ANNUAL REPORT AND ACCOUNTS 2007

Total Navigation

Our route to the future

TOMTOM®

TOMTOM IS THE WORLD'S LARGEST NAVIGATION SOLUTIONS PROVIDER. OUR PRODUCTS ARE DEVELOPED WITH AN EMPHASIS ON INNOVATION, QUALITY, EASE-OF-USE, SAFETY AND VALUE.

→ TomTom was founded in 1991. We are headquartered in Amsterdam and have offices across Europe, in North America and in Asia Pacific. We are listed on Euronext Amsterdam in The Netherlands.

→ Our products include a range of all-in-one personal navigation devices (PNDs) that allow you to navigate right out-of-the-box: the high-end, award-winning TomTom GO series; our mid-range product, the TomTom ONE XL; the world's best selling PND, the TomTom ONE series; and the specialist two wheels PND, the TomTom RIDER. We also have the NAVIGATOR series, integrated navigation software for PDAs and smartphones.

→ We offer a wide variety of content and services to support and enhance our navigation products. These are accessible through our user-portal, TomTom HOME.

→ TomTom WORK, a separate division of TomTom, offers fleet management solutions that combine smart navigation with leading-edge tracking & tracing technology.

→ Our automotive business unit brings TomTom's extensive navigation experience and innovation capabilities to the automotive industry. A TomTom PND as part of a built-in radio system is now available in Europe as an option to be seamlessly integrated in the dashboard of the Toyota Yaris.

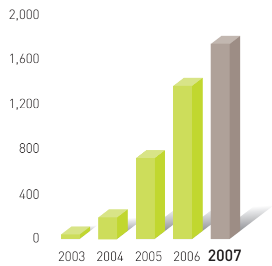
→ TomTom products are sold online and through a network of leading retailers in 30 countries.

For more information, go to http://www.tomtom.com.

REVENUE (in € millions)

Year to 31 December 2007	**1,737**
Year to 31 December 2006	1,364

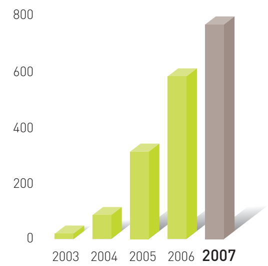
+27%



GROSS PROFIT (in € millions)

Year to 31 December 2007	**764**
Year to 31 December 2006	579

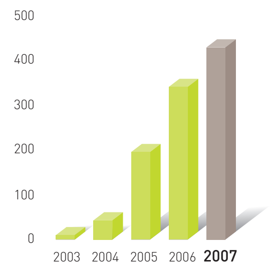
+32%



OPERATING PROFIT (in € millions)

Year to 31 December 2007	**428**
Year to 31 December 2006	340

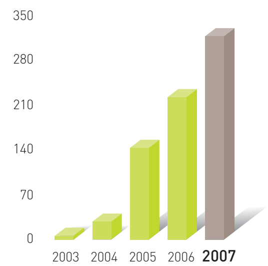
+26%



NET PROFIT (in € millions)

Year to 31 December 2007	**317**
Year to 31 December 2006	222

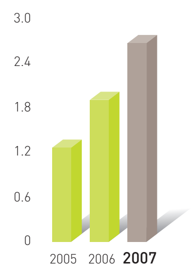
+43%



EPS FULLY DILUTED (in €)

Year to 31 December 2007	**2.66**
Year to 31 December 2006	1.90

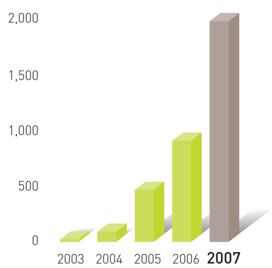
+40%



TOTAL ASSETS (in € millions)

Year to 31 December 2007	**1,970**
Year to 31 December 2006	903

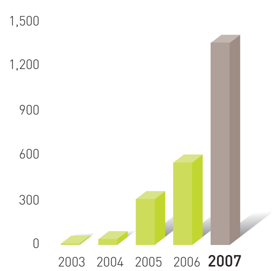
+118%



EQUITY (in € millions)

Year to 31 December 2007	**1,352**
Year to 31 December 2006	551

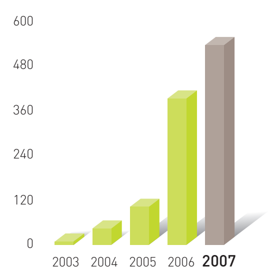
+146%



CASH FROM OPERATIONS (in € millions)

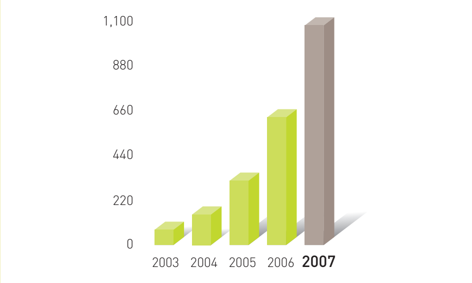
Year to 31 December 2007	**535**
Year to 31 December 2006	392

+37%



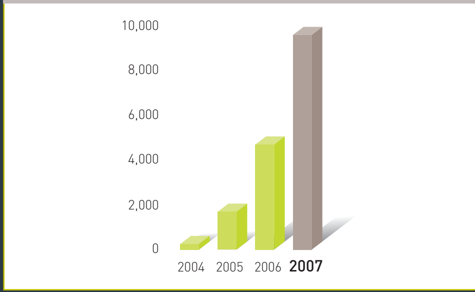
AVERAGE NUMBER OF EMPLOYEES	
Year to 31 December 2007	**1,078**
Year to 31 December 2006	627

+72%



# PNDs (000s)	
Year to 31 December 2007	**9,574**
Year to 31 December 2006	4,687

+104%



- Car navigation fulfills a real and fundamental need.
- TomTom has made car navigation attractive, easy, available and affordable.
- Research shows that our products save time, reduce mileage, ease the driver's workload, reduce stress and enhance safety.
- Tests confirm our award-winning portfolio of products to be preferred over others and our brand to be the most trusted in the category.
- As a result, TomTom is the world's largest personal navigation company, and we make the daily life of millions of people just that little bit easier.

IN A WORLD OF CHANGE WE REMAIN FOCUSED ON OUR OWN CLEAR VISION FOR THE FUTURE.

OUR ABILITY TO SEE, UNDERSTAND AND ANTICIPATE CHANGE UNDERLIES OUR COMMITMENT TO DEVELOP NEW SOLUTIONS, BRING VALUE TO OUR CUSTOMERS AND ACCESS NEW MARKETS.

THIS ABILITY AND COMMITMENT ARE AT THE HEART OF OUR CONTINUED SUCCESS, ENABLING US TO BUILD VALUE FOR ALL OUR STAKEHOLDERS – SHAREHOLDERS, CUSTOMERS, EMPLOYEES, BUSINESS PARTNERS AND THE WIDER COMMUNITIES IN WHICH WE WORK AND LIVE.

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 2007 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.

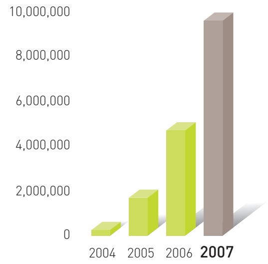
REVIEW CONTENTS

FINANCIAL STATEMENTS CONTENTS

"WE ARE PROUD AT TOMTOM OF THE LEADING ROLE WE HAVE PLAYED IN ESTABLISHING THE SATELLITE NAVIGATION MARKET AND CONTINUE TO PLAY IN ITS DEVELOPMENT."

1.7 billion

FULL YEAR REVENUE



The number of PNDs sold by TomTom grew by 104%

44%

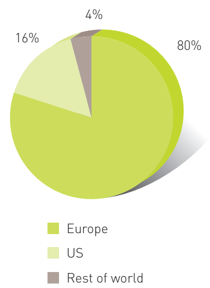
GROSS MARGIN

+40%

INCREASE DILUTED EPS

25%

OPERATING MARGIN



Revenue from US activities increased by more than 150%

9.5 million units

THE US MARKET GREW BY 280%

57%

TOTAL SHAREHOLDER RETURN

15 million units

THE EUROPEAN MARKET GREW BY 72%

- **14.02** – Independent research shows that satellite navigation has a positive effect on driving and traffic safety
- **09.05** – TomTom sells its 10 millionth satellite navigation device
- **05.06** – Unique new map improvement technology TomTom Map Share™ announced
- **23.07** – TomTom announces intention to acquire Tele Atlas
- **11.09** – TomTom to deliver world's first embedded portable navigation device at Toyota
- **12.11** – TomTom HD Traffic™ goes live and sets new standard in traffic information

DRIVING NAVIGATION

THE BASICS: TomTom is the world's largest navigation solution provider. We develop products and services with an emphasis on innovation, quality, ease-of-use and value. Independent academic research has also proven that TomTom products have a significant positive effect on driving performance and road safety.

Founded in Amsterdam in 1991, we now have offices in Europe, North America and Asia Pacific, and our products are sold in 30 countries across the globe. TomTom is listed on Euronext Amsterdam in The Netherlands.

NAVIGATION AND TOMTOM – HOW IT ALL BEGAN: Some 25 years ago, the first entrepreneurs began digitising the European road network, hoping that a substantial percentage of new cars would soon be equipped with navigation equipment. It didn't take off as anticipated because consumers felt navigation equipment was expensive, difficult to operate and inefficient.

At TomTom, we had been watching this market space closely for some years and realised that what was needed was a company that could talk directly to the end-user. Our problem at the time was that the cost of memory was too expensive to make an attractive product at the right price. However, around the turn of the century that changed, when demand for high-density, low-cost memory exploded with the proliferation of digital cameras and music systems.

At the end of 2001, we looked very hard at this market space once more and decided to pursue the opportunity. In that first year, TomTom had just a modest €2 million revenue.

Spring 2002 saw the launch of TomTom's first GPS-linked car navigation product for PDAs. Reactions were positive and we then started to design a complete solution that worked out-of-the-box, with hardware and software that was easy-to-use, fun and affordable. With the many generations of product that followed, we have stuck with the same formula and this forms a key element of TomTom's renowned customer loyalty and brand strength.

HOW WE DO BUSINESS: At TomTom, we focus on core activities – such as software development, hardware design and branding – and we outsource other non-core activities.

TomTom products are sold online and through a network of leading retailers in 30 countries on 5 continents. We provide our retail partners with high quality point-of-sale materials so that they can leverage maximum benefit from the strength of the TomTom brand, as well as the excellent technical support to their sales staff that is so vital in an industry such as ours.

We work hard to develop and foster strong working relations with our business partners – retail, distribution and manufacturing – all of whom play a crucial role in the TomTom success story.

PRODUCTS AND SERVICES

TOMTOM PRODUCTS

TomTom makes all-in-one personal navigation devices (PNDs) that enable customers to navigate straight out-of-the-box.

These include devices for everyone, from the award-winning TomTom GO range to the 'entry-level' best-selling TomTom ONE and the TomTom RIDER for two-wheel navigation.

We also make navigation software products that integrate with third party devices – the TomTom NAVIGATOR software for PDAs and smartphones.

Our products are all easy-to-use and smart, making travel from A to B easier than ever before. We pride ourselves on the popularity of our products and continue to innovate to improve them.

TOMTOM SERVICES

TomTom offers a broad portfolio of content and services for its navigation products, bringing useful information into the car for the driver to act upon. These range from our unique TomTom Map Share™ technology and HD Traffic™ to Safety Cameras and Voices features.

TomTom HOME is our user portal, a free software programme giving users access to our products and services. Through it, users can manage and personalise their device, as well as update it with new maps, services and even technological innovations developed after the device has been purchased.

TOMTOM BUSINESS-TO-BUSINESS

TomTom WORK combines smart and affordable TomTom navigation with tracking & tracing technology. All you need is a TomTom LINK tracking device connected to the TomTom GO in your vehicle and a computer with internet connection to the web-based tracking application, TomTom WEBFLEET. Our products allow businesses to monitor, manage and communicate with their fleet of vehicles, thereby increasing the efficiency, safety and professionalism of their operations. Launched in 2006, TomTom WORK now has over 34,000 business subscribers in 6 countries.

The automotive team was established as a business unit in 2007 to develop and sell navigation systems and services to car manufacturers and OEMs. In September 2007, we announced the availability of the world's first portable navigation device embedded at the car manufacturer. The latest Toyota Yaris comes with an optional TomTom PND as part of its built-in radio system.

GROWTH AND GLOBAL REACH

GLOBAL REACH

In 2007 we expanded our geographical footprint by entering the following new markets:

- Brazil
- Japan
- Latvia
- New Zealand

We have been operating in the following countries since before 2007:

- Australia
- Austria
- Belgium
- Canada
- China
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Ireland
- Italy
- Luxembourg
- Netherlands
- Norway
- Poland
- Portugal
- Slovak Republic
- South Africa
- Spain
- Sweden
- Switzerland
- Taiwan
- UK
- US

TOMTOM'S MODEL FOR INNOVATION AND GROWTH

Over the years, TomTom has consistently delivered impressive organic growth. We achieve this by being an innovative company with a strong brand, clear customer focus, and high quality products and services. Alongside this organic growth, we believe in enhancing our strengths through strategic acquisitions and value-adding partnerships that will improve the quality of navigation we can offer our customers.

To stay ahead of rising consumer expectations and continue our growth path, we are continuously improving the navigation experience of our customers. The introduction of TomTom HD Traffic™ and TomTom Map Share™ are two examples of breakthrough technologies that we introduced last year that provide

TomTom's strong employer brand, supported by a smart recruitment strategy, enabled us to maintain an impressive organic growth rate of some 70 new employees per month throughout 2007.

such improvements. Other technology introductions will follow that will further grow TomTom from a device-driven company into a broader device, content and service driven company. The rapid improvements in the content and services we provide for our customers will differentiate us from our competitors and enable our customers to reach their travel destinations faster, more safely and feeling better informed about real-time travel conditions along their route. Community generated content is key in the further improvement of the quality of our location and navigation services. The introduction of these services and their availability across a wider range of connected navigation solutions will secure our continued growth.

A BRIEF HISTORY OF TOMTOM

1991	Palmtop founded by Harold Goddijn, Peter-Frans Pauwels and Pieter Geelen.
1994	Corinne Vigreux joined the Company to sell Palmtop applications in Europe.
1996	First navigation software for PDAs, EnRoute and RouteFinder launched.
2001	Palmtop renamed TomTom. Harold Goddijn joins TomTom as CEO. Number of employees 30.
2002	First GPS-linked car navigation product for PDAs, TomTom NAVIGATOR shipped. €8 million revenue.
2003	NavCore Software Architecture developed, on which all TomTom products are still based. Number of employees 90.
2004	First portable navigation device shipped, the TomTom GO. 248,000 PND units sold.
2005	TomTom listed on Euronext Amsterdam. €720 million revenue.
2006	TomTom WORK and TomTom Mobility Solutions launched. Number of employees 818.
2007	TomTom makes offer for Tele Atlas. TomTom HD Traffic and TomTom Map Share launched. 9.6 million PND units sold.

OUR ROUTE TO THE FUTURE

OUR VISION

To equip every vehicle with a TomTom product or service because this improves peoples' daily lives. To lead the satellite navigation market with products and services that enhance the navigation experience of everyone who uses them.

OUR MISSION

To provide the best navigation experience and to make this accessible to everyone. TomTom solutions are designed to be **easy-to-use, innovative, safe and good value,** while offering a seamless integration of services, and real-time and static content and technology.

OUR STRATEGY

THE BEST PRODUCTS AND SERVICES

TomTom strives to lead the navigation industry in terms of innovation and the quality of our products and services. We aim to take navigation to the next level by means of radical advances in three key areas:

- **Better Maps** with instant map corrections and access to the verified corrections of other users, via our unique new TomTom Map Share™ technology;
- **Better Routes** with improved routing via user-generated information, facilitated by our user-portal, TomTom HOME;
- **Better Traffic Information** with high quality, real-time traffic updates delivered via our unique, high quality TomTom HD Traffic™ information service.

These three pillars will together transform 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. We believe this new generation of satellite navigation solutions will

Since the launch of TomTom Map Share in the summer of 2007, users have already submitted over one million map corrections for downloading by fellow users.

be the must-have item for existing users and a whole new category of motorists, delivering us significant further market penetration.

Going forward, TomTom will remain at the cutting edge of innovation within our industry, by continuing to invest structurally and strategically to bring new and exciting products and services to our customers.

