

LBi

Quarterly report

January – March 2007

BUILDING MOMENTUM FOR STRONG REVENUE AND EARNINGS GROWTH

LBI INTERNATIONAL AB (PUBL)

- FORMED BY THE MERGER OF FRAMFAB AND LB ICON, REGISTERED ON 31 JULY 2006

FINANCIAL HIGHLIGHTS - STATUTORY DATA (PRO FORMA COMPARISON FOLLOWS)

- **Net sales** EUR 39.8 million (27.9) for January-March.
- January-March **profit after tax** EUR 2.1 million (2.1). The operating profit EUR 3.1 million (2.4) for January-March and the operating margin was 7.8%.
- **Earnings per share** came to EUR 0.03 (0.07) for January-March.

This report presents the results for the LBi Group. The financial information provided is based on statutory regulations in Sweden. The financial information is based on 12 months, January - December 2006, of the former LB Icon combined with 5 months, August - December 2006, of the former Framfab. The report also provides pro forma financial information for comparison to 2006 and 2005 on a fully consolidated basis. In the cases where pro forma information is provided, this is explicitly stated.

FINANCIAL HIGHLIGHTS - PRO FORMA

EUR million	Jan-Mar 2007	Jan-Mar 2006 pro forma	Change*
Net revenue	39.8	43.6	-4.2%
Restructuring costs	-	-0.1	
EBITDA	4.6	4.7	3.2%
EBITDA margin	11.6%	10.8%	
EBIT	3.1	3.3	3.5%
EBIT margin	7.8%	7.5%	
EBIT, excluding restructuring	3.1	3.4	0.2%
EBIT margin, excluding restructuring	7.8%	7.7%	
Net result	2.1	2.7	-15.5%
Net result margin	5.3%	6.2%	

* Change includes impact of sale of Escador in 2006.

- Net revenue declined compared to prior quarter due primarily to slow start and project overruns in the UK.
- EBIT margin came to 7.8 % compared to 7.4 % for the full year 2006 (excluding restructuring). The margin improvement continues.
- Balance sheet remains strong.

EXECUTIVE SUMMARY

- Further acquisitions in the pipeline.
- Strategic acquisition of majority stake in Vizualize in India.
- LBi acquires a stake in Xie Entertainment to join industry leaders KPN and Endemol to develop interactive formats for TV broadcasts.
- For the remainder of 2007, we expect significant revenue growth and considerable improvement in operating margins, which is supported by further client wins and a strong backlog and pipeline.
- The seasonality in the Group creates lower sales volume in the first and third quarter and stronger sales in the second and fourth quarter.

A WORD FROM THE CEO

We continue to be optimistic and confident that 2007 will generate strong revenue growth and profit improvement. As expected, the first quarter of 2007 was a relatively soft quarter with regard to the level of revenue. This is a familiar occurrence in our business where the first quarter of the year is usually slow to start after the year-end peak period. However, revenue in the first quarter was disappointing in the UK. A combination of a slow start to the year and non-billable additional work to complete projects negatively impacted the results. Both the UK and the Group outlook for 2007 remain positive to achieve significant revenue growth and a considerable improvement in operating margins.

The pace of consolidation in Europe and the US seems to have picked up even more compared to 2006. In Europe, we have the opportunity to acquire companies that will extend our footprint in key markets and broaden our service offerings in those countries. In the US, we have targeted niche businesses that will expand our service offering there and increase our value proposition to several large clients.

Another exciting prospect for LBi will be the introduction of a new digital dashboard product that is unrivaled in our industry. This tool will accumulate and report key metrics that our clients can use to monitor the effectiveness of their online campaigns and to plan future investments. We have combined the expertise and experience of a multi-disciplined team in LBi to develop this tool that we will offer to a broad range of our clients later in 2007. In addition to the product and license revenues to be generated, we believe that such a product along

with our expert consultants will open larger, recurring revenue opportunities for our group. We have started 2007 with two investments, neither of which are particularly large, but both validate our vision and strategy to grow LBi and to differentiate us from our competitors. Our investment in Xie Entertainment is a first for a European digital agency and is proof of our competence and leadership in developing interactive solutions for traditional broadcast media. As importantly, by sharing methodologies, frameworks and applications between our various operating units we demonstrate the strength of our international network. This investment and partnership also creates opportunities for LBi to develop other revenue streams tied to corporate sponsors and interactive marketing.

