
10
ANNUAL REPORT
LBi

Contents

All capitalised terms in this annual report shall have the meaning as set out in Section Definitions and glossary.

About us

LBi is the leading European marketing and technology agency with a global reach. Headquartered in Amsterdam (the Netherlands), LBi has a staff of approximately 1,750 and operations in 15 countries. As a marketing and technology agency, LBi offers services to brands (clients) to help them engage with their customers through digital channels across a wide spectrum of their points of engagement, from initial awareness of the brand, through direct interaction with the services or products offered by the brand, to on-going relationships with the brand. The Company offers a suite of services that is designed to help companies attract, engage and manage customers more effectively. This full service offering combines analytical, direct marketing and digital competences, which means that LBi is able 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 electronic public relations for blue chip companies.

The year in brief

- **Good and steady financial performance** globally in a rapid changing environment. Single NYSE Euronext Amsterdam listing marks next phase in LBi's future.
- **Merger integration** of bigmouthmedia and LBi well on track. Restructuring almost completed, revenue synergies contributing to net sales uplift.
- **Going forward** as Europe's largest marketing and technology agency, LBi will broaden the full service in USA and Asia.

On 29 July 2010 the reverse merger between LBI International AB and Obtineo Netherlands Holding N.V. (consisting of search engine specialist bigmouthmedia GmbH and EUR 40 million in cash) was finalised, forming a new company operating under the name LBi International N.V.

Key financials for the year

- **Pro forma net sales increased by 11.2% over last year to EUR 175.6 million** reflecting continued recovery of demand and strong commercial progress in major markets.
- **Pro forma EBITDA adjusted was up 11.9% over last year to EUR 28.2 million** reflecting good underlying operational progress and margin improvement in merger transition year.
- **Net result came in at EUR 1.0 million negative** (-63.8) affected for EUR 18.8 million by exceptional items related to the merger with bigmouthmedia and the listing at NYSE Euronext Amsterdam.
- **Positive operational cash flow of EUR 11.0 million** (13.0) due to progress in sales and margin in hub markets.

Net sales for the year increased by 11.2% demonstrating successful merger and integration with BMM.

EUR million
175.6

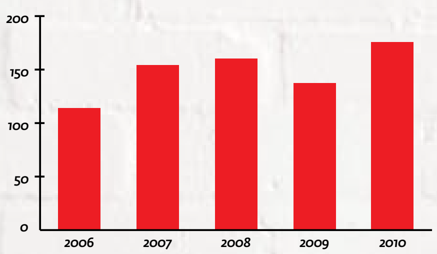
EBITDA adjusted margin came at 16.1% (16%). Margin remains strong due to restructuring measurements previous years and global spread of sales and diversification of service lines.

EUR million
28.2

Positive operational cash flow of EUR 11.0 million (13.0) due to strong underlying operational performance.

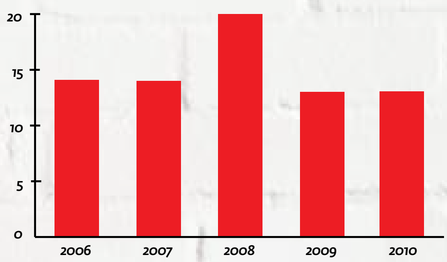
EUR million
11.0

Net sales, M EUR



Operating profit, M EUR

Cash flow from current operations, M EUR



CEO Message

In 2010 LBi successfully concluded the transformational programme of activities first detailed in the strategic review published in Spring of 2008.

By focusing aggressively on the cross-sell of services into existing key accounts, we upgraded margins in all major markets and reduced our reliance on expensive new business acquisition. We invested heavily in new services that are procured on a retained basis and that deliver both margin expansion and improved revenue stability. The conclusion of the roll-out of our single brand architecture and hub and spoke delivery model allows us to service clients more effectively across multiple territories. All our markets now share a standardised offering and are aligned around a single vision and consistent organisational design and incentive model. We also successfully closed the bigmouthmedia (BMM) transaction, a catalytic event that delivered a truly scalable and excellent search marketing offer. The transaction also enabled us to consolidate our listing onto NYSE Euronext Amsterdam, raise an additional EUR 50 million of funds and reconstitute our shareholder base around new strategic anchor investors. We have in the course of these activities incurred substantial exceptional costs relating both to restructuring activities and more significantly the transaction expenses specific to the BMM deal. We think current trading is now starting to properly reflect the criticality of these actions.

Following this period of organisational activity, LBi is now a best-in-class agency focused on the delivery of digital, data and direct services for blue-chip global brands. Our success is best reflected in the size and longevity of our client relationships. Key accounts are consistently expanding along three axes: product category growth, new markets and the cross-sell of additional services. We are also benefiting from an accelerating trend in new business pitches to aggregate all data, direct and digital responsibilities into a single supplier with agency of record responsibilities across multiple territories. Recent large multi-market wins for Virgin, Johnson & Johnson, Warnaco legitimise our conviction that modern marketing organisations are increasingly consolidating their roster and giving more responsibility to agencies with a digital centre of gravity who can manage multi-channel customer conversion requirements and customer acquisition objectives.

This trend is supported by current trading results and in Q4 we recorded organic year on year revenue and EBITDA growth of 16 and 23 percent respectively. We are particularly proud of our systematic commitment to upgrading the quality of LBi's services. Naturally we are driving discipline excellence, but most importantly we focus on fine-tuning the organisational design and culture so that we can blend the strategic, marketing and technical competencies better. This way we can place digital content at the heart of our customer loyalty programme and own the entire journey from customer acquisition through to conversion and on-going engagement.

In key new business wins, we successfully asserted our creative capabilities for highly contested accounts such as Coca Cola and SABMiller. Buoyed by a strong influx of creative opportunity, our creative departments across the network are now able to attract talent from leading above-the-line and top digital agencies. With the integration of branded content services and a reputation as an innovator in the social media space, our work is now leading the industry.

Our success is best reflected in the size and longevity of our client relationships

Management agenda

With a simplified and scalable organisation now in place, in 2011 we will focus on initiatives that can both drive the top-line and contribute to incremental margin improvement. In the USA, following a period of organisational re-design, we are well positioned to drive organic growth and we will further augment our existing offering in this market through targeted investment in CRM and data services on the East and West coast.

In Germany we will look to consolidate services, strengthen our brand position and capture market share. At the same time we will continue to distribute our large multi-national accounts across the geographic footprint so that we can utilise resources more effectively and deliver enhanced value to our clients. This importantly allows us to further improve margins in some of the smaller European markets as we improve revenue quality and predictability. Finally in 2010, we have made a considerable investment in a data visualisation and aggregation platform so that we can better measure effectiveness across our services value-chain. We plan to monetise this dashboard product in 2011 by standardising its use across all key client engagements. We are very excited by what we have been able to achieve in a relatively short period of time as a new management team and we look forward to confidently scaling the business and driving excellence in the delivery of integrated digital, data and direct marketing services for our clients.

Luke Taylor
Chief Executive Officer

LBi Mission, vision, strategy

Changing demands

Today's consumer has access to a greater variety of media, channels and devices from which to consume content. With the additional opportunities afforded by increased interactivity and connectedness to peers, the consumer of today has taken greater control of their messaging and communications and hence their response to marketing exposure.

Companies responding

Brands are responding to this changing landscape by increasingly participating in dialogue with their customers. Cut-through is no longer about simple repetitious broadcast of core messages but requires a relevance borne out of listening. To achieve this, companies are required to move faster, iterate harder and connect their marketing and servicing like never before. All set against a macro-economic background demanding greater transparency, accountability and immediate returns.

As the challenges and opportunities provided by the rapid growth of digital technology and IT use start to pervade all aspects of marketing, planning, sales and service, a coherent approach to digital and a plan to harness its potential has demanded that the digital strategy move from the bowels of organisations to the boardroom.

Although appreciative of the need, companies are, as ever, turning to their consulting and agency suppliers to help them navigate the options and implications of a coherent digital strategy. The suppliers are, themselves, responding: traditional strategic consultancies (McKinsey, Bain, Booz Allen Hamilton...) are increasing their digital literacy and weaving technology and consumer insight into their thinking; technology partners (IBM, Accenture, KPMG...) are drawing clear links between customer experience and underlying technologies and building usability practices alongside their traditional change management services; marketing and advertising agencies are wrapping digital ideas into their creative concepts and campaigns.

Whilst each of these groups of companies is a strong contender in the race to become the digital strategic lead, we believe that a winning strategy - i.e. one that is truly rationalised and implementable - will only come about through the combination of deep technical understanding, creative cut-through and a focus on consumer and business insight. What's more, the speed at which the digital market evolves and the requirement to deliver value to consumers, not just messaging, requires that brands deliver rapidly and iterate. This, in turn, requires that their 'strategic' partner is capable of deep vertically integrated execution, is focused on product and service development and is also capable of embedding into the operations of the company's business.
The companies most able to meet this brief are those with digital heritage, who have gone through the pain of integrating different skills; the multidisciplinary "Digital, Direct and Data" (DDD) agencies.

LBi Mission, vision, strategy

LBi's challenge

Although the digitally savvy marketing and technology agencies have the skills necessary to create and execute winning digital strategies, they lack the boardroom connections and gravitas necessary to command senior management attention. There exists, therefore, an opportunity for a 'DDD' agency to grow its stature and credibility to take top seat at the strategic table. This, then, is the challenge for LBi, as not to do so will result in increasing marginalisation.

LBi should focus on evolving from its current position as an expert channel delivery specialist - offering the full spectrum of data, digital and direct services in response to a received brief - to a business partner in ownership of the opportunity, creating value across multiple digital channels, driving service innovation and ultimately building businesses. If a brand's question is "what next?" their answer should be "LBi".

Strategic plan

DAoR

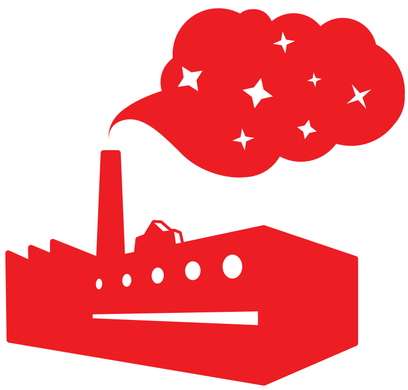
The most realistic route into the boardroom for a digital supplier is to be the prime contractor on all matters digital. This effectively means being "Digital Agency of Record" (DAoR), which in turn requires the agency to offer Digital, Data and Direct, or "Full Service" [1]. LBi is well placed to perform this role for its clients with a deeper credibility in the necessary digital services than many of its competitors.

Service consideration

LBi will focus its full service capabilities in 'hub' markets, which are defined as those where a significant number of international businesses pitch their digital agency briefs and where the local talent pool is deep enough to support a full service digital agency. In these markets, we will deepen the service offering in line with continued growth and demand: the UK must continue to strengthen its expanding social media business and build on the exceptional demand for mobile; the US must capitalise on the significant recent growth in CRM, data and consulting skills; and Germany must continue to build its CRM, data and strategic credentials. Across the board, LBi must continue to invest in emergent technologies and platforms - especially mobile.

In addition to these 'traditional' full service digital skills, if we are to break into the boardroom and cement our position at the top strategic table, we must offer additional services at a scale and calibre not previously available.

We need to strengthen the depth of our business consulting skills so that we can confidently operate at the most senior levels within our clients' businesses. To do this we must prove that we: understand our clients' market and customers; understand their business and requirements; and understand their challenges and the new consumer landscape. All of this on top of our total understanding of all things digital. The key to making this successful is to focus our attention on key vertical sectors and to form cross-border centres of excellence around key topics. These new services need to be supported by strong research and data capabilities to ensure that we are not only aware of all of the latest industry developments but are generating our own point of view around consumer trends - tied to our uniquely digital perspective. What will continue to set us apart is how we scale whilst continuing to blend these skills with our creative planning expertise and delivery capabilities.



[1] *Full service in digital is recognised to include: display media, social media, ePR, SEO, PPC, other media, ecommerce & self-service, branded and campaign experience design, managed services, brand strategy, content services, user research, strategy and planning, CRM, measurement and analytics, multi-channel and emergent platform.*

Geographic consideration

If we look at the geographic spread of our global pitch opportunities, we see that they principally cluster in the UK and US. It is likely that an increasing amount of global business will originate in Asia in the near future but currently this remains a substantial, but local, market.

We need to ensure that we have sufficient market presence as well as our full services spread in these key territories so that we may participate in these global, DAoR pitches and consequently transform the economics of our business. The next largest international hub for us is Germany and we recognise that there is more to come with the full integration of our digital and close working with MetaDesign to redefine the future of digital branding.

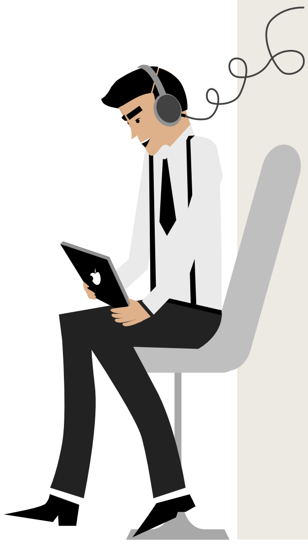
In the UK, we have a very strong offering. With continued investment in new and emerging services, we can secure our position as a lead digital agency. We can then layer on deep sector-specific consulting skills to leverage our position with top tier clients.

Our US operations are growing exponentially. Our primary focus is on expanding fast enough to service the demand whilst maintaining our uniquely integrated, entrepreneurial culture. Our health practice continues to significantly outpace the market growth and we must invest to secure its first rate delivery capability. We are seeing increasing demand from our clients to expand geographically in America, both on the West Coast as well as in southern markets. The US is also showing increasing demand for our data-driven services and we expect to scale these appreciably in 2011.

In Germany, through the innovative combination of our divergent assets, we can position ourselves well in the market. We need to increase the presence of the brand and add to the top tier of the organisation to be able to confidently own the digital strategy within Germany's largest companies.

In Asia, we have a design and technology business in India and a branding agency in Beijing. Increasingly our clients are asking us to help them with their Asian strategy and for that we need a full service presence in the region. To limit exposure to a market that we do not yet fully understand, we intend for this to remain small until market conditions drive its growth.

As well as offering excellence in these hub markets, in order to take a global DAoR position, we need to provide localised delivery in a number of additional markets, which broadly correspond to the world's main industrial and consumer centres. The minimum set of localised services should include: search and media; PR and social media; creative execution; content strategy as well as local market and customer insight. Over and above our current, substantial footprint, we will likely add small, focused offices in specific territories based on targeted client demand. These need to be supported by strong central services, sales support and project management.



LBi Mission, vision, strategy

How to go about it

Pace

LBi will strengthen its service mix in hub markets, develop the additional consulting rigour and ownership of the data to operate comfortably in a client's business and put in place the operational infrastructure, policies and culture necessary to deliver globally.

It is critical that we act pragmatically and prudently - testing the effectiveness of changes before committing the whole business to a course of action. To that end we will use a combination of organic and non-organic methods to create the levers for change and also selectively prototype our sector-specific consulting offering before wider adoption.

Service development

Filling out the service gaps

Further investment in the rapidly expanding services of CRM, social media and research will be focused only in the hub markets where global DAoR mandates originate.

The UK platform is fit for purpose. Therefore demand-led growth can be driven organically through hiring of key staff and investing in the data sources necessary to build out their insight.

Likewise, we have a good infrastructure in Germany with strong local assets. By investing in key hires in Germany and focusing on the successful integration of our business units, we can create an agency capable of taking the lead in the market.

The US is where we will primarily focus, due to the pace of market developments and the quality of the competition. In order to build on the 2010 performance, we must continue to accelerate growth in all areas.

The specific opportunities afforded by CRM in the US and the demands made by clients require that we significantly grow our capabilities - faster than is achievable by purely organic means (which are already underway). We therefore intend to look for a non-organic growth opportunity around which we can build our local practice. We need to continue to build scale around our new senior creative and planning hires and must look for opportunities to market the innovative work that our technology teams are doing.

Strengthening our sector specialist business consulting capability

We are being increasingly invited to own product and service innovation on behalf of our clients, who are looking for us to take the role of their business partner. We therefore need to build out our senior business consulting and strategy capabilities – able to operate at board level, filling the funnel of the rest of the business. This we will do by selecting specific industry verticals and markets starting with pharmaceutical and healthcare in the US. A lift and shift of teams, combined with suitable acquisitions will help us scale rapidly in these key areas. Other obvious candidates include publishing, retail & supply chain and FMCG.

We can also look internally to support this initiative through the creation of cross-border centres of excellence around specific topics such as financial services, mobile and youth marketing.

Building on data and IP

We have invested significantly in the development of our digital dashboard - a window onto the performance of a business - but we need to go still further. As the true effectiveness of our blended approach becomes apparent and the lines between services increasingly blurs, we need to extend our performance and analytical rigour to encompass the whole range of capabilities.

We must also turn this data into actions by integrating the observation with the execution. Investment in extending our IP platform to incorporate our media, social and CRM businesses; as well as developing the additional functionality to draw insight from our research programmes will ensure that we can increasingly harness the empirical advantages of digital in the work that we do for clients.

Geographic expansion

Organically servicing global client needs in Asia

We have strong bases in Mumbai, UAE and Beijing. However, whilst these are becoming increasingly successful at servicing local clients, we must continue to adapt to the demands of servicing global DAoR needs. This is not about offshoring - it is about local market expertise in an increasingly significant global economy. It is important, therefore, that we develop a selective investment and partnership strategy in the region.

Any non-organic discussions that we participate in will be on the basis of profitable businesses with established blue-chip client relationships at the right level.

Through a combination of organic and non-organic growth, LBi will focus on demand-led growth – particularly in the US – building on CRM and data skills and further developing sector specialisms, starting in pharma. Organic growth of the foundations in the UK and Germany will secure strong hubs from which international business can be sourced. A strong business intelligence infrastructure based on our data and IP platform and a truly global incentive model for senior management will help secure our position as the strategic partner for global brands.

Alan Davies
Chief Strategy Officer

LBi Services

In this always-on, hyper-connected digital world in which we live, the relationship between people and brands is constantly changing. As a result today's businesses need a special kind of agency partner to help them thrive.
One that has the strategic, creative, media and technology credentials to make brands desirable wherever, whenever and however people choose to engage with them.

That's why LBi exists. We help businesses decide what's next ... and then we take them there.

We're experts at navigating the digital landscape to help companies of all shapes and sizes - from famous global brands to disruptive start-ups - add value, richness and fun to people's lives in a way that makes them irresistible.
Doing all this stuff is difficult and it takes a special culture and skillset to get it right. We call it blending and it's central to everything we do. We believe were better than anyone else at blending best-in-class strategy, creativity and technology across a range of channels including social media, mobile, CRM, content, search and experience architecture. Our blended teams of digital experts give us a unique ability to define, create, distribute and measure the services, content, and communications we create for our clients. With more than 1,750 people in 29 offices around the world we work hard to foster a culture that respects a huge range of perspectives and possibilities, where great ideas can come from anywhere ... And luckily for our clients they often do!

CUSTOMER ACQUISITION

Display media

Our team of media planners and buyers secure digital advertising for some of the worlds leading brands in retail, travel and luxury. And because we charge a fee rather than taking a percentage of spend, we can properly advise our clients on the best way to prioritise their online marketing budgets.

Social media and online public relations

One of the fastest growing services within LBi. If display advertising and paid search (PPC) are 'bought' media, social and online public relations (oPR) are all about 'earned' media. We help clients create and distribute fantastic content into the social web and show them how to participate in the conversations that their customers are having about brands, products and services.

Search engine optimisation (SEO) and paid search (PPC)

With the combination of LBi and bigmouth-media in 2010, we have created one of the world's largest specialist groups in search marketing. By blending these skills with our creative, technical and analytical strengths, we can, hand on heart, say that we have the most accomplished offering in the market - ready to take our clients forward into the next evolution of search.

Brand and campaign experience design

Campaigns are broadening; channels boundaries are blurring. Our teams of creative strategists, planners and designers are constantly coming up with award-winning ideas to engage with customers. Blending these with our strengths in media and technology mean that we can link ideas to execution and harness the full power of digital for our clients' campaigns.

CUSTOMER ENGAGEMENT

Brand and content strategy

Brand is increasingly what you do and not just what you say. The experiences of services, which are becoming increasingly digital, are shaping the view that customers have of a brand. We understand the link and we have combined LBi's digital mastery with one of the world's leading corporate branding consultants - MetaDesign- to help our clients build and realise their brands through action and interaction.

Research and planning

Underpinning all great work is an insightful understanding of the target consumer. As the pace of development increases, testing with customer champions and representatives give brands the opportunity to refine their online products and services in real time. Our team of dedicated specialists understand the psychology of design and interaction.

e-commerce and self-service website build

With our heritage in transactional design, information architecture and technical deployment, we offer one of the most robust design and build capabilities in the market. We work with airlines, banks, governments and, of course, retailers to ensure that the digital channel delivers on the brand and service expectations of customers.

Innovation and emergent platform consulting

We have a long history of using technology in innovative ways to engage customers. Whether it's delivered through a browser, a mobile device, on the web, in applications or rendered in a physical environment, we are constantly seeking for innovative ways to challenge and delight.

Managed services

Seen as hygiene by many but understood as critical by us. Performance, maintenance and support of digital services, both on PC and increasingly on mobile must be faultless. That's why we've built a dedicated team of experts who can advise and deliver on everything from gateways to clouds.

Customer relationship management (CRM)

eCRM used to mean little more than emails but advances in technology such as dynamically generated websites, coupled with real-time data have changed that. As brands seek to get closer to their customers, eCRM has been pushed higher up the agenda. A fast growing capability for LBi, we already provide strategic and operational support for many leading global brands.

Spotlight Media

2010 was a crucial year in the evolution of media, with the continuing growth of social media platforms and the progression in mobile playing pivotal roles in the sector. The significant rise in social media engagement, together with developments in user behaviour, has blurred the boundaries between PR, marketing and customer care. In response to these changes the way clients buy media is evolving and the demand is gearing towards blended, cross channel media management. Our media teams across the globe have had to meet these challenges head on to maintain market leadership and deliver exceptional results for clients at a time of continued economic change.

The merger between LBi and bigmouthmedia in July of 2010 was born in response to this market demand for fully blended creative, media and technology solutions, delivered across multiple platforms and operated throughout the target global markets.

The LBi/bigmouthmedia media services offering including search, affiliates, display marketing and social media has gone from strength to strength over the course of 2010, with a strong increase in cross channel buying from our client base. Major integrated, blended service wins, such as Play.com, confused.com and N Power are further proof of the evolving media landscape.

Illustrating its continued and fundamental role within the sector, our social media service offering has continued to flourish throughout 2010, with marked expansion in particular in the UK, USA and notably in Germany.

The connection between search and social media has been consistently strengthened over the course of 2010, in particular with Google's public statement regarding the full integration of social media results within the Search Engine Results Pages (SERP's). The consequent client demand to ensure fully integrated search and social media strategies is becoming common place throughout the global markets. In response to this we have evolved our global SEO offering to reflect these changes and have been aligning our search and social teams to work jointly on strategies.

In the continued effort to inform major blue chip brands, clients and the market in general about the need for an integrated search and social media engagement, LBi hosted a number of well-attended events across the regions throughout the course of 2010. Demonstrating the potential commercial benefits of a fully integrated service, each event was well received and supported our efforts to expand our blended service offering to existing and new clients.

We also continue to see a strong demand for cross border media campaigns with 2010 bringing a significant growth in key global accounts such as British Airways, Skype and Starwood. Global firms now demand an international media strategy which not only reflects their status as global operations, but which also remains effective in communicating with local audiences. Multi lingual campaigns delivered across multiple platforms is becoming increasingly common for our client base. Belron, for whom we run search globally across 42 countries, is a great example of the trend towards centralised buying and account directorship with localised servicing.

In support of the continued expansion of the business much of the second half of the year was dedicated to the successful integration of media teams across Europe and the US to ensure a robust scalable organisation structure. Our media teams have been reorganised into a more client centric portfolio structure which allows us to blend media more effectively with the wider business. Most importantly, this restructuring has allowed us to be more strategic with clients and this has undoubtedly had a direct impact on the growth of top 20 media clients.

The advancement of the LBi and bigmouthmedia technology innovation offering has also been a key focus of the past year, with bigmouthmedia's raft of media tools now directly linking into the LBi Dashboard. The technical services teams offer clients a full range of optimisation and monitoring solutions to deliver the most effective and versatile search and display advertising campaigns on the market. We continue to see analytical data underpinning client decisions, and in response have invested in developing our data and analytics capabilities, both from a technology and expert perspective.

2010 was a year of transformative change for our media business, juggling not only the significant market changes but also the integration of the two businesses. The rate at which media has been blended into LBi client relationships is testament to the success of the merger. We are now seeing a very strong pipeline of blended Agency of Record opportunities right across the globe and expect that 2011 will bring further growth and opportunity for media within our clients.

Lyndsay Menzies
Chief Media Officer

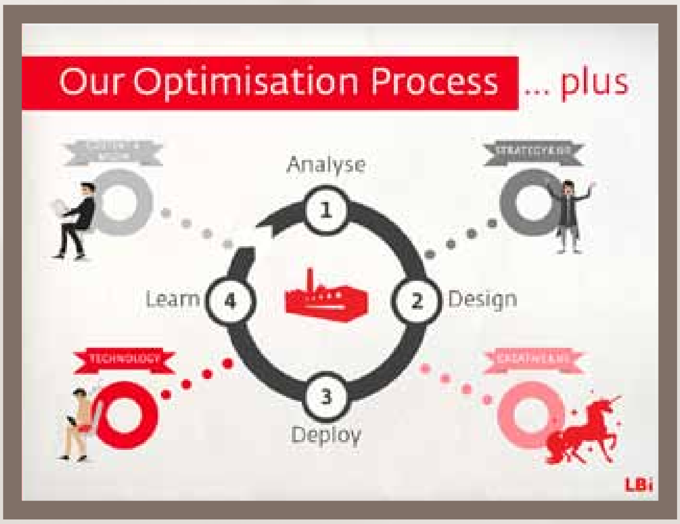
Spotlight Analytics

After some rapid growth of the Analytics proposition in 2009 to establish itself as a significant and valuable offering to LBi's clients, the goal of 2010 was to continue to grow the specialism, whilst integrating it with LBi's other services so that all projects that we do for our clients are insight-led.

Clients today have more data available to them than ever before. They are also dedicating increasing amounts of resources to data and analysis. The challenges, however, of turning this data into insight and actions - that move the needle for their business performance - still exist, and if anything, are increasing in proportion to the volume of data. Our responses to this has been to focus our Analytics services on delivering actionable insights, and working with the rest of the agency to help deliver the improvements to our clients.

Demand for this actionable intelligence - coupled with the delivery component of the agency that sees this intelligence through to results - continued to grow throughout 2010. The Analytics team in London alone grew from 5 to over 20 dedicated analysts as we provided services for over 50 clients, including all our top 20. The extent to which this insight service is key to our client engagements is reflected by over two thirds of this work being retained.

2010 also saw the first online optimisations - combining our analytical and creative disciplines - being made for our clients through the use of AB and multi-variate testing. This new optimisation service allows us to continually improve the performance of all the work we do for our clients, and can only be delivered effectively through the collaboration of insight and creative expertise uniquely offered by LBi. Over the course of the year there were many successful optimisation projects completed, including work with Disney, BT, M&S and Barratt Homes, all delivering double-digit improvements in performance.



Throughout the year we have also seen an increased focus on mobile and multichannel analysis. As consumers' digital experiences continue to develop beyond the traditional web, so too have our analytics services grown into these new areas. In the mobile space we have worked with our technology experts to develop bespoke measurement solutions for our clients' mobile websites and apps giving us valuable understanding of how consumers are using and interacting with this new channel so that the solutions we build are as relevant and as engaging as possible. Furthermore, we have performed a number of multi-channel measurement firsts, such as utilising information gathered from proximity sensors in the in-store kiosks used by M&S to identify individual user activity on these devices, and analysing this data in combination with site and mobile user activity to improve the in-store digital experience.

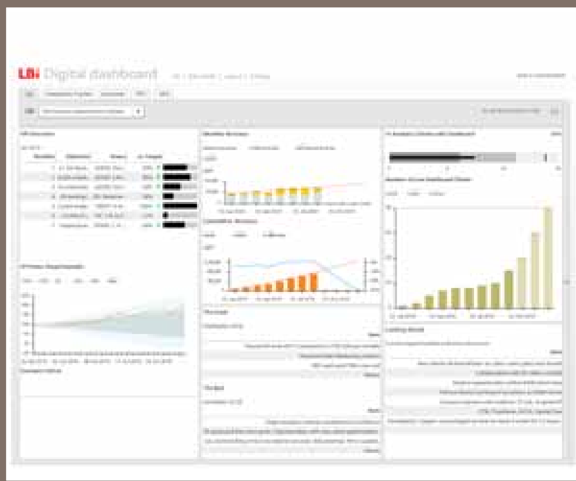
As the strength of the London-based Analytics team grew, and the analytical work increasingly extended to international clients, we were in a position to capitalise on the best practice developments and build out local expertise in our other key markets. A number of new analytical hires were made in America, Belgium, Netherlands, Italy and Sweden to support the growing international demand.

These new teams, in conjunction with our London resource, were active in several of our largest international engagements, including Lavazza, Johnson & Johnson, Bristol-Myers Squibb, Volvo, The European Space Agency and IKEA.

In 2011 we look forward to extending our capability in the mobile and multi-channel optimisation arena, as well as developing the scale in our key international markets. In addition, we look to build on the successful developments in the LBi Dashboard to provide an Actionable Intelligence platform for our clients.

Already the LBi Dashboard has proven to enable our analytics team to focus on delivering insights by streamlining the data processing and day-to-day reporting activities that are typically time-consuming, as well as providing real-time performance monitoring that provide regular triggers for analysing areas of our clients' businesses that automatically get identified as underperforming.