BUILDING TOMORROW'S NAVIGATION TECHNOLOGIES

TomTom already leads the navigation industry with the technological evolution of navigation products from static 'find-your-destination' devices into products and services that provide connected, dynamic 'find-the-optimal-route-to-your-destination', with time-accurate travel information. We are well positioned to maintain that leading position over the long-term because of the size of our customer and technology base, our distribution power, and our prominent brand image and recognition. Over the coming years, TomTom will evolve into an integrated content, service and technology business.

MARKET LEADERSHIP

TomTom is the world's largest maker of PNDs. It is our aim to remain or become market leader in every market in which we operate. This leadership position is important to our success, as it delivers the scale advantages necessary for our businesses in terms of competitive market presence and cost base.

CUSTOMERS INVOLVEMENT

Leveraging the active involvement of our users is a vital part of our success.

→ Customer Support – how seriously we take customer support is reflected in the fact that, unlike many technology companies, we do not outsource customer support, but keep it close to our operations at our offices in the Netherlands, the US and Australia, and in Germany for TomTom WORK. This enables us to give our customers the best support possible.

→ Customer Feedback – customer feedback is an integral part of our product development process, informing how we expand our business and improve our products and services.

→ User Community – the data we receive via the huge community of TomTom users is helping us deliver our core strategic goal of improving the quality of both navigation and the user's navigation experience. For example with map improvements, where over one million map corrections have now been submitted since the launch of TomTom Map Share™ in the summer of 2007. And with journey times, where the vast majority of the millions of subscribers to our user portal, TomTom HOME, have given us permission to upload their anonymous journey time data.

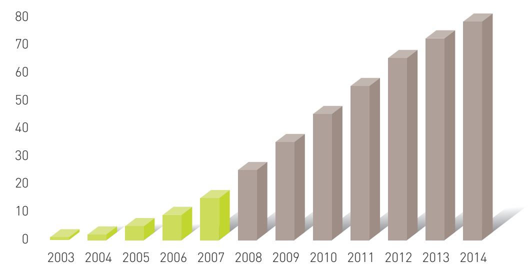
FLEXIBLE BUSINESS MODEL

Under TomTom's business model, all our core activities remain in-house, including our software and hardware technology expertise, our relationship with our customers, and our branding activities. All other activities, such as hardware production, manufacturing logistics and distribution are outsourced to business partners. This model has given us the flexibility to expand rapidly and efficiently over the past ten years.

CONTINUED GROWTH

We aim to consolidate our leading market share in Europe and to increase our market share in the US and elsewhere. We will do this by continuing to increase the depth and breadth of our products and services, by expanding our global footprint, and by deepening and widening our distribution. At the heart of our success lies the quality of our products and services, and we invest heavily in development to ensure that we continue to develop products that consumers want and that are superior to those of our competitors. It is also crucial that consumers recognise and appreciate our technological superiority, and we invest in marketing and advertising to ensure we retain our market leadership.

PENETRATION RATE
(EUROPE & US)
(% of cars with some sort of navigation)



We are committed to making strategic acquisitions that will strengthen our organic growth. These include Datafactory AG in 2005, which gave us the WEBfleet technology at the heart of the telematics solutions offered by TomTom WORK; and Applied Generics Ltd in 2006, which gave us the technology to develop our ground-breaking Mobility Solutions services.

In line with this approach, our proposed acquisition of digital map maker Tele Atlas NV ('Tele Atlas') is another important step, because it will help facilitate our key business objective to improve the quality of both navigation and the user's navigation experience. The end result will be far superior maps from which the entire navigation industry and, more importantly, consumers themselves will benefit.

DELIVERING OUR VISION

This year we have made considerable progress in shaping the markets and industries in which we are operating, in executing our strategy, and in continuing to move towards achieving our vision.

Financially, we increased revenue by 27% to €1.7 billion and net profit by 43% to €317 million, both new records. Gross margin and operating margin ended up at 44% and 25% – well above our margin targets of 40% and 20% respectively. Net cash from operating activities was a record €441 million and total shareholder return was 57%.

As a business, we extended our product range and made significant technological breakthroughs that really underpin our strategy. We did this alongside the continuing development of our business to business capabilities in the automotive and fleet management industries.

On a 'personnel' level, structured month-on-month expansion meant that by year-end we had grown our workforce by more than 60%. Ultimately it is the exceptionally high calibre of my colleagues throughout the organisation that enables us to continue delivering successful, managed growth on all fronts.

DEVELOPING THE CUSTOMER RELATIONSHIP

We believe that we are heading for a future in which a satellite navigation solution will be found in every vehicle on the road. Although that is still a long way off, I think it is fair to say that during 2007 we made a significant advance towards realising that vision. Take for example our customer base, which passed the 15 million user mark, with 9.6 million PNDs sold in the past year alone.

That said, we are at a stage where market penetration is still low. To get to a stage of total market penetration, TomTom will have to reach new sections of the driving public currently untouched by the satellite navigation revolution.

How do we achieve this? We know that to develop the products, services and technologies that will bring new people into the navigation community, we need to deepen our relationship with our customers. We need to keep on top of their navigation needs, remaining attuned to what people are experiencing and what they want, both now and in the future. Because let's not forget, this is still a relatively undeveloped consumer sector. What people expect from our products and services is likely to evolve rapidly in the coming years, just as it has over the past decade. Up to now, TomTom has led the industry when it comes to identifying what customers want and look forward to, and we intend to retain that pole position in the years to come.

We have made great advances in extending the relationship we have with our customers. In 2007, we embedded our practice of synchronising customer feedback with product development, which is absolutely critical. We launched two breakthrough technologies that have matured that customer relationship. The first was the introduction of TomTom Map Share™, which allows us to draw on our global community of TomTom users, who now help us enhance the quality of maps. The second is the way we are harnessing community-generated content so that it plays an increasingly important role in improving the quality of our routing technology.

THE NEXT LEVEL OF NAVIGATION

Better maps and better routing are areas where we feel navigation devices and services will need to improve if we are to keep ahead of rising consumer expectations. Better traffic information is also a critical component, and in 2007 we introduced TomTom HD Traffic™ in the Netherlands. This will be followed by roll-outs across other markets during 2008 to achieve our goal of making this service available to 50% of our European customer base by the end of 2008. Traffic services are discussed in greater detail elsewhere in this report, but I would like to say here that this new technology dramatically improves the quality of our solutions. In combination with other technologies, it means that we can give our customers control of the situation and the option to always choose the fastest possible route to their destination.

"We are confident TomTom is on the brink of another leap forward in terms of PND market penetration."

“The first thing to say about 2007 is that it was the most successful year in TomTom’s history so far.”

Better maps, better traffic information and better routing are the three pillars of our strategy, because we are convinced that together they will take navigation to the next level. And having now developed breakthrough technological solutions within each of these pillars, we are confident that TomTom is on the brink of another leap forward in terms of sales and market penetration.

But it is more than linear progress- I see a genuine step-change from where we are now. With these breakthroughs, the PND is evolving from a ‘don’t-get-lost device’ into a true travel companion. As a result, we are confident that this new generation of TomTom devices will become a must-have item, both for current PND users and a significant new section of the motoring public that values a solution that gets them from A to B faster, cheaper, safer and better informed, even when they do know their destination.

Successful delivery of the next generation of navigation services will rely increasingly on affordable and reliable wireless access and connectivity. We have made good progress here in 2007 and introduced our first ‘connected’ PND for consumers in the Netherlands to deliver dynamic content to drivers en route. The connected PNDs use pre-installed SIM cards and work ‘out-of-the-box’, making a separate mobile phone contract unnecessary – this in itself is a major innovation.

Connecting businesses to their fleets, our business division TomTom WORK has already had good success in selling connected navigation solutions, to subscribers that doubled in number last year.

We have invested considerable resources in the supporting software systems and delivery platform to enable the optimal delivery of our services to a broad range of navigation solutions.

TELE ATLAS

Like the rest of TomTom’s management team, I am excited about our proposed acquisition of digital map maker, Tele Atlas. If approved by the European Commission, it will further help us to deliver our core strategy of taking navigation to the next level. And the positive implications go beyond just TomTom. By integrating our technological map innovations and access to large-scale, community-generated map data into their own mapmaking, Tele Atlas will be able to offer far better maps to the entire navigation industry. More effective, real-time maps with the addition of exciting new content, including historical and real-time speed data, will revolutionise navigation and Tele Atlas technologies will be able to integrate this quickly into applications and devices.

ANOTHER RECORD YEAR

2007 has been another record year, but we know that this is no time to sit back. On the contrary, we need to actively deliver our strategy during 2008 and really focus on achieving further market penetration. We will do this by offering products and services that people really want, and our greater understanding of them will give us this insight before we go to market.

But it is not as if we are starting afresh here. TomTom has always been a great business with a great business model and great people delivering that model. So we will continue to build on our track record of developing our full range of products that are best-in-class because they are easy-to-use, smart, high quality and good value. Which is why we will continue to increase investment in R&D. We are also very aware that no product, however smart or competitively priced, will sell by itself. Which is why we continue to support sales by investing in the very best marketing, point-of-sale materials and advertising.

We can look forward to the future with confidence. We continue to be the innovation leader. We have successfully put in place the three technological pillars that will lift navigation to the next level. We continue to roll-out our robust and highly effective business strategy. And we remain on course towards our vision of a TomTom product or service in every vehicle on the road.

Harold Goddijn
Chief Executive Officer

TAKING NAVIGATION TO THE NEXT LEVEL

BUSINESS REVIEW

We made some huge strides forward in 2007 in the execution of our strategy. In particular, the introduction of TomTom Map Share™, with the establishment and development of our historical speed-profile database, and the launch of TomTom HD Traffic™ we believe we are now taking car navigation to a new level.

PRODUCTS AND SERVICES

During the year, we introduced a full range of new models, including our first mid-range product, the TomTom ONE XL, and the world's first embedded portable navigation solution for the automotive industry. The introduction of the new TomTom GO range, the GO 920, GO 720 and GO 520 – complete with the latest state-of-the-art technology, such as voice recognition, FM transmission and, in the GO 920, dead reckoning – again demonstrated TomTom's capacity for sustained innovative leadership.

TomTom HOME, our online portal for products and services, announced its one millionth registered user in March, and continued to build on this healthy start throughout the year, with our 3.5 millionth user joining at the end of 2007. This was very encouraging, as the strength of this global online community of TomTom users underpins and adds considerable value to key elements of our strategy, such as Map Share and our intelligent routing database.

SAFETY FIRST

At the beginning of the year, a study commissioned by Aon, Athlon Car Lease, Delta Lloyd (part of Aviva) and TomTom, and carried out by the Netherlands' leading independent research institute TNO, proved the positive influence satellite navigation devices have on both driving and road safety. The study concluded that satellite navigation significantly lowers driver stress levels, leaves the motorist more in control, and reduces miles driven by 16% and travel time when driving to an unfamiliar destination by 18%. This is good news not only for TomTom and our customers, but for the environment as well.

BRAND VALUES

TomTom also unveiled its new corporate identity and logo in 2007. The new identity retains all the unique TomTom brand values that score so highly with consumers, but now better reflects the full portfolio of navigation, tracking & tracing, and traffic solutions that we today offer to consumers, businesses and government agencies.

The new logo is an evolution of the previous one. In just a few years, TomTom has grown into a well-established global company and the leading brand in portable navigation solutions. The new logo reflects these developments and symbolises our care for our customers, hands-on mentality and passion for optimal, high-quality navigation products and services.

CUSTOMER SUPPORT

We believe TomTom products are the best available on the market, and back this up with the best available after-sales support.

Customer Support is one of the most valuable resources we can offer our customers and a genuine strategic asset to the Company. It 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.

Synchronising that feedback with our product management and marketing teams, and thus with our product development plans, delivers value that goes far beyond simply solving customer problems. It helps us identify areas where we can further expand our business and improve our products and services.

Our customer support department continued to grow in 2007, in line with the rapid expansion of the TomTom user-base. As a result of all the feedback we received we were able to regularly update our FAQs knowledge database, a useful tool that large numbers of our users regularly consult to learn tips and tricks from other users, which in turn leverages the expertise of our support function efficiently and cost-effectively.

At year-end, TomTom was supporting customers in 15 different languages across 30 countries.

"Independent research shows that using a PND reduces miles driven by 16% and travel time by 18%. This is good news not only for TomTom and our customers, but for the environment as well."

GEOGRAPHICAL COVERAGE

During 2007, our geographical coverage expanded to add Brazil, Japan, Latvia and New Zealand to the list of countries where our products are sold. By year-end, TomTom products were available in 30 countries on 5 continents.

In Europe, TomTom products were available in 21 countries and we continued to enjoy a stable leading market share. In North America, 2007 saw TomTom further increase market share. Thanks to our strong growth in the US market, our European revenue share decreased to 80%, from 90% in 2006, while revenue share from the US increased to 16%, from 8% in 2006.

TOMTOM MOBILITY SOLUTIONS

Following our announcement in 2006 of a strategic alliance between TomTom and Vodafone Netherlands to jointly develop breakthrough traffic data technology, we introduced our new premium traffic service TomTom High Definition Traffic (HD Traffic) in November 2007. The HD Traffic service is available for the first time with the new TomTom ONE XL HD Traffic, with other devices to follow. An accessory that enables people who already own a TomTom to receive HD Traffic without having to buy a new device will be launched in early 2008.

In June 2007, TomTom and Vodafone UK announced the planned introduction of HD Traffic to the UK during the first half of 2008 and in early 2008, we announced with Vodafone Germany the planned introduction of HD Traffic to Germany during the second half of 2008. Our goal is to have HD Traffic available for 50% of our European customer base by the end of 2008.

(For more about HD Traffic, see New Services – page 24).

AUTOMOTIVE

It is difficult for car manufacturers to develop integrated satellite navigation systems that meet consumer demands for cost effective, easy-to-use navigation with the latest innovations of the PND industry. Bringing our extensive navigation experience and innovation capabilities to the automotive industry therefore is an integral part of TomTom's long-term business strategy.

In the second quarter of 2007, we created a business unit that will focus on developing and selling navigation systems and services to the automotive industry. With this automotive team, based in new offices in Eindhoven in the south of the Netherlands, we are accelerating the build-up of our automotive expertise and R&D capabilities. To strengthen the Eindhoven unit, in the second quarter we acquired a dedicated and experienced automotive team, formerly working for Siemens VDO, to service car manufacturers and OEMs.

In October, we announced the availability of the world's first portable navigation device embedded at the car manufacturer. The latest Toyota Yaris comes with the option to include a TomTom PND as part of its built-in radio system. This new solution offers the motorist the best of both worlds: all the advantages of Tom-Tom's easy-to-use PND user experience in an embedded system that fits seamlessly into the radio as part of the Yaris dashboard.

TomTom continues to expand its automotive product range. This will include integrated navigation systems embedded in car dashboards that, in combination with TomTom HOME and our extensive service portfolio, will significantly enrich the motorist's navigation experience.

TOMTOM WORK

TomTom WORK provides businesses with Connected Navigation solutions that combine our award-winning navigation with tracking & tracing, reporting and two-way communication between fleet manager and fleet vehicle drivers. We have grown into the business-to-business area with an easy-to-use product that offers options to suit the needs of fleets of all sizes.

In 2007, TomTom introduced the world's first truly connected PND, the TomTom GO 715, with a built-in SIM card for commercial vehicles that offers a combination of navigation, two-way data communication and traffic information through either the basic COMPACT or more advanced ACTIVE solutions. These we see as meeting the needs of another critical sector in the B2B market.

TomTom WORK is active in six countries on two continents, and during 2007 more than doubled the number of its subscribers to 34,000 by year-end, from 14,000 at the end of 2006.

OFFER FOR TELE ATLAS

In 2007 we announced an all-cash offer for all of the issued and outstanding ordinary shares of Tele Atlas. This offer has the support of the Management Board and Supervisory Board of Tele Atlas and is approved by TomTom's General Meeting of Shareholders.

We believe that the navigation industry will change significantly in the next few years. We are already seeing an increasing demand from map users for access to intelligent routing and up-to-date maps. Validating maps, detecting changes in the road network and providing current data in the form of updates is critically important to all Tele Atlas customers. Tele Atlas' current map creation, enrichment and maintenance process is lengthy and expensive, taking months before a new map version with corrected data is released. The current map maintenance process perpetuates a suboptimal navigation experience for customers.

At TomTom, we have developed unique technologies to collect and process map related data from our user base of over 15 million navigation devices. This information will be delivered to Tele Atlas after the proposed merger, allowing Tele Atlas to substantially speed up and improve its map creation, enrichment and maintenance processes. The improved maps will then be made available to all Tele Atlas' customers. We will also introduce new product features, such as intelligent routing.

