

2009



THE AUTHORITY IN LOCATION AND NAVIGATION SOLUTIONS



CONTENTS

REVIEW

01	Introduction
02	CEO letter
04	Profile and strategy
06	Our business units
06	Consumer
08	Automotive
10	Licensing
12	WORK
14	Management Board report
24	Corporate social responsibility
26	Internal control report
27	Business risks
33	Corporate governance
42	Profile of the Management Board and Supervisory Board
44	Supervisory Board report

FINANCIAL STATEMENTS

52	Consolidated statement of income of TomTom NV
53	Consolidated statement of comprehensive income of TomTom NV
54	Consolidated balance sheet of TomTom NV
55	Consolidated statement of cash flow of TomTom NV
56	Consolidated statement of changes in equity of TomTom NV
57	Notes to the Consolidated Financial Statements of TomTom NV

COMPANY FINANCIAL STATEMENTS OF TOMTOM NV

88	Company statement of income of TomTom NV
89	Company balance sheet of TomTom NV
90	Notes to the company Financial Statements
92	Other information
93	Auditor's report to the Financial Statements

94 SHAREHOLDER INFORMATION

96 KEY FIGURES OVERVIEW

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 2009 is not yet available to TomTom, those statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Annual Report.

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

FINANCIAL HIGHLIGHTS 2009

- €1.5 billion revenue
- 12 million PNDs sold
- 71% increase in new revenue streams
- €127 million decrease in total normalised operating costs
- €340 million net cash flow from operating activities

OPERATIONAL HIGHLIGHTS 2009

- **April** Carminat-TomTom available on the new Renault car lines
- **May** LIVE Services made available on mid-range TomTom XL LIVE
- **August** Fiat Group Automobiles and TomTom jointly develop the integrated portable navigation solution Blue&Me – TomTom
- **August** TomTom application for Apple iPhone launched
- **October** Samsung Electronics selects Tele Atlas for location and navigation content
- **October** Our maps of North America rated highest for quality and reliability
- **December** In strong holiday season TomTom sold more navigation devices than ever before

CEO letter

“The demand for applications that use location will grow across all markets and all geographies, and we see new opportunities for partnerships and business models.”

I am pleased to report that we ended a challenging year with a robust operating result and cash flow. In fact, we sold more PNDs than ever in the last quarter. On top of that, we made further steps in the integration and streamlining of our operations, which contributed to significant progress in our organisation, products and services.

OUR FOCUS AREAS

Since we introduced the PND to the world in 2004, we have sold over 40 million units and I am delighted with the trust people have shown towards the PND platform. It is their preferred choice, with its high value proposition, both today and for the foreseeable future. For many, it has become an integral part of their driving experience. We will continue to invest in this platform and look forward to bringing innovative and relevant product propositions to market in 2010.

In the automotive industry we grew substantially and are becoming a key player in the volume production segment. We achieved technical and commercial success with the roll out of our solutions on several Renault and Fiat models. Our state of the art, high quality systems have resulted in many more people opting for the navigation solution in high volume car models. We plan to further grow our presence here.

WORK is the fastest growing fleet management company in Europe. It reached the 100,000 subscriber milestone early in 2010.

Our map content division completed its goal in moving to a single production platform. It continues to improve its high efficiency standards and operational excellence. Last year our maps were rated highest for quality and reliability in certified tests in North America. Looking forward, one of our key priorities is to further integrate our map production process and to improve the time to market from the current quarterly batch release to a 48-hour update cycle.

OUR CHANGING INDUSTRY

The industry we operate in is going through substantial change. Increasingly, digital maps are being deployed in the battle for mobile phone screens, either via smartphone or mobile internet applications. We see limited impact from this on our current revenue streams from PNDs, automotive and fleet management. The demand for applications that use location will grow across all markets and all geographies, and we see new opportunities for partnerships and business models, particularly in the mobile space.



FINAL THOUGHTS

I look forward to a year in which we will continue to execute on our existing strategy of broadening our revenue base through growth in automotive, fleet management and content and services. At the same time we will embrace the opportunities provided by the growing interest in location and navigation solutions.

I would like to thank all of our employees for their commitment and drive throughout the year; without them the progress we have made would not have been possible. I would also like to extend my gratitude to our shareholders, who recognised the value of our assets and supported us during the year. Finally, I would like to voice my appreciation to our partners and, of course, our customers who helped us to round off the year successfully.

Harold Goddijn

Chief Executive Officer, TomTom NV

Profile and strategy

TOMTOM IS THE WORLD'S LEADING PROVIDER OF LOCATION AND NAVIGATION SOLUTIONS WITH HUNDREDS OF MILLIONS OF PEOPLE USING OUR DEVICES, CONTENT AND SERVICES. WE HAVE OVER 3,000 EMPLOYEES WORKING IN OUR OFFICES ACROSS ALL CONTINENTS.

We are device agnostic, meaning that we aim to deliver products and services for all types of devices. We develop and sell location and navigation solutions for PNDs, in-dash systems and mobile phones. Developments in the industry are fast and we are continuously looking for new platforms to reach more customers.

Our company structure consists of four customer-facing business units – Consumer, Automotive, Licensing and WORK. The first three units sell their navigation products and services to one specific group of customers, whilst Licensing sells its content and services to multiple customer groups. More details about our business units are provided on pages 6 to 13.

We have three production units which develop and deliver platform software and content for the business units. The business units productise the output from the production units and fine tune the products for the relevant markets.

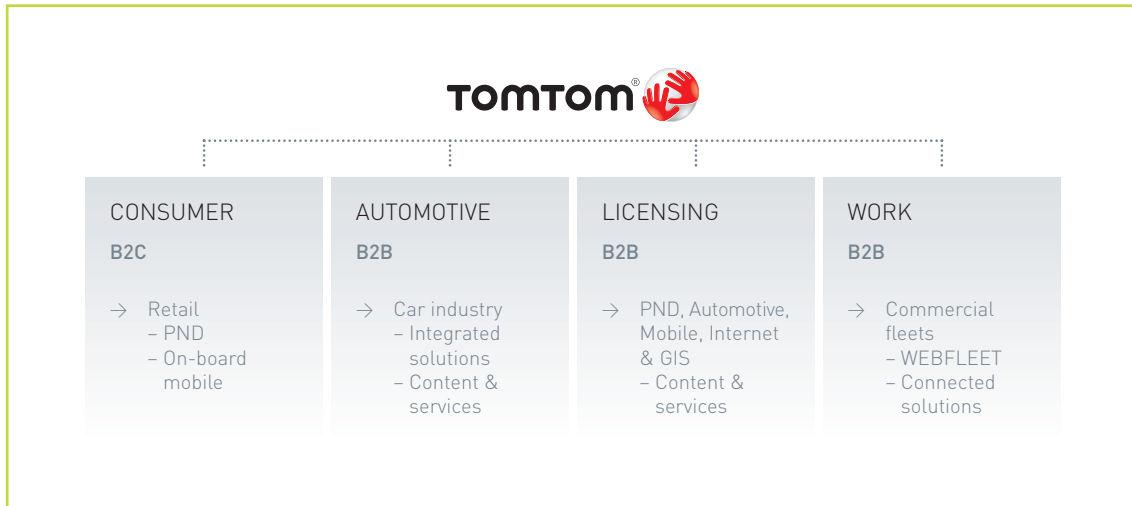
OUR MISSION It is our mission to improve people's lives by using our combined knowledge and expertise in the field of routing, digital content and guidance services. We tailor our activities towards multiple audiences and aim to play a leading role on all platforms where our products and services can be of use.

OUR STRATEGY The need for digital mapping solutions is growing at an unprecedented speed. We see location and navigation content emerging in more and more devices and applications. Penetration is increasing on all platforms; PNDs, in-dash and mobile phones. There is growth across all of these platforms because every device or application serves a different need or provides a solution for a different problem.

By continuously improving and tailoring our solutions in terms of accuracy, relevance and completeness, we can expand our addressable markets.

We have focused our activities and centralised our R&D resources around areas of excellence to create the structure we need in order to continue to innovate ahead of the rest of the industry. We will continue to introduce innovative solutions, will complete our traffic information service, shorten time to market for map changes and improve positional awareness, such as through local search.

As the only company in the world purely focused on location and navigation solutions we are convinced that our solutions will continue to outperform. We are vertically integrated, owning the key assets we need from software to hardware design and from digital mapping to dynamic content and services.



We make navigation as up to date as possible; the faster we can share changes in routes and traffic conditions with our customers, the more relevant the content will become. Making our solutions as fresh and relevant as possible lies at the heart of our strategy and with the input we receive from our large community of users, combined with our own technologies, we are able to make this a reality.

By increasing the number of countries where we offer our real time services and by increasing the number of connected devices in the market we will increase our reach. As the relevance of TomTom's product and services increases they will more and more become vital to people's daily lives. The higher the level of penetration, the higher the level of feedback we receive will be, and this in turn helps us to continuously improve the quality, relevance and freshness of our maps and services.



Fuel Prices 2:46pm

1.26

Cheapest on route



Find by distance

1.26

Cheapest nearby



Find by price

1.07

Cheapest in area



Change fuel type

Done

Selected fuel type:

Diesel

tomtom

PROFILE The Consumer business unit delivers state-of-the-art navigation products and services to consumers all over the world. We currently sell our PNDs and on-board navigation applications for mobile phones in 33 countries. We deliver easy-to-use navigation with relevant content and services, which caters to the specific needs of car drivers. Our products range from the popular entry level TomTom Start and ONE through to our mid range XL IQ Routes edition and to our premium TomTom GO LIVE series. Our product range also features the best selling TomTom for iPhone application and car kit.

The origins of this business unit lie in the development of software applications for handheld devices in the 1990s. The very first PND, the TomTom GO, was introduced in 2004 and marked the first step towards making digital navigation for car drivers widely available. Ever since then we have been bringing innovative, accessible, affordable and high-quality navigation solutions to drivers worldwide. We have sold more than 40 million devices to date, which has resulted in an active community of millions of drivers who provide us with their feedback on a daily basis.

STRATEGY We will continue to drive the consolidation of our market share in Europe and our growing market share in the US, as well as expanding our footprint into new geographic markets. This will be done through continuing to innovate and by increasing the breadth, depth and relevance of our products and services.

As the first navigation provider to deliver services in real time to drivers, we lead the way in what we see as a growth area for the PND market. We will continue to improve and develop our services, leveraging the rich source of location and navigation content that we have in the group.

OUTLOOK We are convinced that the PND will continue to be the consumer's car navigation device of choice for years to come. By introducing new products and services that satisfy the specific needs of customers, we expect to attract new customers to the category and to retain our current base of satisfied customers in the replacement market.

We expect that the demand for fresh, relevant and increasingly dynamic content and services will continue to grow. We are well placed to address these needs with our category leading real time solutions and connected devices as well as our ability to leverage the rich source of location and navigation content we have in the group.

CONSUMER

PREMIUM SERVICES LIKE HD TRAFFIC™,
SAFETY ALERTS AND FUEL PRICES
GIVE YOU USEFUL AND RELEVANT
INFORMATION EN ROUTE.

.....



PROFILE The Automotive business unit develops and sells navigation systems, services and content, such as maps, to car manufacturers and their suppliers worldwide.

Automotive was established in 2007. In that same year we announced our cooperation with Toyota. In 2008, we announced a strategic partnership with Renault, leading to our first line-fitted solution, which entered the market in the second quarter of 2009. Our Carminat-TomTom solutions were available on Renault’s Clio, Megane, Megane-Scenic, Laguna and Kangoo models in Europe by the end of the year. In 2009 we announced new partnerships with Fiat and Sanyo and, in the fourth quarter, we saw the first Fiat Punto EVOs and Doblos equipped with our solutions on the road.

STRATEGY The percentage of new cars that are sold with an embedded navigation system is low, especially in low and mid-end car ranges. We want to significantly increase the penetration of connected navigation in these high volume car segments and offer car drivers our LIVE Services and other relevant content. We will do so by providing attractive products with innovative and intuitive features to car drivers, which will take the stress out of driving, improve safety and reduce the impact on the environment. We lead in innovation, offering the best navigation, services and content in the market with the high level of quality this market demands.

OUTLOOK We expect strong revenue growth in the future. Our existing customer base will continue to sell our products in Europe, North America and Asia-Pacific. We are developing a full range of products that meet the requirements of car manufacturers and we are increasing our product scope and potential customer reach by setting up partnerships with Tier 1 suppliers, such as Sanyo. We plan to sign new business contracts with other car manufacturers going forward.

AUTOMOTIVE

GIVING YOUR NEW CARS THE EDGE
WITH LEADING NAVIGATION
INTEGRATED STRAIGHT FROM
THE SHOWROOM.

.....



PROFILE The Licensing business unit leverages our wealth of content across the group to deliver the freshest, highest quality location and navigation content and services to a wide range of customers. These include leading PND manufacturers, the top global internet companies, the world’s largest handset suppliers, mobile application developers, mobile operators, governments and enterprises.

Our maps, which are sold under the Tele Atlas brand, cover more roads, more countries and more people than any other available map.

We offer comprehensive location and navigation content maps of 95 countries in Europe, North and South America, Africa, the Middle East and Asia. Our maps include more than 32 million kilometres of roads, 25 million Points of Interest (POIs), and cover more than three billion people worldwide. Through our partnerships we offer our customers coverage of more than 200 countries and territories.

Being part of TomTom enables us to expand our product range and add a new level of innovation to all our offerings. Today we're delivering enhanced solutions like historic Speed Profiles® and our real-time traffic service HD Traffic™, which gives our customers the highest quality routing intelligence available today. In the future we will add the rich content that powers even more advanced location-enhanced mobile applications, eco-routing, vehicle safety applications and Advanced Driver Assistance System (ADAS) solutions.

STRATEGY Our strategy is to deliver the highest quality and most up-to-date location and navigation content available in the market. Today our maps are constantly refreshed using professional sources as well as real world experience and verified feedback from millions of drivers. Our focus in 2010 is to minimise the elapsed time between when a change happens in the world and when our map reflects that change. By streamlining and adding innovation to the map production and update process, we expect to go from a quarterly batch release of map updates to 48-hour incremental updates and to deliver the best overall navigation experience available.

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

OUTLOOK In the coming years, as location information becomes more relevant for mobile handset suppliers, network operators, automotive manufacturers and other companies across the globe, the demand for digital maps will continue to grow.

We are exceptionally well placed to benefit from this increase in demand. By taking advantage of the group’s unique technologies we can consolidate our lead as a supplier of the highest quality, freshest maps and content in more countries around the world.

LICENSING

SUPPLYING THE HIGHEST QUALITY,
FRESHEST MAPS AND CONTENT
WHATEVER THE PLATFORM.

.....



PROFILE The WORK business unit offers professional solutions for commercial fleets. Our connected navigation products and services allow enterprises to monitor, manage and communicate with their drivers and fleets of vehicles, thereby increasing the overall efficiency, safety and professionalism of their mobile operations.

WORK sells its solutions in 13 European countries and the US. With close to 100,000 active WEBFLEET subscribers, WORK has a leading European position.

TomTom acquired German company datafactory AG in August 2005, which went on to form the core for our commercial business offering. datafactory specialised in 'track & trace' products and services for fleets and commercial vehicles. Since 2005, WORK's average organic annual revenue growth rate has outperformed the European telematics market by at least two times.

STRATEGY WORK will continue to take advantage of the growing demand from companies to improve efficiency and optimise the allocation of resources. There is an ongoing need to focus on cost and fuel efficiency and on reducing carbon emissions. Backed by this knowledge and the group's economies of scale, we are able to offer high-quality, standardised and cost-effective solutions from a trusted brand, with a six to nine month investment pay back time, to fulfil that need.

OUTLOOK WORK will continue its strong growth by increasing the number of subscribers to its services. This will be achieved through improving our market position where we are already active and through expanding into new territories. We will be introducing new innovative products and features.

WORK

SAVING YOUR COMPANY MONEY
BY MAKING THE MANAGEMENT
OF YOUR FLEET EASIER AND
MORE EFFICIENT.

