sales	10.8	16.1	–	–
External consultants	119.8	139.4	5.2	7.4
Personnel costs	901.2	982.9	4.6	7.1
Depreciation and amortisation	75.5	84.7	2.1	2.3
Other costs	151.2	59.2	39.1	32.7
Total	**1,400.5**	**1,438.7**	**51.4**	**49.9**
Total, of which for				
Production costs	1,032.1	1,073.0	–	–
Selling expenses	93.9	95.8	–	–
Administrative expenses	274.5	269.9	51.4	49.9
Total	**1,400.5**	**1,438.7**	**51.4**	**49.9**

NOTE 37 HEDGE ACCOUNTING

Net investment hedges

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	**38.6**	**18.0**	**2.9**
Long-term liabilities to credit institutions	17.6	9.2	1.4
Short-term liabilities to credit institutions	7.8	3.7	0.6
Total	**25.4**	**12.9**	**2.0**

For 2009, an amount of MSEK 33.8 (84.0) was carried directly to equity as a result of this hedging activity, related tax effects amounted to –8.9 MSEK (23.5).

NOTE 38 EMPLOYEE STOCK OPTION PROGRAMME

Ever since the Company was founded, it has had as one of its goals 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 program for the Group's employees. The Global Share Option Plan 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 exercised. 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 2009, employees own a total of 6,117,150 (4,753,139) options equivalent to 4,467,900 (3,103,889) shares under the international Global Share Option Plan. During 2009 options were granted to key employees entitling their holders to subscribe for 2,567,300 shares at a price of SEK 11.26 and 15.50 per share. 199,400 of these have been returned for re-issue.

The following personnel options of rollover LB Icon expired during 2009: Series N expired 2009-09-02, series O expired 2009-12-30. Series C1-3 of LBI International expired 2009-09-10.

The following tables show all outstanding stock options from LB Icon and LBi held by employees as of 31 December 2009 and 2008.

NOTE 38 cont'd

2009 Employee stock options rollover from LB Icon

Series	Date of issuance	Last date for redemption	Strike price options (SEK)	Outstanding options as of 2008-12-31	Granted	Lapsed	Exercised	Outstanding options as 2009-12-31	Number of shares outst. can increase by
L	2003-05-29	2010-05-29	15.00	100,000	–	–	–	100,000	10,000
M1-4	2003-11-14	2010-11-14	22.90	1,732,500	–	–	–	1,732,500	173,250
N1-3	2004-09-02	2009-09-02	21.28	41,076	–	–41,076	–	0	0
N7-9	2004-09-02	2009-09-02	92.21	1,118	–	–1,118	–	0	0
N10-14	2004-09-02	2009-09-02	21.28	66,445	–	–66,445	–	0	0
O1-4	2004-12-30	2009-12-30	33.70	14,000	–	–14,000	–	0	0
O5-7	2004-12-30	2009-12-30	33.70	170,000	–	–170,000	–	0	0
P4-7	2005-04-28	2010-04-28	40.00	17,500	–	–	–	17,500	17,500
Total				**2,142,639**	**–**	**–292,639**	**–**	**1,850,000**	**200,750**

2008 Employee stock options rollover from LB Icon

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

Vesting dates

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 to 29 May 2008, on 10 April 2008 the Board of Directors decided to further extend the exercise period to 29 December 2008 and on 22 October 2008 the Board of Directors decided to extend the exercise period from 29 Dec 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 on 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 part of 50% vested 2 September 2005.

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

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 on 2 November 2005, the fourth part of 16.7% vested 2 September 2006 and the remaining fifth 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 on 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.

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 on 28 April 2008 and the remaining fourth part of 25% vested 28 April 2009.

