

2008



ROUTING

LEADING

QUALITY

CONNECTING

INNOVATION

PEOPLE

GUIDANCE SERVICES

DIGITAL MAPPING



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FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of TomTom and certain of the plans and objectives of TomTom with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on them. We have based these forward-looking statements on our current expectations and projections about future events, including numerous assumptions regarding our present and future business strategies, operations and the environment in which we will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of customer spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, the levels of marketing and promotional expenditures by TomTom and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the US dollar and GB pound versus the euro can materially affect results), changes in tax rates, future business combinations, acquisitions or disposals, the rate of technological changes, political and military developments in countries where TomTom operates and the risk of a downturn in the market.

Statements regarding market share, including TomTom's competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full-year information regarding 2008 is not yet available to TomTom, those statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated.

The forward-looking statements contained refer only to the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Annual Report.

TOMTOM GROUP IS THE WORLD'S LEADING PROVIDER OF NAVIGATION SOLUTIONS AND DIGITAL MAPS, FOCUSING ON IMPROVING PEOPLE'S LIVES BY USING OUR COMBINED KNOWLEDGE AND EXPERTISE IN THE FIELD OF ROUTING, DIGITAL MAPPING, AND GUIDANCE SERVICES.

€1.75
billion

GROUP REVENUE

€1.55
billion

REVENUE TOMTOM BUSINESS

€289
million

REVENUE TELE ATLAS BUSINESS

50%

GROSS MARGIN

14%

OPERATING MARGIN

€143
million

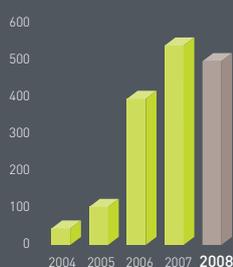
NET RESULT

Pro-forma numbers excluding non-cash goodwill impairment and one off restructuring charges

NUMBER OF PNDs
(in €'000s)



CASH FLOW FROM OPERATIONS
(in € millions)



- **April** – complete range of PNDs renewed
- **June** – Tele Atlas acquisition completed
- **September** – new Group structure revealed
- **October** – TomTom LIVE Services launched
- **November** – Tele Atlas Speed Profiles launched

A stronger and broader company

WITH THE COMPLETION OF THE ACQUISITION OF TELE ATLAS, 2008 WAS A YEAR OF GREAT STRATEGIC IMPORTANCE. It was a year in which we made good progress towards our goal of becoming a broadly based navigation solutions and digital map company offering car navigation solutions across different platforms.

2008 was also a year in which the macro economy deteriorated, affecting the market environment, especially towards the end of the year. Nonetheless we sold more portable navigation devices (PNDs) than ever before, in fact a TomTom portable navigation device was manufactured every 2.6 seconds, and 40% of TomTom PNDs ever created were built in 2008.

TomTom was not immune from the deterioration of the macro environment. This is shown in our revenue which declined 10% on a pro-forma basis to €1.7 billion. Despite the difficult market conditions we continued to be a highly cash generative company with net cash flow from operating activities of €354 million.

EXPANDING COMMUNITY INVOLVEMENT

We continued to grow our community and to involve our customers in improving the quality of our maps and routing. The feedback that we receive from our customer base continued to grow exponentially. We ended the year with more than ten million registered TomTom HOME users. Since the launch of Map Share™ in late 2007, we have received over five million map improvement reports from our customers. On top of this, our community shared over half a trillion location specific speed measurements with us. All of this feedback helps us to offer our customers the best maps and routing available.

GET CONNECTED

Connected navigation allows us to provide our customers with relevant real-time information at the moment they need it. In October we launched our new GO LIVE Series in five European countries, delivering a bundle of connected services, like HD Traffic™, Local Search with Google and weather information, to our customers. We were able to make our real-time traffic service available to 50% of our European customer base by the end of 2008. In 2009 we will continue the roll out of LIVE Services in other European countries and the US. We will continue to add relevant information to our services package during 2009.

A BROADER GROUP

We introduced a new organisational structure with four customer-facing business units that can tap the wealth of knowledge and experience that has been collected together in the Group's shared development centres. The four business units in turn can focus on the specific requirements of the customer groups they are targeting.



“We are well placed to consolidate our leading position.”

In the shared development centres we have brought together the core competencies of the Group: digital mapping, routing and guidance services. The strength of the combination of these three competencies started to become visible in 2008. The first maps that incorporate the feedback from our community were introduced in the fourth quarter by Tele Atlas. We have also combined our speed profile database with our map database, making Tele Atlas' offering much richer.

READY FOR THE FUTURE

What we achieved last year was done in a toughening economic climate – testimony to the hard work and excellence of our employees and the quality of our solutions. We offer navigation which helps drivers to reduce stress, travel safely and save both time and money.

We continue to increase our presence in existing markets while moving into new ones, both through delivering our navigation solutions across new platforms and by expanding into new territories.

I would like to thank all employees for going the extra mile to deliver so much in a difficult year. The decisions we have made and the priorities we are focusing on will make us a stronger, healthier company. I thank our suppliers for working with us in the development of our products and services and for their flexibility in unpredictable times. Last but not least I thank our customers for the trust they continue to have in the quality of our products and services.

We are making good progress in implementing our strategy. We are well placed to consolidate our leading position and to grow our solutions offering, allowing drivers to enjoy a TomTom mapping and navigation experience no matter which platform they choose to use. Our future is a connected one – both within the Group and with our customers and partners. Together we will improve the lives of people on the move by leveraging our vast combined knowledge in digital mapping, routing and guidance. Our achievements put us in a prime position to bring the superior navigation experience that we are renowned for to broader audiences.



Harold Goddijn
Chief Executive Officer, TomTom NV

Who we are

TOMTOM GROUP



<p>TOMTOM B2C</p> <p>→ Consumers</p>	<p>TELE ATLAS B2B</p> <p>→ PND → Automotive → Mobile → Internet → GIS</p>	<p>WORK B2B</p> <p>→ Commercial fleets</p>	<p>AUTOMOTIVE B2B</p> <p>→ Car industry → Car industry suppliers</p>
DYNAMIC CONTENT & PUBLISHING			
SHARED TECHNOLOGIES			

OUR PROFILE: THE TOMTOM GROUP IS THE WORLD’S LEADING PROVIDER OF NAVIGATION SOLUTIONS AND DIGITAL MAPS. By the end of 2008 close to 30 million people around the globe owned a TomTom portable navigation device (PND) and 45 million PNDs were powered by Tele Atlas maps. In addition to this, over 100 million people use our maps on the internet every month and the same is true for one of every four cars with a built in navigation system. We have 3,500 employees working in offices in Europe, North America, the Middle East, Africa and Asia Pacific.

OUR GROUP STRUCTURE: In 2008 we completed the acquisition of Tele Atlas transforming the Group into a broader navigation solutions, content and services company. To better support the broader company we introduced a new structure which enables us to offer complete navigation and mapping solutions for car drivers across different platforms and to the wider markets for digital maps. The structure consists of four customer-facing business units – TomTom, Tele Atlas, WORK and Automotive. Each business unit has a clear focus on a specific customer group and they are supported by two shared development centres.

The TomTom business unit sells PNDs to consumers via retailers and distributors. Tele Atlas sells digital maps and related content and services to various industries. WORK offers professional solutions for commercial fleets. Automotive develops and sells navigation systems and services to car manufacturers and OEMs worldwide. Handset manufacturers and network operators are serviced with mobile navigation solutions, map content and services by the business units TomTom and Tele Atlas.

Serving the business units are the two shared development centres. They are responsible for the development of the next generation of fundamental navigation technologies, services and content, which are tailored to all navigation markets through the business units. Dynamic Content & Publishing (DC&P) is responsible for the creation and publishing of content and services on robust and scalable delivery platforms. It acquires, validates and assembles dynamic content that is relevant to motorists and publishes this information in real-time to our customers and partners. Shared Technologies develops and maintains the technology components of the Group. It develops the routing algorithms, navigation software and user interfaces that continue to be some of our unique strengths.

THE ACQUISITION OF TELE ATLAS: With more and more people getting acquainted with navigation, customers give ever increasing importance to intelligent routing and up-to-date maps. TomTom has always been a leader in the innovation of routing technologies and with the acquisition of Tele Atlas in June 2008, we are also able to lead the industry in meeting changing customer expectations on the map front.

Validating maps, detecting changes in the road network and providing current data in the form of updates is critically important. By bundling TomTom's technologies like Map Share™ and IQ Routes™ with Tele Atlas' competencies we are able to significantly improve the time to market of map changes and increase the quality of the Tele Atlas map. At the same time this allows Tele Atlas to improve all aspects of the digital map maintenance, enrichment and creation processes.

OUR MISSION: It is our mission to improve people's lives by using the Group's combined knowledge and expertise in the field of routing, digital mapping, and guidance services. 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.

OUR STRATEGY: We have democratised navigation by making it affordable, accessible and easy to use. To address a broader range of customers and to further differentiate ourselves from competition we continuously improve our products and services in terms of accuracy, relevance and completeness. To achieve this we have focused our activities and centralised our R&D resources, creating scale economies that are of vital importance for us to continue to lead the industry in terms of innovation. In the past years we have introduced unique innovative solutions like our real-time traffic information service, HD Traffic, our dynamic routing technology, IQ Routes™ and Speed Profiles™ and our map improvement solution, Map Share. These are all unique TomTom solutions showing how our strategy is setting us apart from the competition.

We have positioned ourselves in a unique place in the value chain of the navigation industry as we own and focus on the parts where the most value is added: digital mapping, routing technology, and dynamic content and services. We are device agnostic and we aim to deliver products and

services for all types of device, tailored to the needs of the different customer groups. For the foreseeable future PNDs and in-dash navigation solutions will form the core of our in-car navigation offering. People prefer fit for purpose devices that are developed and designed to do one specific thing very well. We also service the mobile handset industry using the existing knowledge and customer relationships within the Group.

The time to market of content is of great importance; the faster that real world changes to traffic and roads are shared with our customers the more relevant that content is. To keep pace with these changes we use the feedback that we get from the millions of people in communities like those from TomTom and Vodafone. Connected devices will further speed up the information sharing process by enabling us to launch real-time services. As the importance of our products and services increases they will become an essential part of more and more people's daily lives. In turn this will further increase the amount of community feedback we receive which will feed into the quality of our maps and services.

TOMTOM

B2C

→ Consumers



“We aim to consolidate our leading market share in Europe and to increase market share in the US and other markets.”

Corinne Vigreux
MD TomTom

PROFILE: THE TOMTOM BUSINESS UNIT FOCUSES ON PROVIDING PORTABLE NAVIGATION SOLUTIONS TO CONSUMERS. We make all-in-one portable navigation devices that enable customers to navigate straight out of the box. These include the award-winning TomTom GO range, the mid-range product family, the TomTom XL, the best-selling TomTom ONE family and the TomTom RIDER for two-wheel navigation.

HISTORY: TomTom’s origins lie in the development of software applications for PDAs (Personal Digital Assistants) and smartphones and we started focusing exclusively on car navigation in 2001. The real growth started in 2004 with the introduction of our first PND, the TomTom GO. TomTom is currently the world’s leading PND company and sold more than 12 million devices in 2008. TomTom has an installed base of approximately 30 million users.

STRATEGY: We aim to consolidate our leading market share in Europe and to increase market share in the US and other markets. We will do this by relentlessly continuing to innovate, to increase the depth and breadth of our product offerings and services and by expanding our global footprint.

TomTom’s opportunities are to further increase the addressable market and monetise our unique content and services offerings. These services, which are currently available in our LIVE Services bundle, set us further ahead of competition. It offers, amongst others, the best real-time traffic information available, a live Google search facility and access to the cheapest fuel prices and weather information.

FUTURE: For the foreseeable future PNDs will continue to drive and define car navigation. We will continue to introduce new PNDs and to innovate in the content and services we offer. We will also provide ‘on-board’ solutions for mobile handsets. Maps and subscriptions are expected to significantly grow their contribution to gross margin in the coming years as we continue to introduce new generations of connected devices and innovative relevant content and services.

LEADING. QUALITY. CONNECTING. PEOPLE.
INNOVATION. VISION. SERVICES.



BEST
TRAFFIC
INFORMATION

THE BEST PRODUCTS AND SERVICES

TOMTOM IS LEADING THE NAVIGATION INDUSTRY IN INNOVATION AND IN THE QUALITY OF OUR PRODUCTS AND SERVICES. BY INTRODUCING MAP SHARE, HD TRAFFIC AND IQ ROUTES ON OUR PNDS WE ARE TRANSFORMING SATELLITE NAVIGATION FROM A 'DON'T-GET-LOST SOLUTION' INTO A TRUE TRAVEL COMPANION THAT GETS YOU FROM A TO B SAFER, FASTER, CHEAPER AND BETTER INFORMED.



LIVE
SERVICES

COVERAGE. MAPS. COMMUNITY. DIGITAL. WORLDWIDE. CONTENT.

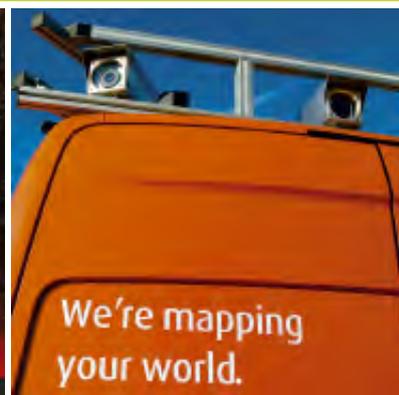


COMMUNITY INPUT



COMMUNITY-GENERATED INFORMATION

IT IS A CHALLENGE TO CREATE MAPS THAT REFLECT THE REAL WORLD AS IT CONSTANTLY EVOLVES. WE HAVE ALWAYS USED A COMBINATION OF OUR OWN DRIVERS, MOBILE MAPPING VANS AND MANY OTHER SOURCES TO ADD NEW CONTENT AND TO VALIDATE CHANGES TO OUR MAPS. WE STARTED USING COMMUNITY-GENERATED INFORMATION IN 2006 WITH MAP INSIGHT, A SYSTEM THAT ALLOWS ANYONE TO REPORT A CHANGE TO TELE ATLAS. OF A DIFFERENT MAGNITUDE IS THE SHEER AMOUNT OF COMMUNITY DATA THAT WE RECEIVE FROM THE GROUP'S BUSINESS UNITS. WITH THIS TELE ATLAS IS UNIQUELY POSITIONED TO DELIVER THE FRESHEST, RICHEST, MOST ACCURATE DIGITAL MAPS AND DYNAMIC DATA IN THE WORLD.



DYNAMIC MAPPING

TELE ATLAS

B2B

- PND
- Automotive
- Mobile
- Internet
- GIS

Bill Henry
MD Tele Atlas



“Access to community feedback enables us to provide our customers with even more accurate and relevant maps and content.”

PROFILE: THE TELE ATLAS BUSINESS UNIT PROVIDES THE DIGITAL MAPS AND DYNAMIC CONTENT THAT POWER MANY OF THE WORLD’S MOST IMPORTANT NAVIGATION AND LOCATION-BASED SERVICES. We offer digital maps of approximately 80 countries in Europe, North and South America, the Middle East and Asia, and through partnerships we can offer global customers supplemental coverage of an additional 120 countries and territories worldwide.

Our customers include the leading PND manufacturers, the top four global internet mapping and routing websites, the world’s largest wireless handset manufacturers and carriers, innovative LBS application developers, car manufacturers and their suppliers, and enterprise and government entities.

HISTORY: Tele Atlas has focused on innovation ever since we built the world’s first functional, in-vehicle navigation system, the Navigator, in 1985. In 1993 we worked with partners to form a consortium that accelerated the completion of a uniform, high-quality digital road map of Europe. Over the years since we have grown with the acquisitions of ETAK and GDT and several third parties in Asia and South Africa. We introduced innovative data capture technology and mobile mapping vans that speed up the change collection process, and delivered the first 3D city maps and landmarks.

STRATEGY: To deliver the most up-to-date and accurate maps we need to minimise the elapsed time between when a change actually happens and when our map accurately reflects that change. With community-based information, we can detect change much faster than before and build it into the map much more accurately. Our long-term strategic goal is to release updated maps on a daily basis.

Next to this we will deliver more differentiated offerings that provide a new generation of maps, dynamic content and routing intelligence. Working with other TomTom business units, we are creating a world-class approach to providing great navigation solutions that customers can use to differentiate themselves and gain competitive advantage.

FUTURE: In the coming years, as location information becomes a critically important issue to every mobile handset maker, network operator, automotive manufacturer, computer manufacturer and software maker around the world, the number of digital maps being used in devices will continue to grow.

Going forward, Tele Atlas will grow by increasing market share in the different markets and by taking advantage of the Group’s unique technologies. At the same time we will further expand our geographical coverage.

WORK

B2B

→ Commercial fleets

Thomas Schmidt
MD WORK



“We are now the fastest-growing telematics provider in Europe.”¹

PROFILE: TOMTOM'S WORK BUSINESS UNIT OFFERS PROFESSIONAL SOLUTIONS FOR COMMERCIAL FLEETS. Our connected navigation products and services allow enterprises to monitor, manage and communicate with their drivers and fleets of vehicles, thereby increasing the overall efficiency, safety and professionalism of their whole mobile operation.

WORK sells its solutions in Germany, Austria, Switzerland, UK, Ireland, Belgium, the Netherlands, Italy, France, Spain, Portugal, Poland and Denmark and also recently started to develop its business in the US. WORK has a leading European position with more than 65,000 active subscribers for its services.

HISTORY: WORK started when TomTom acquired the German company datafactory AG in August 2005. Datafactory was a small company specialising in 'track & trace' products and services for fleets and commercial vehicles. In the past three years WORK had an average annual revenue growth rate of 79%, outperforming the telematics market by at least three times.

STRATEGY: There is a growing demand from companies to improve their efficiency and optimise the allocation of resources. This trend is supported by the ongoing need to focus on cost and fuel efficiency and on reducing carbon emissions. Backed by the knowledge and the economies of scale of the Group, we are able to offer high quality, standardised, cost effective solutions from a trusted brand.

FUTURE: WORK will continue its strong growth in turnover by growing the number of subscribers to its services, thereby continuing to far outperform the telematics industry's average growth rate.

¹ According to Berg Insight, December 2008.

FLEET
MANAGEMENT



AUTOMOTIVE

B2B

- Car industry
- Car industry suppliers

Giles Shrimpton
MD Automotive

“By providing automotive companies with low-cost, high quality in-car navigation we are transforming the industry.”

PROFILE: TOMTOM'S AUTOMOTIVE BUSINESS UNIT DEVELOPS AND SELLS NAVIGATION SYSTEMS AND SERVICES TO CAR MANUFACTURERS AND THEIR SUPPLIERS WORLDWIDE. The potential customer base is mostly made up of ten large global car manufacturers. They are currently supplied by the traditional infotainment companies that focus mainly on system integration and navigation products for high-end cars.

HISTORY: The business unit was established in June 2007 with the acquisition of a dedicated and experienced automotive team, formerly working for Siemens VDO. In September 2007, we announced the world's first PND embedded by the car manufacturer. In 2008, we announced a partnership with Renault to bring affordable, fully-integrated navigation solutions to Renault customers from 2009 onwards.

STRATEGY: The percentage of new cars that are sold with an embedded navigation system is especially low in low and mid-end car ranges. By significantly lowering the price of an embedded navigation system, adding more relevant features and improving usability, we can significantly raise the take-up rate for these ranges.

FUTURE: We foresee strong revenue growth in the coming years as customers will start selling cars with our semi and fully-embedded navigation solutions. New contracts with other car manufacturers are expected to be announced going forward.



IN-DASH
NAVIGATION

“In September we announced a partnership with Renault to deliver a fully integrated navigation product.”

Management Board report

BUSINESS REVIEW

In 2008 we made good progress in the execution of our strategy of which the acquisition of Tele Atlas is the most important element. It shows that the Group's reach is broadening and that content and services are becoming a more significant part of our revenue.

TOMTOM

In 2008 the TomTom business unit continued to expand its global reach to 30 countries by entering into Turkey and Russia.

During the year, TomTom introduced a full range of new models, including our connected devices the GO x40 LIVE range with our LIVE Services bundle which demonstrated our capacity for sustained innovative leadership.

We also introduced a new version of TomTom HOME, our online portal for services and products. At the end of the year we had 10 million registered HOME users, an indication of the strong growth of our user community.

In Europe, we continued to enjoy a stable leading market share of close to 50%. In North America we continue to hold a strong number two position with over 20% market share.

TELE ATLAS

On 5 June 2008 the acquisition of Tele Atlas was completed, a process that started in 2007 when we launched an all-cash offer for all of the issued and outstanding share capital in Tele Atlas. The €2.6 billion acquisition cost, including the net financial cash position of Tele Atlas, was financed by using available cash, committed financing and the placement of shares.

After the acquisition we built a new executive team at Tele Atlas with the operational and financial experience and leadership needed to become a larger, more competitive company. Tele Atlas was also reorganised from having a regional structure into a functional structure to enable a global centralised customer focus, and to reduce overhead costs.

Later in the year we concluded an important partnership when we signed a five-year license agreement with Google. Tele Atlas also extended its contract with MiTAC with a new three-year license agreement to provide maps for their PNDs worldwide.

We expanded our map offering by adding community information collected by TomTom and WORK, such as our Speed Profiles product.

We also started to integrate Map Share input from TomTom's extensive customer base into our maps and delivered the industry's first global digital map database where it uses community-provided data to identify and validate changes.

Tele Atlas expanded geographic coverage to include full coverage for Greece, Malta, Italy, Spain, Portugal, Bulgaria and Turkey; signed agreements to deliver maps of Argentina and South Korea; and introduced maps in India and Northern Africa. We will further expand our coverage to take advantage of opportunities around the world.

WORK

In 2008, our WORK business unit renewed its line up of solutions by introducing the new TomTom LINK 300 and by launching its new version of WEBFLEET. We further strengthened our leading European position in this market and nearly doubled our installed base from 34,000 subscribers at the end of 2007 to 67,000 a year later. The growth in the number of subscribers was mainly the result of growth of market share and geographical expansion in Europe. We also started developing the WORK business in the US.

AUTOMOTIVE

2008 was a start-up year during which we worked on aligning our efforts to the needs of the automotive market. We now have a complete structure in place that is able to develop, deliver and produce automotive qualified products.

We have established Tier 1 and Tier 2 relationships with car manufacturers and suppliers. In the Tier 2 relationships, we work with the Tier 1 partners to deliver navigation systems integrated in radio head units. These relationships are non-exclusive and are set up to serve specific markets and/or car manufacturer relationships.



In September we announced a partnership with Renault to deliver a fully integrated navigation product in the first half of 2009 that complies with automotive quality requirements. Renault is an example of a full first tier relationship for us. Together we will deliver a mass-market approach for embedded navigation at a lower cost, the expected end-user price is around €500.

Our focus on automotive customers, our experience in navigation and our leverage within the whole Group, gives us a strong position to further expand our customer base in 2009.

BRAND

2008 was a year in which the scale and reach of the TomTom brand continued to grow. Three out of four people are aware of the brand of the TomTom business across our markets and our website was visited over 100 million times by visitors from 237 countries. The Tele Atlas brand has a global reach, touching the daily lives of millions of people, whether they use maps online, on their PND, on their phone or even on gaming devices.

TomTom remains committed to improving mobility by focusing on the fundamentals of navigation – maps (in 2008 we had our five-millionth TomTom Map Share correction and launched Tele Atlas Urban Maps for in-city navigation), routing (in 2008 we launched TomTom IQ Routes and Tele Atlas Speed Profiles) and dynamic information like Traffic and fuel prices (in 2008 we launched LIVE Services in five countries).

CUSTOMER SUPPORT

We believe our products are the best available on the market, and back this up with superior after-sales support. Outstanding product knowledge, professionalism, responsiveness and flexibility are the cornerstones of customer support throughout the Group. These are enhanced wherever possible with in-depth customer knowledge.

For the PND business, customer support is the principle means by which we discover what our customers need, and what they do and don't understand about our products and services. Sharing feedback with our product management and marketing teams, and thus with our product development teams, delivers value that goes far beyond simply solving customer problems. It helps us identify areas where we can further expand our business, both improving our products and services and our communications with customers.

At year-end, the TomTom business was supporting customers in 17 different languages across 30 countries. For Tele Atlas, 2008 was the first year the Customer Support Team operated on a global level through a functional organisation, guaranteeing a consistent service in North America, Europe, Middle East and Asia Pacific and allowing optimal flexibility, use of expertise and fast decision taking. Customers are provided with a first line, single point of contact and are supported further through a strong second-line support system allowing fast response times. The services offered cover the full product life cycle: from pre-sales to post-sales and maintenance.

