De Ruyterkade 154
1011 AC Amsterdam, The Netherlands
corporate.tomtom.com
ir@tomtom.com

22 July 2011

TomTom reports second quarter 2011 results

Q2 2011 financial summary

- Revenue of €314 million compared to €362 million in Q2 2010
- Consumer revenue declined by 23% year on year to €209 million
- Automotive revenue grew by 34% year on year to €60 million
- Business Solutions grew by 12% year on year to €14 million
- Non-cash impairment charge on goodwill and other intangible assets of €512 million
- Operating result of €18 million and net result of €11 million excluding impairment[2]

Q2 2011 operational summary

- Base of active users of LIVE Services tripled year over year to 1.1 million
- GO LIVE 800 series launched
- Over 1 million Carminat TomTom systems sold by Renault since launch
- Blue&Me TomTom introduced in the US
- Traffic portfolio available to businesses and governments in 14 countries

2011 outlook

- Revenue of between €1,225 and €1,275 million and earnings per share of between €0.25 and €0.30 excluding impairment

Key figures[1]

(in € millions)	Q2 '11	Q2 '10	y.o.y. change	Q1 '11	q.o.q. change
Revenue	314	362	-13%	265	19%
Gross result	160	185	-13%	141	14%
Gross margin	*51%*	*51%*		*53%*	
EBITDA	46	75	-39%	44	4%
EBITDA margin	*15%*	*21%*		*17%*	
Operating result	-494	50		18	
Operating margin	*-157%*	*14%*		*7%*	
Net result attributable to the group	-489	34		11	
EPS, € diluted	-2.20	0.15		0.05	
EPS, € diluted, excluding impairment[2]	0.05	0.15		0.05	
Adjusted EPS, € diluted[3]	0.10	0.21		0.10	

TomTom's Chief Executive Officer, Harold Goddijn:

"We have seen a decline of the PND market against a background of a weak consumer electronics market which impacted our Consumer business. On the other hand, sales by Automotive and Business Solutions grew as did our LIVE Services revenue.

Based on the outlook for the PND market, we will reduce our cost base in the coming quarters to maintain a healthy cash flow, whilst at the same time continuing to invest to support our growing revenue lines."

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[1] *Operating expenses include an impairment charge of €512 million and restructuring charges of €0.2 million in Q2 2011, €1.2 million in Q2 2010 and €0.6 million in Q1 2011*
[2] *Excluding impairment charge and related tax effects*
[3] *Earnings per share adjusted for impairment, acquisition-related amortisation and restructuring charges on a post tax basis*

Outlook 2011

Consumer electronics markets have been weak and the retail channel has continued to reduce the level of inventory it is carrying. PND markets have been declining and we expect this trend to continue in the second half of the year. We expect our core combined PND markets to decline at the high end of the previously communicated range of between 15 and 20%, particularly as a result of a steep decline in the North American market.

Automotive will continue to grow its systems business as well as its licensing business as expected.

Business Solutions is expected to accelerate its growth in the second half of the year on the back of the roll-out of new contracts and geographical expansion.

Licensing is expected to show flat revenue development compared to last year.

We plan to deliver operating expenses for 2011 of approximately €540 million.

As previously communicated we expect full year revenue of between €1,225 and €1,275 million and earnings per share of between €0.25 and €0.30, excluding impairment.

Operational review

Revenue split

(€ millions based on non-rounded figures)	Q2 '11	Q2 '10	y.o.y. change	Q1 '11	q.o.q. change
Consumer	209	273	-23%	157	33%
Automotive	60	44	34%	60	-1%
Licensing	32	33	-3%	34	-7%
Business Solutions	14	12	12%	14	0%
Hardware	218	274	-20%	169	29%
Content & Services	96	88	9%	96	0%

The PND market size in Europe was 2.7 million units compared to 3.0 million units in the same quarter last year. Our market share was 45%. The North American PND market size was 2.4 million units compared to 3.3 million units in the same quarter last year. Our market share was 21%.