NOTE 38 cont'd

2009 Employee stock options LBI International

Series	Date of issuance	Last date for redemption	Strike price options (SEK)	Outstanding options 2008-12-31	Granted	Lapsed	Exercised	Reversed	Number of outstanding options 2009-12-31	Number of shares outstanding can increase by
D1-3	2006-10-30	2011-10-30	44.65	757,500	–	–166,250	–	–	591,250	591,250
D4-6	2006-10-30	2011-10-30	44.65	100,000	–	–	–	–	100,000	100,000
E	2007-02-16	2012-02-16	52.50	200,000	–	–	–	–	200,000	200,000
F1-3	2007-11-27	2012-11-27	31.79	100,000	–	–100,000	–	–	0	0
F4-6	2007-11-27	2012-11-27	31.79	616,000	–	–250,000	–	–	366,000	366,000
G1-3	2008-08-26	2013-08-26	16.57	837,000	–	–195,000	–	–	642,000	642,000
H1-4	2009-02-13	2014-02-13	11.26	–	404,400	–	–	–124,400	280,000	280,000
H5-8	2009-02-13	2014-02-13	11.26	–	75,000	–	–	–75,000	0	0
I1-3	2009-09-21	2015-09-21	15.50	–	2,087,900	–	–	–	2,087,900	2,087,900
Summa				**2,610,500**	**2,567,300**	**–711,250**	**–**	**–199,400**	**4,267,150**	**4,267,150**

2008 Employee stock options LBI International

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

Vesting dates

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

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

E 100% will vest on a change of control only (as defined in the Plan Rules).

F1-3 The first part of 50% vested 27 November 2009, the second part of 25% will vest 27 November 2010 and the remaining third part of 25% will vest 27 November 2011. In addition, all options become exercisable in full as of the date that LBi enters into an agreement to sell 25% or more of the Company, or upon the termination of the employees employment.

F4-6 The first part of 50% vested 27 November 2009, the second part of 25% will vest 27 November 2010 and the remaining 25% will vest 27 November 2011.

G1-3 The first part of 50% will vest on 26 August 2010, the second part of 25% will vest on 26 August 2011 and the remaining part of 25% will vest on 26 August 2012.

H1-4 The first part of 25% will vest from 13 Feb 2010, the second part of 25% will vest from 13 Feb 2011, the third part of 25% will vest from 13 Feb 2012 and the remaining part of 25% will vest from 13 Feb 2013. In deviation of Rule 6.1 of the Rules the options will not lapse if the employee seases to be an employee of any Member of the Group but may be exercised within 5 years following the Date of Grant (i.e. by 13 February 2014) subject to the exercise periods.

H5-8 The first part of 25% will vest from 13 Feb 2010, the second part of 25% will vest from 13 Feb 2011, the third part of 25% will vest from 13 Feb 2012 and the remaining part of 25% will vest from 13 Feb 2013.

I1-3 The first part of 50% will vest from 21 Sept 2011, the second part of 25% will vest from 21 Sept 2012, and the remaining part of 25% will vest from 21 Sept 2013.

NOTE 38 cont'd

Warrants related to the employee stock option programme

The Company has issued warrants to secure its undertaking to deliver shares under the stock option program, 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 International AB. 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. During 2009 no warrants were issued.

Series	Subscription price (SEK)	Subscription period	Number of options issued	Number of shares outstanding can increase by	Exercised options	Lapsed/ matured	Options outstanding as of 2009-12-31	Number of shares outstanding can increase by
A	2.50	2006-07-312013-12-31	1,896,124	1,896,124	–682,861	–5,818	1,207,445	1,207,445
B	2.50	2007-01-092015-12-31	1,835,000	1,835,000	0	0	1,835,000	1,835,000
			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 outstanding 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
			3,731,124	**3,731,124**	**–682,861**	**–5,818**	**3,042,445**	**3,042,445**

Weighted average value

The value of employee services attributable to fair value of options granted have been recognised in the income statement in an amount of SEK 930 thousand in 2009 (SEK 7,150 thousand).
The weighted average value of options granted during 2009 has been SEK 5.29 (SEK 5.10 2008). The weighted average value of the share during 2009 was SEK 12.82 (SEK 17.98 2008).

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 2009 and 2008.

	2009	2008
Expected volatility (%)	40.00	40.00
Weighted risk-free interest (%)	2.45	3.60
Employee turnover (%)	7.00	7.00
Expected term of option (years)	4.27	2.75

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 39 EARNINGS PER SHARE

	2009	2008
Earnings per share (SEK)		
Basic	–11.07	1.46
Diluted [1]	–11.07	1.46
Profit attributable to the equity holders of the Parent Company	–686.6	90.9
Weighted average numbers of shares outstanding, included not registered (thousands)		
Basic	62,023	62,021
Warrants	34	67
Diluted	62,057	62,088

[1] The above calculation does not take into account potential shares attributable to options with a strike price exceeding the market price since such inclusion would have given rise to 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 40 EVENTS AFTER THE END OF THE FINANCIAL YEAR

Triple

On 22 February the Group announced the acquisition of TRIPLE Köpenhamn ("TRIPLE"), one of the most successful and experienced digital agencies in Denmark.