John Wyllie
Head of Analytics



Spotlight CRM

2010 saw continued, rapid growth of our CRM capability globally: trebling the team, developing our IP and working with new clients such as Invesco Perpetual, Royal Bank of Scotland, Lloyds Banking Group, Bristol Meyers Squibb, Johnson & Johnson, Zwitsal, Coca Cola, William Grant & Sons, SABMiller and Aldar Properties.

As we moved from recession to recovery, CRM remained a focus area for many of our clients. Typical business challenges and briefs included developing customer retention and engagement strategies, optimising existing lifecycle programmes, creating loyalty programmes (brand loyalty vs. reward point schemes) and deploying social CRM programmes focused on building and mobilising brand advocates.

The hype around social CRM in 2010 has been validated by Gartner's prediction that spending on social software to support CRM processes (including sales, marketing and customer service) will exceed $1 billion worldwide by 2013. From our perspective, CRM isn't really CRM if it doesn't integrate social into the channel mix as it represents a significant opportunity for brands to engage in true dialogue with their customers (the holy grail of CRM).

Integration has been at the heart of all our CRM engagements: in how we work with our clients (bringing together their marketing, sales and customer service teams); how we work with our colleagues (blending our CRM, creative, user experience, research, planning, analytics, social, content and technology skills); and the work we deliver for our clients (comprehensive, multi-channel touch point strategies).

These touch point strategy maps form part of a suite of CRM strategic planning tools we have developed to support increasingly advanced client requirements and keep pace with the changing nature of the social CRM space. These tools help deliver synergies for our global and multi-market clients as we implement CRM strategy locally.

Another observation we responded to was a renewed focus on customer service: from strengthening self-service strategies, to optimising operational efficiencies to building and aligning social customer service capabilities. Similarly, clients that have been piloting mobile marketing and CRM activities are now seeking to integrate these fully into their CRM programmes.

2011 is set to be another year of significant growth: driven by increasing client demand across key markets (fuelled by clients integrating their digital and CRM teams) and continuing investment in social CRM strategies and technologies. Extending our alliances with selected partners and deepening relations with industry associations will bring about additional opportunities for growth.

Pipa Unsworth
Global Head of CRM

Global coverage

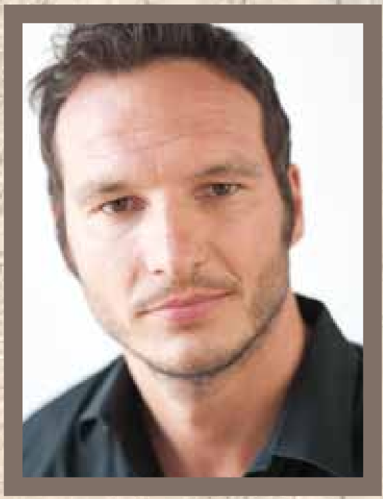
LBi has global operations with 29 offices in 15 countries and employs approximately 1,750 professionals.

LBi Atlanta


MetaDesign Berlin

LBi Employees

Insight, creativity and expertise



Jonathan Isaac
Global Head of Planning, LBi USA

A year in and LBi is exactly the energising career change I was looking for. It's more gutsy, more inspirational and more fun than any agency I've ever worked at.
Our clients like us because we do what we say we will and we do it well.

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	561
Technology	412
Managed services	83
Experienced architecture	26
Client services	93
Strategic & Planning	28
Media	167
Project management	83
Support service & Mgmt	19
Sales	85
Administration	212
Total employees end of period	**1,769**

Gareth Jones
Brand Engagement Director, LBi UK

You can feel the buzz being generated by LBi a mile off. From the outside looking in, it seems like a fun, creative, challenging, inspiring place to be: that's why I joined! Now I'm here, turns out it's all those things and loads more.

Rico Zocher
Client Partner, MetaDesign Germany

One tree does not make a forest ...

As the real world and the virtual world begin to merge, the strong collaboration between LBi and MetaDesign in Germany will continue to be the foundation of our future success with clients from many different markets and industries.

Femke Schavemaker
Executive Creative Director, LBi Lost Boys the Netherlands

A boomerang, they call someone like me, re-joining the agency after some time. I would prefer to call myself an astronaut, continually exploring the unexplored.

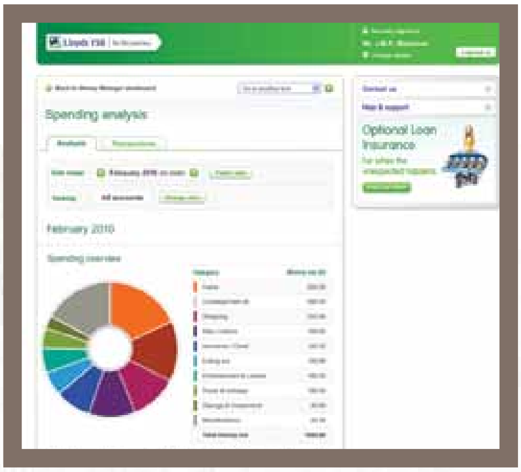
Introduction to case studies

At LBi we focus relentlessly on blending the right talents to partner with clients on their digital journey. This notion of a creative and technology partner appeals to clients at the pitch stage and helps bind them to us as the relationship matures.

Taking a step back from the day to day of pitch wins, award submissions and industry conferences, it's gratifying to reflect on how far we've come on our journey with some of our key clients. The cases we present here all represent the efforts of a huge range of LBi talents from strategists to creatives, technologists, account handlers and project managers. Whilst our approach is necessarily different for each client what unifies these cases is the hunger of LBi teams to innovate, ensuring our clients become leaders differentiating their services through the creative application of digital thinking.

Chris Clarke
Chief Creative Officer

Lloyds TSB



From digital best practice to business innovation

In the two and a half years since we won the highly contested Lloyds TSB business, we have become the bank's partner for digital transformation. A blended LBi team of business consultants, data analysts, account planners, creatives, designers, user experience experts and technologists has delivered a highly differentiated online customer experience to 4.5 million customers logging in 1 billion times per year.

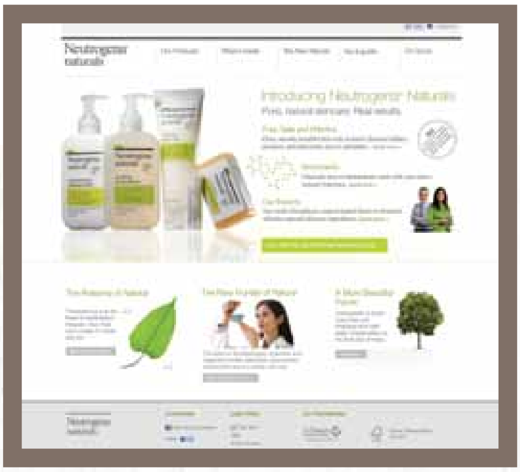
It's the first time an internet bank has been designed for purpose with such rigorous attention to customer needs and the impact of this can be seen in the 23% sales uplift our client has enjoyed.

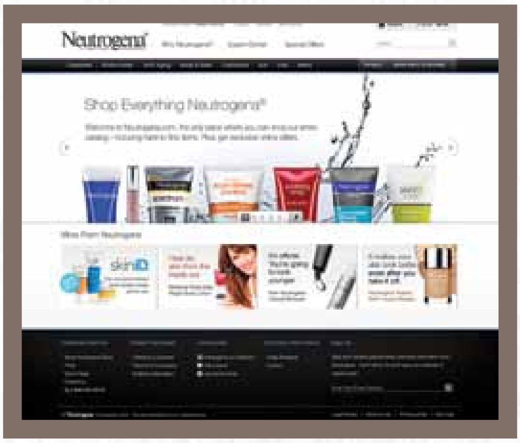
When Lloyds TSB came to us, they had just launched the now famous For the Journey ad campaign. Our job has been to deliver the promise of For the Journey, through applications, tools and content which genuinely help the bank's customers with their personal journeys, whether that's the journey to marriage, setting up a business, a child's departure for University or just to the end of the month.

The team is now engaged in future proofing the Lloyds TSB business through multichannel innovation and service design, imagining the future of internet banking and bringing it to life for customers. As an anchor sponsor of the 2012 Olympics the bank has also engaged us to activate that sponsorship for consumers, through digital content and tools. Having done a full content audit of the Lloyds TSB online presence, we now deliver regular branded content updates in the Advice and Guidance section, helping the bank engage its customers with the most emotionally engaging medium of all; video.

With an eye to the future, Lloyds TSB has asked extended our remit across all its brands including Scottish Widows and Halifax. In 2011 we'll be delivering the first mobile platform for the bank and our Innovation Zone will be busy with the rapid prototyping of new concepts ready to be added to the development roadmap. This has truly put LBi in the position of being catalyst and creator of state of the art customer experience for the UKs biggest bank. As we move into next year, our client is asking us what's next for their retail environments and ATMs. We're looking forward to answering that question.

Johnson & Johnson





Journey to Digital Dynamism

Since we first started working with Johnson & Johnson two years ago, the global pharmaceutical, medical devices and consumer packaged goods manufacturer has been on an amazing journey. A blended team of LBi planners, creatives, user-experience experts and technologists has helped Johnson & Johnson take huge strides along the path to digital dynamism, ensuring that online innovation is embedded into the company's DNA along the way.

When Johnson & Johnson first came to us, it was with the challenge of bringing its much-loved brands to life in the digital space. Unlike many of its rivals, Johnson & Johnson realised early on the potential of using digital channels to help elevate its brands and create a unique relationship with its customers.

Initially our job was to further develop the company's digital odyssey with the re-launch of K-Y's online presence, but we soon expanded our remit, with Neutrogena naming us their digital agency of record in the US. Other brands quickly followed suit, and we are now the preferred digital partner for Rogaine, Visine, Carefree, Stayfree and o.b.

With these foundations in place, and backed by a robust digital strategy, we've also helped Johnson & Johnson reach out to new audiences by expanding beyond branded online destinations.

Our work for Johnson & Johnson now includes much more than websites. We currently handle digital advertising, social media strategy and CRM programmes for the company - amongst other things.

We assumed responsibility for K'Y's Facebook page in the run-up to Valentine's Day, and saw its Facebook fan base grow from 30,000 likes to 125,000 likes in under a month. Similarly, an innovative email campaign for Stayfree helped boost traffic to the site by 78% in a single day. These are just two examples of how our work is driving real business results for Johnson & Johnson, while our Dashboard makes a compelling business case for digital investment on an on-going basis.

Thanks to results like these, our relationship with Johnson & Johnson continues to evolve. We're now constantly engaged in helping the company imagine what's next for its brands in the digital space.

As Johnson & Johnson's confidence as a digital pioneer continues to grow, so too does our role in helping one of the world's biggest and most respected companies transform its business and better connect with its customers.

BT

Defining What's Next for over 10 years

BT has been a flagship client of LBi for over 10 years. Our initial engagement was on the re-design of bt.com back in 2001, at the point where BT's digital presence was little more than interactive brochure-ware. As online communications and customer service have become more important for BT we have become their long-term partner for digital innovation. Working across business and consumer propositions, we are helping our client transform from ex-nationalised teleco to a modern digital business delivering the future of communications and media to Britain.

2008 marked an acceleration of the relationship with our appointment as agency of record for all digital communications across the business. In order to deliver on some challenging business requirements, we developed a new way of working, with our clients sitting alongside our blended teams at Brick Lane. This approach has allowed us to transform the BT online platform iteratively, in regular "agile" updates.

By putting the BT customer at the heart of our design process we've revolutionized the digital experience, a fact born out in the 54% sales uplift BT has enjoyed as a result of our work. We've also demonstrated ROI from £17 - £50 per £1 spent on marketing, well out-performing all other communications activities for the brand.

In addition to improving performance, we have supported BT on new product launches such as the Infinity superfast broadband service, including video and offline integration. We've also created a new branded utility for BT's small business customers. Called Tradespace, the platform delivers BTs promise of "Bringing it All Together" helping entrepreneurs benefit from online trading and marketing whilst networking with each other. In early 2010 we launched the service with our Get Noticed campaign, featuring the very customers we'd created the service for.

Our story continues with content strategy for BT Vision, the TV and entertainment service, and the launch of the Sky Sports channel on BT Vision. In 2011, we've already created digital strategies for BT Business, to deliver greater personalisation and position them as the leading integrated communications and IT services provider for UK businesses. And for BT Global Services, we are creating a next generation customer service portal, This will offer BT's customers tools and applications to support the needs of today's globally networked businesses.

With LBi now embedded across BT the relationship continues to deepen. On-going work includes social media, CRM programmes, online service innovation and LBi creatives imagining the future of BTs phone box real estate. When BT wants to know what's next, they ask LBi.

British Airways

Adding Innovation to Excellent Results on a Global Scale

When bigmouthmedia first started working with British Airways in 2004, they were lagging the competition, particularly travel agents, in the competitive world of search marketing. Having been engaged on PPC and SEO for the UK market only, we are now the airline's strategic partner for SEO, PPC and partnerships globally with consolidated insight and reporting made available to BA through our online dashboard. BA continues to enjoy an ROI of over 80:1 for the work we do for them and enjoys number one search engine listings for highly competitive terms such as 'flights to New York, London and Florida'.

Central to our approach is restless innovation and content creation, ensuring BA is seen by Google as the authority on its key commercial routes especially the brutally competitive New York route. Our experts have increased BA's number one listing in major search engines by 800% including the contested flights to New York and flights to London terms. As the airline's long term partner we are responsible for over GBP 250 million of revenue from PPC alone and have increased paid search revenue by 350%.

The blend of search marketing expertise and technology skills at bigmouthmedia has delivered real business innovation to BA. We've been able to link external factors like seat availability, margin, route competition and SEO ranking into the bid management process for PPC. We've also provided crisis support for the airline during the toughest year in its history, helping them steer a course through ash clouds and strikes to emerge again in late 2010 as profitable and strong as ever.

As we move into 2011, bigmouthmedia experts will be sitting alongside their clients at BA HQ, helping the airline determine What's Next in the commercially crucial world of search marketing and social media.

PUMA

Love = Football

PUMA has always celebrated football in a way that elevates the sport to a level of raw human emotion, but the iconic brand wanted to take things a step further to mark its involvement in the 2010 FIFA World Cup in South Africa. So we looked to soccer legend Pele to provide the inspiration for a groundbreaking campaign paying homage to the beating heart of football.

A PUMA player for most of his active career, Pele's last three words as a professional footballer captured the spirit of his approach to the game. In 1971 in front of 75,000 fans in New York he delivered the message "Love, Love, Love" - and then walked off the pitch for the final time to a standing ovation. Pele's example of pure love for football provided the motivation behind PUMA's LOVE = FOOTBALL campaign.

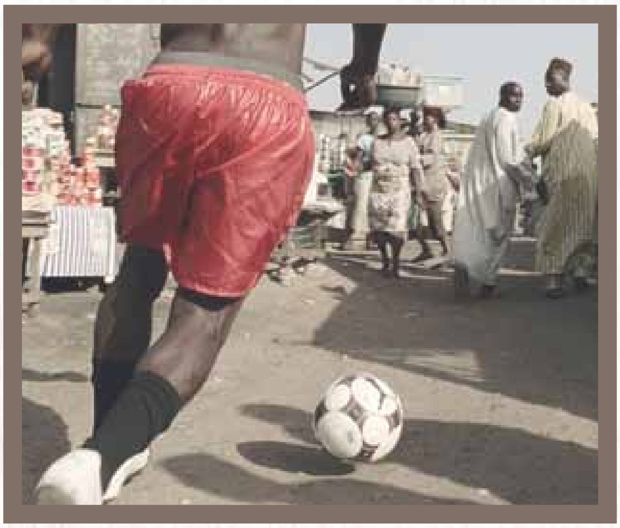
As possibly the world's first wordless tagline, LOVE = FOOTBALL transcends language and cultural barriers and allows Puma to speak to a global audience with a single, powerful voice.

Working in partnership with PUMA, we crafted a simple and poignant campaign to bring LOVE = FOOTBALL to life in a way that puts the fans at the heart of the worldwide phenomenon that is the World Cup.

We spent much of 2011 in Africa, getting to know the players, the cultures, and connecting with the people behind the great game. From this experience everything for the LOVE = FOOTBALL campaign came together naturally.

The TV spot 'Journey of Football' lies at the centre of the campaign and celebrates the game's African roots. Shot on location in Angola, Ghana and The Ivory Coast, it takes the viewer on a journey through Africa via a collection of true football moments.
To ensure LOVE = FOOTBALL became engrained in World Cup culture we also created everything from print ads and viral videos to billboards, stickers and in-store collateral for use in local markets around the world.
The results are compelling. In a year when all eyes were on the World Cup and South Africa we found an organic way to touch lives in only the way PUMA can; by staying true to the very nature of the sport, the host country, and the overall goal of the World Cup - love.

LOVE = FOOTBALL has spread throughout the world touching virtually every continent with its message while still being adapted locally to create unique executions. The TV spot continues to live on YouTube where it has garnered over a million views and counting. The tagline has transcended the campaign and has been adopted by other TEAMSPORT categories. It will continue as the PUMA brand identity further into 2011.



The Anne Frank House

Discover Anne Frank's hiding place

LBi Lost Boys and the Anne Frank House
The Anne Frank House and LBi Lost Boys have a long-standing relationship. LBi Lost Boys developed the first website for the Anne Frank House in 1997. This site was completely renewed in 2004. Since then online developments have been embraced by the Anne Frank House as a way of reaching a worldwide public.

The Anne Frank House is an independent organisation entrusted with the care of the Secret Annex, the place where Anne Frank went into hiding during World War II and where she wrote her diary. Its main aims are to administer the Anne Frank House museum and to bring Anne Frank's story to the attention of people all over the world to encourage them to reflect on the dangers of anti-Semitism, racism and discrimination, and the importance of freedom, equal rights and democracy.

The Secret Annex Online

In 2010 the Anne Frank House celebrated its 50th anniversary as a museum. A totally redesigned website was launched; including a new portal, The Secret Annex Online and the Anne Frank Timeline. Online social media sites such as Facebook and YouTube have also been integrated into the website, enabling the Anne Frank House to reach an even more diverse audience worldwide. At its launch in April 2010, the Secret Annex Online received immediate and substantial attention from national and international media. Since its launch over 800,000 people have visited the website.
On average visitors spend around 17 minutes on the site. The Secret Annex Online has been awarded several times, amongst others with The Adobe Max Award 2010 and a Webby Award in April 2011. Ita Amahorseija, ICT Program Manager at the Anne Frank House: "It is fantastic to receive a Webby Award for the Secret Annex Online. To win the prize for 'Best Cultural Institutions' on the day that the Anne Frank House celebrates its 51st year as a museum makes it extra special. This unique jury prize and the fact that visitors stay on the site for a long time shows that together with LBi Lost Boys we have succeeded in keeping Anne Frank's memory alive in a unique way.
We consider this the pinnacle of our online work."

In progress: Anne Frank's Amsterdam

Preparations are now in progress for a mobile application to be used in conjunction with the new online exhibition "Anne Frank's Amsterdam". Once again LBi Lost Boys and the Anne Frank House are working in close cooperation to reach more audiences, this time using a mobile platform.

Organisation

Management structure

The Company has a two-tier board structure, consisting of a Management Board (Raad van Bestuur) and a Supervisory Board (Raad van Commissarissen). The roles and responsibilities of these boards and their members are described in section Corporate Governance on page 044. Prior to the Merger corporate governance was based on Swedish legislation and LBi AB had a different management structure consisting of a board of directors and executive management.

Further information regarding the Organisation can be found in section Corporate Governance starting on page 044.

Management Board

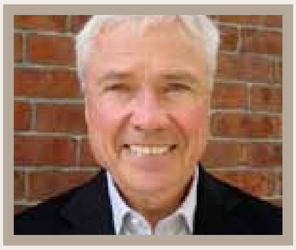
Luke Taylor
Chief Executive Officer of LBi since January 2008, previously CEO of LBi UK. Luke founded Oyster Partners in 1995 as an independent full-service interactive agency. Oyster grew rapidly to become the largest full-service digital agency in the UK. Following the sale of Oyster to Framfab and the subsequent merger of Framfab and LB Icon (previously Icon Medialab) a new entity was created which is now called LBi International N.V. *Born:* 1968.
Nationality: British. *Education:* Degree in English Literature 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. Board member of EPiServer Group AB.
LBi shares: 743,667. *LBi stock options/awards:* 4,055,000.

Huub Wezenberg
Chief Financial Officer of LBi 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 N.V. since February 2001).
Born: 1965. *Nationality:* Dutch. *Education:* Graduate in Business Administration and post doc Accountancy at Vrije Universiteit Amsterdam (the Netherlands).
Previous positions: Chief accountant and Head of Internal Audit at the Amsterdam police force (Regiopolitie Amsterdam-Amstelland) and six years at Paardekooper & Hoffman registered accountants (now Mazars). *LBi shares:* 171,666. *LBi stock options/awards:* 1,034,000.

Supervisory Board

Fred Mulder

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). Mr. Mulder has over 40 years of professional experience as executive, co-founder and non-executive in the IT/Media, telecom and automotive sectors. *Born:* 1941. *Nationality:* Dutch. *Education:* MBA, Harvard Business School (USA). *Other assignments:* Chairman of the Board of NEThave N.V. (the Netherlands) and Lithium Technology Corporation (Plymouth Meeting, PA, USA); Board member of W.P. Stewart & Co., Ltd. (New York, USA) and Duos Technology (Florida, USA); Chairman Investment Advisory Committee in Greenfield Capital Partners N.V. (the Netherlands); Board member of Orange India Holdings Sarl (Luxembourg). *Previous positions:* Chairman of the Board of Greenfield Capital Partners N.V. (the Netherlands); Executive Board member of Pon Holdings B.V. (the Netherlands); President Transmark Holding B.V. (the Netherlands); Director International Marketing of Xerox Corporation and Managing Director Rank Xerox Netherlands. *LBi shares:* 349,417. *LBi stock options/awards:* 640,000.



George William Fink

Member of the Board since May 2009. Mr. Fink has a strong operational and financial background with expertise in technology, multi-outlet rental, retail operations and professional services. *Born:* 1947. *Nationality:* United States of America. *Education:* Northland College, (B.S. USA), Accounting 1969 Harvard, Advanced Management Program for Arthur Young Partners (USA). *Other assignments:* Board member of MIRUS Information Technology Services Inc. (USA). *Previous positions:* President and COO of Tele Atlas N.V. (Boston, USA and Amsterdam, the Netherlands); Co-Founder/Chairman/President and CEO of MIRUS Information Technology Services, Inc. (Houston, USA); Vice Chairman and President (International) of Metamor Worldwide, President Comsys IT Services (Houston, USA); Remco America and Rent-A-Center, subsidiaries of Thorn EMI, Plc; Partner at Ernst & Young (New York, NY, Providence, RI and Houston, USA); Director Entrepreneurial Service Group; Staff Account & Assistant Controller at Steelmet, Inc. (Pittsburgh, USA). *LBi shares:* 0. *LBi stock options/awards:* 480,000.

Nazo Moosa

Member of the Board since April 2010. Nazo Moosa is director of The Carlyle Group. *Born:* 1970. *Nationality:* British. *Education:* Bachelor's Degree in International Economics UCLA (USA) and MBA Columbia University (USA). *Previous positions:* Board member of Transics International N.V. (Belgium); Board member of Tidefleet /Oceanbird (ACIS) (UK) and Board member of bigmouthmedia (UK). *LBi shares:* 0. *LBi stock options/awards:* 160,000.

Joost Tjaden

Member of the Board since February 2010. *Born:* 1949. *Nationality:* Dutch. *Education:* MBA, Interfaculty for Business Management Delft University (the Netherlands). *Other assignments:* Chairman of the Supervisory Board of Wave International (the Netherlands). Member of the Supervisory Board of M&R de Monchy, Egeria Investments B.V. and De Hoornsche Broeder B.V. (the Netherlands). *Previous positions:* Managing Director of Janivo Holding B.V. (the Netherlands); Member Management Board Oranje Nassau Groep B.V. (the Netherlands); President & CEO of TBM Associates Inc. (USA). *LBi shares:* 0. *LBi stock options/awards:* 160,000.

John Farrell

Member of the Board since July 2010. *Born:* 1957. *Nationality:* British. *Education:* Business Studies Nottingham Trent University (UK). John has received numerous industry awards and is a member of various industry bodies on both sides of the Atlantic. He is a member of various industry bodies on both sides of the Atlantic. *Other assignments:* Non-executive director and Board member of Huntsworth plc (UK), Albemarle and Bond plc (UK) and DWA Media (Singapore); Member of the board of governors at Nottingham Trent University (UK); Consultant to various companies including the European golf tour, Saatchi and Saatchi, Acceleration Ltd (South Africa), Voiamo (UK), Albion Brand Communications Ltd (UK) and RnR World. *Previous positions:* President and CEO of Specialised Agencies and Marketing Services Worldwide (SAMS) of Publicis Groupe (France), D'Arcy Masius Benton & Bowles (USA) and of IMP International. *LBi shares:* 0. *LBi stock options/awards:* 480,000.

Senior Management

Alan Davies
Chief Strategy Officer of LBi since 2009. Alan has worked for LBi for 10 years and has worked with most of LBi's most significant clients.
Born: 1975. *Nationality:* British. *Education:* B.Sc. and M.Sc. in Physics from Durham University (UK) and studied business, manufacturing and management as a postgraduate at Cambridge University (UK).
Previous positions: Over 10 years' 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 stock options/awards:* 872,500.

Chris Clarke
Chief Creative Officer of LBi since 2008. Chris is an award winning creative who has been at the forefront of the digital industry since the late 90s.
Born: 1975. *Nationality:* British. *Education:* 1st class honours degree from Leicester University (UK).
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, Cannes Lions & Effie and Festival of Media. *LBi shares:* 0. *LBi stock options/awards:* 907,000.

Ewen Sturgeon
Chief Executive Officer LBi EMEA since 2008. Previously CEO and 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. *Nationality:* British. *Education:* Degree in Business from Middlesex University (UK). *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 world's leading providers of information, training and events to digital marketing professionals. *LBi shares:* 666,667. *LBi stock options/awards:* 2,554,000

Lyndsay Menzies
Chief Executive Officer of bigmouthmedia and Chief Media Officer of LBi International N.V. Lyndsay stepped into her new dual role after the Merger between BMM and LBi, taking top-level control for the media business across the LBi group (including all of bigmouthmedia's operations). Her previous post as COO of bigmouthmedia saw her drive the Company's continued integration and the ongoing expansion of global operations during two very successful years. *Born:* 1976. *Nationality:* British. *Education:* B.Sc Hons Chemistry, Edinburgh University (UK). *Previous positions:* Until 2008 Lyndsay served as Managing Director of bigmouthmedia UK, during which time she drove four consecutive years of exponential growth and saw the Company named Britain's fifth most rapidly growing firm in Deloitte's Fast 50 Awards. Before taking up the role in 2004 she was the agency's Operations Director, having joined in 1998. Prior to joining bigmouthmedia Lyndsay Menzies worked at Shell Exploration and Production. *LBi shares:* 1,398,648. *LBi stock options/awards:* 700,000.

Thomas Elkan Boisen
Chief Operating Officer of LBi since 2009. Previously CFO of LBi UK following the merger of LB Icon and Framfab. Thomas has worked for LBi for nearly 11 years. *Born:* 1969. *Nationality:* Danish. *Education:* M.Sc. in Corporate Finance from Copenhagen Business School (Denmark).
Previous positions: Prior to joining LBi Thomas worked for FLSmiljø and Budget Rent a Car Denmark. *LBi shares:* 1,176. *LBi stock options/awards:* 970,000.

The LBi share

LBi International N.V. (the"Company", "LBi") is listed on NYSE Euronext Amsterdam by NYSE Euronext ("NYSE Euronext Amsterdam") as of 5 August 2010. On 29 July 2010 the cross-border merger pursuant to which LBI International AB, a public company with limited liability in Sweden ("LBi AB") was the disappearing company and Obtineo Netherlands Holding N.V. (consisting of search engine specialist bigmouthmedia GmbH and EUR 40 million in cash) ("Obtineo") was the acquiring company, became effective forming a new company operating under the name LBi International N.V. ("the Merger"). Effectively LBI International AB merged with bigmouthmedia GmbH ("BMM") forming LBi International N.V. Prior to the Merger LBi AB had a primary listing on Nasdaq OMX Nordic Exchange Stockholm ("Nasdaq OMX Stockholm") and a secondary listing at NYSE Euronext Amsterdam. LBi AB was delisted on 27 July 2010.

Share capital and number of Shares outstanding

The total number of ordinary shares outstanding in the capital of LBi (the"Shares") was 149,766,922 as of 31 December 2010 (including 8,610,316 Shares issued at the end of September to the trustee of the trust company LBi Employee Benefit Trust in connection with the granting of initial awards under the equity incentive plan of LBi). In addition LBi has one share A and one share B in issue; the total share capital amounts to 149,766,924 shares. 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. Each Share has a nominal value of EUR 0.25. The total share capital was EUR 37,441,731 (149,766,924 shares x EUR 0.25) at the time of the release of this annual report, 14 April 2011, the total number of Shares outstanding was 149,826,924. At year-end LBi's market capitalisation was EUR 226 million.

Earnings per share were EUR -0.05 (SEK -11.07). Following the proposed result appropriation of the Management Board, upon approval by the Supervisory Board, it is proposed to the AGM to debit the net loss of EUR 5,220,000 over 2010 against retained earnings. As a consequence no dividend shall be paid for 2010. If all options outstanding under the Global Share Option Plan would be exercised the maximum number of outstanding shares would be 156,651,024 on a fully diluted basis.

The Company has a Global Share Option Plan (GSOP) and a Long Term Incentive Plan (LTIP) in place. As of 31 December 2010 a total of 15,494,416 options/awards was outstanding, entitling their holders to (subscribe for) 15,494,416 Shares. A total of 11,980,316 initial awards has been granted in September 2010 under the LTIP wherefore 8,610,316 Shares were issued as set out above.

Share price performance in 2010

The share price at listing of LBi on 5 August 2010 was EUR 1.54. During the remainder of the 2010 operating year, the share price increased from EUR 1.54 to EUR 1.60 at 31 December 2010, equivalent to an increase of four percent.