CUSTOMER CONFIDENTIALITY REPORT

Following the acquisition by TomTom an Information Security Manager was appointed to ensure continuity of confidentiality within Tele Atlas. All Tele Atlas contracts have confidentiality protections and Tele Atlas offers enhanced confidentiality protection to customers which specifically prevents customer information from passing through Tele Atlas to TomTom. Furthermore, Tele Atlas maintains a system of storing specific customer agreements where access is restricted to only those Tele Atlas employees who require the information.

During 2008, we did not receive any complaints or issues from Tele Atlas customers regarding a breach of confidentiality.

FINANCIAL REVIEW

The TomTom Group has two major revenue contributing segments on which we report: the TomTom business, consisting of the former TomTom business and the Tele Atlas business. In this review both segments will be discussed separately up to operating result level.

In the fourth quarter of 2007 we purchased a 29.9% stake in Tele Atlas. We spent €816 million, net of banking fees, to purchase these shares. In 2008 the acquisition of Tele Atlas was completed for a further €1.8 billion net of €234 million cash in Tele Atlas at the time of the acquisition, bringing the total acquisition cost for Tele Atlas including expenses to €2.9 billion. This was financed by a combination of available cash, a share issue and bank debt.

For comparative reasons this review presents pro-forma¹ figures for the income statements and balance sheet as if Tele Atlas was acquired on 1 January 2007. We recorded non-cash goodwill impairment and one-off restructuring charges in the year which are also excluded from the comparison of the pro-forma income statements which follows.

SUMMARY PRO-FORMA RESULTS

Revenue for the Group was €1.75 billion compared to €1.95 billion in the previous year. In 2008 consumer demand for TomTom products continued to be strong and we sold over 12 million PNDs, a year-on-year increase of 26%. Revenue for the TomTom business decreased 11% year-on-year, as sales volume could not compensate completely for the decrease in average sales price and the on average weaker dollar. On average the US dollar decreased 7% against the euro in 2008.

As the majority of our purchases were denominated in US dollars the decrease in its value against the euro had a positive effect on our gross margin of 1 percentage point for the year as a whole. The gross margin for the TomTom business was 40%, a decrease of 4 percentage points on 2007 but in line with our target gross margin of 40%.

For the Tele Atlas business, revenues decreased slightly (6% year-on-year) as a result of decreasing PND and automotive revenues, partly offset by an increase in other revenues, which include mobile, internet and enterprise and governmental services. Gross margin remained fairly stable at 87%.

As part of a cost-cutting programme to bring our cost base in line with the changed macro economic conditions the Group recorded a one-off restructuring charge of €16 million.

The operating result for the TomTom business decreased to €253 million, or 16% of revenue, compared to €428 million in 2007, or 25% of revenue. The operating result for Tele Atlas decreased by €6 million to –€9 million.

The net profit of the Group was €143 million in 2008 compared to €224 million in the previous year, representing diluted earnings per share of €1.16.

Cash generated from operations continued to be strong at €463 million, compared to €535 million in the previous year. We ended the year with a net debt position of €1,109 million.

(in € millions)	2008	2007	Change
TomTom	1,553	1,737	-11%
Tele Atlas	289	308	-6%
Intercompany	-94	-98	-4%
Revenue TomTom Group	1,748	1,947	-10%
TomTom	621	764	-19%
Gross margin	40%	44%	
Tele Atlas	250	276	-9%
Gross margin	87%	90%	
Gross result TomTom Group	871	1,040	-16%
TomTom	253	428	-41%
Operating margin	16%	25%	
Tele Atlas ²	-9	-3	
Operating margin	-3%	-1%	
Operating result TomTom Group²	244	425	-43%
Operating margin	14%	22%	

² Excluding goodwill impairment and one-off restructuring changes

TOMTOM BUSINESS REVIEW

TomTom revenue

In 2008, we achieved revenue of €1.6 billion, down 11% compared to 2007. The main driver behind this revenue decrease was the ASP decrease. Revenue from PNDs decreased 12% and accounted for 92% of total revenue in 2008, down from 93% in 2007.

Other revenue increased due to the growth in map and content sales, accessory sales and higher revenue from WORK. Other revenue rose to €129 million in 2008, a 13% increase on 2007 (€114 million).

¹ The pro-forma income statements for the year 2007 and 2008 reflect the TomTom outcomes as if Tele Atlas was acquired at 1 January 2007 and include the effects of the purchase price allocation. The pro-forma balance sheet is prepared as if Tele Atlas was acquired at 31 December 2007. The main impact of the purchase price allocation on the statement of income was higher interest costs, elimination of transaction and acquisition related costs and higher amortisation of intangibles. The latter was due to the fair value step up recognised on acquisition date.



The revenue increase in WORK came from a strong increase in the number of WEBFLEET subscriptions, which increased to 67,000 at the end of 2008 from 34,000 in 2007.

(in € millions)	2008	2007	Change
Revenue TomTom			
PNDs	1,424	1,623	-12%
Other	129	114	13%
Total	1,553	1,737	-11%

TomTom volume and average selling price (ASP)

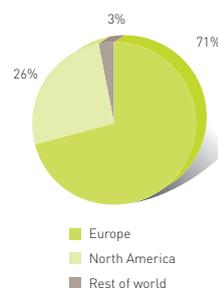
The volume of PND units sold increased in 2008 to over 12 million units, up from 9.6 million in 2007. The ASP of our PNDs is the result of a variety of factors, including the product mix, regional mix and market dynamics. For 2008, the ASP was €118, a decrease of 31% compared to 2007. The main driver behind this decrease was the general decline in sales prices for PNDs, mainly driven by component price reductions, and the increased importance of the North American market where our ASPs were lower due to a product mix that contained relatively more of our value range products.

	2008	2007	Change
Volumes and ASPs			
Volume sold PNDs (in '000)	12,032	9,575	26%
Average selling price PNDs (in €)	118	170	-31%

2008 GROUP REVENUE BY REGION (in € millions)*

Europe	1,295
North America	479
Rest of world	67

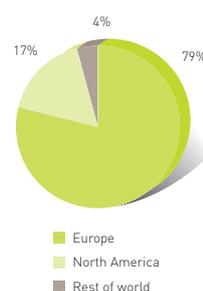
* Including intercompany revenue

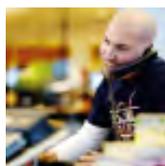


2007 GROUP REVENUE BY REGION (in € millions)*

Europe	1,613
North America	350
Rest of world	83

* Including intercompany revenue





TomTom geography

In 2008, TomTom generated revenue in EMEA, North America and Asia Pacific. Except for North America all regions showed a decrease in sales. The proportion of sales outside EMEA rose to 29% in 2008, up from 20% in 2007.

Sales generated in North America showed an increase to €398 million in 2008 up from €271 million in 2007. Revenue in North America represented 26% of TomTom revenue, up from 16% in the previous year.

In EMEA, revenue decreased by 21% to €1.1 billion, down from €1.4 billion in 2007. Asia Pacific sales were down 28% to €51 million from €70 million in 2007.

(in € millions)	2008	2007	Change
TomTom revenues per region			
Europe	1,103	1,396	-21%
North America	398	271	47%
Rest of world	51	70	-28%
Total	1,553	1,737	-11%

TomTom gross result

Our gross profit remained strong at 40% for the year, a decrease of 4 percentage points compared to last year. The gross profit decreased to €621 million, a decrease of €143 million over 2007.

The majority of our trade purchases and an increasing part of our revenues are denominated in US dollars. During 2008, we benefited from the weakening of the US dollar against the euro. On average, the US dollar rate weakened by 7% compared to 2007, which mitigated our gross margin decrease for 2008 by 1 percentage point.

TomTom operating expenses

Operating expenses, excluding employee stock compensation charges (SOC) in 2008 increased to €362 million, up from €305 million in 2007. As a percentage of sales, operating expenses (excluding SOC) increased by 6 percentage points to 23.3% in 2008 from 17.6% in 2007.

A €37 million increase in selling, general and administrative expensed (SG&A) made up 65% of the overall increase in operating expenses. Research and development (R&D) expenses increased by €21 million and marketing expenses decreased by €7 million. As a percentage of revenue, R&D expenses increased by 1.6 percentage points to 4.2% of revenue, marketing by 0.5 percentage points to 8.4% and SG&A by 3.1 percentage points to 9.3%.

(in € millions)	Percentage of revenue		Percentage of revenue	
	2008	2007	2008	2007
TomTom OPEX				
R&D	65	44	4%	3%
Amort. of T&D ¹	22	16	1%	1%
Marketing	131	137	8%	8%
SGA	145	108	9%	6%
Total OPEX²	362	305	23%	18%

¹ Amortisation of technology & database

² Excluding stock compensation charges (SOC)

R&D expenses

R&D expenses include personnel costs, third party software and manufacturing design costs, patent creation and maintenance costs. Total R&D costs increased by 47% to €65.1 million in 2008, up from €44.2 million in 2007.

Marketing expenses

Marketing expenses include advertising expenses and any expenses directly attributable to our marketing teams, including personnel expenses, worldwide. Total marketing expenses decreased 5% to €130.6 million in 2008, down from €137.3 million in 2007.

SG&A expenses

SG&A expenses include the costs of personnel engaged in sales activities, customer support, IT, legal, office and other general expenses. SG&A expenses increased by 35% to €144.9 million in 2008, up from €107.6 million in 2007, mainly as a result of the increase in staff and professional services.

TELE ATLAS BUSINESS REVIEW

Tele Atlas revenue

In 2008, we achieved a revenue of €289 million, down 6% on 2007. The main driver behind this revenue decrease was decreasing revenue from PNDs and automotive & data, partly offset by increasing other revenues, which include mobile, internet and enterprise and governmental services.

(in € millions)	2008	2007	Change
Revenue Tele Atlas			
PNDs	151	170	-11%
Automotive & data	55	66	-17%
Other	84	72	17%
Total	289	308	-6%

Tele Atlas geography

In 2008, Tele Atlas generated revenue in EMEA, North America and Asia Pacific. EMEA sales were down year-on-year however this was partly compensated by increased sales in North America and the rest of world. The proportion of sales outside EMEA rose to 34% in 2008, up from 30% in 2007. North American revenue increased to €81 million in 2008 up from €79 million in 2007. Revenue in North America represented 28% of Tele Atlas revenue, up from 26% in the previous year. In EMEA, revenue decreased by 11% to €192 million, down from €217 million.

(in € millions)	2008	2007	Change
Tele Atlas revenues per region			
Europe	192	217	-11%
North America	81	79	3%
Rest of world	16	12	30%
Total	289	308	-6%

Tele Atlas gross result

The gross margin for Tele Atlas remained fairly stable at 87% (2007: 90%).

Tele Atlas operating expenses

Operating expenses, excluding employee stock compensation charges, in 2008 decreased to €251 million, down from €261 million in 2007. As a percentage of sales, operating expenses (excluding SOC) increased by 2.0 percentage points to 86.9% in 2008 from 84.9% in 2007.

The €10 million decrease in total operating expenses is explained by a decrease of €7 million in SG&A and a decrease of €5 million in marketing spend. As a percentage of revenue, R&D expenses increased by 2.5 percentage points to 34.7% of revenue, SG&A decreased by 0.7 percentage points to 27.7% and marketing expenses decreased by 1.2 percentage points to 8.4%.

(in € millions)	Percentage of revenue		Percentage of revenue	
	2008	2007	2008	2007
Tele Atlas OPEX				
R&D	100	99	35%	32%
Amort. of T&D ¹	46	45	16%	15%
Marketing	24	30	8%	10%
SGA	80	88	28%	28%
Total OPEX²	251	261	87%	85%

1 Amortisation of technology & database

2 Excluding stock compensation charges (SOC)

R&D expenses

R&D expenses include R&D personnel costs, third party software and manufacturing design costs, patent creation and maintenance costs. Total R&D expenses increased slightly to €100 million compared to €99 million in 2007.

Marketing expenses

Marketing expenses include advertising expenses and any expenses directly attributable to our marketing teams, including personnel expenses, worldwide. Total marketing expenses decreased 18% to €24 million in 2008, down from €30 million in 2007.

SG&A expenses

SG&A expenses include the costs of employees engaged in sales activities, customer support, back office and internal supporting activities, IT, legal, office and other general expenses. SG&A expenses declined strongly to €80 million in 2008 compared to €88 million in 2007.



GROUP STOCK COMPENSATION CHARGES

The company offers a number of share-based compensation plans to employees. Charges resulting from these plans are calculated in accordance with IFRS 2 "Share based payments". The equity settled plans result in a non-cash accounting charge and relate to the granting of share options. The last grants under this plan were made in early 2007. The charge for share options is recognised evenly over the vesting period of the share options granted. In 2008, this led to a pro-forma charge of €15 million (2007: €46 million). In 2007 TomTom adopted a cash settled share based incentive plan for selected employees, for which the charges are determined by a valuation model. In 2008 TomTom recorded a release of €1.4 million in respect of this plan (2007: €2.1 million charge).

FINANCIAL INCOME AND EXPENSES

The Group recorded a net charge of €30.0 million in financial income and expenses in 2008, compared to a net charge of €119.3 million in 2007. The financial result included a net interest expense of €102.7 million in 2008 compared to €102.7 million in 2007. For the pro-forma results we have assumed an interest rate of 6.0% in 2007, and in 2008 an interest rate of 6.5% up to 10 July 2008.

Exchange rates results resulting from revaluation of our non-euro denominated accounts payable and accounts receivable positions together with results on our derivatives portfolio resulted in a gain of €72.7 million for 2008 compared to a charge of €16.6 million in 2007. This gain arose mainly from foreign exchange contracts put in place in accordance with our foreign exchange risk management policy which is approved by our Supervisory Board. Contracts are put in place to cover our committed and anticipated exposures in non-functional currencies. The gain is the sum of positive and negative results on our derivatives portfolio. The weakening trend of the GB pound and the Australian dollar against the euro exchange rate were important drivers for the positive effect on our financial income and expense line. We revalue all our derivative contracts, as well as cash and other assets and liabilities denominated in other currencies than our functional currency, to market value at the end of each period.

TAXATION

The total income tax charged to our pro-forma income statement was €69.9 million and relates to all jurisdictions in which we have a fiscal presence. In absolute terms the tax charge decreased 15% compared to the previous year (2007: 82.3 million) mainly as a result of lower profits. Our effective tax rate increased by 5.9% to 32.8% compared to 2007. The effective tax rate was higher than the normal operating tax rate because of the decline in our share price which resulted in a lower than expected tax benefit upon vesting or exercise of share options which required us to adjust the deferred tax asset in the balance sheet. Without the write down of the deferred tax asset the effective tax rate for 2008 was 25.1% compared to 26.9% in 2007.

NET PROFIT

The pro-forma result for 2008 was €143 million, a decrease of €81 million from our net profit of €224 million in 2007, mainly the result of the loss in gross profit compared to previous year partly compensated by a positive exchange rate result.

LIQUIDITY AND CAPITAL RESOURCES

Our cash flow from operations remained strong at €463 million compared to €535 million in 2007. Net of corporate income taxes paid and net interest charges the net cash flow from operating activities came in at €354 million compared to €441 million in the previous year. Working capital (excluding cash and excluding the current portion of provisions) decreased by €56 million, mainly due to strong cash collections and inventory control, partly offset by decreased liabilities and accruals towards our suppliers and customers. The inventory value at the balance sheet date was €145 million, an increase of €14 million on the value at the start of the year (€131 million). As a percentage of sales, the inventory value at year end increased by 1.6 percentage points to 8.3% of annual sales.

Cash flow used in investing activities consists of capital expenditures of €70 million of which €37 million was invested in technology, and €1.8 billion on the purchase of Tele Atlas shares.



Cash flow from financing activities mainly consists of the acquisition debt financing and related interest payments.

TomTom incurred an acquisition debt of €1,585 million on 10 June 2008. The net debt is the sum of the borrowings (€1,585 million), minus the repayment made in December 2008 amounting to €158.5 million, minus the cash and cash equivalents at the end of the period (€321 million) plus our financial lease commitments. The debt is recorded net of related transaction costs of approximately €45 million. Net debt at the end of the year was €1,109 million. Overall, our cash balance decreased by €142 million to €321 million at the end of 2008.

The floating interest coupon of the loan is based on Euribor plus a margin. The margin will reduce as TomTom reduces its level of leverage. The Euribor element of the interest coupon is hedged for the full term of the loan with cap instruments.

(in € millions)	2008	2007
Cash flow		
Net cash from operating activities	354	441
Of which working capital:	56	29
Cash flow used in investing activities	-1,903	-867
Cash flow from financing activities	1,407	453
Net increase in cash and cash equivalents	-142	28
Effect of exchange rates	-1	-2
Cash and cash equivalents at end of period	321	463

NON-CASH GOODWILL IMPAIRMENT

The Group took a one-off non-cash goodwill impairment charge of €1,048 million as a result of our annual impairment review. Due to the changed macro environment we could no longer sustain the full valuation of the acquired business of Tele Atlas as established at the time of the acquisition. At year end the Group shows a goodwill balance of €855 million relating to the Tele Atlas acquisition. Our net assets and total assets have decreased mainly as a result of the impairment.

(in € millions)	2008	2007 Pro-forma	2007
Balance sheet			
Goodwill	855	1,895	-
Other non-current assets	1,103	1,099	915
Current assets	809	940	1,054
Total assets	2,767	3,934	1,970
Shareholders' equity	513	1,358	1,352
Borrowings	1,388	1,554	-
Deferred tax liability	229	263	-
Other non-current liabilities	60	46	42
Current liabilities	575	713	575
Total equity and liabilities	2,767	3,934	1,970



HUMAN RESOURCES

In 2008, the Group saw a growth of our workforce from 1,337 to 3,498 employees, mainly due to the acquisition of Tele Atlas. The TomTom business, excluding Tele Atlas, grew by 23.3% to 1,676. During the year we opened new operations in South Korea, Japan, South Africa, Turkey, Poland, Czech Republic and Ireland. We intend to bring the number of employees in line with the expected revenue development.

HUMAN RESOURCES ORGANISATIONAL STRUCTURE

The human resources function is organised centrally, and in principle all our employees worldwide are serviced by the human resources departments based in Amsterdam and in Ghent. However, there are also dedicated human resources personnel in the US and Taiwan; while other sites have personnel that combine human resources activities with other functions.

COMPETENCY FRAMEWORK

The work of every employee is built around three core competencies: open spirit, passion for results and innovative thinking. These core competencies, combined with role specific competencies, are at the heart of our strategy. They are used as the basis for recruiting, training, developing and compensating employees, and form the backbone of the General Performance Scheme (GPS), our performance appraisal scheme.

After the acquisition of Tele Atlas we started preparation of a renewed competency framework and one single Performance Management System for all employees.

THE VALUE OF A DIVERSE COMMUNITY

At TomTom, we recognise the value of a diverse workforce. In 2008 we continued to attract talented young professionals from all over the world. In our Amsterdam head office we now employ people from 59 countries. To underline the importance of diversity, we signed the Dutch Charter 'Talent naar de Top' in 2008, which will lead to the launch of a more explicit diversity policy in the first quarter of 2009.

COMPENSATION & BENEFITS

Compensation

Our approach to compensation is geared to serving the company's worldwide strategy, and consists of a mix of base salary and performance bonus, plus a long-term incentive for employees in mission-critical roles and for employees identified with high potential.

In addition to these basic pillars, individual, role-specific output bonuses are offered as an incentive for certain employees around areas such as patent creation and individual recognition.

Bonuses

The performance bonus is a significant part of every employee's total cash compensation, and directly linked to the company's performance. This fits with our vision that success for TomTom as a business should also mean success for the individual employee. The proportion of the individual and company elements of an employee's bonus varies, depending on the level of their influence on the delivery of TomTom's strategy.

Benefits

TomTom is committed to provide all employees with sufficient security in terms of pension, health and disability cover. Our worldwide benefit program therefore focuses primarily on these subjects. However, depending on local circumstances and practices, additional programs may be put in place in certain countries.

DEVELOPMENT OF TALENT

We identify the development needs of our employees through the GPS system. When a particular development need is identified for a large enough group of employees, we develop specific programmes to meet those needs. In 2008 our training activities were focused around craftsmanship of our people and coaching to further develop their talents.

To meet the individual development needs of our employees we launched the Personal Navigation Plan (PNP) in 2008. Employees use the PNP online tool to manage their competency-based training on a yearly basis. The PNP provides employees with a selection of courses based on the competencies in their profile.

“The depth and breadth of expertise that the Group has gained over the last 30 years gives us a genuine competitive edge.”

Young Talent Development Programme

In 2008 TomTom completed its Young Talent Development Programme which was aimed at broadening the participants' knowledge, while improving their technical and personal skills. The programme was attended by 22 participants. Developed in cooperation with Erasmus University, Rotterdam School of Management (RSM), the programme included modules to improve understanding of business processes (such as innovative development, innovative market approach and supply-chain management), competency-based training (such as project management and negotiation skills) and a coaching and supervision programme, which amongst other things, helped the young participants to build cross-discipline peer group networks.

HEALTH POLICY

The goals of our health policy have always been to minimise absenteeism and maximise employee well-being. The health policy now provides consistency across all countries, while accommodating local legislation and practices.

The policy itself clearly defines everyone's roles and responsibilities in terms of health. Health Officers have been appointed in every region and processes developed to foster a proactively healthy environment.

PRODUCTS AND TECHNOLOGY

TECHNOLOGY AND CONTENT

The depth and breadth of expertise in navigation technology and digital mapping that the Group has gained over the last 30 years gives us a genuine competitive edge which we deploy across the whole Group. It is this shared technology base that allows us to provide the best navigation solutions to various customer segments through the Group's four customer-facing business units.

We have always developed all our core technologies in-house, from the ground up because this underpins our innovative leadership position in the navigation industry. Ownership and control of electronics, firmware, mapping and navigation algorithms, user interfaces, connectivity and real-time services allow us to deliver a seamless and integrated user experience.

A second shared resource is our Dynamic Content and Publishing centre (DC&P) which draws together all of our content creating resources. DC&P creates content that reflect real world changes in real-time, which is of practical value to motorists. This content can be tailored to each market in conjunction with the business units and is delivered to our customers and partners through stable and scalable delivery platforms.

Our commitment to deliver the most innovative user-friendly navigation solutions, digital maps and accurate relevant content is an essential element of our market and technology leadership position, and gives us access to new markets.

IQ ROUTES™

TomTom's innovative IQ Routes technology, first introduced on the GO x30 series, provides users with the most efficient route planning on the market today. It takes into account any situations that may delay a driver's journey, such as traffic on roundabouts, speed bumps or traffic lights. This ensures that users always have the fastest route, putting them back in control of their daily route planning. This data has been successfully shared with the Tele Atlas business unit, as part of the Speed Profiles product which enables Tele Atlas customers to significantly increase the routing capabilities in their products.

HD TRAFFIC™

TomTom HD Traffic, launched in the Netherlands in 2007, was introduced as part of our LIVE Services in several other countries – the UK, France, Germany and Switzerland during 2008. This means that even more users can access traffic information, which combines a number of sources, including the data from mobile phones in the country, to deliver a premium service live to the new GO x40 devices.

The HD Traffic service offers enhanced traffic information, both in terms of accuracy and regularity. For example, in the Netherlands it covers up to ten times more roads and gives users updates every three minutes.

HD Traffic is also present in the new internet-based TomTom Route Planner offering users the latest traffic information when they plan their route online. It is also being used on a number of websites as the traffic information 'feed'.

“This year the complete TomTom PND range was renewed, adding more smart technologies to deliver an enhanced navigation experience.”

MAP SHARE™

With roads around us changing on average up to 15% per year, concentration on delivering the best map possible has stepped up. At TomTom we have users all over the world uploading corrections to their map through our unique Map Share technology. This has been very successful, with users providing us with five million map reports by the end of 2008. All of the corrections sent through via users’ devices are now available to Tele Atlas, further enhancing map quality.