The new management that will lead operations in Copenhagen consists of Bettina Sherain and COO Jonas Bechlund (both co-founders of Triple). Danish operations will encompass more than 70 digital specialists with deep expertise in all aspects of the digital landscape. During 2009 Triple reported gross invoicing of MEUR 3.6 for the full year; the company has high margins. The total purchase money will be based on future results and will be presented in upcoming financial reporting. LBi expects that the acquisition will contribute to the Group's increasing profitability with immediate effect.

Obtineo

On 25 February LBi announced the merger with Obtineo to create Europe's largest marketing and technology agency. Obtineo is the combination of Bigmouthmedia, Europe's largest company in search engine marketing, and EUR 40 million of new capital commited towards global expansion of the new company.

The terms have been set such that the shareholders after the rights issue in LBi will receive 51 percent of the merged company; the former owners of Bigmouthmedia will receive 25 percent of the merged company and those investors who participate in the rights issue of EUR 40 million will receive 24 percent of the merged company. One share in LBi will be exchanged for 1 share in Obtineo. LBi has obtained irrevocable undertakings from shareholders representing 38,622,758 shares of common stock, or 62.27 percent of LBi's share capital to vote in favour of the merger plan and the shareholders of Obtineo have irrevocably undertaken to vote in favour of the merger.

Completion of the merger is subject to standard terms and conditions, including extra general meetings of shareholders in LBi and Obtineo, both which are expected to be held during April 2010. LBi's and Obtineo's Boards of Directors and management groups are expecting the merger to be completed by July 2010.

The merged company, which will be traded under the LBi name, will be a Netherlands-based NV to be listed only on NYSE Euronext Amsterdam; listing is expected to take place during July 2010.

After the merger the shares of LBi will not be listed on Nasdaq OMX Stockholm. Complete information and a timetable is available at www.lbi.com.

Credit facilities

The company has renewed its credit facilities with Danske Bank per 1 April 2010. The existing term loans (used to finance acquisitions) are extended till maturity date. The term loans are raised in various currencies (EUR/ GBP/ USD/ SEK) and are repaid on a quarterly basis in 5 years. The last repayment is due by end of March 2014. The total amount of term loans outstanding is EUR 35.7 million by end of March 2010.

The working capital facility of EUR 10 million is extended for 1 year and will be increased to EUR 15 million per merger date (expected in July 2010).

The company has arranged for bankguarantees for a total of EUR 5.2 million related to the acquisition of Triple. An amount of EUR 2.6 million expires in April 2010 and the remainder expires on 1 April 2011.

As security for the term loans and working capital facility the shares in the acquired companies are pledged as well as a floating charge of 8 million GBP in the UK and 20 million SEK in Sweden.

Covenants apply to the credit facility arrangement amongst which are a net debt/ EBITDA ratio and interest coverage ratio.

NOTE 41 ALLOCATION OF EARNINGS

The following amounts are at the disposal of the Annual General Meeting:

	SEK
Retained earnings brought forward	683,696,619
Fair value reserve	–35,267,943
Net profit for the year	–74,644,326
Total	**573,784,350**

The Board of Directors and the CEO & President propose to the Annual General Meeting that retained earnings at its disposal, SEK 573,784,350 be allocated such that SEK 573,784,350 be carried forward.

The Board of Directors and the CEO & President propose to the Annual General Meeting that no dividend be declared for 2009.

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 12 April 2010. The Consolidated Income Statement and the Consolidated Balance Sheet will be subject to adoption by the Annual General Meeting to be held 12 May 2010.