.....

Management Board report

BUSINESS REVIEW

In 2009 the group's commercial activities were grouped into four customer-facing business units: Consumer, Automotive, Licensing and WORK. In the business review we will discuss the business units on an individual basis.

CONSUMER

At the end of 2009 Consumer was active in 33 countries. During the year we expanded our activities into Argentina, Greece and Mexico.

Our entire PND product range was refreshed. We added a LIVE Services capable device to the high volume TomTom XL range. In addition we introduced two new families, the TomTom XXL and TomTom Start. The TomTom XXL, with its extra large screen, is particularly geared towards US customers but in addition is being made available in some European countries. The TomTom Start was developed for occasional drivers and people who are new to car navigation. It has a simplified menu and a two-button user interface. We recently introduced this product for the US market under the name of TomTom EASE. Our premium range of products was renewed with the introduction of the TomTom GO X50 range. Packed with all the technologies that TomTom has to offer, this range caters to the high demands of frequent drivers.

At the end of the year we had more than 20 million registered TomTom HOME users, double the number we had at the start of the year. The growing TomTom community helps us to keep our content and services up to date. Replacement purchases are becoming a more important part of our PND sales, and we have seen high loyalty to the category and TomTom in particular.

In 2009 we maintained a 45% market share in Europe and continued to lead the market. In North America we increased our market share to 24% for the year, consolidating our number two position in the market.

In the third quarter we launched a TomTom navigation solution for the Apple iPhone and 180,000 downloads were sold during the year. To enhance the navigation experience, we introduced the TomTom car kit for iPhone which features secure docking, enhanced GPS performance and a built-in loud speaker and microphone.

AUTOMOTIVE

2009 was an important and successful year for the Automotive business unit. In March 2009, we introduced our first line-fitted products with Renault which conform to automotive quality requirements. The Carminat-TomTom was the first automotive 'branded' line-fitted navigation solution for the volume market. It figured prominently in the

Renault and TomTom co-branded launch of the new Clio and received positive acclaim from dealers, customers and the press alike. Four times as many people have been taking up our solution when buying their new car compared with the average take up rate in the volume car segment.

This programme also proved to the larger Automotive community that TomTom is a serious contender in the automotive in-car navigation space. In December 2009, TomTom and Renault introduced the world's first feature upgrade for line-fitted navigation, delivering IQ Routes™ and advanced lane guidance features. These features can easily be added to the device, thanks to its removable SD card drive and TomTom's desktop software application TomTom HOME. In March 2009, we also announced our second generation parts and accessory product with Fujitsu-Ten and Toyota, to be launched in South-East Asia and Europe.

In September 2009, we announced our first business with the Fiat Group. The Blue&Me TomTom was launched simultaneously with the latest TomTom PND and is connected to the car electronics systems via Bluetooth. It processes and displays information it receives from the car information system, bringing features like eco:Drive and acts as a colour screen for the vehicle's multimedia system.

As a result of the successful introduction of our high-quality solutions in the volume car segment, we were able to increase our in-dash market share from 0% to 10% in Europe in 2009.

The latest introduction of Advanced Driver Assistance Systems (ADAS) solutions – systems that seek to modify driver or vehicle behaviour – will enable Automotive to help car manufacturers to maximise safety and improve operating efficiency.

LICENSING

Tele Atlas' focus in 2009 was twofold: continue to raise the bar on map quality, freshness & coverage and deliver the innovative content to help our customers create the best location-based products.

During the year we significantly advanced our lead in map coverage. We launched maps across eight additional countries in Africa and delivered new or expanded coverage in nine countries across Latin America and Asia Pacific. Today our maps are the most complete available, with 15% more countries, five million more kilometres of roads and covering 25% more people than competing maps.

Our maps secured the highest quality and reliability ratings in certified tests. Using a process certified by the leading global testing and inspection organisation TÜV SÜD, the tests showed that Tele

ilocal

In December 2009 we acquired ilocal, a business listings company based in the Netherlands. ilocal owns a database of categorised and geo referenced business listings in the Netherlands (www.ilocal.nl) and Belgium (www.ilocal.be) and has technologies in place to maintain the quality and freshness of this database. This technology complements our existing in-house and third party sourced Points of Interest datasets, which in turn will enrich the quality of our navigation content.



Atlas maps in North America have the most addresses and POIs and the most accurate routes. In certain markets, our maps were found to be up to 10% more accurate than competing maps.

We continued to innovate in order to make the freshest maps possible, using advanced processes to ensure that only the most relevant and rigorously validated input is added to our maps. Tele Atlas incorporated over one million community-generated enhancements and delivered the first map database to contain new and adjusted roads based on feedback from map users.

We launched new versions of Speed Profiles, a product comparable to IQ Routes, and expanded the offering to the Asia Pacific region. Speed Profiles will take drivers using our solution along the most efficient route, dependent on the time of day or day of the week, based on the historical knowledge of traffic on the road. This also allows them to avoid trouble spots and save time and money. Another new introduction by Licensing was HD Traffic, the unique real-time traffic solution combining multiple sources giving traffic information for all major roads.

Together with our new advanced production capabilities we started to deliver high-definition 3D maps and provide a superior experience for end users in more cities than ever before.

In the wireless market we signed agreements with mobile operators and handset manufacturers, including Vodafone and Samsung. We extended partnerships with PND manufacturers AvMap, Nextar and ALK; in the GIS market we renewed an agreement with ESRI, with whom we celebrated 20 years of working together.

WORK

WORK increased the number of active subscribers to its WEBFLEET service to 96,000 across approximately 9,000 customers, a growth of 44% year-on-year.

We introduced a new version of WEBFLEET, our web-based service vehicle management and reporting tool. This version has a new dashboard which shows all relevant KPIs in a simple way. We also integrated real-time digital tachograph data giving dispatchers greater insight when assigning jobs using information such as the remaining legal driving time of a particular driver. Our platform is easy to use and suitable for small and large fleet sizes alike. We have customers with fleets of less than 10 vehicles as well as those with fleets of several thousand vehicles.

During the year, WORK refreshed its existing product range and introduced new products and features. The TomTom GO 7000 and LINK 310 replaced the TomTom GO 730 and LINK 300 in the WORK Active solution. The TomTom GO 9000 replaced the TomTom GO 930 in the Compact solution. Next to these refreshments we introduced the new TomTom GO 7000 TRUCK device designed for trucks and large vehicles. It provides routing which takes into account truck specific road restrictions and which favours major roads, avoids sharp turns and reflects the lower speeds that trucks typically travel.

BRAND

The TomTom brand is stronger than ever. With almost 90% of awareness in our target group worldwide it reached a new high. Consumer and brand preference surveys also show TomTom in the lead, a significant distance from most of our competitors.

With real-time services such as HD Traffic, consumers are interacting with the brand with more frequency. The number of web visitors has increased by 29% and in 2009 we counted an average of 50 content downloads per minute every day of the year. TomTom is becoming more and more relevant in consumers' daily life, which contributes to further developing the equity of the brand.

FINANCIAL REVIEW

Since completing the acquisition of Tele Atlas in June 2008, TomTom has reported three main revenue lines: TomTom, which is split into PND and Other revenue, and Tele Atlas. For comparative reasons, this review presents pro-forma figures for the income statements as if Tele Atlas was acquired on 1 January 2007. TomTom recorded a non-cash goodwill impairment in 2008 and one-off restructuring charges in 2008 and 2009 related to the acquisition, which are excluded in the pro-forma income statements.

SUMMARY OF RESULTS

2009 financial highlights:

- Revenue of €1,480 million
- Gross profit of €731 million and gross margin of 49%
- Operating result of €231 million, operating margin of 16%
- Operating expenses reduced by €127 million or 20% year-on-year
- Cash generated from operations of €430 million
- Net debt of €442 million (2008: €1,109 million)

Key data ¹ (in € millions)	2009	2008	2007
Sales	1,480	1,748	1,947
Gross profit	731	871	1,040
EBIT	231	244	425
EBITDA	337	343	507
EPS (€)	0.51	0.97	1.62
Cash generated from operations	430	463	535
Net debt	442	1,109	0

¹ The key data are pro forma and excluding goodwill impairment charges and acquisition related restructuring charges.

In a weakened economic environment TomTom delivered a solid operational and financial performance. Revenue for the group decreased to €1.48 billion compared to €1.75 billion in the previous year because of lower average selling prices (ASPs) in combination with reduced consumer demand. In line with our strategy we broadened our revenue with additional revenue from content and services. We also showed strong growth in our WORK and Automotive revenue streams.

In 2009 we brought our cost base into line with the changed macro economic conditions resulting in a year-on-year reduction of operating expenses of €127 million. As a result the group delivered a strong EBIT of €231 million. The year-on-year EBIT decrease was 5% versus a decline in revenue of 15%.

On 31 December 2009 net debt had decreased to €442 million, down from €1,109 million at the start of the year and our balance sheet was substantially strengthened. The decrease in net debt results from the cash inflow from the equity offering of €416 million in combination with strong operating cash flows in the year.

REVENUES

The composition of 2009 revenues compared to 2008 is shown in the table on page 17. Group revenue was 15% lower than in 2008. Adjusted for currency effects revenue was 14% lower than in 2008.

The reduced revenue was mainly due to the economic downturn. This was predominantly felt in the PND business which declined by 25% year-on-year. Other revenue, which includes WORK, Automotive, services and other consumer revenue, grew by 71% to €221 million (2008: €129 million).

PND revenues are the result of the number of units sold multiplied by the ASP. The number of units sold was relatively flat compared to the previous year; at 11.6 million units in 2009 (2008: 12.0 million units). The revenue decrease was caused by the ASP decline. The ASP is influenced by component prices, product mix, regional mix and market dynamics. For 2009, the PND ASP was €93, a decrease of 21% compared to 2008. Once again we saw significant decreases in component prices and there was a change in our product mix in the North American market where our ASPs were lower due to a high proportion of sales of our value range products. The ASP decline was less steep than in previous years (2008: 31%, 2007: 37%).

The revenue increase in WORK came from a strong increase in the number of its WEBFLEET subscriptions, which increased to 96,000 at the end of 2009 from 67,000 in 2008. In 2009 WORK introduced new PND products tailor-made for the business-to-business market and expanded its sales into several new geographical markets.



Although the automotive market saw a slow down in 2009, our Automotive business unit sold around 260,000 in dash solutions in its first year of volume production. In 2009 Automotive rolled out the Carminat-TomTom solution in multiple Renault car models and sold its first products for selected Fiat vehicles. Other revenue, excluding WORK and Automotive increased and was mainly driven by map and traffic subscription sales and our application for the Apple iPhone.

Tele Atlas third party revenues decreased slightly (6% year-on-year) as a result of decreasing PND revenues, partly offset by an increase in revenue, from mobile, internet and enterprise and governmental services.

Revenue by geography

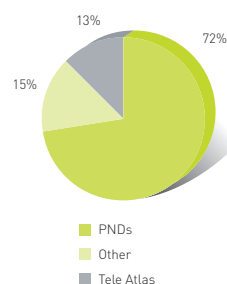
In 2009, the group generated revenue in EMEA, North America and Asia Pacific. The proportion of sales outside EMEA was slightly up at 32% in 2009 (2008: 30%). In EMEA, revenue decreased by 18% to €1.0 billion, down from €1.2 billion in 2008. Sales in North America decreased by 9% to €411 million in 2009 down from €454 million in 2008. Revenue in North America represented 28% of TomTom revenue, up from 26% in the previous year. Asia Pacific sales were down 6% to €62 million from €66 million in 2008.

Gross result

The gross margin was strong at 49% for the year, a decrease of 1 percentage point compared to last year. The gross profit decreased to €731 million, a decrease of €140 million over 2008. The majority of trade purchases are denominated in US dollars. During 2009, we were impacted by the strengthening of the US dollar against the euro. On average, the US dollar rate strengthened by 3% compared to 2008, which reduced our gross margin for 2009 by approximately 2 percentage points.

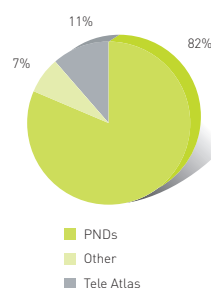
REVENUE 2009 (in € millions)

PNDs	1,074	72%
Other	221	15%
Tele Atlas	185	13%



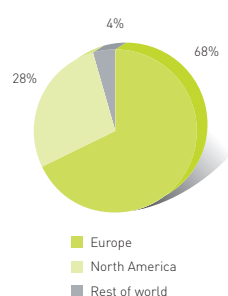
REVENUE 2008 (in € millions)

PNDs	1,423	82%
Other	129	7%
Tele Atlas	196	11%

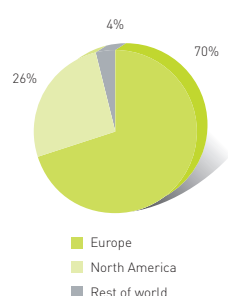
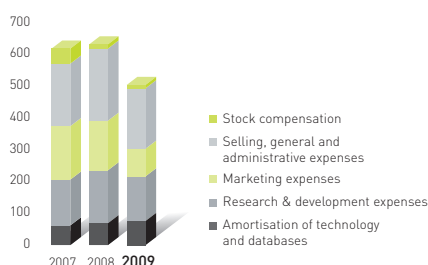


REVENUE 2009 (in € millions)

Europe	1,007	68%
North America	411	28%
Rest of world	62	4%

**REVENUE 2008 (in € millions)**

Europe	1,228	70%
North America	454	26%
Rest of world	66	4%

**OPERATING EXPENSES (in € millions)****OPERATING EXPENSES**

Operating expenses in 2009 decreased by €127 million to €500 million, down from €627 million in 2008. The decrease in operating expenses resulted from a cost reduction programme, which was initiated in the 4th quarter of 2008, and continued during 2009. As a result of this programme, our headcount reduced year-on-year by 409 employees to 3,089 employees and we drove cost reductions across all categories and particularly in Tele Atlas following the acquisition. As a percentage of sales, operating expenses decreased by 2 percentage points to 34% in 2009 from 36% in 2008.

R&D expenses

The ability of our research and development teams to create innovative, high-quality and easy to use products and services is a critical driver of the groups' competitiveness in the market. TomTom strives to gain efficiencies mainly in the map production process and benefits from synergies resulting from the combination of TomTom and Tele Atlas and from innovation in map production techniques. In 2009 TomTom lowered its total R&D expenses without undermining strategic R&D activities. We continued to invest in key R&D activities and increased the level of investment activities where needed. Total R&D costs decreased by 16% to €139 million in 2009, down from €165 million in 2008. 76% or €20 million of these savings were realised in the map production process. R&D expenses include personnel costs, third party software and manufacturing design costs, and patent creation and maintenance costs. Excluding amortisation and capitalisation our R&D expenses for 2009 were €165 million (2008: €190 million).

Amortisation of technology and databases

Amortisation of technology and databases for the year was €75 million (2008: €68 million). The increase in amortisation mainly resulted from investments in our map database and HD Traffic technologies.

Marketing expenses

Marketing expenses include advertising expenses and any expenses directly attributable to our marketing teams, including personnel expenses. Marketing expenses decreased 44% to €86 million in 2009, down from €155 million in 2008. As a percentage of PND revenue, marketing expenses decreased from 11% in 2008 to 8% in the current year. We adjusted PND marketing spend to reflect the changed economic environment. This resulted in a focus on trade marketing including point of sales materials rather than advertising. Tele Atlas marketing spend was reduced by €19 million because this expenditure was no longer required within the TomTom environment.

SG&A expenses

The group's SG&A function has been designed to create value for the group by leveraging the scale of the group and by creating efficiencies. SG&A expenses include the costs of personnel engaged in sales activities, customer support, IT, HR, legal, office and other general expenses. SG&A expenses decreased by 16% to €189 million in 2009, down from €225 million in 2008. Several functions were moved to the group-wide shared service centres during the year. The decrease was mainly driven by our cost reduction programme but there was also a benefit of some one-off releases.