LIVE SERVICES

Our new bundle of LIVE Services forms a range of essential information services for motorists, delivered directly to the LIVE devices ‘over-the-air’ via a built-in SIM card. This is a good example of how content collected from a vast driving community

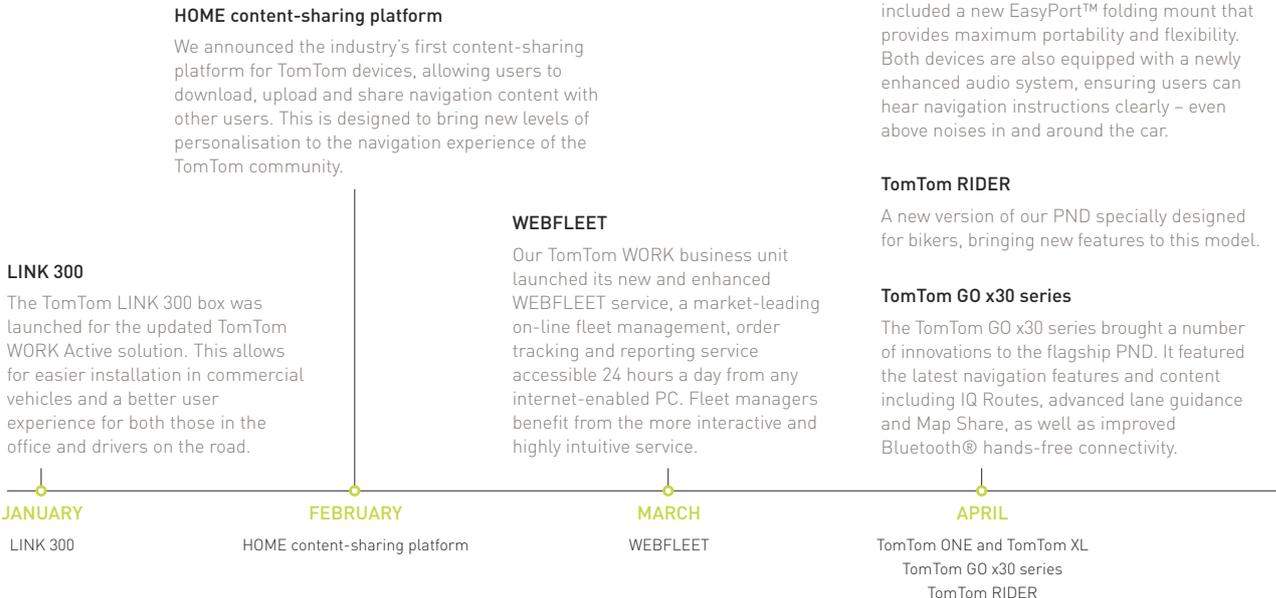
through innovative technology can bring benefits directly to the end user, straight out of the box for a fixed affordable price.

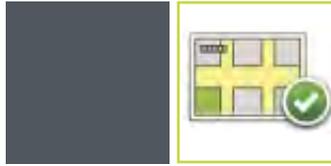
This is just the beginning – the real value of all of these innovations comes when they are used together. For example, with Map Share and HD Traffic combined, you can be sure that a possible rerouting to avoid traffic is based on accurate map data that includes recent changes in the road network.

NEW PRODUCTS AND SERVICES

This year the complete TomTom PND range was renewed, adding more smart technologies to deliver an enhanced navigation experience. We also launched the first of our LIVE Services bundles, among other launches throughout the Group.

Products launched in 2008





2009

Our Automotive business unit launched a second generation, semi-embedded TomTom device in partnership with FUJITSU TEN, designed especially for use with the in-dash ECLIPSE AVN4430. With this product, a customer can enjoy all the benefits of portable navigation, integrated fully into the dashboard of their vehicle.

TomTom GO x40 LIVE series

Building on the innovation of the GO x30 series, the GO x40 LIVE series introduced the next generation of the PND, due to its wireless connectivity to various services (see below), and caused quite a stir when it was launched in October. It delivers dynamic navigation and route guidance that continuously adapts to changing road conditions and always gives drivers the fastest route to a destination. It was also the first time the industry saw the enhanced IQ Routes technology, with speed profiles for every hour of every day in the week.

LIVE Services

With the GO x40 LIVE Series came various services which provide relevant information directly to the PND. The set of services included:

- TomTom HD Traffic service for the most accurate and up to date traffic information en route, now available for the first time in the UK, Germany, France, Switzerland, as well as in the Netherlands
- TomTom Safety Alerts including real-time safety camera reporting and sharing, meaning users can keep each other informed about mobile safety cameras
- TomTom Fuel Prices: up-to-date fuel price information guides users to the cheapest fuel stations along their routes or in their area
- TomTom Local Search with Google which allows users to search local directories for a wide range of businesses, giving them access to millions of locations.

Speed Profiles

The Tele Atlas business unit launched its Speed Profiles product, based on data gained through the Group's user community which has shared half a trillion speed measurements to date. This allows developers of mapping applications and GPS devices to offer highly accurate speed data so that end users of consumer, enterprise and business fleet navigation systems can find the optimal route to their destination and far more accurately estimate their travel time.

Map Update Service™

The Map Update Service allows users to download every updated map for their device in a year at a reduced cost. Through this service, users can conveniently download new map releases through TomTom HOME, as soon as a new map becomes available. This service has seen a steady stream of customers taking advantage of the reduced price and the peace of mind that comes with knowing you have the latest map for the period of the service.

Urban Maps

Tele Atlas launched Urban Maps, designed to enrich the mobile users' location-based services (LBS) experience by delivering 'pedestrian' content such as enhanced views of sidewalks and footpaths, 2D representations of notable structures and building footprints that better orient pedestrians in city centres.

Truck Navigation

WORK launched the new truck navigation solution, featuring route information specifically designed for trucks, with relevant information like clearance heights and weight restrictions.

NAVIGATOR 7

The latest version of TomTom NAVIGATOR was launched as a bundle with the HTC Touch Pro smart phone.





MANAGEMENT BOARD

Harold Goddijn (top left)
Marina Wyatt (top centre)
Alain De Taeye (top right)

SUPERVISORY BOARD

Karel Vuursteen (left)
Doug Dunn (right)
Guy Demuynck (bottom left)
Rob van den Bergh (bottom centre)
Ben van der Veer (bottom right)



The Management Board is responsible for the day-to-day management of our operations under the supervision of the Supervisory Board. The Management Board is required to keep the Supervisory Board informed, to consult with its members on important matters and to submit certain important decisions to the Supervisory Board for its approval.

MANAGEMENT BOARD**Harold Goddijn (48)**

Member of the Management Board,
Chief Executive Officer

Harold Goddijn is a Dutch national. Having studied Economics at Amsterdam University, Harold started his career with a venture capital firm. He then founded Psion Netherlands BV in 1989, as a joint venture with Psion Plc, and in 1991 co-founded TomTom with Peter-Frans Pauwels and Pieter Geelen. He continued to lead Psion Netherlands BV, developing it into a key European distributor. In 1998, he was appointed Managing Director of Psion Computers and served on the Board of Psion Plc from 1998 to 1999. Harold was appointed Chief Executive Officer of TomTom in 2001.

Marina Wyatt (45)

Member of the Management Board,
Chief Financial Officer

Marina Wyatt is a British national. She is a Cambridge University graduate, a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales. Having spent nine years with Arthur Andersen in the UK and US, Marina joined Psion Plc as Group Controller in 1994 and became Chief Financial Officer in 1996. She was also a Non-executive Director of Symbian Ltd and of the publishing company Blackwell's. In 2002 Marina was appointed Chief Financial Officer of Colt Telecom Plc. Marina joined TomTom as Chief Financial Officer in 2005.

Alain De Taeye (51)

Member of the Management Board

Alain De Taeye is a Belgian national. He graduated as engineer-architect from the University of Ghent. After having done research work in the field of Operations Research at the Business School of the Ghent University, he founded Informatics & Management Consultants (I&M) where, next to IT consultancy, he continued his work on digital map databases and routing. In 1989 I&M was integrated into the Dutch Tele Atlas group and as of 1990 Alain headed the Tele Atlas group, successfully introducing the company on the Frankfurt and the Amsterdam Stock Exchanges. In 2008, TomTom acquired Tele Atlas and Alain was appointed as a member of the Management Board in October 2008.

SUPERVISORY BOARD**Karel Vuursteen (67)**

Chairman of the Supervisory Board

Karel Vuursteen is a Dutch national. Having earned a Masters in Agriculture from Wageningen University in the Netherlands, Karel worked from 1968 to 1991 for Royal Philips Electronics NV, including management positions throughout Europe and North America. His last position at Royal Philips was President of Philips Lighting BV. In 1991, Karel joined Heineken NV as a member of the Executive Board, moving into the role of Vice Chairman in 1992 and finally Chairman of the Executive Board from 1993 until 2002. Karel is currently a member of the Board of Directors of Heineken Holding NV, Vice Chairman of the Supervisory Board of Akzo Nobel NV, a member of the Supervisory Board of ING Groep NV and a member of the Board of Henkel KGaA. Karel is also Chairman of both WWF Netherlands and Stichting Concertgebouw Fonds, and Vice Chairman of Stichting Nyenrode University. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until 2010.

Doug Dunn (64)

Deputy Chairman of the Supervisory Board

Doug Dunn is a British national. He holds a Higher National Qualification in Electrical and Electronic Engineering from the College of Advanced Technology, Sheffield University. After various engineering and senior management positions in the US and UK with Motorola Semiconductors, he was Managing Director of the Semiconductor and Components division of General Electric Company Plc from 1980 until 1993. He was a member of the Board of Management of Royal Philips Electronics NV, and Chief Executive Officer of its Semiconductor Division (1993-1996) and its Consumer Electronics division (1996-1999). From 1999 to 2004 he was Chief Executive Officer and President of ASML Holding NV. Doug currently serves as chairman of the Board of Directors of ARM Holdings Plc and is a non-executive director of Soitec SA and ST Microelectronics NV. He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2011.

Guy Demuynck (57)

Member of the Supervisory Board

Guy Demuynck is a Belgian national. Guy gained his Masters degrees in Applied Economics and Marketing & Distribution from the Universities of Antwerp and Ghent respectively. He began his career at Royal Philips Electronics NV, where he worked for 26 years in various commercial and marketing roles in Europe, the US and East Asia, culminating in his appointment as Chief Executive Officer of Philips Consumer Electronics division in 2000. In this role, he also served as a member of the Philips Group Management Committee until December 2002.

Guy is a former member of the Board of Management of Royal KPN, with responsibility for KPN's mobile division, and served on the Supervisory Board of E-Plus Mobilfunk Geschäftsführungs GmbH. From 2006 until August 2008, Guy was Chief Executive Officer of Kroymans Corporation BV, a company active in the automotive industry. Guy currently serves as a member of the Management Board of Belgacom NV. He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2012.

Rob van den Bergh (58)

Member of the Supervisory Board

Rob van den Bergh is a Dutch national. Rob earned his Masters degree in Law at Leiden University in the Netherlands. From 1975 until 1980, Rob worked as Legal Counsel General Affairs for the "Nederlandse Dagblad". He then began a longstanding career with VNU NV (currently Nielsen Media Research BV) from 1980 until 2006. This included six years as a member of the Executive Board, two years as Vice Chairman of the Executive Board, and finally Chairman of the Executive Board in the US. Rob currently serves as Chairman of the Supervisory Board of NV Deli Universal and as a member of the Supervisory Board of ABN AMRO NV and Pon Holdings BV. He is also President of the Executive Board of TiasNimbas Business School of the Tilburg University, a member of the Advisory Board of CVC Capital Partners BV and a member of the Investment Committee of NPM Capital NV. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until 2011.

Ben van der Veer (57)

Member of the Supervisory Board

Ben van der Veer is a Dutch national. He became a Registered Accountant in 1980 while he was employed by KPMG in the Netherlands. In 1987 he was appointed as partner of KPMG and from 1989 he was Chairman for the Amsterdam office. Ben joined the Board of Management in 1997 and was elected Chairman of the Board of Management in 1999. In this capacity he joined the International Board of the KPMG network. In 2005 Ben was elected as Chairman of the Board of the EMEA region, one of KPMG's three international regions. In this leading position he also became a member of the International Management Committee of the KPMG International network. Ben retired from KPMG in September 2008. Ben is currently a member of the Supervisory Board of AEGON NV, a member of the Supervisory Board of UNICEF in the Netherlands, a member of the Advisory Board of the Foundation Nieuwe Kerk Amsterdam and a member of the Supervisory Board of Stichting Amsterdam Historisch Museum. He was first appointed to the TomTom Supervisory Board in October 2008. His current term runs until 2012.

GENERAL

The Supervisory Board currently consists of Karel Vuursteen, Doug Dunn, Guy Demuyneck, Rob van den Bergh and Ben van der Veer, who are listed in the section Profile of Management Board and Supervisory Board of this Annual Report.

In October 2008 the Remuneration Committee, Audit Committee and Selection and Appointment Committee were established. Until that time, the duties and responsibilities of these committees were carried out by the entire Supervisory Board. Below is an overview of the items discussed in the meetings held by the entire Supervisory Board. The items discussed at the first meeting of each committee, held in October 2008, have been included in the respective committee reports which are also included in this section. Details on the composition and tasks and responsibilities of the respective committees can be found in the section Corporate Governance of this Annual Report.

SUPERVISORY BOARD ACTIVITIES

The Supervisory Board held six meetings with the Management Board during 2008. Among the items discussed in these meetings were operational, financial, tax & treasury, legal, governance and strategic matters. The Supervisory Board discussed and agreed the financial results and the quarterly results, together with the related press releases, prior to publication. Matters related to the Tele Atlas acquisition were a frequent topic for the Supervisory Board. In the January and July meetings the organisational structure post-merger, and the Management Board remuneration were discussed. The post-merger tax structure was discussed and agreed in the July meeting. In September, the Supervisory Board held its annual induction and governance day, which included a presentation on the Group's strategy and the strategy of the business units. The proposed amendments to the structure of the Stichting Continuïteit TomTom were discussed among the Supervisory Board members during the December meeting.

No Supervisory Board members were frequently absent from the meetings. The attendance of the 2008 Supervisory Board meetings is reflected in the table below.

In 2008 the Works Council met twice with a member of the Supervisory Board.

In addition to the scheduled meetings, the Supervisory Board had regular contact, including conference calls, with the Management Board, and was informed and consulted by the Management Board on the course of the business, the financials and the related status of the Tele Atlas acquisition, as well as the credit facility.

Meetings without the Management Board being present included meetings with the external auditor, meetings to review the composition and functioning of the Management Board and the performance of its individual members, and meetings to discuss the composition, functioning and competence of the Supervisory Board and the performance of its individual members.

INDEPENDENCE

The Supervisory Board confirms that all its members are independent within the meaning of provision III.2.2 of the Dutch Corporate Governance Code.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board and the additional remuneration for the Chairman and the members of its subcommittees is determined by the General Meeting of Shareholders.

The remuneration is €35,000 per year for members of the Supervisory Board and €45,000 for the Chairman.

At the Annual General Meeting in April 2008 the remuneration for membership of the subcommittees was determined. The annual remuneration for participation in the Audit Committee is €7,000 for members of the Audit Committee and €10,000 for the Chairman. The annual remuneration for participation in the Remuneration Committee and the Selection and Appointment Committee is €4,000 for members and €7,000 for the Chairman. The remuneration of Supervisory Board members and committee members is proportional to the months served.

The aggregate remuneration of the Supervisory Board members in 2008 amounted to €181,216. The individual remuneration of the members of the Supervisory Board is shown in the notes to our consolidated Financial Statements, which are included in this Annual Report on page 59.

Date	Karel Vuursteen	Doug Dunn	Guy Demuyneck	Rob van den Bergh	Ben van der Veer	Andrew Browne
25 January	–	✓	✓	✓	n.a.	✓
20 February	✓	✓	✓	✓	n.a.	✓
21 April	✓	✓	–	–	n.a.	✓
21 July	✓	✓	✓	✓	n.a.	n.a.
27 October	✓	✓	✓	✓	✓	n.a.
12 December	✓	✓	✓	✓	✓	n.a.

REMUNERATION COMMITTEE

First Remuneration Committee meeting

At the first meeting of the Remuneration Committee held in October 2008, the organisation of future meetings, the Management Board remuneration policy for 2009, the performance criteria for 2009 and the Supervisory Board remuneration for 2009 were discussed. All committee members were present at this meeting.

REMUNERATION REPORT

Remuneration Policy

Within the limits of the Remuneration Policy as adopted by the General Meeting of Shareholders, the Supervisory Board determines the remuneration of individual members of the Management Board.

The objective of the Remuneration Policy is to provide remuneration in a manner that qualified and expert executives can be recruited and retained as members of the Management Board, and members of the Management Board are rewarded consistent with the company's strategy and performance.

The Supervisory Board evaluates the remuneration structure regularly in order to ensure that it meets the objective of the Remuneration Policy.

Application in 2008

On the basis of a benchmark carried out by an independent consultancy firm during the year, the Supervisory Board agreed to continue its 2007 policy.

In 2008, the remuneration of the Management Board consisted of the following main components:

1. base salary
2. short-term incentive
3. long-term incentive
4. pension

The details of the individual remuneration of all members of the Management Board, are presented in the notes of the consolidated Financial Statements in this Annual Report on page 58.

1 Base salary

The fixed remuneration consists of a base salary plus 8% holiday allowance where applicable. Base salaries are subject to the usual statutory deductions. The base salary of the members of the Management Board is benchmarked annually against a peer group, consisting of AEX companies.

2 Short-term incentive

In addition to their base salary, members of the Management Board are eligible to participate in the management team bonus scheme, which is subject to approval by the Supervisory Board and based on performance criteria.

At the beginning of each calendar year the Supervisory Board determines the performance criteria for individual members of the Management Board. The performance criteria are based on the company's strategic agenda, which includes financial targets and qualitative targets. After the end of a financial year the Supervisory Board determines the

remuneration of the Management Board based on the evaluation of the past financial year.

For 2008 the maximum bonus pool was set at 1% of profit before tax, excluding the impact of the Tele Atlas acquisition. In addition the CFO was awarded a special payment of €100,000 by the Supervisory Board in relation to her contribution to the Tele Atlas acquisition. For the overview of bonuses paid we refer to page 58 of this Annual Report.

3 Long-term incentive

Long-term incentives are intended:

- to encourage members of the Management Board to focus on the company's long-term performance consistent with the company's strategy;
- to align the interests of the members of the Management Board with those of the shareholders.

Members of the Management Board are eligible to participate in the company's 2007 Share-Based Incentive Plan (the "2007 Plan"). Performance criteria for vesting of performance shares were established by the Supervisory Board. In 2008 performance shares were granted to the members of the Management Board based on the 2007 Plan.

The 2007 Plan provides a direct link between the long-term performance of the company and the individual's reward, according to pre-determined performance conditions. The performance conditions apply to vesting, assuming a ratio between total shareholder return, ranked against the other AEX companies, and earnings per share growth targets. In accordance with market practice, the period of vesting and performance measurement will be three years. The 2007 Plan provides for awards in performance shares; a performance share is a right to payment in cash equal to value of the TomTom share at vesting. The plan has been benchmarked against the market and is in line with market practice. The size of awards for the Management Board is at the median level of the market.

4 Pension

Members of the Management Board are eligible to participate in the company's defined contribution pension plan. The applicable pension age is 65 years. The company's contribution to the pension of each member of the Management Board is a maximum of 10% of base salary only.

In addition to the abovementioned remuneration components the Management Board members are entitled to remuneration components such as medical insurance, death and disability insurance and benefit from directors' and officers' liability insurance coverage. These benefits are in line with the local market practice.

The company does not provide loans to members of the Management Board.

Employment contracts

Members of the Management Board have an employment contract with the company. The contracts are entered into for an indefinite period of time. However, the term of office of members of the Management Board is four years, after which the appointment can be renewed for another period

of not more than four years at a time. For all members of the Management Board, with the exception of Alain De Taeye, a notice period of 12 months is applicable. In the event that the employment of such a member of the Management Board is terminated by or on the initiative of the company, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance, unless the employment is terminated for causes within the meaning of the articles 7:677, paragraph 1 and 7:678 of the Dutch Civil Code, in which situation the Management Board member is not entitled to any severance. This amount will be due in addition to the salary the company has to pay to members of the Management Board during the agreed notice period of 12 months. A member of the Management Board will not be entitled to the severance if the employment is terminated by him or her or on his or her initiative.

At the Extraordinary Meeting of Shareholders on 19 September 2008 Alain De Taeye, founder and former CEO of Tele Atlas, was appointed as a member of the Management Board for a period of four years.

Alain De Taeye's employment agreement and individual remuneration at TomTom have been based on the Remuneration Policy and market practice, taking into account his former Tele Atlas employment conditions and years of service.

The employment contract is entered into for an indefinite period of time. TomTom is entitled to request Alain De Taeye to resign on 19 September 2010. A notice period of 6 months is applicable. The main remuneration components of his employment contract are:

- base salary of €375,000 gross per year including holiday allowance
- annual bonus based on performance criteria to be determined by the Supervisory Board. The bonus is subject to approval of the Supervisory Board and shall not exceed a maximum of 80% of the base salary
- eligibility to participate in the company's share based incentive plan
- company's contribution to his pension arrangement, which does not exceed the maximum of 10% of base salary
- in case of involuntary termination of the employment contract, Alain De Taeye is entitled to the annual fixed remuneration plus an amount equal to 100% of the annual bonus paid to him over the year preceding the year in which his employment agreement was terminated.

As the term of office of the Management Board members is four years, the employment contracts entered into with Harold Goddijn (CEO) and Marina Wyatt (CFO) on 13 May 2005 will expire on 13 May 2009. Resolutions proposing their re-appointment will be submitted to the Annual General Meeting to be held in April 2009.

Outlook

The new company structure, including Tele Atlas, has an impact on roles and responsibilities within the management structure. The Remuneration Committee, with involvement of an independent consultancy firm, has reviewed the effects of the changed structure on the management roles and the related management remuneration.

As a result, the Remuneration Committee has drafted proposals to amend the Remuneration Policy, which detail an adjustment of the short- and long-term incentive plans. Pursuant to these proposals, the management team bonus scheme will be replaced by a bonus which is established at a percentage of the base salary and the share-based incentive plan will be replaced by an option plan. Both plans will be subject to pre-determined performance criteria. The Supervisory Board has reviewed the proposals and agreed to submit the draft Remuneration Policy to the forthcoming Annual General Meeting for adoption.

SELECTION AND APPOINTMENT COMMITTEE

First Selection and Appointment Committee meeting

The Selection and Appointment Committee held its first meeting in October 2008. All committee members were present at this meeting. Among the items discussed were the organisation of future meetings, and the size and composition of the Management Board. Further, the selection criteria and appointment procedures for senior management were prepared.

AUDIT COMMITTEE

First Audit Committee meeting

During the first Audit Committee meeting held in October 2008, the Audit Committee members discussed the Internal Audit Plan for the forthcoming years, the external audit plan and the quarterly results.

Activities

Prior to this first Audit Committee meeting, the Supervisory Board performed the functions of the Audit Committee. During the year, the Supervisory Board and Audit Committee respectively assisted the company in meeting its responsibilities in respect to the following areas:

- the maintenance of an effective system of internal control and risk management relating to strategic, financial, operational and compliance risks
- the integrity of annual and quarterly financial reporting as presented under IFRS, together with related press releases
- compliance with the recommendations and observations of the internal and external auditors
- the role and functioning of the internal audit department
- the policy of the company on tax planning
- the relations with the external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their re-appointment or dismissal
- the financing of the company
- the review of the policies for managing cash and foreign exchange risks.

Financial reporting

The Supervisory Board and Audit Committee reviewed the quarterly financial results and full year financial statements prior to their release. Attention was paid to critical accounting policies, clarity of disclosure, compliance with accounting standards, the stock exchange requirements of NYSE Euronext and other corporate governance, legal and regulatory requirements.

Business assurance

The company monitors its internal controls through a systematic programme of risk analysis, internal audits and control self-assessments. The business assurance department (formerly named risk management and internal audit department) assists in the independent review of controls and management of risks. The department is the responsibility of the Director of Business Assurance (formerly the Chief Internal Auditor), who reports functionally to the Audit Committee and administratively to the Chief Financial Officer.

In 2008 reporting was performed for the Supervisory Board at four Supervisory Board meetings and, following the establishment of the Audit Committee, at the Audit Committee meeting. In order to facilitate free and open discussions during the course of the year, the Director of Business Assurance met separately, and maintained open communication lines with, the Chairman of the Supervisory Board and the Chairman of the Audit Committee.

During 2006 an internal audit plan for 2006–2008 was developed under the direction of the Supervisory Board. In 2008 this internal audit work schedule continued to be rolled out according to plan, and included additional audits that were requested to address changing business needs. At the inaugural Audit Committee meeting the Internal Audit Plan for the forthcoming years was discussed and agreed. The Internal Audit Plan includes flexibility to accommodate possible changing business needs and takes into account all the business units, divisions and geographies in the company.

Independence

The business assurance department maintains a high level of independence and objectivity within its team, primarily through the following principles:

- the department provides assurance on internal controls and advice on business risks and the Management Board is accountable for managing risks associated with the company's activities and for maintaining appropriate internal control systems;
- through the Director of Business Assurance, the Supervisory Board and Audit Committee maintain a direct relationship with the business assurance department.