The NYSE Euronext Amsterdam AEX index increased by five percent during the same period, for the same period the SX45 Information technology PI increased by two percent. The highest share price on the NYSE Euronext Amsterdam during the period from 5 August until 31 December was 1.60 EUR, which was quoted on 31 December 2010.

Trading in LBi shares

As of 5 August, all Shares are traded on NYSE Euronext Amsterdam. The total average trading volume per trading day amounted to approximately 143,000 Shares per day with a peak of 1.7 million.

All the share and option/award data reflect 14 April 2011.

Ownership structure

The five largest shareholders accounted for 53.6% of the Shares and votes per 31 December 2010.
The largest shareholding is held by Janivo in the Netherlands. Janivo control a total of 19,341,585 nominee-registered Shares in the Company equivalent to a total of 13.7% of the Shares outstanding. LBi's Management Board and Senior Management hold 2.1% of the share capital and the votes, while LBi's Supervisory Board controls 0.2% of the share capital and the votes.

	Number of shares	Percentage of shares and votes
Janivo	19,341,585	13.7%
Mol family	18,787,530	13.3%
Carlyle	17,873,968	12.7%
Cyrte	13,833,333	9.8%
Seamus O'Brien	4,582,291	3.2%
Leach family [1]	1,202,067	0.9%
Total substantial shareholders	**75,620,774**	**53.6%**
Other shareholders	65,535,834	46.4%
Total number of outstanding shares [2]	**141,156,608**	**100%**

1) After sale of 13 million shares to 3 institutional investors
2) Excluding 8,610,316 shares issued to the trustees of the trust company LBi Employee Benefit Trust in connection with the granting of initial awards under the equity incentive plan of LBi.

Report of the Management Board

The Supervisory Board and the Management Board of LBi International N.V. hereby submit the annual accounts for 2010.

Market

Although the on-going current economic downturn has still impacted virtually every sector of the market place, 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.

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.

Tapping into the massive collective buying-power of online communities is an increasingly central focus of consumer marketing campaigns globally even though companies are struggling to adapt their business models to monetise their digital content and capture 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

On 29 July 2010, the reverse Merger between LBI International AB and Obtineo Netherlands Holding N.V. (consisting of search engine specialist bigmouthmedia GmbH and EUR 40 million in cash) became effective, forming a new company operating under the name LBi International N.V. Effectively LBI International AB merged with bigmouthmedia GmbH forming LBi International N.V. LBi is the leading European marketing and technology agency with a global reach composed of LBi and BMM in the UK (including Vizualize India and LBi United Arab Emirates); LBi Lost Boys in the Netherlands; LBi in Belgium; LBi, BMM, Iven & Hillmann and MetaDesign in Germany (including MetaDesign China); LBi in Switzerland; IconMedialab and BMM in Italy; LBi and Nexus in Spain; LBi and BMM France; LBi US, LBi New York and LBi Atlanta in the United States; LBi and Syrup in Sweden; BMM in Norway and TRIPLE LBi in Denmark. Through various local restructuring, the entities of the bigmouthmedia group and the LBi group are integrated. The majority of the restructuring was completed by 31 December 2010. The pro forma numbers referred to in the text below include 12 months of results of LBi and BMM and are unaudited by accounting firm PricewaterhouseCoopers Accountants N.V. Headquartered in Amsterdam, the Netherlands, LBi has a staff of approximately 1,750 and operations in 29 offices in 15 countries.

United Kingdom (including India and the United Arab Emirates)

At year-end 2010 a total of 589 persons worked in the UK operations at offices in London, Edinburgh, Exeter, Mumbai and Dubai. 32.7% of the Group's total net revenue is derived from the UK operations.Net pro forma revenue for 2010 was EUR 57.5 (48.3) million. LBi in the UK reports a pro forma operating result of EUR 9.6 (-21.8) million for 2010. The operating result for 2010 includes restructuring costs of EUR 0.4 million and write downs of EUR 21.5 million.

Central and Southern Europe (including China)

LBi's operations in central and southern Europe are located in the Netherlands, Belgium, Germany (including China), Switzerland, Belgium, Italy, Spain and France. At the end of the year there were a total of 710 employees at our offices in Amsterdam, Brussels, Ghent, Berlin, Munich, Hamburg, Cologne, Zürich, Milan, Madrid, Paris and Beijing. 37.6% of the consolidated net sales stem from our businesses in Central and Southern Europe. Net pro forma revenue during 2010 was EUR 66.1 (64.8) million. Central and Southern Europe report a pro forma operating result of EUR -3.2 (-22.2) million for 2010. The operating result for 2010 includes restructuring costs of EUR 2.1 million and write downs of EUR 21.7 million.

United States

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 249 employees. 19.7% of consolidated pro forma net revenue was derived from the US operations. The United States reported a pro forma operating profit of EUR 1.5 (4.8) million for 2010. The operating profit for 2010 includes restructuring costs of EUR 0.8 million and write downs of EUR 1.4 million. Net revenue for 2010 was EUR 34.6 (31.0) million.

Scandinavia

LBi's Scandinavian operations employ 202 people at offices in Stockholm, Gothenburg, Malmö, Trondheim and Copenhagen. 10.1% of total consolidated net revenue was derived from the Scandinavian operations. Net pro forma revenue during 2010 was EUR 17.8 (14.4) million. The pro forma operating result for the year was EUR 1.3 (-23.9) million. The operating result for 2010 includes restructuring costs of EUR 0.4 million and write downs of EUR 23.8 million.

Net revenue and EBIT 2010

The January-December 2010 net pro forma sales amounted to EUR 175.6 (157.9) million.

Cost of operations
Cost of operations for January-December 2010 was EUR 154.4 million (87.9% of net sales) compared to EUR 133.7 million (84.7%) same period last year. Personnel expenses (including subcontracting) last quarter 2010 amounted to approximately 73.2% of cost of operations including depreciation and amortisation), compared to 69.5% previous year of cost of operations). The costs of subcontractors represented 16.4% (11.3%) during the last quarter.

EBITDA
Pro forma EBITDA corrected for special items during 2010 came in at EUR 28.2 (25.2) million. This represents a margin of 16.1% (15.6%), an improvement from previous years. EBITDA for January-December 2010 was impacted by a restructuring charge of EUR 4.7 million relating entirely to severance costs, property related charges as part of the strategic restructuring and organisational redesign, and EUR 0.4 million related to prior years' divestments and liquidations in Italy, Belgium and the UK. The EBITDA over 2010 was impacted by costs such as restructuring, integration and transaction, related to the Merger and the new listing at NYSE Euronext Amsterdam for an amount of EUR 18.8 million.

Depreciations and impairment of tangible assets and amortisation of intangible assets
Depreciation for January-December 2010 was EUR 4.5 (4.2) million (2.7% of net sales). Amortisation and impairment for the period January-December 2010 amounted up to EUR 5.2 million compared to EUR 82.9 million for the period January-December 2009.

Impairment of intangible assets
During the third quarter of 2009 the result for 2009 was impacted by a charge of EUR 69.7 million non-cash impairment of goodwill of EUR 63.8 million and EUR 5.9 million 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 International Financial Reporting Standards ("IFRS") rules on fair value accounting. The adjustment had 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 2010 amount to EUR -2.5 (-1.9) million. The interest costs for January-December 2010 amounted to EUR 1.2 (1.6) million and were 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. Taxes during January-December 2010 were EUR 3.6 (1.4) million.

Net result after tax and earnings per share
Net result for January-December 2010 was EUR -1.0 (-63.8) million and earnings per share were EUR -0.01 (-1.03).

The Company

The Company is a pure holding company with staff functions. In 2010 net revenue, in the form of internal invoicing, was EUR 2.5 (2.9) million. The result after financial items was EUR 2.0 (-7.0) million. Cash and cash equivalents amounted to EUR 0.0 (4.5) million as of 31 December 2010.

Cash flow and financial position
Operating working capital by the end of December 2010 amounted to EUR 41.4 million compared to EUR 36.5 million by the end of December 2009. DSO of working capital by end of December 2010 amounts to an average 77 days compared to 69 days by end of December 2009. In order to finance its working capital, the Group has a working capital credit line with Danske Bank of EUR 15 million 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 EUR 7.7 million was used (disclosed under short term interest bearing liabilities). The result for the full year of 2010 was impacted by a charge of non-cash impairment of goodwill and intangibles related to acquired entities. The adjustment was due to the effects of the economic downturn on the performance of the acquired entities and was 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 was mainly related to the reversed merger of LB Icon and Framfab (renamed LBI International AB) in August 2006, which was an all-share deal, and to some extent to smaller past acquisitions. Goodwill in the balance sheet amounted to EUR 162.4 million per 31 December 2010 compared to EUR 87.9 million per 31 December 2009. The increase of EUR 74.5 million during 2010 is related to the Merger and the acquisition of Triple Copenhagen. The net debt by end of December 2010 amounted to EUR -9.4 million compared to EUR 18.6 million at the end of December 2009, which is mainly due to the acquired cash related with the Merger.

The Group has renewed its credit facility agreement with Danske Bank per 31 March 2010 and prolonged it for one year.
The covenants with Danske Bank Stockholm have three indicators; the net debt/EBITDA ratio has a maximum of 2.0, whereas the actual number is -0.7, the interest coverage ratio must be at least 6.0, whereas the actual number is 13.8 and the equity/assets ratio (solvency ratio) has a minimum of 20% against an actual of 37%. The Company has more than sufficient means for going concern activities as well as investments in the future.

Earn-out provision
The remaining provision for unpaid considerations of acquisitions (earn-out dependant on future profitability targets) amounts to EUR 14.9 million by end of December 2010 compared to EUR 12.7 million per 31 December 2009. The increase of EUR 2.2 million during 2010 is due to actual settlement of earn-out obligations in cash for an amount of EUR 12.3 million and new obligations concerning investments of EUR 14.5 million during 2009. New obligations concerning investments are related to the acquisition of Triple Copenhagen for EUR 7.8 million and a deferred payment for bigmouthmedia of EUR 6.7 million.

Acquisitions and divestments
During 2010 no divestments have been made. In February 2010 LBi AB acquired Triple Copenhagen, a successful and experienced digital agency in Denmark. In July 2010 the Merger between Obtineo (consisting of search engine specialist bigmouthmedia GmbH and EUR 40 million in cash) and LBi AB became effective. The terms have been set such that the LBi AB shareholders owned 51% of the merged company upon completion of the Rights Offering (the offering of SETs by the Company to the LBi AB shareholders, which therefore excluded the shareholders of Obtineo - i.e. the BMM shareholders and the PIPE Investors - in respect of the shares acquired by them prior to the Merger), ("Rights Offering"); the former owners of bigmouthmedia received 25% of the merged company and the investors who participated in the PIPE of EUR 40 million received 24% of the merged company.

Credit facilities
The Company has renewed its credit facilities with Danske Bank per March 2010. The existing term loans (used to finance acquisitions) are extended until maturity date. The term loans are raised in various currencies (EUR/GBP/USD/SEK) and are repaid on a quarterly basis in five years. The last repayment is due by end of March 2014. The total amount of term loans outstanding is EUR 34.2 million by end of December 2010. The working capital facility of EUR 15 million is extended for one year. The Company has arranged for bank guarantees for a total of EUR 2.6 million related to the acquisition of Triple Copenhagen, which 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 GBP 8 million in the UK and SEK 20 million in Sweden. Covenants apply to the credit facility arrangement amongst which are a net debt/EBITDA ratio and interest coverage ratio.

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. During 2010, for comparison and pro forma reasons, the revenue of bigmouthmedia of 2009 and the beginning of 2010, was also recalculated in accordance with the Company's policy.

Realisation of items for which expectations have been given
Overall business performance improved compared to last year, both as a result of improved market conditions and the first synergetic effects of the Merger.

Troughout 2010 LBi worked hard to make the Merger happen. The Company redesigned its business processes, determined synergies and integrated its operations. The first benefits of the Merger have been realised in the areas of revenue development and rationalisation of operations and are expected to give further spin off during 2011.

In Scandinavia, LBi's acquisition of Triple Copenhagen in early February 2010 and subsequent merger with LBi Denmark has been completed. The merged company is fully operational and meeting expectations. Futher afield in Asia, the acquisition of the remaining shares of Vizualeze India in Oktober 2010 has given LBi full control of a valuable Asian partner and extended our footprint to the East.

Future developments

In 2011 we expect to see further consolidation of client rosters, focusing delivery on a smaller number of strategic agency partners. We anticipate that this trend will be strongest in the US and UK markets before spreading through Central Europe, over the coming 18 months. LBi's strong position in the full spectrum of digital, data and direct services leads us to expect good top line growth in our hub markets.

Research & development

Over the last three years, LBi has invested in developing a number of services in order to keep abreast of the changing digital environment. As well as continual investment in tracking new and emerging technologies and consumer trends (particularly in mobile) LBi has identified, and singled out emerging disciplines specialising in customer relationship management (CRM); social media engagement; and measurement and analytics.

In support of these new services, we have developed a digital dashboard product that is licensed to customers as a hosted 'software as a service' (SaaS) solution. The LBi Digital Dashboard provides a window onto performance data, allowing different data sources to be brought together and viewed in a single, interactive interface. It combines data in real time from online and offline sources, including: website performance; marketing expenditure and performance; sales and distribution information; customer satisfaction scores; online social media activity; and brand perception scores. In addition to tracking a client business' own performance, the LBi Digital Dashboard reports on competitor online and direct response activity to give an immediate window into the competitive landscape.

Our investment in numerical insight is paying off. The monitoring, reporting and actioning of data is increasingly driving digital services, from multi-variant testing and optimisation of user experiences to the integration of branded asset management and search. We will continue to invest significantly in building this capability by extending the LBi Digital Dashboard to incorporate new services and functions. The extension into social media as well as paid and organic search and a fundamental re-architecture of the data storage infrastructure will allow us to continue to expand the reach and sophistication of our platform and further support our clients' desires to reach data-driven decisions.

By deploying the Digital Dashboard into our major clients, we are increasingly able to develop strategic relationships and participate in the core business opportunities, based around real data, performance and insight.

Social responsibility & sustainability

At LBi we stand for many things. When it comes to long-term business success, we are convinced that this can only be achieved when there is a proper balance between commercial, social and environmental factors. We strive to create a sustainable working environment for our employees, to balance work and life in such a way as to positively influence the energy and creativity of our employees.

As declared in our Code of Conduct, LBi is committed to conducting its business to the highest standards of business practices, and to preserving the integrity of our brands. We commit to comply with national laws and respect the culture of the countries in which we operate. Furthermore, we are committed to providing a healthy and safe working environment for all our employees and treat fellow employees with respect and dignity.

The most important aspect of our work is probably collaboration. Collaborating in both creating innovative concepts and campaigns for our clients, as well as in contributing to a better environment. LBi influences the environment as does any other similar company. LBi strives to protect the environment and to operate in a manner contributing to sustainable development. By encouraging all offices worldwide to put processes in place with regard to recycling, separate waste disposal and the reduction of energy, LBi tries to cause as little harm to the environment as possible.

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. Risk management concerns the measures and strategies that are put in place to prevent and mitigate risk.

LBi's risk management focuses on the identification, assessment, management, control, reporting and monitoring of significant risks in the following categories: strategic risk, operational risk, risk of non-compliance with legislation or other regulations, and risk of error in LBi's reporting, including financial reporting.

From a corporate and financial reporting perspective, the Company has performed detailed and structured risk analysis on both quantitative and qualitative risk parameters. Risks have been identified, evaluated and prioritised with the risks allocated in a so-called heat map. The outcome of the risk analysis was reported and discussed within the Audit Committee and subsequently reported to the Supervisory Board.

The risk factors affecting the Company's business, financial performance and market value can be divided into three main categories: market risks, operational risk, and financial risks. LBi protects itself against the negative impact of other risks by means of comprehensive insurance policies. These include, for example, directors and officers insurance, professional indemnity insurance, general and product liability insurance, property damage, crime insurance and extra cost insurance. The latter 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.

During 2010 the Company's made big steps in improving its IT systems to formalise the Company's processes and management information instruments.

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 change in the economic climate. A decline in economic conditions could lead clients to reduce their spend with LBi which may in turn have an adverse effect on the Group's results. Consequently it may become necessary for LBi to adapt its organisation and range of services to prevailing conditions.
The average backlog and pipeline cover is approximately two to three months, therefore forecasts and other forward-looking statements are primarily based on the LBi management's market development expectations. Since the market in which LBi operates is volatile and dynamic, actual results may differ significantly.

Market and competition

LBi operates in a highly competitive market. Its rivals include other companies 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.

Operational risks

Timeliness of management information

Obtineo and LBi had separate management information systems that now need to be integrated following the merger. Aligning these systems may cause a delay in crucial management information being available for decision makers and have a material adverse effect on the Group's business, financial condition and/or results of operations. Addressing the alignment of systems is a key priority for the coming year.

Dependency on key individuals

The Group's management are vital to the on-going stability and growth of the Company. Any unplanned change in key managers could negatively impact the business therefore succession planning is an important part of the Group's business strategy.

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, it must pioneer innovative, interactive digital solutions that ensure profitable strategic cooperation with its clients. This is contingent upon the Group attracting qualified employees and offering effective skills development opportunities. Loss of the ability to spearhead development, or to recruit the best people available, could negatively effect on profitability. The Group strives to create a work environment that encourages personal and career development, commitment and competitive terms of employment.

Personnel costs

An increase of payroll expenses by three percent would reduce the annual operating profit by approximately EUR 3.1 (2.5) million calculated on the 2010 salary level. 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 greater cost flexibility of production resources, LBi engages subcontractors. These accounted for 15% (12%) of all personnel costs during 2010. Approximately 80% of operational expenses are personnel related costs.

Fixed-price assignments

Assignments performed at a fixed price basis account for 60-70 percent of LBi's income. Misjudgements with respect to the resources required to complete such assignments can give rise to losses consequently we continuously monitor the allocation and cost of resources on projects.

Restructuring

Due to the on-going impact from the world-wide economic crisis in 2010, potential future restructuring cannot be excluded. Management closely monitors its subsidiaries in all countries.

Reputation risk

Should LBi not be able to fulfil a client's project expectations, 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. Thorough due diligence activities are in place to mitigate against this risk as much as possible.

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 risks

Financial risk management is discussed in note 2 of the consolidated financial statements. In addition to the risks described in that chapter, the following financial risks have been identified:

Liquidity effects of earn-out clauses

Acquisitions made in the past increased the earn-out obligations. 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. At the end of 2010 earn-out obligations amount up to EUR 14.9 million.

Fiscal risk

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 an unfavourable resolution for the Company could impact the size of its tax loss carry forwards.

Report of the Supervisory Board

Work of the Supervisory Board

The Supervisory Board has been appointed as of 29 July 2010, the effective date of the Merger. The Supervisory Board is composed of Fred Mulder (chairman), George W. Fink, Nazo Moosa, Joost Tjaden and John Farrell. The Supervisory Board held five meetings in in the period from 29 July until 31 December 2010, including one that was attended via telephone. The meetings were held at different locations and where possible combined with visits of the Company's subsidiaries and presentations of the local management teams. The members of the Management Board and relevant members of Senior Management attended the meetings.

Prior to the Merger corporate governance was based on Swedish legislation and LBi AB had a different management structure consisting of a board of directors and executive management. The board of directors of LBi AB was composed of Fred Mulder (chairman), George W. Fink, Katarina G. Bonde, Michiel Mol and Lucas Mees.

The Supervisory Board focussed on the strategic direction of LBi. The Supervisory Board monitored the realisation of synergies and savings of the Merger and the successful integration of LBi and bigmouthmedia. The Supervisory Board supervised the risk management and the internal control mechanisms as well as the implementation plan of the group wide ERP system (Maconomy) leading to improved quality of management information and better internal control. The Supervisory Board monitored progress of the implementation of the ERP system. The Supervisory Board reviewed the in control statement of the Management Board, included on page 058.

LBi has an internal control function, internal audit is the responsibility of this function. Due to the internal control mechanisms LBi has in place, the continued evolution of the internal control set-up during 2011, the implementation of a centralised ERP system throughout the Group during 2011 in combination with the external audit, the Supervisory Board believes that there is no need for a separate internal audit function. The Supervisory Board evaluates this need on a yearly basis.

During its meetings and contacts with the Management Board, the Supervisory Board discussed the results achieved and the outlook for next financial periods and all other relevant matters brought to its attention. The financial performance was extensively discussed at the Supervisory Board meetings preceding the publication of quarterly results.

At two meetings the Supervisory Board discussed the strategy and direction of the Company with the members of the Management Board and relevant members of Senior Management. The Supervisory Board focussed on the geographic footprint and the full service business proposition. The organisational changes following the Merger resulting in a single full service offering were discussed by the Supervisory Board in several meetings. At the same time it has been defined that organic growth should be the #1 priority and that further optimisation of the global offering should be supported by selective acquisitions. In conjunction with the strategy of LBi the Supervisory Board discussed and approved the budget for 2011.

Other relevant matters discussed and approved by the Supervisory Board during 2010 include: The grant of the Initial Awards under the Long Term Incentive Plan, as described in Section Corporate Governance, Employee incentive plans, including the grant of Initial Awards to the Supervisory Board members, the audit fee of PricewaterhouseCoopers Accountants N.V. for 2010 upon recommendation of the Audit Committee, the capital expenditures related to the lease of a new office in New York and the intercompany restructuring and related replacement of some securities provided to Danske Bank.

Assessment of Supervisory Board performance

The Supervisory Board shall evaluate the functioning of the Supervisory Board, the separate committees and the individual Supervisory Board members on an annual basis by means of an extensive questionnaire. Since the members of the Supervisory Board have been appointed on 29 July 2010, the effective date of the Merger, and are not yet in function for one year, the Supervisory Board resolved that the evaluation will take place for the first time after the AGM of 2011. The performance of the Management Board is continuously evaluated and discussed at a minimum of one Supervisory Board meeting without the presence of the members of the Management Board.

The Supervisory Board has appointed from among its members an Audit Committee, a Remuneration Committee and a Nomination Committee. LBi's General Counsel acts as Company Secretary of the Supervisory Board.

Remuneration Committee

As of 29 July 2010, the effective date of the Merger, the Remuneration Committee of LBi consists of John Farrell (chairman), Fred Mulder (chairman) and Joost Tjaden (the"Remuneration Committee"). The Remuneration Committee advises the Supervisory Board with regard to salaries, grants and awards under incentive plans, benefits and overall compensation for officers of the Company. Ultimately the Supervisory Board decides upon remuneration of the Management Board and Senior Management.

The Remuneration Committee held two formal meetings during 2010 in conjunction with Supervisory Board meetings. Issues discussed by the Remuneration Committee include: review of the existing remuneration packages of the Management Board and Senior Management, developing an incentive plan and performance metrics for the Management Board and Senior Management for 2011 and the Company's strategy for motivating, retaining and attracting key executives who will execute the business strategy and drive value for shareholders.

The Remuneration Committee's objective has been to offer remuneration on market-based terms and to uphold a relationship between basic salary and variable remuneration that is proportionate to the responsibilities and powers of the individual in question. PricewaterhouseCoopers LLP London assisted the Remuneration Committee with its work.

Audit Committee

As of 29 July 2010, the effective date of the Merger, the Audit Committee of LBi consists of George W. Fink (chairman), Joost Tjaden and Nazo Moosa (the"Audit Committee"). George W. Fink is considered to be a financial expert within the meaning of the Dutch corporate governance code. The tasks performed by the Audit Committee include reviewing the systems of risk management and internal controls, the integrity of the financial reporting process, the content of the financial statements and the implementation by the Management Board of recommendations made by the auditors of the Company.

The Audit Committee usually schedules its meetings the day before a Supervisory Board meeting. The results of the Audit Committee's work in the form of observations, recommendations and proposed decisions and measures are reported to the Supervisory Board.

The Audit Committee held three meetings in the period from 29 July until 31 December 2010. The auditors were present at one meeting of the Audit Committee. The annual meeting of the Audit Committee with the auditor without the Management Board being present took place in February 2011.

The Audit Committee reviewed and discussed in particular all financially relevant matters that were presented to the Supervisory Board. The Audit Committee reviewed and discussed the scope of the audit and the audit fees and recommended the Supervisory Board to approve the proposed audit fee. During the year the Audit Committee focussed on risk management and internal control systems. The Company Secretary, LBi's General Counsel, acts as Secretary of the Audit Committee.

		Attendance to meetings		
Name	**Committee**	**Supervisory Board**	**Remuneration Committee**	**Audit Committee**
Fred Mulder, chairman	Audit	5 (5)	2 (2)	3 (3)
George W. Fink	Audit	5 (5)		3 (3)
John Farrell	Remuneration	5 (5)	2 (2)	
Nazo Moosa	Audit	5 (5)		2 (2)
Joost Tjaden	Audit/Remuneration	5 (5)	2 (2)	2 (2)

Nomination Committee

As of 29 July 2010, the effective date of the Merger, the Nomination Committee of LBi consists of Fred Mulder (chairman), Joost Tjaden and Nazo Moosa (the"Nomination Committee"). The Nomination Committee advises the Supervisory Board on the selection criteria and appointment procedures for members of the Management Board and members of the Supervisory Board as well as on proposal for appointments and reappointments, the policy of the Management Board on selection criteria and appointment procedures for Senior Management and the assessment of the functioning of individuals members of the Supervisory Board and the Management Board.

The Nomination Committee recommended Luke Taylor and Huub Wezenberg to be re-elected as Management Board members for the period up to and including the close of the AGM of 2012.

Strategic Advisory Committee

A strategic advisory committee is formed as of 29 July 2010 (the"Strategic Advisory Committee"). The main tasks of the Strategic Advisory Committee are to advise on the developments in the Company's markets and within the peer group. The Strategic Advisory Committee has no formal powers under the Articles of Association or Dutch law. In 2010 the members of the Strategic Advisory Committee gave individual advise to the members of the Management Board and the Supervisory Board on an ad hoc basis.

The Strategic Advisory Committee is chaired by Frank Botman (CEO of Cyrte), Michiel Mol (founder of Lost Boys) and Stephen Leach (founder of bigmouthmedia). The members of the Strategic Advisory Committee are each entitled to a remuneration of EUR 35,000 per annum.

Deviation from rule not more than one member of the Supervisory Board shall not be independent

Two Supervisory Board members, Nazo Moosa and Joost Tjaden, were appointed following nomination and appointment rights of two shareholders (Carlyle and Janivo) and do not qualify as independent within the meaning of best practice provision III.2.2 of the Code. This deviation from the Dutch corporate governance code is further described in the Section Corporate Governance, chapter Compliance with Dutch Corporate Governance Code.

Deviation from rule no options for the Supervisory Board

In order to attract and retain excellent individuals to take a seat at the Supervisory Board, the Company has allowed its Supervisory Board members to obtain a limited number of awards under the approved equity incentive plan. This deviation from the Dutch corporate governance code is further described in the Section Corporate Governance, chapter Compliance with Dutch Corporate Governance Code. An overview of the awards granted is included in Section Corporate Governance chapter Employee Incentive Plans.

Annual accounts

The annual accounts for the year ended 31 December 2010 were prepared by the Management Board and approved by the Supervisory Board. The report of the independent auditor, PricewaterhouseCoopers Accountants N.V., is included on page 113. The Supervisory Board recommends to the Annual General Meeting of Shareholders to adopt these annual accounts without change. The Supervisory Board would like to thank all shareholders for their trust in the Company and all employees and management for their dedication and effort.

Amsterdam, 14 April 2011

Supervisory Board

Fred Mulder, chairman
George W. Fink
John Farrell
Nazo Moosa
Joost Tjaden

Corporate governance

Organisation

LBi International N.V. (the“Company”, “LBi”) is a public company with limited liability (naamloze vennootschap), incorporated under Dutch law as a public limited liability company, by a notarial deed executed on 28 December 2009 under the name Obtineo Netherlands Holding N.V. (“Obtineo”). On 25 February 2010 the boards of directors of LBI International AB, a public company with limited liability registered in Sweden (“LBi AB”), and Obtineo (consisting of search engine specialist bigmouthmedia GmbH and EUR 40 million in cash) announced a proposal regarding a cross-border merger pursuant to which LBi AB is the disappearing company and Obtineo is the acquiring company.
As a consequence LBi AB ceased to exist and Obtineo acquired the assets and liabilities of LBi AB under a universal title of succession whereby one share in LBi AB entitled the holder thereof to one share in Obtineo (the“Merger”). The Merger and the name change of Obtineo to LBi International N.V. became effective as of 29 July 2010. Effectively LBI International AB merged with bigmouthmedia GmbH forming LBi International N.V. As of 5 August 2010 the Company is listed on NYSE Euronext Amsterdam. The Dutch Corporate Governance Code applies to LBi.

Prior to the Merger, LBi AB had a primary listing on Nasdaq OMX Stockholm and a secondary listing at NYSE Euronext Amsterdam. Corporate governance was based on Swedish legislation, primarily the Swedish Companies Act, the rule book for issuers Nasdaq OMX Stockholm and the Swedish code of corporate governance. LBi AB was delisted on 27 July 2010.

Management structure

The Company has a two-tier board structure, consisting of a Management Board (Raad van Bestuur) and a Supervisory Board (Raad van Commissarissen). The roles and responsibilities of these boards and their members are described below. Prior to the Merger corporate governance was based on Swedish legislation and LBi AB had a different management structure consisting of a board of directors and executive management.

Supervisory Board

The Supervisory Board is responsible for the supervision of the management of the Management Board and the general course of affairs in the Company and the business connected with it. The Supervisory Board shall assist the Management Board by giving advice. In addition the Supervisory Board is responsible for approving various decisions of the Management Board. In performing their duties the Supervisory Board members shall act in accordance with the interests of the Company and the business connected with it. The activities of the Supervisory Board in 2010 are described in the Supervisory Board Report.
The Supervisory Board has established rules regarding its decision making process and working methods and regarding the decision making process and working methods of the Management Board, both in addition to the relevant provisions of the articles of association. The regulations of the Supervisory Board and the Management Board are made publicly available at www.lbi.com.