STOCK COMPENSATION CHARGES

The company provides 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 charge for share options is recognised evenly over the vesting period of the share options granted. In 2009, this led to a charge of €9 million (2008: €15 million). In 2007 and 2008 TomTom adopted a cash settled share based incentive plan for which the charges are determined by a valuation model. Based upon this valuation model TomTom estimates the fair value of the liability on our balance sheet. In 2009 TomTom recorded a charge of €1.4 million compared to a release of €1.4 million in 2008.

FINANCIAL INCOME AND EXPENSES

The net interest expense for 2009 amounted to €71 million (2008: €103 million). The reduced interest expense is explained by the lower average Euribor rate in 2009 compared to 2008, the debt repayment and a €3 million gain resulting from buying back part of the outstanding debt at a discount. This decrease was partly offset by the accelerated amortisation of part of the capitalised transaction costs on the borrowings (€13 million) which was a result of the accelerated debt repayment.

The other finance result shows a loss of €41 million, which arose mainly from foreign exchange contracts that were put in place to cover the committed and anticipated exposure in non-functional currencies as TomTom hedges its GB pound sales and net exposure related to its US dollar sales and purchases.

TomTom's foreign exchange risk management policy is approved by the Supervisory Board. Contracts are put in place to cover committed and anticipated exposures in non-functional currencies. The company revalues all derivative contracts, as well as cash and other assets and liabilities denominated in currencies other than the functional currency, to market value at the end of each period.

TAXATION

Income taxes amounted to €28 million compared to €70 million in 2008. The effective tax rate was 22.8% in 2009 compared to 32.8% in 2008. In absolute terms, the tax charge decreased €42 million compared to the previous year mainly as a result of lower profits and income which was exempted from tax.

NET RESULT

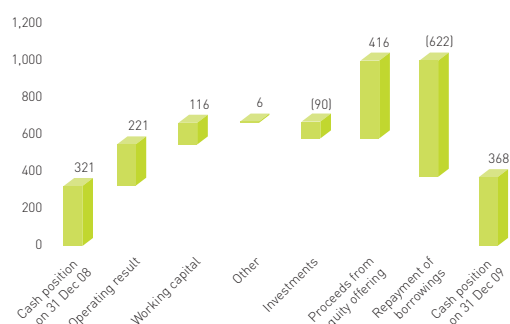
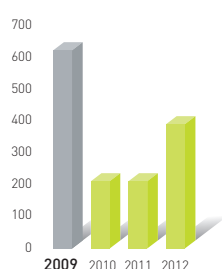
The result for 2009 was €94 million, €49 million lower than in 2008. This is mainly the result of the lower gross profit and loss in financial income on our derivative portfolio compared to the previous year, partly compensated by cost savings in operating expenses.

ACQUISITIONS

In December 2009 TomTom acquired ilocal. ilocal owns a database of categorised and geo referenced business listings in the Netherlands and Belgium and has technologies in place to maintain the quality and freshness of this database. This technology will complement TomTom's existing in-house and sourced Points of Interest datasets which, in turn, will enrich the quality of TomTom's navigation content.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated from operations remained strong at €430 million compared to €463 million in 2008. The cash generated by operations was driven by a reported operating profit of €221 million and a reduction of working capital, which resulted in a cash inflow of €116 million. The working capital decreased mainly due to strong inventory management as inventories decreased year on year from €145 million to €67 million and a strengthened position towards our suppliers which delivered €49 million of cash.

2009 CASHFLOW DEVELOPMENT (in € millions)**REDEMPTION SCHEDULE** (in € millions)

Cash flow used in investing activities consists of capital expenditures of €90 million, of which €71 million was invested in technology and development and €19 million on property plant and equipment. Our main investments in 2009 were in our map database, HD Traffic, navigation technologies and the acquired technology from ilocal.

Cash flow from financing activities mainly consists of the net proceeds of the equity issue of €416 million which were used to repay part of the loan (€622 million) to reduce outstanding borrowings and related leverage. As a result we have significantly strengthened our capital structure which is shown in the table below.

Capital structure (€ in millions)	2009	%	2008	%
Equity	1,018	56%	513	27%
Borrowings	790	44%	1,388	73%
Total	1,808		1,901	

DEBT FINANCING

In July 2009 we successfully completed an equity offering. The net proceeds of the equity offering were used in full to repay our borrowings. In combination with the equity offering we also renegotiated the terms of the borrowings which resulted in a changed repayment schedule and amendments to our financial covenants which are further disclosed in the notes to our financial statements (note 24).

On 31 December 2009 the book value of the company's borrowings amounted to €790 million, a decrease of €598 million compared to the previous year (2008: €1,388 million). Excluding transaction costs, which are netted against the borrowings, gross borrowings amounted to €808 million, down from €1,427 million in the previous year. The decrease results from a total repayment of €622 million during the year which includes the €3 million gain resulting from buying back part of the outstanding debt at a discount.

On 31 December 2009 net debt had decreased to €442 million, down from €1,109 million at the start of the year. The decrease results from the cash inflow received from the rights issue in combination with a strong operating cash flow for the year. The net debt is the sum of the borrowings (€808 million), less the cash and cash equivalents at the end of the year (€368 million) plus financial lease commitments (€2 million).

The floating interest coupon of the loan is based on Euribor plus a margin. The Euribor element of the interest coupon is fixed with interest rate swaps up until 31 December 2011.

HUMAN RESOURCES

Our employees' work is centred around the four core values of the group, namely open spirit, passion for results, innovative thinking and customer driven. These are at the heart of our strategy and form the basis for recruiting, training, development and compensation.

HUMAN RESOURCES ORGANISATION

It has been a year of substantial progress and transformation for the group, which has driven change in the way the Human Resources organisation is structured. The new group human resources structure builds on best practices from the whole group and will deliver efficient and effective human resources support to the global business. This year, there has been an improved business focus of human resources to accomplish commercial objectives, delivering, amongst other things, a further improved structure of compensation and benefits.

EMPLOYEE ENGAGEMENT

In April 2009, all employees were invited to participate in the group's first Employee Engagement survey. The objective was to get structured feedback from employees, identify priorities and enable managers to take actions to enhance employee commitment. The majority of our employees took the opportunity to participate in the survey and provided the management team with useful feedback to improve and change management action plans on topics like the organisation of work, training, remuneration and workload. It revealed strong pride in TomTom products and satisfaction with managers and the team environment.

COMPENSATION AND BENEFITS

Compensation

Our approach to compensation is set up to support the company's worldwide strategy, and consists of a mixture of base salary and performance-related bonus, plus a long-term incentive for certain employees.

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.

Performance-related bonus

In 2009 a new performance-related bonus plan was introduced. The new plan is a significant part of every employee's total cash compensation. It directly links company performance to individual performance by creating a bonus pool based on realisation of annually determined financial targets. The available bonus pool is allocated to eligible employees based on their performance. The target bonus percentages vary depending on the level of influence of each role on the execution of TomTom's strategy. This new plan better fits with our vision that success for TomTom as a business should also mean success for the individual employee.

Benefits

TomTom is committed to providing 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 are put in place in certain countries.

Talent development

TomTom needs a strong, consistent approach to leadership to drive business strategies forward and to proactively meet today's market challenges. This year the focus was on assessing the group's capability and talent, and identifying the leaders of the future. In 2010 the spotlight will be on the integration and execution of leadership programmes that will unleash managers' potential and enhance their capacity to deliver the desired results.

PRODUCT AND TECHNOLOGY

STRUCTURED FOR INNOVATION

Our three production units are responsible for developing and producing the group’s innovative technologies and content to be used and sold by the customer-facing business units. From HD Traffic™ and Map Share™ to map production and Speed Profiles®, these units are pivotal to TomTom’s development of its core technologies. In addition, they are responsible for developing and delivering the platforms for services and content delivery such as our LIVE Services and HOME device management software application.

By centralising the development and production of all the group’s content and services we can leverage our technologies and knowledge more efficiently. It is this shared technology base that allows us to provide the best location and navigation solutions, to different customer segments through the business units.

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

A busy year

JANUARY	FEBRUARY	MARCH	MAY	JUNE	
→ 7 January We announced the availability of the second generation semi-embedded TomTom device, designed for use with the in-dash FUJITSU TEN ECLIPSE AVN4430 audio and video system. With this product, a customer can enjoy all the benefits of portable navigation, integrated fully into the dashboard of their vehicle. This second generation product was recognised as an Innovations 2009 Design and Engineering Award Honoree.	→ 11 February We made available the first map database to contain new and adjusted roads, based on feedback from map users. Tele Atlas MultiNet® 2009.02 contains new roads, as well as roads with adjusted geometry, detected or verified in part using real world GPS measurements on thousands of roads from the TomTom community	→ 3 March We announced that Toyota had extended its relationship with TomTom to feature the second generation of our semi-embedded portable navigation solution in select vehicles. On the same day, we revealed details of the Carminat-TomTom embedded navigation solution co-developed with Renault. The Carminat-TomTom was rolled out on Renault's small to medium car lines throughout the year. → 23 March We revealed two new versions of our high volume PNDs. The new TomTom ONE IQ Routes and XL IQ Routes brought leading technologies previously only available on TomTom's top-end TomTom GO series, such as IQ Routes and advanced lane guidance.	→ 26 March We announced the availability of the latest version of Tele Atlas Speed Profiles, which provides highly accurate speed data to help navigation system users find the optimal routes and far more accurately estimate travel times. Speed Profiles is available in 26 countries, covering 35 million kilometres of roads and featuring data derived from more than 600 billion speed measurements shared by consumers over the past two years.	→ 20 May We made our connected devices available to a broader public by introducing the TomTom XL LIVE. With this product our LIVE Services can be used in multiple countries with no hidden costs or extra fees for drivers when travelling abroad.	→ 22 June Licensing made our HD Traffic service available to navigation and location-based industries. The traffic information helps drivers save time and money and reduce their environmental impact.

THE DIFFERENTIATING FACTOR

With roads changing on average up to 15% per year and consumer expectations increasing, the importance of highly accurate and fresh location and navigation content is growing.

When it comes to location and navigation solutions, we are the only company in the industry fully focused on delivering an uncompromised consumer experience. By continuously enriching the granularity and completeness of our guidance solutions, such as by adding slope, lane and curve information, we differentiate what we can offer across the broad spectrum of our products and expand the available market.

Through the creation of an integrated, componentised and flexible content platform we are substantially improving the process of sourcing, producing and validating map data and attributes. This will enable us to shorten the time to market for our content.

Traffic information is a key investment area for us, as we know that our technology can substantially enhance accuracy and coverage. For example, in the Netherlands our traffic information covers up to ten times more roads than was previously available in the market and gives users updates every three minutes. In 2009, we carried on rolling out our HD Traffic solution across Europe. Going forward we will bring innovative new product propositions to the market, such as predictive traffic information, in a growing number of countries.

We introduced our LIVE Services bundle, including HD Traffic in Belgium and Portugal, next to the countries where it was already available – the UK, Germany, France, Switzerland and the Netherlands. In addition, we announced its availability in Italy as of 2010. In the US we also rolled out LIVE Services and are looking into the inclusion of HD Traffic there in due course. At the end of the year over 400,000 consumers actively used our services.

AUGUST

→ 3 August

WORK announced a new connected navigation device for commercial vehicle fleets, the TomTom GO 9000. The GO 9000 is specifically developed to meet the requirements of professional drivers operating in a commercial vehicle fleet.

→ 17 August

We launched our navigation application for the iPhone. The application offers the same easy-to-use and intuitive interface, turn-by-turn spoken navigation and unique routing technology available on our PNDs.

→ 31 August

We announced Blue&Me – TomTom, the jointly developed integrated infotainment and navigation system with Fiat.

SEPTEMBER

→ 3 September

We introduced the TomTom GO x50 LIVE. The new flagship series combines IQ Routes technology with a fully improved user interface. In addition, the series comes with an expanded LIVE Services offering.

→ 14 September

We announced the TomTom XXL range with new five inch widescreen. The introduction of the XXL range increases the depth and breadth of our product offerings.

→ 16 September

We announced a collaboration with Sanyo to bring built-in audio video navigation to automotive manufacturers. This multi-media solution will combine Sanyo's audio video infotainment experience with TomTom's in-car navigation technology.

→ 28 September

We released MultiNet 2009.09, which includes edits sourced from community input across ten attributes and features, including accurately changing road directions, turning older street crossings into roundabouts and providing exact locations of addresses.

→ 8 September

We launched OpenLR™, an open-source, dynamic location referencing technology as an open standard for the navigation, mapping and Intelligent Transport Systems industry. OpenLR has been designed for traffic information systems and dynamic route guidance. It can easily be adapted to the requirements of system integrators, and the technical community can contribute their ideas to improve it.

The OpenLR technology allows location content providers to reference any location on any navigable map, completely royalty-free. For more information, go to <http://www.tomtom.com/page/openLR>.

OCTOBER

→ 1 October

We introduced the TomTom GO 7000 TRUCK specifically designed for trucks and large vehicles. When calculating the best route, the TomTom GO 7000 TRUCK takes the special needs of large vehicles into account.

→ 6 October

We introduced the TomTom Start in Europe. The TomTom Start is specifically designed for occasional drivers and drivers who haven't had a chance to experience the benefits of car navigation with a simplified menu displaying a two-button user interface.

→ 20 October

We introduced the TomTom GO I-90, a double DIN navigation and radio solution, integrating world-class navigation and in-car infotainment for all types of cars.

DECEMBER

→ 16 December

We launched the latest map database, MultiNet 2009.12, with the highest industry detail standard of five metres (16 feet) or less.

Corporate social responsibility

We have built our corporate social responsibility (CSR) strategy around three pillars:

- social and environmental impact – including the reduction of CO₂ emissions and responsible, safe driving
- compliance – including adhering to REACH regulations and monitoring our supply chain, and
- community – including promoting road safety and supporting local initiatives.

Our CSR performance is assessed by the VBDO (Dutch Association of Investors for Sustainable Development) who provide feedback as to how we can improve it. We also receive feedback from our shareholders and other stakeholders which helps to inform our policy decisions.

Alain De Taeye takes responsibility for CSR in TomTom at Management Board level.

SOCIAL AND ENVIRONMENTAL IMPACT

ENVIRONMENTAL IMPACT

Across the group, we design products that have a positive impact on the reduction of CO₂ emissions from vehicles. Independent research conducted in the US and Germany showed that the use of navigation devices reduces both the number of kilometres driven and the amount of time spent travelling significantly. If each journey saves just a couple of minutes, the cumulative effect of everyone driving with a TomTom navigation solution is significant. This, of course, also reduces the cost of driving for our customers.

In the early phases of the product design process, we take environmental impacts into account to make sure that we can maximise the reuse and recycling of our products. As a result, the rate of recyclable components in our products is high – typically around 30% percent above the internationally recognised minimum. We also finance the treatment and recycling of waste returned through designated collection points in accordance with local requirements.

We have set out how we lower our indirect and direct influences on the environment in TomTom's Green Statement, which can be read in full at <http://investors.tomtom.com/environment.cfm>.

RESPONSIBLE DRIVING

We help drivers all over the world to make their journeys safer and more economical, and to minimise the impact they have on the environment.

With our LIVE consumer products, we connect drivers to the latest traffic information to help them on their way. The information includes the most up-to-date traffic information, HD Traffic and Safety Alerts, which gives safety camera locations, and other safety warnings for the road ahead, including accident blackspots, like sharp curves and ungated railway crossings. We brought our LIVE offering to the mid-range TomTom XL product in May this year, allowing even more of our customers to benefit.

We also help fleets to drive more responsibly. Our TomTom WORK business unit launched truck navigation on both the new TomTom GO 7000 TRUCK and on SD card in October this year, making our tailored routing for trucks more widely available. This reduces the likelihood that trucks are routed along small rural roads, or find themselves obstructed by a low bridge, for example. Our WEBFLEET software also includes a CO₂ reporting tool to make businesses aware of their environmental impact.