Our base of active users of LIVE Services nearly tripled compared to Q2 2010 to 1.1 million. Compared to the same period last year, we have seen an increase in sales of LIVE devices as a percentage of total PND volume in Europe from 20% to 24%. The attachment rate, which is the percentage of customers that renew their LIVE Services subscription after the initial trial period, is increasing from the low twenties level that we have seen over the past quarters.

In the quarter Consumer introduced the GO LIVE 800 series as an addition to the GO range. We continued the geographical roll-out of our real time traffic offering and made HD Traffic available on all our LIVE devices in the US. The unique combination of HD Traffic and dynamic routing is now available in 21 countries across the globe.

Automotive extended its partnership with Fiat into the US. The Fiat 500 was introduced in the US market with the Blue&Me TomTom navigation solution offered as an option. A milestone was reached with 1 million Carminat TomTom systems sold by Renault.

Licensing expanded its map coverage in Latin America by adding Venezuela to the already covered countries of Mexico, Brazil, Argentina, Uruguay, Chile, French Guiana and the French Overseas Territories. In the quarter we launched our real time traffic portfolio for governments and enterprises in the US, UK, France and Belgium. Our portfolio of products, including Enterprise Traffic, HD Flow and HD Route Times, is now available in 14 countries. The pipeline of opportunity for our traffic solutions is increasing.

Business Solutions announced a partnership with Tracker, South Africa's leading vehicle tracking provider. In Q2, the number of subscribers increased by 9,000 to 152,000, resulting in a year on year increase of 32%. We won significant new contracts which will be added to our subscriber base in the coming quarters.

Financial review

Revenue

The group generated €314 million of revenue for the quarter, a decrease of 13% compared to the same quarter last year (Q2 2010: €362 million) and a 19% increase sequentially (Q1 2011: €265 million). Year on year, revenue for Consumer declined which was partially offset by an increase in revenue by Automotive and Business Solutions.

The revenue of the Consumer business unit over the past quarter amounted to €209 million which is a €64 million decrease year on year (Q2 2010: €273 million) and an increase of €52 million sequentially (Q1 2011: €157 million). The year on year decrease was driven by lower PND sales as the PND market sizes in our core geographies declined in an overall weak consumer electronics market.

Automotive revenue grew by €15 million or 34% to €60 million compared to the same quarter last year (Q2 2010: €44 million). This growth was driven by increased system sales due to existing customers offering our solutions on more models, as well as by greater demand for our maps. Sequentially revenue was flat (Q1 2011: €60 million).

Licensing revenue decreased year on year by €0.8 million or 3% to €32 million and decreased by €2.3 million sequentially (Q2 2010: €33 million, Q1 2011: €34 million). The sequential decrease is the result of a one-off royalty correction of €4 million in the previous quarter. Year on year we continue to see growth from our internet and wireless segment being offset by a decline in revenue in the PND segment.

Business Solutions revenue increased by €1.5 million or 12% year on year to €14 million (Q2 2010: €12 million) driven by growth of the subscriber base. Sequentially revenue was flat (Q1 2011: €14 million).

Hardware revenue for the quarter was €218 million across the group, a decrease of 20% year on year (Q2 2010: €274 million) and an increase compared to the first quarter of 29% (Q1 2011: €169 million).

Content & Services revenue was €96 million for the quarter compared to €88 million in Q2 2010, an increase of 9%. Consumer and Automotive were the main contributors to the increase compensating for lower Licensing revenue. Sequentially, Content & Services revenue for the quarter was flat. Content & Services revenue represented 31% of total revenue (Q2 2010: 24%, Q1 2011: 36%).

Gross margin

The gross margin for the group was 51%. The gross margin was stable compared to the same quarter last year and down by 2 percentage points sequentially (Q2 2010: 51%, Q1 2011 53%). The sequential decrease was the result of a change in the revenue mix with proportionally more Consumer hardware revenue compared to our Licensing and Business Solutions revenue in the second quarter versus the first quarter.

Impairment charge

We recorded a non-cash impairment charge of €512 million. The reduction in value of intangible assets mainly reflects the reduced outlook for the PND market. Of the impairment charge, €473 million relates to goodwill and €39 million to other intangible assets.