After completion of the acquisition, the combined company will possess the technology, data and economic strength to continually improve the quality of Tele Atlas' maps and provide more accurate navigation information. The combined company will improve all aspects of the digital map maintenance, enrichment and creation processes. This will result in better maps produced more efficiently and updated more frequently for the benefit of all current and future customers.

The aggregate value of the proposed transaction is approximately €2.7 billion, including the net financial cash position of Tele Atlas. We will finance the transaction by using available cash and fully committed bank finance.

FINANCIAL REVIEW

SUMMARY

In 2007, consumer demand for our products continued to be strong and we delivered group revenue of €1.7 billion, a year on year increase of 27%. The growth was led by sales of personal navigation devices (PNDs), of which we sold 9.6 million units.

Retail prices fell significantly during the year and as a result average selling prices (ASPs) for our PNDs fell by 37%. However, component cost reductions, cost engineering of our products, and the weakening of the US dollar against the euro enabled us to reduce costs at a faster rate than selling prices declined. As a result we increased our gross margin to 44%, an increase of 2 percentage points on 2006.

Operating expenses increased in line with the growth of the business, and we achieved an operating profit of €428 million, or 25% of revenue, compared with €340m in 2006. Net profit increased by 43%, to €317 million in 2007, up from €222 million in 2006.

Cash generated from operations was €535 million, an increase of 37% on 2006 (€392 million). We ended the year with cash of €463 million, an increase of €26 million in the year, having completed the purchase of a minority stake of 29.9% in Tele Atlas at a cost of €816 million and having raised net proceeds of €450 million from an equity placing. Net assets increased to €1,352 million from €551 million at the start of the year.

We delivered a 33% return on equity for the year (2006: 52%), measured as net profit over average equity for the year. Diluted earnings per share increased 40% to €2.66 from €1.90 for 2006.

(in € millions)	2007	2006	Change
Revenue	**1,737**	1,364	27%
Gross profit	**764**	579	32%
Gross margin	**44.0%**	42.4%	
Operating profit	**428**	340	26%
Operating margin	**24.6%**	24.9%	
Net profit	**317**	222	43%
EPS (fully diluted in €)	**2.66**	1.90	40%

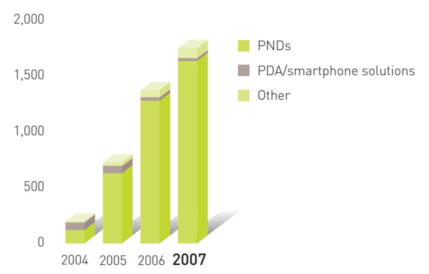
REVENUE

In 2007, we achieved a record revenue of €1.7 billion, up 27% on 2006. The main driver behind this revenue increase was PND unit sales. Revenue from PNDs increased 28% and accounted for 93% of total revenue in 2007, the same percentage as in 2006.

Revenue from PDA and smartphone solutions decreased to €25 million, down 19% on 2006 (€31 million). Other Revenue increased significantly due to growth in map and content sales, accessory sales, and revenue from TomTom WORK. Other Revenue rose to €89 million in 2007, a 37% increase on 2006 (€65 million).

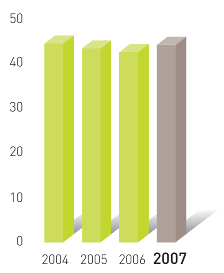
ANNUAL REVENUE (in € millions)

Year to 31 December 2007	**1,737**
Year to 31 December 2006	1,364
Year to 31 December 2005	720
Year to 31 December 2004	192



GROSS MARGIN PERCENTAGE

Year to 31 December 2007	**44.0%**
Year to 31 December 2006	42.4%
Year to 31 December 2005	43.2%
Year to 31 December 2004	44.3%



The revenue generated by TomTom WORK came from a strong increase in the number of Webfleet subscriptions, which more than doubled to 34,000 at the end of 2007 from 14,000 in 2006.

(in € millions)	2007	2006	Change
Revenue			
PNDs	**1,623**	1,268	28%
PDA/smartphone solutions	**25**	31	-19%
Other	**89**	65	37%
Total	**1,737**	1,364	27%

VOLUMES

The volume of PND units sold doubled in 2007 to 9.6 million units, up from 4.7 million in 2006. In the second quarter we introduced the TomTom One XL, which was our first 'mid-range' product. We now have three product ranges in our PND family: the entry-level TomTom One, the midrange One XL and the high-end GO series.

Number of units sold (in 000s)	2007	2006	Change
PNDs	**9,574**	4,687	104%
PDA/smartphone solutions	**601**	343	75%
Total	**10,175**	5,030	102%

AVERAGE SELLING PRICE (ASP)

The ASP of our PNDs is the result of a variety of factors, including the product mix, regional mix and market dynamics. For 2007, the ASP was €170, a decrease of 37% compared to 2006. The main driver behind this decrease was the reduction of component prices. This allowed for price decreases without compromising our gross margin. The increased importance of the North American market, where ASPs were lower, also had an impact on our ASP.

Average selling price (in €)	2007	2006	Change
PNDs	**170**	270	-37%
PDA/smartphone solutions	**42**	91	-54%

GEOGRAPHY

In 2007, TomTom generated revenue in EMEA (Europe and South Africa), North America (US and Canada) and Asia Pacific (Australia, New Zealand and Taiwan). While all regions showed a strong increase in sales, the proportion of sales outside EMEA rose to 20% in 2007, up from 10% in 2006.

In 2007 we saw first sales in Brazil, Japan (automotive), Latvia and New Zealand.

Sales generated in North America showed the biggest increase, and North America revenue more than doubled to €271 million in 2007, up from €106 million in 2006. Revenue in North America represented 16% of TomTom revenue, up from 8% in the previous year.

In EMEA, revenue increased by 14% to €1.4 billion, up from €1.2 billion in 2006.

Asia Pacific sales were up 126% to €70 million from €31 million in 2006. This increase was mainly driven by a strong performance in Australia.

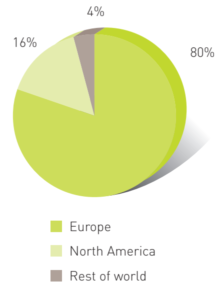
GROSS PROFIT

The gross profit increased to €764 million, an increase of €186 million over 2006.

The gross margin for the year was 44% up from 42% in 2006.

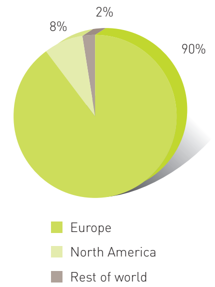
2007 REVENUE BY REGION

Europe	1,396,151
North America	270,567
Rest of world	70,415



2006 REVENUE BY REGION

Europe	1,226,331
North America	106,238
Rest of world	31,189



The majority of our trade purchases are denominated in US dollars. During 2007, we benefited from the weakening of the US dollar against the euro. On average, the US dollar rate weakened by 9% which contributed 2.8 percentage points to our gross margin for 2007.

OPERATING EXPENSES

Operating expenses in 2007 increased to €336 million, including €31.3 million (of which €29.2 million was non cash) of stock option charges (SOC), up from €238 million in 2006. As a percentage of sales, operating expenses (excluding SOC) increased by 1.7 percentage points to 17.6% in 2007 from 15.9% in 2006.

A €37 million increase in marketing expenses made up 37% of the overall increase in operating expenses. Selling, general and administrative (SG&A) expenses increased by €28 million, and research and development (R&D) expenses increased by €24 million. As a percentage of revenue, R&D expenses increased by 0.8 percentage points to 3.5% of revenue, marketing by 0.5 percentage points to 7.9%, and SG&A by 0.3 percentage points to 6.2%.

R&D expenses

R&D expenses include R&D personnel costs, third party software and manufacturing design costs, patent creation and maintenance costs, depreciation of R&D-related tangible-fixed assets, and amortisation of technologies. Total R&D expenses increased by 66% to €60.2 million in 2007, up from €36.2 million in 2006. During the second quarter we took over an experienced team of close to 90 automotive engineers from Siemens VDO to form the core of our new automotive division which was set up to support our sales to car manufacturers and Original Equipment Manufacturers (OEMs). We also purchased the worldwide patent portfolio of Horizon Navigation Inc. to further strengthen our intellectual property efforts and to support research activities.

Marketing expenses

Marketing expenses include advertising expenses and any expenses directly attributable to our marketing teams, including personnel expenses. Total marketing expenses increased 36% to €137 million in 2007, up from €101 million in 2006. New television advertising campaigns in Europe and North America were major investments during the year.

SG&A expenses

SG&A expenses include the costs of employees engaged in sales activities, customer support, back office and internal support activities, IT, legal, office and other general expenses. SG&A expenses increased by 34% to €108 million in 2007, up from €80.0 million in 2006, mainly as a result of the increase in staff.

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 final 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 2007, this led to a charge of €29.2 million (2006: €21.3 million).

Operating expenses

(in € thousands)	2007	% of rev	2006	% of rev
R&D	**60,194**	**3.5%**	36,244	2.7%
Marketing	**137,325**	**7.9%**	100,812	7.4%
SGA	**107,568**	**6.2%**	80,033	5.9%
OPEX	**305,087**	**17.6%**	217,089	15.9%

In 2007, we adopted a performance-based share plan which replaced the 2005 share option plan. The charges for the performance-based share plan are determined by an option pricing model that simulates the expected result of performance criteria approved by the Supervisory Board. The performance criteria selected are earnings per share (EPS) growth, and total shareholder return (TSR). In 2007 TomTom recorded a charge of €2.1 million in respect of this plan (2006: €0 million).

FINANCIAL INCOME AND EXPENSES

We recorded a net gain of €2.8 million in financial income and expenses in 2007, compared to a net charge of €24.7 million in 2006. Exchange rate results resulted in a charge of €16.3 million for 2007 compared to a charge of €32.3 million in 2006. This charge arose from foreign exchange contracts put in place in accordance with our foreign exchange 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 charge is the sum of positive and negative results on our hedging portfolio. The weakening trend of the US dollar-euro exchange rate in 2007 compared to 2006 was the main driver for the negative effect on our financial income and expense line.

We revalue all hedging contracts to market value at the end of each period, whether or not they have matured, as well as cash and other assets and liabilities denominated in other currencies than our functional currency. The 2007 result therefore consisted of both realised and unrealised results.

As a result of the higher average euro interest rates and our higher average cash balances, net interest income increased to €19.1 million compared to €7.6 million in 2006.

TAXATION

The total income tax charged to our income statement was €114 million and relates to all jurisdictions in which we have a fiscal presence. In absolute terms, the tax charge increased 22% compared to the previous year (2006: 93 million), mainly as a result of higher profits. Our effective tax rate decreased by 3.1 percentage points to 26.5% compared to 2006 following the decrease in the Dutch corporate tax rate from 29.6% to 25.5%.

NET PROFIT

The net profit increased by 43% to €317 million in 2007 from €222 million in 2006.

LIQUIDITY AND CAPITAL RESOURCES

In 2007, we generated €535 million of cash from operations, an increase of €143 million on 2006 (€392 million). Working capital decreased by €29 million, mainly due to increased liabilities and accruals towards our suppliers in combination with strong cash collections and tight inventory control. The inventory value at the balance sheet date was €131 million, an increase of €8 million on the value at the start of the year (€123 million). As a percentage of sales, the inventory value at year end decreased by 1.5 percentage point to 7.5% of annual sales as we continued to find ways to operate our inventory more efficiently.

We invested €32 million in technology fixed assets, including the worldwide patent portfolio of Horizon Navigation Inc., to support our worldwide development activities, while investments in general fixed assets were €17 million, or less than 1% of sales.

In the fourth quarter of 2007 we purchased a 29.9% minority stake in Tele Atlas. We spent €816 million, excluding banking fees, to purchase these shares. We raised cash in the same period from an equity issue which delivered €450 million of cash net of fees.

Overall, our cash balance increased by €26 million to €463 million at the end of 2007.

Cash flow (in € thousands)	2007	2006
Net cash from operating activities	**441,113**	291,507
of which working capital:	**28,957**	9,982
Cash flow used in investing activities	**-866,567**	-28,570
Cash flow from financing activities	**453,417**	1,113
Net increase in cash and cash equivalents	**27,963**	264,050
Effect of exchange rates	**-2,425**	-4,626
Cash and cash equivalents at end of period	**463,339**	437,801

"At TomTom, the work of every employee is built around three core competencies: Open Spirit, Passion for Results and Innovative Thinking."

The impact of the participation in Tele Atlas on our balance sheet was significant and shows in the increase in Non-current assets (+ €817 million) which includes the investment in Tele Atlas. The increase in Capital and reserves (+ €450 million) results from the share issue in December 2007. Total assets increased by €1,067 million to €1,970 million.

Balance sheet (in € thousands)	2007	2006
Non-current assets	915,319	59,170
Current assets	1,054,272	843,798
Total assets	1,969,591	902,968
Capital and reserves	1,352,350	550,790
Non current liabilities	42,413	10,982
Current liabilities	574,828	341,196
	1,969,591	902,968

ORGANISATION AND HUMAN RESOURCES

ORGANISATIONAL GROWTH

2007 saw TomTom grow by 63.4% to 1,337 employees worldwide by year-end, from 818 at the end of 2006.

During the year we opened new operations in Austria, Denmark, Finland, Japan and New Zealand, and substantially increased our headcount in Australia, Germany, Portugal, Spain, Sweden, Taiwan and the US. We also successfully integrated 90 new employees who joined the workforce from Siemens VDO in June 2007.

HUMAN RESOURCES POLICY

Organisational structure

At TomTom, the human resources function is organised centrally. In principle, all our staff worldwide are serviced by the Human Resources department based in Amsterdam. However, there are also dedicated Human Resources staff in the US and Taiwan; while our London, Paris, Leipzig and North Ryde (Australia) sites each have staff who combine human resources work with other functions.

Competencies

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 TomTom's Human Resources 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.

General Performance Scheme

GPS was successfully introduced in 2007, with a comprehensive training programme for managers and staff alike, along with the development of a range of largely web-based support tools. Like GPS, the core competencies were also successfully embedded during 2007, and both have now become an integral part of the TomTom spirit and work culture.

RECRUITMENT

During 2007, TomTom was recruiting 70 new employees per month. To ensure quality standards were maintained, a new recruitment process was developed and implemented, in which we have embedded the 'Talentlink' recruitment system to ensure fairness and consistency, and to provide feedback opportunities.

Through a search process that includes our company website, international job boards, advertisements, fairs and specialised agencies, TomTom was in 2007 able to attract a large number of highly motivated and talented young professionals from all over the world.

The three core competencies, combined with the role-specific competencies, form the basis of our selection process. In 2007, all managers and recruiters were offered competency-based interviewing training to help them select the best candidates.

To enhance the TomTom employer brand in the international labour market, in the second half of 2007 TomTom successfully introduced the TomTom Challenge, a unique selection process based around the TomTom core competencies.

COMPENSATION & BENEFITS

Compensation

TomTom's approach to compensation is geared to serving the company's worldwide strategy, and consists of a mix of base salary (How) and performance bonus (What), plus a long-term incentive for employees in mission-critical roles and for employees identified as 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 divided into an Individual element and a Company element. 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.

Employee share plan

Until 2007, TomTom operated an Employee Stock Option Plan. During 2007 this was replaced by a Performance Share Plan, which provides for the awarding of "Performance Shares". A "Performance Share" is a virtual unit linked to the actual cash value of TomTom shares. The final number of Performance Shares available depends on two performance criteria. The external criterion is Total Shareholder Return (TSR) benchmarked against AEX funds. The internal criterion is measured against Earnings Per Share (EPS) growth targets. Performance is measured over a three year period, with the final pay out dependent on (i) the extent to which the two performance criteria have been met (the number of Performance Shares) and (ii) the stock market value of a TomTom share at vesting (the value of each Performance Share).

Benefits

TomTom is determined to be a good employer and provide all employees with sufficient security in terms of pension, health and disability cover. Our worldwide benefit programme therefore focuses primarily on these subjects. However, depending on local circumstances and practices, additional programmes may be put in place locally.

TRAINING & DEVELOPMENT

Strategy

With the implementation of GPS, involving competency profiles for each job within the organisation, it was felt a new Training and Development (T&D) strategy was needed, which we developed and implemented during 2007.

The GPS Cycle

T&D needs are now mainly, though not exclusively, identified through the GPS cycle. When a particular developmental need is identified for a large enough group of employees, we develop specific programmes to meet those needs. In 2007 these included Project Management, Project Planning, Personal Effectiveness and Computer Literacy programmes.