The Audit Committee Charter describes the purpose, authority and responsibility of the Internal Audit function.

External audit

The Supervisory Board agrees the appointment and compensation of the external auditor, subject, in each case, to the approval of the company's shareholders at the Annual General Meeting of Shareholders. Deloitte Accountants BV has acted as external auditor for the company since 2004. They have expressed their willingness to continue in office for the company (including Tele Atlas) during 2009. Resolutions proposing their re-appointment and authorising the board to set their remuneration will be submitted to the forthcoming Annual General Meeting.

During 2008, the Supervisory Board met three times with the external auditor and the first Audit Committee meeting was attended by the external auditor. All four of these meetings were in the presence of the Management Board. In order to facilitate free and open discussions between the Supervisory Board members and the external auditor, they also met separately, without the Management Board present, during the course of the year.

The Supervisory Board also reviewed the independence of the external auditor, Deloitte Accountants BV, taking into account audit and non-audit services provided to the company and its subsidiaries. Below is a summary of services performed by Deloitte Accountants BV.

Types of service (in € thousands)*	2008		2007	
Statutory Audit	791	48%	389	45%
Other Audit related services	114	7%	218	25%
Non-audit services	376	23%	–	–
Tax services	372	22%	257	30%
	1653	100%	864	100%

* The increase in external fees relates to the statutory audit of Tele Atlas (post acquisition) including purchase price accounting and other non-audit services that were approved by the Audit Committee.

In accordance with the Corporate Governance Code a detailed review of the external auditors was performed in 2008. The main conclusions of this review will be presented during the Annual General Meeting to be held in April 2009.

FINANCIAL STATEMENTS 2008

The consolidated annual Financial Statements of TomTom NV for 2008, as presented by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these Financial Statements for 2008 and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the Financial Statements for 2008. The Supervisory Board recommends that the General Meeting of Shareholders adopt the Annual Accounts for 2008. The Annual Report for 2008 is available at the company's offices on request and on the company's website. Upon adoption of the Annual Accounts for 2008, and in accordance with article 2:394 of the Dutch Civil Code and article 5:250 of the Financial Markets Supervision Act, the Management Board will file the Annual Accounts for 2008 with the AFM.

The Members of the Supervisory Board have signed the annual Financial Statements pursuant to the statutory obligation under article 2:101 (2) Dutch Civil Code.

The Supervisory Board would like to thank the Management Board members for their continued contribution and dedication during the year, especially in this current challenging economic climate.

Supervisory Board,
Amsterdam, 23 February 2009

THE DUTCH CORPORATE GOVERNANCE CODE

On 10 December 2008 an amended Corporate Governance Code (the new code) was published. The new code will come into force from the financial year starting on or after 1 January 2009. The Monitoring Committee Corporate Governance recommends that listed companies present their corporate governance structure and compliance with the new code to the general meeting in 2010 for discussion. Therefore, this Annual Report will not reflect particular issues addressed in the new code, but is based on the Dutch Corporate Governance Code 2004 (the code).

In accordance with the Dutch Order of Council of 23 December 2004, we apply all of the relevant provisions of the code with the following deviations which, together with the reasons for those deviations, are set out below.

1. For share options issued to Management Board members after 31 December 2005, we comply with best practice provisions II.2.1 and II.2.2, as all options granted to members of the Management Board during 2006 are subject to performance criteria. However, as previously disclosed, for share options granted to Management Board members prior to 31 December 2005, we partly deviate from best practice provisions II.2.1 and II.2.2. Best practice provision II.2.1 provides that options to acquire shares are a conditional remuneration component, and become unconditional only when the Management Board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date. Best practice provision II.2.2 provides that, if a company, notwithstanding best practice provision II.2.1, grants unconditional options to Management Board members, it shall apply performance criteria when doing so. Options granted to Management Board members under the 2005 Share Option plan prior to 31 December 2005 vest unconditionally after a three year period. No predetermined performance criteria were established for these share options, as the industry for personal navigation was at a relatively nascent stage and we believed that setting credible (pre-determined) performance criteria was not practical at that time.
2. As previously disclosed, for contracts with Management Board members entered into prior to the date of the Initial Public Offering of the company in 2005, we do not apply best practice provision II.2.7, which provides that the maximum remuneration in the event of involuntary termination may not exceed the directors' annual fixed remuneration. In the event of termination of employment initiated by the company, the respective Management Board member will be entitled to compensation equal to 18 months of his or her fixed annual remuneration. This consists of a 12-month notice period and a fixed amount of 50% of annual base salary, including holiday allowance. Alain De Taeye, as founder and former Chief Executive Officer of Tele Atlas, was appointed as member of the Management Board at the Extraordinary General Meeting of Shareholders on 19 September 2008. In case of involuntary termination of his employment contract, Alain De Taeye is entitled to the annual fixed remuneration plus an amount equal to 100% annual bonus paid to him over the year preceding the year in which his employment agreement was terminated. As also disclosed in the shareholders meeting his expertise and knowledge of Tele Atlas were the main reasons for his appointment as member of the Management Board. Therefore, in determining his remuneration his position as former Chief Executive Officer of Tele Atlas and his remuneration at that time was considered.
3. At our Annual General Meeting held in April 2007, two additional members to our Supervisory Board were appointed, thereby increasing the number of Supervisory Board members to five. Principle III.5 provides that, if the Supervisory Board consists of more than four members, it shall appoint from among its members an Audit Committee, a Remuneration Committee, and a Selection and Appointment Committee. Owing to the changes in the composition of the Supervisory Board, it was not practical to establish the committees of the Supervisory Board in 2007. As announced in the Annual Report of 2007, the Supervisory Board intended to establish the committees in 2008. Due to the resignation of Andrew Browne as member of the Supervisory Board in April 2008, the Supervisory Board established those committees in October 2008, when the Supervisory Board consisted again of five members with the appointment of Ben van der Veer. Until that time, the duties and responsibilities of these committees were carried out by the entire Supervisory Board.
4. Best practice provision IV.1.1 provides that a company's General Meeting of Shareholders may pass a resolution to set aside the binding nature of a nomination for the appointment of a member of the Management Board or the Supervisory Board by an absolute majority of the votes representing at least one third of issued share capital. Our Articles of Association provide that a binding nomination for the appointment of members of our Management Board or of our Supervisory Board may only be set aside by a resolution of our General Meeting of Shareholders passed with a two-thirds majority representing more than 50% of our issued share capital. As previously disclosed, we deviate from this best practice provision because we believe that maintaining continuity in our Management Board and Supervisory Board is critical for delivering long-term shareholder value. We would like to protect our stakeholders against a sudden change in management by maintaining the qualified majority and voting quorum requirement, which is allowed under Dutch law.

MANAGEMENT BOARD

General

The members of the Management Board have collective powers and responsibilities. They are responsible for the day-to-day management of our operations, under the supervision of the Supervisory Board.

Composition and appointment

The Articles of Association provide that the number of members of the Management Board will be determined by the Supervisory Board, and will consist of at least two members.

Each member of the Management Board is appointed for a maximum of four years, which can be renewed for another period of not more than four years at a time. A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Management Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital.

The General Meeting of Shareholders appoints the members of the Management Board, subject to the right of the Supervisory Board to make a binding nomination. The General Meeting of Shareholders may at all times, by a resolution passed with a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such cases, the General Meeting of Shareholders may appoint a member of the Management Board in contravention of the Supervisory Board's nomination, by a resolution passed with a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital. If the Supervisory Board fails to use its right to submit a binding nomination, the General Meeting of Shareholders may appoint members of the Management Board with a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital.

Members of the Management Board

Alexander Ribbink resigned as a member of the Management Board on 1 July 2008. During the Extraordinary General Meeting of Shareholders held on 19 September 2008, his release from liability towards the company for his management over the period from 1 January 2008 up until the date of his resignation was accepted. At this Extraordinary General Meeting of Shareholders, Alain De Taeye was appointed as a member of the Management Board.

Currently, the Management Board consists of:

- Harold Goddijn – Chief Executive Officer
- Marina Wyatt – Chief Financial Officer
- Alain De Taeye – member of the Management Board.

Further details on the members of the Management Board, and their biographies, can be found in the Profile of Management Board and Supervisory Board section.

Remuneration

The Supervisory Board establishes the remuneration of the individual members of the Management Board, in accordance with the Management Board remuneration policy, as adopted by the General Meeting of Shareholders. The Supervisory Board presents to the General Meeting of Shareholders for approval any scheme providing for the remuneration of the members of the Management Board in the form of shares. For further information about the remuneration of the members of the Management Board, see the notes included in the Financial Statements in this Annual Report.

Conflicts of interest

Members of the Management Board must report and provide all relevant information regarding any conflict of interest or potential conflict of interest to the Chairman of the Supervisory Board. The Supervisory Board shall decide, without the member of the Management Board being present, whether there is a conflict of interest. No such conflicts of interest occurred during 2008.

SUPERVISORY BOARD

General

The Supervisory Board is responsible for supervising the conduct of the Management Board and the general course of the business, as well as for providing advice to the Management Board. In performing its duties, the Supervisory Board is required to act in the interests of the business as a whole. The Articles of Association require certain decisions of the Management Board to be approved by the Supervisory Board. These decisions include the issue of shares or granting of rights to subscribe for shares, and the exclusion of pre-emptive rights, to the extent that these rights are vested in the Management Board; proposals to amend the Articles of Association; proposals to merge or demerge; proposals to dissolve the company; and proposals for capital reductions.

Composition and appointment

The Articles of Association provide that the number of members of the Supervisory Board will be at least three. Each member of the Supervisory Board is appointed for a maximum of four years. This appointment can be renewed for two additional periods of not more than four years at a time. The members of the Supervisory Board retire periodically in accordance with a rotation schedule.

The Supervisory Board appoints a Chairman and a Deputy Chairman from amongst its members. A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Supervisory Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital.

The General Meeting of Shareholders appoints the members of the Supervisory Board, subject to the right of the Supervisory Board to make a binding nomination.

The General Meeting of Shareholders may at all times, by a resolution passed with a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such cases, the General Meeting of Shareholders may appoint a member of the Supervisory Board, in contravention of the Supervisory Board's nomination, by a resolution passed with a majority of at least two-thirds of the votes cast, representing more than 50% of our issued share capital.

Members of the Supervisory Board

The Supervisory Board now consists of:

- Karel Vuursteen – Chairman
- Doug Dunn – Deputy Chairman
- Guy Demuyck – member of the Supervisory Board
- Rob van den Bergh – member of the Supervisory Board
- Ben van der Veer – member of the Supervisory Board.

Further details on the members of the Supervisory Board, and their biographies, can be found in the Profile of Management Board and Supervisory Board section.

The Committees

From amongst its members the Supervisory Board established an Audit Committee, Remuneration Committee and a Selection and Appointment Committee.

The Audit Committee

Among other things, the Audit Committee assists the Supervisory Board in overseeing the integrity of our financial statements, the operation of the overall internal risk and control systems, the performance of our independent auditor and internal audit function and our systems of disclosure controls and procedures.

The Audit Committee comprises:

- Ben van der Veer (Chairman)
- Rob van den Bergh
- Doug Dunn.

The Remuneration Committee

The Remuneration Committee reviews the remuneration of the Management Board and drafts amendments to the company's remuneration policy, when required. It determines, within the parameters set, specific remuneration arrangements for each of the members of the Management Board and prepares the remuneration report to be included in the Annual Report.

The Remuneration Committee comprises:

- Guy Demuyck (Chairman)
- Karel Vuursteen.

The Selection and Appointment Committee

The Selection and Appointment Committee focuses on drawing up selection criteria and appointment procedures for Supervisory Board members and Management Board members, assessing the size and composition of the Supervisory Board and the Management Board, making a proposal for a composition profile of the Supervisory Board and making proposals for appointments and reappointments

The Selection and Appointment Committee comprises:

- Karel Vuursteen (Chairman)
- Guy Demuyck.

The charter of each committee can be found on our website.

Remuneration

The remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders. Members of the Supervisory Board are not authorised to receive any payments under our pension or bonus schemes or under our option or share plans.

For detailed information about the individual remuneration of members of the Supervisory Board see the notes to the Financial Statements of TomTom NV included in this Annual Report, on page 48.

Conflicts of interest

Members of the Supervisory Board must report and provide all relevant information regarding any potential conflict of interest to the Chairman of the Supervisory Board or, in the case of a conflict of interest of the Chairman of the Supervisory Board, to the Deputy Chairman of the Supervisory Board. The Supervisory Board shall decide, without the relevant member of the Supervisory Board being present, whether a conflict of interest exists. A member of the Supervisory Board shall not take part in any discussions or decision making that involves a subject or a transaction in relation to which he has a conflict of interest with the company. Such a transaction shall be disclosed in the Annual Report. No such conflicts of interest occurred during 2008.

Shareholdings

Rob van den Bergh owns 5,000 shares in the company. These shares are held as a long-term investment within the meaning of best practice provision III.7.2 of the Corporate Governance Code and were not granted as part of his remuneration.

Mandatory Statement for Large Companies within the meaning of 2:153 Dutch Civil Code

A statement within the meaning of clause 153 subparagraph 1 of Book 2 of the Dutch Civil Code was filed with the Trade Register which provides that the company meets the requirements as set in clause 2:153 (2) Dutch Civil Code.

Rotation schedule

On 27 October 2008, the Supervisory Board adopted the following rotation schedule.

	Date of (re) appointment	End of term	Date of possible reappointment
Guy Demuyck	23 April 2008	AGM 2012	AGM 2012
Karel Vuursteen	25 April 2007	AGM 2010	AGM 2010
Doug Dunn	25 April 2007	AGM 2011	AGM 2011
Rob van den Bergh	25 April 2007	AGM 2011	AGM 2011
Ben van der Veer	1 October 2008	AGM 2012	AGM 2012

SHARES AND SHAREHOLDERS' RIGHTS

Issue of ordinary shares and pre-emptive rights

The company may issue ordinary shares, or grant rights to subscribe for ordinary shares, pursuant to a resolution of the General Meeting of Shareholders, upon proposal of the Management Board, subject to the prior approval of the Supervisory Board.

If so designated by the General Meeting of Shareholders or our Articles of Association, the company may issue ordinary shares, or grant rights to subscribe for ordinary shares, pursuant to a resolution of the Management Board, subject to the prior approval of the Supervisory Board. No resolution of the General Meeting of Shareholders or the Management Board is required for an issue of ordinary shares pursuant to the exercise of a previously granted right to subscribe for ordinary shares.

The current authority of the Management Board to issue ordinary shares and to grant rights to subscribe for such shares expires on 13 May 2009 and is limited to 20% of the authorised ordinary share capital.

During the Annual General Meeting held in April 2008, a resolution was passed to extend the abovementioned authority until 13 October 2009. However, this resolution includes the following limitations to the authority effective as of 13 May 2009 (when the current authorisation lapses) until 13 October 2009.

1. The Management Board has – with the prior approval of the Supervisory Board – the irrevocable authority to issue ordinary shares or to grant rights to subscribe for ordinary shares up to 10% of the issued ordinary share capital at the time of issue, which 10% can be used for general financing purposes, including but not limited to the financing of mergers and acquisitions.
2. The Management Board has – with the prior approval of the Supervisory Board – the irrevocable authority to issue ordinary shares or to grant rights to subscribe for ordinary shares for an additional 10% of the issued ordinary share capital at the time of issue, which additional 10% can only be used in connection with or in the occasion of mergers and acquisitions.

A shareholder may exercise pre-emptive rights during a period of two weeks from the date of the announcement of the issue of shares. The Management Board, subject to the prior approval of the Supervisory Board, and if so designated by the General Meeting of Shareholders, may restrict or exclude shareholder pre-emptive rights. A resolution by the General Meeting of Shareholders to authorise the Management Board to exclude or restrict pre-emptive rights requires a majority of at least two-thirds of the votes cast, if less than 50% of our issued share capital is present or represented at the General Meeting of Shareholders. If the General Meeting of Shareholders has not delegated this authority to the Management Board, the General Meeting of Shareholders may itself vote to restrict or exclude pre-emptive rights, but only upon a proposal of the Management Board.

During the Annual General Meeting of Shareholders, held in April 2008, a resolution was passed to extend the current authority to restrict or exclude pre-emptive rights (which expires on 13 May 2009) until 13 October 2009.

General Meetings of Shareholders and voting rights

The Annual General Meeting of Shareholders must be held within six months of the end of each financial year. An Extraordinary General Meeting of Shareholders may be convened, whenever our interests so require, by the Management Board or the Supervisory Board. Shareholders representing alone or in aggregate at least one-tenth of our issued and outstanding share capital may, pursuant to the Dutch Civil Code and our Articles of Association, request that a General Meeting of Shareholders be convened. If such General Meeting of Shareholders has not been convened within 14 days, or is not held within one month following such a request, the shareholders are authorised to call such a General Meeting of Shareholders themselves.

The notice convening a General Meeting of Shareholders must include the agenda, indicating the items for discussion, as well as any voting proposals. Shareholders holding at least 1% of our issued and outstanding share capital, or shares representing a value of at least €50 million according to the Daily Official List, may submit proposals for the agenda. Provided we receive such proposals no later than the 60th day before the General Meeting of Shareholders, we will have the proposals included in the notice we publish in a national

newspaper distributed daily in the Netherlands and also in the Daily Official List at least 15 days before the meeting. The Management Board may determine a record date to establish which shareholders are entitled to attend and vote at the General Meeting of Shareholders. There is no attendance quorum.

Each of our ordinary shares and preference shares is entitled to one vote. Shareholders may vote by proxy. The voting rights attached to any of our shares held by us are suspended as long as they are held in treasury.

Resolutions of the General Meeting of Shareholders are adopted by a simple majority, except where Dutch law or our Articles of Association provide for a special majority. According to our Articles of Association, the following decisions of the General Meeting of Shareholders require a majority of at least two-third of the votes cast, representing more than 50% of our issued share capital:

- a resolution to cancel a binding nomination for the appointment of members of our Management Board and Supervisory Board
- a resolution to appoint members of the Management Board or Supervisory Board in contravention of the list of nominees submitted by the Supervisory Board
- a resolution to dismiss or suspend members of the Management Board or Supervisory Board.

In addition, our Articles of Association require a majority of at least two-thirds of the issued capital, if less than 50% of our issued share capital is represented for among other matters:

- a resolution of the General Meeting of Shareholders regarding restricting and excluding pre-emptive rights, or decisions to designate the Management Board as the body authorised to exclude or restrict pre-emptive rights
- a resolution of the General Meeting of Shareholders to reduce our outstanding share capital
- a resolution of the General Meeting of Shareholders to have us merge or demerge.

PREFERENCE SHARES AS PROTECTION MEASURE

General

On 26 May 2005, the Stichting Continuïteit TomTom (the "Foundation") was established as an instrument of protection against hostile takeovers and to protect our interests in other situations. The purpose of the Foundation is to safeguard our interests and those of our subsidiaries in such a way that these interests as well as the interests of all those involved in the organisation, are safeguarded, and that influences, which in contravention with those interests could affect our independence, continuity and/or corporate identity, are repelled.

Since the incorporation of the Foundation the views and provisions in respect of anti-takeover measures and other protection measures (beschermingsmaatregelen) in the Netherlands have changed due to case law and

changes in Dutch law. In view of these developments the Board of the Foundation wants to ensure that the Foundation can continue to serve the interests of the company in the best possible way, and therefore has resolved to, amongst others, amend the Foundation's Articles of Association. One of the main changes aims to maintain, ensure and enhance its independence from the company. The amendment of the Foundation's Articles of Association was effected on 3 February 2009.

The Articles of Association of the company provide for the possibility of issuing preference shares and granting rights to subscribe for preference shares.

We believe that the issue of preference shares or the grant of rights to subscribe for preference shares to the Foundation, may have the effect of preventing, discouraging or delaying an unsolicited attempt to obtain (de facto) control and may help us to determine our position in relation to a bidder and its plans, and to seek alternatives. There are currently no preference shares outstanding.

Composition of Continuity Foundation

As per the amendment of the Foundation's Articles the Management Board of the Foundation consists of two Board members. The Board members are appointed by the Board of the Foundation.

The members of the Management Board of the Foundation currently are:

- Mick den Boogert, Board member
- Robert de Bakker, Board member.

In view of the new provisions with regard to the composition of the Board, Guy Demuynck resigned as a Board member. So far, his seat has not been filled.

The Foundation's Articles of Association provide that the number of members of the Management Board will consist of at least three. The Board is seeking a third Board member to be appointed as soon as possible.

The Management Board of the company and the Board of the Foundation declare that they are jointly of the opinion that the Foundation is independent from the company.

Protection mechanism

The company has granted the Foundation a call option (the "Call Option"), entitling it to subscribe for preference shares, up to a maximum of 50% of the total issued and outstanding share capital (excluding issued and outstanding preference shares) of the company. In addition to the aforementioned amendment to the Foundation's Articles of Association, the Management Board's right to terminate the Option Agreement has been cancelled by an amendment to the Option Agreement dated 3 February 2009.

The issue of preference shares in this manner would cause substantial dilution to the voting power of any shareholder whose objective was to gain control of the company.

As part of the changes mentioned above, the agreement, entered into between the company and the Foundation on 26 May 2005, pursuant to which the company had the right to require the Foundation to exercise the Call Option in whole or in part if, for example, a hostile takeover has been announced or made, was terminated on 3 February 2009.

Preference shares

During our Annual General Meeting held in April 2006, a resolution was passed which grants the Management Board the irrevocable authority to issue preference shares, or grant rights to subscribe for preference shares, up to a maximum of 50% of the outstanding share capital of ordinary shares, for a period of two years starting on 13 May 2007 (i.e. expiration date of authority previously granted) and ending on 13 May 2009, subject to the approval of the Supervisory Board.

The Management Board and Supervisory Board wish to retain the ability to issue preference shares or grant rights to subscribe for such shares for the same reasons for which the Foundation has been set up. The company believes that the issuance of preference shares may help the Management Board and the Supervisory Board to determine their position in relation to a bidder and its plans, to enter into a constructive dialogue with the bidder and to gain time to explore possible alternatives all in the interest of the company.

During the Annual General Meeting held in April 2008, a resolution was passed to extend the abovementioned authority until 13 October 2009.

Pursuant to the Articles of Association, the Management Board must provide a justification for such issue or grant of rights to subscribe for preference shares (but not for the issue of preference shares as a result of the exercise of rights) at the General Meeting of Shareholders, held within four weeks after the date of issue or grant, unless such a justification has been given at an earlier General Meeting of Shareholders.

A resolution of our Management Board to issue preference shares, or to grant rights to subscribe for preference shares, as a result of which the aggregate nominal value of the issued preference shares will exceed 50% of the outstanding capital of ordinary shares at the time of issue, will at all times require the prior approval of the General Meeting of Shareholders.

Upon the issue of preference shares, subscribers for preference shares must pay at least 25% of the nominal value of the preference shares. Each transfer of preference shares requires the prior approval of the Management Board and Supervisory Board. No resolution of the General Meeting of Shareholders or the Management Board is required for an issue of preference shares pursuant to the exercise of a previously granted right to subscribe for preference shares (including the right of the Foundation to acquire preference shares pursuant to the Call Option).

The issue of preference shares is meant to be temporary. Unless the preference shares have been issued by a vote of the General Meeting of Shareholders, our Articles of

Association require that a General Meeting of Shareholders be held within six months after the issue of preference shares to consider their cancellation and redemption. If the General Meeting of Shareholders does not resolve to redeem and cancel the preference shares, a General Meeting of Shareholders will be held every six months thereafter for as long as preference shares remain outstanding.

OBLIGATIONS OF SHAREHOLDERS TO DISCLOSE HOLDINGS

Under the Financial Markets Supervision Act (Wet op het financieel toezicht), any person who, directly or indirectly, acquires or disposes of an interest in the capital and/or the voting rights of a limited liability company, incorporated under Dutch law with an official listing on a stock exchange within the European Economic Area, or a company organised under the laws of a state that is not a member of the European Union or party to the European Economic Area with an official listing on Euronext Amsterdam, must give written notice of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such a person meets, exceeds or falls below one of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of a company's issued and outstanding share capital. Such notification must be given to the Dutch securities regulator (Autoriteit Financiële Markten) (the "AFM") without delay.

Under the Financial Supervision Act, we are required to inform the AFM immediately if our issued and outstanding share capital, or voting rights, change by 1% or more compared with our previous notification. Other changes in our capital or voting rights need to be notified periodically.