Our investment in the Indian outsourcing firm, Vizualize, gives us an ownership stake significant enough to influence the growth, range of services and source of highly skilled resources to more effectively support our technology needs worldwide. We have worked with Vizualize in the UK for over 3 years and are pleased with the high quality technical support and the relatively low cost of the operation. LBi will leverage these resources in order to provide both technical support and to help improve our margins.

With a team equipped to accomplish our goals, we look forward to the challenges in our business and the opportunity to grow LBi even further as the leading digital marketing and communications agency in Europe.

Robert Pickering, CEO

MARKET

The strong demand for digital services across Europe will continue through 2007. Business and consumers have ready access to the internet and experience the broad range of information, services, buying and selling options, as well as the competitive advantages generated by e-commerce.

Further market trends continue to support the growth in digital services. Broadband penetration in Europe increased by another 14% in 2006. Mobile users are becoming more adapted to using these devices for a variety of services that will advance beyond common communication to the eventual positioning of the mobile device as a prime e-commerce tool. According to a recent survey conducted by INS Media and Entertainment, as much as 76% of the mobile users in the US, UK, Germany, Italy, Spain and France have access to the web from their devices. It is estimated that more than one-third with mobile web access have used such services. While the mobile device is labeled the "third screen" behind television and PC, clearly the proliferation of the number of devices,

reducing costs for services and the increased access to services should propel the growth in transactions generated via mobile devices.

The European market for web design and related services is still largely fragmented. A Forrester report dated May 2006 focussing on European web agencies indicated that of the 48 companies evaluated only 19 had sales greater than € 10 million. This fragmented market environment which is faced with increasing demand for a broader range of digital services will continue to drive both organic growth and further consolidation in the industry.

Competition in Europe is strong in local markets where smaller specialized digital agencies sometimes have a pricing advantage. As larger multinational clients have a need for more international experience and a full service offering, the number of competitors is greatly reduced. Competition from US based digital agencies is present in the UK but not as prevalent on the Continent. However, as the consolidation in the industry continues, this picture will change.

OPERATIONS

The merger was registered on 31 July 2006 and the units from the former Framfab Group is consolidated in the legal financial statements from 1 August. The legal financial data for Group, Scandinavia, UK and Germany will for this reason not be comparable for the first three quarters in 2006. For these regions and Group, a comparison is made to pro forma last year.

GROUP

LBI International's operations consist of LBI in Belgium, Framfab in Denmark, IconMedialab in Italy, Escador and Lost Boys in the Netherlands, Framfab in Switzerland, LBI and Nexus IT in Spain, LBI in the UK, Framfab and Starring in Sweden, Framfab and MetaDesign in Germany and IconNicholson in the United States. Operations are broken down among a total of 20 offices in the 10 countries. Employees numbered 1,378 on 31 March, compared to 1,301 at the end of 2006.

Net sales for the first quarter 2007 amounted to EUR 39.8 million compared to EUR 43.6 million 2006 pro forma.

The Group's operating profit for the first quarter 2007 was EUR 3.1 million compared to EUR 3.3 million pro forma in 2006, while the operating margin was 7.8%. The first quarter operating profit compared to pro forma last year was up by 4%, excluding the divested entity Escador Germany.

Amortisation of intangible assets amounted to EUR 0.9 million (0.7) for the first quarter 2007, while the profit after financial items was EUR 2.9 million compared to EUR 3.3 million 2006 pro forma. The Group's profit after tax for the first quarter 2007 was EUR 2.1 million compared to EUR 2.7 million 2006 pro forma.

Personnel cost including subcontractors were 76% (79) of total operating cost of which subcontractors stand for 19% (17) of personnel cost. While costs for subcontractors can generally change with less than one month's notice, costs for employees are ordinarily adjustable after four months.

BELGIUM/NETHERLANDS

Benelux operations consist of LBI in Belgium, and Escador and Lost Boys in the Netherlands. The operations are broken down among offices in Amsterdam, Brussels, Bruges and Den Dolder. Benelux operations generated 17% of total Group sales in 2006. Employees numbered 200 on 31 March, as opposed to 211 at the end of 2006.

The first quarter 2007 operating profit was EUR 0.5 million (0.5), up 6% from 2006, while the operating margin was 8.2%. Net sales for the first quarter 2007 decreased by 5% to EUR 6.8 million (7.0). Benelux operations won 11 new clients during the quarter.

GERMANY

German operations consist of Framfab and MetaDesign in Germany, and Framfab in Switzerland. German operations are broken down among offices in Berlin, Frechen/Cologne, Hamburg, Munich and Zurich. German operations generated 20% of total Group sales in 2006. Employees numbered 259 on 31 March, as opposed to 241 at the end of 2006.