Induction

During 2007, TomTom was typically recruiting 70 new employees a month. It is vital for the business that these people enjoy a smooth 'on-boarding' so they can hit the ground running when starting their jobs. At the same time it also ensures the huge influx of personnel does not undermine or dilute TomTom's much-valued work culture, but rather enhances the ability of our core values of Open Spirit, Passion for Results and Innovative Thinking to thrive.

We therefore replaced the standard induction programme with a new programme that splits induction into an overall TomTom induction day followed up by a discipline-specific induction component.

"At TomTom we have always developed all our core technologies in-house, from the ground up. Technological innovation is at the core of everything TomTom does."

Talent development

In late 2007, TomTom introduced its Young Talent Development programme. In 2007, 24 people were taken onto the programme, which is designed to broaden the participant's knowledge-base, while improving their technical and personal skills.

The programme has been developed in cooperation with Erasmus University, Rotterdam School of Management (RSM), and includes 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, helps participants to build cross-discipline peer group networks.

Health Policy

During 2007, the important step was taken to implement a new, worldwide health policy.

The goals of TomTom's 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 everybody's roles & responsibilities in terms of health. Meanwhile Health Officers have been appointed in every region, processes developed to foster a pro-active healthy environment, and during roll-out of the policy, steps were taken to raise awareness of relevant health issues amongst managers and employees alike.

In 2007 a new worldwide company doctor service was also put in place.

Works Council 2007

In June 2007, the joint Works Council of TomTom International BV and TomTom Sales BV was elected in accordance with the Works Council Act. Employees elected 13 representatives from 29 candidates, with good representation from across the TomTom organisation.

All Works Council members received professional training to help them in their new role.

With the incorporation into the workforce of the automotive team from Siemens VDO in Eindhoven, it was decided to recognise their existing Works Council until its next due elections in the second half of 2008, after which it will be integrated into TomTom's Works Council.

PRODUCTS AND TECHNOLOGY

CORE IN-HOUSE EXPERTISE, FOCUSED ON INNOVATION

The depth and breadth of expertise in navigation technology that TomTom has gained over the last 15 years gives us a genuine competitive edge, consistently positioning our products and services as 'best in market' and winning plaudits from technology and consumer publications alike.

At TomTom we have always developed all our core technologies in-house, from the ground up. 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.

Technological innovation is at the core of everything TomTom does. Our commitment to deliver the most innovative and user-friendly navigation solutions is an essential element of our market and technology leadership position, and gives us access to new markets. TomTom protects its innovations with patents in the major countries where it trades. In 2007 we filed our 500th patent application; in addition we have 150 granted patents worldwide.

TomTom's products are designed for the needs of the end-user. We work with industrial designers to deliver aesthetically pleasing products, while our mechanical and electronics designers work to strict cost and quality standards to ensure our products remain leaders in their class. The Company's User Experience Group then specifies and validates the end-user's response to all our products.

NEW PRODUCTS

In 2007, we renewed our total PND product range as well as introducing some additional products.

TomTom ONE XL

The TomTom ONE XL range – with a large 4.3" high-quality touchscreen, sleek new design and optional continental map version – was launched in 2007 to offer the consumer additional product options between the entry level TomTom ONE and premium TomTom GO ranges. Later in the year we launched the TomTom ONE XL HD Traffic, which introduced our exciting new High Definition Traffic service.

New GO range

The second half of 2007 saw the launch of the 2007 range of models in our premium TomTom GO range. The new GO range comes in three models: The GO 520 with pre-installed country/region map, the GO 720 with pre-installed continental map, and the GO 920 T with complete maps of Europe, the USA and Canada preinstalled on the 4GB internal memory. The GO 920 T also carries our new Enhanced Positioning Technology that gives continuous navigation even in built-up areas and tunnels.

TomTom enjoys an equally strong reputation for more entertainment-focused innovation, and the new GO range heralded the launch of various smart & fun extras, including the industry's first PND with speech-recognition capability, the option to record your own navigation instructions, and a built-in FM Transmitter.

TomTom ONE, RIDER and NAVIGATOR 6

In summer 2007, we introduced the TomTom ONE 3rd EDITION, the latest version of the world's bestselling PND, an entry-level product range for drivers who want a device that is easy-to-use and affordable, but still carries the latest maps and technology.

We also unveiled a new version of TomTom RIDER, our award-winning navigation solution for two wheels, with its waterproof casing and groundbreaking touchscreen specially developed for use with biker gloves. Innovations for the 2007 version of the RIDER saw us enter two important new partnerships with companies with worldwide reputations in the biking industry: First, with helmet-makers Cardo, with a new Cardo scala-rider™ Bluetooth® headset for in-helmet spoken instructions, and secondly, with bike mount experts RAM, with a new RAM® mount that fits virtually any motorbike, and carries RAM's unequalled reputation for withstanding the toughest conditions bikers can encounter.

The introduction of the TomTom NAVIGATOR 6 – the latest version of our solution for people who want a navigation system integrated into their PDA or smartphone – also saw new innovations, such as direct navigation to contacts stored in the device's address book.

"Up to now, TomTom has led the industry when it comes to identifying what consumers want and will want, and we intend to retain that pole position in the years to come."

NEW SERVICES

2007 saw the introduction of two key technological innovations that together form two of the three technological pillars underpinning TomTom's business strategy going forward (the development of our database of users' anonymous travel data being the third).

TomTom HD Traffic

The launch, initially onto the Dutch market, of High Definition Traffic (HD Traffic™) marked an important milestone for TomTom, with the introduction of a revolutionary new traffic information system.

Developed in partnership with Vodafone, HD Traffic uses patented technology to convert anonymous, raw GSM signalling data into accurate, real-time information on the volume, speed and direction of mobile phones travelling in cars throughout the road network. This gives drivers roughly ten times more road coverage and up to five times more frequent traffic updates than traditional traffic information sources. TomTom HD Traffic information is factored into the route calculation providing users with the fastest route possible.

TomTom Map Share

In the second half of 2007, we used the introduction of the new GO range to launch our TomTom Map Share™ service. Map Share is proprietary map improvement technology unique to TomTom that allows users to improve their own maps instantly while on the road; and then, via our internet portal, TomTom HOME, to share their corrections with other TomTom users and to download the map corrections of millions of other users worldwide.

NAVCORE NAVIGATION FRAMEWORK

NavCore, our scalable navigation software architecture, uses advanced map-compression tools and intelligent routing algorithms that allow the processing of enormous amounts of roadmap data so that it can be displayed in a manageable and simple way. This provides a transparent user interface, giving the driver best-in-class mapping and routing information tools, while enabling the simultaneous, real-time connectivity of large numbers of users, along with rich functionality and quality hardware integration.

Developed by TomTom, NavCore is today the world's most widely used satellite navigation platform, and in 2007 we introduced the latest version, NavCore 7. NavCore 7 is available for all our new product ranges, but also the vast majority of earlier TomTom models, which can therefore also benefit from innovations such as TomTom Map Share and our unique 'Help Me!' safety feature.

SAFETY

Safety is a key focus for TomTom and in 2007 we introduced an important new set of safety features in our latest software, designed both to help motorists drive from A to B as safely as possible in normal circumstances and to facilitate quick assistance in emergency situations, through the 'Help Me!' feature. The 'Help Me' button is part of the main menu, and gives direct access to a database of emergency service and roadside assistance locations and phone numbers, as well as a first aid guide.

WIRELESS AND INTERNET SERVICES

Our content and service offering is made available wirelessly via a Bluetooth™-enabled mobile phone or integrated GPRS modem, or via the internet through our in-house developed software application, TomTom HOME.

TomTom HOME simplifies the process of downloading and storing content and services to a device. It allows users to pre-plan their route on their PC or Mac; to download content, ranging from new maps to celebrity voices; to access services, such as Safety Cameras and Weather; and to make use of the latest (often free) TomTom software innovations, such as QuickGPSFix and the Add-To-My-TomTom buttons to be found at Google Maps, the English Tourist Board and the websites of many other organisations.

TOMTOM MAP SHARE

Navigation devices are only ever as good as their maps, and we live in a world where road networks routinely change some 10-15% every year, and by as much as 40% in high-growth areas. Until now, digital maps have been unable to keep pace with that rate of change.

TomTom therefore made the strategic decision to tackle the task of mapping today's ever-changing road networks by developing a proprietary map improvement technology: TomTom Map Share.

With Map Share it is possible for the first time to instantly correct map errors directly on your PND, and for Map Share improvements to then be shared with and used by the whole Map Share community. There are currently over 15 million drivers with TomTom devices, the world's largest satellite navigation community. This means our users can now benefit from the local road knowledge of millions of fellow motorists across the globe.

With so much of the road network changing every year, the volume of improvements needed to keep a map up-to-date increases significantly over time. At a certain point, that volume reaches a level whereby it becomes technically unfeasible to process, verify and distribute the changes to customers. However, TomTom's strategy is to deliver the very best maps at the lowest possible prices and we therefore ensure that customers receive at least 12 months of Map Share updates after purchasing a new device or map. After this, they can continue to make improvements to their own maps, but will no longer receive map improvements from other users.

Buying the latest TomTom map is never a problem, as we release new map versions on a daily basis. On top of this, new devices come with TomTom's Latest Map Guarantee: A commitment that we will provide the customer with the latest map pre-installed on their new device and that, should a newer map become available within 30 days of the date on which they start using their device, they can download that latest version for free.

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 the Supervisory Board on important matters, and to submit certain important decisions to the Supervisory Board for its approval.




MANAGEMENT BOARD

Harold Goddijn (top left)
Marina Wyatt (top centre)
Alexander Ribbink (top right)

SUPERVISORY BOARD

Andrew Browne (left)
Doug Dunn (right)
Guy Demuynck (bottom left)
Karel Vuursteen (bottom centre)
Rob van den Bergh (bottom right)




MANAGEMENT BOARD

Harold Goddijn (47)
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 for Psion. 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 (44)
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. She became Chief Financial Officer two years later. 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 early 2005, ahead of the IPO.

Alexander Ribbink (43)
Member of the Management Board,
Chief Operating Officer

Alexander Ribbink is a Dutch national. Having graduated with a Masters degree in Law from Amsterdam University, Alexander then completed an MBA at the Rotterdam School of Management, Erasmus Graduate School of Business Administration. He spent 11 years with Unilever, working in consumer marketing and general management, becoming vice-president for brand development for one of the company's largest Dutch food subsidiaries, and later managed a key European business unit for Mars, Inc. Alexander joined TomTom to lead our marketing activities in November 2003 and was appointed Chief Operating Officer in 2004.

SUPERVISORY BOARD

Andrew Browne (52)
Chairman of the Supervisory Board

Andrew Browne is an Irish national. First appointed to the Supervisory Board in May 2005, his current term runs until 2009. Andrew earned a Masters in Business Administration from Trinity College, Dublin. He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants in the Republic of Ireland. From 1985 to 1995 he worked for Advanced Micro Devices in California and in Asia, leading AMD's financial sales and marketing operations worldwide. He also served as Chief Financial Officer and Deputy Chief Executive Officer of Intelsat, the International Telecommunications Satellite organisation based in Washington DC, from 1995 to 1998. From 1998 to 2007, he was Vice President, Chief Financial Officer and Director of SES NEW SKIES (formerly New Skies Satellites BV). Andrew currently serves as a member of the Board of both the International Space University in Strasbourg, France and of Gulf DTH FZE LLC (Showtime), a joint venture between Viacom and Kuwait Investment Projects Co. based in Dubai.

Doug Dunn (63)
Deputy Chairman of the Supervisory Board

Doug Dunn is a British national. First appointed to the Supervisory Board in May 2005, his current term runs until 2011. Doug holds a Higher National Qualification in Electrical and Electronic Engineering from the College of Advanced Technology, Sheffield University. On his retirement in December 2004, he had for the previous five years been Chief Executive Officer and President of ASML Holding NV. Prior to this, he was a member of the Board of Management of Royal Philips Electronics NV, and Chief Executive Officer of its Consumer Electronics division (1996-1999) and its Semiconductor Division (1993-1996). Before joining Philips, Doug was from 1980 to 1993 Managing Director of the Semiconductor and Components division of General Electric Company Plc. For 11 years prior to that, he held various engineering and senior management positions in the US and UK with Motorola Semiconductors. Doug currently serves as chairman of the Board of Directors of ARM Holdings Plc and is a non-executive director of LG, Philips LCD, Soitec SA, ST Microelectronics NV, and Optical Metrology Innovations.

Guy Demuynck (56)
Member of the Supervisory Board

Guy Demuynck is a Belgian national. First appointed to the Supervisory Board in May 2005, his current term runs until 2008. 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. He currently serves as Chief Executive Officer of Kroymans Corporation BV, a company active in the automotive industry. In April 2007, Guy was appointed a member of the Management Board of Belgacom NV.

Karel Vuursteen (66)
Member of the Supervisory Board

Karel Vuursteen is a Dutch National. First appointed to the Supervisory Board in April 2007, his current term runs until 2010. Having earned a Masters in Agriculture from Wageningen University in the Netherlands, Karel worked from 1968 to 1991 for Royal Philips Electronics NV. This included various management positions in the Netherlands, Sweden, Norway, Germany, Austria 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 to 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.

Rob van den Bergh (57)
Member of the Supervisory Board

Rob van den Bergh is a Dutch national. First appointed to the Supervisory Board in April 2007, his current term runs until 2011. Rob earned his Masters degree in Law at Leiden University in the Netherlands. From 1975 to 1980, Rob worked as Legal Counsel General Affairs with the "Nederlandse Dagblad". He then began a longstanding career with VNU NV (currently Nielsen Media Research BV) from 1980 to 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, a position from which he recently retired. Rob currently serves as Chairman of the Supervisory Board of NV Deli Universal and as a member of the Supervisory Board of ABN AMRO Holding NV, Pon Holdings BV and Corporate Express NV (formerly Buhrmann NV). Rob is also a member of the Advisory Board of CVC Capital Partners BV and a member of the Investment Committee of NPM Capital NV.

The Supervisory Board currently consists of Andrew Browne, Doug Dunn, Guy Demuynck, Karel Vuursteen and Rob van den Bergh, who are listed in the section "Management Board and Supervisory Board" of this annual report. Karel Vuursteen and Rob van den Bergh joined the Supervisory Board following their appointment at the Annual General Meeting of Shareholders held on 25 April 2007.

SUMMARY OF ACTIVITIES

The Supervisory Board held six meetings with the Management Board during 2007. Among the items discussed in these meetings were operational, financial, legal, governance and strategic matters. The Supervisory Board discussed and agreed the financial results and the quarterly results, with the related press releases, prior to publication. The focus for the November 2007 meeting was on educational training for the Supervisory Board. At this meeting, the Supervisory Board members also met with representatives of the recently formed Works Council.

No Supervisory Board members were frequently absent from the meetings. The attendance of the 2007 Supervisory Board meetings is reflected in the table below.

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 and the Company's M&A activities, including the offer for all ordinary shares in the capital of Tele Atlas and the acquisition of 29.9% of the ordinary shares in Tele Atlas.

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

The Supervisory Board thoroughly discussed the proposed acquisition of Tele Atlas with and without the Management Board being present. To be able to form a clear opinion about the transaction and related matters the Supervisory Board received extensive advice from both financial and legal advisors of the Company.

The attendance at the 2007 meetings is reflected in the following table.

Date	Andrew Browne	Doug Dunn	Guy Demuynck	Karel Vuursteen	Rob van den Bergh
19 February	–	✓	✓	n.a.	n.a.
20 April	✓	✓	✓	n.a.	n.a.
19 July	✓	✓	✓	✓	✓
23 October	✓	–	✓	✓	✓
29 November	✓	✓	✓	✓	✓
4 December	✓	✓	✓	–	✓

INDEPENDENCE

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

COMMITTEES

Since the appointment of two additional members to our Supervisory Board at our 2007 Annual General Meeting of Shareholders, the Supervisory Board has consisted of five members. In accordance with the Corporate Governance Code, the Supervisory Board intends to appoint an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee from within its members during 2008. All duties and responsibilities normally performed by these committees were carried out by the entire Supervisory Board during 2007.

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 sub-committees, is determined by the General Meeting of Shareholders. At the General Meeting of Shareholders in April 2007, it was resolved to revise the remuneration for the Chairman and members of the Supervisory Board and to determine the remuneration for membership of the sub-committees. The remuneration is €35,000 per year for members of the Supervisory Board and €45,000 for the Chairman, each in proportion to the number of months served.

The aggregate remuneration of the Supervisory Board members in 2007 amounted to €157,940. The individual remuneration of the members of the Supervisory Board is shown in the notes to our financial statements, which are included in this annual report.