Stockholm 12 April 2010

LBI International AB (publ)

Fred Mulder
Chairman

Katarina G. Bonde

Lucas Mees

Michiel Mol

George W. Fink

Luke Taylor
President & Chief Executive Officer

Our audit report was submitted 12 April 2010

Öhrlings PricewaterhouseCoopers AB

Hans Jönsson
Authorised Public Accountant

Audit Report

To the Annual General Meeting of LBI International AB (publ)
Organisation number 556528-6886

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the CEO & President of LBI International AB (publ) for 2009. The company's annual accounts and the consolidated financial statements are included in the printed version of this document on pages 37-81. The Board of Directors and the CEO & 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 CEO & President and significant estimates made by the Board of Directors and the CEO & 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 CEO & President. We also examined whether any Director or the CEO & 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, the statement of total result and balance sheets of 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 CEO & President be discharged from liability for the financial year.

Stockholm 12 April 2010

Öhrlings PricewaterhouseCoopers AB

Hans Jönsson
Authorised Public Accountant

Five-year Summary

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

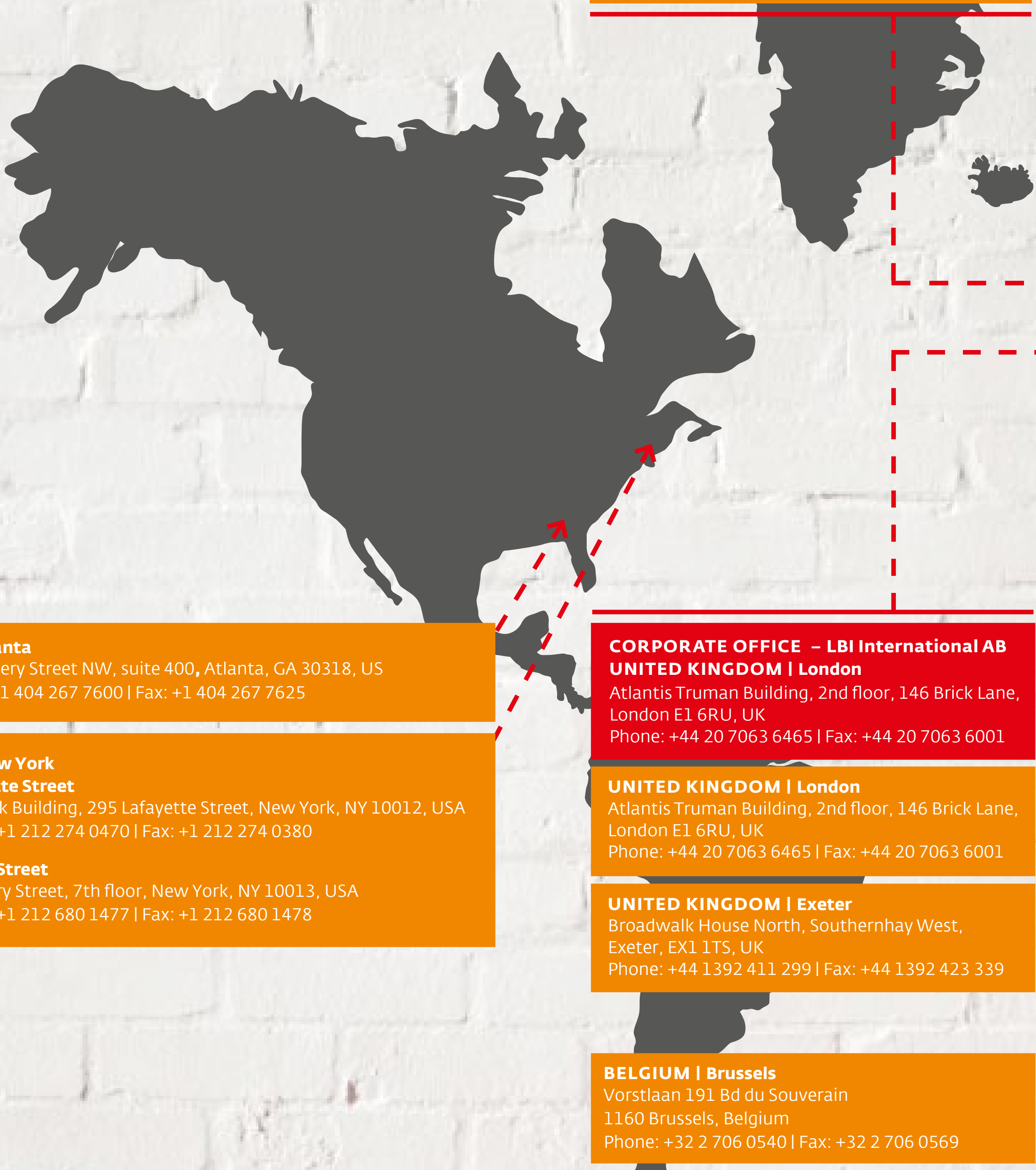
Income Statements	**2009**	**2008**	**2007**	**2006**	**2005**
Net revenue	1,460.1	1,540.6	1,429.1	1,051.6	783.0
Operating profit/loss	–676.7	119.8	94.1	78.9	82.4
Profit/loss after financial items	–686.3	94.6	76.7	84.5	57.3
Profit for the year	**–684.2**	**90.9**	**101.9**	**89.6**	**48.7**