The AFM will publish such notification in a public register. If a person's capital or voting rights meets or surpasses the abovementioned thresholds as a result of a change in our issued and outstanding share capital or voting rights, that person is required to make such notification no later than the fourth trading day after the AFM has published our notification as described above.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations, and publishes any notification it receives. As at 31 December 2008, we do not know of any person or legal entity holding an interest in our ordinary share capital and/or voting rights of more than 5% (also based on the AFM register of substantial holdings) other than:

- Pieter Geelen/Stichting Beheer Moerbeij 13.04%
- Peter-Frans Pauwels/Stichting Beheer Pillar Arc 13.04%
- The Corinne Goddijn-Vigreux 2005 Trust 13.04%
- The Harold Goddijn 2005 Trust 13.04%.

Over the past year TomTom acquired Tele Atlas and broadened its product portfolio. The markets we operate in are highly dynamic and evolving, which makes effectively managing risks and opportunities essential for success and continuity.

Our Group objectives can be negatively impacted by a variety of business risks and economic developments. Revenues, gross margins, profitability, liquidity and cash flows may fluctuate as a result of a number of factors.

This section presents an overview of the company's approach to risk management and a description of the nature and the extent of its exposure to risk. The most important risks identified are highlighted below, and should be considered in connection with any forward-looking statements.

This risk overview is, however, not exhaustive. There may be risks, not yet known to us or others, which are currently not deemed to be material, but that could later turn out to have a significant impact on our business as a whole.

APPROACH TO RISK MANAGEMENT

The Risk Management function within the Group assists the business in identifying, prioritising, assigning, resourcing, monitoring through key performance indicators and controlling our mission critical longer term risks, in order to take appropriate steps to avoid and minimise any potentially adverse effects.

The approach towards risk management within the Group is based on the methodology developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO ERM). The input for the company's risk profile comes from risk surveys conducted with directors and management of all business units and from benchmarking risks identified by peers. Based on a discussion in the Management Board meeting, final consensus is agreed regarding the top business risks.

RISK CATEGORIES

Taking risks is an inherent part of entrepreneurial behaviour. A structured risk management process encourages management to take risks in a controlled manner. The company has processes in place which recognise different risk categories at strategic, operational and financial level.

Strategic risks address threats and opportunities which influence our strategic ambitions as well as the effects changes in the market may have on the Group. Risks related to areas such as economic and political developments are likely to affect all market participants in a similar manner. Operational risks include adverse unexpected developments resulting from internal processes, people and systems, or from external events that are linked to the actual running of the business. Within the area of financial risks, we identify risks related to, amongst others, trade credit and treasury.

The sequence in which the risks below are presented in no way reflects an order of importance, vulnerability or materiality.

STRATEGIC RISKS

Innovation

Our markets are characterised by rapid technological change, which could render our products obsolete and could compel us to make substantial expenditures.

The majority of our revenue is derived from integrated portable navigation devices. If new product implementations do not achieve required levels of market acceptance, or if the speed of development and time-to-market of these products compares unfavourably with directly competing products, this could have a material adverse effect on our business results.

By acquiring Tele Atlas and setting up a separate Automotive business unit we have expanded our potential revenue streams. We are seeking new markets and have introduced new products and services (e.g. TomTom IQ Routes™, TomTom HD Traffic™), and aim to diversify product concentration risks over the medium and long-term.

Our in-house engineering and design capabilities enabled us to introduce a significant number of new and upgraded products and services this year. The transition to new products requires careful management of existing stock levels and the introduction of new products, together with seasonal demand, significantly increases working capital requirements. If there is an excess of existing stock when a new product is released, the retail price of that stock is likely to decrease and we could incur costs for compensation to our distributors and retailers on the price difference for their existing stock.

Our success depends on our ability to develop and commercialise new and upgraded products and services, the timing of releases of these, our product mix relative to that of our competitors, and our ability to meet changing consumer preferences.

Market and competition

The market for satellite navigation products in each of the geographic markets in which we operate is highly dynamic and competitive. Currently the company is structured into four business units; TomTom, Tele Atlas, WORK and Automotive. Convergence in the technology, media, telecommunications and automotive industries leads to increased competition but also associated new business opportunities. There can be no guarantee that our products will compete successfully against current or new market entrants or competing technologies.

We mitigate these risks by investing in the development and sharing of our technologies between the different business units through the Shared Technologies centre and by focusing on innovative benefits that enhance the navigation experience for our customers.

Brand

The company could face factors that negatively affect our reputation or brand image, such as adverse consumer publicity, which could have a material adverse effect on our business, results of operations or financial condition. We may not be able to sustain or improve the strength of our brands or may as a consequence experience difficulty in maintaining our market acceptance.

We are constantly striving to increase awareness of our brand and strengthen our reputation for providing smart, easy-to-use, high-quality portable navigation products and services.

Tele Atlas integration

Since the acquisition date of 10 June 2008 Tele Atlas has operated under the control of the TomTom Group. The possibility exists that we will not be able to fully realise the cost and revenue synergies anticipated from the acquisition. Integrating TomTom's technology and data into Tele Atlas production processes might prove a challenge.

In order to cope with these challenges Tele Atlas has been restructured from a regionally focused organisation to one aligned functionally. It is now a separate business unit within TomTom. In addition, a new Executive Board for Tele Atlas has been formed and the former Chief Executive Officer and founder of Tele Atlas, Alain De Taeye, has joined the Management Board of the Group. In order to realise the anticipated synergies and with a view to integrating Tele Atlas, one single Shared Technologies centre and a Dynamic Content & Services centre for all business units including Tele Atlas have been put in place.

Intellectual property

We rely on a combination of trademarks, trade names, patents, confidentiality and non-disclosure clauses and agreements, copyrights and design rights to define and protect our trade secrets and rights to the intellectual property in our products. Although we have implemented protection mechanisms including digital rights management, these may prove to be inadequate: they may not extend to all countries in which we operate or may operate in the future, or may not cover all our intellectual property assets.

We may be faced with claims that we have infringed the intellectual property rights of others, leading to royalty costs, license fees, legal costs, a restriction on the use of certain technologies and innovations, and/or an inability to secure intellectual property rights.

OPERATIONAL RISKS

Human resources

The success of our business depends on attracting, integrating and retaining qualified personnel in all business units and supporting development centres. The loss of key members of management could have a material adverse effect on our business. Furthermore, if we are unable to retain or increase our pool of talented personnel to keep pace with our overall rate of growth our business could suffer.

In order to mitigate this risk we have implemented policies for attracting and retaining staff, which include management training and career planning.

24/7 services

We have moved into new markets, diversifying our product portfolio by rolling out our product offering of HD Traffic™, IQ Routes™ information and routing, and our connected navigation solution to business clients (TomTom WORK) in a growing number of countries. In providing these services to our customers we rely on our own as well as outsourced information technology, telecommunications and other infrastructure systems.

A significant disruption to the availability of these systems could cause interruptions to our service to customers, loss of, or delays in, our research and development work and/or product shipments, or affect our distributor and consumer relationships. We mitigate these risks through contracts and by continuity planning and are constantly striving to improve and strengthen our internal systems and infrastructure. We have back-up procedures in place, making use of outsourced partners, which are closely monitored.

Product quality

We are subject to risks resulting from defects in our products, as well as returns and warranty expenses. We develop hardware and software products which may contain defects in design or manufacturing or other errors or failures. Material defects in any of our products could therefore result in decreasing revenues, increased operating costs and/or the possibility of significant consumer products liability.

We have introduced extensive failure mode and effects analysis and finite element analysis at the start of all projects in order to understand, minimise and manage the design risks at an early stage. This reduces the risk of manufacturing, hardware and component defects after the start of mass production. We set out the guidelines and manage the quality control procedures for testing and manufacturing to our specifications and in addition our contract manufacturers perform quality control tests themselves.

In order to mitigate the risk associated with product quality, we have quality assurance and engineering departments that monitor the quality of our products, contract manufacturers and component suppliers.

Supply chain

Our supply chain and distribution model is outsourced. This increases our ability to scale up or down the supply chain, while limiting capital expenditure risks. We depend on a limited number of third parties and in certain instances sole suppliers, for component supply and manufacturing. Any disruption to, or termination of our relationships with third party manufacturers, suppliers or distributors, or reduction in their ability to meet our needs, could have a material adverse effect on our business.

We continually evaluate the risks associated with outsourcing our supply chain. Our engineering and quality assurance departments perform regular audits and ongoing reviews of our manufacturing partners and component suppliers.

The supply disruption risk for our highest volume products is mitigated by dual-sourcing production from two different manufacturing partners. In order to limit component supply risks, we perform de-risking of hardware design by evaluating component supply at the earliest possible stage of the design process. We mitigate supply disruption risks through actively minimising the number of single source components. We have taken out insurance for our lost market opportunity in the event that a natural catastrophe significantly impairs our manufacturing capabilities.

FINANCIAL RISKS

Trade credit

Trade receivables relate mostly to our wholesale customers. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is some concentration of credit risk with respect to trade receivables, but this is actively monitored by management. For our PND business, most of our exposure to credit risk in Europe, US, Asia, Australia and Africa is further mitigated by the purchase of credit insurance.

We have established a credit policy under which each new customer is analysed individually for creditworthiness before our standard payment and delivery terms and conditions are offered. We take into account the view of external rating agencies when determining creditworthiness.

Credit limits are established for each customer and then reviewed on a quarterly basis, or more frequently if required. In monitoring customer credit risk, customers are grouped according to their credit characteristics. Customers who are graded "high risk", or who otherwise fail to meet our benchmark creditworthiness, are placed on a restricted customer list and we only do business with these on a pre-payment basis.

Total bad debts currently represent 0.8% of sales revenue.

Certain financial assets, such as trade receivables, are individually assessed for impairment. When assets are considered not to be individually impaired, these assets are subsequently assessed for impairment on a collective basis. Evidence of impairment could include our past experience of debt collecting and/or changes in economic conditions that have an effect on receivables.

Liquidity

Our approach to managing liquidity is to ensure, as far as possible, that we will always have sufficient liquidity to meet our liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We consistently monitor future cash flow requirements to ensure we have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents (note 19) and an undrawn credit facility of €175 million. An adequate liquidity position is maintained via continuously monitoring forecasted and actual cash flows, and matching the maturity profiles of financial assets and liabilities. The potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters, have been excluded. The contractual maturity of our trade and other liabilities is less than one year. Our outstanding borrowings amount to €1,427 million, of which 10% is due within 12 months (note 23).

Loan covenants

TomTom Group incurred an acquisition debt of €1,585 million on 10 June 2008. The facility terminates on 31 December 2012 and has an annual repayment schedule. The first repayment, of 10% of the Principal, was made on 31 December 2008 and further repayments are scheduled, each year on 31 December, of 10%, 15%, 15% and 50% of the Principal respectively. The Group's borrowings are subject to covenant clauses whereby the Group is required to meet certain performance indicators with regard to our financial condition. The performance indicators relate to interest cover and leverage. In case of a breach of these covenants the banks are contractually entitled to request early repayment of the outstanding amount (€1,427 million as at 31 December 2008).

Based upon the Group's plans for 2009, management expects to comply with the loan covenants. However, given the uncertainties in the wider macro economic environment and their knock on effect on consumer spending, scenarios can be envisaged where the loan covenants could be breached. The company continues to evaluate options aimed at remaining within its loan covenants under a variety of scenarios, which could include renegotiating the terms of the facility in isolation or in combination with other actions.

Currencies

TomTom Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Management has set up a policy to manage and control this foreign exchange risk.

Foreign exchange risk is managed through the buying and selling of options for forecast commitments and by entering into forward contracts for actual commitments. All such transactions are carried out within the guidelines set by the financial risk management policy, which has been approved by the Supervisory Board.

We are exposed to currency risk on our estimated purchases and sales transactions that are denominated in a currency other than the reporting currency of the company – the euro (€). Foreign currency exposures are based on invoices, orders and forecasted sales. We aim to cover our currency exposure for nine months for both purchases and sales.

We do not make use of natural hedges for anticipated exposures, as these can prove ineffective in the event of sharp increases or decreases in currency rates and are therefore not considered best practice from a risk management point of view. Foreign currency exposures are grouped per currency to allow for more efficient hedging. We hedge at least 80% of our anticipated and committed foreign currency exposure, in respect of forecast sales and purchases over the next nine months. We use foreign exchange plain vanilla options and foreign exchange forward contracts to hedge our currency risk, all with a maturity of less than one year from the reporting date.

A 2.5% strengthening of the euro against the currencies listed below on 31 December would have increased (decreased) equity, and profit or loss, by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.

	2008		2007	
	Strengthen	Weaken	Strengthen	Weaken
AUD				
Net profit after taxation	-254,611	242,190	-247,000	247,000
Total capital and reserves	-138,611	127,190	-146,000	149,000
GBP				
Net profit after taxation	-1,153,832	1,430,268	-933,000	933,000
Total capital and reserves	-792,832	1,068,268	-779,000	783,000
USD				
Net profit after taxation	1,728,546	-1,834,088	542,000	-542,000
Total capital and reserves	2,065,546	-2,170,088	1,013,000	-1,011,000

Interest rates

TomTom's interest rate risk arises from long-term borrowings. The interest is based on Euribor with a spread which depends on certain leverage covenants. The Euribor element of the interest coupon is hedged for the full term of the loan with cap instruments.

Market-related interest rates are received on the cash balances. Cash balances are only held with counterparties that have a credit risk rating of at least AA- as rated by an acknowledged rating agency. It is our intention to earn a reasonable interest rate whilst maintaining a stable investment. The investment policy has been approved by the Supervisory Board.

The Management Board confirms that it is responsible for risk management, internal control, integrity and compliance systems and has reviewed the operational effectiveness of these systems. The Board believes that the company maintains an adequate and effective system of risk management and internal control that complies with the Dutch Code of Corporate Governance and suits our business needs and structure.

Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide reasonable, but not absolute, assurance against material misstatement or loss. As such, the controls are subject to regular review as the business evolves and changes.

The company views the careful management of risk as a key management activity. The Board reviews the effectiveness of the systems of internal control relative to strategic, financial, operational and compliance risks. The Board discusses risk management and internal controls with the Supervisory Board on at least a quarterly basis.

We embed risk management into periodic planning and internal control mechanisms. A top-down approach is followed, whereby we identify the major risks that could affect our business and our preparedness should these problems arise.

The above however does not imply that we can provide certainty as to the realisation of business and financial strategic objectives, nor can the followed approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of law or regulations. As such, the controls are subject to regular review as the business evolves and changes.

The key features of the systems of internal control are as follow.

1. Clearly defined lines of accountability and delegation of authority are in place, together with comprehensive reporting and analysis against approved budgets.
2. We minimise our operating risk by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the businesses. Key policies employed in managing operating risk include segregation of duties, authorisation of transactions, monitoring, and financial and management reporting.
3. Centralised treasury operations manage the investment of cash balances and exposure to currency transaction risks. Treasury policies, risk limits and monitoring procedures that are approved annually by the Supervisory Board.
4. A Code of Conduct and a Code of Ethics is accessible to staff via our intranet site. The Code of Conduct is also available on the TomTom website (www.tomtom.com).

Assurance on compliance with systems of internal control, and on their effectiveness, is obtained through management reviews, control self assessment, internal audits and testing of certain aspects of the internal financial control systems by the external auditors during the course of their audit.

During 2008 we made the following changes to our internal control systems, which we believe have led to improvements in our control environment:

- implementation of a new organisational Group structure consisting of four business units and two supporting centres

- formation of a Shared Technologies centre, determining the long-term shared technologies roadmap for driving the engineering resources across all business units
- restructuring Tele Atlas from a regional to centralised organisation
- implementation of a new Enterprise Resource Planning system for the TomTom PND and WORK business units
- launch of a new financial planning and reporting system;
- adoption of a new help desk system to track customer returns and to support the return material authorisation process, and
- integration of the Tele Atlas insurance contracts into the Group Corporate Insurance portfolio and implementation of changes to improve coverage and to identify and mitigate additional areas of risk.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of management and financial reporting, in accordance with generally accepted accounting principles. Controls over financial reporting policies and procedures include controls to ensure that:

- commitments and expenditures are appropriately authorised by management
- records are maintained which accurately and fairly reflect transactions
- any unauthorised acquisition, use or disposal of the company's assets that could have a material effect on our financial statements would be detected on a timely basis, and
- transactions are recorded as required to permit the preparation of financial statements.

Due to inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies. No material weaknesses were identified during the year. These systems are deemed to have functioned properly during the year under review, and there is currently no indication they will not continue to do so in the forthcoming period.

STATEMENT WITHIN THE MEANING OF ARTICLE 5:25C (2) (C) FINANCIAL MARKETS SUPERVISION ACT

The Management Board states that, to the best of their knowledge,

- the annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss and the undertakings included in the consolidation taken as a whole, and
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the company faces.

Harold Goddijn, CEO

Marina Wyatt, CFO

Alain De Taeye, member of the Management Board

23 February 2009

No company works in a vacuum and at TomTom we recognise this, fostering open relationships with our stakeholders – keeping connected with them all, from suppliers to customers.

As a market leader we have certain responsibilities to our employees, stakeholders and the world around us. We constantly strive to improve our Corporate Social Responsibility (CSR) performance to strengthen TomTom's position in this area. Several organisations assess our progress like the VBDO (Dutch Association of Investors for Sustainable Development) and the Dow Jones Sustainability Index. These organisations provide feedback as to how we can improve our CSR performance. Hence, we use criteria from the Dow Jones Sustainability Index to focus our policies and have improved on our performance against this benchmark since last year. We also use our findings through this exercise to inform our policy decisions, pushing ourselves ever forward.

Our CSR policy focuses on three themes: responsible driving, supply chain management and environmental impact.

We aim to be transparent in our responsibility profile and give an overview of the progress we have made in 2008. Our accomplishments include:

- the development and adoption of our Internal Code of Ethics
- the components in our products are mostly recyclable up from 93%
- a community of well over 30 million drivers that spans the globe.

With the departure of Alexander Ribbink (COO) in July 2008, Alain De Taeye has taken responsibility for CSR at Management Board level.

A CONNECTED DRIVING COMMUNITY

We take our position in the driving community seriously, helping drivers all over the world to make their journeys safer and more economical hence minimising the impact on the environment.

With our GO LIVE products, launched in October 2008, we connect drivers to the latest relevant information to help them on their way. This includes the most up-to-date traffic information, HD Traffic and Safety Alerts, which gives safety camera locations, but also other safety warnings for the road ahead, including accident blackspots, like sharp curves and ungated railway crossings. We also alert drivers to schools so they can adjust their speed appropriately.

Some of this information comes directly and anonymously from other users, connecting drivers in a way that is both innovative and unique in the market. With the TomTom Group now reaching out to other navigation markets through its business units, this community involvement provides us with an edge – for example, reports uploaded from the Map Share community worldwide are now used by Tele Atlas to further improve their map offering.

Our TomTom WORK business unit has recently launched Truck Navigation to give tailored routing for trucks. This reduces the likelihood that they are routed through small rural roads, or find themselves obstructed by a low bridge, for example.

Safety in numbers

We have again commissioned independent research this year into driving safety. Our previous studies proved that it is safer to drive with a navigation device, due to reduced stress, fewer kilometres driven, fewer distractions and better driving behaviour.

The study was commissioned by TomTom and conducted in 2008 in Germany, the UK, France, Spain, Italy and the US, by leading independent research institutions.

The key findings of the research were as follows.

1. The use of satellite navigation devices heightens awareness and reduces the stress levels of the driver.
2. The use of satellite navigation devices reduces the driver's workload.
3. The use of a satellite navigation device improves the driver's behaviour when driving through an unknown area or to an unknown destination.
4. The use of a satellite navigation device reduces the number of kilometres driven when driving through an unknown area to an unknown destination.
5. The use of satellite navigation devices reduces travel time when driving through an unknown area or to an unknown destination.

We are pleased to see objective research further validates the fact that navigation contributes to driving safety and efficiency. This, of course, also shows that the use of navigation systems has positive effects on the environment and fuel costs.

As a market leader, we believe it is our responsibility to keep safety at the forefront of all our product innovations. This has already resulted in the development of additional unique safety features included in the software of all TomTom's devices, helping drivers getting from A to B as safely as possible. These include our Help Me! emergency menu, advanced lane guidance and voice command and control features.

We have also partnered with the relevant roadside assistance service automobile clubs in all relevant countries to give direct access to the emergency services.

You will find a complete overview of TomTom's safety activities at <http://www.tomtom.com/whytomtom>.

Increased popularity

With satellite navigation equipment becoming more popular with motorists, it's also becoming more popular with criminals. We acknowledge this trend and take our responsibility to educate our consumers and furthermore, actively cooperate with local authorities to address and support theft prevention campaigns.

OPEN RELATIONSHIP WITH THE SUPPLY CHAIN**TomTom's Ethical Trading Code of Practice**

We are constantly in touch with our various suppliers around the world, taking responsibility for labour and human rights practices throughout the supply chain, using our Ethical Trading Code of Practice.

This code is at the core of our procurement processes and remains embedded in the vendor selection process. The code outlines requirements with regard to child labour and young workers, forced labour, freedom of association, collective bargaining and non-discrimination.

The provisions of the code extend to all workers, regardless of their status or relationship with a supplier. The code therefore also applies to workers who are engaged informally, on short-term contracts or on a part-time basis.

Furthermore, TomTom expects its suppliers to make sure that their products and services are produced in accordance to legislation, for example, the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) Directive and Waste Electrical and Electronic Equipment (WEEE) Directive.

We are also pleased to report that all TomTom's suppliers of portable navigation devices meet certain international standards, namely managing environmental performance (ISO 14001) and the Occupational Health and Safety Assessment Series (OHSAS 18001).

Our quality department ensures that our manufacturers comply with the principles set out in the Ethical Trading Code of Practice.

TomTom's Ethical Trading Code of Practice is published on our website: <http://investors.tomtom.com/ethics.cfm>.

IN TOUCH WITH THE ENVIRONMENT**CO₂ emissions**

Independent research carried out by Dutch research institute TNO in 2006 has shown that the use of navigation devices reduces the number of kilometres driven by 16% and the amount of time travelling by 18%. Similar research conducted in the US and Germany in 2008 verified these findings. These collectively mean that we have a positive impact on the reduction of CO₂ emissions from vehicles. Our products are designed to save drivers as much time and kilometres as possible, which is good news for bringing down CO₂ emissions. If each journey saves just a couple of minutes, the cumulative effect of everyone driving with a TomTom device is significant.

We also reduce carbon emissions in other ways. In TomTom offices, we separate paper from other waste for separate collection, we return used cartridges to cartridge return centres and we collect batteries for special chemical waste disposal.

TomTom's head office is one of the most energy efficient buildings in Amsterdam, using long-term energy storage techniques that can result in an energy saving of up to 28%, and a saving of 5 to 10% on energy bills compared with comparable building projects.

Environmental impact of our products

TomTom continues to implement measures to reduce the environmental impact of its products throughout their life cycles. All personal navigation devices are compliant with the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) Directive, and Waste Electrical and Electronic Equipment (WEEE) Directive. Additionally, we are alert to the upcoming Registration, Evaluation, Authorisation and restriction of Chemicals (REACH) regulation which will also have an impact on our business. A project group has been set up to ensure that we take all necessary actions to comply with this regulation.

Furthermore, our key suppliers manufacturing our devices are ISO 14001 certified ensuring the control and improvement of our environmental performance.

To maximise efforts in sourcing responsibly, TomTom informs its end-users on the appropriate disposal of devices.

Use of recycled materials

In early phases of the product design process, we take environmental impacts into account by maximising the reuse and recycling of products. Additionally, we finance the treatment and recycling of waste returned through designated collection points in accordance with local requirements.

The rate of recyclable components in our products is high – typically around 30% above the internationally recognised minimum. For example, the TomTom ONE device launched in April 2008 was made from 93% recyclable components and the TomTom RIDER device launched in May 2008 consists of 96% recyclable components.

TomTom's Green Statement

As a leader in our industry, we recognise that our business activities may affect the environment in various ways. We set out the measures we take to lower our indirect and direct influences on the environment in TomTom's Green Statement.

We acknowledge the fact that we can still do more and we are exploring how we can invest more in a sustainable future for the societies in which we live and operate.

TomTom's Green Statement can be read in full at <http://investors.tomtom.com/environment.cfm>.