REMUNERATION REPORT

Application in 2007

On the basis of a benchmark of salaries carried out by an independent consultancy, the Supervisory Board agreed to continue the same policy as in 2006 with respect to the base salaries and bonuses of Management Board members.

The Supervisory Board revised the Remuneration Policy for the Management Board to include the Company's Share Based Incentive Plan (see below). The revised Remuneration Policy was approved at the Annual General Shareholders Meeting in April 2007.

In 2007, the remuneration of the Management Board consisted of (i) fixed remuneration, (ii) variable remuneration and (iii) long-term incentives (performance shares).

(i) Fixed remuneration

The fixed remuneration consists of a base salary plus 8% holiday allowance where applicable, which includes pension, life and disability insurance, and health insurance. Base salaries are subject to the usual statutory deductions.

Members of the Management Board are eligible to participate in the Company's defined contribution pension plan. The Company's contribution to the pension of each member of the Management Board is a maximum of 10% of base salary.

(ii) Variable remuneration

In addition to their fixed remuneration, 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. For 2007, the bonus pool was established at a percentage of profit before tax and was consistent with the bonus pool for 2006.

(ii) Long-term incentive

The members of the Management Board are eligible to participate in the Company's 2007 Share-Based Incentive Plan. Performance criteria for vesting of performance shares were established by the Supervisory Board for performance shares granted to Management Board members during the year 2007.

For details of the remuneration of the Management Board, please refer to the notes to the financial statements, which are included in this annual report.

Share Based Incentive Plan 2007

At the Annual General Meeting of Shareholders in April 2007, a share-based incentive plan was adopted as a long-term incentive, replacing the previous 2005 Share Option Plan. The replacement was proposed at the shareholders meeting with a view to TomTom's continued growth and changes in market practice. Options granted under the 2005 Share Option Plan will continue to be governed by the rules of that plan.

The purpose of the introduction of the share-based incentive plan is to offer a more stable long-term incentive. The 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 funds, and earnings per share growth targets. In accordance with market practice, the period of vesting and performance measurement will be three years.

The share-based incentive 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 best practice. The size of awards for the Management Board are at the median level of the market.

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. In the event that the employment of a member of the Management Board is terminated by or on the initiative of TomTom, he or she shall be entitled to a fixed amount of 50% of his or her annual base salary, including holiday allowance, unless the employment is terminated for causes within the meaning of the articles 7:677 sub 1 and 7:678 of the Dutch Civil Code, in which circumstances 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.

Outlook 2008

On the basis of a benchmark of Management Board salaries performed by an independent consultancy, the Supervisory Board has decided to continue the current remuneration policy for the Management Board. It is the intention of the Supervisory Board to perform an annual benchmark of Management Board salaries. Performance criteria have been established for variable remuneration and long-term incentive schemes, which will be reviewed and monitored on an ongoing basis by the Supervisory Board. The performance criteria are based on financial and operational targets.

FINANCIAL STATEMENTS 2007

The consolidated annual financial statements of TomTom NV for 2007, as presented by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these financial statements for 2007 and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the financial statements for 2007.

The Supervisory Board recommends that the General Meeting of Shareholders adopt both the Consolidated and Company Annual Accounts for 2007. The Annual Report for 2007 is available at the Company's offices on request and on the Company's website.

Upon approval of the Consolidated and Company Annual Accounts for 2007, and in accordance with Article 2:394 and Article 2:395 of the Dutch Civil Code, the Management Board will file the Annual Accounts for 2007 with the Chamber of Commerce in Amsterdam.

AUDIT

During 2007, the Supervisory Board assumed the roles and responsibilities of an Audit Committee.

All members of the Supervisory Board are independent of the Company. During the meeting of 29 November 2007, the Supervisory Board discussed both its own functioning and that of its individual members. The Dutch Corporate Governance Code requires the Supervisory Board to be satisfied that at least one member is a financial expert. The Supervisory Board considers that there is a sufficient breadth of financial expertise across the Supervisory Board that, collectively, the members have requisite skills and attributes to enable them to properly discharge their responsibilities relating to the business of an audit committee.

During the year, the Supervisory Board assisted the Company in meeting its responsibilities in respect of the following areas:

- the integrity of annual and quarterly financial reporting as presented under IFRS, together with related press releases;
- the maintenance of an effective system of internal control and risk management relating to strategic, financial, operational and compliance risks;
- the role and functioning of the internal audit department;
- 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;
- compliance with the recommendations and observations of the internal and external auditors; and
- review of the policies for managing cash and foreign exchange risks.

Financial reporting

The Supervisory Board 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, stock exchange requirements of Euronext Amsterdam, and other corporate governance, legal and regulatory requirements.

Risk Management and Internal audit

The Company monitors its internal controls through a systematic program of risk analysis, internal audits and control self-assessments. The Risk Management and Internal Audit department assists in the independent review of controls and management of risks. The department is the responsibility of the Chief Internal Auditor, who reports functionally to the Supervisory Board and administratively to the Chief Financial Officer.

During 2007, Risk Management and Internal Audit reporting was performed for the Supervisory Board at five Supervisory Board meetings. In order to facilitate free and open discussions during the course of the year, the Chief Internal Auditor met separately and maintained open communication lines with the Chairman of the Supervisory Board.

During 2006, an Internal Audit Plan for 2006–2008 was developed under the directive of the Supervisory Board. In 2007, 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.

Independence

We maintain a high level of independence and objectivity within our Risk Management and Internal Audit team, primarily through the following principles:

- Risk Management and Internal Audit provides assurance on internal controls and advises on business risks. The Management Board is accountable for managing risks associated with the Company's activities and for maintaining appropriate internal control systems;
- through the Chief Internal Auditor the Supervisory Board maintains a direct relationship with the Risk Management and Internal Audit department; and
- the Charter describing the purpose, authority and responsibility of the Internal Audit function is approved by the Supervisory Board.

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. Resolutions proposing their re-appointment and authorising the board to set their remuneration will be submitted to the forthcoming Annual General Meeting of Shareholders.

During the 2007 financial year, the Supervisory Board met three times with the external auditor together with 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 being present, during the course of the year.

The Supervisory Board 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.

Type of service

(in € thousands)	2007		2006	
Statutory audit	**389**	**45%**	317	31%
Other audit related services	**218**	**25%**	83	8%
Tax services	**257**	**30%**	635	61%
	864	**100%**	1035	100

Supervisory Board
Amsterdam, 21 February 2008

THE DUTCH CORPORATE GOVERNANCE CODE

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

- 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 (predetermined) performance criteria was not practical at that time.
- as previously disclosed, 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. Management Board members' employment contracts, including the above terms and conditions, were entered into prior to the date of the Initial Public Offering of the Company in 2005.
- at our 2007 Annual General Meeting of Shareholders 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. The duties and responsibilities of these committees were carried out by the entire Supervisory Board during 2007.The Supervisory Board intends to appoint an audit committee, a remuneration committee, and a selection and appointment committee during 2008.
- 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 three members: a Chief Executive Officer, a Chief Financial Officer and a Chief Operating Officer. 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

Currently, the Management Board consists of:

Harold Goddijn – Chief Executive Officer

Marina Wyatt – Chief Financial Officer

Alexander Ribbink – Chief Operating Officer

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

Senior management

Our Management Board is supported by our senior management team:

Corinne Goddijn-Vigreux – Chief Commercial Officer

Peter-Frans Pauwels – Chief Technical Officer

Pieter Geelen – Director of Software Development

Mark Gretton – Engineering Director

Harry van de Kraats – Human Resources and Organisation Director

As of 1 January 2008, Clive Millington and Sean Fernback, were appointed as members of the Senior Management Team to further strengthen the team in the areas of Operations and Product Development respectively.

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 of TomTom NV 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 2007.

SUPERVISORY BOARD

General

The Supervisory Board is responsible for supervising the conduct of the Management Board and the general course of our 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

Andrew Browne – Chairman

Doug Dunn – Deputy Chairman

Guy Demuynck – Member of the Supervisory Board

Karel Vuursteen – Member of the Supervisory Board

Rob van den Bergh – Member of the Supervisory Board

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

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 scheme 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.

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. No such conflicts of interest occurred during 2007.

Shareholding

Mr. Rob van den Bergh acquired 5,000 shares in the Company in 2007. 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.

Rotation schedule

On 29 November 2007, the Supervisory Board adopted the following Rotation Schedule:

	Date of first appointment	End of current term	Date of possible reappointment
Guy Demuynck	13 May 2005	AGM 2008	AGM 2008
Andrew Browne	13 May 2005	AGM 2009	AGM 2009
Karel Vuursteen	25 April 2007	AGM 2010	AGM 2010
Doug Dunn	13 May 2005	AGM 2011	AGM 2011
Rob van den Bergh	25 April 2007	AGM 2011	AGM 2011

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, we 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.

During the Annual General Meeting of Shareholders held in April 2006, a resolution was passed which grants the Management Board the irrevocable authority to issue ordinary shares, or grant rights to subscribe for ordinary shares, up to a maximum of 20% of our authorised share capital of ordinary shares, for a period of two years, starting on 13 May 2007 (i.e. expiration date of such authority previously granted) and ending on 13 May 2009.

Dutch company law and our Articles of Association in most cases give shareholders pre-emptive rights to subscribe on a pro rata basis for any issue of new shares. Exceptions to these pre-emptive rights include the issue of shares (i) to our employees, (ii) in return for non-cash consideration, or (iii) to persons exercising a previously granted right to subscribe for shares. Holders of ordinary shares do not have pre-emptive rights with respect to preference shares to be issued and holders of preference shares do not have pre-emptive rights with respect to ordinary shares.

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 2006, a resolution was passed which grants the Management Board the irrevocable authority to restrict or exclude pre-emptive rights for a period of two years starting on 13 May 2007 (i.e. the expiration date of such authority previously granted) and ending on 13 May 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; and
- 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 continuity and/or corporate identity, are fended off. 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

The Management Board of the Foundation consists of one "A Board member" and two "B Board members". The A Board member is appointed by the Management Board, from among the members of the Supervisory Board, subject to the approval of the Supervisory Board. The B Board members are appointed by the Board of the Foundation.

In 2007, the members of the Management Board of the Foundation were:

G.J.M. Demuynck	A Board member
M.W. den Boogert	B Board member
R.L. de Bakker	B Board member

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 of the Company.

Protection mechanism

We have granted the Foundation a call option (the "Call Option"), entitling it to subscribe for preference shares, up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares). Under the terms of a separate agreement, entered into between the Company and the Foundation on 26 May 2005, we have 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. The foundation may also itself determine to exercise the Call Option in other situations. 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 us.

Preference shares

During our Annual General Meeting of Shareholders 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 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 Dutch Financial 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 2007, 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 Moerbei	13.21%
Peter-Frans Pauwels/ Stichting Beheer Pillar Arc	13.21%
The Corinne Goddijn-Vigreux 2005 Trust	13.21%
The Harold Goddijn 2005 Trust	13.21%
Capital Research and Management Company	5.45%

These percentages do not take into account the impact of dilution on our ordinary shares, which we are not required to report to the AFM.

The global personal navigation market is highly dynamic and still in the early stages of market penetration. As a global player in this market, we lead developments in the industry and continually adapt to changes in the market place.

In this dynamic business environment, our Company objectives can be negatively impacted by a variety of business risks and economic developments.

Revenues, gross margins, profitability, liquidity and cash flows may fluctuate due to a number of factors. Through a process of weighing the probability and impact of identified risks, we establish the factors and variables that could have a significant impact on the results, so that we can take steps to minimise any potentially adverse effects.

Our results of operations or our financial condition could be materially adversely affected by any number of these external risk factors. The most important risks identified are highlighted below, and should be considered in connection with any forward-looking statements. There may be risks, not yet known to us or others, that are currently not deemed to be material, but that could have a significant potential financial impact on the business.

GLOBAL POSITIONING SYSTEM

Our products depend on Global Positioning System (GPS) satellite transmissions to provide position data to our customers. GPS satellites are funded and maintained by the US government and we have no control over their maintenance, support or repair. The free use and availability of GPS signals remains at the sole discretion of the US government.

GPS signals are carried on radio frequency bands specifically allocated on a global basis. Any reallocation or interference of these bands could impair the use of our products.

The planned European Galileo positioning system is an alternative system and complementary to the US-government owned GPS system. In 2007, the EU transportation ministers concerned reached an agreement that Galileo should be operational by 2013.

INTERNATIONAL EXPANSION

The global nature of our business increases risks associated with our international operations and potential future expansion into new international markets.

Our business operations span five continents and we therefore face the economic, regulatory, legal and political risks inherent in having relationships, operations and sales in a variety of jurisdictions. Our rapid growth in a relatively short period of time has placed, and may continue to place, significant demands and strains on our resources, systems, internal controls and management.

In order to manage risks related to international expansion we continuously focus on successful integration of new personnel and systems in order to manage our growth.

HUMAN RESOURCES

The success of our business depends upon attracting, integrating and retaining qualified personnel in IT, finance, sales, marketing, research and development, product management, supply chain management, and other key areas. 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.

MARKET AND COMPETITION

The market for satellite navigation products in each of the geographic markets in which we operate is highly dynamic and competitive. Convergence in the Technology, Media, and Telecommunications industries leads to increased competition and associated new business opportunities.

There can be no assurance that our products will compete successfully against current or new market entrants or competing technologies. Our markets are characterised by rapid technological change, which could render our products obsolete and cause us to make substantial expenditures to replace our products.

We mitigate these risks by investing in the development of our technology and by focusing on innovative benefits that enhance the navigation experience for our customers.

PRODUCT DIVERSIFICATION

The majority of our revenue is derived from integrated personal 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 of operations or financial condition.

By expanding our other revenue streams, seeking new markets, and introducing new products and services (e.g. TomTom WORK, Automotive, TomTom HOME, TomTom HD Traffic™ and TomTom Map Share™), we aim to diversify product concentration risks over the medium- and long-term.

SALES PRICE

The sales prices of our products are primarily affected by the competition we face in various markets, our pricing compared to alternative products, our ability to provide enhanced services, and the strength of our brand in terms of innovation, quality and user-friendliness. We expect the prices we charge for our products to decrease over time, as supply increases, market competition intensifies and more personal navigation products become available.

We mitigate the risks of sales price erosion primarily by cost engineering our products and seeking operational cost leverage from increasing sales volumes. Unique differential benefits in our navigation products (such as TomTom Map Share and TomTom HD Traffic) help to reduce the effects of price erosion, as consumers are prepared to pay additionally for these unique features.

BRAND

We may not be able to sustain or improve the strength of our brand; or may as a consequence experience difficulty in maintaining our market acceptance. We could also face other 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 are constantly striving to increase awareness of our brand and strengthen our reputation for providing smart, easy-to-use, high-quality personal navigation products and services.

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, these may prove to be inadequate, or 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.

SUPPLY CHAIN

We depend on a limited number of third parties, and in certain instances sole suppliers, for component supply and manufacturing. 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. However, 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, results of operations or financial condition.

We continually evaluate the risks associated with outsourcing our supply chain. Our Engineering and Quality Assurance departments in Asia perform regular audits and ongoing reviews of our manufacturing partners and component suppliers.

The supply disruption risk for our highest volume products are mitigated by dual-sourcing production with two different manufacturing partners. For inbound and outbound freight we make use of multiple carriers. 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.

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 to understand, minimise and manage the design risks at an early stage which 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 this risk, we have Quality Assurance and Engineering departments that monitor the quality of our contract manufacturers and component suppliers.

PRODUCT LIABILITY

The use of the device itself, and the provision of map data and route instructions to vehicle drivers carries an inherent risk of product liability claims and associated adverse publicity. Product liability claims present the risk of protracted litigation, financial damages, lawyers' fees, and diversion of management's attention from the operation of our business.

We use disclaimers, limitations of liability to the maximum extent permitted by law and similar provisions in our licence agreements, but we cannot be absolutely sure that these provisions will prove effective barriers to product liability claims.

We mitigate the risks of product liability claims through product testing and by including security features in the product design.

INFORMATION TECHNOLOGY

Our information technology, telecommunications and other infrastructure systems, could face the risk of failure which might seriously disrupt our operations. We have back-up procedures in place, making use of outsourced partners, which are closely monitored.

A significant disruption to the availability of our information technology, telecommunications or other infrastructure systems could cause interruptions in 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 this risk by constantly striving to improve and strengthen our information technology and telephony infrastructure.