Operating expenses

Excluding the impairment charge, total operating expenses for the quarter amounted to €142 million, an increase of €6.7 million, or 5% compared to the same quarter last year (Q2 2010: €135 million). Compared to the first quarter, operating expenses increased by €19 million or 16% (Q1 2011: €123 million).

The increase in operating expenses was the result of higher marketing expenses. Marketing expenses increased by €6 million year on year to €30 million (Q2 2010: €24 million) and by €20 million sequentially (Q1 2011: €10 million). In the quarter we launched our Break Free marketing campaign in advance of the summer driving season. As a percentage of revenue, operating expenses (excluding the impairment charge) for the quarter were 45% compared to 37% in Q2 2010 and 46% in Q1 2011.

Financial results

The total interest charge for the quarter was €6.1 million (Q2 2010: €9.0 million, Q1 2011: €6.0 million). The interest expense on the loan facilities for the quarter amounted to €5.0 million. The amortisation of the transaction costs related to the facility amounted to €1.6 million. The interest expense was partially offset by interest income of €0.5 million on cash balances.

The other financial result for the quarter of €2.2 million was comprised of a foreign exchange gain mainly attributed to USD rate fluctuations during the quarter.

Debt financing

On 30 June 2011, the carrying value of our borrowings amounted to €591 million, an increase of €1.6 million compared to the previous quarter which results from amortised transaction costs which are added back to the borrowings over the life time of the borrowings (Q1 2011: €589 million). Excluding transaction costs, which are netted against the borrowings, our outstanding borrowings amounted to €598 million (Q1 2011: €598 million).

Net debt as of 30 June 2011 was €366 million compared to €309 million at the end of the previous quarter. Net debt is the sum of the borrowings (€598 million), minus cash and cash equivalents at the end of the period (€232 million) plus our financial lease commitments (€0.7 million).

Balance sheet

As at the end of Q2 2011, accounts receivable plus other receivables amounted to €248 million. Our accounts receivable balance is driven by our revenues which explains the decrease of €43 million year on year and the increase of €71 million sequentially. The inventory level was €102 million, an increase of €39 million year on year and an increase of €2.9 million compared to the previous quarter. Cash and cash equivalents at the end of the quarter were €232 million.

Current liabilities were €627 million compared to €697 million at the end of the same quarter last year and €635 million in the previous quarter. The year on year decrease was mainly caused by a decrease of €55 million in trade payables and €17 million in other liabilities and accruals. Our equity was impacted by the €512 million impairment charge and decreased by €477 million to €665 million compared to 31 December 2010.

Cash flow

During the quarter, we recorded a cash outflow from operations of €23 million which was mainly driven by the €74 million increase in working capital.

The cash flow used in investing activities during the quarter increased to €25 million from €17 million in the previous quarter (Q2 2010: €12 million), mainly due to increased investment in product development in Automotive.

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TOMTOM NV

INTERIM FINANCIAL REPORT
(unaudited)

30 JUNE 2011

Contents:

Introduction

TomTom NV (the Company) and its subsidiaries (the Group) is the world's leading supplier of in-car location and navigation products and services. Headquartered in Amsterdam, TomTom has over 3,500 employees and sells its products in more than 40 countries. The commercial activities of the Group are carried out through four customer facing business units – Consumer, Automotive, Business Solutions and Licensing. The first three of these business units sell their navigation products and services to one specific customer group, whilst Licensing sells its content and services to multiple customer groups.

It is our mission to provide all drivers with the world's best navigation experience. We tailor our activities towards multiple audiences and aim to play a leading role on all platforms where our products and services can be of use.

Market and TomTom outlook 2011

Consumer electronics markets have deteriorated in the first half of the year and the retail channel has continued to reduce the level of inventory it is carrying. PND markets have been declining and we expect this trend to continue in the second half of the year. We expect our core combined PND markets to decline at the high end of the previously communicated range of between 15 and 20 percent, particularly as a result of a steep decline in the North American market.

Automotive will continue to grow its systems business as well as its licensing business as expected.