SAFETY

According to independent research into driving safety it is safer to drive with a navigation device, because they reduce stress, reduce the number of kilometres driven and reduce the number of distractions for the driver.

Safety has always been an important part of our products. We have developed various safety features which are included in all TomTom devices. These include our Help Me! emergency menu, advanced lane guidance and voice command and control features.

We partner with roadside assistance service automobile clubs in all relevant countries to give car drivers direct access to the emergency services.

COMPLIANCE

All group devices are compliant with the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) Directive, and the Waste Electrical and Electronic Equipment (WEEE) Directive.

We continue to implement measures to reduce the environmental impact of our products throughout their life cycles. We have analysed the impact on our business of the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH) regulation and have contacted our stakeholders and suppliers of our intent regarding this. This regulation controls the substances on the 'candidate list of Substances of Very High Concern (SVHC)' in the products we place on the EU and EEA markets. This list contains substances that are candidates for possible authorisation and/or restriction in specific applications in the future.

To maximise efforts in sourcing responsibly, our key suppliers who manufacture our devices are ISO 14001 certified and TomTom informs its end-users on the appropriate disposal of devices.

SUPPLY CHAIN MANAGEMENT

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

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

Furthermore, we expect our suppliers to ensure that their products and services are produced in accordance with legislation, for example, the RoHS Directive and WEEE Directive.

We can also report that all TomTom's contract manufacturers continue to meet the international standards which manage environmental performance (ISO 14001) and the Occupational Health and Safety Assessment Series (OHSAS 18001).

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

COMMUNITY

As part of our CSR strategy we take our responsibility towards the communities in which we live and work seriously. We promote road safety and encourage local charitable activities.

When it comes to corporate sponsoring, TomTom's main objective is to invest in programs that are focused on road safety initiatives. Financial donations have been made to several organisations and we have supported numerous initiatives through donating products over the last year.

An example of our community activities is our To the Heart charity organisation in Belgium. Since 1998, Tele Atlas has supported various charities in India, in co-operation with a local NGO, Deepalaya, such as the support of a school in one of the poorest areas of the country.

TomTom will continue to be involved in local initiatives globally and support activities and programmes aiming to increase road safety in the broadest sense.

Internal control report

The Management Board is responsible for risk management and internal control systems. The Management 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.

The company views the 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 and discusses risk management and internal controls with the Audit Committee 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 the major risks are identified that could affect the business and its preparedness to manage and mitigate these risks.

This, however, does not imply that the company can provide certainty as to the realisation of business and financial strategic objectives, nor can the followed approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of law or regulations.

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

1. Clearly defined lines of accountability and delegation of authority are in place, together with comprehensive reporting and analysis against approved budgets.
2. Operating risk is minimised by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the business.
3. An organisation design is in place that supports business goals and enables staff to be successful in their roles.
4. Centralised treasury operations manage the investment of cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures that are approved annually by the Supervisory Board.
5. A Code of Conduct and a Code of Ethics is accessible to staff via the intranet site. The Code of Conduct is also available on the TomTom website (www.tomtom.com).

Assurance on the function of internal control systems, 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 annual audit.

During 2009 the following significant improvements to TomTom's internal control systems were made:

- restructuring Tele Atlas from a regional to a more centrally controlled organisation
- implementation of an Enterprise Resource Planning system to support our Automotive business unit

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

- commitments and expenditures are appropriately authorised by management
- records are maintained which accurately and fairly reflect transactions
- any unauthorised acquisition, use or disposal of the company's assets that could have a material effect on the Financial Statements should be detected on a timely basis
- transactions are recorded as required to permit the preparation of financial statements, and
- the company maintains an accounting manual that is designed to enable it to conform to IFRS.

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. The financial 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.

Management Board

Harold Goddijn – CEO

Marina Wyatt – CFO

Alain De Taeye

18 February 2010

Business risks

The business risks which are of most relevance to the achievement of our long term goals and strategy are outlined below. The markets we operate in are highly dynamic and evolving, which makes the effective management of risks and opportunities essential for success.

This risk overview is, however, not exhaustive and should be considered in connection with any forward-looking statements.

Our group objectives can be adversely affected by a variety of business risks and economic developments. Revenues, gross margins, profitability, liquidity and cash flows may fluctuate as a result of a number of factors. There may be risks, not yet known to us or others, which are currently not deemed to be material, but that could later turn out to have a significant impact on our business.

APPROACH TO RISK MANAGEMENT

In order to identify the most important business risks that could impact our business we apply a top down approach to risk management. Our methodology is based on the principles developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO ERM).

An independent Business Assurance department assists the company in the identification and prioritisation of risks. In order to reach consensus on the most important group risks, individual input is given by senior management, and other sources of information, such as internal audits, benchmarking with peers and market intelligence data are taken into account. Based on a discussion in a Management Board meeting, final consensus is reached regarding the top business risks that could prevent us meeting our longer term goals. Lead ownership for each of these key risks is then assigned at an executive management level for the forthcoming year. The lead risk owner is responsible for developing an approach to manage and mitigate our mission critical longer term risks, which includes sponsoring the resources required, developing the control measures and establishing key performance indicators to monitor the success of the risk mitigation strategy.

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

STRATEGIC RISKS

Changing competitive landscape

We operate in a highly dynamic and competitive industry. Convergence in the technology, media, telecommunications and automotive industries leads both to increased competition and to new business opportunities.

We expect competition to increase as new companies target this market in response to the perceived potential for growth. Many of the current and potential future competitors for our products are large, well-known companies with greater financial, technical and human resources than our own. Companies with more resources and larger research and development expenditures may have a greater ability than our group to fund product research and development and capitalise on potential market opportunities. Our competitors may also enter relevant markets where we do not yet have a significant presence.

The increased use of mobile phones for personal navigation products will increase market penetration for navigation solutions. A shift toward navigation solutions on mobile phones and away from PNDs could negatively affect our market share and/or profitability.

We expect the proportion of vehicles with factory-installed or dealer-fitted navigation systems to increase in the future, this may significantly reduce demand for PNDs. Therefore, we view the automotive industry as an integral part of our long term business strategy and are focusing on collaborating with vehicle manufacturers to produce embedded in-dash navigation devices.

We also face competition from navigation products that use "off-board" technology, a competing technology which makes use of navigation data stored on a network and can consequently be used by mobile phones with installed java capability or web browsers. Certain of our competitors offer off-board personal navigation products to consumers. We could face additional competition for all our products from this technology, especially if the cost of data transmission over mobile networks declines significantly.

The digital map market is changing with regard to the availability of map information and the technologies used for the creation and maintenance of map databases. The information required to create digital map databases is now more readily available through public sources and technological developments allow for methods of data collection that enable existing competitors or potential entrants to enter the market with reasonably reliable map databases. This competitive environment requires continuous investment in new technology for creating and updating map databases.

If we are unable to compete effectively with our existing or any new competitors, our business, results of operations or financial condition could be materially adversely affected.

Innovation

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

In order to mitigate product concentration risks related to sales of PND hardware we aim to diversify our product and service offering over the medium to long term and to expand our recurring revenue streams.

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

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

Although we continue to focus on producing high quality automotive navigation solutions, there can be no guarantee that our products will compete successfully against current or new market entrants or competing technologies.

We mitigate these risks by investing in development and the sharing of our technologies between the different business units through our shared technologies production units that focus on creating innovative benefits to enhance the navigation experience for our customers.

Average selling price decline

The average selling prices (ASPs) 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, levels of discretionary consumer spending, 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 and range of personal navigation products increase, as levels of discretionary consumer spending remain low, and market competition intensifies. Factors beyond our control, such as key competitors dropping the price of their products significantly (or offering navigation solutions to end users for free), could lead to further erosion of our ASP. In addition, if we are unable to innovate and develop new products in a manner which keeps pace with technological change, we could be required to compete solely on price. This is a scenario which we do not believe is sustainable in our business.

The continuing decrease in the ASP of any of our products could cause a decline in our revenues, gross margins or results of operations that we may not be able to offset with cost reductions, increased volumes, upgrades or new product innovations.

Brand

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

We are constantly striving to increase awareness of our brand and strengthen our reputation for providing smart, easy-to-use, high-quality, desirable navigation solutions that meet customer needs in innovative ways. We aim to enhance our full user experience through our services and customer support. We invest in communicating the benefits of our products through global marketing campaigns and co-marketing activities with retailers.

Geographical footprint

We believe that today the North American market presents substantial business opportunities for the sale of personal navigation devices and an established market for our other products and services. However, despite currently being the second most popular navigation solution in the US, our market share in the US is significantly lower than our market share in Europe. If it does not remain stable or grow further, we may not be able to maintain our volume and profits as a result of a lack of retailer support for TomTom products and services.

Dependency on GPS satellites

In many of our product lines, we depend on 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 to the level of accuracy required for commercial use 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. If a significant number of the existing GPS satellites become obsolete, unusable or are not upgraded as planned, there could be a significant deterioration in the reliability, accuracy or utility of the entire GPS network.

A future possible alternative and complementary solution to GPS is Galileo. Galileo is the global navigation satellite system (GNSS) currently being built by the European Union (EU) and European Space Agency (ESA). Once completed Galileo will become the global standard for civil navigation by satellite. Like the US GPS, use of basic (low-accuracy) Galileo services will be free and open to everyone.

OPERATIONAL RISKS

Human resources

The success of our business depends on attracting, integrating and retaining qualified personnel in all business units and development centres. The loss of key personnel could have a material adverse effect on our business. Furthermore, if we are unable to retain or increase our pool of talented people to keep abreast with the competitive environment our business could suffer. In order to mitigate this risk we have implemented policies for attracting and retaining staff, which include long term incentives.

Organisation design

Our organisation has grown significantly in headcount in the past five years, taking into account the rapid growth of our PND business and acquisitions we have made, most notably Tele Atlas. As our product lines have diversified and we have established more business units and revenue streams, we have continuously adjusted our organisational design to best meet our customer needs. If we are not able to optimise our organisational design and stimulate rapid innovation and deployment of our products in desirable markets, this may lead to market opportunity costs and loss of market share, or impair our ability to address market demands and customer expectations.

Real-time services

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

A significant disruption to the availability of these systems could cause interruptions to our service to customers, loss of, or delays in, our research and development work and/or product shipments, or affect our distributor and consumer relationships.

We mitigate these risks through continuity planning and are constantly striving to improve and strengthen our internal systems and infrastructure. Together with our outsourced partners for ICT we have backup and continuity procedures in place, however, these may not function as intended when, and if, required. This could cause a disruption to our business activities and interruption of our services to our customers.

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 result in decreasing revenues, increased operating costs and/or the possibility of significant consumer product liability.

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

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

Tele Atlas integration

TomTom acquired Tele Atlas during 2008 and the process of integrating Tele Atlas into the group is well underway. The possibility exists that we will not be able to fully realise the cost and revenue synergies anticipated from the acquisition, which could lead to a further impairment of our intangible assets or prevent us from achieving our group strategic goals. The greatest synergies we aim to derive from the acquisition are reducing map production costs, improving map quality and freshness. This is being performed through the use of new technologies and through embedding map data improvements provided by TomTom customers and the broader external navigation community into our electronic map production process.

Map production process

In order to remain competitive in the map industry we strive to be the lowest cost producer of high quality maps. A key aspect of achieving this is the move from producing maps in a manual fashion supported by technology to a higher level of automation.

Over the past few years we acquired Tele Atlas (for map data), Applied Generics (for HD Traffic) and iLocal (for enriched map content), and additionally we launched Map Share™.

In order to facilitate producing higher quality maps at lower production costs we are in the process of migrating our map development technology to a single production platform. This will enable us to further automate the integration of our map data sources including leveraging our community input for the benefit of all our customers.

To ensure that we continue on the road of producing lower cost maps through automated map update processes, we need to continue to invest in technology. If we are unable to do this, or competitors achieve this at lower costs, we may lose our strategic position as one of the leading producers of automotive quality maps.

Supply chain outsourcing

Our supply chain and distribution model is outsourced. This increases our ability to scale up or down the supply chain, while limiting capital expenditure risks. We depend on a limited number of third parties and in certain instances on sole suppliers, for component supply and manufacturing.

Any disruption to, or termination of our relationships with third party manufacturers, suppliers or distributors, or reduction in their ability to meet our needs, could have a material adverse effect on our business. We continually evaluate the risks associated with outsourcing our supply chain.

Our engineering and quality assurance departments perform regular audits and ongoing reviews of our manufacturing partners and component suppliers. The supply disruption risk for our highest volume products is mitigated by dual-sourcing production from two different manufacturing partners. In order to limit component supply risks, we evaluate component supply at the earliest possible stage of the design process to reduce risk in the hardware 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.

LEGAL AND COMPLIANCE RISKS

Intellectual property

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

Patent and other intellectual property litigation can involve complex factual and legal questions and its outcome is uncertain. Any claim relating to infringement of patents that is successfully asserted against us may require us to pay substantial damages or we may be forced to stop or delay developing, manufacturing or selling products. In such cases, we may be required to obtain licenses to patents or proprietary rights of others, which may not be available on favourable or acceptable terms or at all, or to modify our products to avoid incorporating such patents or proprietary rights, which may not be possible, in order to continue to sell our products. Even if we were to prevail, any litigation could be costly and time-consuming.

Ultimately, we may incur significant additional costs or be unable to develop and market some of our products or may have to cease some of our business operations as a result of patent or other intellectual property rights infringement claims, which could severely harm our business.

Product liability

Product liability claims present a risk of protracted litigation, substantial monetary damages, attorneys' fees, costs and expenses and diversion of management's attention from the operation of our business. The use of map data by, and provision of route instructions to, vehicle drivers carries an inherent risk of product liability claims and associated adverse publicity. Claims could be made by users of our products if errors or defects in map data, route instructions or other information are alleged to cause loss or harm.

Although we have not had any material product liability claims brought against us to date, we cannot guarantee that such claims will not be brought against us in the future. We are required to indemnify our principal map data providers against third-party claims for losses, damage or personal injury arising from the use of such map data in our products.

We attempt to mitigate product liability claims primarily through producing quality navigation products and services, and further limit liability risk through the use of disclaimers, limitations of liability and similar provisions in our other license agreements. However, we cannot be certain that any of these provisions will prove to be effective barriers to product liability claims. In addition, although we carry insurance in relation to product liability claims, such claims may not be covered under our insurance contract or may exceed our policy limits.

Privacy of customer data

Concerns have been raised about the possibility that GPS-based satellite navigation products could be used to violate personal privacy by potentially making available a record of a person's geographical location to others. The technological potential of our current or future products may create similar concerns for the general public.

Concerns about privacy may also result in users choosing not to employ all of the features of our products. If these or other public opinion issues arise in connection with our products or across the industry, our business, our brand, results of operations or financial condition could be materially adversely affected.

FINANCIAL RISKS

Credit

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and, to a certain extent, from trade receivables relating to our wholesale customers. Exposure to credit risk is actively monitored by management. Cash balances are only held with counterparties that have both a credit risk rating of at least A – as rated by an acknowledged rating agency in addition to satisfactory CDS pricing of our financial counterparts.

Our exposure from wholesale customers is influenced mainly by the individual characteristics of each customer and the length of payment terms.

We have established a credit policy, under which each new customer is assessed individually for creditworthiness before our standard payment and delivery terms and conditions are offered. Whenever available, we take into account the independent ratings from external rating agencies in our assessment.

Credit limits are established for each customer and then reviewed on a quarterly basis, or more frequently whenever deemed necessary. In monitoring customer credit risk, we group customers according to their credit characteristics. Customers who are graded as "high risk" or who otherwise fail to meet our benchmarked creditworthiness standards, are placed on a restricted customer list and we only do business with them on a pre-payment basis. For our consumer business, most of our exposure to credit risk is further mitigated by the purchase of credit insurance.

As of 31 December 2009, our total bad debt provision represented approximately 0.6% of our group revenue (2008: 0.8%).