The Articles of Association provide that the Supervisory Board shall consist of five members. Only individuals may be Supervisory Board members. In the event that less than the number of Supervisory Board members required pursuant to the preceding sentence are in office, the Supervisory Board shall continue to be authorised to perform its duties, but the Supervisory Board is obliged as soon as reasonably possible to take such actions as necessary to increase the number of Supervisory Board members to the required level.

Management Board

The Management Board consists of the Chief Executive Officer and the Chief Financial Officer and is responsible for the day-to-day management of the Company’s operations under the supervision of the Supervisory Board. The Management Board is required to keep the Supervisory Board informed, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its approval, as described in the regulations of the Management Board referred to above. The Management Board is supported by senior managers composing Senior Management.

Appointment and removal of Supervisory Board members - special rights attached to the share A and the share B
The Supervisory Board members shall be appointed by the General Meeting of Shareholders, provided that one Supervisory Board member shall be appointed by the holder of the share A in accordance with Article 2:143 of the Dutch Civil Code, but only if the holder of the share A holds at least 5% of all issued and outstanding Shares at the time of such appointment. One Supervisory Board member shall be appointed from a nomination, drawn up by the holder of the share B, but only if the holder of the share B holds at least 5% of all issued and outstanding Shares at the time of such nomination. One Supervisory Board member shall be appointed from a nomination, drawn up by the Supervisory Board, comprising a candidate who is recommended by the holder of the Share A and complies with the independence criteria set out in Supervisory Board regulations, but only if the holder of the share A holds at least 7% of all issued and outstanding Shares at the time of such nomination.

As a consequence, two Supervisory Board members do not qualify as independent within the meaning of the Dutch Corporate Governance Code. This deviation from the Dutch corporate governance code is further described in the Section Corporate Governance, chapter compliance with Dutch Corporate Governance Code.

The Supervisory Board members have been appointed on 29 July 2010, the effective date of the Merger, for a period of up to four years. A Supervisory Board member shall be appointed or reappointed for a period of four years, unless provided otherwise in the resolution to appoint or re-appoint the Supervisory Board member concerned. A Supervisory Board member may only be reappointed twice. In view of these relatively long terms, there is currently no urgency to draw up a retirement schedule. This deviation from the Dutch corporate governance code is further described in the Section Corporate Governance, chapter Compliance with Dutch Corporate Governance Code.

A Supervisory Board member may be suspended or dismissed by the General Meeting of Shareholders at any time, provided that: (i) as long as the holder of the share A has the appointment right mentioned above, the holder of the share A may suspend or dismiss the Supervisory Board member appointed by the holder of the share A and (ii) as long as the holder of the share B has the nomination right mentioned above, any resolution to suspend or dismiss a Supervisory Board member, nominated by the holder of the share B, other than on the proposal of the holder of the share B, may only be adopted with a majority of not less than two thirds of the votes cast, representing more than half of total issued share capital and no second meeting of the General Meeting of Shareholders can be held if this quorum is not met.

Members of the Management Board
As of 29 July 2010, the effective date of the Merger, the Management Board is composed of the following members:

Name	Age	Position	Member since	Term
Mr. L.A.J. Taylor	41	Chief Executive Officer	29 July 2010	Up to AGM in 2011
Mr. H.J.F. Wezenberg	45	Chief Financial Officer	29 July 2010	Up to AGM in 2011

The business address of the members of the Management Board is Joop Geesinkweg 209, 1096 AV Amsterdam, the Netherlands. Further details of the members of the Management Board are set out on page 030.

Members of the Supervisory Board

As of 29 July 2010, the effective date of the Merger, the Supervisory Board is composed of the following members:

Name	Age	Position	Member since	Term
Mr. F.A. Mulder	69	Chairman	29 July 2010	Up to AGM in 2014
Mr. G.W. Fink	63	Member	29 July 2010	Up to AGM in 2014
Ms. N. Moosa [1)]	40	Member	29 July 2010	Up to AGM in 2014
Mr. J.E. Tjaden [2)]	61	Member	29 July 2010	Up to AGM in 2014
Mr. J. Farrell [3)]	53	Member	29 July 2010	Up to AGM in 2014

1) *Nazo Moosa served as member of the Management Board of Obtineo as of 29 April 2010 until 29 July 2010 and has been appointed as member of the Supervisory Board directly by the holder of the Share A (Carlyle) as of 29 July 2010 and does not qualify as independent within the meaning of the Dutch Corporate Governance Code.*

2) *Joost Tjaden served as member of the Management Board of Obtineo since its incorporation until 29 July 2010 and has been appointed as member of the Supervisory Board from a nomination, drawn up by the holder of the Share B (Janivo) as of 29 July 2010 and does not qualify as independent within the meaning of the Dutch Corporate Governance Code.*

3) *John Farrell has been appointed as of 29 July 2010 from a nomination, drawn up by the Supervisory Board.*

The business address of all members of the Supervisory Board is Joop Geesinkweg 209, 1096 AV Amsterdam, the Netherlands. Further details of the members of the Supervisory Board are set out on page 031.

Members Senior Management

The Management Board is supported by the following senior managers composing Senior Management:

Name	Age	Position
Ewen Sturgeon	44	Chief Executive Officer LBi Ltd (during 2010) and Chief Executive Officer EMEA
Chris Clarke	35	Chief Creative Officer
Alan Davies	35	Chief Strategy Officer
Thomas Elkan Boisen	41	Chief Operating Officer, in 2014
Lyndsay Menzies	34	Chief Operating Officer of bigmouthmedia and Chief Media Officer of LBi

Further details of the senior managers are set out on page 032.

Corporate governance code

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, released the Dutch corporate governance code (the"Code"). With effect from 1 January 2009, the Code has been amended. The Code contains principles and best practice provisions for the Management Board, the Supervisory Board, shareholders and general meetings of shareholders and audit and financial reporting. The Code applies to LBi as of 5 August 2010 as LBi has its registered office in the Netherlands and its Shares listed at NYSE Euronext Amsterdam since that date.

Companies to which the Code applies are required to disclose in their annual reports whether or not they apply the provisions of the Code that relate to the Management Board or Supervisory Board and, if they do not apply, to explain the reasons why. The Code provides that if a company's general meeting of shareholders explicitly approves the corporate governance structure and policy and endorses the explanation for any deviation from the best practice provisions, such company will be deemed to have applied the Code. The Code is available on www.commissiecorporategovernance.nl.

LBi acknowledges the importance of good corporate governance and generally agrees with the principles of the Code. LBi fully supports the principles and best practice provisions of the Code and complies with the relevant best practice provisions of the Code, subject to the exceptions set out below, see chapter 'Compliance with Dutch Corporate Governance Code'.

Prior to the Merger LBI International AB had a primary listing on the Nasdaq OMX Stockholm and a secondary listing at NYSE Euronext Amsterdam. Corporate governance was based on Swedish legislation, primarily the Swedish Companies Act, the Rule Book for Issuers Nasdaq OMX Stockholm and the Swedish code of corporate governance.

Remuneration policy

According to the Articles of Association, the General Meeting of Shareholders adopts the remuneration policy in respect of the remuneration of the Management Board. The Supervisory Board establishes the remuneration of the individual members of the Management Board, taking into account the policy adopted by the General Meeting of Shareholders, provided that arrangements in the form of shares or rights to subscribe for shares are subject to the approval of the General Meeting of Shareholders. Such a proposal must include the number of shares or rights to subscribe for shares that may be granted to the members of the Management Board and which criteria apply to a grant or modification. The remuneration of the members of the Supervisory Board consists of a fixed cash remuneration, which is determined by the General Meeting of Shareholders.

Prior to the Merger the general meeting of shareholders of Obtineo has resolved on the policy for remuneration to management in accordance with the following. No scenario analysis of the variable remuneration components took place as the policy merely reflected the existing policy of LBI International AB and the existing contracts of the CEO and CFO were continued by the Company. If in future the remuneration policy will be revised and/ or evaluated such analysis shall take place. The remuneration policy does not include a policy with regard to the award of long term equity incentives to the Management Board or Supervisory Board. In 2010 both the members of the Management Board and the Supervisory Board were granted awards under the Long term Incentive Plan. An overview of awards granted is included in the table in chapter 'Number of outstanding equity incentives' below. New awards shall not be made to the existing members for a period of three years after the Merger.

The fundamental principle is that remuneration and other terms of employment for management shall be competitive and in accordance with market conditions, in order to ensure that the Company will be able to attract and keep competent management employees. The total remuneration to management shall consist of a fixed annual salary, variable remuneration and other benefits.

In addition to a fixed annual salary the Group management may also receive variable remuneration, based on outcome in relation to financial goals and growth targets within the individual area of responsibility.

For 2010 the financial goals and growth targets were defined as EBITDA targets to be reflected in the financial accounts. The EBITDA targets were in line with the strategic objectives of LBi for 2010. Only if the EBITDA targets were met the members of the Management Board could qualify for the variable remuneration. No variable remuneration was awarded to the Management Board members in 2010 since the EBITDA targets were not met.

For 2011 the financial goals and growth targets for the CEO are defined as an EBITDA target, a revenue target, a gross margin target and targets with regard to operational and corporate objectives. The targets for the CFO are defined as an EBITDA target and targets with regard to operational and corporate objectives. All targets are in line with the strategic objectives of LBi for 2011. If the EBITDA target is not met the members will not qualify for the variable remuneration. If the EBITDA target is met the members of the Management Board may qualify for the full variable remuneration, to the understanding that the maximum bonus potential for the CEO will be reduced if the revenue target and/or the target with regard to operational and corporate objectives are not met. The maximum bonus potential for the CFO will only be reduced if the targets with regard to operational and corporate objectives are not met.

The financial targets referred to above are to be reflected in the financial accounts without adjustments, except for the EBITDA target that is calculated after accrual of bonuses and prior to possible adjustments relating to profits due to the release of make good provisions for former BMM shareholders.

The variable remuneration of the two members of the Management Board and of the other individuals of the Senior Management shall amount to a maximum of 100 percent of the fixed annual salary of the Management Board members respectively the other individuals of the Senior Management.

Other benefits, such as pension, company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for management employees holding equivalent positions on the employment market where the management employee is active.

At dismissal, the notice period of the Company for all management employees, including Management Board members, shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed and variable salary for a period not exceeding 12 months. The severance arrangements of Luke Taylor and Huub Wezenberg are described in chapter 'Remuneration Management Board' below. This policy shall apply to individuals who are included in the Group management during the term of application of this policy. The policy shall apply to all new agreements entered into after the adoption of the policy by the General Meeting of Shareholders, and to changes made in existing agreements after this date.

The Supervisory Board shall be entitled to deviate from the policy in individual cases if there are particular grounds for such deviation.

Remuneration 2010

The total remuneration which LBi paid to or for the benefit of members of the Supervisory Board and the Management Board (the Chief Executive Officer and the Chief Financial Officer) of LBi in 2010 and the total remuneration which LBI International AB paid to or for the benefit of its members of the board of directors and the Chief Executive Officer and the Chief Financial Officer up to 29 July 2010 amounted to EUR 2,255.3 thousand. Until 29 July 2010, the members of the Management Board of Obtineo were not entitled to any remuneration.

The following tables denotes the breakdown in remuneration of the Supervisory Board of LBi, the board of directors of LBI international AB, the Chief Executive Officer, the Chief Financial Officer and Senior Management of LBi in 2010. The remuneration of the Management Board is further specified in the paragraph 'Remuneration Management Board' below.

Remuneration of the Supervisory Board of LBi N.V. and the board of directors of LBi AB in 2010 and 2009:

EUR thousand	2010					2009		
	Board fee			Other remuneration	Total	Board fee	Other remuneration	Total
	LBi AB	LBi NV	Total			LBi AB		
Fred Mulder (chairman) [1]	20.6	29.2	49.8	6.0	55.8	38.0	12.0	50.0
George William Fink [1]	15.0	20.8	35.9	-	35.9	10.0	-	10.0
John Farrell	-	20.8	20.8	-	20.8	-	-	-
Nazo Moosa	-	8.3	8.3	-	8.3	-	-	-
Joost Tjaden	-	8.3	8.3	-	8.3	-	-	-
Members of the board of directors of LBI International AB [2]	51.2	-	51.2	-	51.2	114.0	-	114.0
Total Supervisory Board	**86.8**	**87.4**	**174.3**	**6.0**	**180.3**	**162.0**	**12.0**	**174.0**

[1] *Remuneration paid as member of the board of directors of LBI International AB for the period up to the Merger and as member of the Supervisory Board of LBi after the Merger*
[2] *Remuneration paid to Katarina Bonde, Michiel Mol and Lucas Mees, as members of the board of directors of LBI International AB for the period up to the Merger*

Remuneration of the CEO, CFO and Senior Management in 2010 and 2009:

EUR thousand	Year	Remuneration	Other Benefits	Pensions	Severance pay	Total
Luke Taylor (CEO) 1)	**2010**	**500**	**-**	**-**	**-**	**500**
	2009	500	-	-	-	500
Huub Wezenberg (CFO) 1)	**2010**	**248**	**14**	**18**	**-**	**280**
	2009	196	-	14	-	210
Senior Management 2)	**2010**	**1,292**	**-**	**3**	**-**	**1,295**
	2009	1,140	4	70	900	2,114
Total Management	**2010**	**2,040**	**14**	**21**	**-**	**2,075**
	2009	1,836	4	84	900	2,824

1) *In 2010 remuneration was paid as CEO/CFO of LBi AB for the period up to the Merger and as members of Management Board and CEO/CFO of LBi N.V. after the Merger. In 2009 remuneration was paid as CEO/CFO of LBi AB. No variable remuneration was awarded to the CEO/CFO in 2010 or 2009.*

2) *This group consists of five persons and includes Alan Davies, Chris Clarke, Ewen Sturgeon, Lyndsay Menzies (as of the Merger) and Thomas Elkan Boisen.*

Remuneration totals do not include the value of awards granted under the Long Term Incentive Plan. An overview of the awards as well as the expenses of the equity incentives that were charged to the income statement in 2010 is included in notes 6 and 22.

Remuneration totals do not include the value of share options granted under the Global Share Option Plan or awards granted under the Long Term Incentive Plan. An overview of the options and awards as well as the expenses of the equity incentives that were charged to the income statement in 2010 is included in notes 6 and 22.

Remuneration Supervisory Board

As of 29 July 2010, the effective date of the Merger, the following amounts shall be paid to the members of the Supervisory Board per annum (until such amounts are amended in accordance with the Articles of Association):

- Fred Mulder, chairman EUR 70,000;
- George William Fink EUR 50,000;
- John Farrell EUR 50,000;
- Nazo Moosa EUR 20,000;
- Joost Tjaden EUR 20,000.

The Company has not entered into (service) agreements with members of the Supervisory Board providing for benefits upon termination of such agreement.

In September 2010 awards have been granted to the members of the Supervisory Board under the Long Term Incentive Plan. The Long Term Incentive Plan is further described in the chapter 'Employee Incentive plans' below. An overview of the awards granted to the Supervisory Board members, the value of the awards on the date of grant as well as the expenses of the equity incentives that were charged to the income statement in 2010 is included in notes 6 and 22.

Remuneration Management Board

The members of the Management Board continued their services in accordance with their agreements existing prior to the Merger.

Fixed and variable remuneration

Luke Taylor, Management Board member and CEO, is entitled to an annual base salary of EUR 500,000 gross. Under the Remuneration Policy he may receive a short-term incentive compensation of up to 100 percent of his annual base salary which is subject to the achievement of short term performance targets, including EBITDA targets set for the Group and specific regions, and growth targets within the individual area of responsibility. Luke Taylor is neither entitled to any profit sharing arrangement nor to any pension benefits.

Huub Wezenberg, Management Board member and CFO, is entitled to an annual base salary of EUR 250,000 gross. Under the Remuneration Policy he may receive a short-term incentive compensation of up to 50 percent of his annual base salary which is subject to the achievement of short term performance targets, including EBITDA targets set for the Group and specific regions, and growth targets within the individual area of responsibility. Huub Wezenberg is not entitled to any profit sharing arrangement. He is annually entitled to pension benefits which amounted to EUR 17,625 in 2010.

No variable remuneration was awarded to the Management Board members in 2010 since the EBITDA targets were not met.

Shares

In order to commit Luke Taylor and Huub Wezenberg, both members of the Management Board, and Ewen Sturgeon, member of the Senior Management, to continue their services for the Company, Luke Taylor and Ewen Sturgeon acquired 666,667 shares and Huub Wezenberg acquired 166,666 shares in the Company pursuant to a private placement of shares (the "PIPE") which was completed on 29 April 2010. All members paid up the nominal amount of the PIPE shares. The remaining amount of EUR 0.95 per share converted into a loan granted by the Company as of 29 July 2010 of in total EUR 1.4 million. If the manager ceases to be an employee of LBi, he shall repay the loan plus accrued interest within 4 weeks. If the manager ceases to be an employee of LBi, he shall repay the loan plus accrued interest within 4 weeks. The loans bear an interest of 5% per annum and shall be repaid within four years following the effective date of the Merger.

Equity incentives

Prior to the Merger Luke Taylor and Huub Wezenberg have been granted rights to acquire shares in the capital of LBI International AB (options) under the Global Share Option Plan. To the options still outstanding per 31 December 2010 the following applies:

Luke Taylor

a) exercise price options:
Series G at SEK 16.57 and series I at SEK 15.50
b) the aggregate number of options granted not yet exercised:
780,000 entitling to 780,000 shares, whereof 280,000 series G and 500,000 Series I
c) the conditions of the options:
Series G vested 26 August 2010 and expire 26 August 2013
Series I will vest 21 September 2011 and expire 21 September 2015

Huub Wezenberg

a) exercise price options:
Series G at SEK 16.57 and series I at SEK 15.50
b) the aggregate number of options granted not yet exercised:
334,000 entitling to 334,000 shares, whereof 84,000 series G and 250,000 Series I
c) the conditions of the options:
Series G vested 26 August 2010 and expire 26 August 2013
Series I will vest 21 September 2011 and expire 21 September 2015

As per 29 July 2010 these options were replaced by new options in the Company on terms corresponding to the options held in LBI International AB. The options can be exercised on the condition that Luke Taylor and Huub Wezenberg respectively are still employees of the LBi group. The award of the options was determined by the board of directors of LBI International AB, with due reference to such criteria as the manager's performance and his position within, and significance for, the Group. Furthermore Luke Taylor has been granted 3,000,000 awards and Huub Wezenberg has been granted 700,000 awards under the Long Term Incentive Plan of the Company in September 2010.
No vesting period will apply to these awards. However, the exercise price of the awards is EUR 4 for the first year and shall thereafter be decreased to EUR 1.20 for 1/3 of the awards, EUR 1.80 for 1/3 of the awards and EUR 2.80 for the remaining 1/3 of the awards. Therefore in order for the members of the Management Board to receive any value in the 12 months following the grant the price of the LBi shares will need to exceed EUR 4.

The Global Share Option Plan and the Long Term Incentive Plan are further described in the chapter 'Employee incentive plans' below. An overview of the options and awards, the value of the awards on the date of grant as well as the expenses of the equity incentives that were charged to the income statement in 2010 is included in notes 6 and 22.

Terms of employment

The members of the Management Board have employment contracts for an indefinite period of time.

Severance arrangements

The service agreement of Luke Taylor is terminable on six months' written notice by either party. At any time on or after notice to terminate the agreement is given by either party Luke Taylor will not, without LBi's prior written consent, be employed or otherwise engaged in the conduct of any business activity which directly conflicts with his duties to LBi for a maximum period of six months if so requested by LBi. During this period, Luke Taylor will be entitled to receive his salary and all contractual benefits in accordance with his service agreement.

In the event of a change of control, LBi shall pay to Luke Taylor an amount equal to the bonus he would have received for the current financial year by assuming that the financial results and criteria for the year been met in full (resulting in an amount of EUR 500,000). This agreement is covered by English law.

The employment agreement of Huub Wezenberg is terminable on six months' written notice by the employer and three months' written notice by Huub Wezenberg. In case the agreement is terminated by LBi other than (i) for an urgent cause within the meaning of Article 7:678 of the Dutch Civil Code, or (ii) after a period of illness of two years, while the termination was not fully or principally based on any misconduct or lack of conduct, Huub Wezenberg shall be entitled to compensation of an amount equal to his gross annual salary including holiday allowance. The agreement does not include a change of control clause. This agreement is governed by Dutch law.

Share ownership

The number of Shares owned by members of the Management Board, the Supervisory Board and Senior Management as of 31 December 2010 are as follows:

Management Board	Number of Shares owned 31-12-2009	Number of Shares owned 31-12-2010
Luke Taylor	77,000	743,667
Huub Wezenberg	5,000	171,666
Total	**82,000**	**915,333**

Supervisory Board	Number of Shares owned 31-12-2009	Number of Shares owned 31-12-2010
Fred Mulder, chairman	274,500	349,417
George William Fink	-	-
John Farrell	N/A	-
Nazo Moosa	N/A	-
Joost Tjaden	N/A	-
Total	**274,500**	**349,417**

Senior Management	Number of Shares owned 31-12-2009	Number of Shares owned 31-12-2010
Alan Davies	-	-
Chris Clarke	-	-
Ewen Sturgeon	-	666,667
Lyndsay Menzies	N/A	1,398,648
Thomas Elkan Boisen	1,176	1,176
Total	**1,176**	**2,066,491**

The numbers of options and awards as of 31 December 2010 granted to members of the Management Board, the Supervisory Board and Senior Management are described below in the paragraph Employee incentive plans.

Other information

None of the members of the Management Board, Supervisory Board and Senior Management is, or has been, (i) subject to any convictions in relation to fraudulent offences in the last five years, (ii) in the last five years associated with any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or senior management positions, or (iii) subject to any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Administrative, management and supervisory bodies conflicts of interest

Other than the fact that two members of the Supervisory Board are not independent for the purposes of the Dutch corporate governance code as described below in the paragraph "Non-compliance with the corporate governance code", the Company is not aware of any potential conflict of interest between the private interests or other duties of the members of the Management Board, Supervisory Board or Senior Management and their duties and responsibilities to the Company. No family ties exist among the members of the Management Board, Supervisory Board and Senior Management.

Employee equity incentive plans

The Company has a Global Share Option Plan ("GSOP") and a Long Term Incentive Plan ("LTIP") in place.

Global Share Option Plan

Under the GSOP employees have been awarded options to purchase Shares in LBi.

Options have been awarded without payment of a premium and the redemption price for the options reflected the market value of an LBi share on the date on which the options were issued. The options cannot be exercised earlier than six months or later than seven years from the date on which they have been issued and on the condition that the holder of the options is still an employee of the LBi group. The award of options was 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 was to create the conditions for maintaining and recruiting competent employees in the Group.

The outstanding options under the GSOP were granted prior to the Merger and entitled the holders to purchase shares in LBI international AB. As per 29 July 2010, these options have been replaced by new options in the Company on terms corresponding to the options held in LBI International AB. One option in LBI International AB has thus be replaced by one corresponding option in the Company. No new options will be granted under the GSOP. As of 31 December 2010 3,514,100 options were outstanding under the GSOP, which together entitled the holders to purchase 3,514,100 shares in LBi.

In the event of a change of control as a result of an offer to acquire the shares or if the Company is merged into another company, all options may be exercised within six months after the date the offer has become unconditional or the effective date of the Merger. The options will lapse at the end of the six month period, unless the Management Board gives reasonable notice to the option holders before the end of the six month period that the options will not lapse. If a person becomes bound or entitled to acquire shares pursuant to a written agreement which results in a change of control, options may be exercised at any time when that person remains so bound or entitled and then will lapse.

A participant who ceases employment at a time when options have vested will be able to exercise its options in principle in the six month period following cessation of employment (regardless of the reason of termination), after which the options will lapse. Options held by a participant who ceases employment prior to their vesting will lapse in full.

Long Term Incentive Plan

The LTIP provides for the grant of equity awards to facilitate the recruitment, motivation and retention of executives and employees.

All major decisions relating to the LTIP will be made by the Remuneration Committee (the "Committee"). The LTIP is discretionary and will only operate in those years that the Committee determines.

Any employee (including executive directors) of a Group company will be eligible to participate in the LTIP at the discretion of the Committee. Awards may take the form of any of (or a combination of) the following:

- an option (delivered in the form of a stock appreciation right to be settled in Shares) at nil cost or such other exercise price as determined by the Committee;
- an interest in Shares
- any other type of equity or equity related interest giving substantially the same economic benefit.

Awards may be granted over newly issued Shares, treasury shares or shares purchased in the market. Awards under the LTIP will not form part of a participant's pensionable earnings. Awards are not transferable (other than on death) without the consent of the Committee. No payment will be required for the grant of an award (however payment for receipt of an interest in Shares will be required).

The maximum number of Shares available to be awarded under LTIP is 12,750,000 Shares. For the purposes of calculating the number of Shares remaining in the pool, awards or other rights to acquire Shares which lapse or have been released do not count. However, where appropriate, Shares subscribed by the trustees of the employee benefit trust to satisfy rights granted under any equity incentive plans adopted by the Company would count towards these limits. 11,980,316 awards have been granted in September 2010 (the "Initial Awards"), wherefore 8,610,316 Shares were issued at the end of September 2010 to the trustee of the trust company LBi Employee Benefit Trust in connection with the granting of initial awards under the equity incentive plan of LBi. The remainder of Shares to be awarded under the LTIP as of 31 December 2010 is 769,684.

Future awards may be granted in any period of six weeks following (i) the annual General Meeting of Shareholders; (ii) an announcement by the Company of its interim or final results; (iii) any other time when the Committee determines that exceptional circumstances exist justifying the making of an award (this may, for example, include making awards to recruit key individuals) and (iv) any change or proposed change to legislation, regulation or government directive that affects the LTIP. If there exists any legal or regulatory barrier to making an award, the award will be made within six weeks of such barrier being removed. No individual limits will apply that restrict the value of awards that may be granted to any employee in any financial year.

No vesting period applies to the Initial Awards. However, the exercise price of the Initial Awards is EUR 4 for the first year and shall thereafter be decreased to EUR 1.20 for 1/3 of the awards, EUR 1.80 for 1/3 of the awards and EUR 2.80 for the remaining 1/3 of the awards. Therefore in order for members of the Management Board, Supervisory Board or Senior Management to receive any value in the 12 months following the grant the price of the Shares will need to exceed EUR 4.

The Committee, at the date of grant, will determine the vesting arrangements in respect of future awards. The minimum vesting period of future awards will be six months from the date of grant. Awards will lapse no later than the seventh anniversary of the date of grant (or such earlier date as determined by the Committee).

A participant who ceases employment at a time when awards have vested will be able to exercise its awards in the six month period (or such longer period as the Committee may determine) following cessation of employment (regardless of the reason of termination), after which the awards will lapse. Awards held by a participant who ceases employment prior to their vesting will lapse in full.

In the event of a change of control of the Company where the acquiring company permits outstanding awards to be exchanged for new awards in relation to Shares in the acquiring company on a comparable basis, the Committee may require awards to be exchanged. Where no exchange of awards is made, awards will vest in full (to the extent not already vested) and will be exercisable within prescribed time limits up to and following the change of control.

Any alterations to the rules to the advantage of participants governing eligibility and the number of Shares available under the LTIP, must be approved in advance by the General Meeting of Shareholders.

The Committee may grant awards to employees on different terms or establish further plans, as it considers necessary or desirable to take account of or to mitigate or to comply with relevant taxation, securities or exchange control laws provided that the terms of the awards are not overall more favourable than the terms of awards granted to other employees and that any Shares made available under such plans shall count towards the overall limits set out above.

Number of outstanding equity incentives

The number of equity incentives owned by members of the Management Board and the Supervisory Board, Senior Management and other key employees under the GSOP and the LTIP as of 31 December 2010 are as follows:

Management Board	**Number of options under GSOP**	**Weighted average exercise price**	**Number of awards under LTIP**	**Weighted average exercise price [3)]**	**Expenses equity incentives charged to income statement in 2010 [4)]**
Luke Taylor	780,000 [1)]	EUR 1.59	3,000,000	EUR 1.93	EUR 836,372
Huub Wezenberg	334,000 [2)]	EUR 1.60	700,000	EUR 1.93	EUR 195,153
Total	**1,114,000**		**3,700,000**		

1) - *280,000 Series G and 500,000 series I with an exercise price of SEK 16.57 respectively SEK 15.50 per share;*
- *Series G was granted in 2008, vested 26 August 2010 and expires 26 August 2013.*
- *Series I was granted in 2009, will vest 21 September 2011 and expires 21 September 2015.*

2) - *84,000 Series G and 250,000 series I with an exercise price of SEK 16.57 respectively SEK 15.50 per share;*
- *Series G was granted in 2008, vested 26 August 2010 and expires 26 August 2013.*
- *Series I was granted in 2009, will vest 21 September 2011 and expires 21 September 2015.*

3) *The weighted average exercise price of EUR 1.93 is based on the exercise prices as they apply as of 1 year following the grant of the Initial Awards. These exercise prices are EUR 1.20 for 1/3 of the awards, EUR 1.80 for 1/3 of the awards and EUR 2.80 for the remaining 1/3 of the awards.*

4) *The expenses charged to the income statement in 2010 are equal to the value of the awards on grant date.*

Supervisory Board	**Number of awards under LTIP**	**Weighted average exercise price [1)]**	**Expenses equity incentives charged to income statement in 2010 [2)]**
Fred Mulder, chairman	640,000	EUR 1.93	EUR 178,426
George William Fink	480,000	EUR 1.93	EUR 133,820
John Farrell	480,000	EUR 1.93	EUR 133,820
Nazo Moosa	160,000	EUR 1.93	EUR 44,607
Joost Tjaden	160,000	EUR 1.93	EUR 44,607
Total	**1,920,000**		

1) *The weighted average exercise price of EUR 1.93 is based on the exercise prices as they apply as of 1 year following the grant of the Initial Awards. These exercise prices are EUR 1.20 for 1/3 of the awards, EUR 1.80 for 1/3 of the awards and EUR 2.80 for the remaining 1/3 of the awards.*

2) *The expenses charged to the income statement in 2010 are equal to the value of the awards on grant date.*

Senior Management	Number of options under GSOP	Weighted average exercise price	Number of awards under LTIP after the Effective Date	Weighted average exercise price [1)]	Expenses equity incentives charged to income statement in 2010 [2)]
Ewen Sturgeon	554,000	EUR 2.18	2,000,000	EUR 1.93	EUR 557,581
Lindsay Menzies	-	N/A	700,000	EUR 1.93	EUR 195,153
Chris Clarke	207,000	EUR 1.55	700,000	EUR 1.93	EUR 195,153
Alan Davies	172,500	EUR 1.55	700,000	EUR 1.93	EUR 195,153
Thomas Elkan Boisen	270,000	EUR 1.77	700,000	EUR 1.93	EUR 195,153
Other employees	1,196,600	EUR 2.88	1,560,316	EUR 1.93	EUR 435,002
Total	**3,514,100**		**11,980,316**		

1) The weighted average exercise price of EUR 1.93 is based on the exercise prices as they apply as of one year following the grant of the Initial Awards. These exercise prices are EUR 1.20 for 1/3 of the awards, EUR 1.80 for 1/3 of the awards and EUR 2.80 for the remaining 1/3 of the awards.