Business Solutions is expected to accelerate its growth in the second half of the year on the back of the roll-out of new contracts and geographical expansion.

Licensing is expected to show flat revenue development compared to last year.

We plan to deliver operating expenses for 2011 of approximately €540 million.

As previously communicated we expect full year revenue of between €1,225 and €1,275 million and earnings per share of between €0.25 and €0.30, excluding impairment.

Financial review for the six month period ended 30 June 2011

Revenues

Total revenues were €579 million in H1 2011 down from €630 million in H1 2010. The decrease is driven by the decrease in Consumer revenue and partially offset by the increase in the revenue of the other three business units. Year on year, Consumer revenue decreased by 20% to €366 million in H1 2011 while Automotive revenue increased by €36 million from €84 million in H1 2010 to €120 million in H1 2011. Licensing revenue increased by €2.6 million to €66 million (H1 2010: €63 million) and Business Solutions reported a revenue increase of €3.5 million to €28 million in H1 2011 (H1 2010: €25 million).

Gross profit

Gross profit decreased to €301 million in H1 2011 from €329 million in H1 2010. The gross margin was stable at 52% compared with H1 2010.

Operating expenses

Operating expenses in H1 2011 were €777 million, an increase of €514 million compared to the same period last year (H1 2010: €263 million). This increase is mainly caused by the impairment charge of €512 million which is further explained in notes 6 and 7 in our interim financial report.

Operating result
The operating result for H1 2011 was a loss of €476 million, a decrease of €542 million compared to last year (H1 2010: €67 million).

Financial expense and income, net
The Group recorded €12 million in interest expenses in H1 2011, a decrease of €5.4 million compared to the previous year (H1 2010: €17 million). The year on year decrease was the result of the reduction in borrowings following the repayment of €210 million in the second half of 2010. The other finance result in H1 2011 of €3.9 million (H1 2010: -€0.8 million) results from our foreign exchange derivatives portfolio and the revaluation of our non-euro denominated monetary balances such as accounts payable, accounts receivable and cash balances, and interest received from tax authorities.

Income taxes (excluding effects of impairment charge)
The net income tax charge in all the jurisdictions in which we operate was €6.2 million in H1 2011, a decrease compared to last year (H1 2010: €11 million). The effective tax rate in H1 2011 was 22.4% compared to 22.5% in H1 2010.

Cash flow
Cash flow generated from operations was a negative €18 million versus a positive €59 million in the same period last year. The negative cash flow was driven by the operating result adjusted for non-cash items and by changes in our working capital. Net interest paid decreased year on year to €9.1 million in H1 2011 compared to €11 million in H1 2010. Corporate income tax paid decreased to €3.1 million from €22 million in the previous year.

Cash flow used in investing activities was €42 million, an increase of €15 million from €27 million in the same period last year.

Related party transactions

For related party transactions please refer to note 10 of our interim financial report.

Principal risks and uncertainties H1 2010

A detailed discussion of the Group's principal risks and uncertainties can be found in the Annual Report 2010.

In the 2010 Annual Report we extensively described certain risk categories and risk factors which could have a material adverse effect on our financial position and results.
Those risk categories and risk factors are deemed incorporated and repeated in this report by reference.
Other risks not known to us, or currently believed not to be material, could later turn out to have a negative material impact on our business, objectives, revenues, income, assets, liquidity or capital resources.

Responsibility statement

The Board of Management hereby declares that, to the best of their knowledge:

- the interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position, profit and loss of the company and the undertakings included in the consolidation taken as a whole; and

- the interim report of the Management Board gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Harold Goddijn, CEO
Marina Wyatt, CFO
Alain De Taeye