The operating profit for the first quarter 2007 was 0.6 (1.0), a decrease of 43% compared to last year pro forma. The operating margin for the period came to 9.4%. Net sales for the first quarter 2007 were EUR 6.5 million (EUR 6.6 million 2006 pro forma excluding Escador.) German operations won 7 new clients during the quarter.

SCANDINAVIA

Scandinavian operations consist of Framfab in Denmark and Framfab and Starring in Sweden. Operations are broken down among offices in Copenhagen, Gothenburg, Malmoe and Stockholm. Scandinavian operations generated 12% of total Group sales in 2006.

Employees numbered 206 on 31 March, as opposed to 202 at the end of 2006.

The operating profit in the first quarter was EUR 1.8 million compared to EUR 1.6 million 2006 pro forma, an increase of 8% compared to last year pro forma. The operating margin was 26.1%. Net sales for the first quarter 2007 were EUR 6.8 million (6.2 pro forma). Scandinavian operations won 1 new client in the first quarter.

SOUTHERN EUROPE

Southern European operations consist of IconMedialab in Italy and LBI and Nexus IT in Spain. Southern European operations generated 8% of total Group sales in 2006. Employees at the Milan and Madrid offices numbered 184 on 31 March, as opposed to 197 at the end of 2006.

Southern European operations reported an operating profit for the first quarter of EUR 0.8 million (0.3), representing 179% growth from 2006. The operation profit includes a consideration for IPR from Xie Entertainment of EUR 0.7 million. The first quarter 2007 operating margin was 25.9%. Net sales for the first quarter totalled EUR 3.0 million (3.2), a decrease of 9%. Southern European operations won 7 new clients in the first quarter 2007.

UNITED STATES

LBi's US operations are represented by IconNicholson in New York. US operations generated 7% of total Group sales in 2006. Employees numbered 79 on 31 March, as opposed to 77 at the end of 2006.

IconNicholson reported an operating profit of EUR 0.5 million (0.1) for the first quarter 2007, up 386% from 2006. The first quarter operating margin was 15.3%. Net sales for the first quarter totalled EUR 3.1 million (2.9), an increase of 7%. US operations won 2 new clients in the first quarter 2007.

UK

UK operations is represented by LBi, which was created by the 2006 integration of LB Icon, Framfab and Wheel in London. UK operations generated 36% of total Group sales in 2006. Employees numbered 438 on 31 March, as opposed to 362 at the end of 2006.

LBi UK reported an operating profit of EUR 1.1 million for the first quarter in 2007, compared to EUR 1.3 million 2006 pro forma. The first quarter margin was 8.0%. Net sales for the quarter were unusually low due to seasonality but further impacted by client overruns. UK performance on track to meet targets.

ACQUISITION

LBi invests in minority stake in Xie Entertainment.

In March LBi has taken a 5% stake in Xie Entertainment, a joint venture set up by Endemol Nederland and KPN, which exploits the On-Demand content across all digital platforms in the Dutch market. Xie will deliver interactive television content for the TV, computer and mobile phone.

Lost Boys's, Dutch agency and in the LBi network, together with LBi's Italian agency, will develop all the interactive platforms. The total investment is EUR 0.5 million. In the transaction, LBi have received a consideration for intellectual property of EUR 0.7 million in March 2007 that is of a non-recurring nature.

LBi takes a majority stake in Vizualize.

LBi has during the period taken a majority stake in Vizualize Technologies PVT Ltd (Vizualize). During March, an agreement to purchase 51% of the shares in the Indian company Vizualize was signed. Vizualize is a technology development and support company based in Mumbai with approximately 75 employees. LBi in UK has worked with Vizualize for a number of years. The majority ownership not only secures a strategic ownership in a high quality offshore technical support group but also enables LBi to more effectively deploy resources and increase margins.

The total investment is 2.5 million USD.

OPERATIONS PER REGION

EUR million	Belgium/	Germany	Scandi- navia	Southern Europe	USA	UK	Parent company & elim.	Total
January- March 2007								
External net revenue	6.8	6.5	6.8	3.0	3.1	13.6	-	39.8
Operating earnings*	0.5	0.6	1.8	0.8	0.5	1.1	-2.2	3.1
Operating margins	8.2 %	9.4 %	26.1 %	25.9 %	15.3 %	8.0 %	n/a	7.8 %
No. of employees	200	259	206	184	79	438	12	1,378

* Operating earnings before management fee

SHARE DATA

First quarter 2007 earnings after tax amounted to EUR 2.1 million (2.1), while earnings per share were EUR 0.03 (0.07). Shareholders' equity per share was EUR 3.49 (2.03) as of 31 March. The parent company had 61,738,029 registered shares as of 31 March 2007.