Financial assets, including 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 that we have sufficient liquidity to meet our financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. An adequate liquidity position is maintained through continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

We regularly monitor our actual and future cash flow requirements as well as the rolling forecast of the group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility of €174 million, to ensure we have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The contractual maturity of our trade and other liabilities is less than one year. Our outstanding borrowings amount to €808 million of which €210 million is due within one year.

Loan covenants

We entered into a facility agreement in September 2007, under which we drew €1,585 million as a term loan on 10 June 2008 to partially fund the acquisition of Tele Atlas. The facility agreement includes a €174 million revolving credit facility which remained entirely undrawn as of 31 December 2009.

The terms of the facility agreement were amended in June 2009 and the net cash proceeds from a rights issue in July 2009 were used to reduce our level of indebtedness towards the banks by approximately €400 million.

The amended financial covenants require us to meet certain performance indicators relating to interest cover and leverage. In case of breach of our loan covenants, the banks are contractually entitled to request early repayment of the outstanding amount.

We closely monitor the contractual performance indicators and based on the group's plan for 2010, management expects to be able to comply with the loan covenants.

Foreign currencies

We operate internationally and conduct our business in multiple currencies. Revenues are earned in euro, pound sterling, the US dollar and other currencies, while our cost of sales and other costs are in euro, the US dollar and other currencies. Foreign currency exposures on our commercial transactions relate mainly to our estimated purchases and sales transactions that are denominated in a currency other than our reporting currency – the euro (€).

We manage our foreign currency transaction risk through the buying and selling of options for forecasted exposures and by entering into forward contracts for actual commitments. We aim to cover our exposure for both purchases and sales for the relevant term based on our business characteristics. All such transactions are carried out within the guidelines set by the Treasury Risk Policy (section 5, Foreign Exchange Risk Management), which has been approved by the Supervisory Board.

We do not make use of natural hedges for anticipated exposures, as these can prove ineffective in the event of sharp increases or decreases in currency rates and are therefore not considered optimal from a risk management point of view. Foreign currency exposures are grouped by currency to allow for more efficient hedging. We hedge at least 80% of our anticipated and committed foreign currency exposure, in respect of forecast sales and purchases.

A 2.5% strengthening/weakening of the euro as of 31 December against the currencies listed below would have increased (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2008.

(in €)	2009		2008	
	strengthen	weaken	strengthen	weaken
AUD				
Net profit after taxation	178,260	-169,564	-254,611	242,190
GBP				
Net profit after taxation	692,324	-658,559	-1,153,832	1,430,268
USD				
Net profit after taxation	1,416,227	-1,349,176	1,728,546	-1,834,088

Interest rates

Our interest rate risk arises primarily from long term borrowings. These borrowings have a floating interest coupon based on Euribor plus a spread which depends on leverage levels. The Euribor element of the interest coupon is hedged with swap instruments.

Market-related interest income is received on the cash balances. It is our intention to earn a reasonable interest income using vanilla investment instruments like bank deposits and money market fund investments. All transactions are governed by the Treasury Risk Policy.

Corporate governance

TomTom takes its commitments to all stakeholders seriously – consumers, shareholders, employees and business partners. In all of our corporate transactions our aim is maximum transparency and accountability. In this light, TomTom is committed to, and monitors, its corporate governance structure.

As a listed company, TomTom is subject to the Dutch Corporate Governance Code, published on 10 December 2008 (the “Code”), a copy of which can be downloaded from www.commissiecorporategovernance.nl. Our Management Board and Supervisory Board have strived to comply with the guidelines laid down in the Tabaksblat Code, the predecessor of the Code and will continue their efforts to comply with the Code.

Any substantial change in the TomTom corporate governance structure shall be explained to the shareholders at an Annual General Meeting of Shareholders.

THE CORPORATE GOVERNANCE CODE

We apply all of the relevant provisions of the Code with the following deviations which, together with the reasons for these deviations, are set out below.

- Options granted to members of the Management Board under the 2005 Share Option Plan prior to 31 December 2005 vest unconditionally and can be exercised after a three year period following the grant date. No predetermined performance criteria were established for these share options, as the industry of personal navigation was at a relatively nascent stage and we believed that setting credible (pre-determined) performance criteria was not practical at that time. This is not in line with best practice provision II.2.4. that provides that the number of options granted shall be dependent on the achievement of challenging targets specified beforehand.

The TomTom Management Board Stock Option Plan 2009, as adopted by the General Meeting of Shareholders in April 2009, is aimed at attracting and retaining key talent to the company in order to safeguard its human capital and aligning TomTom’s long-term incentives with common practices within international companies operating in the technology sector. The number of options that vest is subject to the achievement of pre-determined performance criteria. Options vested under this plan can be exercised during a period of seven years following the grant date. One third of the options granted vest after one year, another one third vest after two years and the final one third vest after three years following the grant date.

Although, this vesting timeline is not in line with best practice provision II.2.4, the environment in which we operate is changing rapidly and highly competitive. To ensure that the TomTom Management Board Stock Option Plan 2009 does indeed fulfil its aim, the company has opted for this timeline.

- As previously disclosed, the severance agreement as included in the employment contract of Alain De Taeye is not in line with best practice provision II.2.8, which provides that the maximum remuneration in the event of involuntarily termination may not exceed the director’s annual fixed remuneration. In case of involuntary termination of his employment contract, Alain is entitled to compensation of one year of his annual fixed remuneration plus an amount equal to 100% of the annual bonus paid to him over the year preceding the year in which his employment agreement was terminated. Alain’s expertise and knowledge of Tele Atlas were the main reasons for this appointment as member of the Management Board. Therefore, in determining his remuneration his position as former Chief Executive Officer of Tele Atlas and his remuneration at that time were considered.
- 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. TomTom’s Articles of Association provide that a binding nomination for the appointment of members of the Management Board or of our Supervisory Board may only be set aside by a resolution of the General Meeting of Shareholders passed with a two-thirds majority representing more than 50% of our issued share capital. As previously disclosed, the company deviates from this best practice provision because it believes that maintaining continuity in our Management Board and Supervisory Board is critical for delivering long-term shareholder value. The company 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.

4. Best practice provision III.3.1 specifies that the profile of the Supervisory Board shall deal with the aspects of diversity in the composition of the Supervisory Board that are relevant to the company, referring in particular to gender and age. Also, the profile shall state what specific objective is pursued by the board in relation to diversity. In general, the profile for TomTom's Supervisory Board aims for an adequate composition reflecting the international business activities of TomTom, as well as for an adequate level of experience, expertise and independence in its members.

The Supervisory Board has given consideration to its composition and diversity and recognises the relevance of a diversified board. Given the development of the company and the Supervisory Board in 2009, the Supervisory Board is of the view that the size, composition and skill mix of the board is satisfactory and that it is functioning well and, therefore, deemed it not necessary to amend its profile for 2009. In 2010 the Supervisory Board will again evaluate and assess its composition and profile against the social developments and strategic changes of the company and incorporate any changes as necessary.

MANAGEMENT BOARD

GENERAL

The Management Board is responsible for the day-to-day management of the operations of the company, which means, among other things, that it is responsible for achieving the company's aims, the strategy associated risk profile, the development of results and corporate social responsibility issues that are relevant to the company. The Management Board is accountable for these matters to the Supervisory Board and to the General Meeting of Shareholders. In performing its duties, the Management Board shall be guided by the interests of the company, taking into consideration the interests of the company's stakeholders. The Management Board shall provide the Supervisory Board in a timely manner with all information necessary for the exercise of the duties of the Supervisory Board and shall consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its prior approval.

COMPOSITION AND APPOINTMENT

The Articles of Association provide that there will be at least two members of the Management Board.

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 the company's 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 the 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 the 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 the issued share capital.

MEMBERS OF THE MANAGEMENT BOARD

Currently, the Management Board consists of:

- Harold Goddijn – CEO
- Marina Wyatt – CFO
- Alain De Taeye

During the Annual General Meeting of Shareholders held on 28 April 2009, both Harold Goddijn and Marina Wyatt were re-appointed as members of the Management Board for a period of four years.

Further details on the members of the Management Board, and their biographies, can be found in the Profile of Management Board and Supervisory Board section on page 42.

REMUNERATION

The Supervisory Board determines 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 and options. For further information about the remuneration of the members of the Management Board, see the Remuneration Report included in the Supervisory Board Report section and the notes included in the Financial Statements in this Annual Report.

CONFLICTS OF INTEREST

Members of the Management Board must report and provide all relevant information regarding any conflict of interest or potential conflict of interest to the Chairman of the Supervisory Board. The Supervisory Board shall decide, without the member of the Management Board being present, whether there is a conflict of interest.

During the year 2009, in accordance with the relevant best practice provision in the Code and the Management Board rules, the following potential conflict of interest was notified to the Chairman of the Supervisory Board by the relevant members of the Management Board: the intended participation in the private placement and rights issue by Harold Goddijn, indirectly through Tradewind Investment NV, and by Alain De Taeye. Since these intended participations constituted a formal conflict of interest, and in accordance with the Management Board rules, Harold Goddijn and Alain De Taeye did not participate in any discussions or decision making relating to the private placement and rights issue. After diligent consideration, the Supervisory Board resolved, without the relevant Management Board members being present, to grant its approval to the intended transactions.

SUPERVISORY BOARD

GENERAL

The main task of the Supervisory Board is to supervise the activities of the Management Board and the general course of affairs of TomTom and its business. The Supervisory Board assists the Management Board by providing it with advice at the request of the Management Board but also on its own initiative. In performing its duties the Supervisory Board shall act in the interest of our company as a whole.

The Articles of Association require that certain decisions of the Management Board are 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 there will be at least three members of the Supervisory Board. 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 the 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 the 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 the issued share capital.

The Supervisory Board has determined a profile of its size and composition taking account of the nature of TomTom's business, its activities and the desired expertise. The profile is posted on the website. All nominees for appointment to the Supervisory Board must fit the profile.

The Supervisory Board has adopted rules which further regulate its decision making process, which are posted on the website.

MEMBERS OF THE SUPERVISORY BOARD

In 2009, Peter Wakkie (on 28 April) and Joost Tjaden (on 30 June and effective as of 17 July) were appointed as members of the Supervisory Board.

The Supervisory Board now consists of:

- Karel Vuursteen – Chairman
- Doug Dunn – Deputy Chairman
- Guy Demuynck – member
- Rob van den Bergh – member
- Ben van der Veer – member
- Peter Wakkie – member
- Joost Tjaden – member

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

The committees

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

The Audit Committee

Among other things, the Audit Committee focuses on supervising the activities of the Management Board with respect to the operation of the internal risk management and control systems and supervising the operation of codes of conduct, the provision of financial information by the company, the performance of our independent auditor and internal audit function, the policy of the company on tax planning, the financing of the company and the application of information and communication technology.

The Audit Committee consists of:

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

The Remuneration Committee

The Remuneration Committee makes a proposal to the Supervisory Board for the remuneration policy for the Management Board and the remuneration of its individual members and prepares the remuneration report to be included in the Annual Report.

The Remuneration Committee consists of:

- Guy Demuynck (Chairman)
- Karel Vuursteen
- Peter Wakkie.

The Selection and Appointment Committee

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

The Selection and Appointment Committee comprises:

- Karel Vuursteen (Chairman)
- Guy Demuynck
- Peter Wakkie.

The terms of reference of each committee can be found on our website.

Remuneration

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

For detailed information about the individual remuneration of members of the Supervisory Board see note 7 to the Financial Statements of TomTom NV included in this Annual Report, on page 69.

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 being present, whether a conflict of interest exists. A member of the Supervisory Board shall not take part in any discussions or decision making that involves a subject or a transaction in relation to which he has a conflict of interest with the company. Such a transaction shall be disclosed in the Annual Report. No such conflicts of interest occurred during 2009.

Shareholdings

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

Joost Tjaden is a management board member of a Dutch company called "Flevo Deelnemingen IV B.V." which has (indirectly) held 18.6 million shares in TomTom since the equity issue in July 2009.

Rotation schedule

On 21 July 2009, the Supervisory Board adopted the following rotation schedule.

	Date of (re) appointment	End of term	Date of possible reappointment
Karel Vuursteen	25 April 2007	AGM 2010	AGM 2010
Doug Dunn	25 April 2007	AGM 2011	AGM 2011
Guy Demuynck	23 April 2008	AGM 2012	AGM 2012
Rob van den Bergh	25 April 2007	AGM 2011	AGM 2011
Ben van der Veer	1 October 2008	AGM 2012	AGM 2012
Peter Wakkie	28 April 2009	AGM 2013	AGM 2013
Joost Tjaden	30 June 2009	AGM 2013	AGM 2013

GENERAL MEETING

FUNCTIONING GENERAL MEETING OF SHAREHOLDERS

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.

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.

To facilitate the attendance of shareholders at General Meetings of Shareholders, a record date is set. Shareholders registered at such date are entitled to attend the meeting and to exercise other shareholder rights during the meeting, notwithstanding the subsequent sale of their shares after the record date.

The record date can be set to a maximum of 30 days before the General Meeting of Shareholders. It is our practice to set the record date on 10 days before the General Meeting of Shareholders. The admitted institutions (aangesloten instellingen) in the Netherlands will not block the shares registered to attend the General Meeting of Shareholders. We have taken note of proposed legislation which includes a fixed record date.

The notice of the General Meeting of Shareholders shall take place, in accordance with Dutch law and the Articles of Association. Currently, the notice has to be made at least 15 days before the meeting. The proposed legislation referred to above also aims to facilitate the participation of shareholders at (general shareholders) meetings. Pursuant to the proposed legislation, the notice period will increase to give shareholders the opportunity to purchase shares before the record date in order to be able to attend the shareholders meeting.

Shareholders may appoint a proxy who can vote on their behalf in the General Meeting of Shareholders.

The minutes of the General Meeting of Shareholders shall be recorded and will be made available to shareholders on the website no later than three months after the meeting. Shareholders are given the opportunity to provide their comments in the subsequent three months, and thereafter the minutes are adopted by the Chairman and the secretary of the meeting. The adopted minutes are also available on the website and, upon request, by post or e-mail. Also, the voting results will be published on the website after the General Meeting of Shareholders.

VOTING RIGHTS

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-thirds of the votes cast, representing more than 50% of our issued share capital:

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

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

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

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The General Meeting of Shareholders can resolve to amend the Articles of Association of the company, only upon a proposal by the Management Board, which proposal requires the approval of the Supervisory Board. A resolution of the General Meeting of Shareholders requires an absolute majority of votes cast irrespective of the represented share capital at the General Meeting of Shareholders. The complete proposals should be made available for inspection by the shareholders at the office of the company and at a banking institution designated in the notice to the general meeting of shareholders, as from the date of said notice until the close of that meeting.

The capital structure

Following the amendment of the Articles of Association effected in July 2009, the company's authorised share capital amounts to €180,000,000 and is divided in 600,000,000 ordinary shares each with a nominal value of €0.20 and 300,000,000 preferred shares, each with a nominal value of €0.20. As of 31 December 2009, a total of 221,718,074 ordinary shares have been issued.

ISSUE OF SHARES

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

The Management Board considers it desirable to be able to react in a timely manner when certain opportunities that need issuance of ordinary shares arise. Therefore, it wishes to be authorised to issue ordinary shares and to grant rights to subscribe for such shares when such occasions occur, without requiring prior approval from its shareholders for which an Extraordinary General Meeting of Shareholders would have to be convened costing valuable time or creating disrupting market speculation.

During the Annual General Meeting of Shareholders held in April 2009, a resolution was passed to extend the authorisation of the Management Board to resolve to issue ordinary shares (or grant rights thereto) until 28 October 2010, which authority is limited to 20% of the number of issued ordinary shares at the time of issue and subject to the following limitations.

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

In addition to the authorisation referred to above, the Management Board, subject to the prior approval of the Supervisory Board, is authorised to grant rights to subscribe for ordinary shares up to 6,500,000 ordinary shares for the purpose of implementing and the execution of the TomTom Employee Stock Option Plan 2009 and the TomTom Management Board Stock Option Plan 2009 (the "Stock Option Plans 2009") during 2009.