22 July 2011

Consolidated statement of income

(in € thousands)	Q2 '11	Q2 '10	H1 '11	H1 '10
Revenue	314,224	361,974	579,371	630,330
Cost of sales	154,269	177,077	278,494	301,182
Gross result	159,955	184,897	300,877	329,148
Research and development expenses	40,776	40,304	82,505	81,268
Amortisation of technology & databases	19,204	19,134	37,824	36,547
Marketing expenses	30,148	24,108	40,396	39,232
Selling, general and administrative expenses	49,844	48,466	99,163	99,454
Impairment charge	511,936	0	511,936	0
Stock compensation expense	2,025	3,244	4,872	6,005
Total operating expenses	653,933	135,256	776,696	262,506
Operating result	-493,978	49,641	-475,819	66,642
Interest result	-6,050	-8,967	-12,094	-17,455
Other finance result	2,185	4,872	3,850	-783
Result associates	60	-2,395	-272	-1,466
Result before tax	-497,783	43,151	-484,335	46,938
Income tax	8,443	-9,685	5,466	-10,543
Net result	-489,340	33,466	-478,869	36,395
Net result attributable to:				
Equity holders of the parent	-489,247	33,716	-478,667	36,801
Non-controlling interests	-93	-250	-202	-406
	-489,340	33,466	-478,869	36,395
Basic number of shares (in thousands)	221,888	221,718	221,861	221,718
Diluted number of shares (in thousands)	222,168	221,830	223,328	221,940
EPS, € basic	-2.20	0.15	-2.16	0.17
EPS, € diluted[1]	**-2.20**	**0.15**	**-2.16**	**0.17**

[1] In 2011 no additional shares from assumed conversion are taken into account as the effect would be anti dilutive.

Consolidated statement of comprehensive income

(in € thousands)	Q2'11	Q2'10	HY '11	HY '10
Net result	**-489,340**	**33,466**	**-478,869**	**36,395**
Other comprehensive income:				
Currency translation differences	3,223	3,364	-7,145	8,315
Cash flow hedges	655	1,363	3,229	5
Other comprehensive income for the period	**3,878**	**4,727**	**-3,916**	**8,320**
Total comprehensive income for the period	**-485,462**	**38,193**	**-482,785**	**44,715**
Attributable to:				
Equity holders of the parent	-485,493	38,266	-482,309	44,062
Non-controlling interests	31	-73	-476	653
	-485,462	**38,193**	**-482,785**	**44,715**

The items in the statement above are presented net of tax.

Consolidated balance sheet

(in € thousands)	30 June 2011	31 December 2010
Goodwill	381,569	854,713
Other intangible assets	902,182	946,263
Property, plant and equipment	36,354	38,977
Deferred tax assets	17,612	22,265
Investments	6,828	7,720
Total non-current assets	**1,344,545**	**1,869,938**
Inventories	101,502	93,822
Trade receivables	197,207	305,821
Other receivables and prepayments	50,907	41,853
Other financial assets	2,850	5,724
Cash and cash equivalents	232,235	305,600
Total current assets	**584,701**	**752,820**
Total assets	**1,929,246**	**2,622,758**
Share capital	44,379	44,362
Share Premium	975,260	974,554
Other reserves	60,215	45,757
Stock compensation reserve	76,466	71,662
Accumulated (deficit)	-496,822	-222
Non-controlling interests	5,210	5,416
Total equity	**664,708**	**1,141,529**
Borrowings	385,899	384,011
Provisions	49,464	51,051
Long-term liability	2,128	926
Deferred tax liability	200,314	211,014
Total non-current liabilities	**637,805**	**647,002**
Trade payables	119,308	218,419
Borrowings	204,694	203,586
Tax and social security	15,502	35,443
Provisions	56,234	58,237
Other liabilities and accruals	230,995	318,542
Total current liabilities	**626,733**	**834,227**
Total equity and liabilities	**1,929,246**	**2,622,758**