Balance Sheets	**08-12-31**	**08-12-31**	**07-12-31**	**06-12-31**	**05-12-31**
ASSETS					
Intangible non-current assets	967.4	1,809.4	1,552.9	1,102.3	418.0
Tangible non-current assets	92.0	117.6	63.4	51.1	31.8
Financial non-current assets	18.7	12.3	37.0	68.4	196.4
Deferred tax assets	527.7	510.2	498.3	456.4	23.9
Total non-current assets	**1,605.8**	**2,449.5**	**2,151.6**	**1,678.2**	**670.1**
Trade receivables	425.7	483.1	414.6	338.0	212.4
Other current assets	176.9	204.3	144.5	142.5	88.6
Cash and cash equivalents	21.4	185.8	217.2	185.4	108.8
Total current assets	**820.0**	**873.2**	**776.3**	**665.9**	**409.8**
Total assets	**2,425.8**	**3,322.7**	**2,927.9**	**2,344.1**	**1,079.9**
LIABILITIES AND EQUITY					
Shareholders' equity, including minority interest	**1,415.6**	**2,119.7**	**2,019.0**	**1,903.1**	**480.9**
Long-term provisions	112.1	191.2	306.0	73.8	33.2
Long-term liabilities	258.2	289.8	163.0	10.9	255.2
Advance payments from customers	57.6	35.7	42.0	19.8	6.4
Other current liabilities and provisions	582.3	686.3	397.9	336.5	304.2
Total liabilities	**1,010.2**	**1,203.0**	**908.9**	**441.0**	**599.0**
Total liabilities and shareholders' equity	**2,425.8**	**3,322.7**	**2,927.9**	**2,344.1**	**1,079.9**

Cash Flow Statement	**2009**	**2008**	**2007**	**2006**	**2005**
Cash flow from operations	113.6	161.4	128.2	98.8	48.8
Changes in working capital	23.9	33.2	1.4	31.6	–2.9
Cash flow from operating activities	**137.5**	**194.6**	**129.6**	**130.4**	**45.9**
Cash flow from investing activities	–133.2	–330.3	–269.9	–32.9	–217.0
Cash flow from financing activities	38.2	95.9	174.9	–15.2	119.4
Cash flow for the year	**42.5**	**–39.8**	**34.6**	**82.3**	**–51.7**
Cash and cash equivalents at beginning of the year	185.8	217.2	185.4	108.8	157.2
Translation differences in cash and cash equivalents	–10.9	8.4	–2.8	–5.7	3.3
Cash and cash equivalents at end of the year	**217.4**	**185.8**	**217.2**	**185.4**	**108.8**

Key financial indicators	**2009**	**2008**	**2007**	**2006**	**2005**
Growth of net revenue (%)	-5	8	36	34	39
Operating margin (%)	-46	8	7	8	11
Profit margin (%)	-47	6	8	8	6
Equity ratio (%)	58	64	69	81	45
Return on capital employed (%)	-29	5	5	7	18
Return on shareholders' equity (%)	-39	5	5	7	13
Average number of employees	1,469	1,613	1,415	1,002	816
Number of employees at end of the period	1,396	1,602	1,500	1,301	754
Net revenue per employee (SEK thousand)	994	955	1,010	1,050	960
Shareholders' equity per share (SEK)	22.81	34.16	32.54	31.00	15.71
Earnings per share (SEK)	-11.07	1.46	1.63	1.95	1.72
Cash flow per average number of shares outstanding (SEK)	0.69	–0.64	0.56	1.79	–1.83