This authorisation is granted for a period up to the Annual General Meeting of Shareholders to be held in 2010.

In the Extraordinary General Meeting of Shareholders in June 2009 it was confirmed that the abovementioned authorisations were not limited or affected in anyway by the authorisations which were granted in connection with the equity issue.

The Management Board also has the power to issue preference shares or to grant rights to subscribe for preference shares. For further information on this authority of the Management Board, see the Protection Mechanism section below.

PRE EMPTIVE RIGHTS

A shareholder may exercise pre-emptive rights during a period of at least 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 2009, a resolution was passed to extend the authority of the Management Board to restrict or exclude pre-emptive rights until 28 October 2010.

As a rule under Dutch law, no pre-emptive rights exist with respect to shares issued to employees of the company or a group company. Nevertheless, to the extent necessary, the Management Board has been authorised to exclude the pre-emptive rights in connection with its authorisation to grant rights to subscribe for shares under the Stock Option Plans 2009.

REPURCHASE BY THE COMPANY OF ITS OWN SHARES

In accordance with the Articles of Association, subject to certain conditions, the company may acquire fully paid-up shares in the capital of the company for consideration, subject to authorisation of the General Meeting of Shareholders.

During the Annual General Meeting of Shareholders in April 2009 the Management Board has been authorised to acquire shares in the capital of the company up to 10% of the issued share capital and for a price of approximately the stock exchange price with a margin of 10% of the stock exchange price.

Stock exchange price means: the average of the closing price of the TomTom share according to the Official Price List of NYSE Euronext Amsterdam on the five consecutive trading days immediately preceding the date of purchase. The authorisation has been granted for a period of 18 months, until 28 October 2010.

PREFERENCE SHARES AS PROTECTION MEASURE

GENERAL

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

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 but a call option to issue preference shares is in place.

COMPOSITION OF CONTINUITY FOUNDATION

In accordance with the Foundation's Articles of Association, the Board members are appointed by the Board of the Foundation. The Board consists of three members. On 11 March 2009, the Board appointed Frans Koffrie as a member of the Board with immediate effect. The other Board members are Mick den Boogert and Robert de Bakker.

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

PROTECTION MECHANISM

Foundation Continuity TomTom

The company has granted the Foundation a call option (the "Call Option"), entitling it to subscribe for preference shares, equal to a maximum of 50% of the aggregate issued and outstanding share capital (excluding issued and outstanding preference shares) of the company at the time of issue.

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

Management Board

In addition to the Call Option, the Management Board wishes to have the authority to issue preference shares. The Management Board believes that there might be circumstances under which the Management Board and the Supervisory Board would feel that the issue of additional preference shares could be required in the interest of the company and its stakeholders. For instance, the number of preference shares the Foundation can acquire might not be sufficient. Also the situation could occur whereby the Foundation already exercised its Call Option and subsequently the preference shares have been cancelled. Similar to the structure with the Foundation, possible issuances of preference shares will be temporary and subject to the company's Articles of Association and the legislation on takeovers.

During the Annual General Meeting held in April 2009, a resolution was passed to extend the authority of the Management Board to issue preference shares and to grant rights to subscribe for such shares until 28 October 2010, which authority is limited to 50% of the number of issued ordinary shares at the time of issue.

Also the authorisation of the Management Board to restrict or exclude pre-emptive rights pertaining to the (rights to subscribe for) preference shares was extended until 28 October 2010 at the Annual General Meeting of Shareholders in April 2009.

Pursuant to the Articles of Association, 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 requires that a General Meeting of Shareholders be held within six months after the issue of preference shares to consider their cancellation and redemption.

If the General Meeting of Shareholders does not resolve to redeem and cancel the preference shares, a General Meeting of Shareholders will be held every six months thereafter for as long as preference shares remain outstanding.

OBLIGATIONS OF SHAREHOLDERS TO DISCLOSE HOLDINGS

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

Under the Financial Markets 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 2009, 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:

- Harold Goddijn 11.86%
- Corinne Goddijn-Vigreux 11.79%
- Pieter Geelen/Stichting Beheer Moerbeij 11.79%
- Peter-Frans Pauwels/Stichting Beheer Pillar Arc 11.79%
- Flevo Deelnemingen IV BV 8.38%.

DECREE ARTICLE 10 EU TAKEOVER DIRECTIVE

According to the Decree Article 10 EU Takeover Directive, TomTom has to report on amongst others its capital structure, restrictions on voting rights and the transfer of securities, significant shareholdings in TomTom, the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board and the amendment of the Articles of Association and the powers of the Management Board (in particular the power to issue shares or to repurchase shares).

The information required by the Decree Article 10 EU Takeover Directive, to the extent applicable to TomTom, is included in this Corporate Governance section of this Annual Report.

MANDATORY STATEMENT WITHIN THE MEANING OF THE GOVERNMENTAL DECREE OF 20 MARCH 2009 ON CORPORATE GOVERNANCE

According to the Governmental Decree of 20 March 2009 TomTom has to publish a statement on corporate governance (the "Corporate Governance Statement"). The Corporate Governance Statement has to report on compliance with the Code. In addition, the Corporate Governance Statement must provide information on the functioning of the General Meeting of Shareholders including its main rights, the composition of the Management Board and the Supervisory Board including its committees and the information which must be disclosed pursuant to the Decree Article 10 Takeover Directive.

The Management Board states that the aforementioned information is included in this Corporate Governance section.

In accordance with the Decree of 20 March 2009, the Corporate Governance Statement must also describe the main characteristics of the internal risk management and control systems connected to the company's financial reporting process. This description is included in the Internal Control report section on page 26 of the Annual Report and is, for the purpose of complying to the Decree of 20 March 2009, included for reference in this Corporate Governance section.

MANDATORY STATEMENT FOR LARGE COMPANIES WITHIN THE MEANING OF 2:153 DUTCH CIVIL CODE

A statement within the meaning of clause 153 subparagraph 1 of Book 2 of the Dutch Civil Code was filed with the Trade Register in 2008 which provides that the company meets the requirements as set in clause 2:153 (2) Dutch Civil Code.

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

The Management Board is responsible for the preparation and fair presentation of the Financial Statements and for the preparation of the Management Report. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the company 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.

The Management Board states that, to the best of its knowledge:

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

Management Board

Harold Goddijn – CEO

Marina Wyatt – CFO

Alain De Taeye

18 February 2010



MANAGEMENT BOARD

[above]

Harold Goddijn (49)

Member of the Management Board,
Chief Executive Officer

Harold Goddijn is a Dutch national. Having studied Economics at Amsterdam University, Harold started his career with a venture capital firm. He then founded Psion Netherlands BV in 1989, as a joint venture with Psion Plc, and in 1991 co-founded TomTom with Peter-Frans Pauwels and Pieter Geelen. He continued to lead Psion Netherlands BV, developing it into a key European distributor. In 1998, he was appointed Managing Director of Psion Computers and served on the Board of Psion Plc from 1998 to 1999. Harold was appointed Chief Executive Officer of TomTom in 2001 and was re-appointed at the AGM in 2009.

Marina Wyatt (46)

Member of the Management Board,
Chief Financial Officer

Marina Wyatt is a British national. She is a Cambridge University graduate, a Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England and Wales. Having spent nine years with Arthur Andersen in the UK and US, Marina joined Psion Plc as Group Controller in 1994 and became Chief Financial Officer in 1996. She was also a Non-executive Director of Symbian and of the publishing company Blackwell's. In 2002 Marina was appointed Chief Financial Officer of Colt Telecom Plc. Marina joined TomTom as Chief Financial Officer in 2005 and was re-appointed at the AGM in 2009.

Alain De Taeve (52)

Member of the Management Board

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

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

		1
2	3	4
5	6	7



Profile of the Management Board and Supervisory Board

SUPERVISORY BOARD

1 Karel Vuursteen (68)

Chairman of the Supervisory Board

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

2 Doug Dunn (65)

Deputy Chairman of the Supervisory Board

Doug Dunn is a British national. He holds a Higher National Qualification in Electrical and Electronic Engineering from the College of Advanced Technology, Sheffield University. After various engineering and senior management positions in the US and UK with Motorola Semiconductors, he was Managing Director of the Semiconductor and Components division of General Electric Company Plc from 1980 until 1993. He was a member of the Board of Management of Royal Philips Electronics NV and Chief Executive Officer of its Semiconductor Division (1993-1996) and its Consumer Electronics division (1996-1999). From 1999 to 2004 he was Chief Executive Officer and President of ASML Holding NV. Doug currently serves as chairman of the Board of Directors of ARM Holdings Plc and is a non-executive director of Soitec SA and member of the Supervisory Board of STMicroelectronics NV. In May 2009 he was elected to the Supervisory Board of BE Semiconductor Industries NV (Besij). He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2011.

3 Guy Demuyndt (58)

Member of the Supervisory Board

Guy Demuyndt is a Belgian national. Guy gained his Masters degrees in Applied Economics and Marketing & Distribution from the Universities of Antwerp and Ghent respectively. He began his career at Royal Philips Electronics NV, where he worked for 26 years in various commercial and marketing roles in Europe, the US and East Asia, culminating in his appointment as Chief Executive Officer of Philips Consumer Electronics division in 2000. In this role, he also served as a member of the Philips Group Management Committee until December 2002. Guy is a former member of the Board of Management of Royal KPN, with responsibility for KPN's mobile division, and served on the Supervisory Board of E-Plus Mobilfunk Geschäftsführungs GmbH. From 2006 until August 2008, Guy was Chief Executive Officer of Kroymans Corporation BV, a company active in the automotive industry. Guy currently is a member of the Management Board of Belgacom NV, a member of the Advisory Board of the Acceleration Group and Chief Executive Director of Liquevista BV, a company active in the consumer electronic industry. He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2012.

4 Rob van den Bergh (59)

Member of the Supervisory Board

Rob van den Bergh is a Dutch national. Rob earned his Masters degree in Law at Leiden University in the Netherlands. From 1975 until 1980, Rob worked as Legal Counsel General Affairs for the "Nederlandse Dagblad". He then began a longstanding career with VNU NV (currently Nielsen Media Research BV) from 1980 until 2006. This included six years as a member of the Executive Board, two years as Vice Chairman of the Executive Board, and finally Chairman of the Executive Board in the US. Rob was a member of the Supervisory Board of ABN AMRO NV from 2005 until 2009. He currently serves as Chairman of the Supervisory Board of NV Deli Universal and as a member of the Supervisory Board of Pon Holdings BV. He is also President of the Executive Board of TiasNimbas Business School of the Tilburg University, a member of the Advisory Board of CVC Capital Partners Nederland and a member of the Investment Committee of NPM Capital NV. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until 2011.

5 Ben van der Veer (58)

Member of the Supervisory Board

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

6 Peter Wakkie (61)

Member of the Supervisory Board

Peter Wakkie is a Dutch national. With a background in law, Peter was a member of the Executive Board of Royal Ahold NV from 2003 until December 2009. He recently co-founded his own company SPINATH+WAKKIE which provides crisis management consultancy services to Dutch enterprises facing unforeseen and, potentially, damaging events. In addition he is Deputy Chairman of the Supervisory Board of Wolters Kluwer NV, a member of the Supervisory Board of BCD Holdings NV, a member of the Board of the Dutch Association of Security Issuers ("Vereniging Effecten Uitgevend Ondernemingen") and a member of the Monitoring Commissie Corporate Governance Code. He was first appointed to the TomTom Supervisory Board in April 2009. His current term runs until 2013.

7 Joost Tjaden (60)

Member of the Supervisory Board

Joost Tjaden is a Dutch national. Joost earned an MBA at the Rotterdam University in the Netherlands. In 1976, he joined Oranje Nassau Groep BV, a privately held investment company in the Netherlands, moving into the role of a member of its Management Board in 1986. Between 1988 and 1993, he was President and CEO of TBM Associates, Inc. (Boston, MA), a US based investment management company. He served on the Supervisory Board of Tele Atlas from 1996 until its acquisition by TomTom in 2008. He currently serves as the Managing Director of Janivo Holding BV, a privately held investment company in the Netherlands. He is also Chairman of the Supervisory Board of Wave International BV, Brabant Aluminium International BV and Intivation BV and a member of the Supervisory Board of M&R de Monchy NV, NSI/DSG LP, Mirus, Inc., Fidelio Properties LP and Emerging Market Alternatives LLC. He was first appointed to the TomTom Supervisory Board in June 2009. His current term runs until 2013.

Supervisory Board report

GENERAL

The Supervisory Board is responsible for supervising the activities and decisions of the Management Board. It also provides advice, both at the request of the members of the Management Board and on its own initiative. In addition, the Supervisory Board is responsible for the supervision of the general course of affairs of the company. In performing its duties the Supervisory Board is guided by the company's interests, taking into account the interests of TomTom's stakeholders, whilst applying the principles of good entrepreneurship. The key elements of the role and responsibilities of the Supervisory Board are set out in the Supervisory Board rules which can be found on the TomTom website.

COMPOSITION OF THE SUPERVISORY BOARD

In the first half of 2009 two additional members were appointed to the Supervisory Board, Peter Wakkie and Joost Tjaden, bringing the total number of members to its current level of seven. Peter Wakkie was appointed at the Annual General Meeting of Shareholders in April 2009. Following the private placement and subsequent rights issue, and as approved by the shareholders at the Extraordinary General Meeting of Shareholders held in June 2009, Joost Tjaden joined the Supervisory Board. As is customary in TomTom, the new members were offered the opportunity to gain insight into the company, its various business units and the all important technology portfolio through one-on-one meetings and talks with key managers within the company.

The other members of the Supervisory Board are Karel Vuursteen, Doug Dunn, Guy Demuynck, Rob van den Bergh and Ben van der Veer. Short biographies of all members are included in the section Management Board and Supervisory Board of this Annual Report on page 43.

The profile of the Supervisory Board of TomTom (please see TomTom website for complete document) sets out the requirements for the size and the composition of the Supervisory Board. This profile is evaluated regularly and its validity is assessed against the developments and strategic changes of the company and, if necessary, it is amended accordingly.

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

While the full Supervisory Board retains overall responsibility for its tasks, the Audit Committee, Remuneration Committee and Selection and Appointment Committee prepare and assist the decision-making of the Supervisory Board. The chairmen of the various committees maintain a close relationship with their relevant senior

managers within the company, with regular face-to-face contact to set the agendas and prepare all relevant information for the committee meetings. The regular Supervisory Board meetings are preceded by committee meetings. A summary of the deliberations and proposed resolutions of the committees is discussed at the start of the Supervisory Board meeting. The minutes of the committee meetings are distributed to all Supervisory Board members.

All Supervisory Board members are also members of at least one committee. Details on the composition and tasks and responsibilities of the respective committees can be found in the Corporate Governance section of this Annual Report on page 36.

ACTIVITIES 2009

Meetings and meeting structure

During 2009 the Supervisory Board held ten meetings with the Management Board present. The regular meetings were structured into two parts; one element consisted of recurring topics such as the updates on the various operations, contacts with the investor community and the strategic and financial updates, including the related press releases. The second component of a regular meeting was dedicated to a specific topic; e.g. a specific area of the business.

Outside the scheduled meetings, the members of the Supervisory Board have regular contact with the members of the Management Board through calls or face-to-face meetings. These frequent informal consultations ensure that the Supervisory Board remains well informed about the day-to-day running of the business.

In addition, the Supervisory Board held meetings without members of the Management Board present. These included meetings to review the composition and functioning of the Management Board and the performance of its individual members. Also discussed was the performance of the Supervisory Board and its committees. This self-evaluation took the form of a self-assessment questionnaire, the objective of which was to provide the framework for a discussion of how the Supervisory Board, its committees and its members function. The discussions of the feedback received through the questionnaires included recommendations to facilitate changes and improvement.

In 2009, the Works Council met twice with a representative of the Supervisory Board.