Consolidated statements of cash flows

(in € thousands)	Q2 '11	Q2 '10	H1 '11	H1 '10
Operating result	-493,978	49,641	-475,819	66,642
Financial gains/(losses)	2,297	3,901	-897	-6,287
Depreciation of property, plant and equipment	4,376	3,490	7,890	8,088
Amortisation of intangible assets	23,717	22,220	46,525	44,488
Impairment charge	511,936	0	511,936	0
Change in provisions	135	3,045	-2,683	-2,468
Change in stock compensation reserve	2,120	4,269	4,805	6,999
Changes in working capital:				
Change in inventories	-3,099	-1,728	-8,587	3,904
Change in receivables and prepayments	-71,283	-88,109	99,641	29,871
Change in current liabilities (exc. Provisions)	683	85,191	-200,406	-92,059
Cash generated from operations	**-23,096**	**81,920**	**-17,595**	**59,178**
Interest received	448	289	886	447
Interest paid	-4,883	-5,309	-9,946	-11,174
Corporate income taxes (paid)	-4,660	-9,736	-3,072	-22,483
Net cash flows from operating activities	**-32,191**	**67,164**	**-29,727**	**25,968**
Investments in intangible assets	-20,448	-9,439	-32,917	-20,743
Investments in property, plant and equipment	-4,430	-2,730	-8,797	-6,185
Total cash used in investing activities	**-24,878**	**-12,169**	**-41,714**	**-26,928**
Proceeds on issue of ordinary shares	160	0	724	0
Total cash flows from financing activities	**160**	**0**	**724**	**0**
Net decrease in cash and cash equivalents	**-56,909**	**54,995**	**-70,717**	**-960**
Cash and cash equivalents at beginning of period	289,316	313,495	305,600	368,403
Exchange rate effect on cash balances held in foreign currencies	-172	-1,607	-2,648	-560
Cash and cash equivalents at end of period	**232,235**	**366,883**	**232,235**	**366,883**

Consolidated statement of changes in stockholders' equity of TomTom NV

(in € thousands)	Share capital	Share premium	Legal reserves	Stock compens. reserve	Acc. (deficit)	Shareholders equity	Minority interests	Total
1 January 2010	**44,344**	**973,755**	**34,319**	**66,267**	**-106,209**	**1,012,476**	**5,094**	**1,017,570**
Comprehensive income								
Result for the period	0	0	0	0	36,801	36,801	-406	36,395
Other comprehensive income								
Translation differences	0	0	7,256	0	0	7,256	1,059	8,315
Cash flow hedge	0	0	5	0	0	5	0	5
Transfer to legal reserves	0	0	9,958	0	-9,958	0	0	0
Total other comprehensive income	**0**	**0**	**17,219**	**0**	**-9,958**	**7,261**	**1,059**	**8,320**
Total comprehensive income	**0**	**0**	**17,219**	**0**	**26,843**	**44,062**	**653**	**44,715**
Transactions with owners								
Stock compensation reserve	0	0	0	6,527	0	6,527	0	6,527
30 June 2010	**44,344**	**973,755**	**51,538**	**72,794**	**-79,366**	**1,063,065**	**5,747**	**1,068,812**
1 January 2011	**44,362**	**974,554**	**45,757**	**71,662**	**-222**	**1,136,113**	**5,416**	**1,141,529**
Comprehensive income								
Result for the period	0	0	0	0	-478,667	-478,667	-202	-478,869
Other comprehensive income								
Translation differences	0	0	-6,871	0	0	-6,871	-274	-7,145
Cash flow hedge	0	0	3,229	0	0	3,229	0	3,229
Transfer to legal reserves	0	0	18,100	0	-18,100	0	0	0
Total other comprehensive income	**0**	**0**	**14,458**	**0**	**-18,100**	**-3,642**	**-274**	**-3,916**
Total comprehensive income	**0**	**0**	**14,458**	**0**	**-496,767**	**-482,309**	**-476**	**-482,785**
Transactions with owners								
Dividends to minority shareholders	0	0	0	0	0	0	-172	-172
Change in minority share	0	0	0	0	-107	-107	442	335
Stock compensation expense	0	0	0	5,029	274	5,303	0	5,303
Issue of Share Capital	17	706	0	-225	0	498	0	498
30 June 2011	**44,379**	**975,260**	**60,215**	**76,466**	**-496,822**	**659,498**	**5,210**	**664,708**

Notes to the consolidated interim financial statements of TomTom NV

1. General

TomTom NV (the "Company") has its statutory seat and headquarters in Amsterdam, the Netherlands. The consolidated interim financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the "Group") and have been prepared by the Management Board and authorised for issue on 22 July 2011.