Offices and contacts



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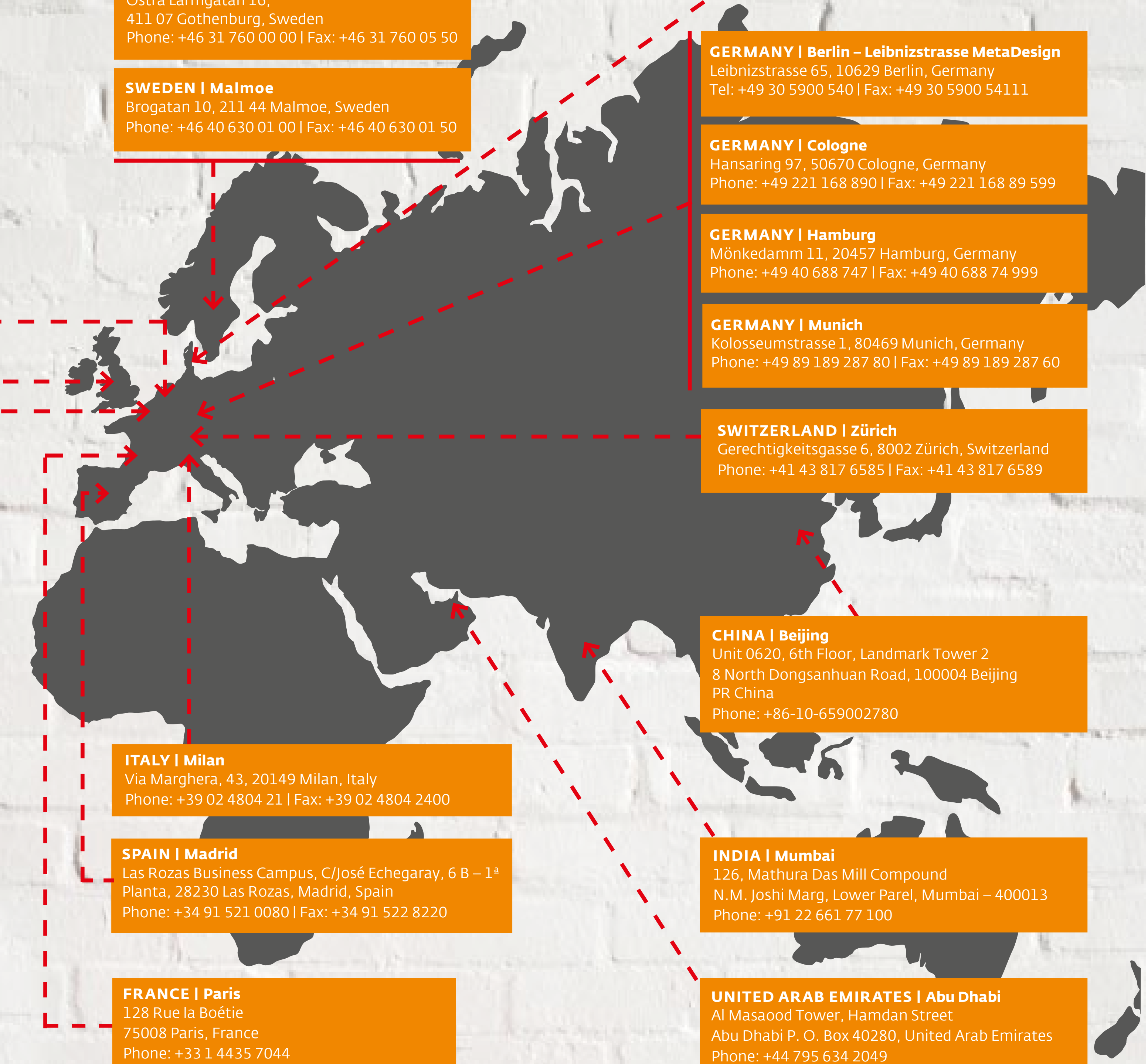
LBi's offices until April 2010
not including BMM and Triple



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