The 25 March 2004 annual meeting resolved to issue up to 6,000,000 employee stock options in accordance with the global option plan adopted by the 11 October 2000 extraordinary general meeting. At the time of the 30 March 2006 annual meeting, the company had granted 2,700,000 options. None of these options were exercised and as of 30 September 2006 they were all lapsed. The remaining 3,300,000 options entitle to 66,000 shares after the reverse split as mentioned below.

The merger between Framfab AB and LB Icon AB was registered on July 31, 2006. As a consequence of the merger, it was decided to issue 1,896,124 new options to ensure fulfilment of LB Icon's previous options programme.

The 11 October 2006 extraordinary general meeting voted to issue a total of 1,835,000 options to the Group's senior executives. Out of these options 1,219,000 have been granted to senior employees. Each option entitles to subscribe for one share. The total number of options per 31 March 2007 was 6,115,643 and the total number of shares can be 1,892,039.

LBI International AB is listed on the Stockholm Stock Exchange and on Eurolist by Euronext in Amsterdam. The share has the LBI ticker symbol on both exchanges.

PARENT COMPANY

Net sales for January-March totalled EUR 0.5 million (0.4) of which EUR 0.5 million (0.4) was for internal invoicing.

Earnings after financial items were EUR -0.7 million (-0.3). Net financial debt were EUR -0.4 million (1.5).

ACCOUNTING POLICIES

This interim report has been prepared in compliance with IAS 34, Interim Financial Reporting, which adheres to Recommendation 31, Interim Financial Reporting for Groups, of the Swedish Financial Accounting Standards Council. The annual report 2006 describes the accounting policies employed by this interim report.

The merger was carried out in accordance with the purchase method and LB Icon was identified as the acquiring company, applying the reverse merger principle. The reverse merger principle was applied because LB Icon shareholders will post merger have the majority in respect of ownership and board composition.

CALENDAR AND CONTACTS

CALENDAR

- The annual general meeting will be held in Stockholm on 2 May 2007
- The interim report for January – June 2007 will be released on 26 July 2007
- The interim report for January – September 2007 will be released on 25 October 2007

Stockholm, 25 April 2007

Board of Directors

The company's auditors have not reviewed this report.

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INCOME STATEMENT SUMMARY

EUR million	Jan-Mar 2007	Jan-Mar* 2006	Jan-Mar 2006 pro forma	Jan-Dec** 2006	Jan-Dec 2006 pro forma
Net sales	39.8	27.9	43.6	134.4	169.9
Production expenses	-28.7	-20.2	-31.7	-100.0	-126.2
Gross margin	11.1	7.7	11.9	34.4	43.7
Selling expenses	-2.0	-2.1	-2.8	-8.7	-11.0
Administration expenses	-6.7	-3.8	-5.8	-18.4	-23.4
Other operating income/expenses	0.7	0.6	0.0	1.3	0.7
Operating result	3.1	2.4	3.3	8.6	10.0
Net financial items	-0.2	0.0	0.0	0.6	-0.1
Result after financial items	2.9	2.4	3.3	9.2	9.9
Tax	-0.8	-0.3	-0.6	0.5	0.1
Earnings for the period	2.1	2.1	2.7	9.7	10.0
Earnings per share, EUR	0.03	0.07	n.a	0.21	n.a
Earnings per share after dilution, EUR	0.03	0.07	n.a	0.21	n.a

* Only includes the former LB Icon

** Includes the former LB Icon's results for the entire period and the former Framfab's results from 1 August.

BALANCE SHEET SUMMARY

EUR million	31 Mar 2007	31 Dec* 2006
Assets		
Intangible assets	119.6	121.8
Tangible assets	5.6	5.6
Financial assets	55.6	58.0
Total non-current assets	180.8	185.4
Trade accounts	38.2	37.4
Other current assets	25.0	15.7
Liquid funds	14.7	20.5
Total current assets	77.9	73.6
Total assets	258.7	259.0
Shareholders' equity and liabilities		
Shareholders' equity ¹	209.2	210.3
Long-term interest-bearing liabilities	0.5	0.6
Long-term non-interest-bearing liabilities	7.1	8.7
Short-term interest-bearing liabilities	5.5	5.6
Short-term non-interest-bearing liabilities	36.4	33.8
Total liabilities	49.5	48.7
Total shareholders' equity and liabilities	258.7	259.0
¹Shareholders' equity		
At beginning of the year	210.3	51.0
Issue of new shares	0.5	150.7
Tax	-0.6	-
Translation differences	-3.1	-1.1
Earnings for the period	2.1	9.7
At end of period	209.2	210.3

* Includes the former LB Icon's results for the entire period and the former Framfab's results from 1 August.