The consolidated interim financial statements have neither been reviewed nor audited.

2. Summary of significant accounting policies

The principal accounting policies and method of computations applied in these consolidated interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2010, except as described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
The consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. As permitted by IAS 34, the consolidated interim financial statements do not include all of the information required for full annual financial statements and the notes to these consolidated interim financial statements are presented in a condensed format. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

Change in accounting policies and disclosures
All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2011 have not yet been adopted.

Use of estimates
The preparation of these interim financial statements requires that the Group makes assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are used when accounting for items and matters such as revenue recognition, inventory obsolescence, product warranty costs, depreciation and amortisation, asset valuations, impairment assessments, taxes, earn-out provisions, other provisions, stock-based compensation and contingencies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods. For TomTom's critical accounting estimates and judgments, reference is made to the notes to the Consolidated financial statements in the 2010 Annual Report.

3. Segment reporting

The internal management reporting is structured based primarily upon the four customer facing business units – Consumer, Automotive, Business Solutions and Licensing.

The segment reporting in these interim financial statements reflects the change in management reporting structure as presented in the 2010 annual accounts and further refinements in the allocation of operating expenses of supporting functions as adopted in the internal management report. Accordingly the comparative information for the first half of 2010 has been adjusted to reflect this change and is therefore not necessarily comparable with the previously reported segment information.

(in € millions)	H1 '11	H1 '10
Group revenue	**579.4**	**630.3**
Consumer	365.8	459.1
Automotive	119.8	83.6
Licensing	65.7	63.1
Business Solutions	28.1	24.5
Group EBIT	**36.1**	**66.6**
Consumer	27.2	74.6
Automotive	0.8	-2.6
Licensing	8.3	-2.2
Business Solutions	6.3	6.0
Unallocated	-6.5	-9.2

The effects of non-recurring items such as impairment (if any) are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to segments. A reconciliation of the segments' performance measure (EBIT) to the group's operating result is presented below.

(in € millions)	H1 '11	H1 '10
Group EBIT	**36.1**	**66.6**
Impairment charge	-511.9	0
Interim financial statements EBIT	**-475.8**	**66.6**

4. Remuneration policy for members of the Management Board

This note should be read in conjunction with note 7 Employee Benefits in the Annual Report for 2010. In accordance with the Remuneration Policy, remuneration for the Management Board consists of four components: base-salary, short-term incentive, long-term incentive and pension. The long-term incentive component is set out in the 2009 Stock Option Plan as amended following the 2011 AGM. In May 2011, each of the Management Board members was granted 150,000 new share options under this plan.

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	H1 '11	H1 '10
Earnings (in € thousands)		
Earnings (net result attributable to equity holders)	-478,667	36,801
Number of shares (in thousands)		
Weighted average number of ordinary shares for basic EPS	221,861	221,718
Effect of dilutive potential ordinary shares (in thousands)		
Share options and restricted stocks	1,467	222
Weighted average number of ordinary shares for diluted EPS	223,328	221,940

6. Goodwill

Goodwill is allocated to cash generating units (CGUs) following consistent allocation as in the year-end 2010 allocation. Within TomTom we have identified four CGUs being Consumer, Automotive, Licensing and Business Solutions. The recoverable amount of a CGU is based on the higher of “value in use” or “fair value less cost to sell” calculations. The “fair value less cost to sell” resulted in a higher recoverable amount.

Our trigger-based impairment testing showed that the recoverable amount of our Consumer CGU is lower than its carrying value.

The impairment is mainly the consequence of a weaker than expected market outlook for the PND market which negatively impacts the expectations for our Consumer business unit.

The calculation method for the impairment test is consistent with the method used at year end. For a detailed explanation of the calculation method, reference is made to the 2010 Annual Report.

Management’s expectations and other inputs to the model reflect current economic and market developments and insofar as possible have been cross checked with external information.

Based on the impairment test management concluded that an impairment charge of €473 million (2010: nil) should be recorded in the first half year of 2011.