2) The expenses charged to the income statement in 2010 are equal to the value of the awards on grant date.

Directors indemnification and insurance

In order to attract and retain qualified and talented persons to serve as members of the Management Board or the Supervisory Board, in respect of a sector, region, product group or other internal company structure or segment, the Company provides such persons with protection through a directors' and officers' insurance policy.

The Company indemnifies every member of the Management Board and the Supervisory Board, as well as every former member of the Management Board and the Supervisory Board against:

a. substantiated reasonable costs with respect to conducting a defence (including lawyers' fees), at law or otherwise, against third party claims or claims of the Company, including claims for reimbursement of damages, payment of fines, or (judicially imposed) penalty payments; and

b. financial consequences of court rulings and resolutions of governmental authorities and amounts due relating to settlements that actually and in reasonableness have been paid by that (former) Management Board or Supervisory Board member to third parties, due to an act or failing to act in the performance of his duties as member of the Management Board or Supervisory Board, or any other function he/she performs or has performed at the request of the Company.

In the event and to the extent that a Dutch court has established by final and conclusive decision that the act or the failing to act could be characterised as seriously culpable, a Management Board or Supervisory Board member cannot claim indemnification. Moreover, a Management Board and Supervisory Board member cannot claim indemnification in the event and to the extent that the indemnified claim is covered by an insurance and the insurer has paid for the indemnified claim, or in the event and to the extent the indemnified claim is not covered by any insurance due to a cause attributable to the Management Board or Supervisory Board member concerned.

Compliance with Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance, fully supports the principles and best practice provisions of the Code Code and complies with the relevant best practice provisions of the Code except for the following practices where for the reasons set out below it is not compliant. II.2.9"The company may not grant its management board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the supervisory board. No remission of loans may be granted." In order to commit the members of the Management Board to continue their services for the Company, they have acquired shares pursuant to the PIPE. Both members paid up the nominal amount of the shares. The remaining amount of EUR 0.95 per Share has been converted into a loan granted by the Company as of the Merger. If the manager ceases to be an employee of LBi, he shall repay the loan plus accrued interest within 4 weeks. The loans bear an interest of 5% per annum and shall be repaid within four years following the Merger.

II.2.3 "In determining the level and structure of the remuneration of management board members, the supervisory board shall take into account, among other things, the results, the share price performance and non-financial indicators relevant to the long term objectives of the company, with due regard for the risks to which variable remuneration may expose the enterprise." In addition to a fixed annual salary the members of the Management Board may also receive variable remuneration, based on outcome in relation to financial goals and growth targets within the individual area of responsibility. Under the 2010 remuneration policy they qualify for a short-term incentive compensation which is subject to the achievement of short term performance targets. The Company believes that although the targets relate to the performance during the year for which the targets are set, these targets support the long-term financial objectives of the Group.

II.2.4 "If options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand." The Company believes that the performance of the Group depends in large part on the continued services of its members of the Management Board and key employees. In view hereof, it is deemed essential that the Company is in a position to offer internationally competitive remuneration packages to qualified members of the Management Board. The Initial Awards which have been granted (among others) to members of the Management Board and members of the Supervisory Board will not be subject to any vesting conditions, although for any value to be delivered to the grantees in the first year the price of the Shares would need to exceed EUR 4. Any future awards which may be granted to members of the Management Board and the Supervisory Board under the LTIP will vest, subject to a time condition only, after a vesting period of at least six months from the date of grant.

III.2.1 "All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2."

III.5.1 (..) "The terms of reference may provide that a maximum of one member of each committee may not be independent within the meaning of best practice provision III.2.2." (..).

The Company has two shareholders (Carlyle and Janivo) that acquired a material shareholding in the Company in consideration for certain contributions to the capital of the Company. As part of these investments in the Company, Carlyle negotiated a right to appoint one Supervisory Board member and Janivo negotiated a right to make a binding nomination for the appointment of one Supervisory Board member. It also has been agreed that these members may become part of those committees of the Supervisory Board that would benefit most from their specific expertise and knowledge. Nazo Moosa and Joost Tjaden, the two Supervisory Board members appointed following these nomination and appointment rights do not qualify as independent within the meaning of best practice provision III.2.2 of the Code. Both Nazo Moosa and Joost Tjaden have become members of the Nomination Committee and the Audit Committee of the Supervisory Board. In addition Joost Tjaden has become a member of the Remuneration Committee of the Supervisory Board.

III.3.6 "The supervisory board shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many supervisory board members retire at the same time." (..).

This best practice provision of the Code requires the Company to draw up a retirement schedule to avoid the situation in which many Supervisory Board members retire at the same time. All five contemplated Supervisory Board members will, in principle, be in office for a term of four years and these terms may be extended if the relevant members are re-appointed. In view of these relatively long terms, there is currently no urgency to draw up a retirement schedule. However, the Company will revisit the need for a retirement schedule nearer to the end of the term of the first Supervisory Board members in consultation with those members.

III.4.4 "The vice-chairman of the supervisory board shall deputise for the chairman when the occasion arises. By way of addition to best practice provision III.1.7, the vice-chairman shall act as contact for individual supervisory board members and management board members concerning the functioning of the chairman of the supervisory board." As different Supervisory Board members may be unavailable to attend meetings from time to time, the Supervisory Board wishes to reserve the flexibility to appoint a vice-chairperson on an ad hoc basis. In addition, given the contemplated composition of the Supervisory Board, the Company feels that the additional tasks envisaged by the Code for the vice-chairperson in case the chairperson is absent would become overly burdensome for one person if combined with the duties in Supervisory Board meetings and General Meetings of Shareholders.

The Company therefore wishes to reserve the right to allocate the respective duties of the vice chairperson among two different Supervisory Board members from time to time when the need arises. III.7 "The general meeting shall determine the remuneration of supervisory board members. The remuneration of a supervisory board member is not dependent on the results of the company." In accordance with best practice principle III.7, the general meeting of shareholders of Obtineo has determined the maximum remuneration of Supervisory Board members prior to the Merger.

The Company, however, also acknowledges the need to attract and retain the best individuals for the respective Supervisory Board positions, which may require some flexibility in terms of remuneration. In order to balance this best practice principle and the desired flexibility, the Company will allow the Supervisory Board to allocate the relevant remuneration to individual Supervisory Board members within the limits determined by the general meeting.

III.7.1 "A supervisory board member may not be granted any Shares and/or rights to Shares by way of remuneration." In order to attract and retain excellent individuals to take a seat at the Supervisory Board, the Company allowed its Supervisory Board members to obtain a limited number of awards under any approved equity incentive plan.

The Initial Awards which have been granted (among others) to members of the Supervisory Board will not be subject to any vesting conditions, although for any value to be delivered to the grantees in the first year the price of the Shares would need to exceed EUR 4. Any future awards which may be granted to members of the Supervisory Board under the LTIP will vest, subject to a time condition only, after a vesting period of at least six months from the date of grant.

Lock-up restrictions

The Shares held by the shareholders of Obtineo prior to the Merger, the Shares acquired by Janivo and Cyrte in connection with the Rights Offering and the Shares acquired by Janivo in exchange for its shares in LBi AB pursuant to the Merger are all subject to a lock-up for a period of 540 days following the listing on NYSE Euronext Amsterdam on 5 August 2010 (representing 40.2% of the total issued capital of the Company per 31 December 2010). In addition, the Shares allotted in the Rights Offering to the LBi AB shareholders who signed an irrevocable undertaking are subject to a 180 day lock-up from 1 September 2011, the end of the exercise period (representing 3.3% of the total issued capital of the Company per 31 December 2010).

External auditor

PricewaterhouseCoopers Accountants N.V. has been elected to serve as auditors for a period ending with the 2011 Annual General Meeting. Authorised Public Accountant Bart Koolstra is appointed Auditor-in-Charge. The auditors submit an audit report for the Company and the Group. The audit is carried out in accordance with generally accepted auditing standards in the Netherlands. All subsidiaries outside the Netherlands are audited in accordance with local rules and regulations. For the financial year 2010, fees for auditing services amounted to EUR 0.6 million and for non-auditing services to EUR 0.6 million. Aside from auditing services, LBi has consulted PricewaterhouseCoopers Accountants N.V. 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 7.

Governing documents

LBi's operations are governed, in part, by a number of policy documents adopted by the Management Board. These policy documents are made available to staff members, inter alia by direct information to those affected. The governing documents include 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 including a whistle blowers policy, a communications policy and policy regarding business & IT continuity.

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 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 the Netherlands 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.

In control statement

The Management Board of LBi is responsible for the design, implementation, operation and evaluation of the Company's internal risk management and control systems. The LBi system of internal control and risk management is based on an on-going and evolving process designed to identify the principal risks within the business, to evaluate the nature and extent of those risks and to manage them efficiently and effectively. Criteria established under "Internal Control - Integrated Framework", the Treadway Commission's Committee of Sponsoring Organisations (COSO) are used to help drive the risk management strategy.

A description of the principal risks the Company faces is included in the annual report. The risks that the business is exposed to are continually changing. The acquisition of bigmouthmedia is a prime example of this. The integration of this business is on-going due to the size and complexity of the overall transaction and strategy.

The Management Board believes that whilst acquisitions present a challenge to internal control, they also present the Company with an opportunity to improve its current internal control set-up. Integration of this complexity helps provide a driving force for all the subsidiary companies of LBi to align their current manual risk management and internal controls into a consolidated, platform driven framework.

The Company is therefore currently undergoing a substantial investment in ERP technology which is intended to be pushed out across all business units during 2011.

It is fully envisaged that this investment will lead to the further automation of a number of currently manual internal control procedures. Key internal controls have been present this year in each locality, some of which were informal in nature.

During 2010 business units were required to complete and sign an annual in control questionnaire and an internal letter of representation to confirm their current internal controls are in place and effective. The Management Board understands the need to further develop and fully roll out the global internal control framework.

The aforementioned process has been in place for the year ended 31 December 2010, and up to the date of approval of the financial statements. During this period there have been no indications of any material issues relating thereto.

Internal control systems can never provide absolute assurance on the achievement of corporate objectives, nor do they provide absolute assurance that material errors, losses, fraud and the violation of laws or regulations will not occur.

The Management Board is guided in this area by the Audit Committee. The Audit Committee meets regularly (at least four times a year) with the Management Board and helps formalise the risk management strategy of the Company. The evaluation of the design and operating effectiveness and future implementation of all controls and risk management are fully discussed by the Management Board with both the Supervisory Board and the Audit Committee. The Audit Committee is attended by the Chief Financial Officer and the head of internal control, both of whom have the opportunity to discuss items with the committee privately if required.

Based on the activities performed during 2010 and in accordance with best practice provision II.1.5, the Management Board believes that the risk management and control systems regarding the financial reporting risks have worked properly during 2010, and provides reasonable assurance that the 2010 annual accounts do not contain any errors of material misstatement.

Responsibilities in respect of the annual accounts and the annual report

As required by section 5:25c of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the Management Board confirms to the best of its knowledge that:

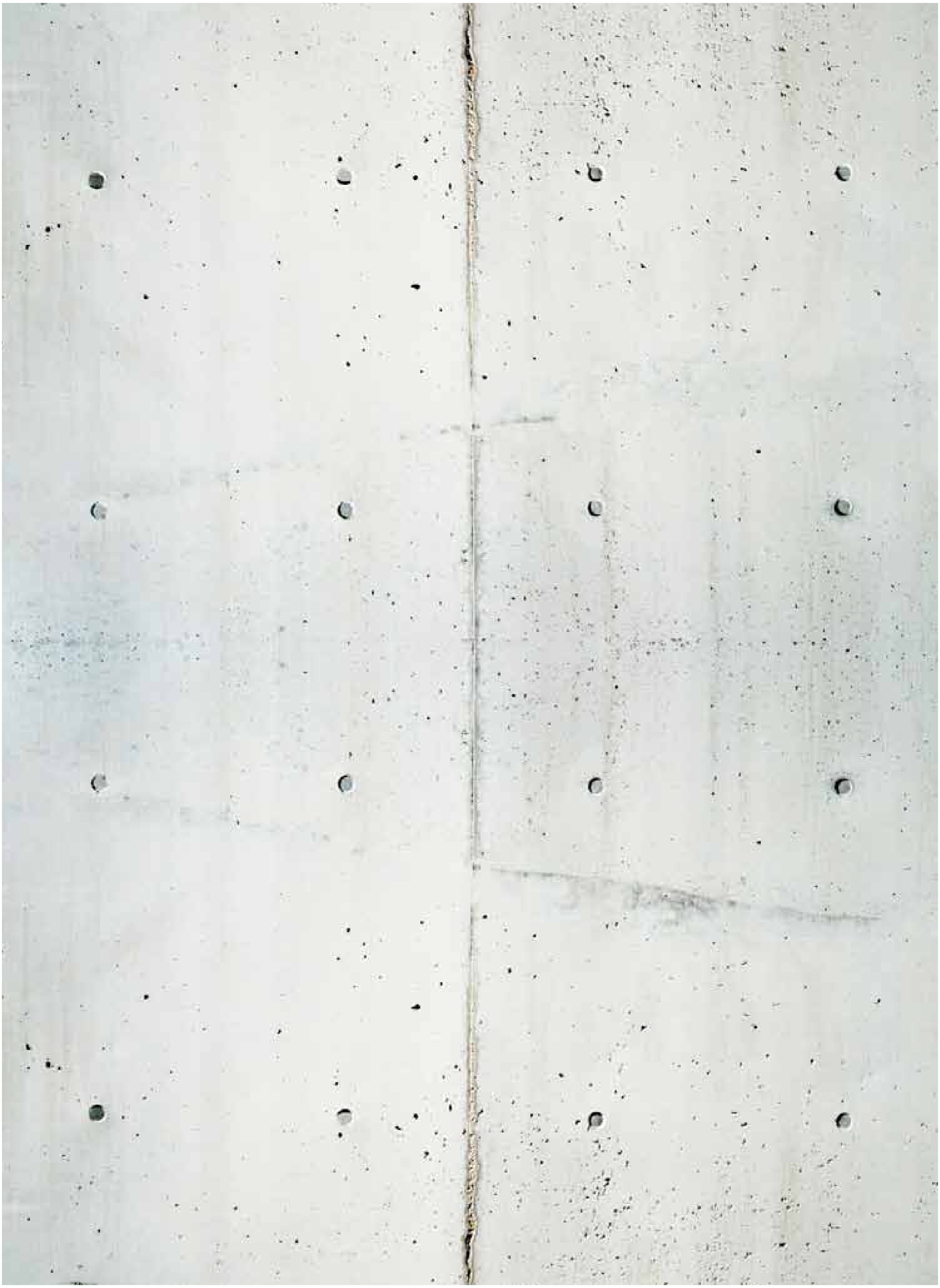
- the financial statements in the annual accounts are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities and profit or loss of the Company and all its consolidated entities;
- the report of the Management Board includes a fair view of the development and performance of the consolidated business during the financial year, together with a description of the principal risks and uncertainties the Company faces.

Amsterdam, 14 April 2011

Management Board

Luke Taylor

Huub Wezenberg



Annual accounts 2010

Consolidated financial statements 2010

Consolidated income statement

EUR million	Note	2010	2009
Net revenue	4	162.8	137.5
Cost of sales	5,6,7,8	-110.8	-97.2
Gross margin		**52.0**	**40.3**
Selling expenses	5,6,7,8	-13.5	-8.8
Administrative expenses	5,6,7,8	-37.4	-25.8
Impairment	9	-	-68.9
Other operating income	10	3.2	0.5
Other operating expenses	10	-	-0.4
Operating result		**4.3**	**-63.1**
Result from shares in associated companies	11	-	0.2
Finance income	12	0.7	2.1
Finance expenses	12	-2.6	-3.2
Result before tax		**2.4**	**-64.0**
Income tax	13	-2.8	0.2
Net result for the period		**-0.4**	**-63.8**
Attributable to:			
Owners of the parent		-0.4	-63.6
Non-controlling interest		-	-0.2
Net result for the period		**-0.4**	**-63.8**
Earnings per share (EUR)		EUR 0.00	EUR -1.03
Earnings per share after dilution (EUR)		EUR 0.00	EUR -1.03
Average number of shares outstanding (1000's)		97,277	62,023
Average number of shares outstanding after dilution (1000's)		97,557	62,057

Consolidated statement of other comprehensive income

EUR million	2010	2009
Net result for the period	**-0.4**	**-63.8**
Other comprehensive income		
FX differences	-1.0	6.5
Income tax related to FX differences	0.1	0.5
Total other comprehensive income	**-0.9**	**7.0**
Total comprehensive income for the period	**-1.3**	**-56.8**
Total other comprehensive income attributable to:		
Owners of the parent	-1.3	-57.1
Non-controlling interest	-	0.3
Total comprehensive income	**-1.3**	**-56.8**

Consolidated balance sheet

EUR million	Note	31 Dec 2010	31 Dec 2009
Property, plant and equipment	14	10.4	8.9
Intangible assets	15	172.8	93.4
Deferred tax asset	16	56.5	51.0
Other non-current assets	17	2.1	1.8
Total non-current assets		**241.8**	**155.1**
Trade and other receivables	18	68.3	44.0
Financial assets at fair value through P&L	19	17.5	14.2
Cash and cash equivalents	20	44.3	21.0
Total current assets		**130.1**	**79.2**
Total assets		**371.9**	**234.3**
Share capital		35.3	14.2
Share premium		250.8	167.6
Reserves		47.6	48.3
Foreign translation adjustments		-26.0	-28.3
Retained earnings		-65.2	-1.2
Result for the period		-0.4	-64.0
Non controlling interest		-0.1	0.1
Total equity	**21,22**	**242.0**	**136.7**
Liabilities to credit institutions	23	15.6	24.9
Provisions for pensions and similar obligations	24	1.0	1.0
Deferred tax liability	16	3.6	0.8
Other provisions	25	13.6	9.0
Total long-term liabilities		**33.8**	**35.7**
Liabilities to credit institutions	26	19.3	15.1
Trade and other payables	27	28.0	11.6
Provisions for other liabilities and charges	28	48.8	35.2
Total current liabilities		**96.1**	**61.9**
Total equity and liabilities		**371.9**	**234.3**

Consolidated statement of changes in equity

EUR million	Share capital	Additional paid in capital	Other reserves	Foreign translation adjustments [2]	Retained earnings	Non-controlling interest	Total equity
Opening balance 1 January 2009	**14.2**	**167.6**	**50.8**	**-37.7**	**-1.2**	**0.1**	**193.8**
Total comprehensive income	-	-	-2.5	9.4	-64.0	0.3	-56.8
Impact of options and awards	-	-	-	-	-	-	-
Transactions with related parties [1]	-	-	-	-	-	-0.3	-0.3
Balance at 31 December 2009	**14.2**	**167.6**	**48.3**	**-28.3**	**-65.2**	**0.1**	**136.7**
Opening balance 1 January 2010	**14.2**	**167.6**	**48.3**	**-28.3**	**-65.2**	**0.1**	**136.7**
Total comprehensive income			-4.6	3.7	-0.4	-	-1.3
New share issue	19.7	84.9	-	-	-	-	104.6
Translation result legal Merger	1.4	-	-	-1.4	-	-	-
Transaction costs	-	-1.7	-	-	-	-	-1.7
Impact of options and awards	-	-	3.9	-	-	-	3.9
Transactions with related parties [1]	-	-	-	-	-	-0.2	-0.2
Balance at 31 December 2010	**35.3**	**250.8**	**47.6**	**-26.0**	**-65.6**	**-0.1**	**242.0**

[1] *Dividend to related parties relates to dividend payment to the minority shareholder of MetaDesign AG in Germany.*

[2] *The foreign translation adjustments reserve is per the Dutch civil code not freely distributable and should therefore be considered a legal reserve.*

Consolidated cash flow statement

EUR million	Note	Year ended 31 December 2010	Year ended 31 December 2009
Cash flow from operating activities			
Profit before income tax		**2.5**	**-63.8**
Adjustments for non-cash items			
Depreciation and amortisation	8	6.6	76.6
Change in value of the financial assets through profit and loss	12	0.1	-
Allowance for doubtful accounts	18	2.2	-
Interest income	12	-0.3	-0.2
Interest expense	12	1.5	1.5
Fair value adjustment on the contingent liability	10	-3.1	-
Employees share option plans	6	3.9	0.1
Other non-cash items		-	-2.2
Operating cash flow before working capital changes and income tax paid		**13.4**	**12.0**
Working capital changes:			
Increase of accounts recievable and prepayments	18	-22.8	5.1
Increase of tax receivable	18	-1.5	-
Increase in accounts payable, advance payments and accruals	27, 28	23.3	-2.8
Net cash generated from operating activities		**12.4**	**14.3**
Cash flow from investing activities			
Payment of earn-outs (acquisitions) and other provisions	24,25,28	-13.9	-9.4
Cash spent on acquisiton Triple		-2.9	-
Purchase of property, plant and equipment and other non-current assets	2, 14	-6.1	-2.8
Interest received		0.3	0.2
Net cash used in investing activities		**-22.6**	**-12.0**
Cash flow from financing activities			
Repayment of debt	BS	-9.3	-12.3
Funds received from PIPE and Rights Offering		43.4	-
Overdraft obtained		3.6	16.1
Repayment of finance lease	29	-0.1	-
Interest paid	12	-1.5	-1.5
Dividends paid to NCI		-0.2	-0.2
Net cash (used in)/generated in financing activities		**35.9**	**2.1**
Effect of exchange rate changes on cash and cash equivalents	OCI	-2.4	-0.4
Cash at the beginning of the year		**21.0**	**17.0**
Cash at the end of the year		**44.3**	**21.0**

Notes to the consolidated financial statements

NOTE 1 ACCOUNTING POLICIES

General

The reporting entity is no longer 'LBI International AB'. On 29 July 2010 the cross-border merger between LBi AB and Obtineo (consisting of search engine specialist bigmouthmedia and EUR 40 million in cash) became effective, as a consequence whereof LBi AB ceased to exist and Obtineo acquired the assets and liabilities of LBi AB under a universal title of succession whereby one share in LBi AB entitled the holder thereof to one share in Obtineo (the "Merger"). Upon the effective date of the Merger the name change to LBi International N.V. became effective. As a result of the Merger the reporting entity is 'LBi International N.V.'. The Company statements are those of the newly incorporated 'LBi International N.V.'.

The consolidated financial statements of LBi for the year ended 31 December 2010 comprise LBi International N.V. and its subsidiaries (together the "Group"). LBi is the leading European marketing and technology agency with a global reach. As a marketing and technology agency, LBi offers services to brands (clients) to help them engage with their customers through digital channels across a wide spectrum of their points of engagement, from initial awareness of the brand, through direct interaction with the services or products offered by the brand, to on-going relationships with the brand. The Group employs approximately 1,750 professionals located mainly in Europe and the USA. As a result of the Merger the Group acquired control of bigmouthmedia GmbH, an agency with great expertise in the field of Search Engine Optimisation and related services.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as endorsed by the European Union ("EU") and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The consolidated annual accounts were prepared by the Management Board and authorised for issue by the Supervisory Board of the Company on 14 April 2011 and will be submitted for adoption to the Annual General Meeting of Shareholders on 26 May 2011.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention except for available-for-sale investments, investments, derivative financial instruments, liabilities for equity-settled share-based payment arrangements and long-term interest-bearing liabilities measured at fair value through profit and loss.

All financial information presented in euro's has been rounded to the nearest million with one decimal, unless stated otherwise. The reporting currency has changed from the Swedish Crown (SEK) to the Euro (EUR).

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Acquisitions of subsidiaries and non-controlling interests need to be recognised at fair value. The valuation methodology requires estimates concerning the future performance, the cost of capital and other parameters. Information about the valuation of acquisitions can be found in on page 078.
- The Group tests annually whether any impairment has been suffered on intangible assets with an indefinite life. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in the field of future performance, cost of capital, capital requirements and growth perspectives. More details can be found in note 15.
- The Group is subject to income taxes in various 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 and assets 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. More details about tax assets and liabilities can be found in note 16.
- LBi has two employee equity incentive plans, a Global Share Option Plan and a Long Term Incentive Plan for LBi´s Management Board, Supervisory Board and certain key personnel. The equity incentive plans are all fully equity settled and the initial recognition is subject to considerable judgements and estimates. These relate to the volatility of the share, expected share price developments and certain other parameters that are set out in more detail in note 22. As all equity incentive plans are fully equity settled the uncertainty is limited to the initial recognition in the income statement. Changes in one or more of the assumptions would have no impact on the value recognised.
- The Management Board continually follows up the earnings performance of acquired businesses with outstanding supplementary purchase money obligations and makes estimates of future outcomes. Related provisions and-or contingencies are adjusted in the period such estimates lead to new outcomes. More details about movements in provisions and contingencies can be found in note 25.
- The Group faces various financial risks that are assessed and monitored on a continuous basis. Estimates need to be made in the field of developments of interest rate, future group performance and related cash requirements, condition of the economy, exchange rate developments among others.

Judgements need to be made in the field of the magnitude of the risk, the chance that it occurs and the way of mitigating and/or eliminating it. More details about our financial risk management policies can be found on note 2.

- 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. More information on our revenue recognition policies can be found on page 074.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group company was recognised as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in the acquired group company were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing.

Accounting policies

General

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in Accounting Policies

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3

(revised) 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of other comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revised IFRS 3 has been applied in the accounting for the two (reverse) acquisitions that have taken place during the year. More information on these transactions can be found in note 2. LBi has adopted the fair value approach for its minority share in Sturm und Drang.

IAS 27

(revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has been applied to the accounting for the acquisition of the remaining 49% of interest in Vizualize (India). More information about this transaction can be found in note 2.

IAS 36

(amendments), 'Impairment of assets' Effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

IFRS 2

(amendments), 'Group cash-settled share-based payment transactions', Effective form 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2- Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation.

3.2.2 New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them.

IFRIC 17

'Distribution of non-cash assets to owners' Effective on or after 1 July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRIC 18

'Transfers of assets from customers' Effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with on-going access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with on-going access to a supply of goods or services (or to do both).

IFRIC 9

'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement' Effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.

IFRIC 16

'Hedges of a net investment in a foreign operation' Effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.

IAS 38

(amendment), 'Intangible assets' Effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IAS 1

(amendment), 'Presentation of financial statements' The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 5

(amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifications that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

3.2.3 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted.

LBi and its subsidiaries' assessment of the impact of these new standards and interpretations is set out below:

IFRS 9

'Financial instruments' Issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The Group is yet to assess IFRS 9's full impact.

Revised IAS 24

(revised), 'Related party disclosures' Issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and requires the Group to disclose any transactions between its subsidiaries and its associates. The Group will apply the revised standard from 1 January 2011. No significant impact is expected from implementing this standard.

'Classification of rights issues' (amendment to IAS 32)

Issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The Group will apply the amended standard from 1 January 2011. No significant impact is expected from implementing this standard.

IFRIC 19

'Extinguishing financial liabilities with equity instruments' Effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 January 2011, subject to endorsement by the EU. No significant impact is expected from implementing this standard.

IFRIC 14

(amendment), 'Prepayments of a minimum funding requirement' The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 January 2011. No significant impact is expected from implementing this standard.

Basis of Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of other comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. There was one transaction with non-controlling interest, which has been accounted for, conform this policy, through equity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").
The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. Operating segments are UK, Europe, US and Scandinavia.

Classification

Non-current assets and long-term liabilities in the Group consist in all material respects of amounts expected to be recovered or paid more than 12 months from the period end date only. Current assets and current liabilities in the Group consist in all material respects of only amounts expected to be recovered or paid within 12 months from the period end date only.

Foreign currency

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Financial statements of foreign businesses

The functional currency has been determined for each foreign operation on the basis of the currency that best reflect the underlying transactions, events and conditions relevant to the operations. The functional currency of LBi is the euro. This is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

The presentation currency of the financial statements of the Group changed from the Swedish Kronor in prior year to the euro as of 29 July 2010, the effective date of the Merger.

Results and financial position of all Group entities that have a functional currency different from the presentation currency are translated in the presentation currency. The assets and liabilities for each balance sheet of these foreign businesses, including goodwill arising on the acquisition of a foreign business, are translated to euro's using the exchange rate prevailing on the balance sheet date. Income and expenses for each income statement in foreign operations are translated to euro's using the average rate of exchange at each respective transaction date. Translation differences resulting from translating foreign operations and/or investments in foreign operations are reported as a translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedge of such investments, are taken to other comprehensive income.