CASH FLOW SUMMARY

EUR million	Jan-Mar 2007	Jan-Mar* 2006	Jan-Dec** 2006
Cash flow from operations	4.0	2.0	10.7
Changes in working capital	-6.7	-4.5	3.4
Cash flow from operating activities	-2.7	-2.5	14.1
Acquisition/divestment of subsidiaries	-4.0	0.5	3.0
Cash flow from other investing activities	-1.0	-0.3	-6.5
Cash flow before financing	-7.7	-2.3	10.6
Cash flow from financing activities	2.1	-0.8	-1.7
Cash flow for the period	-5.6	-3.1	8.9
Liquid funds at beginning of the period	20.5	11.5	11.5
Translation differences in liquid funds	-0.2	0.0	0.1
Liquid funds at end of the period	14.7	8.4	20.5

*Only includes the former LB Icon

** Includes the former LB Icon's results for the entire period and the former Framfab's results from 1 August.

QUARTERLY SUMMARY

EUR million	Q1 2007	Q4* 2006	Q3* 2006	Q2** 2006	Q1** 2006	Q4** 2005
Net revenue	39.8	42.3	36.4	28.0	27.9	27.9
Operating result ¹	3.1	3.3	3.1	1.5	2.4	2.4
Result after financial items ¹	2.9	2.6	3.2	1.7	2.4	2.4
Total growth, Q/Q	-5.4 %	14.8 %	29.4 %	-0.3 %	-5.6 %	22.4 %
No. of employees at end of period	1,378	1,301	1,233	827	825	816

¹ Excluding restructuring cost in Q1 and Q2 2006

* Includes the former LB Icon's results for the entire period and the former Framfab's results from 1 August.

** Only includes the former LB Icon

QUARTERLY INCOME STATEMENTS - PRO FORMA Q4 2006 AND EARLIER

EUR million	Q1 2007	Q4 2006	Q3 2006 pro forma	Q2 2006 pro forma	Q1 2006 pro forma	Q4 2005 pro forma	Q3 2005 pro forma
Net revenue	39.8	42.3	40.7	43.3	43.6	43.9	37.9
Costs of operation	-35.9	-37.9	-36.6	-38.7	-38.8	-39.4	-35.3
Restructuring costs	-	0.0	0.0	-2.5	-0.1	0.0	0.0
Other income	0.7	0.4	0.3	0.0	0.0	1.3	0.5
EBITDA	4.6	4.8	4.4	2.1	4.7	5.8	3.1
Depreciation	-0.6	-0.7	-0.8	-0.7	-0.7	-0.9	-0.7
Amortisation	-0.9	-0.8	-0.8	-0.8	-0.7	-1.1	-0.9
EBIT	3.1	3.3	2.8	0.6	3.3	3.8	1.5
Net financial items	-0.2	0.3	0.2	-0.5	0.0	0.0	-0.1
PBT	2.9	3.6	3.0	0.1	3.3	3.8	1.4
Tax	-0.8	1.0	0.0	-0.4	-0.6	0.1	-0.5
Net result	2.1	4.6	3.0	-0.3	2.7	3.9	0.9

KEY RATIOS

EUR million	Jan-Mar 2007	Jan-Mar* 2006	Jan-Dec** 2006
Change in net revenue	40.1 %	33.5 %	36.7 %
Operating margin	7.8 %	8.7 %	6.3 %
Profit margin	5.3 %	7.6 %	6.9 %
Equity/assets ratio	80.9 %	68.4 %	81.2 %
Average No. of employees	1,357	821	1,002
No. of employees at end of the period	1,378	825	1,301
Revenue per employee (EUR, thousand) ¹	117	136	134
No. of shares at end of the period	61,738,029	35,239,327	61,397,779
No. of shares after dilution	63,616,986	36,928,342	63,344,161
Average no. of shares	61,686,148	32,181,331	46,010,947
Average no. of shares after dilution	62,264,221	33,239,986	46,258,058
Shareholders' equity per share (EUR)	3.49	2.03	3.42
Shareholders' equity per share after dilution (EUR)	3.51	1.94	3.32
Cash flow per average no. of shares	-0.09	-0.10	0.19

¹ Annual rate

* Only includes the former LB Icon

** Includes the former LB Icon's results for the entire period and the former Framfab's results from 1 August.