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CONSOLIDATED INCOME STATEMENT OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2008 ²	2007
Revenue	5	1,674,013	1,737,133
Cost of sales	6	893,309	972,949
Gross result		780,704	764,184
Operating expenses			
Research and development expenses		122,590	44,214
Amortisation of technology and databases		47,697	15,980
Marketing expenses		142,979	137,325
Selling, general and administrative expenses ¹		214,654	107,568
Impairment charge	12	1,047,776	0
Stock compensation expense	21	5,564	31,285
Total operating expenses	8	1,581,260	336,372
Operating result		-800,556	427,812
Interest result	9	-52,055	19,121
Other finance result	9	72,148	-16,330
Result of associate	14	-13,455	758
Result before tax		-793,918	431,361
Income tax	10	78,130	114,119
Net result		-872,048	317,242
Minority interests		537	0
Net result attributed to the group		-872,585	317,242
Earnings per share (in €)			
Basic (in €)	11	-7.13	2.79
Diluted (in €) ³		-7.13	2.66
EBITDA ⁴			
Operating result		-800,556	427,812
Add back:			
Impairment charge		1,047,776	0
Amortisation		55,414	16,611
Depreciation		17,350	6,867
EBITDA		319,984	451,290
EBITDA margin		19%	26%
Adjusted earnings per share (EPS) ⁴			
Net result		-872,585	317,242
Impairment charge		1,047,776	0
Amortisation		55,414	16,611
Depreciation		17,350	6,867
Adjusted earnings		247,955	340,720
Basic number of shares (in '000s)		122,467	113,759
Diluted number of shares (in '000s)		123,465	119,236
Adjusted earnings per share, basic (in €)		2.03	3.00
Adjusted earnings per share, diluted (in €)		2.01	2.86

1 Selling, general and administrative expenses include restructuring costs of €16.5 million.

2 Due to the acquisition of Tele Atlas in June 2008 the figures are not comparable with the prior year.

3 In 2008 no additional shares from assumed conversion are taken into account as the effect would be anti dilutive.

4 TomTom defines EBITDA as operating result excluding amortisation, depreciation and impairment charge. EBITDA is not a measure of financial performance under IFRS and may not be comparable to similarly titled measures of other companies, because EBITDA is not uniformly defined. Adjusted earnings per share is also not an IFRS performance measure and thus is not comparable across companies.

CONSOLIDATED BALANCE SHEET OF TOMTOM NV

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as of 31 December

(€ in thousands)	Notes	2008	2007
Assets			
Non-current assets			
Goodwill	12	854,713	0
Other intangible assets	12	1,011,194	56,344
Property, plant and equipment	13	53,155	17,824
Investments in associates	14	5,663	816,788
Deferred tax assets	24	32,977	24,363
Total non-current assets		1,957,702	915,319
Current assets			
Inventories	15	145,398	130,675
Trade receivables	16	289,981	403,015
Other receivables and prepayments	17	15,987	30,548
Other financial assets	18	36,583	26,695
Cash and cash equivalents	19	321,039	463,339
Total current assets		808,988	1,054,272
Total assets		2,766,690	1,969,591
Equity and liabilities			
Equity			
Share capital	20	24,663	24,357
Share premium		575,918	566,736
Legal reserves		32,746	5,832
Stock compensation reserve	21	69,469	58,765
Retained earnings/(deficit)		-194,387	696,660
Equity attributable to equity holders of the parent		508,409	1,352,350
Minority interests	22	4,964	0
Total equity		513,373	1,352,350
Non-current liabilities			
Borrowings	23	1,241,900	0
Deferred tax liability	24	229,075	412
Long term liability		4,749	377
Provisions	25	55,702	41,624
Total non-current liabilities		1,531,426	42,413
Current liabilities			
Trade payables	26	152,119	151,859
Income taxes		9,316	29,861
Other taxes and social security		19,728	58,876
Borrowings	23	146,588	0
Accruals		150,041	153,625
Provisions	25	57,231	54,345
Other liabilities		186,868	126,262
Total current liabilities		721,891	574,828
Total equity and liabilities		2,766,690	1,969,591

CONSOLIDATED STATEMENT OF CASH FLOW OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2008	2007
Cash flow from operating activities			
Operating result		-800,556	427,812
Financial gains / (losses)		70,091	-24,658
Impairment charge	12	1,047,776	0
Amortisation of intangible assets	12	55,414	16,611
Depreciation of property, plant and equipment	13	17,350	6,867
Change to provisions		12,142	52,223
Change to stock compensation reserve	21	4,857	27,587
Changes in working capital:			
Change in inventories		-8,936	-7,670
Change in receivables and prepayments		195,363	-162,577
Change in current liabilities (excluding provisions)		-130,722	199,204
Cash generated from operations		462,779	535,399
Interest received	9	13,726	20,102
Interest paid	9	-43,188	-981
Corporate income taxes paid	10	-79,214	-113,407
Net cash flow from operating activities		354,103	441,113
Cash flow used in investing activities			
Acquisition of subsidiary	29	-1,833,792	-816,030
Investments in intangible assets	12	-36,938	-33,771
Investments in property, plant and equipment	13	-32,700	-16,766
Total cash flow used in investing activities		-1,903,430	-866,567
Cash flow from financing activities			
Proceeds from borrowings		1,545,637	0
Repayment of borrowings		-158,500	0
Proceeds on issue of ordinary shares	20	20,378	453,417
Total cash flow from financing activities		1,407,515	453,417
Net (decrease)/increase in cash and cash equivalents		-141,812	27,963
Cash and cash equivalents at beginning of period		463,339	437,801
Effect of exchange rate changes on cash balances held in foreign currencies		-488	-2,425
Cash and cash equivalents at end of period		321,039	463,339

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY OF TOMTOM NV

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(€ in thousands)	Notes	Share capital	Share premium	Legal reserves	Stock compensation reserve	Retained earnings/ (deficit)	Equity	Minority interests	Total
Balance as at									
31 December 2006		22,584	115,075	2,804	32,364	377,963	550,790	0	550,790
Translation differences		0	0	-1,548	0	0	-1,548	0	-1,548
Transfer to legal reserves		0	0	4,576	0	-4,576	0	0	0
Net income (expense) recognised directly in equity									
0		0	0	3,028	0	-4,576	-1,548	0	-1,548
Result for the year		0	0	0	0	317,242	317,242	0	317,242
Total recognised income and expense									
0		0	0	3,028	0	312,666	315,694	0	315,694
Stock compensation reserve	21	0	0	0	27,208	6,031	33,239	0	33,239
Issue of share capital	20	1,773	451,661	0	-807	0	452,627	0	452,627
Balance as at									
31 December 2007		24,357	566,736	5,832	58,765	696,660	1,352,350	0	1,352,350
Translation differences		0	0	8,452	0	0	8,452	0	8,452
Transfer to legal reserves		0	0	18,462	0	-18,462	0	0	0
Net income (expense) recognised directly in equity									
0		0	0	26,914	0	-18,462	8,452	0	8,452
Result for the year		0	0	0	0	-872,585	-872,585	537	-872,048
Total recognised income and expense									
0		0	0	26,914	0	-891,047	-864,133	537	-863,596
Acquisition of subsidiary	29	0	0	0	0	0	0	5,096	5,096
Exchange rate result minority interest		0	0	0	0	0	0	-669	-669
Stock compensation reserve	21	0	0	0	12,787	0	12,787	0	12,787
Issue of share capital	20	306	9,182	0	-2,083	0	7,405	0	7,405
Balance as at									
31 December 2008		24,663	575,918	32,746	69,469	-194,387	508,409	4,964	513,373

Statutory provisions with respect to appropriation of results

According to the company's Articles of Association, the company's reserves, including share premium, may be distributed to shareholders, provided that total shareholders' equity exceeds the called-up and paid-up capital of the company, increased by legal and statutory reserves.

Legal reserves

Legal reserves are non-distributable reserves that have been recorded for the amount of capitalised internal software development costs and cumulative translation adjustments.

Stock compensation reserve

The stock compensation reserve represents the cumulative expense of issued share options that have been granted but not exercised, together with the amount of tax benefit relating to the tax deduction that exceeds the related cumulative expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

1. GENERAL

TomTom NV (the "company") has its statutory seat and headquarters in Amsterdam, the Netherlands. The activities of the company include the development and sale of navigation solutions and digital maps. The primary focus of these activities is on personal navigation.

The consolidated Financial Statements of the company for the year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as "the Group").

The Financial Statements have been prepared by the Board of Management and authorised for issue on 23 February 2009. They will be submitted for approval to the Annual General Meeting of Shareholders on 28 April 2009.

In accordance with section 402 of Part 9 of Book 2 of the Netherlands Civil Code, a condensed income statement is included in the company Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of preparation

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Financial Statements have been prepared on the historical cost basis, except for derivatives and financial instruments classified as held for trading or available for sale, which are stated at fair value.

Unless otherwise indicated, assets and liabilities are carried at their nominal value. Income and expenses are accounted for on an accrual basis.

Use of estimates

The preparation of these 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 consolidated 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, allowances for uncollectible accounts receivable, 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. The principal accounting policies adopted are set out below.

Adoption of new and revised standards

Standards and Interpretations effective in the current period that have been adopted by the Group:

- IFRIC 14 "The limit on a defined benefit asset"
- IFRIC 11 "Group and Treasury share transactions"
- IAS 39 & IFRS 7 "Amendments to IAS 39 & IFRS 7"

All other Standards and Interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2008 have not yet been adopted. The Group anticipates that the adoption of these Standards and Interpretations will have no material impact on the Financial Statements of the Group in future periods.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the Consolidated Income Statement from the effective date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

The Consolidated Financial Statements for 2008 include the Financial Statements of TomTom NV and the following subsidiaries:

Subsidiary name	Country of incorporation and residence	Place of residence	Proportion of ownership interest
TomTom International BV	NL	Netherlands	100%
TomTom Sales BV	NL	Netherlands	100%
TomTom Global Assets BV	NL	Netherlands	100%
TomTom Inc.	US	United States	100%
TomTom Software Ltd.	UK	United Kingdom	100%
TomTom Asia Ltd.	TW	Taiwan	100%
Drivetechn Inc.	TW	Taiwan	100%
TomTom Development Germany GmbH	DE	Germany	100%
Tele Atlas BV	NL	Netherlands	100%
Tele Atlas GmbH	AT	Austria	100%
Tele Atlas Data Gent NV	BE	Belgium	100%
Phonetic Topographics NV	BE	Belgium	100%
Tele Atlas Canada	CA	Canada	100%
Navigation Information Company Ltd.	CN	China	100%
Sipolment Holding Ltd.	CY	Cyprus	100%
Bolgota Holding Ltd.	CY	Cyprus	100%
Tele Atlas Scandinavia ApS	DK	Denmark	100%
Tele Atlas Finland OY	FI	Finland	100%
Tele Atlas France SARL	FR	France	100%
Tele Atlas Germany Finance 4 GmbH	DE	Germany	100%
Tele Atlas Data 's-Hertogenbosch BV	HU	Hungary	100%
Kalyani Net Ventures Ltd.	IN	India	60%
PT Tele Atlas Indonesia	ID	Indonesia	75%
Tele Atlas Italia Srl	IT	Italy	100%
Tele Atlas Malaysia Sdn Bhd.	MY	Malaysia	100%
Tele Atlas Mexico S de RL de CV	MX	Mexico	100%
Tele Atlas Polska Sp. Z.o.o.	PL	Poland	100%
Tele Atlas Unipessoal LDA	PT	Portugal	100%
O.o.o. Tele Atlas Rus	RU	Russia	100%
O.o.o. Tele Atlas CIS holding	RU	Russia	100%
Tele Atlas Asia Pacific Pte Ltd.	SG	Singapore	100%
Tele Atlas Africa (Pty) Ltd	ZA	South Africa	76%
Tele Atlas Iberia SL	ES	Spain	100%
Tele Atlas Sweden AB	SE	Sweden	100%
Tele Atlas Schweiz AG	CH	Switzerland	100%
Tele Atlas Taiwan Co., Ltd.	TW	Taiwan	70%
Tele Atlas Thailand Co., Ltd.	TH	Thailand	80%
Tele Atlas Survey BV	NL	Netherlands	100%
Tele Atlas North America Holding BV	NL	Netherlands	100%
Tele Atlas Data 's-Hertogenbosch BV	NL	Netherlands	100%
Bene-Fin BV	NL	Netherlands	100%
Tele Atlas JLT Co.	AE	United Arab Emirates	100%
Tele Atlas UK Ltd.	UK	United Kingdom	100%
Tele Atlas North America Inc.	US	United States	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

The provision for earn-outs relates to acquisitions where part of the purchase consideration is a future earn out for the former shareholders of acquired companies. The Group provides for future costs related to these earn-outs based on (or related to) estimates of future results that determine the future cash outflows. The earn-out provision represents the best estimate of payments which will be made under the earn-out arrangements, taking into account the provisions of the related contract and the performance criteria included.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit and loss account.

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, or other evidence of significant influence. 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.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue on the sale of goods is only recognised when the risks and rewards of ownership of goods are transferred to the Group's customers (which include distributors, retailers, end-users and Original Equipment Manufacturers (OEMs)). The risks and rewards of ownership are generally transferred at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained. In cases where contractual acceptance is not required, revenue is recognised when management has established that all aforementioned conditions for revenue recognition have been met.

Examples of the above-mentioned delivery conditions are 'Free on Board point of delivery' and 'Costs, Insurance Paid point of delivery', where the point of delivery may be the shipping warehouse or any other point of destination as agreed in the contract with the customer and where title and risk in the goods passes to the customer.

Estimates are made of the financial impact of returns, as well as sales incentives, based on historical data and expectations of future sales. For further details, refer to note 4, Critical Accounting Estimates and Judgements.

Royalty income

Royalty revenue is generated by the licensing of geographic content of the Tele Atlas database to customers. Licensing takes the form of selling products (CD's and DVD's) to end users for perpetual use or for a fixed period of time. Revenue is recognised when the product is sold to the end-user. Where the data is licensed for a fixed period of time, revenue recognition depends on the use of the data as reported by the customer or by the agent when sold through an agent. Where royalty agreements contain minimum royalty amounts and arrangements for upgrades, revenue is recognised when it is certain that the economic benefit will flow to the Group. Depending on the revenue characteristics of the related agreement, revenue on these royalty agreements is recognised upfront or over the period of the agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Multiple element arrangements

Bundled sales or multiple-element arrangements require the Group to deliver equipment (e.g. navigation hardware) and/or a number of services (e.g. traffic information services) under one agreement, or under a series of agreements which are commercially linked. In such multiple-element arrangements, the consideration received is allocated to each separately identifiable element, based on relative fair values or on the residual method. The fair value of each element is determined based on the current market price of each of the elements when sold separately. The amount of revenues allocated to the hardware element is recognised in line with the accounting policy for the sale of goods as described above. The revenue relating to the service element is recognised over the service period.

Interest income and expense

Interest income and expense is accrued on a time basis, based on the principal outstanding and at the effective interest rate.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group leases certain property, plant and equipment. Where the Group has substantially all the risks and rewards of ownership, the leases are classified as finance leases. Finance leases are capitalised at the lease commencement date at the lower of fair value of the leased property and the present value of the minimum lease payments.

Lease payments are allocated between the liability and the finance charge with the corresponding rental obligations being included in long-term liabilities. The interest element is charged to finance costs in the income statement. The property, plant and equipment is depreciated over the shorter of the useful life of the asset and the lease term.

Foreign currencies

The Group's primary activities are denominated in euros. Accordingly, the euro is the company's functional currency, which is also the Group's reporting currency. Items included in the financial information of individual entities in the Group are measured using the individual entity's functional currency, which is the currency of the primary economic environment in which the entity operates.

Transactions and balances

In preparing the financial information of individual entities, transactions in currencies other than this entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Group companies

For consolidation purposes, the assets and liabilities of foreign entities that have a functional currency other than the Group's presentation currency are translated at the year-end spot rate, whereas the income statement is translated at the average monthly exchange rate. Translation differences arising thereon are taken to a separate component of Equity (cumulative translation adjustment).

Financial instruments and hedge policy

The Group's activities expose it to the financial risks of changes in foreign exchange rates. The Group uses derivative financial instruments (primarily short-term foreign currency option and forward contracts) to manage the risks associated with foreign currency fluctuations. The Group only hedges currency risks relating to certain committed and anticipated transaction exposures. Translation exposures are not hedged. The use of financial derivatives is governed by the Group's policies, approved by the Supervisory Board. These written principles on the use of financial derivatives are consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date and are marked to fair value at subsequent reporting dates. Changes in fair value of derivative financial instruments are recognised in the profit and loss account as they arise as hedge accounting is not applied by the Group.

Exchange results from the translation of foreign currency balances and the settlement of forward contracts and options are included in financial income and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

The Group receives Government grants related to the research and development activities performed by the Group. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received. The grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

Pension costs

The Group operates a defined contribution plan apart from a defined benefit plan in Germany for Tele Atlas. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions are charged to the income statement as they become payable, in accordance with the rules of the scheme. The contributions are included in staff costs. Full defined benefit disclosures are not provided given the fact that the plan is not significant.

In Italy, Tele Atlas employees are paid a staff leaving indemnity on termination of employment. This is a statutory payment based on Italian civil law. An amount is accrued each year based on the employees remuneration and previously revalued accruals. The indemnity has the characteristics of a defined contribution obligation and is an unfunded, but fully provided liability. The costs of providing benefits under the plans is determined separately for each plan. Actuarial gains and losses are recognised as either an income or an expense immediately.

Stock compensation expense

The Group operates a number of equity-settled share option plans, as well as a cash-settled performance share plan.

Share option plan

The Group issued share options, which qualify as equity-settled share-based payments, to eligible employees, including members of management. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black and Scholes model. The expected life of the share options used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and makes a corresponding adjustment to equity (stock compensation reserve) over the remaining vesting period. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised. In March 2007, the last options were granted, as a new plan has been introduced. See the next paragraph.

Performance share plan

In both 2007 and 2008 the Group issued performance shares in accordance with a share-based compensation plan, which qualifies as a cash-settled share-based payment plan, to eligible employees, including members of management. Cash-settled share-based payments are recognised at the fair value of the liability incurred and are expensed over the period of the plan. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately as either a profit or a loss. Fair value is measured by using the Black and Scholes option pricing model and a Monte Carlo pricing model.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The Group's income tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets are recognised when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred taxes are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity. In which case, the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

Intangible assets

Internally generated intangible assets

Expenditure on research activities, such as engineering costs and software costs relating to non-core technology, are recognised as expenses in the period in which they incur. Internal software development costs relating to core technology are recognised as an intangible asset if, and only if, all of the following have been demonstrated:

- the technical feasibility to complete the project;
- the intention to complete the intangible asset, and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate resources to complete the project; and
- the cost of developing the asset can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internal software development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The useful life of the Group's core software is estimated at four years.

Internal software costs not relating to the Group's core software technology are expensed as research and development costs, as incurred on the basis that on average these costs have a useful economic life of less than one year.

Internally-generated databases are capitalised until a level of completion is reached and activities focus on upgrading and maintaining, at this point capitalisation is discontinued.

Engineering costs relating to the detailed manufacturing design of new products are recorded in the income statement as research and development expenses as incurred.

The Group is required to use estimates, assumptions and judgements to determine the expected useful economic lives and future economic benefits of these costs. Such estimates are made on a regular basis, or as appropriate throughout the year, as they can be significantly affected by changes in technology and other factors.

Intangible assets acquired separately

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The software is amortised on a straight-line basis over its estimated useful life of two to five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Acquired technology

Acquired technology is capitalised on the basis of the costs incurred to acquire and bring to use that technology. The technology is amortised on a straight line basis over its estimated useful life of four to five years.

Intangible assets acquired in a business combination

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/associate at the date of acquisition.

Goodwill on acquisitions is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Group's of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

Other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation is recorded on a straight-line basis over the estimated useful economic lives of the assets as follows:

Databases and tools	10-20 years
Brand name	20 years
Customer relationships	20-27 years.

Customer relationships include customers for Tele Atlas maps, there is a high cost to change map providers and historically there is a high customer retention.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	4-10 years
Computer equipment and hardware	2-4 years
Vehicles	4 years
Tools and moulds	1-2 years.

The costs of tools and moulds used to manufacture the Group's products are capitalised within property, plant and equipment, and depreciated over their estimated useful lives, which is usually less than a year.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect that any changes in estimate are accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

Assets, such as goodwill, that have an indefinite useful life 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 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. In assessing value in use, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and 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. The fair values and classification of the financial instruments used by the Group are disclosed in note 32.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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 categorised within this category if their fair value is a positive number, otherwise the derivative is classified as a financial liability.

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 balance sheet date, which are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. The Group's loans and receivables comprise 'trade receivables' and 'cash and cash equivalents' in the balance sheet (note 16 and 19).

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments for which there is no active market, fair value is determined using valuation techniques. Such techniques include recent arm's length transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

The Group holds an investment in Infotech, which has been included within the category financial assets designated at fair value through profit and loss from the date of acquisition. Gains or losses on this investment are recognised in the income statement.

For certain of the Group's financial instruments, including trade receivables, trade payables and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises costs of purchase, assembly and conversion to finished products. Borrowing costs are excluded. The cost of inventories is recorded using the first-in first-out (FIFO) cost basis, net of reserves for obsolescence and any excess stock. Net realisable value represents the estimated selling price less an estimate of the costs of completion and direct selling costs.

Trade receivables

Trade receivables are initially recognised at fair value, and subsequently measured at amortised cost (if the time value is material), using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'cost of sales'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the income statement.

Cash and cash equivalents

Cash and cash equivalents are stated at face value and comprise cash on hand, deposits held on call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into, and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Group's obligation. Warranty costs are recorded within cost of sales.

Other provisions are recorded for probable liabilities that can be reasonably estimated. The provisions include legal claims and tax risks for which it is probable that an outflow of resources will be required to settle the obligation.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, amounts are stated at amortised cost with the difference being recognised in the income statement over the period of the borrowings using the effective interest rate method.

3. FINANCIAL RISK MANAGEMENT

The business risk report included on pages 38 to 39, contains auditable parts comprising 'Trade Credit', 'Liquidity', 'Loan Covenants', 'Currencies' and 'Interest Rates'. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Risk management is carried out in accordance with the Treasury policy which has been approved by the Supervisory Board. The written principles and policies are reviewed periodically to reflect changes in market conditions and the activities of the business.

Further quantitative disclosures are included throughout these consolidated Financial Statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1. Revenue recognition

When returns are probable, an estimate is made of the expected financial impact of these returns. The estimate is based upon historical data on the return rates and information on the inventory levels in the distribution channel. The estimated probable returns are recorded as a direct deduction from revenue and cost of sales.

The Group reduces revenue for estimates of sales incentives. We offer sales incentives, including channel rebates and end-user rebates for our products. The estimate is based on our historical experience taking into account future expectations on rebate payments.

If there is excess stock at retailers when a price reduction becomes effective, the Group will compensate its customers on the price difference for their existing stock. Customers are eligible for compensation if certain criteria are met. To reflect the costs related to known price reductions in the income statement, an accrual is created against revenue.

2. Business combinations

At acquisition all the identifiable assets and liabilities of Tele Atlas had to be recorded at fair value, this required the Group to carry out a purchase price allocation (PPA). The valuation techniques applied in the PPA are based on various assumptions. For additional information refer to note 29.

3. Impairment of non-financial assets

The Group reviews impairment of non-financial assets at least on an annual basis. This requires an estimation of the fair value of the cash-generating units to which the non financial assets are allocated. Estimating the fair value amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. For additional information refer to note 12.

4. Stock compensation plan

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates, principally relating to the assumptions used in its models to calculate the stock compensation expenses as set out in note 21.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

5. Provisions

For our critical accounting estimates and judgements on provisions, refer to note 25.

6. Doubtful receivables provision

The Group makes allowances for doubtful receivables arising from its trading activities. In doing so, it makes estimates based on its historical experience of doubtful receivables rates, depending on the age of the relevant receivable and specific knowledge of the client and the industry. 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 future periods if the revision affects both current and future periods.

7. Capitalised databases and tools

Internally generated databases and tools are capitalised in accordance with IAS 38. Assumptions are made regarding the estimated level of completion. At the point where activities no longer relate to development but to upgrading and maintenance, capitalisation is discontinued. Management are also required to make judgements in respect of developed software tools. For additional information refer to note 12.

8. Income taxes

Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. SEGMENT REPORTING

The Group has two core divisions, TomTom and Tele Atlas. TomTom generates revenue primarily from the sale of personal navigation devices whilst Tele Atlas develops and sells geographic databases. On acquisition of Tele Atlas the Group decided to restructure its segment reporting as management believes that the revised segmentation better enables investors to evaluate the nature and financial performance of the Group. Although the Group has activities on various continents, segmentation per product segment better reflects the core activities of the business.