No Supervisory Board members were frequently absent from the meetings. The attendance of the 2009 Supervisory Board meetings is reflected in the table below.

	Karel Vuursteen	Doug Dunn	Guy Demuynck	Rob van den Bergh	Ben van der Veer	Peter Wakkie	Joost Tjaden
27 January	✓	–	✓	✓	✓	n.a.	n.a.
23 February	–	✓	✓	✓	✓	n.a.	n.a.
10 March	✓	✓	✓	✓	✓	n.a.	n.a.
21 April	✓	✓	✓	✓	✓	n.a.	n.a.
28 April	✓	✓	✓	✓	✓	n.a.	n.a.
8 May	✓	✓	✓	✓	✓	✓	n.a.
21 July	✓	✓	✓	✓	✓	✓	✓
27 October	✓	✓	✓	✓	✓	✓	–
24 November	✓	✓	–	✓	✓	–	✓
10 December	✓	–	✓	–	✓	✓	✓

2009 topics

During the first half of 2009, the company's balance sheet, particularly in relation to the loan covenants under the syndicated loan facility, was a recurring topic for the Supervisory Board, both in its meetings and in weekly update calls with the Management Board. These discussions led to the decision to raise equity by means of a private placement and subsequent rights issue which was effected in July 2009.

In May the Supervisory Board visited the US operations to meet the local team and gain additional insight into the opportunities and challenges particular to the US market. This opportunity was also used to dedicate a full day of Supervisory Board time to review, discuss and evaluate the company wide strategy. As strategy is one of the main areas of attention for the Supervisory Board, the direction that the company wants to take and how it wants to achieve this goal was an item for discussion on every Supervisory Board meeting agenda in 2009. These deliberations were governed by factors such as the competitive landscape in which we operate, potential M&A and partnering opportunities and the positioning of the company's assets and strengths within the framework of TomTom's strategy. The Supervisory Board feels it would not be appropriate to divulge further details of these discussions with a view to the highly competitive market in which the company operates.

The Supervisory Board held its annual Induction and Governance day in November, which included a presentation on the company's competitive landscape, the intellectual property strategy and an update on the company's technology programme.

The amendments to the Dutch Corporate Governance Code of December 2008, necessitated the discussion of such items as the company's approach toward corporate social responsibility, the review of the Supervisory Board profile and the update of the Management Board and Supervisory Board rules as well as the new policy on bilateral contacts with shareholders.

Other subjects covered during the various meetings of the Supervisory Board included:

- optimisation of the organisational structure of the company
- the integration of Tele Atlas' operations within the company
- compliance with laws and regulations and the company's approach to legal compliance
- the size and composition of the Supervisory Board and Management Board
- the company's remuneration policy
- corporate strategy and risks inherent in the business activities
- the company's marketing and communication plan
- the annual budget
- valuation of intangible assets.

REMUNERATION OF THE SUPERVISORY BOARD

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

The annual remuneration is €35,000 for Supervisory Board members and €45,000 for the Chairman. The annual remuneration for participation in the Audit Committee is €7,000 for members of the Audit Committee and €10,000 for the Chairman. The annual remuneration for participation in the Remuneration Committee and the Selection and Appointment Committee is €4,000 for members and €7,000 for the Chairman. The remuneration of Supervisory Board members and committee members is proportional to the months served.

The aggregate remuneration of the Supervisory Board members in 2009 amounted to €254,891. The individual remuneration of the Supervisory Board members is shown in the notes to our Consolidated Financial Statements, which are included in this Annual Report on page 69.

REMUNERATION COMMITTEE

The remuneration committee met four times during the course of 2009. These meetings were also attended by the CEO and the HR & Organisation Director. Among the topics covered during the meetings of the committee were:

- the Remuneration Policy as adopted during the Annual General Meeting of Shareholders in 2009
- the remuneration packages of the Management Board members (including pension, stock option and bonus grants)
- the performance criteria for the 2009 short-term as well as long-term incentive plans
- the amended best practice provisions on remuneration, newly introduced under the Corporate Governance Code
- the adjustment of previously granted stock options and performance shares to reflect the equity raise in July 2009 in accordance with Euronext's Liffe Corporate Action Policy
- the achievement of the performance criteria relating to incentive schemes.

REMUNERATION REPORT

REMUNERATION POLICY

According to the company's Articles of Association, the Supervisory Board proposes, and the General Meeting of Shareholders adopts, the Remuneration Policy for the members of the Management Board. The Supervisory Board determines the remuneration of individual members of the Management Board within the limits of the Remuneration Policy and reviews the Remuneration Policy at regular intervals.

In April 2009 the Annual General Meeting of Shareholders adopted an amended Remuneration Policy which specifically detailed changes to the company's short-term and long-term incentive plan. The full text of the policy can be found on the TomTom website.

The objective of the company's Remuneration Policy is to ensure that the company rewards its Management Board in such a way that highly qualified and expert executives can be recruited and retained, and to ensure that the Management Board members' remuneration is consistent with the company's strategy, operational and financial results and delivery of value to shareholders. Further, the policy is aimed at applying a responsible and sustainable remuneration framework in line with the general result-driven remuneration principles and practices throughout the company.

As stated in the Remuneration Policy, Management Board remuneration consists of base salary, short-term incentive, long-term incentive and pension.

APPLICATION IN 2009

The details of the individual remuneration of all members of the Management Board and the costs thereof to the company as well as the information described in best practice provision II.2.13 (d) of the Corporate Governance Code are presented in the notes to the Consolidated Financial Statements, on page 68 of this Annual Report.

1. Base salary at median market level

Fixed remuneration consists of base salary plus 8% holiday allowance, where applicable, and is aimed at the median of the pay practice for comparable positions in Dutch listed companies. Base salary levels that are not in line with median market practice shall be aligned with these levels in a well-considered manner. Annually, the base salary levels shall be reviewed, taking into account developments in the pay market and the job size as graded within the company.

In 2009, the base salary of the Management Board was benchmarked against a peer group. This group consisted of 112 Dutch companies with a two-tier board structure, the majority of which were AEX and AMX listed. Among these companies were Aegon, Ahold, Akzo Nobel, ASML, BE Semiconductor, Draka, Exact, Heineken, KPN, Océ, Philips, Smit Internationale, SBM Offshore, TNT, Wavin, Wegener and Wolters Kluwer.

On the basis of this information, the Supervisory Board concluded that the base salary levels of the CEO and CFO, as at January 2009, were substantially below the median market level. However, with a view to the global economic downturn, it was decided that it would not be advisable to move the base salary levels up. In line with the rest of the employees of TomTom in 2009, the salaries of the Management Board did not increase.

2. Short-term incentive

The percentage-of-salary bonus scheme is aimed at creating one uniform bonus structure throughout the organisation. It aligns the management bonus scheme with the bonus structure for other staff within the company and with Dutch market practice. This remuneration component was also benchmarked against the same peer group as was used for the base salary comparison.

The level of cash payment under the bonus scheme depends on the fulfilment of annually pre-determined criteria and objectives. Our 'on-target' bonus percentages are determined by the difference between the total cash payment at the 3rd quartile minus the median base salary of our peer group companies. The 'on target' bonus percentage for the CEO position is 80% of base salary and 64% for the other members of

the Management Board. In case of excellent performance, the maximum bonus amount can grow to 1.5 times the 'on target bonus' amounts, i.e. 120% of base salary for the CEO position and 96% of base salary for the other members of the Management Board.

In addition to the incentive scheme based on pre-determined performance criteria, the Supervisory Board may also decide to reward bonuses for exceptional individual performance at its own discretion.

The 2009 key performance indicators set under the bonus scheme consisted of two components: EBIT (80%) and cash flow (20%). At the time of setting these KPIs, EBIT and cash flow were the key factors to ensure a financially healthy future for the company. The economic downturn negatively impacted the group in Q4 of 2008 and it was expected that this negative trend would continue in 2009. Despite the expected decline in revenues, a maximum level of profitability and a minimum level of net debt were necessary under the group's debt covenants. A strong focus on EBIT and cash generation therefore was key to keep the company financially healthy and allow it to focus on its strategy and future.

Applying the pre-determined performance criteria to the 2009 results of the company, as published in this Annual Report, the Supervisory Board has awarded an overall pay out ratio of 30% of the target bonus.

To show its appreciation of the important contribution they made to the significant reduction of the debt of the company, the Supervisory Board has decided to award a discretionary bonus to both the CEO and CFO of €100,000 and €200,000 respectively.

3. Long-term incentive

The TomTom Management Board Stock Option Plan 2009 (the "Option Plan") is aimed at attracting and retaining key talent to the company in order to safeguard its human capital and it aligns TomTom's long-term incentives with common practices within international companies operating in the technology sector.

Pursuant to the Option Plan, the number of options that vest is subject to the achievement of pre-determined performance criteria. The performance conditions are measured over the year in which the options are granted. Options vested under this plan can be exercised during a period of seven years following the grant date. One third of the options granted vest after one year, one third vest after two years, and the final one third vest after three years

following the grant date. The exercise price of the options is determined on the basis of the average of the closing prices of TomTom shares in the three days preceding the grant date.

The company's Market Capitalisation as at 31 December 2009 was set by the Supervisory Board as the 2009 performance criterion for the Option Plan. In the view of the Supervisory Board, this criterion reflects the alignment of shareholder interests and the interests of the company best, given the extremely volatile market conditions and the economic uncertainty at the time when these criteria were set.

For the year 2009, the conditional grant of stock options to the Management Board members was based on a fixed pay versus pay-at-risk ratio. To be consistent with general market practice and the granting policy applicable to the other key TomTom employees, this ratio was set at 1:2. With the grant price of 2009, this resulted in a conditional grant of 150,000 stock options for each Management Board member.

In order to compensate for the dilutive effect of the equity raise of July 2009, the Supervisory Board decided to adjust the stock options and performance shares granted under the various long-term incentive plans (including the 2009 Option Plan). The adjustment ratio applicable to the volume and pricing was calculated in accordance with Euronext's Liffe Corporate Action policy.

The Supervisory Board holds that, on 31 December 2009, the conditional target for 2009 was achieved, and therefore has decided that the full entitlement of the options granted in 2009 will be granted unconditionally for the remainder of the seven year plan. The rules of the Option Plan dictate that of the total of 544,500 (after rights issue compensation) options awarded, 1/3 shall vest on 16 June 2010. The remaining two thirds will vest in equal parts on 16 June 2011 and 16 June 2012 respectively.

A scenario analysis, within the meaning of best practice provision II.2.1. of the Corporate Governance Code, was not carried out in 2009. However, such analysis was carried out in 2010 and will continue to be included on the Remuneration Committee agenda going forward.

4. Pension plan contributions

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

4. Pension plan contributions (continued)

In 2009 the pension arrangements and disability insurance for Alain De Taeye were revised. In view of Dutch pension legislation and the tax situation of Alain De Taeye, it was decided to replace his pension scheme by an annuity arrangement with separate partner pension insurance, which resulted in a decrease in related costs for the company.

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

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

OUTLOOK 2010

TomTom has the intention to continue to consistently apply the Remuneration Policy for the foreseeable future, as adopted by the Annual General Meeting of Shareholders in 2009.

As the company's financial position is more balanced, the first steps will be taken to align base salary levels for the CEO and CFO with median market practices in the Netherlands.

The Supervisory Board has decided to add a top-line performance-related target as a financial key performance indicator for the Short-Term Incentive Scheme in 2010, alongside the pre-existing targets of EBIT and cash flow. This as a result of the changing business model for the group which will generate revenue streams from a wider range of activities. The following financial key performance indicators apply in 2010:

- Revenue (40%);
- EBIT (40%);
- Cash flow (20%).

With a view to creating consistency in long-term incentives, the Supervisory Board has decided to retain Market Capitalisation as the key performance indicator for the Option Plan. The actual targets of the key performance indicators will not be disclosed as the company deems this to be commercially sensitive information.

During 2010, the Remuneration Committee will continue to assess TomTom's Management Board remuneration policy and the application thereof in light of any internal and/or external developments. Based on these assessments, the Remuneration Committee might advise the Supervisory Board to amend or extend the KPIs applicable to the long term and short term incentive schemes for 2011.

EMPLOYEE ARRANGEMENTS AND SEVERANCE AGREEMENTS

Members of the Management Board have an employment contract with us. The contracts are entered into for an indefinite period of time. However, the term of office of members of the Management Board is four years, after which the appointment can be renewed for another period of not more than four years at a time. For all members of the Management Board, with the exception of Alain De Taeye, a notice period of 12 months is applicable. In the event that the employment of such a member of the Management Board is terminated by or on the initiative of us, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance, unless the employment is terminated for causes within the meaning of the articles 7:677, paragraph 1 and 7:678 of the Dutch Civil Code, in which situation the Management Board member is not entitled to any severance. This amount will be due in addition to the salary we have 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.

The employment contract with Alain De Taeye is entered into for an indefinite period of time. We are entitled to request Alain De Taeye to resign on 19 September 2010 in which case the employment agreement would be terminated with mutual consent as of 30 September 2010. After 19 September 2010, a notice period of 6 months is applicable. In the case of an involuntary termination of his employment agreement during the course of his employment, Alain De Taeye is entitled to the annual fixed remuneration (including holiday allowance, car allowance insurance and pension premiums) plus an amount equal to 100% of the annual bonus paid to him over the year preceding the year in which his employment agreed was terminated.

Members of the Supervisory Board are not entitled to any benefits upon the termination of their appointment.

AUDIT COMMITTEE REPORT

Six Audit Committee meetings were held during the year, this included four meetings prior to publication of financial results and two conference calls. All meetings were well attended, with virtually all members present at every meeting and the Chairman present at all meetings.

Non-Audit Committee members of the Supervisory Board may, at their own discretion, attend Audit Committee meetings, and the Audit Committee welcomed their presence several times at various meetings held during the year. The Audit Committee considers that there is sufficient breadth, depth, industry relevant knowledge, experience and expertise for them to appropriately discharge their duties.

To complement this already broad level of expertise, Joost Tjaden was appointed as an additional Audit Committee member and he will begin to serve on the Audit Committee from 2010. The other members of the Audit Committee are Ben van der Veer (Chairman), Doug Dunn and Rob van den Bergh.

During the year the Audit Committee called to attendance various people. Regulars at Audit Committee meetings included the Management Board members, the Director of Business Assurance and the external auditor. The CIO, Head of Tax & Treasury (Director of Corporate Finance), Head of Investor Relations, the CFO of Tele Atlas and the Director of Legal Services presented and reported to the Audit Committee.

Activities

The Audit Committee assisted the company in supervising and providing advice on the following areas of the business:

- the integrity of annual and quarterly financial reporting presented under IFRS, together with the related press releases
- relations with the external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their annual re-appointment
- 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 Business Assurance department covering areas of internal audit, business risk management and corporate security
- compliance with the recommendations and observations of the internal and external auditors
- the application of information and communication technology (ICT)
- the company's approach to securing and protecting key company assets
- the policy of the company on tax planning and compliance
- the financing of the company
- review of the policies for managing cash and foreign exchange risks.

Financial reporting

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

Business assurance

The company monitors its internal controls through a systematic programme of risk analysis, internal audits and control self-assessments. The Business Assurance department assists in the independent review of controls and management of risks. The department is the responsibility of the Director of Business Assurance, who reports functionally to the Audit Committee and administratively to the Chief Financial Officer. Each quarter the Director of Business Assurance reported to the Audit Committee and attended the Audit Committee meetings. In order to facilitate free and open discussions during the course of the year, the Director of Business Assurance met separately, and maintained open communication lines, with the Chairman of the Audit Committee.

Based on a four-year Internal Audit Plan (guidelines, principles and processes) approved by the Supervisory Board during 2008, the internal audit work schedule for 2009 was put forward for validation by the Management Board and approved by the Audit Committee.

The Internal Audit Plan continued to be rolled out according to plan, taking into account additional audits that were requested to address particular business needs. During the quarterly Audit Committee meetings progress on, and changes to, the Internal Audit Plan were discussed and agreed.