DEMAND FORECASTING

Accurate forecasting of the market demand for our products is important to our financial performance and to maintaining good customer relationships with distributors and retailers. If the demand is over-forecast and we over-stock the distribution and retail channel, we are more susceptible to downward pricing pressure resulting in loss of revenues, as well as an increase in finished goods inventory and net working capital. If demand is under-forecast, resulting in a shortage of products in the distribution and retail channel, we could face unfulfilled consumer demand and resulting loss of revenues, as well as damage to our reputation and relationships with distributors and retailers.

As part of mitigating this risk, we monitor sell-out rates and expectations of future demand at our major distributors and retailers. To further improve the accuracy of forecasting, we develop local forecasts, based on regional information that is consolidated into our sales forecasting process.

NEW PRODUCT INTRODUCTION

We introduced 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, in certain circumstances, owe compensation to our distributors and retailers on the price difference for their existing stock.

Our success is dependent 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.

TRADE CREDIT

Trade receivables relate mainly 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. Credit risks in Asia, Australia, Africa and Europe are mitigated by the purchase of excess loss insurance.

We have an established credit policy under which each new customer is analysed individually for creditworthiness before our standard 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 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 may only transact with us on a prepayment basis.

Total bad debts currently represent 0.3% 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, so 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 ensures adequate reserves, banking facilities and reserve borrowing facilities are maintained by continuously monitoring forecast and actual cash flows, and by 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. There were no lines of credit at balance sheet date. The contractual maturity of our trade and other liabilities is less than one year.

CURRENCIES

The objective of market risk management is to manage and control foreign exchange risk arising from various currency exposures and price risk arising from the holding of investments classified as at fair value through profit or loss.

Foreign exchange risk is managed through the buying and selling of derivatives and option contracts for forecast commitments and forward contracts for actual commitments. All such transactions are carried out within the guidelines set by the financial risk management policy, which is 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 the outcome of monthly forecast meetings. We aim to cover our currency exposure for 9 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 therefore are 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% to 85% of our anticipated and committed foreign currency exposure, in respect of forecast sales and purchases over the next nine months. We use foreign exchange (FX) plain vanilla options and foreign exchange (FX) forward contracts to hedge our currency risk, all with a maturity of less than one year from the reporting date.

A 2.5% strengthening or weakening of the euro against the currencies listed below at 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 2006.

	2007		2006	
(€ in thousands)	**2.50%**	**-2.50%**	2.50%	-2.50%
AUD				
Net profit after taxation	**-247**	**247**	66	-66
Total capital and reserves	**-146**	**149**	66	-66
GBP				
Net profit after taxation	**-933**	**933**	2,912	-2,912
Total capital and reserves	**-779**	**783**	3,247	-3,245
USD				
Net profit after taxation	**542**	**-542**	-3,312	3,331
Total capital and reserves	**1,013**	**-1,011**	-3,389	3,408

INTEREST RATES

We have limited exposure to interest rate risk, as we have not drawn under any loan facility. The term loan that we secured for the proposed Tele Atlas acquisition has a floating interest coupon linked to Euribor developments.

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 is approved by the Supervisory Board.

Bank borrowing terms have been negotiated with a syndicate of banks to enable us to acquire the shares of Tele Atlas, should the conditions to our offer be fulfilled.

"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."

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.

The Company embeds 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 key features of the systems of internal control are:

- clearly defined lines of accountability and delegation of authority, together with comprehensive reporting and analysis against approved budgets;
- minimisation of 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;
- centralised treasury operations to 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; and
- a Code of Conduct and a Code of Ethics accessible by 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 2007 we made the following changes to our internal control systems, which we believe have led to improvements in our control environment:

- adoption of our principle-based Product Creation Framework for all major product lines. As part of this framework, components used in our products are de-risked at the earliest possible opportunity in the design phase to ensure a smooth transition from design to mass production;
- broadening of our Information Technology and Telephony infrastructure and capabilities;
- in order to reduce our time-to-market for new innovations and to increase the predictability and reliability of our development processes we reorganised our Development department into separated Product Design and Technology departments;
- formation of our Security Committee and Security department;
- strengthening of our supply chain capability, predictability and flexibility, by dual-sourcing our high volume products and by expanding our Engineering and Quality Assurance departments;
- implementation of our General Performance Scheme, a consistent framework for performance management which aligns clear target and objective setting with personal development; and
- review of 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 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.

Amsterdam, 21 February 2008

"TomTom focuses its Corporate Social Responsibility activities around three main themes: supply chain management, environmental impact and responsible driving."

At TomTom, we recognise that the world in which we live and work presents many environmental and social challenges. Through our corporate social responsibility (CSR) activities, we try to face up to and address the challenges.

It is our aim to be continually improving our CSR performance. As a benchmarking exercise, in 2007 we used criteria from the Dow Jones Sustainability Index to sharpen many of our policies, with a view to entering the Index in the future.

We have identified three themes around which to focus our CSR activities: supply chain management, environmental impact and responsible driving.

It is also our aim to be transparent regarding our responsibility profile. This chapter therefore gives an overview of the CSR progress TomTom has made in 2007. Our accomplishments include:

- development of TomTom's Green Statement. This recognises our environmental impact and outlines the ways in which we try to minimise that impact;
- updating our Ethical Trading Code of Practice to align our expectations of TomTom's supply chain with international standards and declarations; and
- extended safety features in the software of all TomTom devices.

SUPPLY CHAIN MANAGEMENT

TomTom's Ethical Trading Code of Practice

TomTom's products are manufactured by many different suppliers around the world and we encourage the companies throughout our supply chain to adhere to local labour and human rights laws.

To ensure decent and proper working conditions and respect for human rights, TomTom's Ethical Trading Code of Practice is at the core of our procurement processes and embedded in our 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. TomTom's Ethical Trading Code of Practice can be read in full on the investor relations section of our website.

Our suppliers and the environment

TomTom expects its suppliers to ensure their products and services are produced in accordance with relevant legislation, such as the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) and the Waste Electrical and Electronic Equipment (WEEE) Directives.

All TomTom's suppliers of personal navigation devices (PNDs), representing 95% of all TomTom's production, meet the international standards for managing environmental performance (ISO 14001) and the Occupational Health and Safety Assessment Series (OHSAS 18001).

Monitoring our suppliers' performance

At TomTom, we recognise that we have a significant role to play in the responsible management of each stage of our supply chain. Our Quality Department therefore works to ensure our suppliers comply with the principles set out in the Ethical Trading Code of Practice. The provisions of the code extend to all workers, regardless of their status or relationship with a supplier, and therefore also apply to workers engaged informally, on short-term contracts or on a part-time basis.

ENVIRONMENTAL IMPACT

TomTom's Green Statement

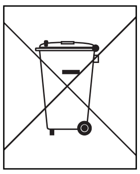
Climate change is one of the most important challenges facing the world today and TomTom recognises that our business activities can impact on the environment in several ways. Our commitment to minimising any negative impact has led us to develop TomTom's Green Statement, which outlines our direct and indirect impacts on the environment, and the various measures we take to reduce them.

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

Environmental impact of our products

TomTom continues to implement measures to reduce the environmental impact of its products throughout their life cycles. All PNDs are compliant with the RoHS and WEEE Directives, and key suppliers manufacturing TomTom devices are ISO 14001 certified, ensuring the control and improvement of our environmental performance.

Use of recycled materials



In early phases of the product design process, TomTom maximises the reuse and recycling of products, and also finances the treatment and recycling of waste returned through designated collection points, in accordance with local requirements. TomTom informs end-users on the appropriate disposal of devices.

CO_2 emissions

Independent research has shown that using a PND reduces kilometres driven by 16% and travelling time by 18%, helping significantly in the battle to reduce carbon emissions from vehicles.

As part of an ongoing research programme, TomTom is investigating in more detail how to further contribute to the reduction of CO_2 emissions.

The environment and the TomTom workplace

TomTom's commitment to the environment is also evident in the way we work.

In our offices, we separate paper from other waste for separate collection, return used cartridges to cartridge return centres and collect batteries for special chemical waste disposal.

We encourage staff to travel by train or bicycle and a very small number of employees drive lease cars.

The majority of TomTom's employees recently moved to a new head office that is one of the most energy efficient buildings in Amsterdam. Part of a larger development project, it uses long-term energy storage techniques that will lead to energy savings of up to 28% (and 5-10% lower energy bills) compared with similar buildings.

Nevertheless, TomTom is the first to acknowledge that there is still much to do, and we are always exploring ways in which we can further contribute to a sustainable future for the societies in which we live and operate.

RESPONSIBLE DRIVING

Finding your way the safe way

Independent academic research conducted in 2006 has proven that driving with a navigation system significantly improves traffic safety, by increasing driver control, reducing driver stress and distractions, and shortening the time and distances drivers need to travel.

We believe it is our responsibility to keep safety at the heart of all our product innovations. This commitment has resulted in the development of several unique safety features now included in the software of all TomTom devices.

For example, 2007 saw the introduction of a 'Help Me' menu that gives TomTom users direct access to emergency service phone numbers, roadside assistance and similar information critical in emergency situations. TomTom works with roadside assistance organisations in every country where such services exist to ensure our users can have direct access to such services.

Consumer awareness

At TomTom we do all we can to raise consumer safety awareness in areas where we feel we can play a positive role as industry leaders. This includes the development of a safety leaflet that outlines not only the product's safety features, but also how to use the device in the safest way.

Partnering a major road safety campaign

Every 12 minutes somewhere in Europe somebody dies in a traffic accident. Worldwide 1.2 million people are killed each year on the roads. More than 3,000 people are killed every day, 500 of them children.

At TomTom, we believe a shared responsibility for safety is one of our key priorities as a responsible corporate citizen. As part of this commitment we have since April 2007 been an official sponsor of the European Red Cross Road Safety Campaign 2007-2008. Over a 15 month period, we will support events and activities in 19 countries across Europe aimed at engaging and educating people in traffic safety and first aid.

For more detailed information on our partnership with the Red Cross, please visit: http://investors.tomtom.com/tomtom/csr/community/

Theft prevention

The growing popularity of PNDs is reflected in their increasing attraction to thieves. Acknowledging this trend, we take very seriously our responsibility to educate consumers in this area and actively cooperate with local authorities to address and support theft prevention campaigns.

Sponsorship policy

TomTom's policy is that all our corporate donations should be to projects that enhance road safety. Financial donations have been made to several organisations and we have supported a number of other initiatives by donating TomTom products.

TomTom will continue to be involved in local initiatives across the world, and to support activities and programs aimed at increasing road safety in the broadest sense.

EMPLOYEES

We also recognise our responsibility and duty of care to our employees. What TomTom is doing in this area is detailed under Organisation and Human Resources (pages 20-22).

CONSOLIDATED INCOME STATEMENT OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2007	2006
Revenue	5	1,737,133	1,363,758
Cost of sales	6	972,949	785,131
Gross profit		764,184	578,627
Operating expenses			
Research and development expenses		60,194	36,244
Marketing expenses		137,325	100,812
Selling, general and administrative expenses		107,568	80,033
Stock compensation expense	21	31,285	21,321
Operating expenses	8	336,372	238,410
Operating profit		427,812	340,217
Interest result	9	19,121	7,585
Exchange rate loss	9	-16,330	-32,266
Result of associate	14	758	0
Profit before tax		431,361	315,536
Income tax	10	114,119	93,355
Net profit		317,242	222,181
Earnings per share (in €)			
Basic	11	2.79	2.01
Diluted		2.66	1.90

CONSOLIDATED BALANCE SHEET OF TOMTOM NV

as of 31 December (after proposed appropriation of the net result)

(€ in thousands)	Notes	2007	2006
Assets			
Non-current assets			
Intangible assets	12	56,344	39,183
Property, plant and equipment	13	17,824	7,926
Investments in associate	14	816,788	0
Deferred tax assets	22	24,363	12,061
Total non-current assets		915,319	59,170
Current assets			
Inventories	15	130,675	123,005
Trade receivables	16	403,015	265,990
Other receivables and prepayments	17	30,548	16,320
Other financial assets	18	26,695	682
Cash and cash equivalents	19	463,339	437,801
Total current assets		1,054,272	843,798
Total assets		1,969,591	902,968
Equity and liabilities			
Shareholders' equity			
Share capital	20	24,357	22,584
Share premium		566,736	115,075
Legal reserves		5,832	2,804
Stock compensation reserve	21	58,765	32,364
Retained earnings		696,660	377,963
Total equity		1,352,350	550,790
Non-current liabilities			
Deferred tax liability	22	412	962
Long-term liability		377	338
Provisions	23	41,624	9,682
Total non-current liabilities		42,413	10,982
Current liabilities			
Trade payables	24	151,859	66,744
Taxes and social security		88,737	72,557
Accruals		153,625	88,683
Provisions	23	54,345	34,103
Other liabilities		126,262	79,109
Total current liabilities		574,828	341,196
Total equity and liabilities		1,969,591	902,968

CONSOLIDATED STATEMENT OF CASH FLOW OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2007	2006
Cash flow from operating activities			
Operating profit		**427,812**	340,217
Realised financial losses		**-24,658**	-19,890
Amortisation of intangible assets	12	**16,611**	13,800
Depreciation of property, plant and equipment	13	**6,867**	4,393
Change to provisions		**52,223**	22,840
Change to stock compensation reserve	21	**27,587**	20,776
Changes in working capital:			
Increase in inventories		**-7,670**	-19,822
Increase in receivables and prepayments[1]		**-162,577**	-125,695
Increase in current liabilities (excluding provisions)		**199,204**	155,499
Cash generated from operations		**535,399**	392,118
Interest received	9	**20,102**	9,400
Interest paid	9	**-981**	-1,815
Corporate income taxes paid		**-113,407**	-108,196
Net cash flow from operating activities		**441,113**	291,507
Cash flow used in investing activities			
Investments in associate		**-816,030**	0
Investments in intangible assets[2]	12	**-33,771**	-21,419
Investments in property, plant and equipment	13	**-16,766**	-7,151
Total cash flow used in investing activities		**-866,567**	-28,570
Cash flow from financing activities			
Proceeds on issue of ordinary shares (net of transaction expenses)	20	**453,417**	1,113
Total cash flow from financing activities		**453,417**	1,113
Net increase in Cash and cash equivalents		**27,963**	264,050
Cash and cash equivalents at beginning of period		**437,801**	178,377
Effect of exchange rate changes on cash balances held in foreign currencies		**-2,425**	-4,626
Cash and cash equivalents at end of period		**463,339**	437,801

1 The increase in receivables and prepayments includes an amount of €10.2 million that is related to the investment in Tele Atlas, see note 14.

2 The acquisition of Applied Generics in 2006 was classified as an investment in intangible assets, as the substance of the acquisition was to acquire intellectual property and not to acquire a business, see note 26.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY OF TOMTOM NV

(€ in thousands)	Notes	Share capital	Share premium	Legal reserves	Stock compensation reserve	Retained earnings	Total
Balance as at 31 December 2005		**21,456**	**115,091**	**1,813**	**11,589**	**156,394**	**306,343**
Translation differences		0	0	379	0	0	379
Transfer to legal reserves		0	0	612	0	-612	0
Net income (expense) recognised directly in equity		0	0	991	0	-612	379
Profit for the year		0	0	0	0	222,181	222,181
Total recognised income and expense		0	0	991	0	221,569	222,560
Stock compensation reserve	21	0	0	0	21,321	0	21,321
Issue of share capital	20	1,128	-16	0	-546	0	566
Balance as at 31 December 2006		**22,584**	**115,075**	**2,804**	**32,364**	**377,963**	**550,790**
Translation differences		0	0	-1,548	0	0	-1,548
Transfer to legal reserves		0	0	4,576	0	-4,576	0
Net income (expense) recognised directly in equity		**0**	**0**	**3,028**	**0**	**-4,576**	**1,548**
Profit for the year		0	0	0	0	317,242	317,242
Total recognised income and expense		**0**	**0**	**3,028**	**0**	**312,666**	**315,694**
Stock compensation reserve	21	0	0	0	27,208	6,031	33,239
Issue of share capital	20	1,773	451,661	0	-807	0	452,627
Balance as at 31 December 2007		**24,357**	**566,736**	**5,832**	**58,765**	**696,660**	**1,352,350**

Statutory provisions with respect to appropriation of results

According to the Company's Articles of Association, the Company's reserves 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 in Amsterdam, the Netherlands. The Company has its headquarters in Amsterdam, the Netherlands. The activities of the Company include the development and sale of navigation solutions. The primary focus of these activities is on personal navigation.

The consolidated financial statements of the Company for the year ended 31 December 2007 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 21 February 2008. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 23 April 2008.

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:

- IFRS 7 "Financial Instruments: Disclosures"
- The complementary amendment to IAS 1, 'Presentation of financial statements'
- IFRIC 8 "Scope of IFRS 2"
- IFRIC 10 "Interim Financial Reporting and Impairment"

The Standards and Interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2007 have not yet been adopted. The Company 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.