Revenue per product segment

	2008				2007			
	TomTom business	Tele Atlas	Inter company	Total	TomTom business	Tele Atlas	Inter company	Total
Revenue ¹	1,552,612	184,165	-62,764	1,674,013	1,737,133	0	0	1,737,133
Cost of sales	931,905	24,168	-62,764	893,309	972,949	0	0	972,949
Operating expenses	376,730	1,204,530	0	1,581,260	336,372	0	0	336,372
Operating result	243,977	-1,044,533	0	-800,556	427,812	0	0	427,812
Interest income	13,134	857	0	13,991	20,102	0	0	20,102
Interest expense	-65,790	-256	0	-66,046	-981	0	0	-981
Result of associate	-13,455	0	0	-13,455	758	0	0	758
Taxation	-77,364	-766	0	-78,130	-114,119	0	0	-114,119
EBITDA								
EBIT	243,977	-1,044,533	0	-800,556	427,812	0	0	427,812
Impairment	0	1,047,776	0	1,047,776	0	0	0	0
Depreciation	10,696	6,654	0	17,350	6,867	0	0	6,867
Amortisation	26,610	28,804	0	55,414	16,611	0	0	16,611
EBITDA	281,283	38,701	0	319,984	451,290	0	0	451,290
Total assets (excluding cash)	1,259,294	1,395,036	-208,679	2,445,651	1,506,242	0	0	1,506,252
Total liabilities ²	2,159,098	302,898	-208,679	2,253,317	617,241	0	0	617,241

1 TA revenue is comprised mainly of royalty income.

2 TA liabilities include a defined benefit plan which is not considered to be material.

Sales between segments are carried out at arms length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

5. SEGMENT REPORTING (continued)

Revenue per geographic segment	2008 Revenue	2007 Revenue
Europe	1,225,901	1,396,151
North America	450,101	270,567
Rest of world	60,775	70,415
Sub-total	1,736,777	1,737,133
Intercompany	-62,764	0
Total	1,674,013	1,737,133

6. COST OF SALES

The Group's cost of sales consists of material costs for goods sold to customers, royalty and license expenses and fulfilment costs incurred on inventory sold during the year.

7. EMPLOYEE BENEFITS

Pension scheme

The Group's pension plans are classified as defined contribution plans, limiting the employer's legal obligation to the amount it agrees to contribute during the period of employment.

In Germany, Tele Atlas operates a defined benefit plan. Benefits are paid from this liability whilst additions are charged to the income statement.

Employees in the US are offered the opportunity to participate in the 401K pension plan, which involves no contribution or obligation from the Group besides withholding and paying the employee contribution.

Remuneration policy for members of the Management Board and the Supervisory Board

The remuneration policy for members of the Management Board is drawn up and approved by the Supervisory Board.

In accordance with the Dutch Corporate Governance Code 2004, the remuneration of Supervisory Board members does not depend on the results of the company. The company does not grant either stock options or shares to its Supervisory Board members and the company does not provide loans to them.

The total remuneration paid to or on behalf of members of the Management Board for the year ended 31 December 2008, amounted to approximately €1.4 million (2007: €2.3 million), of which approximately 38% represented bonus payments (2007: 65%). The maximum bonus was calculated as 1% of profit before tax of the TomTom Group excluding the impact of the Tele Atlas acquisition. The bonus is shared equally across all members of the senior management, including the members of the Management Board, provided that certain financial and individual targets are met. The financial targets make up 90% of the bonus and the individual targets make up 10% of the bonus. In 2008 the bonus achievement was 40% the maximum bonus.

Overview of salaries, performance related bonuses and other emoluments

	Salary	Bonus	Other emoluments ¹	Total remuneration
2008				
Management board				
Harold Goddijn	194,400	180,292	0	374,692
Alexander Ribbink ²	105,200	71,953	8,618	185,771
Marina Wyatt ³	305,952	180,292	130,595	616,839
Alain De Taeye ²	194,259	0	30,296	224,555
Total	799,811	432,537	169,509	1,401,857
2007				
Management board				
Harold Goddijn	194,400	497,884	0	692,284
Alexander Ribbink ²	194,400	497,884	19,308	711,592
Marina Wyatt	358,892	497,884	36,091	892,867
Total	747,692	1,493,652	55,399	2,296,743

1 The other emoluments do not include share-based payment costs. An overview of share-based payments is given in the tables below.

2 Alexander Ribbink resigned in June 2008 and Alain De Taeye (formerly managing director of Tele Atlas) was appointed in September 2008. The fixed salary paid to Alain De Taeye relates to the period between 1 June 2008 (i.e. effective date of the Tele Atlas acquisition) and 31 December 2008.

3 Marina Wyatt was awarded a special payment of €100,000 by the Supervisory Board in relation to her contribution to the Tele Atlas acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

7. EMPLOYEE BENEFITS (continued)

Five other senior executives were designated as key management in 2008. The total remuneration for these senior executives amounted to €1.9 million (2007: €3.5 million).

The following tables summarise information about share options and performance shares granted to members of the Management Board.

Stock option plan

	Outstanding 1 Jan 2008	Granted in 2008	Exercised in 2008	Forfeited in 2008	Outstanding 31 Dec 2008	Exercise price in euro	Expiry date
Alexander Ribbink	1,499,992	0	1,499,992	0	0	3.75	1 November 2009
	1,499,992	0	0	1,499,992	0	28.82	10 November 2012
Marina Wyatt	500,000	0	0	0	500,000	26.44	10 August 2012
	500,000	0	0	0	500,000	33.96	9 November 2013
Total	3,999,984	0	1,499,992	1,499,992	1,000,000		

For a description of the stock option plan, reference is made to note 21: Share-based compensation.

Performance share plan

	Outstanding 1 Jan 2008	Granted in 2008	Exercised in 2008	Forfeited in 2008	Outstanding 31 Dec 2008	Expiry date
Harold Goddijn	12,600	16,600	0	0	29,200	May 2010/June 2011
Alexander Ribbink	6,500	8,600	0	15,100	0	May 2010/June 2011
Marina Wyatt	6,500	8,600	0	0	15,100	May 2010/June 2011
Alain De Taeye	0	17,200	0	0	17,200	May 2010/June 2011
Total	25,600	51,000	0	15,100	61,500	

For a description of the performance share plan, reference is made to note 21: Share-based compensation.

Overview of remuneration of members of the Supervisory Board

	2008	2007
Karel Vuursteen (Chairman) ¹	44,469	21,470
Andrew Browne ²	15,747	45,000
Guy Demuyneck	37,750	35,000
Doug Dunn	36,000	35,000
Rob van den Bergh	36,000	21,470
Ben van der Veer ³	11,250	0
Total	181,216	157,940

1 Karel Vuursteen was appointed Chairman on 30 April 2008.

2 Andrew Browne (former Chairman) resigned from the Supervisory Board on 25 April 2008.

3 Ben van der Veer was appointed on 19 September 2008 with effect from 1 October 2008.

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES

Included in the operating expenses are, amongst others, the following items.

(€ in thousands)	2008	2007
Personnel expenses – salaries	123,533	74,440
Personnel expenses – social security costs	14,655	6,153
Personnel expenses – pensions	5,249	2,175
Personnel expenses – share-based compensation	5,564	31,285
Personnel expenses – other	68,447	21,603
Personnel expenses	217,448	135,656

Pension costs consist of the costs of the defined contribution plans of €4.9 million and of the defined benefit plan of €0.3 million. The costs related to the pension plan are not considered to be significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES (continued)

Average number of employees

The average number of employees in 2008 was 2,703 (2007: 1,078). At 31 December 2008, the Group had 3,498 (2007: 1,337) employees.

Operating expenses include an amount of €72.8 million for depreciation and amortisation expenses (2007: €23.5 million).

(€ in thousands)	2008	2007
Amortisation expenses	55,414	16,611
Depreciation expenses	17,350	6,867
	72,764	23,478

The costs for operating leases in 2008 amounted to €17.4 million (2007: €2.7 million).

9. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items.

(€ in thousands)	2008	2007
Interest income	13,991	20,102
Interest expense	-66,046	-981
Interest result	-52,055	19,121
Other financial result	-3,966	0
Exchange rate result	76,114	-16,330
Other financial result	72,148	-16,330

A substantial part of the foreign exchange gain is related to results on hedge contracts to sell GB pounds and to purchase US dollars in order to pay our most significant contract manufacturers. This gain is made up of both realised and unrealised amounts.

The interest expense relates to interest paid on our borrowings (see note 23).

10. INCOME TAX

The activities of the Group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates vary between 25% and 40%. This, together with timing differences, can cause the effective tax rate to differ from the Dutch corporate tax rate.

(€ in thousands)	Note	2008	2007
Current tax expense		60,832	118,804
Deferred tax	24	17,298	-12,852
Through equity		0	5,822
Other permanent differences		0	2,345
Total tax expense for calculating effective tax rate		78,130	114,119

The effective tax rate, based on income before taxes, excluding impairment, was 30.8% (2007: 26.5%). The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2008	2007
Effective tax rate (excluding impairment)	30.8%	26.5%
Effect impairment charge	-40.6%	0.0%
Effective tax rate (including impairment)	-9.8%	26.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

10. INCOME TAX (continued)

	2008	2007
Dutch tax rate	25.5%	25.5%
Higher weighted average statutory rate on group activities	0.9%	1.1%
Permanent differences	-4.5%	0.0%
Non tax deductible share options	5.7%	0.0%
Non tax deductible result associates	1.5%	0.0%
Other	1.7%	-0.1%
Effective tax rate (excluding impairment)	30.8%	26.5%

11. EARNINGS PER SHARE

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

	2008	2007
Earnings (€ in thousands)		
Earnings (net result attributable to equity holders)	-872,585	317,242
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	122,467,193	113,759,244
Effect of dilutive potential ordinary shares		
Share options	998,223	5,476,417
Weighted average number of ordinary shares for diluted earnings per share	123,465,416	119,235,661

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The company has one category of potential dilutive ordinary shares: share options. For these share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares), based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued, assuming the exercise of the share options. Given the company incurred losses in 2008, this results in the calculation being anti-dilutive and hence, the same number of shares and net loss per share is presented for Basic and Diluted earnings per share.

12. INTANGIBLE ASSETS

(€ in thousands)	2008	2007
Goodwill	854,713	0
Other intangible assets	1,011,194	56,344
Total intangible assets	1,865,907	56,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

12. INTANGIBLE ASSETS (continued)

(€ in thousands)	Goodwill	Database and tools	Internally generated	Other ¹	Total
Balance as at 1 January 2007					
Investment cost	0	0	4,099	51,052	55,151
Accumulated amortisation and impairment	0	0	-1,740	-14,228	-15,968
	0	0	2,359	36,824	39,183
Movements					
Investments	0	0	7,216	26,555	33,771
Amortisation charges	0	0	-1,533	-15,078	-16,611
Transferred within intangible assets	0	0	385	-385	0
Net foreign currency exchange differences	0	0	0	1	1
	0	0	6,068	11,093	17,161
Balance as at 31 December 2007					
Investment cost	0	0	11,700	77,223	88,923
Accumulated amortisation and impairment	0	0	-3,273	-29,306	-32,579
	0	0	8,427	47,917	56,344
Movements					
Investments	0	8,007	20,762	23,152	51,921
Acquisition of subsidiary (note 29)	1,902,489	872,909	0	83,600	2,858,998
Amortisation charges	0	-26,649	-4,159	-24,606	-55,414
Impairment charge	-1,047,776	0	0	0	-1,047,776
Net foreign currency exchange differences	0	0	982	852	1,834
	854,713	854,267	17,585	82,998	1,809,563
Balance as at 31 December 2008					
Investment cost	1,902,489	880,916	32,462	184,204	3,000,071
Accumulated amortisation and impairment	-1,047,776	-26,649	-6,450	-53,289	-1,134,164
	854,713	854,267	26,012	130,915	1,865,907

¹ Other intangible assets include technology and previously unrecognised customer relationships, brand name and software.

All intangible assets besides goodwill have finite useful lives. Goodwill has an indefinite useful life.

Impairment test for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the core business activities as monitored by management. Cash generating units are currently the same as the two operating segments disclosed in note 5.

An operating segment-level summary of the goodwill allocation is presented below.

	TomTom	Tele Atlas	Total
Goodwill before impairment	710,584	1,191,905	1,902,489
Goodwill after impairment	710,584	144,129	854,713

The recoverable amount of a CGU is determined based on the higher of value in use or fair value less cost to sell calculations. The fair value less costs to sell resulted in a higher recoverable amount.

These calculations use post-tax cash flow projections based on financial forecasts approved by management covering a four year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates.

Management determined budget revenues based on past performance and its expectation of market development. Discount rates used are post tax and reflect specific risks relating to the relevant operating segments.

Due to a rapidly weakening economic climate, the Group has lowered the expectations on future revenues for its navigation products and services which have a material impact on Tele Atlas revenues. This has resulted in lower projected cash flows leading to a revision in forecast information expected when Tele Atlas was acquired and a subsequent an impairment charge in the Tele Atlas goodwill. The strategic rationale for the acquisition remains valid and in tact in that superior content and cost efficiency will expand the Tele Atlas presence in world markets as well as providing benefits to users through new features, more regular updates, faster coverage expansion, enhanced integration of customer feedback and increasing our position in the automotive market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

12. INTANGIBLE ASSETS (continued)

Impairment test for goodwill (continued)

The impairment model has been cross checked with external sources on for example WACC, market size, market shares and future expectations of industry analysts.

The key assumptions used for the fair value less cost to sell calculation are as follows.

	TomTom	Tele Atlas
Revenue – perpetual growth ¹	0.8%	1.8%
Operating expenses – perpetual growth ¹	0.8%	1.8%
Discount rate (WACC) ²	10.6%	10.6%

1 Weighted average growth rate used to extrapolate cash flows beyond the forecast period.

2 Post-tax discount rate applied to the cash flow projections.

A sensitivity analysis was performed for our WACC and the perpetual growth percentage for the two segments. The sensitivity of the enterprise value is detailed below:

Sensitivity analysis WACC

	9.6%	10.6%	11.6%
WACC (%)			
Impairment (€ in thousands)	-930,253	-1,047,776	-1,141,175

Sensitivity analysis perpetual growth

	TomTom 1.8%, Tele Atlas 2.8%	TomTom 0.8%, Tele Atlas 1.8%	TomTom -/-0.2%, Tele Atlas 0.8%
Perpetual revenue growth (%)			
Impairment (€ in thousands)	-947,799	-1,047,776	-1,119,078

13. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer hardware ¹	Other	Total
Balance as at 31 December 2006				
Investment cost	4,705	5,973	4,128	14,806
Accumulated depreciation	-1,457	-3,622	-1,801	-6,880
	3,248	2,351	2,327	7,926
Movements				
Investments	2,030	5,140	9,736	16,906
Disposals (net)	-71	-16	0	-87
Depreciation charges	-1,477	-2,817	-2,573	-6,867
Net foreign currency exchange difference	-64	24	-14	-54
	418	2,331	7,149	9,898
Balance as at 31 December 2007				
Investment cost	6,614	10,098	13,824	30,536
Accumulated depreciation	-2,948	-5,416	-4,348	-12,712
	3,666	4,682	9,476	17,824
Movements				
Investments	1,081	8,232	20,006	29,319
Acquisition of subsidiary (note 29)	2,086	11,881	8,885	22,852
Disposals (net)	-4	-112	-34	-150
Depreciation charges	-1,849	-7,863	-7,638	-17,350
Net foreign currency exchange difference	-264	644	280	660
	1,050	12,782	21,499	35,331
Balance as at 31 December 2008				
Investment cost	11,925	48,268	47,850	108,043
Accumulated depreciation	-7,209	-30,804	-16,875	-54,888
	4,716	17,464	30,975	53,155

No impairment of property, plant and equipment was identified during the accounting period.

The carrying value of fixed assets under leases at 31 December 2008 was €3.2 million (2007: €0).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

14. INVESTMENTS IN ASSOCIATES

The movements in the investments in associates can be specified as follows.

(€ in thousands)	2008
Balance as at 31 December 2007	816,788
Result associates (January to May)	-13,455
Movement resulting from business combination	-792,355
Result associates (June to December)	-3,240
Share in equity	-2,075
Balance as at 31 December 2008	5,663

The Group acquired Tele Atlas in June 2008, including the various investments in associates previously acquired by the subsidiary. The estimated full year revenues and net profits of the associates and their aggregated assets (excluding goodwill) and liabilities are as follows.

(€ in millions)		Assets	Liabilities	Revenues full year ²	Net result full year	Interest held	Published fair value
Name associate	Place of incorporation						
Infotech enterprises ^{1, 2, 3}	India	n/a	n/a	n/a	n/a	1.36%	1,143
Mappoint Asia ^{1, 2}	Thailand	n/a	n/a	n/a	n/a	27.7%	n/a
MapIT ²	South Africa	11,744	3,649	5,361	1,068	49%	n/a

1 Data was not yet available.

2 All associates have a 31 March year-end, data for calculating the result associate, based on the equity method, is obtained from January through to December.

3 Infotech is regarded as an associate as Tele Atlas is represented in the Board of Directors.

15. INVENTORIES

(€ in thousands)	2008	2007
Finished goods	87,746	65,340
Components and sub-assemblies	57,652	65,335
Inventories	145,398	130,675

The cost of inventories recognised as an expense and included in cost of sales amounted to €667 million (2007: €704 million).

As a result of the write-down of inventories to their net realisable value, the Group recognised costs of €6.6 million (2007: €8.4 million). These costs are included in cost of sales.

16. TRADE RECEIVABLES

(€ in thousands)	2008	2007
Gross trade receivables	303,933	406,057
Allowance for doubtful receivables	-13,952	-3,042
Trade receivables (net)	289,981	403,015

All receivables are expected to be recovered within a year. An allowance has been made for estimated unrecoverable amounts from the sale of goods. The carrying amount of trade receivables approximates their fair value. The Group does not hold any collateral over these balances.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is some concentration of credit risk with respect to trade receivables, but this is actively monitored by management. Credit risk is to some extent further mitigated by the purchase of excess loss insurance for European, Asian, Australian and African PND customer receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

16. TRADE RECEIVABLES (continued)

The following summarises the movement in the provision for doubtful trade accounts receivable.

(€ in thousands)	2008	2007
Balance as at 31 December	-3,042	-2,602
Additional receivables impairment	-13,595	-591
Receivables written off during the year as uncollectable	1,847	76
Unused amounts reversed	881	26
Translation effects	-43	49
Balance as at 31 December	-13,952	-3,042

The following table sets out details of the age of trade accounts receivable that are not overdue, as the payment terms specified in the terms and conditions established with our customers have not been exceeded, and an analysis of overdue amounts and related provisions for doubtful trade accounts receivable.

(€ in thousands)	2008	2007
Total	303,933	406,057
Less provision for doubtful trade accounts receivable	-13,952	-3,042
Trade receivables (net)	289,981	403,015
Of which:		
Not overdue	259,093	400,454
Overdue < 3 months	39,453	5,145
3 to 6 months	2,178	298
Over 6 months	3,209	160
Less provision	-13,952	-3,042
Trade receivables (net)	289,981	403,015

Trade accounts receivable include amounts denominated in the following major currencies.

(€ in thousands)	2008	2007
EUR	135,771	162,599
GBP	39,305	94,016
USD	100,150	141,334
Other	14,755	5,066
Trade receivables (net)	289,981	403,015

17. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2008	2007
Prepayments	10,182	13,148
VAT and other taxes	1,890	12,907
Other receivables	3,915	4,493
	15,987	30,548

The carrying amount of the other receivables and prepayments approximates their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

18. OTHER FINANCIAL ASSETS

The Group utilises currency derivatives to manage significant risks related to future transactions and cash flows denominated in non-functional currencies. The Group is exposed to USD currency exchange risk on the procurement side and to currency exchange risk related to sales in GBP, USD, AUD and some European currencies on the revenue side. The Group does not purchase or hold financial instruments for trading purposes.

The Group is party to foreign currency forward contracts and plain option contracts for the management of its exchange rate exposures. At the balance sheet date the total net fair value relating to outstanding foreign exchange option and forward contracts to which the Group was committed, was a net asset of €36.0 million (of which €0.6 million is included in other liabilities) compared to a net asset of €25.0 million in 2007.

At the balance sheet date, the notional value of outstanding foreign exchange option and forward contracts to which the Group was committed was as follows.

(€ in thousands)	2008	2007
Rights and obligations to buy US dollars	384,400	748,000
Rights and obligations to sell US dollars	-350,000	-348,000
Rights and obligations to sell GB pounds	-132,900	-138,500
Rights and obligations to sell AU dollars	-38,500	-96,500

19. CASH AND CASH EQUIVALENTS

(€ in thousands)	2008	2007
Cash and equivalents	194,322	173,337
Deposits	126,717	290,002
	321,039	463,339

Cash and cash equivalents consist of cash held by the Group partly invested in short-term bank deposits with an original maturity of three months or less.

All cash and cash equivalents are available for immediate use by the Group.

20. SHAREHOLDERS' EQUITY

	2008 No.	2008 [€ in thousands]	2007 No.	2007 [€ in thousands]
Authorised:				
Ordinary shares	333,000,000	66,600	333,000,000	66,600
Preferred shares	166,500,000	33,300	166,500,000	33,300
	499,500,000	99,900	499,500,000	99,900
Issued and fully paid:				
Ordinary shares	123,316,000	24,663	121,785,000	24,357

All shares have a par value of €0.20 per share (2007: €0.20 per share).

In 2008, 1,530,689 shares were issued following the exercise of share options by employees (2007: 707,370).

Our reserves are freely distributable except for €32.7 million of legal reserves. Refer to note 6 in our company Financial Statements for an overview of our non-distributable reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

21. SHARE-BASED COMPENSATION

There are a number of share-based compensation plans for Group employees. The purpose of the share-based compensation is to retain employees and align the interests of management and eligible employees with those of shareholders, by providing additional incentives to improve the Group's performance on a long-term basis.

Share option plan

The Group adopted a share option plan for members of management and eligible employees. Under the scheme, the Supervisory Board granted options to members of management to subscribe for shares. The Management Board granted options to eligible employees to subscribe for shares.

Stock compensation reserve

(€ in thousands)	2008	2007
Opening balance	58,765	32,364
Stock compensation expense	6,940	29,156
Tax benefit	5,847	4,083
Release to retained earnings	0	-6,031
Share options exercised	-2,083	-807
Closing balance	69,469	58,765

Share option plan 2003

The compensation under the plan qualifies as "Equity-settled share-based payments". The vesting period under the 2003 share option plan is three years, followed by an exercise period of two years. 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 two years, starting three years after the date of the grant. Options expire five years after the date of grant.

Share option plan 2005

The compensation under the plan qualifies as "Equity-settled share-based payments". The vesting period under the 2005 share option plan is three years followed by an exercise period of four years. 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 four years, starting three years after the date of the grant. Options expire seven years after the date of grant.

The options will be covered at the time of exercise by issuing new shares.

The following table summarises information about the stock options outstanding at 31 December 2008.

Year of grant	Number outstanding at Dec 31 '08	Exercise price per share	Weighted average remaining life	Number exercisable at Dec 31 '08	Weighted average exercise price
2004	1,529,475	0.75-3.75	0.44	1,529,475	0.84
2005	2,902,492	26.44-28.82	3.77	2,902,492	27.92
2006	2,035,000	25.50-37.68	4.78	0	33.30
2007	30,000	30.91	5.19	0	30.91

A summary of the Group's stock option plans and the movement during the years 2007 and 2008 is presented below.

Option plans	2008	Weighted average exercise price	2007	Weighted average exercise price
Outstanding at the beginning of the year	9,557,648	21.02	10,293,512	19.74
Granted	0	0	30,000	30.91
Exercised	-1,530,689	3.75	-707,370	1.29
Forfeited	-1,529,992	28.90	-58,494	27.85
Outstanding at the end of the year	6,496,967	23.23	9,557,648	21.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

21. SHARE-BASED COMPENSATION (continued)

Performance share plan

Share plan 2007 and 2008

The Group introduced performance share plans for employees, as the share option plans are being phased out. Conditional awards of TomTom shares were made under the share-based incentive plans of 2007 and 2008. In 2008 all employees, except for Management Board members, were offered the choice of 100% vesting or the original vesting criteria. The original vesting criteria can result in a vesting ranging from 0-150% of the conditional award. The actual vesting percentage depends on the total shareholder return of TomTom NV compared to other companies listed in the AEX index, and the EPS growth of TomTom NV. For the performance shares granted in 2007 and 2008, the measurement period is three years starting at 1 January 2007 and 1 January 2008 respectively.

The following table provides more information about the performance shares which were conditionally awarded in 2007 and 2008.