The following table sets out the key assumptions used in the trigger-based impairment testing;

Consumer segment assumptions	**H1 '11**
Revenue – perpetual growth	-1.0%
Operating expenses – perpetual growth	-1.0%
Discount rate	10%
Impairment	€473 million

7. Other intangible assets

Our trigger-based impairment testing on intangible assets other than goodwill resulted in an impairment charge of €39 million. The impairment charge recorded on our intangibles is mainly related to certain customer relationships which ended and other assets for which management has changed its intended use.

8. Shareholders’ equity

	H1 ‘11 No (in thousands)	**H1 ‘11** (in € thousands)	**H1 ‘10** No. (in thousands)	**H1 ‘10** (in € thousands)
Ordinary shares	600,000	120,000	600,000	120,000
Preferred shares	300,000	60,000	300,000	60,000
Total authorised	**900,000**	**180,000**	**900,000**	**180,000**
Issued and fully paid ordinary shares	**221,895**	**44,379**	**221,718**	**44,344**

All shares have a par value of €0.20 per share.

In the period ended 30 June 2011, 86,927 shares were issued following the exercise of share options by employees.

9. Share-based compensation

Share-based compensation expenses amounted to €4.9 million in H1 2011 versus €6.0 million in the same period last year.

In May 2011 the Group issued 3.1 million stock options under the 2009 share option plan. The 2009 share option plan was adopted for members of management and eligible employees. The plan aims to encourage members of the Management Board and selected employees to focus on the Group's long-term success by providing such individuals an economic interest in any growth of equity value of the Company, subject to terms and conditions of the 2009 Share Option Plan.

The 2009 share option plan qualifies as an 'Equity-settled share based payment plan'. The options granted in 2011 under the 2009 plan will vest after three years (cliff vesting) while the previously granted options in 2010 and 2009 vest in three equal yearly portions, the first third after one year, the second third after two years and the remaining third after three years from the grant date. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period. The options will be covered at the time of exercise by issuing new shares.

In addition to the stock options grant, the Group also issued new performance shares and restricted stock units to certain groups of employees. The performance shares plan is classified as a cash-settled plan and the restricted stock plan is an equity-settled plan. Both plans have a three years service period as the only vesting condition.

For further information on our share based compensation, see the Annual Report 2010, note 22.

10. Related party transactions

There were no related party transactions other than transactions with key management personnel. Refer to note 4 for transactions with key management personnel.

11. Seasonality

The Group's sales are impacted by seasonal trends in the consumer electronics and automotive industries, typically resulting in higher revenues in the second half of the year. Seasonality is largely driven by higher sales in the holiday season in the fourth quarter and traditionally low sales in the first quarter of the year. New products also drive increases in sales.

In the 12 months ended June 2011, the Group had revenues of €1,470 million compared to revenues for the year ending June 2010 of €1,529 million.

12. Commitments and contingent liabilities

In the first half of 2011 there were no material changes to the Group's commitments and contingent liabilities from those disclosed in our Annual Report 2010, note 29.

For more information

TomTom Investor Relations
ir@tomtom.com
+31 20 757 5194

Audio web cast Second quarter 2011 results

The information for our Second quarter results audio web cast is as follows:
Date and time: 22 July 2011 at 14:00 CET
http://corporate.tomtom.com/events.cfm

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About TomTom

Founded in 1991, TomTom (AEX:TOM2) is the world's leading supplier of in-car location and navigation products and services focused on providing all customers with the world's best navigation experience. Headquartered in Amsterdam, TomTom has over 3,500 employees and sells its products in more than 40 countries.

This document contains certain forward-looking statements relating to the business, financial performance and results of the Company and the industry in which it operates. These statements are based on the Company's current plans, estimates and projections, as well as its expectations of external conditions and events. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe" and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to: the level of consumer acceptance of existing and new and upgraded products and services; the growth of overall market demand for the Company's products or for personal navigation products generally; the Company's ability to sustain and effectively manage its recent rapid growth; and the Company's relationship with third party suppliers, and its ability to accurately forecast the volume and timing of sales. Additional factors could cause future results to differ materially from those in the forward-looking.