Upon disposal of a foreign operation the accumulated translation differences are realised after deduction of any foreign exchange hedges in the consolidated income statement. The following exchange rates were used whilst preparing these consolidated financial statements:

Foreign exchange rates		Average against EUR	Ultimate against EUR
AED	Arab Emirates Dinar	0.204	0.203
CHF	Swiss Franck	0.724	0.804
DKK	Danish Krone	0.134	0.134
EUR	European Euro	1.000	1.000
GBP	British Pound	1.166	1.172
INR	Indian Rupee	0.017	0.017
NOK	Norwegian Krone	0.125	0.128
PLN	Polish Zloty	0.251	0.252
SEK	Swedish Krona	0.105	0.111
USD	United States Dollar	0.755	0.756

Tangible 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.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement when incurred.

Depreciation principles

Tangible non-current assets refer primarily to rebuilding of premises, office equipment and IT equipment. The following depreciation principles are in use:

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 25-40 years
- Machinery and equipment 3-5 years
- Adaption of premises/leasehold improvements coincides with underlying lease contract, max five years

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 assets 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 excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives. Currently the Group holds no trademarks and licenses on the balance sheet.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. The expected useful life of customer relationships is estimated per acquisition and vary between three and five years.

Computer software and R&D

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchased software is measured at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in the income statement when incurred. Development activities should meet the following criteria:

- Development activities involve a plan or a design for production
- The newly developed goods are substantially improved or entirely new goods/services
- It is technically and commercially feasible
- Future economic benefits are probable
- LBi intends and has sufficient resources to complete the product and use or sell it
- The expenditure attributable to the software product during its development can be reliably measured.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in the income statement when incurred. Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement when incurred. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial Assets

Classification

The Group classifies its financial assets in the following categories: (a) at fair value through profit or loss, (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular way purchases and sales of all financial assets are accounted for at trade date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.12 and 2.13).

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria the Group uses to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or & observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as hedges of a net investment in a foreign operation (net investment hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected income tax payable in respect of taxable profit for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to income tax payable in respect of profits of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet method, for deductible respectively taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets and liabilities are not recognised for the following temporary differences:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or
- Differences relating to investments in subsidiaries, joint ventures and associates resulting from translation of foreign operations.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed on each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are recognised in respect of the carry forward of unused tax losses and tax credits. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

Trade receivables

Trade receivables are classified in the category loan and receivables. Collection of trade receivables is expected within one year, they are classified as current assets. Trade receivables are initially recognised at fair value and subsequently at (amortised) cost, less provision for impairment. Impairment charges against trade receivables are accounted for in operating expenses.

Cash & 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.

Share capital

Shares are classified as equity. Transaction costs which are directly attributable to the issuance of new Shares or equity incentives are carried to equity as a deduction from the proceeds received for the share issues.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified in the category current liabilities. Trade payables have a short expected term (< 1 yr). Trade payables are recognised initially at fair value and subsequently at (amortised) cost.

Borrowings

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. 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.

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 Meta-Design 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 pension cost and the pension obligation for defined benefit pension plans is calculated in accordance with the projected unit credit method. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. No such changes took place during the past book year.

Compensation upon termination

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

Share based payments

LBi has two employee equity incentive plans, a Global Share Option Plan and a Long Term Incentive Plan under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of equity incentives 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 equity incentives awarded before 2010 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. The fair value of equity incentives awarded in 2010 or thereafter is calculated using the John C. Hull model. 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 equity incentives at the time of reporting.

Provisions & Restructuring

The provision is a liability of uncertain timing or amount. A provision is set aside in the balance sheet when, and only when:

- The Group or the entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.
The increase in the provision due to passage of time is recognised as interest expense.

Restructuring costs

A provision for restructuring is recognised when LBi has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for. The provision includes the benefit commitments in connection with early retirement, relocation and redundancy schemes.

Contingent liabilities

A contingent liability is disclosed 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.

The initial fair value of a long term liability is calculated at the date of acquisition. For contingent liabilities that depend on the share price, downward fair value adjustments are recognised only when the actual share price is above the target share price. As long as this is the case, 50% of the liability is released in equal parts until the maturity date of the liability. As precautionary measure the other 50% remains on the balance sheet until the liability falls due. Upward fair value adjustments are recognised immediately and in full in the period the Company becomes aware of the adjustment.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. One time sales of goods and services mainly takes place using fixed price contracts, while services that are rendered on a continuous basis, are charged monthly. In both cases it is possible for LBi to buy media on behalf of clients. The revenue for this is recognised on a net basis.

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. Cost of sales 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.

Revenue when acting as an Agent

LBI recognises revenue gross when acting as a principal. When acting as an agent, LBi recognises revenue net, so the 'commission' or mark up only. In order to judge whether an entity or the Group acts as a principal or as an agent is assessed on the basis of the indicators as set forth below. LBi reports revenue net when the majority of the indicators below are answered with ´no´:

- The Company is the primary obligor in the arrangement;
- The Company has general inventory risk;
- The Company has latitude in establishing the price;
- The Company changes the product or performs part of the service;
- The Company has discretion in supplier selection;
- The Company is involved in the determination of product or service specifications;
- The Company has physical loss inventory risk; and
- The Company has credit risk.

In addition to the above indicators, factors like relative size of the value added by the Company itself, and general market practice are taken into consideration when making the final decision.

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:

- Cost of sales 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 Supervisory Board, 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.

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.

Borrowing costs are expensed as incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of that asset are capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leased assets

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 tangible assets in the consolidated statement of financial position. 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.

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.

NOTE 2 FINANCIAL RISK MANAGEMENT

In implementing the strategy LBi strives for structural growth of the EBITDA and net result per share. Excess cash is as much as possible re-invested in the Company to help finance its buy and build strategy.

During this book year the Group's capital structure has changed considerably. Equity increased to EUR 242.0 million, while external loans were repaid following the regular schedule. At the date of the Merger, Obtineo had a considerable amount of cash available. It is the Group's aim to use this cash as much as possible to fund future acquisitions. Furthermore, the Group is continuously looking for the optimal leverage ratio and considering the current relatively low leverage ratio, potential working capital requirements may be supplemented by new loans.

LBi's financial risks primarily relate to exchange rate, interest rate risk, liquidity risk, counterparty risk, credit risk and operational risk. To minimise these risks, the Group has adopted a number of risk management procedures and policies.

Exchange rate risk

Exchange rate risk is the risk of a change to a financial instrument when foreign exchange rates fluctuate. Exchange rate risks may be broken down into translation and transaction exposure.

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.

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 Company.

LBi has entities in a variety of regions, spreading the exchange rate risk over various currencies. If the euro would fall by 10%, net revenue would be EUR 174.0 million, EBIT would be EUR 7.0 million and equity would be EUR 242.0 million. If the USD would drop by 10%, net revenue would be EUR 159.4 million, EBIT would be EUR 6.1 million and equity would be EUR 224.9 million. If the GBP would drop 10% in value, these amounts would be EUR 158.1 million, EUR 5.4 million and EUR 219.6 million respectively.

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 uses various financial instruments to manage the interest rate risk. Cash flows of Group companies are centralised as much as possible by using an international cash pool. This allows LBi to accumulate cash in multiple currencies and limit the capital requirements and related interest charge.

LBi is of the opinion that a limited interest rate risk is acceptable. The Group's policy therefore aims to limit but not eliminate interest rate risks. In principle LBi has a variable interest rate on its external loans. For 50% of the amount of these loans, the variable interest rate has been swapped against a fixed rate until maturity. The interest rate risk is therefore limited to 50% of the loans outstanding. LBi estimates that an increase of 1%-point would result in a EUR 20k higher interest expense.

Liquidity risk

Liquidity risk is the risk that LBi will not be able to meet its payment obligations in a tight credit market. The starting point of the liquidity risk management policy is to provide sufficient liquidity, in the form of credit facilities, loans and in cash, to meet the Company's payment obligations under normal circumstances. Within the Group a multi-currency cash pool is used to optimise the use of cash available and minimise the costs of credit facilities.

The Group currently has a net debt position of EUR –9.4 million and does not currently need additional funding. The risk of refinancing is therefore deemed acceptable. The Group's interest-bearing loans have three terms that must be met: a net debt to EBITDA ratio of maximum 2.0, an interest coverage ratio of at least 6.0 and a solvency ratio of at least 0.2. For the year 2010 these ratios were -0.68, 13.8 and 37% respectively.

A decrease in EBITDA (in this case, adjusted for transaction related expenses) of 10%, ceteris paribus, would result in a net debt to EBITDA ratio -0.72 and an interest coverage ratio of 13.1. Only with an EBITDA of less than EUR 1.0 million would the critical level of the interest coverage ratio be reached. Equity (adjusted for intangibles) can drop to EUR 212 million before the critical level of 20% is reached.

The Company forecasts cash flows on a continuous basis to ensure that sufficient liquidity is available in the Group. Analysis of the maturity dates of the Group's liabilities provides important input for these forecasts. The maturity dates are provided in the table below:

Maturity dates of liabilities - 2010	Borrowings	Earn-out obligations	Contingent liability	Trade and other payables	Total
Within 3-12 months	11.4	2.9	-	27.4	41.7
In 2 years	11.3	-	6.7	-	18.0
In 3 years	3.4	5.3	-	-	8.7
In 4 years	0.9	-	-	-	0.9
Total	**27.0**	**8.2**	**6.7**	**27.4**	**69.3**

Maturity dates of liabilities - 2009	Borrowings	Earn-out obligations	Contingent liability	Trade and other payables	Total
Within 3-12 months	15.1	12.6	-	18.8	46.5
In 2 years	10.1	-	-	-	10.1
In 3 years	10.8	-	-	-	10.8
In 4 years	3.2	-	-	-	3.2
In 5 years	0.8	-	-	-	0.8
Total	**40.0**	**12.6**	**-**	**18.8**	**71.4**

Credit risk

Credit risk is the risk of financial loss should a counterparty to a transaction not be able to meet its contractual obligations. The credit risk for LBi stems mainly from trade accounts receivables and work in progress. The maximum credit risk is equal to the book value on the balance sheet of each financial instrument and entails the following:

Maximum credit risk EUR million	2010	2009
Gross trade accounts receivable	62.9	41.3
Work in progress	14.9	11.2
Due from associated companies	0.2	0.2
Current tax receivables	2.6	1.1
Other short term receivables	4.8	1.6
Total	**85.4**	**55.4**

The increase is mainly due to the increased trade accounts receivable that result from the Merger.

For the purpose of credit risk management the DSO (Days Sales Outstanding) is of great importance. DSO is monitored on a continuous basis and is an integral part of management targets and performance measurement. During the year the DSO moved from 77 days in Q1 to 58 days in Q4.

Operational risk

Operational risk is the risk of losses due to shortcomings in internal administrative procedures and systems, and the risk of losing business to competition. The Group has routines and authorisation procedures in place to meet its financing, IT, communication and personnel policies, etc and it regularly performs legal reviews of its agreements. It is the Group's policy to spread the risk of losing business to the competition as much as possible. Therefore, the Group monitors rigorously its reliance on large clients and adjusts business focus accordingly.

Dependance on major clients as % of net revenue	2010	2009
Largest client	4.4%	4.0%
10 largest clients	25.2%	22.7%
20 largest clients	36.1%	34.0%

LBi is not dependent on one or two large clients. It is however, moving towards a business model of larger corporate clients.

NOTE 3 COMPOSITION OF LBi INTERNATIONAL N.V.

Changes in composition of LBi International N.V.

The Merger

On 29 July 2010 the cross-border merger between LBi AB and Obtineo (consisting of search engine specialist bigmouthmedia and EUR 40 million in cash) became effective, as a consequence whereof LBi AB ceased to exist and Obtineo acquired the assets and liabilities of LBi AB under a universal title of succession whereby one share in LBi AB entitled the holder thereof to one share in Obtineo (the "Merger"). Upon the effective date of the Merger the name change to LBi International N.V. became effective. The Merger was carried out in accordance with the purchase method and LBi AB has been identified as the acquiring company, applying the reverse merger principle. The reverse merger principle is applied because the LBi AB shareholders have obtained the majority in respect to ownership as a result of the exercise of their rights in the Rights Ofering. The majority of the Management Board and Supervisory Board of the new entity consists of members of the board of directors and management of LBi AB.

Prior to the Merger LBi AB had a primary listing on the Nasdaq OMX Stockholm and a secondary listing at NYSE Euronext Amsterdam. LBi AB was delisted on 27 July 2010. As of 5 August 2010 the Company is listed on NYSE Euronext Amsterdam. The Dutch Corporate Governance Code applies to LBi.

Reasons for the transaction

LBi will combined LBi AB's digital media, marketing, communications, design, branding and technology services with BMM's search engine marketing expertise. The Group aspires to become Europe's largest independent marketing and technology agency, with strong capabilities in the US and a foothold in Asia and the Middle East. Following the Merger, LBi:

- is a larger group with a wider geographical spread;
- has expertise in a greater number of areas of digital marketing and technology;
- is better be able to meet the growing customer demand for one agency providing a full range of services across multiple geographies;
- has a stronger and more diverse customer base of global blue chip companies;
- is a stronger platform to attract and retain a talented workforce;
- will leverage its increased service and scale, proprietary tools and IP, to capture additional domain and sector knowledge, which will be deployed to bring greater benefits for its clients

Consideration

Because LBi AB was identified as the acquirer, the purchase consideration is determined as the number of shares that LBi AB would have had to issue to give the Obtineo shareholder the same percentage of ownership in the combined entity as achieved via the Merger. Obtineo shareholders owned 69,133,332 shares in Obtineo. Both the LBi AB and Obtineo shareholders received one share in the combined company, each share in respectively LBi AB and Obtineo. The share price on the Merger date, 29 July 2010, was EUR 1.37 and the fair value of the total consideration paid was EUR 94.7 million (69,133,332 x 1.37).

The consideration paid was for the following assets:

Fair value of net assets obtained	EUR 26.3 million
Fair value of goodwill	EUR 68.4 million
Total	EUR 94.7 million

Net assets obtained EUR million	**Obtineo**
Assets	
Intangible fixed assets	3.4
Tangible fixed assets	0.5
Deferred tax assets	0.1
Total non-current assets	**4.0**
Trade accounts receivable	10.6
Other current assets	4.1
Cash and cash equivalents	43.4
Total current assets	**58.1**
Total assets	**62.1**
Long term interest bearing liabilities	1.2
Long term interest non-bearing liabilities	17.2
Short term interest bearing liabilities	-
Other short-term liabilities	17.4
Total current liabilities	**35.8**
Total net assets obtained	**26.3**

Valuation of goodwill and client portfolio's

The goodwill of EUR 68.4 million arising from the Merger is attributable to synergies that are expected to be realised and to long term revenue growth as a result of the increased range of services available for the clients and to easier access and utilisation of the skilled workforce. Synergies include optimisation of utilisation management and other staff, real estate rationalisations and better negotiation positions for large suppliers. None of the goodwill recognised is expected to be deductible for income tax purposes.

LBi monitors the value of goodwill and client portfolio's on an operating segment level (see note 4). The BMM activities have been allocated to LBi AB's operating segments. For each Obtineo entity the net assets have been determined on the basis of their balance sheets at Merger date.

The consideration paid has been allocated to the Obtineo entities on the basis of their respective fair values. Fair values have been calculated using the discounted cash flow method. A 10 year time frame was considered for calculating the cash flows and a WACC of 11% was used for discounting them. The goodwill arising from the Merger has been allocated to the operating segments based on the operating segments defined by the former LBi AB group.

The client portfolio of BMM has been recognised as separate intangible asset on the Merger date. The fair value has been determined via the MEEM-model (Multi-period Excess Earnings Method). We estimate that the BMM client portfolio's will last approximately three years from the date of the Merger. Therefore, a three year time frame was considered and an 11% WACC. The calculations resulted in client portfolios of EUR 3.4 million.

Transaction expenses

A number of advisors have rendered services in relation to transactions of the business combination. Services include due diligence, banking services, legal advice, tax advice, expenses relating to (de-)listing on the stock exchanges, preparation of prospectuses and other services. Total transaction expenses amount to EUR 7.4 million. Transaction expenses that relate to the issue of new shares are reflected in equity. All other transaction expenses have been incurred in the income statement in the period the service was rendered.

Transaction related expenses EUR million	2010
Directly through equity	4.5
In current year's result	2.9
Total	**7.4**

Contingent consideration

Obtineo acquired BMM on 29 April 2010. This was an all-share deal, whereby BMM shareholders received one share in Obtineo for each share in BMM. Obtineo issued 35,800,000 new shares to acquire BMM and the share price on that date was EUR 1.49. A liability attached to the Share Purchase Agreement ("SPA") has been identified that guarantees the former shareholders of BMM a share price of EUR 1.65 in LBi on NYSE Euronext Amsterdam after 15 months of the Merger date of Obtineo and LBi. Any deviation under that price will be settled in cash 18 months after the Merger date, with a maximum of EUR 14.1 million.

On the day of the acquisition of BMM, the share price was EUR 1.49. The liability has been valued by Obtineo on the basis of this price, hence a liability of EUR 5.6 million was recognised on the balance sheet at acquisition date.

On the day of the Merger between Obtineo and LBi AB, all balance sheet line items have been measured at fair value. The share price on the Merger date was EUR 1.37. The liability recognised as part of the Merger was adjusted accordingly to EUR 9.8 million.

This financial liability has been accounted for at fair value with changes in fair value through the income statements, which amounts to EUR 3.1 million in 2010.

No other contingent liabilities have been identified.

Fair value of acquired assets EUR million	Fair value
Net trade receivables	
Gross amount	10.6
Expected cash flows	10.6
Current tax receivables	
Gross amount	0.7
Expected cash flows	0.7
Other receivables	
Gross amount	3.4
Expected cash flows	3.4

The revenue included in the consolidated income statement since 29 July 2010 contributed by Obtineo was EUR 9.6 million. Obtineo also contributed profit of EUR 0.3 million over the same period.

Had Obtineo been consolidated from 1 January 2010, the consolidated income statement would show revenue of EUR 175.6 million and profit or EUR -6.5 million.

Triple Copenhagen

Triple Copenhagen Aps was acquired for 100% on 10 February 2010. Triple Copenhagen, a successful and experienced digital agency is expected to complement the services currently rendered by LBi Denmark. Triple Copenhagen was acquired for EUR 10.7 million. EUR 7.8 million of this amount is still payable as an earn-out obligation, of which EUR 2.6 million is expected to be payable in 2011 and EUR 5.2 million in 2013. The two companies have already been fully integrated into one company, TRIPLE LBi.

The net assets obtained are as follows: EUR million	
Goodwill	EUR 9.6 million
Net assets	EUR 1.1 million
Consideration paid	**EUR 10.7 million**

Acquisition of remaining 49% of shares in Vizualize, India

On 14 October 2010 LBi acquired the remaining 49% of the shares in Vizualize Pvt Ltd India. LBi already held 51% of the shares. Vizualize has in the past worked closely with LBi and LBi expects that the acquisition of the remaining 49% allows it to better realise the synergies between both companies.

Overview of the composition of LBi International N.V.

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations	Book value Company
Company holdings						**EUR**
Icon Medialab Portugal Servicos LDA	P505215519	Lisbon	100	100	1	0
Icon Medialab SRL	MI-1998-106771	Milan	100	100	50,000	2.7
LBi Belgium SA *	0456.630.072	Brussels	100	100	7,689	6.3
LBI France Sarl	510 525 603	Paris	100	100	100	0.0
LBi Germany Holding GmbH	HRB 130438	Berlin	100	100	25,000	0.1
LBI Group Interactive Spain SA	A81.567.810	Madrid	100	100	10,000	0.1
LBi Holding NV	34137169	Amsterdam	99.41	99.41	44,369,621	24.5
LBI Sverige AB	556296-9468	Stockholm	100	100	7,120,000	64.1
LBI Switzerland AG	CH-020.3.025.039-9	Zürich	100	100	99,997	0.1
LBI U.S. Holdings, Inc.	11-3811618	Delaware	100	100	1,000	4.4
Nexus Information Technology SA	A81.727.810	Madrid	100	100	1,368	1.0
Vizualize Technologies Pvt Ltd	11-98352	Mumbai	50	50	30,232	2.8
Total						**106.1**

* LBi Holding NV holds 1 share in LBi Belgium SA

Group company holdings					
bigmouthmedia AS	987 894 962	Trondheim	100	100	1,000
bigmouthmedia GmbH	HRB 147417	Munich	100	100	90
bigmouthmedia Inc.	4148967	Delaware	100	100	1
bigmouthmedia Limited	SC177425	Edinburgh	100	100	90
bigmouthmedia Sarl	478 517 451	Paris	100	100	1,000
bigmouthmedia SL	B85586105	Madrid	100	100	50,000
bigmouthmedia SRL	MI-1795003	Milan	100	100	1
Brand Intelligence Limited	SC234125	Edinburgh	100	100	2
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
Iven & Hillmann Verwaltungs GmbH	HRB 98032	Berlin	100	100	1
LBI Atlanta, LLC	11-3811627	Delaware	100	100	1
LBi Germany AG	HRB 42707	Cologne	100	100	270,000
LBI Limited	3080409	London	100	100	23,334,432
LBi Lost Boys BV	33276575	Amsterdam	100	100	2,700
LBi MENA FZ-LLC	17659	Dubai	100	100	50
LBi MetaDesign Limited	39773022-000-09-08-0	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 Limited	5920477	London	100	100	14,500
LBI US, LLC	13-3935591	New York	100	100	10,680,000
Lost Boys Polska Z.o.o.	63269	Warsaw	100	100	100
MetaDesign AG	HRB 76143	Berlin	83.66	83.66	1,024,000
MetaDesign China Limited	110000450134904	Beijing	100	100	1
MetaLog Gesellschaft für Kommunikationstechnologien GmbH	HRB 43781	Berlin	100	100	3
Optimiser Limited	SC276368	Edinburgh	100	100	1
OX2 SPRL *	0480.322.323	Brussels	100	100	1,279
PIMI AB	556541-9545	Stockholm	100	100	10,000
Syrup Sthlm AB	556647-0992	Stockholm	100	100	1,000
TRIPLE LBi ApS	30733177	Copenhagen	100	100	2,100
Vizualize Technologies Pvt Ltd	11-98352	Mumbai	50	50	30,232
Vizualize Technologies Limited	5172497	Kent	100	100	100
Vizualize Technologies, Inc.	3704139	Delaware	100	100	100,000

* LBi Holding NV holds 1 share in OX2 SPRL

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations	Book value Company
Company holdings in companies being dissolved						
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
Group company holdings in companies being dissolved						
Aspect Infotek Software Private Limited	08-31085	Bangalore	100	100	10,000	2008-12-18
Icon Medialab Parallel AB	556558-0965	Stockholm	100	100	1,000	2002-05-01
Lost Boys Interactive Spain SA	A62.031.109	Barcelona	100	100	700	2002-06-01

	Organisation number	Registered office	Proportion of equity (%)	Proportion of votes (%)	Number of shares/ participations	Carrying amount Group	Carrying amount Company
Participations in associated companies							
MetaDesign AG	CH-020.3.023.324.4	Zürich	35.00	35.00	350	0.3	0.0
Sturm & Drang GmbH	HRB 98372	Hamburg	30.00	30.00	–	0.1	0.0
Total						**0.4**	**0.0**

Notes to the consolidated income statement

NOTE 4 OPERATING SEGMENTS

General

LBi's management has determined the operating segments based on reports reviewed by the chief operating decision maker ("CODM"), as defined in IFRS 8, and used to make strategy decisions. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the operating segments are UK, Europe, US and Scandinavia.

LBi's internal reporting and allocation of resources is set up on the basis of geographical region. This is primarily because although a client may receive different types of service from LBi, they typically do so under a single contract.

The geographical regions in which LBi operates are:

- United Kingdom (UK)
- Central and Southern Europe (Europe)
- United States of America (US)
- Scandinavia

Geographical regions are headed by a Regional Managing Director, who is responsible for managing performance, underlying risks and effectiveness of operations, and who is supported and supervised by the CODM.

Operating segments

In presenting information on the basis of geographical segments, segment revenue is based on the location of the operating entities. Intercompany sales and cost of sales are eliminated on a regional basis. Sales to other regions are charged at arm's length transfer prices. Segment assets are based on the geographical location of the assets.

The results of our operating entity in India and United Arab Emirates are entered under segment UK as these operations are managed from the UK office. For the same reason, the results of our operating segment in China are added under Europe.

The Merger between Obtineo and LBi AB, the operating entities of BMM have been added to the existing segments. BMM was organised similarly and had operating entities in UK, Scandinavia and Europe.

Corporate activities include Group wide activities with regard to finance, IT, legal advice and human resources. Centrally incurred costs are allocated to the various operating entities on the basis of a fixed percentage of the external revenue. The results of the corporate activities are reported separately to the Supervisory Board and are presented in the segment overview under 'Corporate and eliminations'.

Revenue and non-current assets by country EUR million	Revenue		Non current assets	
	2010	2009	2010	2009
UK [1]	49.3	35.5	13.5	10.8
Netherlands	12.6	11.6	1.0	3.4
Belgium	7.5	7.6	0.7	1.5
Germany [2]	31.2	27.2	2.3	2.0
Spain	7.4	8.4	0.7	0.5
Italy [3]	4.6	4.6	3.1	0.1
USA	34.6	30.9	35.4	38.2
Sweden	10.0	8.5	0.2	0.2
Denmark	6.6	3.8	16.0	0.1
Norway	1.2	-	-	-
Corporate & eliminations	-2.2	-0.6	110.4	45.5
Total	**162.8**	**137.5**	**183.3**	**102.3**

1) The results of India and the United Arab Emirates are included in the UK results
2) The results of China are included in the results of Germany
3) The results of BMM France are included in Italy

EUR million	UK		Europe		USA		Scandinavia		Corporate and eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net revenue external	48.6	35.1	63.0	59.2	34.4	30.8	16.8	12.3	-	-	162.8	137.5
Net revenue intercompany	0.7	0.4	0.3	0.1	0.2	0.1	1.0	-	-2.2	-0.6	-	-
Total net revenue	**49.3**	**35.5**	**63.3**	**59.3**	**34.6**	**30.9**	**17.8**	**12.3**	**-2.2**	**-0.6**	**162.8**	**137.5**
Operational expenses	-38.4	-49.6	-59.6	-59.7	-32.6	-26.1	-16.2	-28.0	-14.9	-37.7	-161.8	-201.1
Other income/expenses	-	-	0.2	0.4	-	-	-	-	3.1	0.2	3.3	0.5
Operating result	**10.9**	**-14.1**	**3.9**	**0.0**	**2.0**	**4.8**	**1.6**	**-15.7**	**-14.0**	**-38.1**	**4.3**	**-63.1**
Interest income - external	0.1	0.2	-	0.1	-	-	-	-	0.2	-	0.3	0.3
Interest income - internal	0.1	0.1	-	-	-	-	2.2	2.2	-2.3	-2.3	-	-
Interest expense - external	-	-	-0.1	-0.1	-	-	-	-	-1.3	-1.3	-1.4	-1.4
Interest expense - internal	-2.4	-2.4	-	-	-0.9	-0.8	-0.6	-0.1	3.9	3.3	-	-
Other financial items	-1.8	-1.8	-2.8	-3.1	-1.3	-1.2	-0.8	0.8	5.8	5.5	-0.8	0.2
Result before tax	**6.9**	**-18.0**	**1.0**	**-3.1**	**-0.2**	**2.8**	**2.4**	**-12.8**	**-7.7**	**-32.9**	**2.4**	**-64.0**
Non- current assets	13.5	10.8	7.8	7.5	35.4	38.2	16.2	0.3	110.4	45.5	183.3	102.3
Total assets	97.6	66.2	112.4	38.8	56.4	58.2	132.6	98.3	-27.1	-27.2	371.9	234.3
Of which taxes	7.2	5.9	1.2	1.1	1.2	0.5	18.5	16.1	31.0	28.7	59.1	52.3
Total liabilities	71.5	55.1	55.9	30.6	53.7	50.3	40.9	23.0	-92.1	-61.4	129.9	97.6
Of which taxes	0.6	-	0.7	0.6	2.5	0.6	1.5	1.5	0.2	-0.6	5.5	2.1
Investments in fixed assets	2.7	-8.6	0.4	-0.5	-2.8	-16.6	16.0	-15.6	64.8	-32.6	80.9	-73.9
Amortisation of intangible fixed assets	-0.7	-0.7	-0.3	-1.5	-0.1	-	-	-0.8	-1.6	-0.4	-2.7	-3.4
Depreciation of tangible fixed assets	-2.0	-0.9	-1.4	-1.5	-0.3	-0.3	-0.2	-0.2	-	-	-3.8	-2.9
Impairments	-	-19.9	-	-2.5	-	-	-	-15.2	-	-31.3	-	-68.9
Operating margin	22.1%	16.3%	6.2%	4.2%	5.8%	15.5%	9.0%	-4.1%	636.4%	1133.3%	2.6%	4.2%
Working capital	4.8	0.5	-7.4	4.4	1.0	1.2	3.2	1.7	11.8	9.8	13.3	17.5
Return on working capital	143.8%	380.0%	-13.5%	-13.6%	-20.0%	233.3%	75.0%	141.2%	-65.3%	-16.3%	18.0%	28.0%

The CODM judges the results of the operating activities on the basis of the entities' EBIT. The accounting policies of the operational segments are identical to those of the Group. The EBIT of the reporting segments includes the allocated Group expenses.

The financial income and expense, the result of associated companies and taxes are not included in the EBIT per segment. Financial income and expense and taxes are, however, judged per operational segment.