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 inter-company transactions, balances, income and expenses are eliminated on consolidation.

The Consolidated Financial Statements for 2007 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	Amsterdam	100%
TomTom Sales BV	NL	Amsterdam	100%
TomTom Global Assets BV[1]	NL	Amsterdam	100%
TomTom Inc.	US	Concord, MA	100%
TomTom Software Ltd.	UK	London	100%
Applied Generics Ltd.	UK	Edinburgh	100%
TomTom Asia Ltd.	TW	Taipei	100%
Drivetech Inc.	TW	Taipei	100%
TomTom Work GmbH	DE	Leipzig	100%

1 TomTom Global Assets BV was formerly known as Baldivi BV.

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. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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

Interest income 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. The Group has not entered into any material finance leasing arrangements. 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.

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 our 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 shareholders' equity (cumulative translation adjustment).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Group companies (continued)

The principal exchange rates applied for the non-euro currencies are:

	Average rate for 2007	Rate as at 31 December 2007	Average rate for 2006	Rate as at 31 December 2006
AUD (Australian dollar)	**0.611**	**0.601**	0.600	0.597
USD (US dollar)	**0.731**	**0.685**	0.800	0.758
GBP (pound sterling)	**1.466**	**1.360**	1.446	1.485
NTD (New Taiwanese dollar)	**0.022**	**0.021**	0.025	0.023
CNY (China yuan)	**0.096**	**0.094**	0.106	0.097
CHF (Swiss franc)	**0.603**	**0.605**	n/a	n/a
DKK (Danish krone)	**0.134**	**0.134**	n/a	n/a
SEK (Swedish krona)	**0.108**	**0.106**	n/a	n/a

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 cost price 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, since hedge accounting is not applied by the Group.

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

Government grants

TomTom 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 government 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 defined contribution plans. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Performance share plan

During the year the Group introduced 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 when consumed. 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangibles

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.

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 economic 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 economic lives, which is usually less than a year.

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 pre-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, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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.

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. The group's loans and receivables comprise 'trade receivables' and 'cash and cash equivalents' in the balance sheet (note 16 and 19).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within 12 months of the balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises costs of purchase, and assembly and conversion to finished products. It excludes borrowing costs. 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 costs (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 uncollectible, 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

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.

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 more likely than not that an outflow of resources will be required to settle the obligation.

3. FINANCIAL RISK MANAGEMENT

The business risk report included on pages 38-41, contains auditable parts comprising 'Trade Credit', 'Liquidity', '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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

a) 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.

TomTom 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, TomTom 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.

b) Investment in associate

TomTom has followed the guidance of IFRS to determine the fair values of the assets and liabilities of Tele Atlas. The fair values are determined based on publicly available data and as a result, the purchase price allocation is performed on a provisional basis.

TomTom has recognised a share of profit from associate of €0.8 million. As TomTom does not have access to internal data of Tele Atlas, the result of associate is based upon an estimation of the Tele Atlas profit for the period. The net result of Tele Atlas is based on an estimate of their published results in the first three quarters of the financial period, taking into account the expectations of navigation market analysts and guidance given by Tele Atlas about the fourth quarter.

The valuation of the associate (Tele Atlas) is based upon the assumption that TomTom will acquire Tele Atlas. If TomTom does not acquire Tele Atlas the book value of the associate can change significantly. In that case the related expenses will be charged to the income statement.

c) 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.

d) Provisions

For our critical accounting estimates and judgements on provisions, reference is made to note 23.

e) 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.

5. SEGMENT REPORTING

During the period, the Group operated in one business line, being that of personal navigation solutions. The Group generates sales across different geographical regions.

Revenue

(€ in thousands)	2007	2006
Europe	**1,396,151**	1,226,331
North America	**270,567**	106,238
Rest of world	**70,415**	31,189
Total	**1,737,133**	1,363,758

Net profit

(€ in thousands)	2007	2006
Europe	**307,350**	225,892
North America	**5,439**	-4,739
Rest of world	**4,453**	1,028
Total	**317,242**	222,181

5. SEGMENT REPORTING (continued)

Assets

(€ in thousands)	2007	2006
Europe	1,786,308	803,494
North America	158,773	91,312
Rest of world	24,510	8,162
Total	**1,969,591**	902,968

Depreciation

(€ in thousands)	2007	2006
Europe	6,451	4,145
North America	274	187
Rest of world	142	62
Total	**6,867**	4,394

Amortisation

(€ in thousands)	2007	2006
Europe	15,894	12,991
North America	0	0
Rest of world	717	809
Total	**16,611**	13,800

Liabilities

(€ in thousands)	2007	2006
Europe	447,887	322,421
North America	152,223	23,617
Rest of world	17,131	6,140
Total	**617,241**	352,178

Capital expenditure on property, plant and equipment

(€ in thousands)	2007	2006
Europe	15,623	6,866
North America	565	230
Rest of world	718	55
Total	**16,906**	7,151

Number of employees at year-end

	2007	2006
Europe	1,178	715
North America	75	56
Rest of world	84	47
Total	**1,337**	818

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

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.

Employees in the United States 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 as issued on 9 December 2003, 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 in the year ended 31 December 2007 amounted to approximately €2.3 million (2006: €2.0 million), of which approximately 65% represented bonus payments (2006: 60%). The maximum bonus is calculated as 1% of profit before tax and shared equally across all members of the Senior Management Team, 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 2007 the bonus granted to management amounted to 0.93% of profit before tax.

Overview of salaries, performance related bonuses and other emoluments

	Salary	Bonus	Other emoluments[1]	Total remuneration
2007				
Management Board				
Harold Goddijn	194,400	497,884	0	692,284
Alexander Ribbink	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**
2006				
Management Board				
Harold Goddijn	194,400	394,420	0	588,820
Alexander Ribbink	194,400	394,420	17,790	606,610
Marina Wyatt	352,941	394,420	28,920	776,281
Total	741,741	1,183,260	46,710	1,971,711

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

Five other senior executives were designated as key management in 2007. The total remuneration for these senior executives amounted to €3.5 million (2006: €3.0 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 2007	Granted in 2007	Exercised in 2007	Outstanding 31 Dec 2007	Exercise price in Euro	Expiry date
Alexander Ribbink	1,499,992	0	0	1,499,992	3.75	1 November 2009
	1,499,992	0	0	1,499,992	28.82	10 November 2012
Marina Wyatt	500,000	0	0	500,000	26.44	10 August 2012
	500,000	0	0	500,000	33.96	9 November 2013
Total	**3,999,984**	**0**	**0**	**3,999,984**		

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

7. EMPLOYEE BENEFITS (continued)

Performance share plan

	Outstanding 1 Jan 2007	Granted in 2007	Exercised in 2007	Outstanding 31 Dec 2007	Expiry date
Harold Goddijn	0	12,600	0	12,600	10 May 2010
Alexander Ribbink	0	6,500	0	6,500	10 May 2010
Marina Wyatt	0	6,500	0	6,500	10 May 2010
Total	**0**	**25,600**	**0**	**25,600**	

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

	2007	2006
Andrew Browne (Chairman)	**45,000**	40,000
Guy Demuynck	**35,000**	30,000
Doug Dunn	**35,000**	30,000
Karel Vuursteen (appointed on April 2007)	**21,470**	0
Rob van den Bergh (appointed on April 2007)	**21,470**	0
Total	**157,940**	100,000

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES

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

(€ in thousands)	2007	2006
Personnel expenses – salaries	**74,440**	42,125
Personnel expenses – social security costs	**6,153**	3,150
Personnel expenses – pensions	**2,175**	1,024
Personnel expenses – share-based compensation	**31,285**	21,321
Personnel expenses – other	**21,603**	15,090
Personnel expenses	**135,656**	82,710

Average number of employees

The average number of employees in 2007 was 1,078 (2006: 627). At 31 December 2007, the Group had 1,337 (2006: 818) employees.

Operating expenses include an amount of €23.5 million for depreciation and amortisation expenses (2006: €18.2 million).

(€ in thousands)	2007	2006
Amortisation expenses	**16,611**	13,800
Depreciation expenses	**6,867**	4,394
	23,478	18,194

The costs for operating leases in 2007 amounted to €2.7 million (2006: €1.7 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

9. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2007	2006
Interest income	20,102	9,400
Interest expense	-981	-1,815
Exchange rate (losses)	-16,330	-32,266
	2,791	-24,681

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

The interest expense relates to interest costs on income tax liabilities and financing costs for the acquired Tele Atlas shares.

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	2007	2006
Current tax expense		118,804	119,622
Deferred tax	22	-12,852	-26,267
Through equity		5,822	0
Other permanent differences		2,345	0
Total tax expense for calculating effective tax rate		114,119	93,355

The effective tax rate, based on income before taxes, was 26.5% (2006: 29.6%). The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2007	2006
Dutch tax rate	25.5%	29.6%
Higher weighted average statutory rate on group activities	1.1%	0.6%
Amortisation of intangible assets (including deferred tax position)	0.0%	-0.6%
Utilisation of previously unrecognised tax losses	0.0%	-0.2%
Other	-0.1%	0.2%
Effective tax rate	26.5%	29.6%

11. EARNINGS PER SHARE

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

	2007	2006
Earnings (€ in thousands)		
Earnings (net profit attributable to equity holders)	317,242	222,181
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	113,759,244	110,279,686
Effect of dilutive potential ordinary shares		
Share options	5,476,417	6,875,957
Weighted average number of ordinary shares for diluted earnings per share	119,235,661	117,155,643

11. EARNINGS PER SHARE (continued)

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 done 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.

12. INTANGIBLE ASSETS

(€ in thousands)	Development costs	Acquired technology	Software	Total
Balance as at 31 December 2005				
Investment cost	2,803	15,210	0	18,013
Accumulated amortisation	-1,056	-1,112	0	-2,168
	1,747	**14,098**	**0**	**15,845**
Movements				
Investments[1]	1,296	34,083	1,944	37,323
Amortisation charges	-684	-12,336	-780	-13,800
Transferred from property, plant and equipment	0	0	45	45
Net foreign currency exchange differences	0	-230	0	-230
	612	21,517	1,209	23,338
Balance as at 31 December 2006				
Investment cost	4,099	49,063	1,989	55,151
Accumulated amortisation	-1,740	-13,448	-780	-15,968
	2,359	**35,615**	**1,209**	**39,183**
Movements				
Investments[1]	7,216	24,753	1,802	33,771
Amortisation charges	-1,533	-14,519	-559	-16,611
Transferred within intangible assets	385	0	-385	0
Net foreign currency exchange differences	0	1	0	1
	6,068	10,235	858	17,161
Balance as at 31 December 2007				
Investment cost	11,700	73,817	3,406	88,923
Accumulated amortisation	-3,273	-27,967	-1,339	-32,579
	8,427	**45,850**	**2,067**	**56,344**

1 The investments in 2006 include an amount of €15.7 million related to the gross up of the intangible assets, see also note 22 on deferred income tax.

Based on management's assessment at the reporting date, there was no indication that intangible assets are impaired. The intangible assets have finite useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

13. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer hardware[1]	Other	Total
Balance as at 31 December 2005				
Investment cost	2,671	3,666	1,223	7,560
Accumulated depreciation	-494	-1,515	-383	-2,392
	2,177	**2,151**	**840**	**5,168**
Movements				
Investments	2,062	2,258	2,950	7,270
Transferred to intangible assets	0	-45	0	-45
Disposals (net)	-21	-19	-33	-73
Depreciation charges	-970	-1,994	-1,430	-4,394
	1,071	200	1,487	2,758
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**

1 In 2006 software was transferred from property, plant and equipment to intangible assets.

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

14. INVESTMENTS IN ASSOCIATES

In the fourth quarter of 2007, the Company acquired 29.9% of the shares of Tele Atlas, a leading global provider of digital maps for navigation and location-based solutions, for a total consideration of €816 million.

The movements in the investment in associate can be specified as follows:

(€ in thousands)	2007
Balance as at 31 December 2006	**0**
Acquisition of associate	**816,030**
Share of profit for the period (Nov 7 '07 – Dec 31 '07)	**758**
Balance as at 31 December 2007	**816,788**

The estimated full year revenue and net profit of the associate and its aggregated assets (excluding goodwill) and liabilities are as follows (all at 100%):

(€ in millions)

Name associate	Place of incorporation	Assets[1]	Liabilities	Revenues full year	Net profit full year	Interest held	Published fair value
Tele Atlas	The Netherlands	1,143	284	318	2	29.9%	2,598

1 Excluding goodwill.

14. INVESTMENTS IN ASSOCIATES (continued)

Investments in associates at 31 December 2007 include a preliminary goodwill amount of €1.7 billion (based upon a 100% share in Tele Atlas). The full year revenue and net profit of Tele Atlas and the valuation of all assets and liabilities of Tele Atlas is provisional and based upon publicly available data up to the date of these financial statements. TomTom's share of the profit of Tele Atlas is based upon our management's best estimate, taking into account historic publicly available data and our knowledge of the navigation market.

15. INVENTORIES

(€ in thousands)	2007	2006
Finished goods	65,340	61,571
Components and sub-assemblies	65,335	61,434
Inventories	**130,675**	123,005

The cost of inventories recognised as an expense and included in cost of sales amounted to €704 million (2006: €593 million).

As a result of the write-down of inventories to their net realisable value, the Group recognised costs of €8.4 million (2006: €5.6 million). These costs are included in cost of sales.

16. TRADE RECEIVABLES

(€ in thousands)	2007	2006
Gross trade receivables	406,057	268,592
Allowance for doubtful receivables	-3,042	-2,602
Trade receivables (net)	**403,015**	265,990

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 all European, Asian, Australian and African customer receivables.

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

(€ in thousands)	2007	2006
Balance as at 31 December	**-2,602**	-2,250
Provision for receivables impairment	-591	-554
Additional receivables written off during the year as uncollectible	76	94
Unused amounts reversed	26	108
Translation effects	49	0
Balance as at 31 December	**-3,042**	-2,602

16. TRADE RECEIVABLES (continued)

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 TomTom's customers have not been exceeded, and an analysis of overdue amounts and related provisions for doubtful trade accounts receivable:

(€ in thousands)	2007	2006
Total	406,057	268,592
Less provision for doubtful trade accounts receivable	-3,042	-2,602
Trade receivables (net)	403,015	265,990
Of which:		
Not overdue	400,454	253,840
Overdue < 3 months	5,145	14,752
3 to 6 months	298	0
Over 6 months	160	0
Less provision	-3,042	-2,602
Trade receivables (net)	403,015	265,990

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

(€ in thousands)	2007	2006
EUR	162,599	132,371
GBP	94,016	91,633
USD	141,334	37,097
Other	5,066	4,889
Trade receivables (net)	403,015	265,990

17. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2007	2006
Prepayments	13,148	3,048
VAT and other taxes	12,907	8,896
Other receivables	4,493	4,376
	30,548	16,320

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

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 €25.0 million (of which €1.7 million is included in other liabilities) compared to a net liability of €3.7 million in 2006.

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

(€ in thousands)	2007	2006
Rights and obligations to buy US dollars	748,000	272,500
Rights and obligations to sell US dollars	-348,000	0
Rights and obligations to sell GB pounds	-138,500	-81,500
Rights and obligations to sell AU dollars	-96,500	0

19. CASH AND CASH EQUIVALENTS

(€ in thousands)	2007	2006
Cash and equivalents	173,337	310,122
Deposits	290,002	127,679
	463,339	437,801

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

	2007 No.	2007 (€ in thousands)	2006 No.	2006 (€ 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	121,785,000	24,357	112,921,000	22,584

All shares have a par value of €0.20 per share (2006: €0.20 per share).

On 7 December, the Company placed 8,156,250 new ordinary shares of 20 cents at a price of €56 per share, raising net proceeds of approximately €450 million.

In 2007, 707,370 shares were issued following the exercise of share options by employees (2006: 5,640,093).

Our reserves are freely distributable except for €5.8 million of legal reserves. Reference is made to note 6 in our Company financial statements for an overview of our non-distributable reserves.