Share plans	2008
Outstanding at the beginning of the year	185,100
Granted under 2008 plan	347,400
Exercised	0
Forfeited	-50,300
Outstanding at the end of the year	482,200

Valuation assumptions

The fair value of the share options granted up until March 2007 was determined by the Black and Scholes model. The Black and Scholes model contains the input variables, including the risk-free interest rate, volatility of the underlying share price, exercise price and share price at the date of grant. The fair value calculated is allocated on a straight-line basis over the three year vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The fair value of the performance shares granted in 2008 was determined by a valuation model. The model contains several input variables, including the underlying share price at reporting date and an expected leavers' percentage. The fair value is calculated at each reporting period.

The input into the share option valuation model is as follows:	2007
Weighted average share price (euro)	30.80
Weighted average exercise price (euro)	30.91
Weighted average expected volatility	40%
Weighted average expected life	84 months
Weighted average risk-free rate	3.96%
Expected dividends	Zero

Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom NV stock. The share price on the date of grant for options granted after the IPO is determined as the three-day average of the stock price, prior to the date of the grant.

The Black and Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. The Group's employee stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate.

22. MINORITY INTERESTS

Movements in minority interests were as follows.

	2008
Opening balance at 1 January 2007	0
Acquisition of subsidiaries ¹	5,096
Minority share in result of subsidiaries	537
Exchange result	-669
Closing balance at 31 December 2008	4,964

¹ On 1 June the Group acquired Tele Atlas. Tele Atlas has a number of subsidiaries, not all of which are wholly owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

23. BORROWINGS

Borrowings (€ in thousands)	2008	2007
Non-current	1,241,900	0
Current ¹	146,588	0
Total borrowings	1,388,488	0

1 €158,5m (10%) of the loan amount will be repaid in December 2009. The full amount payable on the loan is reduced by the netting off of the loan negotiation costs which are built back up over the period of the loan through an interest charge.

The Group negotiated a syndicated loan facility consisting of a €1,585 million term loan and a €175 million revolving credit facility to fund the Tele Atlas acquisition. Transaction costs related to the facility amounted to €44.7 million. The facility terminates on 31 December 2012 and has an annual repayment schedule. The interest is in line with market conditions and based on Euribor with a spread that depends on certain leverage covenants. The Group's borrowings are subject to covenant clauses whereby the Group is required to meet certain performance indicators with regard to our financial condition. The performance indicators relate to interest cover and leverage. In case of a breach of these covenants the banks are contractually entitled to request early repayment of the outstanding amount. The carrying amount of the Group's borrowings is denominated in euro's.

The Group has the following undrawn borrowing facilities:

Borrowings (€ in thousands)	2008	2007
Undrawn borrowings	175,000	200,000
Total undrawn borrowings	175,000	200,000

Annual repayment schedule (€ in thousands)

2009	158,500
2010	237,750
2011	237,750
2012	792,500
Total	1,426,500

The amounts included above are due contractually and have not been discounted.

The carrying amount and fair value of our non-current borrowings are as follows:

Non current borrowings (€ in thousands)	Book value		Fair value	
	2008	2007	2008	2007
Borrowings ¹	1,268,000	0	930,355	0
	1,268,000	0	930,355	0

1 Borrowings do not include amortised costs.

At 31 December 2008, if Euribor would have been 0.5% higher (0.5% lower with all other variables held constant, post tax result for the year would have been €2.2 million lower (€3.3 million higher).

Finance leases

These are operating leases for plant and machinery, cars and equipment. The net book value of the assets related to these leases is €3.2 million. Future minimum lease payments are as follows.

(€ in thousands)	2008	2007
Commitments less than 1 year	1,214	0
Commitments between 1 – 5 years	2,160	0
Commitments longer than 5 years	0	0
Total minimum lease payments	3,374	0
Less amounts representing finance charges	-162	0
Present value of minimum lease payments	3,212	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

24. DEFERRED INCOME TAX

As at 31 December 2008, the Group has a deferred tax liability of €229.1 million (2007: €0.4 million). A deferred tax asset has been recorded amounting to €33.0 million (2007: €24.4 million). The deferred tax asset and deferred tax liability result from timing differences between the tax and accounting treatment of the amortisation of intangible assets, tax loss carry forwards, and certain provisions.

(€ in thousands)	2008	2007
Deferred tax:		
To be recovered after more than 12 months	-188,035	15,551
To be recovered within 12 months	-8,063	8,400
	-196,098	23,951

The movement of the deferred tax is as follows:

Deferred tax (€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
Balance as at 31 December 2006	6,085	0	-120	5,134	0	11,099
Charged / (released) to income	8,364	0	1,018	3,470	0	12,852
Balance as at 31 December 2007	14,449	0	898	8,604	0	23,951
Charged / (released) to income	-14,258	-8,991	8,471	1,750	-4,270	-17,298
Acquisition of subsidiary (note 29) ¹	0	2,078	-301,330	-2,466	94,064	-207,654
Net foreign currency exchange rate differences	0	165	-3,756	0	8,494	4,903
Balance as at 31 December 2008	191	-6,748	-295,717	7,888	98,288	-196,098

¹ In June 2008 the Group acquired Tele Atlas. Based on the purchase price allocation performed by an independent third party, the value of the database and tools increased and new intangibles such as brand name and customer relationships were recognised, resulting in a deferred tax liability on the increase. The deferred tax liability is netted with the Tele Atlas tax loss carry forwards which the Group expects to realise in the US.

Due to the drop in our share price the deferred tax asset related to the stock option plan has been released.

Deferred tax balances are presented in the balance sheet as follows:

(€ in thousands)	2008	2007
Deferred tax:		
Deferred tax assets	32,977	24,363
Deferred tax liabilities	-229,075	-412
	-196,098	23,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

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25. PROVISIONS

	Warranty	Claims, litigation & other	Total
Opening balance at 1 January 2007	21,495	22,290	43,785
Increases in provisions	39,020	36,570	75,590
Utilised	-21,137	-849	-21,986
Released	0	-1,420	-1,420
Opening balance at 1 January 2008	39,378	56,591	95,969
Increases in provisions	49,931	46,627	96,558
Utilised	-41,281	-9,076	-50,357
Released	0	-29,237	-29,237
Closing balance at 31 December 2008	48,028	64,905	112,933

Warranty provision

The Group generally offers warranties for its personal navigation products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as evaluating recent trends that might suggest that past cost information may differ from future claims.

Other provision

The Group formed a provision for potential legal and tax risks in various jurisdictions. The legal matters mainly consist of intellectual property infringement issues. In the normal course of business, the Group receives claims relating to allegations that we have infringed intellectual property assets and the companies making the claims seek payments which may take the form of licences and/or damages. Some of these claims may be resisted, some are likely to be settled by negotiation and others are expected to result in litigation.

The cases and claims against the Group often raise difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction in which each suit is brought, and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation. The Group accrues a liability when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reasonably estimated. If either the likelihood of an adverse outcome is reasonably possible or an estimate is not determinable, the matter is disclosed, provided it is material. The directors are of the opinion that the provision is adequate to resolve these claims.

The methodology used to determine the amount of the liability requires significant judgements and estimates regarding the costs of settling asserted claims. Due to the fact that there is limited historical data available, the estimated liability cannot be based upon recent settlement experience for similar types of claims.

The other provision also includes earn-outs related to previous acquisitions. Under the sale and purchase agreements, the former shareholders of the acquired companies are entitled to an additional purchase price instalment, depending on the performance of the acquired companies and related technologies during the year 2008. Based upon management's best estimate, the Group provided for the maximum expected earn out.

Analysis of total provisions

(€ in thousands)	2008	2007
Non-current	55,702	41,624
Current	57,231	54,345
	112,933	95,969

26. TRADE PAYABLES

Trade payables

(€ in thousands)	2008	2007
Less than 1 year outstanding	152,119	151,859
Total trade payables	152,119	151,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

27. PENSION ACCRUALS

(€ in thousands)	2008	2007
Opening balance at 1 January 2007	0	0
Acquisition of subsidiary	5,150	0
Amounts charged / released to the income statement	127	0
Utilised	-265	0
Closing balance at 31 December 2008	5,012	0

Pension liabilities relate to the Tele Atlas defined benefit plan in Germany and the staff leaving indemnity plan in Italy. There are no plan assets in relation to these plans. The defined benefit plan assumes a discount rate of 6.4% (2007: 5.6%), a rate of salary increase of 3.0% (2007: 3.0%) and German mortality rates.

28. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

The Group has long-term financial commitments, which are not shown in the Group's balance sheet as at 31 December 2008.

Operating leases

These are operating leases for buildings, cars and office equipment, which consist of the following.

(€ in thousands)	2008	2007
Commitments less than 1 year	16,850	6,194
Commitments between 1 – 5 years	43,508	16,017
Commitments longer than 5 years	17,256	13,922
	77,614	36,133

No discount factor is used in determining the operating lease commitments.

Purchase commitments

As at 31 December 2008, the Group had open purchase commitments with our contract manufacturers for certain products and components. Based on our forecasts of the number of units we will require, our contract manufacturers order the requisite component parts from their suppliers. Our manufacturers have commitments on these components. In certain circumstances, we have a contractual obligation to purchase these components from our manufacturers.

Other commitments

The Group has royalty contracts with 3rd party suppliers that include minimum royalty payments for a period of 5 years.

Please refer to note 25 for disclosures on tax and legal contingencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

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29. BUSINESS COMBINATIONS

Acquisition of Tele Atlas shares

In the fourth quarter of 2007, TomTom NV made a cash offer of €30.00 per ordinary share for all ordinary shares of Tele Atlas, totalling approximately €2.9 billion. The company acquired 29.9% of the shares of Tele Atlas for a total consideration of €816 million. Since TomTom NV did not obtain control over Tele Atlas at that time, the transaction was classified as an investment in associate.

In June 2008 the Group acquired the remaining shares of Tele Atlas, a global provider of digital map technology. The acquired business contributed €121 million in revenue and net profit (excluding impairment) of €5.9 million to the Group for the period from 1 June 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, Group revenue would have been €1,749 million and operating loss would have been €820 million. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2008, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows.

	(€ in thousands)
Purchase consideration:	
– Cash paid	2,834,902
– Direct costs relating to the acquisition	33,678
Total purchase consideration	2,868,580
Fair value of net assets acquired	966,091
Goodwill (note 12)	1,902,489

The goodwill is attributable to the anticipated revenue and cost synergies expected to arise after the Group's acquisition and the assembled workforce of Tele Atlas. In the fourth quarter of 2008, an impairment charge was recognised. For details refer to note 12.

The assets and the liabilities arising from the acquisition are as follows.

	Fair value	Tele Atlas previous carrying amount
Cash and cash equivalents	233,579	233,579
Property plant and equipment (note 13)	22,852	21,129
Databases	839,519	186,098
Tools	33,390	13,239
Customer relationships	75,000	13,183
Brand name	8,600	0
Investments	7,608	7,608
Inventories	956	956
Deferred tax assets	54,388	17,810
Trade receivables	70,409	70,432
Trade payables	(14,422)	(14,422)
Other assets / liabilities	(103,704)	(79,108)
Deferred tax liabilities	(262,084)	(14,367)
Net assets acquired	966,091	456,137
Total purchase consideration	2,868,580	
Shares previously held and accounted for under equity method	801,209	
Cash and cash equivalents in subsidiary acquired	233,579	
Cash outflow on acquisition	1,833,792	

30. RELATED PARTY TRANSACTIONS

On 1 June 2008, TomTom NV acquired the remaining shares in Tele Atlas, the investment in Tele Atlas qualifies as an investment in a subsidiary.

In the normal course of business, TomTom purchases services from Tele Atlas. These transactions are conducted on an arm's length basis with terms that have not changed compared with the terms that applied before we acquired our interest in Tele Atlas. Refer to note 7 for details of transactions with key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

31. AUDITORS REMUNERATION

The total remuneration to Deloitte for the statutory audit of 2008 amounted to €791,000 (2007: €389,000). The total service fees paid to the Deloitte network amounted to €1,653,000 (2007: €864,000). Included in the total remuneration is an amount of €940,000 (2007: €451,000) invoiced by Deloitte Accountants B.V. Details of the audit, audit related and non audit fees paid to Deloitte can also be found in the Supervisory Board report.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below.

(€ in thousands)	Loans and receivables	Assets at fair value through profit and loss	Total
31 December 2008			
Assets as per balance sheet date			
Other financial assets	0	36,583	36,583
Trade receivables	289,981	0	289,981
Cash and cash equivalents	321,039	0	321,039
Total	611,020	36,583	647,603

(€ in thousands)	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per balance sheet			
Trade payables	0	152,119	152,119
Other financial liabilities	582	0	582
Borrowings	0	1,388,488	1,388,488
Total	582	1,540,607	1,541,189

(€ in thousands)	Loans and receivables	Assets at fair value through profit and loss	Total
31 December 2007			
Assets as per balance sheet date			
Other financial assets	0	26,695	26,695
Trade receivables	403,015	0	403,015
Cash and cash equivalents	463,339	0	463,339
Total	866,354	26,695	893,049

(€ in thousands)	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per balance sheet			
Trade payables	0	151,859	151,859
Other financial liabilities	1,686	0	1,686
Total	1,686	151,859	153,545

COMPANY INCOME STATEMENT OF TOMTOM NV

for the year ended 31 December
(before proposed appropriation of result)

(€ in thousands)	Notes	2008	2007
Result of subsidiaries after taxation	2	-802,388	311,516
Result of associate	3	-13,455	758
Other income and expenses after tax	4	-56,742	4,968
Net result		-872,585	317,242

COMPANY BALANCE SHEET OF TOMTOM NV

as of 31 December

(€ in thousands)	Notes	2008	2007
Assets			
Non-current assets			
Investments in subsidiaries	2	2,835,649	756,243
Investments in associate	3	0	816,788
Deferred tax asset		191	0
Financial instrument		1,050	0
Total non-current assets		2,836,890	1,573,031
Current assets			
Receivables		400	14,047
Intercompany receivable		0	1
Cash and cash equivalents		4,237	203,000
Total current assets		4,637	217,048
Total assets		2,841,527	1,790,079
Equity and liabilities			
Equity			
Share capital	5	24,663	24,357
Share premium		575,918	566,736
Legal reserves	6	32,746	5,832
Stock compensation reserve	7	69,469	58,765
Retained earnings		678,198	379,418
Result for the year		-872,585	317,242
Total equity		508,409	1,352,350
Borrowings	8	1,388,488	0
Provisions		166	166
Deferred tax liability		9,693	0
Intercompany payable		933,931	415,076
Current liabilities		840	22,487
Total equity and liabilities		2,841,527	1,790,079

1. PRESENTATION OF FINANCIAL STATEMENTS AND PRINCIPLE ACCOUNTING POLICIES

The description of the activities of TomTom NV (the "company") and the company structure, as included in the notes to the consolidated Financial Statements, also apply to the company Financial Statements.

In accordance with section 2:362 Part 8 of the Netherlands Civil Code, the company has prepared its company Financial Statements in accordance with accounting principles generally accepted in the Netherlands, applying the accounting policies as adopted in the consolidated Financial Statements (IFRS). Investments in subsidiaries are stated at net asset value, as the company effectively exercises significant influence over them. For more information on the accounting policies applied, and on the notes to the consolidated Financial Statements, please refer to page 48 to 74.

The equity and profit in the company Financial Statements is equal to the consolidated equity.

In accordance with section 402 of Part 9 of Book 2 of the Netherlands Civil Code, a condensed income statement is included in these Financial Statements.

2. INVESTMENTS IN SUBSIDIARIES

The movements in financial fixed assets were as follows:

[€ in thousands]	Notes	Investments in Group companies
Balance as at 31 December 2006		
Book value		426,292
Movements 2007		
Cumulative translation adjustment		-1,548
Transfer to stock compensation reserve	7	19,983
Result of subsidiaries		311,516
Balance as at 31 December 2007		
Book value		756,243
Movements 2008		
Conversion of associate to subsidiary		789,350
Acquisition of subsidiary		2,065,775
Cumulative translation adjustment		8,451
Transfer to stock compensation reserve	7	12,079
Other direct equity movements		6,139
Result of subsidiaries		-802,388
Balance as at 31 December 2008		
Book value		2,835,649

3. INVESTMENTS IN ASSOCIATE

Please refer to note 14 in the consolidated Financial Statements.

4. OTHER INCOME AND EXPENSES AFTER TAX

Other income and expense consists of the remuneration of the Management Board and the Supervisory Board, and interest income on the company's outstanding cash balances. For the remuneration of the Management Board and Supervisory Board, please refer to note 7 of the consolidated Financial Statements.

5. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2008, please refer to page 47 in the consolidated Financial Statements.

6. LEGAL RESERVES

(€ in thousands)	2008	2007
Legal reserves at 1 January	5,832	2,804
Internally generated intangible assets	18,462	4,576
Cumulative translation adjustment	8,452	-1,548
Legal reserves at 31 December	32,746	5,832
Internally generated intangible assets	25,392	6,928
Cumulative translation adjustment	7,354	-1,096
Total legal reserves	32,746	5,832

7. STOCK COMPENSATION RESERVE

For details of the stock compensation reserve, please refer to note 21 in the consolidated Financial Statements.

8. BORROWINGS

Please refer to note 23 of the consolidated Financial Statements.

9. BUSINESS COMBINATIONS

Please refer to notes 14 and 29 in the consolidated Financial Statements.

10. OFF-BALANCE SHEET COMMITMENTS

The company has issued several declarations of joint and several liabilities for various Group companies, in compliance with Section 403, book 2 of the Dutch Civil Code. Declarations were issued during the year for TomTom International BV and Tele Atlas BV.

OTHER INFORMATION

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULTS

According to the company's Articles of Association, the company's result is freely at the disposal of the shareholders, provided that total shareholders' equity exceeds the called-up and paid-up capital of the company, increased by legal and statutory reserves.

PROPOSED APPROPRIATION OF RESULT

The Management Board proposes to add the net result in full to the retained earnings.

STICHTING CONTINUÏTEIT TOMTOM

For a description of the Stichting Continuïteit TomTom (the "Foundation"), reference is made to the Corporate Governance section in the Annual Report.

AUDITOR'S REPORT

Reference is made to the auditor's report on page 79.

Amsterdam, 23 February 2009

Management Board:

Harold Goddijn

Marina Wyatt

Alain De Taeye

Amsterdam, 23 February 2009

Supervisory Board:

Karel Vuursteen

Guy Demuyneck

Doug Dunn

Rob van den Bergh

Ben van der Veer

AUDITOR'S REPORT

To the Shareholders and Supervisory Board of TomTom NV

Report on the Financial Statements

We have audited the accompanying Financial Statements 2008 of TomTom NV, Amsterdam. The Financial Statements consist of the consolidated Financial Statements and the company Financial Statements. The consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2008, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company Financial Statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements, in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, as well as for the preparation of the management board report, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 with respect to the consolidated Financial Statements

In our opinion, the consolidated Financial Statements give a true and fair view of the financial position of TomTom NV as at 31 December 2008, and of its result and its cash flow 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 Netherlands Civil Code.

Opinion with respect to the company Financial Statements

In our opinion, the company Financial Statements give a true and fair view of the financial position of TomTom NV as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Management Board is consistent with the Financial Statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam 23 February 2009
Deloitte Accountants BV

Signed by
A. Sandler

INVESTOR INFORMATION

LISTING

TomTom (TOM2 / ISIN: NL0000387058) has been listed on Euronext Amsterdam in the Netherlands since 27 May 2005. Since 2006 TomTom has been included in Euronext's Amsterdam Exchange Index (AEX) – composed of the 25 most traded companies in the Netherlands – with a weighting factor of 0.72% of the index. Share options of TomTom are traded on the Euronext Amsterdam Derivative Market.

FINANCIAL CALENDAR

22 April 2009	– Publication results Q1 2009
28 April 2009	– Annual General Meeting
22 July 2008	– Publication results Q2 2009
21 October 2009	– Publication results Q3 2009

MAJOR SHAREHOLDERS

At the end of 2008 the following share holders with a holding of 5% or more were known to us:

• Stichting Beheer Moerbeij (Pieter Geelen)	13.04%
• Stichting Beheer Pillar Arc (Peter-Frans Pauwels)	13.04%
• The Corinne Vigreux-Goddijn 2005 Trust	13.04%
• The Harold Goddijn 2005 Trust	13.04%

PROTECTION MECHANISM

We have granted Stichting Continuïteit TomTom a call option, entitling it to acquire from us preference shares, up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares).

SHARE OPTION PLAN

From January 2003 up until March 2007, TomTom issued share options to eligible employees, including members of management. This was replaced by a share-based compensation plan.

SHARE PRICE DEVELOPMENT

The closing price of the shares at 31 December was:

	2008	2007	2006	2005
Share price	€5.20	€51.50	€32.72	€29.00
Volume (million)	480	313	232	100

Information about our current share price is available on our website: (<http://investors.tomtom.com/stockquote.cfm>).

DIVIDEND POLICY

TomTom will not pay out dividends for the foreseeable future as surplus cash will be used to pay down debt.

MORE INFORMATION

Next to an interactive version of our Annual Report, our website contains a vast amount of up-to-date information: <http://investors.tomtom.com/>. Investors can contact us via IR@tomtom.com.

Our visiting address is:

Oosterdoksstraat 114
1011 DK Amsterdam
The Netherlands

TomTom Group (in € millions)	2008	Q4 '08	Q3 '08	Q2 '08	Q1 '08	2007	2006	2005	2004
Income and expenses									
Revenue	1,674	528	429	453	264	1,737	1,364	720	192
TomTom	1,553	473	377	438	264	1,737	1,364	720	192
Tele Atlas	185	86	73	26	–	–	–	–	–
Gross profit	781	238	240	207	96	764	579	311	85
Operating result ¹	247	54	92	92	9	428	340	195	43
Net result ¹	175	59	58	52	7	317	222	143	28
Data per share									
Earnings per share (in €) – basic ¹	1.43	0.48	0.47	0.42	0.06	2.79	2.01	1.37	–
Earnings per share (in €) – diluted ¹	1.42	0.47	0.46	0.41	0.06	2.66	1.90	1.26	–
Shares outstanding									
Average # basic shares outstanding (in millions)	122	123	123	122	122	114	110	104	–
Average # diluted shares outstanding (in millions)	123	125	125	125	126	119	117	114	–
Regional revenue split (including intercompany)									
Europe	1,226	362	343	342	178	1,396	1,226	670	192
North America	450	169	87	109	85	271	106	42	0
ROW	61	28	19	13	1	70	31	7	0
Cash flow									
Cash generated from operations	463	251	105	55	52	535	392	102	44
Net cash flow from operating activities	354	249	37	44	24	441	292	43	36
Cash flow used in investing activities	-1,903	-28	-76	-1,791	-8	-867	-29	-21	-3
Cash flow from financing activities	1,408	-164	4	1,567	0	453	1	117	0
Net increase in cash and cash equivalents	-142	58	-35	-180	16	28	264	138	33
Balance sheet									
Goodwill	855	855	1,942	1,942	0	0	0	0	0
Intangible assets	1,011	1,011	1,003	1,005	55	56	39	16	1
Inventories	145	145	200	144	136	131	123	103	13
Trade receivables	290	290	276	362	164	403	266	151	29
Cash and cash equivalents	321	321	263	296	476	463	438	178	40
Provisions	113	113	108	101	90	96	44	21	0
Borrowings	1,388	1,388	1,553	1,554	0	0	0	0	0
Total equity and liabilities	2,767	2,767	3,841	3,918	1,755	1,970	903	464	91
Key ratios									
Average Sales Price (PND)	118	100	136	131	117	170	270	368	456
PNDs sold (thousands)	12,032	4,443	2,526	3,066	1,997	9,574	4,687	1,688	248
Days sales of inventory (DSI)	47	47	97	53	74	33	57	92	46
Days sales outstanding (DSO)	51	51	59	73	57	58	71	77	56
Number of employees									
At end of period	3,498	3,498	3,537	3,700	1,540	1,337	809	435	196

1 Excluding non-cash goodwill impairment charge for 2008.

The paper used in this report is made from 50% FSC recycled fibre, 20% virgin ECF (Elemental Chlorine Free) pulp and 30% mill broke. The mill generates a proportion of its renewable power from water turbines. It is fully recyclable and is manufactured within an ISO 14001 certified mill in the UK.

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This has been printed using an alcohol free process and the printing inks are made from vegetable oil and are non-hazardous from renewable sources. Over 90% of solvents and developers are recycled for further use and recycling initiatives are in place for all other waste associated with this production. The printers are FSC and ISO 14001 certified with strict procedures in place to safeguard the environment through all their processes and are working on initiatives to reduce their Carbon Footprint.

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