NOTE 5 OPERATIONAL EXPENSES

EUR million	2010			2009		
	Production	Sales	Administration	Production	Sales	Administration
Personnel related expenses	75.4	7.4	18.3	66.3	5.8	12.7
Hired capacity and temporary staff	16.4	-	0.8	11.3	-	0.6
Office expenses	6.2	0.5	3.1	6.1	0.5	3.2
Restructuring, integration and transaction expenses	2.0	0.4	7.1	2.3	0.5	-
Depreciation and amortisation	4.2	0.7	1.7	4.8	0.4	1.0
Other expenses	6.6	4.5	6.4	6.4	1.6	8.3
Total	**110.8**	**13.5**	**37.4**	**97.2**	**8.8**	**25.8**

NOTE 6 PERSONNEL RELATED EXPENSES

EUR million	2010	2009
Gross salaries	77.7	67.8
Social fees	12.0	10.8
Pensions	1.1	0.8
Bonuses	0.8	0.7
Costs of stock options	3.9	0.1
Education and training	0.2	0.3
Other personnel related expenses	5.4	4.3
Total personnel related expenses	**101.1**	**84.8**

The cost of stock options relate for EUR 0.6 million to stock options that were awarded to board members and key personnel before 2010. An additional EUR 3.3 million relates to a stock option plan launched in 2010 entitling the Management Board and Supervisory Board to stock options. Both plans are fully equity settled. More details on these plans can be found in note 22 of this report.

Average number of FTE's	2010		2009	
	Incl. BMM	Excl. BMM	Incl. BMM	Excl. BMM
UK	523	412	515	391
Europe	689	646	740	685
USA	237	237	238	225
Scandinavia	194	171	169	149
Holdings	19	19	15	15
Total average number of FTE's	**1,662**	**1,485**	**1,677**	**1,465**

By the end of 2010 LBi employed 1,769 FTE's, of which 7% works in the Netherlands and the remaining 93% work abroad.

NOTE 7 AUDIT FEES

EUR million	2010			2009		
	PwC	**Other**	**Total**	**PwC**	**Other**	**Total**
Audit of financial statements	0.6	0.1	0.7	0.5	-	0.5
Other audit procedures	0.5	-	0.5	-	-	-
Tax services	-	1.1	1.1	-	0.4	0.4
Other non-audit services	0.1	-	0.1	0.1	-	0.1
Total	**1.2**	**1.2**	**2.4**	**0.6**	**0.4**	**1.0**

All audit fees for 2010 have been entirely expensed. The increase in audit fees is due to the increased size of the Company. Other services rendered by PricewaterhouseCoopers Accountants N.V. relate to transaction services for the Merger with Obtineo. Services rendered by other audit firms are primarily tax related.

In accordance with the Dutch legislation, article 2:382a, the total audit related fees to accounting organisation PricewaterhouseCoopers Accountants N.V. seated in the Netherlands amounted to EUR 1.1 million.

NOTE 8 DEPRECIATION AND AMORTISATION

EUR million	2010		2009	
	Depreciation	Amortisation	Depreciation	Amortisation
Production	2.4	1.8	2.2	2.6
Sales	0.5	0.2	0.2	0.2
Administration	1.0	0.7	0.5	0.5
Total	**3.9**	**2.7**	**2.9**	**3.3**

Depreciation relates primarily to depreciation of leasehold improvements and office equipment. Therefore, the basis of allocation is FTE's, which is reflected in the personnel related expenses of the three categories. Depreciation is allocated pro rato of the personnel related expenses to cost of sales, sales- and administrative expenses.

Amortisation relates for EUR 1.6 million to software and for EUR 1.1 million to the amortisation of client portfolio's.

NOTE 9 IMPAIRMENT

EUR million	2010	2009
Goodwill	-	-63.2
Trademarks	-	-0.6
Contract values	-	-5.1
Total	**0.0**	**-68.9**

The impairment tests as conducted at the end of 2010 did not result in any impairments. Refer to note 15 for further explanation on the assumptions of the impairment tests. The impairments incurred in 2009 were triggered by the economic downturn. Many companies had to cut their marketing expenses or pushed forward larger projects. Expectations about the recoverable amounts have been adjusted which has led to an impairment expense in the consolidated income statement of EUR 68.9 million, of which EUR 0.6 million related to trademarks, EUR 5.1 million to client portfolios and EUR 63.2 million to goodwill.

NOTE 10 OTHER INCOME AND EXPENSES

EUR million	2010	2009
Fair value adjustment contingent liability	3.1	-
Other revenue	0.1	0.5
Total other income	**3.2**	**0.5**
Loss on divestment of Group companies	-	-0.4
Total other expenses	**0.0**	**-0.4**
Total other income and expenses	**3.2**	**0.1**

In December 2010 one of the former shareholders of BMM decided to sell his Shares. This resulted in a release of the contingent liability of EUR 3.1 million, which was recognised as other income in the income statement.

NOTE 11 SHARES IN ASSOCIATED COMPANIES

EUR million	2010	2009
Revaluation of receivables	-	-0.1
Share in profit for the year	-	0.3
Participation in result of associated companies	**0.0**	**0.2**
Opening portion of equity	**0.2**	**0.2**
Received dividend	-	0.3
Participation in result for the year	-	-0.3
Closing portion of equity	**0.2**	**0.2**

NOTE 12 FINANCIAL INCOME AND EXPENSES

EUR million	2010	2009
Interest income	0.3	0.3
Exchange rate differences	0.4	1.5
Valuation of derivative instruments to fair value	-0.1	0.2
Other financial income	0.1	0.1
Total financial income	**0.7**	**2.1**
Interest expenses	-1.5	-1.5
Exchange rate differences	-0.4	-1.3
Other financial income	-0.7	-0.4
Total financial expenses	**-2.6**	**-3.2**
Total financial items	**-1.9**	**-1.1**

NOTE 13 TAX

The table below reconciles the weighted average corporate income tax rate for the Group and the effective corporate income tax rate for the Group. Point of departure is the EBT (Earnings Before Tax).

Effective tax rate **EUR million**	**2010**	**2009**
Result before tax	2.4	-63.8
Share of net profit of associates and joint ventures and impairments thereof	-	-0.2
Result before income tax excluding share of profit of associates and joint ventures	**2.4**	**-64.0**
Domestic tax rate	25.5%	26.3%
Income tax using the Company's domestic tax rate	0.6	-16.9
Effect of tax rates in foreign jurisdictions	0.1	-0.1
Prior year adjustments	1.3	-
Effect of non-deductible expenses	-0.4	20.2
Effect of tax incentives and exempt income and expense	-	-10.3
Recognition of previously unrecognised temporary differences	-0.2	-
Unrecognised current year tax losses	1.3	7.3
Other reconciling items	0.1	-
Total tax charge	**2.8**	**0.2**

Income tax relating to items (charged)/credited to equity **EUR million**	**2010**	**2009**
Changes in fair value	1.4	1.3
Changes in hedging reserve	-1.3	-0.8
Total	**0.1**	**0.5**

More information concerning the recognised deferred tax positions can be found in note 16.

Notes to the consolidated balance sheet

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

2010 EUR million	Buildings	Adaption of premises	Equipment	Total
Costs 1 January	-	9.2	21.6	30.8
Accumulated depreciation per 1 January	-	-3.8	-18.1	-21.9
Book value as at 1 January	**0.0**	**5.4**	**3.5**	**8.9**
Changes:				
Investments	0.2	1.5	3.1	4.8
Disposals	-	-	-0.1	-0.1
Depreciation	-	-1.1	-2.8	-3.9
Depreciation on disposals	-	-	0.1	0.1
Translation differences	-	0.2	0.4	0.6
Total changes	**0.2**	**0.6**	**0.7**	**1.5**
Costs 31 December	0.2	10.9	25.0	36.1
Accumulated depreciation per 31 December	-	-4.9	-20.8	-25.7
Book value as at 31 December	**0.2**	**6.0**	**4.2**	**10.4**

2009 EUR million	Buildings	Adaption of premises	Equipment	Total
Costs 1 January	-	8.1	20.5	49.1
Accumulated depreciation per 1 January	-	-2.6	-15.4	-18.0
Book value as at 1 January	**0.0**	**5.5**	**5.1**	**31.1**
Changes:				
Investments	-	0.7	1.2	1.9
Disposals	-	-	-0.1	-0.1
Depreciation	-	-0.7	-2.2	-2.9
Impairments	-	-0.5	-0.4	-0.9
Translation differences	-	0.3	0.3	0.6
Other movements	-	0.1	-0.4	-0.3
Total changes	**0.0**	**-0.1**	**-1.6**	**-1.7**
Costs 31 December	-	9.2	21.5	30.7
Accumulated depreciation per 31 December	-	-3.8	-18.0	-21.8
Book value as at 31 December	**0.0**	**5.4**	**3.5**	**8.9**

Investments in buildings, adaption of premises and equipment stem from the merger of Obtineo and LBi AB and related rationalisation of use of office space and equipment.

For the depreciation of property, plant and equipment he following annual depreciation percentages have been applied:

Buildings:	0%
Leasehold improvements:	20% - 100%
Computer hardware:	33%
Leased computer hardware:	33%
Other equipment:	33%

NOTE 15 INTANGIBLE ASSETS

2010 **EUR million**	**Software**	**Trademarks**	**Contracts**	**Goodwill**	**Total**
Costs 1 January	6.6	1.6	18.1	219.2	245.5
Accumulated amortisation per 1 January	-4.1	-1.6	-15.1	-131.3	-152.1
Book value as at 1 January	**2.5**	**0.0**	**3.0**	**87.9**	**93.4**
Changes:					
Investments	3.7	-	3.4	77.3	84.4
Amortisation	-1.6	-	-1.1	-	-2.7
Impairments	-	-	-0.1	-	-0.1
Fair value adjustments	-	-	-	-7.4	-7.4
Translation differences	0.1	-	0.5	4.6	5.2
Total changes	**2.2**	**0.0**	**2.7**	**74.5**	**79.4**
Costs 31 December	10.4	1.6	22.0	293.7	327.7
Accumulated amortisation per 31 December	-5.7	-1.6	-16.3	-131.3	-154.9
Book value as at 31 December	**4.7**	**0.0**	**5.7**	**162.4**	**172.8**

2009 **EUR million**	**Software**	**Trademarks**	**Contracts**	**Goodwill**	**Total**
Costs 1 January	3.7	2.2	20.2	204.7	230.8
Accumulated amortisation per 1 January	-2.3	-1.4	-9.0	-52.6	-65.3
Book value as at 1 January	**1.4**	**0.8**	**11.2**	**152.1**	**165.5**
Changes:					
Investments	0.9	-	-	-4.5	-3.6
Disposals	-	-0.1	-	-	-0.1
Amortisation	-1.8	0.4	-1.5	-0.4	-3.3
Impairments	-	-0.6	-4.6	-63.7	-68.9
Translation differences	-	0.1	0.2	3.6	3.9
Other movements	2.0	-0.6	-2.3	0.8	-0.1
Total changes	**1.1**	**-0.8**	**-8.2**	**-64.2**	**-72.1**
Costs 31 December	6.6	1.6	18.1	204.6	230.9
Accumulated amortisation per 31 December	-4.1	-1.6	-15.1	-116.7	-137.5
Book value as at 31 December	**2.5**	**0.0**	**3.0**	**87.9**	**93.4**

Investments in software relate to capitalised labour expenses that were dedicated to in-house built software. Investments in contracts stem from the merger with Obtineo. The amortisation of these and earlier acquired client values started immediately upon initial recognition. Investments in goodwill result from the merger with Obtineo and Triple Copenhagen. The EUR 7.4 million fair value adjustments on the goodwill relate to reductions of earn out obligations stemming from acquisitions prior to the adoption of IFRS 3R.

For the amortisation of intangible assets the following percentages have been used:

Software:	33%
Trademarks:	20%
Contracts:	20%-33%
Goodwill:	impairment test

Impairment test for intangible assets

Goodwill is the only intangible assets that has an indefinite useful life. Goodwill is allocated to Cash Generating Units ("CGUs") that are expected to benefit from the business combinations. CGUs are defined at the level of operating segments. On that basis the carrying amounts of goodwill are divided over the CGUs and monitored as follows:

Goodwill per CGU EUR million	2010	2009
UK	71.4	26.3
Europe	42.7	23.0
USA	29.6	33.6
Scandinavia	18.7	5.0
Total Goodwill	**162.4**	**87.9**

Impairment tests on goodwill are performed for each operating segment at least annually and more often when indicators for impairment are identified. The impairment charge is the amount by which the carrying value exceeds the recoverable value. The recoverable value is the higher of the fair value less cost to sell and the value in use.

In 2009 LBi AB recorded an impairment charge of EUR 68.9 million for goodwill related to acquired entities. The impairment was due to the effects of the economic downturn on the performance of the acquired entities. This impairment loss was fully charged to income statement.

The discounted cash flow ("DCF") method is used to determine the fair value less cost to sell. In the DCF method the estimated future cash flows are discounted to their present value using a discount rate, determined as a post-tax weighted average cost of capital per operating segment that reflects the current market assessment of the time value of money and the risk of the asset. The estimated cash flows for the coming year are based on local financial plans adopted by Group management and approved by the Supervisory Board. Cash flows for a further five-year period are extrapolated using expected annual per country revenue and EBITDA growth rates. For the UK a 5% revenue growth rate was used and for the other regions a 6% revenue growth rate. EBITDA margins are expected to stay flat, where the synergetic effects will offset the effects of market pressure.

Other key assumptions are:

- The market for digital marketing services will grow in the near future in all regions. A smaller increase is expected in Europe than in the other regions;
- The required working capital as a percentage of the revenue is flat;
- Synergies resulting from the Merger with Obtineo have been identified and are included in the calculations;
- Cash flows after the first 5-year period were extrapolated using expected annual long-term inflation, based on external sources, in order to calculate the terminal recoverable amount of 3%;
- A post-tax weighted average cost of capital ("WACC") was calculated for the various CGUs, but did not result in material differences. A WACC of 11% has been applied in all regions.

The values assigned to the key assumptions represent management's assessment of future trends in the digital marketing industry and are based on both external sources and internal sources (historical data).

In 2010 impairment test calculations did not lead to impairment charges, which is in line with the improving economic climate during this timeframe. A sensitivity analysis was performed on all CGUs, by changing the parameters that have the biggest impact on the recoverable amounts. All CGUs had sufficient headroom between the carrying value of the goodwill tested and the recoverable amount. The tables below show the headroom outcomes of the sensitivity tests:

Excess value per CGU EUR million	WACC	Growth 4% & 2%	Growth 6% & 3%	Growth 8% & 3%
UK	10.6%	13.8	28.7	34.2
	11.0%	12.1	26.6	32.1
	11.4%	10.4	24.7	30.0
Europe	10.6%	6.2	15.6	20.2
	11.0%	5.3	14.5	19.0
	11.4%	4.4	13.4	17.8
USA	10.5%	3.8	10.3	13.2
	10.9%	3.1	9.5	12.4
	11.3%	2.5	8.7	11.6
Scandinavia	10.6%	1.9	5.3	6.1
	11.0%	1.4	4.7	5.5
	11.4%	0.9	4.2	5.0

The growth percentages relate to short term growth and the perpetual growth assumptions.Management of LBi believe that a WACC of 11% best represents the Group's cost of capital. For the sensitivity tests a lower and higher WACC have been used.

NOTE 16 DEFERRED TAX

EUR million	Intangible assets	Tax loss carry forwards	Total
Balance per 31 December 2008	**-1.0**	**46.7**	**45.7**
Charged/credited to income statement	0.2	1.7	2.1
Charged/credited to other comprehensive income	-	-	-
Charged directly to equity	-	-	-
Exchange differences	-	2.6	2.6
Balance per 31 December 2009	**-0.8**	**51.0**	**50.2**
Charged/credited to income statement	-2.6	-	-2.6
Charged/credited to other comprehensive income	-	-	-
Charged directly to equity	-	2.2	2.2
Exchange differences	-0.2	3.3	3.1
Balance per 31 December 2010	**-3.6**	**56.5**	**52.9**

General

The net tax losses carry forward on the consolidated balance sheet as per 31 December 2010 amount to EUR 56.5 million. This amount is in line with the position as per 31 December 2009. These losses mainly relate to the UK (EUR 6,911k), Sweden (EUR 39,855k) and the Netherlands (EUR 7,700k). In order to support the recognition of these losses as a deferred tax asset, management prepared a forecast for the period up to and including FY 2022 ("use of tax losses").

Tax losses

The total Swedish tax losses available for carry forward amount to SEK 1,612 million (approximately EUR 180 million). With respect to these losses a deferred tax asset is recognised for an amount of EUR 42 million as per 31 December 2010, i.e a valuation allowance of EUR 19 million at 26.3% tax rate, EUR 5 million is booked against the gross tax loss carry foward. During FY 2010 a release of the valuation allowance amounting to EUR 2.2 million was booked. This effect was offset by a reduction of the deferred tax asset in the Netherlands that resulted from the anticipated expiration of existing tax loss carry forwards.

An amount of SEK 745.6 million (approximately EUR 82.8 million at 26.3% tax rate = EUR 21.8 million) of the Swedish losses relate to the legacy LBI International AB (now the Swedish branch of LBi International N.V.). As a result of the cross border merger the tax losses carry forward in LBI International branch as of FY 2009 (old tax losses) are restricted until FY 2016. However, the losses can be used indefinitely. The remainder of the tax losses originate from the other Swedish LBi group companies and can in principle be used to offset against future taxable profits of all Group companies.

NOTE 17 OTHER NON-CURRENT ASSETS

EUR million	2010	2009
Derivative instruments	0.2	0.2
Participations in Group companies	0.2	0.2
Other long term securities	-	0.1
Other long term receivables	1.7	1.3
Total other non current assets	**2.1**	**1.8**

NOTE 18 TRADE AND OTHER RECEIVABLES

EUR million	2010	2009
Net accounts receivable	60.7	41.1
Current tax receivables	2.6	1.1
Due from associated companies	0.2	0.2
Other current assets	4.8	1.6
Total trade and other receivables	**68.3**	**44.0**

Days outstanding trade accounts receivable EUR million	2010			2009		
	Accounts receivable	Bad debts provision	Net accounts receivable	Accounts receivable	Bad debts provision	Net accounts receivable
Not due	37.4	-	37.4	24.5	-	24.5
0-30 days overdue	10.5	-	10.5	9.2	-	9.2
31-60 days overdue	3.6	-	3.6	4.1	-	4.1
61-90 days overdue	4.2	-	4.2	1.1	-0.2	0.9
91-120 days overdue	4.0	-0.6	3.4	0.6	-	0.6
121-360 days overdue	3.1	-1.4	1.7	1.8	-	1.8
More than 360 days overdue	0.1	-0.2	-0.1	-	-	-
Total	**62.9**	**-2.2**	**60.7**	**41.3**	**-0.2**	**41.1**

Therefore the net book value of the trade accounts receivables is approximately the same as the fair value of the trade accounts receivables. The bad debt provision is recorded at nominal value, considering the short term character of this line item.

The provision for bad debt fully relates to receivables whose contractually agreed payment date has expired at balance sheet date. Receivables that are considered not collectable are fully provisioned.

The working capital requirements of the trade accounts receivables is measured in Days Sales Outstanding (DSO) DSO is monitored on a continuous basis and is an integral part of management targets and performance measurement. During the year the DSO moved from 77 days in Q1 to 58 days in Q4.

Movements in provision for bad debt EUR million	2010	2009
Opening balance January	**0.2**	**0.8**
Acquisitions	0.4	-
Additions	1.7	0.3
Utilisation	-	-0.8
Release	-	-0.1
Foreign exchange rate effects	-0.1	0
Closing balance December	**2.2**	**0.2**

NOTE 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT

EUR million	2010	2009
Prepaid expense	2.6	2.8
Accrued income	0.1	0.2
Cost of earnings in excess of billing	14.8	11.2
Total	**17.5**	**14.2**

Cost of earnings in excess of billing relates to hours spent on client projects for which the revenue is valued with the percentage of completion method.

NOTE 20 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

NOTE 21 SHARE CAPITAL AND ADDITIONAL PAID IN CAPITAL

Weighted average number of shares outstanding	Dec 2010	Cumulative	Nr of days	Weighted average
Share capital beginning of period	68,191,934	68,191,934	365	68,191,934
Issue related to merger 29 July 2010	62,023,276	130,215,210	152	25,828,871
Issue related to minority shareholders BMM	941,398	131,156,608	126	324,976
Issue related to Rights Offering 15 September 2010	10,000,000	141,156,608	107	2,931,507
Shares end of period *	**141,156,608**	**141,156,608**		
Weighted average number of shares per end of period *				**97,277,288**

Diluted weighted average number of shares	Dec 2010	Cumulative	Nr of days	Weighted average
Share capital beginning of period	68,191,934	68,191,934	365	68,191,934
Issue related to merger 29 July 2010	62,023,276	130,215,210	152	25,828,871
Issue related to minority shareholders BMM	941,398	131,156,608	126	324,976
Issue related to Rights Offering 15 September 2010	10,000,000	141,156,608	107	2,931,507
Options in-the-money	280,000	141,436,608	365	280,000
Shares end of period *	**141,436,608**	**141,436,608**		
Diluted weighted average number of shares per end of period *				**97,557,288**

* Excluding 8,610,316 shares issued for options Employee Benefit Trust

Employee equity incentive plans

It has always been one of the Company's goals to enable its employees to have a stake in the Company's future, including the chance of owning Shares in the Company. The Company has a Global Share Option Plan (GSOP) and a Long Term Incentive Plan (LTIP) in place. The GSOP and the LTIP are further described in Section Corporate Governance, Employee equity incentive plans. The costs of the employee incentive plans were fully expensed and recorded in the restricted reserve in Equity.

Global Share Option Plan

As of 31 December 2010, employees own a total of 3,514,100 (6,117,150) options equivalent to 3,514,100 (4,467,900) shares under the Global Share Option Plan. No options were granted in 2010 under the plan.

Long Term Incentive Plan

As of 31 December 2010, employees own a total of 11,980,316 awards equivalent to 11,980,316 Shares under the international 2010 Long Term Incentive Plan. During 2010 awards were granted to key employees entitling their holders to subscribe for 11,980,316 Shares divided in equal tranches at a price of EUR 1.20, 1.80 and 2.80 respectively.

NOTE 22 EMPLOYEE EQUITY INCENTIVE PLAN

The following tables show all outstanding stock options/awards from LBi AB (including rollover from LB Icon AB) and LBi held by employees as of 31 December 2010 and 2009.

2010 Employee stock options Global Share Option Plan rollover from LB Icon AB

Series	Date of grant	Date of expiration	Strike price options (SEK)	Outstanding options as of 2009-12-31	Granted	Lapsed	Exer-cised	Outstanding options as of 2010-12-31	Number of shares out-standing can increase by
L	2003-05-29	2010-05-29	15.00	100,000	-	-100,000	-	0	0
M1-4	2003-11-14	2010-11-14	22.90	1,732,500	-	-1,732,500	-	0	0
P4-7	2005-04-28	2010-04-28	40.00	17,500	-	-17,500	-	0	0
Total				**1,850,000**	**-**	**-1,850,000**	**-**	**0**	**0**

2009 Employee stock options Global Share Option Plan rollover from LB Icon AB

Series	Date of grant	Date of expiration	Strike price options (SEK)	Outstanding options as of 2008-12-31	Granted	Lapsed	Exer-cised	Outstanding options as of 2009 -12-31	Number of shares out-standing 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
M5-7	2003-11-14	2010-11-14	22.90	-	-	-	-	0	0
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**

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.

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.

2010 employee stock options Global Share Option Plan LBI International AB										
Series	**Date of grant**	**Date of expiration**	**Strike price options (SEK)**	**Outstanding options as of 2009-12-31**	**Granted**	**Lapsed**	**Exercised**	**Reversed**	**Outstanding options as of 2010-12-31**	**Number of shares outst. can increase by**
D1-3	2006-10-30	2011-10-30	44.65	591,250	-	-261,250	-	-	330,000	330,000
D4-6	2006-10-30	2011-10-30	44.65	100,000	-	-30,000	-	-	70,000	70,000
E	2007-02-16	2012-02-16	52.50	200,000	-	-	-	-	200,000	200,000
F4-6	2007-11-27	2012-11-27	31.79	366,000	-	-246,00	-	-	120,000	120,000
G1-3	2008-08-26	2013-08-26	16.57	642,000	-	-	-	-104,000	538,000	538,000
H1-4	2009-02-13	2014-02-13	11.26	280,000	-	-	-	-	280,000	280,000
I1-3	2009-09-21	2014-09-21	15.50	2,087,900	-	-		-111,800	1,976,100	1,976,100
Total				**4,267,150**	**-**	**-537,250**	**-**	**-215,800**	**3,514,100**	**3,514,100**

2009 employee stock options Global Share Option Plan LBI International AB										
Series	**Date of grant**	**Date of expiration**	**Strike price options (SEK)**	**Outstanding options as of 2008-12-31**	**Granted**	**Lapsed**	**Exercised**	**Reversed**	**Outstanding options as of 2009-12-31**	**Number of shares outst. 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	2014-09-21	15.50	-	2,087,900	-	-	-	2,087,900	2,087,900
Total				**2,610,500**	**2,567,300**	**-516,250**	**-**	**-394,400**	**4,267,150**	**4,267,150**

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% vested 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% vested 1 March 2010.

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

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

G1-3 The first part of 50% vested 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% vested 13 February 2010, the second part of 25% will vest 13 February 2011, the third part of 25% will vest 13 February 2012 and the remaining part of 25% will vest from 13 February 2013. In deviation of Rule 6.1 of the Rules the options will not lapse if the employee ceases 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.

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

Warrants related to the Global Share Option Plan

During 2006 and 2007 LBi AB issued warrants to secure its undertaking to deliver shares under the GSOP and to cover the related administrative expenses and social security contributions. The number of outstanding warrants as per 31 December 2009 was 3,042,445, As a result of the Merger all warrants expired. No new warrants were issued during 2010.

2010 equity awards Long Term Incentive Plan LBi International N.V.										
Series	**Date of grant**	**Date of expiration**	**Price awards (EUR)**	**Outstanding awards 31-12-2009**	**Granted**	**Lapsed**	**Exercised**	**Reversed**	**Outstanding awards 31-12-2010**	**Number of shares out-standing can increase by**
A1	2010-09-08	2010-09-15	1.20	-	1,123,333	-	-	-	1,123,333	1,123,333
A2	2010-09-08	2010-09-15	1.80	-	1,123,333	-	-	-	1,123,333	1,123,333
A3	2010-09-08	2010-09-15	2.80	-	1,123,334	-	-	-	1,123,334	1,123,334
A5	2010-09-08	2010-09-15	1.20	-	2,870,105	-	-	-	2,870,105	2,870,105
A6	2010-09-08	2010-09-15	1.80	-	2,870,105	-	-	-	2,870,105	2,870,105
A7	2010-09-08	2010-09-15	2.80	-	2,870,106	-	-	-	2,870,106	2,870,106
Total				**-**	**11,980,316**	**-**	**-**	**-**	**11,980,316**	**11,980,316**

* *Whereof 8,610,316 shares were issued to the trustee of the trust company of LBi Employee Benefit Trust September 2010*

Vesting

No vesting period applies to the awards granted on 8 September 2010 (i.e. the vesting date). However, the exercise price is EUR 4 for the first year and shall thereafter be decreased to EUR 1.20 for 1/3, EUR 1.80 for 1/3 and EUR 2.80 for the remaining 1/3 of the awards.

The fair value of the LTIP is estimated as per emission date at EUR 3.3 million, accounted for in the profit and loss account. The amount was calculated with the help of the John C. Hull model.

The following input data were used in the model: expected volatility 45% per year, risk free rate 2.1% per year and an exercise multiple of 1.30 in the case of a price of EUR 1.20, 1.20 in the case of a price of EUR 1.80 and 1.10 in case of a price of EUR 2.80.

NOTE 23 LONG TERM LIABILITIES TO CREDIT INSTITUTIONS

Our most important credit facilities consist of a number of loans held centrally at the Danske Bank in various currencies. These loans were granted to facilitate the acquisition of a number of Group companies. The terms and conditions to the loans are con-form market practices and are similar for all loans. End of 2010 LBi easily meets all of the criteria and has enough headroom to allow for unexpected changes in the performance.

There are three de-centrally held loans: EUR 112,000 in Belgium, EUR 120,000 in Spain and EUR 300,000 in India. The loans in Belgium and in Spain are long term and will need to be repaid by 2014. The loan in India has a continuous character and is tacitly extended every year. For the loan in Spain the account receivable of our Spanish entity have been pledged.

EUR million	Balance at 31-12-2010	Due in 2012 *	Due in 2013	Due in 2014
Danske Bank EUR	5.6	4.6	0.8	0.2
Danske Bank GBP	1.0	0.7	0.3	0.1
Danske Bank SEK	1.0	0.4	0.4	0.3
Danske Bank USD	7.4	5.4	1.8	-
Other loans	0.6	0.2	0.1	0.3
Total	**15.6**	**11.3**	**3.4**	**0.9**

* Part of loan that falls due in 2011 is reflected under short term liabilities

EUR million	Balance at 31-12-2009	Due in 2011*	Due in 2012	Due in 2013	Due in 2014
Danske Bank EUR	9.2	3.7	4.6	0.8	0.2
Danske Bank GBP	1.6	0.6	0.6	0.3	-
Danske Bank SEK	1.2	0.4	0.4	0.4	0.1
Danske Bank USD	12.3	5.4	5.0	1.6	0.2
Other loans	0.6	-	0.2	0.1	0.3
Total	**24.9**	**10.1**	**10.8**	**3.2**	**0.8**

* Part of loan that falls due in 2011 is reflected under short term liabilities

The following pledges are provided as a security for the facilities agreement with Danske Bank:

EUR million	2010	2009
Pledged assets		
Equipment	0.1	0.1
Equipment used in accordance with financial lease contracts	0.2	0.4
Trade receivables	0.3	0.3
Shares in subsidiaires	183.1	8.0
Corporate mortgages	11.6	10.8
Other engagements		
Restricted accounts and deposits	1.2	1.2
Total	**1.2**	**20.8**

NOTE 24 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

More than half of the provision (EUR 0.6 million) 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:

Actuarial assumptions	2010 Richttafeln 2005 G	2009 Richttafeln 2005 G
Discount rate of interest (%)	5.00%	6.00%
Future annual salary increases (%)	1.50%	1.75%
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 (EUR 0.4 million) 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.