21. SHARE-BASED COMPENSATION

There are a number of share-based compensation plans for TomTom 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)	2007	2006
Opening balance	32,364	11,589
Stock compensation expense	29,156	21,321
Tax benefit	4,083	0
Release to retained earnings	-6,031	0
Share options exercised	-807	-546
Closing balance	58,765	32,364

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 December 31, 2007:

Year of grant	Number outstanding at 31 Dec 2007	Exercise price per share (in €)	Weighted average remaining life	Number exercisable at 31 Dec 2007	Weighted average exercise price (in €)
2004	3,060,164	0.75-3.75	1.64	3,060,164	2.29
2005	4,409,984	26.44-28.82	4.80	0	28.22
2006	2,057,500	25.50-37.68	5.78	0	33.30
2007	30,000	30.91	6.19	0	30.91

A summary of the Group's stock option plans and the movement during the years 2006 and 2007 is presented below:

Option plans	2007	Weighted average exercise price (in €)	2006	Weighted average exercise price (in €)
Outstanding at the beginning of the year	10,293,512	19.74	13,840,224	9.64
Granted	30,000	30.91	2,132,500	33.25
Exercised	-707,370	1.29	-5,640,093	0.12
Forfeited	-58,494	27.85	-39,119	12.86
Outstanding at the end of the year	9,557,648	21.02	10,293,512	19.74

21. SHARE-BASED COMPENSATION (continued)

Performance share plan

The Group introduced a performance share plan to provide for employees, as the share option plans are being phased out. Options are no longer being granted. Conditional awards of TomTom shares were made under the share-based incentive plan of 2007. The actual amount of shares that may vest, ranging from 0-150% of the conditional award, depends on the total shareholder return of TomTom compared to other companies listed in the AEX index, and the EPS growth of TomTom. For the performance shares granted in 2007, the measurement period is three years starting at 1 January 2007.

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

Share plan	2007
Outstanding at the beginning of the year	0
Granted	187,200
Exercised	0
Forfeited	-2,100
Outstanding at the end of the year	**185,100**

Valuation assumptions

The fair value of the share options granted up until March 2007 were 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 2007 was determined by the Black and Scholes model and Monte Carlo pricing model. The models contain 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 is calculated every reporting period based on the Group's estimate of equity instruments that will eventually vest.

The input into the share option valuation model is as follows:	2007	2006
Weighted average share price (euro)	30.80	33.23
Weighted average exercise price (euro)	30.91	33.25
Weighted average expected volatility	40%	40%
Weighted average expected life	84 months	84 months
Weighted average risk free rate	3.96%	3.74%
Expected dividends	Zero	Zero

Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom 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. Prior to the IPO, the share price was determined by management, using a discounted cash flow model.

The Black and Scholes and the Monte Carlo option valuation models were 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. DEFERRED INCOME TAX

As at 31 December 2007, the Group has an estimated deferred tax liability of €0.4 million (2006: €1.0 million). A deferred tax asset has been recorded amounting to €24.4 million (2006: €12.1 million). The deferred tax asset and tax liability result from timing differences between the tax and accounting treatment of granted share options, amortisation of intangible assets, and certain provisions.

(€ in thousands)	2007	2006
Deferred tax assets:		
To be recovered after more than 12 months	15,759	6,927
To be recovered within 12 months	8,604	5,134
	24,363	12,061
Deferred tax liabilities:		
To be recovered after more than 12 months	208	86
To be recovered within 12 months	204	876
	412	962

The movement of the deferred tax assets is as follows:

Deferred tax assets

(€ in thousands)	Stock compensation expense	Intangible assets	Provisions	Total
Balance as at 31 December 2005	**1,011**	**0**	**296**	**1,307**
Charged to income	5,361	555	4,838	10,754
Balance as at 31 December 2006	**6,372**	**555**	**5,134**	**12,061**
Charged to income	8,077	755	3,470	12,302
Balance as at 31 December 2007	**14,449**	**1,310**	**8,604**	**24,363**

A deferred tax asset is recognised for the stock compensation expense related to the share option plan and the share performance plan.

The movement of the deferred tax liabilities is as follows:

Deferred tax liabilities

(€ in thousands)	Stock compensation expense	Intangible assets	Total
Balance as at 31 December 2005	**756**	**0**	**756**
Charged to income	-469	-15,044	-15,513
Acquisitions	0	15,719	15,719
Balance as at 31 December 2006	**287**	**675**	**962**
Charged to income	-287	-263	-550
Balance as at 31 December 2007	**0**	**412**	**412**

Increased insight into the commercial tax implications of acquisitions made in 2005 and 2006 resulted in a gross up of intangible assets and the recognition of a deferred tax liability in 2006. This non cash event had no impact on net profit. A large part of this gross up (€15.0 million) was released during 2006, as a result of amortisation on the intellectual property and the transfer of intellectual property between Group companies, which resulted in the recognition of a current tax liability.

23. PROVISIONS

(€ in thousands)	Warranty	Earn out	Claims, Litigation & Other	Total
Opening balance at 1 January 2006	**5,080**	**8,070**	**7,831**	**20,981**
Increases in provisions	32,940	0	10,713	43,653
Utilised	-16,525	-2,747	-171	-19,443
Released	0	0	-1,406	-1,406
Opening balance at 1 January 2007	**21,495**	**5,323**	**16,967**	**43,785**
Increases in provisions	39,020	0	36,570	75,590
Utilised	-21,137	-775	-74	-21,986
Released	0	0	-1,420	-1,420
Closing balance at 31 December 2007	**39,378**	**4,548**	**52,043**	**95,969**

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.

Earn out provision

The provision for earn-outs relates to previous acquisitions. Under the sale and purchase agreements, the former shareholders of the acquired Companies are entitled to an additional purchase price installment, depending on the performance of the acquired companies and related technologies during the period 2007 – 2008. Based upon management's best estimate, the Group provided for the maximum expected earn out.

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 TomTom has 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 level of liability requires significant judgments 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.

Analysis of total provisions

(€ in thousands)	2007	2006
Non-current	**41,624**	9,682
Current	**54,345**	34,103
	95,969	43,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

24. TRADE PAYABLES

Trade payables

(€ in thousands)	2007	2006
Less than 1 year outstanding	151,859	66,744
Total trade payables	**151,859**	66,744

25. OFF BALANCE SHEET COMMITMENTS

The Group has long-term financial commitments, which are not shown in the Group's balance sheet as at 31 December 2007.

Operating leases

These are operating leases for buildings, cars and office equipment, which consist of:

(€ in thousands)	2007	2006
Commitments less than 1 Year	6,194	7,744
Commitments between 1 – 5 Years	16,017	12,550
Commitments longer than 5 Years	13,922	43
	36,133	20,337

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

Purchase commitments

As at 31 December 2007, 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, TomTom has a contractual obligation to purchase these components from our manufacturers.

Other commitments

In the fourth quarter of 2007, TomTom made a cash offer of €30.00 per ordinary share for all ordinary shares of Tele Atlas, totalling approximately €2.9 billion (including the shares already acquired by TomTom). Following the European Commission's decision to initiate a second phase review of the proposed transaction, the acceptance period under the offer was extended to 31 March 2008. If no approval is obtained from the European Commission, TomTom reserves the right to withdraw from the offer. Should approval be obtained from the European Commission and provided that shareholders of Tele Atlas tender 80% or more of the total shares of Tele Atlas, then the Group is obliged to acquire the remaining shares in Tele Atlas at €30 per share.

In the fourth quarter of 2007 TomTom acquired 29.9% of the Tele Atlas shares. A significant part of the acquired shares will include proportional sharing arrangements with the Selling Shareholders, in the event that TomTom terminates the Offer or the Offer is otherwise not completed and TomTom decides to sell such Tele Atlas shares at a price higher than the Offer Price (€30), or if TomTom increases the consideration offered to all Tele Atlas shareholders.

TomTom has negotiated a syndicated loan facility, consisting of a €1,585 million term loan and a €200 million revolving credit facility to fund the Tele Atlas acquisition. The facility terminates on 31 December 2012 and has an annual repayment schedule. TomTom can draw under the term loan facility until 23 October 2008. The interest is in line with market conditions and based on Euribor with a spread that depends on certain leverage covenants.

Please refer to note 23 for disclosures on tax and legal contingencies.

26. ACQUISITIONS

2006

Acquisition of Applied Generics Ltd.

On 11 January 2006, the Group acquired 100% of the share capital of Applied Generics for a price of €16.5 million. Applied Generics has developed technology that makes it possible to generate real-time road traffic information based on the analysis of mobile network usage and cell-switching. The technology has the potential to deliver high quality traffic information at a fraction of the investment normally required to generate traffic information.

TomTom classifies the acquisition of Applied Generics as an acquisition of a group of identifiable assets and liabilities which do not meet the definition of a business under IFRS 3 "Business Combinations".

2007

Acquisition of Tele Atlas shares

In 2007, the Company acquired 29.9% of the shares of Tele Atlas for a total consideration of €816 million. Since TomTom did not obtain control over Tele Atlas in this transaction, the transaction does not qualify as a business combination. For more details about this transaction reference is made to note 14: Investments in associates.

27. RELATED PARTY TRANSACTIONS

On 7 November 2007, TomTom acquired a 28.3% interest in Tele Atlas which was later increased to 29.9%. As from 7 November 2007, the investment in Tele Atlas qualifies as an associate.

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.

For an overview of the Management Board's compensation, reference is made to note 7, Employee benefits.

28. 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 the 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**

(€ in thousands)	Loans and receivables	Assets at fair value through the profit and loss	Total
31 December 2006			
Assets as per balance sheet date			
Other financial assets	0	682	682
Trade receivables	265,990	0	265,990
Cash and cash equivalents	437,801	0	437,801
Total	703,791	682	704,473

(€ in thousands)	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
Liabilities as per balance sheet			
Trade payables	0	66,744	66,744
Other financial liabilities	4,402	0	4,402
Total	4,402	66,744	71,146

COMPANY INCOME STATEMENT OF TOMTOM NV

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

(€ in thousands)	Notes	2007	2006
Result of subsidiaries after taxation	2	**311,516**	224,171
Result of associate	3	**758**	0
Other income and expenses after tax	4	**4,968**	-1,990
Net profit		**317,242**	222,181

COMPANY BALANCE SHEET OF TOMTOM NV

as of 31 December

(€ in thousands)	Notes	2007	2006
Assets			
Non-current assets			
Investments in subsidiaries	2	756,243	426,292
Investment in associate	3	816,788	0
Total non-current assets		1,573,031	426,292
Current assets			
Receivables		14,047	2,747
Inter-company receivable		1	1
Cash and cash equivalents		203,000	150,322
Total current assets		217,048	153,070
Total assets		1,790,079	579,362
Equity and liabilities			
Shareholders' equity	5		
Share capital		24,357	22,584
Share premium		566,736	115,075
Legal reserves	6	5,832	2,804
Stock compensation reserve	7	58,765	32,364
Retained earnings		379,418	155,782
Result for the year		317,242	222,181
Total equity		1,352,350	550,790
Provisions		166	166
Inter-company payable		415,076	21,028
Current liabilities		22,487	7,378
Total equity and liabilities		1,790,079	579,362

1. PRESENTATION OF FINANCIAL STATEMENTS AND PRINCIPLE ACCOUNTING POLICIES

The description of the activities of TomTom (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 pages 49 to 55.

The total 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 2005		
Book value		189,202
Movements 2006		
Cumulative translation adjustment		379
Transfer to stock compensation reserve	7	12,540
Result of subsidiaries		224,171
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

3. INVESTMENTS IN ASSOCIATE

Please refer to notes 14, 25, 26 and 27 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2007, please refer to page 48 in the consolidated financial statements.

6. LEGAL RESERVES

(€ in thousands)	2007	2006
Legal reserves at 1 January	2,804	1,813
Internally generated intangible assets	4,576	612
Cumulative translation adjustment	-1,548	379
Legal reserves at 31 December	5,832	2,804
Internally generated intangible assets	6,928	2,352
Cumulative translation adjustment	-1,096	452
Total legal reserves	5,832	2,804

7. STOCK COMPENSATION RESERVE

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

8. 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 TomTom Sales BV.

9. 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.

10. PROPOSED APPROPRIATION OF RESULT

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

11. OTHER INFORMATION

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

12. AUDITOR'S REPORT

Reference is made to the auditor's report on page 77.

Amsterdam, 21 February 2008	Amsterdam, 21 February 2008
Management Board	**Supervisory Board**
Harold Goddijn	Andrew Browne
Alexander Ribbink	Doug Dunn
Marina Wyatt	Guy Demuynck
	Karel Vuursteen
	Rob van den Bergh

AUDITOR'S REPORT

To the Shareholders and Supervisory Board of TomTom NV

Report on the financial statements

We have audited the accompanying financial statements 2007 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 December 31, 2007, 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 December 31, 2007, 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 report of the management board, 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 December 31, 2007, 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 December 31, 2007, 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 e 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.

Deloitte Accountants BV
Amsterdam, 21 February 2008
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 approximately 0.5% of the index. The market capitalisation of TomTom at the end of 2007 was €6.3 billion. Share options of TomTom are traded on the Euronext Amsterdam Derivative Market.

FINANCIAL CALENDAR

23 April 2008	– Annual General Meeting of Shareholders
23 April 2008	– Publication results Q1 2008
22 July 2008	– Publication results Q2 2008
28 October 2008	– Publication results Q3 2008

MAJOR SHAREHOLDERS

At the end of 2007 the following shareholders with a holding of 5% or more were known to us:

Stichting Beheer Moerbei (Pieter Geelen)	13.21%
Stichting Beheer Pillar Arc (Peter-Frans Pauwels)	13.21%
The Corinne Goddijn-Vigreux 2005 Trust	13.21%
The Harold Goddijn 2005 Trust	13.21%
Capital Research and Management Company	5.45%

PROTECTION MECHANISM

We have granted Stichting Continuïteit TomTom a call option (the 'Call Option'), entitling it to subscribe for preference shares, up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares). Under the terms of a separate agreement, entered into between the Company and Stichting Continuïteit TomTom on 26 May 2005, we have the right to require Stichting Continuïteit TomTom to exercise the Call Option in whole or in part if, for example, a hostile takeover has been announced or made. Stichting Continuïteit TomTom may also itself determine to exercise the Call Option in other situations.

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. The vesting schedule of the outstanding options is set out below:

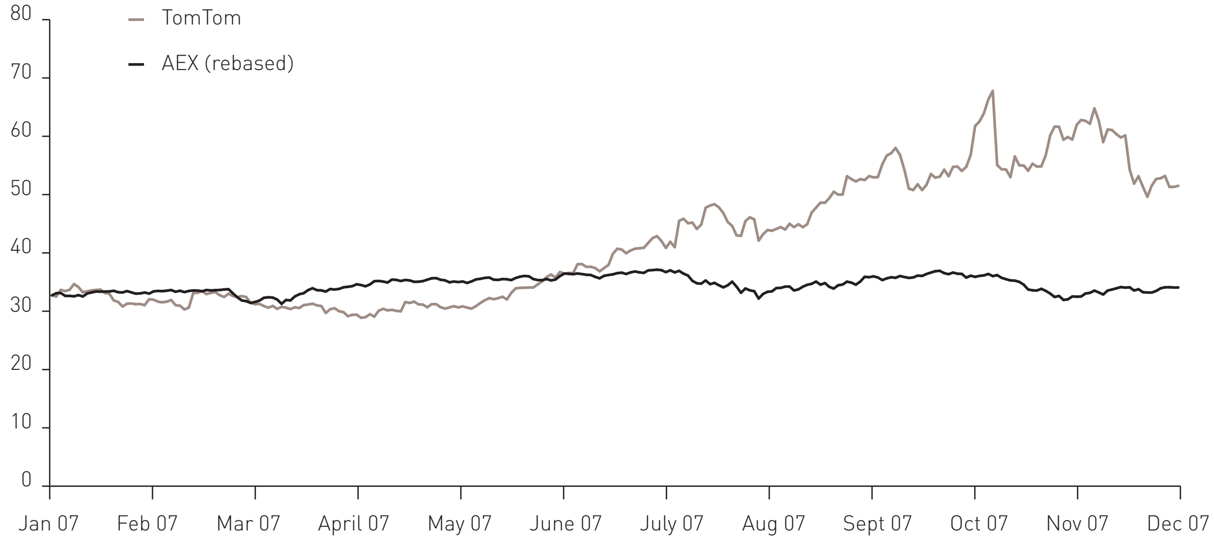
SHARE OPTIONS VESTING SCHEDULE

Number of options in 2008-2010 (in '000s)

	10 Aug 2008	10 Nov 2008	28 Feb 2009	9 May 2009	8 Aug 2009	9 Nov 2009	8 Mar 2010	
	1,103							€26.44
		3,307						€28.82
			90					€25.50
				113				€37.68
					188			€28.58
						1,668		€33.96
							30	€30.91

On 1 January 2008 there are 3.1m vested options that have not been exercised (average exercise price €2.29).

SHARE PRICE DEVELOPMENT



CONTACT INFORMATION

Together with 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

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