Movements in provisions for pensions and similar commitments EUR million	2010	2009
Opening balance	1.0	0.9
Provision for the year	0.1	0.2
Utilisation	-0.1	-0.1
Total provision for pensions	**1.0**	**1.0**

NOTE 25 OTHER PROVISIONS

Composition EUR million	2010			2009		
	Long term	Short term	Total	Long term	Short term	Total
Earn-out obligations	5.3	2.9	8.2	7.5	5.3	12.8
Contingent liability	6.7	-	6.7	-	-	-
Other	1.6	-	1.6	1.5	-	1.5
Total other provisions	**13.6**	**2.9**	**16.5**	**9.0**	**5.3**	**14.3**

Movements EUR million	Earn-out obligations		Contingent liability		Other provisions		Total other provisions	
	2010	2009	2010	2009	2010	2009	2010	2009
Opening balance long term portion	7.5	15.3	-	-	1.5	-	9.0	15.3
Opening balance short term portion	5.3	12.9	-	-	-	-	5.3	12.9
Total opening balance	**12.8**	**28.2**	**-**	**-**	**1.5**	**-**	**14.3**	**28.2**
Acquisitions	7.8	-	6.7	-	-	-	14.5	-
Fair value adjustment	-3.4	-4.4	-	-	0.1	1.5	-3.3	-2.9
Utilisation	-9.4	-9.5	-	-	-	-	-9.4	-9.5
Foreign exchange rate effects	0.4	-1.5	-	-	-	-	0.4	-1.5
Closing balance long term portion	5.3	7.5	6.7	-	1.6	1.5	13.6	9.0
Closing balance short term portion	2.9	5.3	-	-	-	-	2.9	5.3
Total other provisions	**8.2**	**12.8**	**6.7**	**-**	**1.6**	**1.5**	**16.5**	**14.3**

Acquisition/disposal on earn-out obligations fully relates to the acquisition of Triple Copenhagen in early February. Fair value adjustments on this provision are the result of certain earn-out targets of subsidiaries, acquired in years prior to 2010 that were not met. EUR 9.4 million of the earn-out provision has been paid out in cash based on realised targets and purchase agreements.

The acquisition/disposal of contingent liabilities fully relates to an obligation to the former shareholders of BMM. Prior to the merger, Obtineo acquired BMM through an all share transaction, whereby a minimum share price of EUR 1.65 within 18 months of the merger was guaranteed. Any downward deviation from that price, with a bottom of EUR 1.25 would pro rato be settled in cash provided that the shares are not sold within 18 months of the merger. The share price around the time of the Merger was EUR 1.375 and there were 35,800,000 shares involved, resulting in a total contingent liability of EUR 9.8 million. During 2010 the Supervisory Board granted dispensation from the lock up to one of the former shareholders of BMM and a part of his shares was sold as a consequence losing title to the guaranteed share price and reducing the liability by EUR 3.1 million to EUR 6.7 million.

Other provisions relate to a potential obligation to buy the remaining 30% of the shares in Meta Design AG from the last shareholder by the end of 2012, and a provision for negative subsidiaries in the Netherlands.

NOTE 26 SHORT TERM LIABILITIES TO CREDIT INSTITUTIONS

EUR million	2010	2009
Short term portion long term loans	11.4	10.8
Bank overdraft facility	7.7	4.1
Current portion of capital lease obligations	0.2	0.2
Total	**19.3**	**15.1**

NOTE 27 TRADE AND OTHER PAYABLES

EUR million	2010	2009
Trade payables	25.9	10.3
Current tax payables	2.1	1.3
Total	**28.0**	**11.6**

NOTE 28 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

EUR million	2010	2009
Advance payments from clients	8.3	5.6
Current provisions	2.9	5.3
Accrued expenses	23.4	16.0
Deferred income	4.0	2.8
Other short-term liabilities	10.2	5.5
Total	**48.8**	**35.2**

Accrued expenses consist of various amounts, including accrued expenses from media buying on behalf of clients, accrued holiday pay, social securities and accrued rent.

NOTE 29 CARRYING AMOUNTS FINANCIAL ASSETS AND LIABILITIES

EUR million	2010				
Assets	**Loans and receivables**	**Assets and liabilities at fair value through P&L**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**	**Total**
Derivative financial instruments	-	-	0.2	-	0.2
Trade and other receivables, excl. prepayments	68.3	-	-	-	68.3
Financial assets at fair value through P&L	-	17.5	-	-	17.5
Cash and cash equivalents	44.3	-	-	-	44.3
Total	**112.6**	**17.5**	**0.2**	**-**	**130.3**
Liabilities					
Borrowings, excl. finance lease liabilities	-	-	-	34.9	34.9
Finance lease liabilities	-	-	-	0.3	0.3
Trade and other payables, excl. statutory liabilities	-	-	27.4	-	27.4
Total	**-**	**-**	**27.4**	**35.2**	**62.6**

EUR million	2009				
Assets	**Loans and receivables**	**Assets and liabilities at fair value through P&L**	**Derivatives used for hedging**	**Other financial liabilities at amortised cost**	**Total**
Derivative financial instruments		-	0.2	-	0.2
Trade and other receivables, excl. prepayments	44.0	-	-	-	44.0
Financial assets at fair value through P&L	-	14.2	-	-	14.2
Cash and cash equivalents	21.0	-	-	-	21.0
Total	**65.0**	**14.2**	**0.2**	**-**	**79.4**
Liabilities					
Borrowings, excl. finance lease liabilities	-	-	-	40.0	40.0
Finance lease liabilities	-	-	-	0.4	0.4
Trade and other payables, excl. statutory liabilities	-	-	18.8	-	18.8
Total	**-**	**-**	**18.8**	**40.4**	**59.2**

Notes to the consolidated cash flow statement

NOTE 30 CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities amounted to EUR 12.4 million (2009: EUR 14.3 million).

NOTE 31 CASH FLOW FROM INVESTMENT ACTIVITIES

The cash flow from investment activities was, on balance, EUR -22.6 million against EUR 12.0 million in 2009. Acquired cash balances that result from the Merger were categorized under cash flows from financing activities as these were the result of share issues during 2010. Cash flows from investment activities relate to the payment of earn-out obligations of earlier acquired entities. Transaction costs that were incurred and paid during 2010 and relate to the acquisition of BMM, the Merger with Obtineo or the (de-)listing are subtracted from the cash flows from investment activities.

NOTE 32 CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities amounted to EUR 35.9 million (2009: EUR 2.1 million), the largest part results from the PIPE early 2010 (EUR 40 million) and the Rights Offering in September 2010 (EUR 10 million). The transaction costs related to the issuance of this capital have been subtracted from the proceeds of these transactions.

Other items

NOTE 33 DIRECTORS' REMUNERATION

EUR million	2010	2009
Current and former managing directors	2,075.0	2,824.0
Current and former supervisory directors	180.3	174.0
Total	**2,255.3**	**2,998.0**

The directors' remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, allowances on termination of employment, profit sharing, bonus payments and granted awards (refer to page 047).

NOTE 34 OFF BALANCE SHEET COMMITMENTS

EUR million	2010	2009
Less than 1 year	5.5	5.1
Between 1 and 5 years	16.9	11.9
More than 5 years	11.4	2.1
Total commitment	**33.8**	**19.1**

The increase in commitments of less than 1 year and between 1 and 5 years is due to the merger with Obtineo; the increase in commitments that fall due after 5 years is due to extended contracts in the USA for office space.

NOTE 35 RELATED PARTIES

The Group identifies the following related parties: subsidiaries, associates, members of the Supervisory Board, members of the Management Board and other large block holders.

Relationships with subsidiaries and associates entailed only intercompany transactions in the regular course of business. Long term relationships are formalised by contracts, whereas short term relationships are settled regularly.

Members of the Management Board and Supervisory Board received remuneration for their deployment. More details about the remuneration of the Management and Supervisory Board can be found on page 047 (policy) and pages 048 and 049 (amounts). There are no balances outstanding.

In order to commit Luke Taylor and Huub Wezenberg, both members of the Management Board, and Ewen Sturgeon, member of the Senior Management, to continue their services for the Company, Luke Taylor and Ewen Sturgeon acquired 666,667 shares and Huub Wezenberg acquired 166,666 shares in the Company pursuant to a private placement of shares (the "PIPE") which was completed on 29 April 2010. All members paid up the nominal amount of the PIPE shares. The remaining amount of EUR 0.95 per share converted into a loan granted by the Company as of 29 July 2010 of in total EUR 1.4 million. If the manager ceases to be an employee of LBi, he shall repay the loan plus accrued interest within 4 weeks. The loans bear an interest of 5% per annum and shall be repaid within four years following the effective date of the Merger.

During 2010 chairman Fred Mulder via his company FM Sud Consulting invoiced LBI International AB in the amount of EUR 6,000. During 2010 LBi Holding N.V. 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 N.V. also invoiced Xeed B.V. an amount of EUR 31,000 data server services. The President of LBi Lost Boys B.V., Igor Milder, has a 50 percent interest in Xeed B.V. Stephen Leach, a blockholder of LBi, rents out office space to BMM entities for an amount of EUR 97,000.

Company financial statements 2010

Company income statement

EUR million	Note	2010
Net sales	3	1.2
Gross margin		**1.2**
Adminstrative expenses	3	-10.1
Operating loss		**-8.9**
Result from shares in Group companies	3	-1.3
Finance income	3	6.7
Finance expense	3	-3.0
Result before income tax		**-6.5**
Tax	3	1.3
Result for the period		**-5.2**

Company statement of other comprehensive income

EUR million	2010
Result for the period	**-5.2**
Other comprehensive income	
Foreign exchange result	-0.3
Total other comprehensive income	**-0.3**
Total comprehensive income for the period	**-5.5**

Company balance sheet

EUR million	Note	2010
ASSETS		
Intangible assets	4	0.4
Tangible assets	4	0.2
Financial assets	5	140.2
Total non-current assets		**140.8**
Trade and other receivables	4	102.2
Financial assets at fair value through P&L	4	0.2
Cash and cash equivalents	4	-
Total current assets		**102.4**
Total assets		**243.2**
EQUITY AND LIABILITIES		
Share capital		35.3
Additional paid in capital		148.5
Reserves		3.6
Foreign translation adjustments		-6.7
Retained earnings		2.0
Current year result		-5.2
Total shareholders equity	**6**	**177.5**
Long term liabilities to credit institutions	4	14.9
Long term non-interest bearing liabilities	4	6.8
Total long term liabilities		**21.7**
Short term liabilities to credit institutions	4	20.9
Trade and other payables	4	18.1
Provisions for other liabilities and charges	4	5.0
Total short term liabilities		**44.0**
Total equity and liabilities		**243.2**

Company statements of movements in equity

EUR million	Share capital	Additional paid in capital	Other reserves	Foreign translation adjustments	Retained earnings	Total equity
Opening balance 28 December 2009	**-**	**-**	**-**	**-**	**-**	**-**
Share issue incorporation	8.3	31.7	-	-	-	40.0
Share issue BMM acquisition	9.0	44.4	-	-	-	53.4
Legal Merger	15.5	69.5	-	-6.4	-2.0	80.6
Share issue Rights Offering	2.5	7.5	-	-	-	10.0
Transaction costs	-	-4.6	-	-	-	-4.6
Total comprehensive income	-	-	-	-0.3	-5.2	-5.5
Impact of awards and options	-	-	3.6	-	-	3.6
Balance at 31 December 2010	**35.3**	**148.5**	**3.6**	**-6.7**	**-3.2**	**177.5**

Company cash flow statement

EUR million	Note	2010
Result before income tax		**-6.5**
Amortisation		0.1
Personnel options and awards		3.6
Contingent liability		1.1
Movement operating assets		-102.2
Movement operating liabilities		-18.1
Movement provisions		5.3
Cash flow from operating activities	**7**	**-80.5**
Investment activities		
Investment in intangible/ tangible non-current assets		-0.7
Acquired net assets		-140.5
Cash flow from investment activities	**7**	**-141.2**
Financing activities		
New share issue		45.4
Share issue BMM acquisition		53.4
Share issue legal Merger		80.6
Long term and short term loans		35.8
Contingent liability		6.8
Cash flow from financing activities	**7**	**222.0**
Cash flow for the year		**0.3**
Cash and cash equivalents at beginning of the year		-
Translation differences in cash and equivalents		- 0.3
Cash and cash equivalents at year-end		**0.0**

Notes to the Company financial statements

COMPANY NOTE 1

General

The Company financial statements for the year ended 31 December 2010 have been prepared in accordance with IFRS as adopted in the EU. Part 9 of Book 2 of the Netherlands Civil Code has been applied for certain articles as mentioned in article 362 (9). In preparing the corporate financial statements the Company applied the same accounting principles as mentioned in the consolidated financial statements. For the notes on the items in the primary statements, we refer to the consolidated financial statements unless stated separately below. The profit after tax for the Company financial statements differs from the consolidated financial statements by EUR 5.2 million negative on account of the result of subsidiaries that, conform IFRS, is not included in the Company result.

LBi International N.V. has been incorporated on 28 December 2009. Therefore, the reporting year 2010 has been extended by three days so that the results of the last three days of 2009 are included in reporting year 2010.

Because LBi International N.V. is a newly incorporated entity there are no comparing figures available.

COMPANY NOTE 2

Additional accounting policies

Investments

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the purchase price method of accounting and are initially recognised at cost.

COMPANY NOTE 3

Results in the Company income statement

- The revenue of LBi International N.V. relates to management services rendered to Group companies.
- Administrative expenses consist of EUR 5.9 million personnel related expenses, EUR 2.2 million for transaction costs and EUR 2.1 million for other charges.
- Results from shares in Group companies include effects of dividend payments and receipts and effects of write downs of group companies.
- In finance income, the interest income and positive foreign exchange effects that arise from internal loans and expense effects are included;
- In finance expense, interest expenses and negative foreign exchange effects that arise from external loans are included.
- Dividends received from subsidiaries will be processed through the income statement.

COMPANY NOTE 4

Explanation of balance sheet items

- Intangible assets relate to Management Information Systems (MIS), that are amortised in 3 years.
- Tangible assets relate to property acquired in 2010.
- Trade and other receivables relate entirely to receivables from Group companies.
- Financial assets at fair value through P&L relates to prepaid rent.
- Cash and cash equivalents. The Company operates a cash pool in which balances of multiple accounts can be swept.
  The positive cash balance of EUR 37.8 million that resulted from the PIPE has been offset against negative balances of other Company bank accounts and is reflected under short term liabilities to credit institutions.
- Long term liabilities to credit institutions relate to the facilities agreement with Danske Bank Refer to note 23 of the consolidated financial statements for more details.
- Long term non-interest bearing liabilities fully relates to the contingent liability that LBi has against the former shareholders of BMM. Refer to note 25 of the consolidated financial statements for more details on this liability.
- Short term liabilities to credit institutions consists of the short term part of long term loans and the credit facility. More details can be found in note 26 of the consolidated financial statements.
- Trade and other payables relate for EUR 17.3 million to intercompany charges and for EUR 0.8 million to external payables. These payables positions have a short term character and are therefore recognised at nominal value.
- Provisions for other liabilities and charges fully relates to accrued expenses.

COMPANY NOTE 5

Financial assets

EUR million	2010
Shares in subsidiaries	140.1
Derivatives	0.1
Total other comprehensive income	**140.2**

- On 30 April 2010 the Company acquired BMM for EUR 53.4 million shares and a contingent liability to the former shareholders of BMM of EUR 5.6 million, adding up to a purchase price of EUR 59.0 million. On 29 July 2010 LBI International AB was acquired for EUR 85.0 million. Of this amount EUR 3.9 million relates to assets that were merged into the Company balance sheet. The remainder of EUR 81.1 million is included in the financial assets.
- Derivatives relate to an interest swap on the long term loans that the Company has with Danske Bank. See note 25 of the consolidated financial statements for more details.

COMPANY NOTE 6

Equity

EUR million	Consolidated	Company
Share capital	35.3	35.3
Additional paid in capital	250.8	148.5
Other reserves	21.6	-3.1
Retained earnings	-65.7	-3.2
Total	**242.0**	**177.5**

The equity in the Company statements and that in the consolidated statements differs due to the fact that under IFRS financial fixed assets are valued at cost.

The reason that the Company, being incorporated on 28 December 2009, has retained earnings and other reserves is due to the merger with LBI International AB.

COMPANY NOTE 7

Company cash flow statement

Cash flow from operating activities

- Amortisation relates to software and is reflected in the income statement under 'administrative expenses'
- Refer to note 22 for more details on personnel options/awards
- During the year, the contingent liability has been adjusted to fair value. The adjustment has been processed through the income statement, but is a non-cash item.
- In the income statement a tax receivable is recognised, however, this will not lead to actual cash flow.
- Operating receivables and liabilities have increased due to the Merger.

Cash flow from investment activities

- Investment in intangible/tangible non-current assets relates to an investment in property in Sweden of EUR 0.2 million and investments in the MIS of EUR 0.4 million.
- Acquired net assets fully relate to the Merger.

Cash flow from financing activities

- The issue of new shares has resulted in an increase in cash of EUR 45.5 million. This amount is built up as follows:

Share issue incorporation:	EUR 40.0 million
Share issue Rights Offering:	EUR 10.0 million
Transaction costs:	EUR -4.6 million
Total:	**EUR 45.5 million**

- Repayment of loans fully relates to regular loan arrangements as detailed in note 23 of the consolidated financial statements
- For the movement in credit facility the balance of former LBI International AB has been considered as well as the addition of LBi international N.V.

Other information

Auditors' report

The Auditors' report is included on page 113.

Result appropriation according to the Articles of Association

According to article 37 of the Articles of Association the Management Board, subject to approval of the Supervisory Board, may determine which part of the profits shall be reserved. The part of the profit remaining after reservation shall be at disposal of the general meeting of shareholders.

Proposed appropriation of result

Following the proposed result appropriation of the Management Board, upon approval by the Supervisory Board, it is proposed to the AGM to debit the net loss of EUR 5,220,000 over 2010 against retained earnings. As a consequence no dividend shall be paid for 2010.

Subsequent events

Change in shareholding

During the first quarter of 2011, a former shareholder of BMM notified LBi of his intention to sell his shareholding in LBi to institutional and professional investors. The shareholder obtained his Shares as part of the aquisition of BMM by Obtineo prior to the Merger. The Supervisory Board granted dispensation for this sale from the lock up. The shares were sold in April 2010 and as a consequence the shareholder lost title to the guaranteed share price, resulting in a benefit of approximately EUR 1.1 million for LBi relating to reduction in contingent liabilities.

Credit facilities

The Company has credit facilities with Danske Bank amongst which are term loans and a working capital facility connected to a group cash pool. The term loans are repaid over 5 years in yearly equal installments of which the last one is due end of March 2014. The working capital facility of EUR 15 million is prolonged on a yearly basis. The Company is currently discussing the renewal of this working capital facility with the bank and has agreed to extend the current expiration date until 31 May 2011.

Auditor’s report

Report on the financial statements

We have audited the accompanying financial statements 2010 as set out on page 060 up to and including page 111 of LBi International N.V., Amsterdam, which comprise the consolidated and Company balance sheet as at 31 December 2010, the consolidated and Company income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management Board’s responsibility

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of LBi International N.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b - h has been annexed. Further we report that the report of the Management Board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 14 April 2011
PricewaterhouseCoopers Accountants N.V.

B. Koolstra RA

The Annual Accounts were authorised for issue by the Management Board and the Supervisory Board on 14 April 2011 and were signed on its behalf.

Amsterdam, 14 April 2011

LBi International N.V.

Management Board
Luke Taylor
Huub Wezenberg

Supervisory Board
Fred Mulder, chairman
George W. Fink
John Farrell
Nazo Moosa
Joost Tjaden

Definitions and glossary

All capitalised terms in this annual report shall have the meaning as set out below unless the context may otherwise require.

AGM	Annual General Meeting of shareholders.
Articles of Association	The articles of association (statuten) of the Company.
Audit Committee	The audit committee of the Company.
BMM or bigmouthmedia	bigmouthmedia GmbH, a limited liability company incorporated under German law and registered in the commercial register at the Local Court of Munich under HRB 147417, whose registered office is in Munich, Germany, including its subsidiaries where the context so requires.
Carlyle or CETP	CETP bigmouthmedia S.à r.l., a limited liability company (Société à responsabilité limitée) incorporated under the laws of Luxembourg, having its office address at CETP bigmouth-media S.a.r.l., Société à responsabilité limitée, 2 Avenue Charles de Gaulle, L-1653 Luxembourg, R.C.S. Luxembourg under number B 116 879.
CGUs	Cash Generating Units.
CODM	Chief Operating Decision Maker.
Company	LBi International N.V., a public company with limited liability (naamloze vennootschap), incorporated under Dutch law as a public limited liability company.
CRM	Customer relationship management consists of the processes a company uses to track and organise its contacts with its current and prospective customers and its customer relations.
Cyrte	Cyrte Investments GP I B.V., a private company with limited liability incorporated under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Flevolaan 41a, 1411 KC Naarden, the Netherlands, registered with the trade register of the Chambers of Commerce under number 32116545, acting in its capacity as general partner of CF I Invest C.V., a limited partnership incorporated under the laws of the Netherlands, having its office address at Flevolaan 41a, 1411 KC Naarden, the Netherlands, registered with the trade register of the Chambers of Commerce under number 32116673.
DCF	Discounted Cash Flow.
DSO	Days of sales outstanding, which is defined as trade accounts receivable plus accrued income for non-invoiced services rendered less advance payments from clients and accounts payable divided by annualised gross sales over the prior three months times 365 days.
Code	Dutch Corporate Governance Code.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBITDA margin	Operating income before depreciations and amortisations as a percentage of revenue.
EUR or euro	Currency of the European Union.
NYSE Euronext Amsterdam	NYSE Euronext Amsterdam by NYSE Euronext, a regulated market operated by Euronext Amsterdam N.V.
General Meeting of Shareholders	The meeting of shareholders of the Company entitled to vote, together with pledgees and usufructuaries to whom voting rights attributable to the Shares accrue or the body of the Company consisting of persons entitled to vote on the Shares (as applicable).
Global Share Option Plan or GSOP	The global share option plan of LBi which gives right to options on shares.
Group	The Company and its subsidiaries.

IFRS	The international accounting standards, international financial reporting standards and the related interpretations of these standards issued or adopted by the International Accounting Standards Board from time to time and approved by the European Commission.
Janivo	Janivo Holding B.V., a private company with limited liability incorporated under the laws of the Netherlands, having its registered office in Utrecht, the Netherlands, and its office address at Sparrenheuvel 36, 3708 JE Zeist, the Netherlands, registered with the trade register of the Chambers of Commerce under number 30145961.
LBi/LBi N.V.	LBi International N.V., a public company with limited liability (naamloze vennootschap), incorporated under Dutch law as a public limited liability company, whose regitered office is in Amsterdam, the Netherlands, including its subsidaries where the context so requires.
LBi AB	Prior to the Merger, LBI International AB, a public limited liability company incorporated in Sweden, Corp. Reg. No. 556528-6886, whose registered office is at Hamngatan 2, SE-11147, Sweden, including its subsidiaries where the context so requires.
Long Term Incentive Plan or LTIP	The employee incentive plan of the Company.
Nomination Committee	The nomination committee of the Company.
Management Board	The Management Board (Raad van Bestuur) of the Company.
Merger	Cross-border merger between Obtineo and LBi AB, as a consequence whereof LBi AB ceased to exist and Obtineo acquired the assets and liabilities of LBi AB under a universal title of succession.
Obtineo	Obtineo Netherlands Holding N.V., the N.V. before the Merger renamed LBi International N.V. upon the effective date of the Merger.
PIPE	The private placement of shares in Obtineo in a amount of EUR 40 million which was completed on 29 April 2010.
PPC	Pay-per-click which relates to the adverts at the top and on the right of the Google, Yahoo! and Bing search results.
Remuneration Committee	The remuneration committee of the Company.
Rights Offering	The offering of SETs by the Company to the LBi AB shareholders, which therefore excluded the shareholders of Obtineo (i.e. the BMM shareholders and the PIPE Investors) in respect of the shares acquired by them prior to the Merger.
SEK	Swedish Krona.
SEO	Search engine optimisation is the process of improving the volume and quality of traffic to a website from search engines via search results.
Shareholders	The holders of Shares in the Company.
Shares	The ordinary shares in the capital of the Company, each with a nominal value of EUR 0.25.
Social Media	An engagement with online communities to generate exposure, opportunity and sales. Common social media marketing tools include Twitter, Blogs, LinkedIn, Facebook and YouTube.
Supervisory Board	The Supervisory Board (Raad van Commissarissen) of the Company.
Swedish Companies Act	Chapter 23, Article 1 and 36 of the Swedish Companies Act (2005:551).

Offices & Contacts

CORPORATE OFFICE – LBi International N.V.
NETHERLANDS | Amsterdam
Joop Geesinkweg 209 | 1096 AV Amsterdam
Box 94829 | 1090 GV Amsterdam | Netherlands
Phone: +31 20 460 4500 | info@lbi.com

NETHERLANDS | Amsterdam
Joop Geesinkweg 209, 1096 AV Amsterdam,
PO Box 94829, 1090 GV Amsterdam, Netherlands
Phone: +31 20 460 4500 | info@lbi.com

USA | Atlanta
1888 Emery Street NW, suite 400, Atlanta, GA 30318, USA
Phone: +1 404 267 7600 | helloatlanta@lbi.com

USA | New York
Lafayette Street
The Puck Building, 295 Lafayette Street, New York, NY 10012, USA
Phone: +1 212 274 0470 | hellonewyork@lbi.com
Per 25 April 2011:
11 West 19th Street, New York, NY 10011, USA

Vestry Street
12 Vestry Street, 7th floor, New York, NY 10013, USA
Phone: +1 212 680 1477 | info@syrupnyc.com

CORPORATE OFFICE – LBi International N.V.
UNITED KINGDOM | London
Atlantis Building, Truman Brewery,
146 Brick Lane, London E1 6RU, UK
Phone: +44 20 7063 6465 | info@lbi.com

UNITED KINGDOM | London
Brick Lane
Atlantis Building, Truman Brewery,
146 Brick Lane, London E1 6RU, UK
Phone: +44 20 7063 6465 | enquiries@lbi.com

Ramillies Street
6 Ramillies Street, London W1F 7TY, UK
Phone +44 20 7759 2076 | uk@bigmouthmedia.com

UNITED KINGDOM | Exeter
Broadwalk House North, Southernhay West,
Exeter EX1 1TS, UK
Phone: +44 1392 411 299 | talktous@netrank.co.uk

UNITED KINGDOM | Edinburgh
51 Timber Bush, Edinburgh EH6 6QH, UK
Phone: +44 131 555 4848 | uk@bigmouthmedia.com

BELGIUM | Brussels
Vorstlaan 191 Bd du Souverain
1160 Brussels, Belgium
Phone: +32 2 706 0540 | info@lbigroup.be

BELGIUM | Ghent
Kortrijksesteenweg 1144, Box N
B-9051 Sint-Denijs-Westrem, Belgium
Phone: +32 9 242 49 50 | info@lbigroup.be

LBi's offices until April 2011

NORWAY | Trondheim
Thomas Angells gate 8, 7011 Trondheim, Norway
Phone: +47 7350 3434 | norge@bigmouthmedia.no

DENMARK | Copenhagen
Vermundsgade 40 A, 2100 Copenhagen, Denmark
Phone: +86 10 8523 5788 | sales@triplelbi.com

SWEDEN |Stockholm
Hamngatan 2, 111 47 Stockholm, Sweden
Phone: +46 8 614 4600 | info@syrupsthlm.com

SWEDEN | Gothenburg
Östra Larmgatan 16,
411 07 Gothenburg, Sweden
Phone: +46 31 760 00 00 | info.se@lbi.com

SWEDEN | Malmö
Brogatan 10, 211 44 Malmö, Sweden
Phone: +46 40 630 01 00 | info.se@lbi.com

GERMANY | Berlin
Leibnizstrasse 65, 10629 Berlin, Germany
MetaDesign Phone: +49 30 5900 540
mail@metadesign.de
Iven & Hillmann Phone: +49 30 2008 9290
Fax: +49 30 5900 54111 | info@iven-hillmann.com

GERMANY | Cologne
Hansaring 97, 50670 Cologne, Germany
Phone: +49 221 168 890 | info-germany@lbi.com

GERMANY | Hamburg
Mönkedamm 11, 20457 Hamburg, Germany
Phone: +49 40 688 747 | info-germany@lbi.com

GERMANY | Munich
Schäfflerstrasse 3, 80333 Munich, Germany
Phone: +49 89 2421 6777 | de@bigmouthmedia.com

SWITZERLAND | Zürich
Gerechtigkeitsgasse 6, 8001 Zürich, Switzerland
Phone: +41 43 817 6585 | info-suisse@lbi.com

CHINA | Beijing
Unit 2601, Zhongyu Plaza, A6 Gongti North Road,
Chaoyang District, 100027 Beijing, PR China
Phone: +86 10 85 23 57 88 | mail@metadesign.cn

ITALY | Milan
Via Marghera, 43, 20149 Milan, Italy
Phone: +39 02 4804 21 | info@lbigroup.it

SPAIN | Madrid
C/José Echegaray
Las Rozas Business Campus, C/José Echegaray, 6 B – 1ª
Planta, 28230 Las Rozas, Madrid, Spain
Phone: +34 91 521 0080 | info@iconmedialab.es

C/Recoletos
C/Recoletos 19, 6º, 28001 Madrid, Spain
Phone: +34 91 576 7072 | es@bigmouthmedia.com

INDIA | Mumbai
126, Mathuradas Mill Compound
N.M. Joshi Marg, Lower Parel, Mumbai – 400013
Phone: +91 22 4354 3210 | newbiz@lbi.co.in

UNITED ARAB EMIRATES | Dubai
Shatha Tower, Dubai Media City,
Office 3212, Dubai, UAE
Phone: +971 4 446 2404 | Fax: +971 4 445 1000

FRANCE | Paris
38bis rue de Rivoli, 75004 Paris, France
Phone: +33 1 4454 2810 | france@bigmouthmedia.com