Independence

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

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

Since 2007 the Director of Business Assurance has served as the Chairman of the Security Committee. The Security Committee oversees all security matters for the group. In order to further enhance the independence of the Business Assurance team, the responsibility for Corporate Security was transferred to a Management Board member during the year. From 2010 the Director of Business Assurance no longer has management responsibilities related to corporate security and will continue to serve on the Security Committee in an advisory capacity.

External auditor

The Audit Committee 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. Following the 2008 Audited Financial Statements the Audit Committee performed a thorough assessment of Deloitte's performance and independence and presented the outcome of this assessment to shareholders at the Annual General Meeting of Shareholders in April 2009. They have expressed their willingness to continue in office for the company during 2010. Resolutions proposing their re-appointment and authorising the board to set their remuneration will be submitted to the forthcoming Annual General Meeting.

During 2009, the Audit Committee met five times with the external auditor. All five of these meetings were in the presence of the Management Board. In order to facilitate free and open discussions between the Audit Committee members and the external auditor, they also met separately, without the Management Board present.

The Audit Committee reviewed the independence of the external auditor taking into account qualitative and quantitative factors, and concluded that they have sufficient objectivity and independence to perform the external audit function. During 2008 the Audit Committee performed a detailed review of the function, performance and independence of the external auditor. Below is a summary of services performed by Deloitte Accountants BV and the fees earned.

Type of service in € thousands	2009		2008	
Audit – Group	475	29%	546	33%
Audit – Statutory	227	14%	245	15%
Audit services ¹	485	30%	114	7%
Non-Audit services	27	2%	376	23%
Tax Compliance	417	25%	372	22%
	1,631	100%	1,653	100%

¹ During 2009 Audit services consisted of fees related to the rights issue and quarterly audit reviews.

SELECTION AND APPOINTMENT COMMITTEE

The Selection and Appointment Committee met four times during the course of 2009. These meetings were also attended by the CEO and the HR and Organisation director. Among the topics covered during the meetings of the committee were:

- the nomination for re-appointment of the CEO and CFO
- the nomination of the new Supervisory Board members and the associated new rotation schedule
- review of the size and the composition of the Supervisory and Management Boards
- the Supervisory Board Profile in light of the new corporate governance code.

FINANCIAL STATEMENTS

The consolidated annual Financial Statements of TomTom NV for 2009, as presented by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these Financial Statements for 2009 and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the Financial Statements for 2009. The Supervisory Board recommends that the General Meeting of Shareholders adopt the Annual Accounts for 2009. The Annual Report for 2009 is available at the company's offices on request and on the company's website. Upon adoption of the Annual Accounts for 2009, and in accordance with article 2:394 of the Dutch Civil Code and article 5:25o of the Financial Markets Supervision Act, the Management Board will file the Annual Accounts for 2009 with the AFM.

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

The Supervisory Board would like to thank the Management Board members and all employees. This has been a challenging year for the business given the general economic environment and TomTom has shown resilience and continued dedication.

Supervisory Board
18 February 2010

CONTENTS

FINANCIAL STATEMENTS

- 52 Consolidated statement of income of TomTom NV
- 53 Consolidated statement of comprehensive income of TomTom NV
- 54 Consolidated balance sheet of TomTom NV
- 55 Consolidated statement of cash flow of TomTom NV
- 56 Consolidated statement of changes in equity of TomTom NV
- 57 Notes to the Consolidated Financial Statements of TomTom NV

COMPANY FINANCIAL STATEMENTS OF TOMTOM NV

- 88 Company statement of income of TomTom NV
- 89 Company balance sheet of TomTom NV
- 90 Notes to the company Financial Statements
- 92 Other information
- 93 Auditor's report to the Financial Statements

94 SHAREHOLDER INFORMATION

96 KEY FIGURES OVERVIEW

CONSOLIDATED STATEMENT OF INCOME OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2009	2008 ²
Revenue	5	1,479,660	1,674,013
Cost of sales	6	748,624	893,309
Gross result		731,036	780,704
Operating expenses			
Research and development expenses		139,441	122,590
Amortisation of technology and databases		74,998	47,697
Marketing expenses		86,363	142,979
Selling, general and administrative expenses ¹		198,779	214,654
Impairment charge	13	0	1,047,776
Stock compensation expense	22	10,567	5,564
Total operating expenses	8	510,148	1,581,260
Operating result		220,888	-800,556
Interest result	9	-70,815	-52,055
Other financial result	9	-41,202	72,148
Result of associates	15	2,603	-13,455
Result before tax		111,474	-793,918
Income tax	10	25,088	78,130
Net result		86,386	-872,048
Attributable to:			
– Equity holders of the parent		86,767	-872,585
– Minority interest		-381	537
Net result		86,386	-872,048
Earnings per share (in €)³	12		
Basic		0.47	-5.89
Diluted ⁴		0.47	-5.89

1 Selling, general and administrative expenses include restructuring costs of €10.3 million in 2009 and €16.5 million in 2008.

2 Due to the acquisition of Tele Atlas in June 2008, the 2008 figures include only 7 months of Tele Atlas results.

3 The earnings per share for 2008 have been adjusted for the effect of the rights issue which took place in July 2009.

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

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TOMTOM NV

/ 53

for the year ended 31 December

(€ in thousands)	2009	2008
Net result	86,386	-872,048
Other comprehensive income:		
Exchange differences on translating foreign operations	-925	7,783
Cash flow hedges	-4,956	0
Other comprehensive income for the year	-5,881	7,783
Total comprehensive income for the year	80,505	-864,265
Attributable to:		
– Equity holders of the parent	80,375	-864,133
– Minority interest	130	-132
Total comprehensive income for the year	80,505	-864,265

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET OF TOMTOM NV

as of 31 December

(€ in thousands)	Notes	2009	2008
Assets			
Non-current assets			
Goodwill	13	854,713	854,713
Other intangible assets	13	986,472	1,011,194
Property, plant and equipment	14	42,904	53,155
Investments in associates	15	7,683	5,663
Deferred tax assets	25	28,205	32,977
Total non-current assets		1,919,977	1,957,702
Current assets			
Inventories	16	66,719	145,398
Trade receivables	17	294,024	289,981
Other receivables and prepayments	18	26,035	15,987
Other financial assets	19	10,602	36,583
Cash and cash equivalents	20	368,403	321,039
Total current assets		765,783	808,988
Total assets		2,685,760	2,766,690
Equity and liabilities			
Equity			
Share capital	21	44,344	24,663
Share premium		973,755	575,918
Legal reserves		34,319	32,746
Stock compensation reserve	22	66,267	69,469
Retained deficit		-106,209	-194,387
Equity attributable to equity holders of the parent		1,012,476	508,409
Minority interests	23	5,094	4,964
Total equity		1,017,570	513,373
Non-current liabilities			
Borrowings	24	588,141	1,241,900
Deferred tax liability	25	222,129	229,075
Long term liability		1,158	4,749
Provisions	26	57,847	55,702
Total non-current liabilities		869,275	1,531,426
Current liabilities			
Trade payables	27	201,176	152,119
Income taxes		5,882	9,316
Other taxes and social security		24,304	19,728
Borrowings	24	201,387	146,588
Provisions	26	56,503	57,231
Accruals and other liabilities		309,663	336,909
Total current liabilities		798,915	721,891
Total equity and liabilities		2,685,760	2,766,690

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW OF TOMTOM NV

/ 55

for the year ended 31 December

(€ in thousands)	Notes	2009	2008
Cash flow from operating activities			
Operating result		220,888	-800,556
Financial (losses) / gains		-19,741	70,091
Impairment charge	13	0	1,047,776
Amortisation of intangible assets	13	85,920	55,414
Depreciation of property, plant and equipment	14	20,416	17,350
Change to provisions		-1,267	12,142
Change to stock compensation reserve	22	7,748	4,857
Changes in working capital:			
Change in inventories		81,363	-8,936
Change in receivables and prepayments		-14,090	195,363
Change in current liabilities (excluding provisions)		48,536	-130,722
Cash generated from operations		429,773	462,779
Interest received	9	2,843	13,726
Interest paid	9	-66,480	-43,188
Corporate income taxes paid	10	-25,798	-79,214
Net cash flow from operating activities		340,338	354,103
Cash flow used in investing activities			
Acquisition of subsidiary	30	-13,973	-1,833,792
Investments in intangible assets	13	-56,991	-36,938
Investments in property, plant and equipment	14	-18,735	-32,700
Total cash flow used in investing activities		-89,699	-1,903,430
Cash flow from financing activities			
Proceeds from borrowings		0	1,545,637
Repayment of borrowings		-622,048	-158,500
Proceeds on issue of ordinary shares	21	415,941	20,378
Total cash flow from financing activities		-206,107	1,407,515
Net increase / (decrease) in cash and cash equivalents		44,532	-141,812
Cash and cash equivalents at beginning of period		321,039	463,339
Effect of exchange rate changes on cash balances held in foreign currencies		2,832	-488
Cash and cash equivalents at end of period		368,403	321,039

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF TOMTOM NV

(€ in thousands)	Notes	Share capital	Share premium	Other reserves	Retained earnings / (deficit)	Total	Minority interests	Total equity
Balance as at 31 December 2007		24,357	566,736	64,597	696,660	1,352,350	0	1,352,350
Comprehensive income								
Result for the year		0	0	0	-872,585	-872,585	537	-872,048
Other comprehensive income								
Translation differences		0	0	8,452	0	8,452	-669	7,783
Transfer to legal reserves		0	0	18,462	-18,462	0	0	0
Total Other comprehensive income		0	0	26,914	-18,462	8,452	-669	7,783
Total Comprehensive income		0	0	26,914	-891,047	-864,133	-132	-864,265
Transactions with owners								
Stock compensation expense	22	0	0	12,787	0	12,787	0	12,787
Acquisition of subsidiary		0	0	0	0	0	5,096	5,096
Issue of share capital	21	306	9,182	-2,083	0	7,405	0	7,405
Balance as at 31 December 2008		24,663	575,918	102,215	-194,387	508,409	4,964	513,373
Comprehensive income								
Result for the year		0	0	0	86,767	86,767	-381	86,386
Other comprehensive income								
Translation differences		0	0	-1,436	0	-1,436	511	-925
Transfer to legal reserves		0	0	7,965	-7,965	0	0	0
Cash flow hedge		0	0	-4,956	0	-4,956	0	-4,956
Total Other comprehensive income		0	0	1,573	-7,965	-6,392	511	-5,881
Total comprehensive income		0	0	1,573	78,802	80,375	130	80,505
Transactions with owners								
Stock compensation expense	22	0	0	7,863	0	7,863	0	7,863
Issue of share capital	21	19,681	397,837	-11,065	9,376	415,829	0	415,829
Balance as at 31 December 2009		44,344	973,755	100,586	-106,209	1,012,476	5,094	1,017,570

The notes on pages 57 to 87 are an integral part of these consolidated financial statements.

1. GENERAL

TomTom NV (the “company”) has its statutory seat and headquarters in Amsterdam, the Netherlands. The activities of the company include the development and sale of location and navigation solutions.

The consolidated financial statements of the company for the year ended 31 December 2009 comprise the company and its subsidiaries (together referred to as “the group”). In accordance with section 402 of Part 9 of Book 2 of the Netherlands Civil Code, a condensed income statement is presented in the company Financial Statements.

The financial statements have been prepared by the Board of Management and authorised for issue on 18 February 2010. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 26 April 2010.

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 European Union.

The financial statements have been prepared on the historical cost basis, except for financial instruments (including derivatives) classified as held for trading and derivatives in a hedging relationship, 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.

Changes in accounting policies and disclosures

IAS 23 (amended), “Borrowing costs”, effective for reporting periods beginning 1 January 2009 replaces the previous version. The group previously expensed all borrowing costs, going forward all borrowing costs, if considered material, on qualifying assets will be capitalised and amortised over the life of the asset. There were no borrowing costs capitalised in 2009.

IFRS 8, “Operating segments”, effective for reporting periods beginning 1 January 2009 replaces IAS 14, “Segment reporting” which requires that information is presented on the same basis as for the internal reporting provided to the chief operating decision-maker (CODM). The CODM has been identified as the Management Board. The adoption of IFRS 8 has resulted in the separate disclosure of an additional reportable segment within the former TomTom segment. The Tele Atlas (Licensing) segment is reported consistently with the prior year.

IFRS 7, “Financial instruments – Disclosures” (amendment) – effective for reporting periods beginning 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on our results.

IAS 1 (revised), “Presentation of financial statements” – effective for reporting periods beginning 1 January 2009. The revised standard requires that for each component of equity a reconciliation is presented between the carrying amount at the beginning and at the end of the period, and discloses separately the changes resulting from:

- profit and losses
- each item of comprehensive income.
- transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners, and changes in ownership interests in subsidiaries that do not result in a loss of control.

Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact to earnings per share.

The improvements to IFRS include 35 amendments across 20 different standards that largely clarify the required accounting treatment where previous practice had varied and have resulted in a number of changes in the detail of the group’s accounting policies. There has been no material impact on the group’s accounting policies as a result of the amendments included in improvements to IFRS.

Other standards and interpretations effective from 1 January 2009 did not have a material impact on the company.

All other standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2009 have not yet been adopted. The group anticipates that the adoption of these standards and interpretations will have no material impact on the financial statements of the group in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 presentation 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

Foreign currency transactions are translated into the functional currency using the exchange rates 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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, and all other foreign exchange gains and losses are presented in the income statement within the account "other financial result".

Group companies

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

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.

Cash flow statements

Cash flow statements are prepared using the indirect method. Cash flows from derivative instruments are classified consistent with the nature of the instrument.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, or other evidence of significant influence.

Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

Revenue recognition

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

Sale of goods

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

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

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

Royalty revenue

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

Sale of services

Services revenue is generated by map update services, content sales and connected navigation services for commercial fleets. The revenue relating to the service element is recognised over the service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Multiple element arrangements

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

Interest income and expense

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

Leasing

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

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

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

Derivative financial instruments and hedging activities

The group uses derivative financial instruments principally to manage the financial risks of changes in foreign exchange rates and potentially adverse movements in interest rates related to our borrowing positions. The group does not use derivative financial instruments for speculative purposes. All derivative financial instruments are classified as current or non current assets or liabilities based on their maturity dates and are accounted for at trade date. The group measures all derivative financial instruments using a discounted cash flow analysis, using observable market prices as input to the option pricing models. Fair value is the net present value of the cash flows of the derivatives. The fair values of the derivatives are disclosed in note 19. Gains or losses arising from changes in fair value of derivatives are recognised in the income statement, except for derivatives that are highly effective and qualify for cash flow hedge accounting.

When hedge accounting is applied the group formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. When it is established that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the group discontinues hedge accounting prospectively. When hedge accounting is discontinued, the group continues to carry the derivative on the balance sheet at its fair value, and gains and losses that were accumulated in equity are recognised immediately in the income statement.

The use of financial derivatives is governed by the group's treasury policies, approved by the Supervisory Board. These written principles are consistent with the group's risk management strategy.

Government grants

The group receives Government grants related to the research and development activities performed by the group. Government grants are recognised at their fair value when there is reasonable assurance that the group will comply with the conditions attached to them, and that the grants will be received. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension costs

The group operates various defined contribution plans and a defined benefit plan for a German subsidiary. For defined contribution plans, contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction of future payments is available.

The assets of the German defined benefit scheme are held separately from those of the group 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 employee benefit expenses. Full defined benefit disclosures are not provided given the fact that the plan is not significant.

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

Stock compensation expense

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

Share option plan

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 a binomial tree 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.

Performance share plan

Cash-settled share-based payments are recognised at the fair value of the liability incurred and are expensed over the period of the plan. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately as either a profit or a loss. Fair value is measured using a valuation model (see note 22).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

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

Intangible assets other than goodwill

Internally generated intangible assets

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.

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

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.

The group is required to use estimates, assumptions and judgements to determine the expected useful 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.

All expenditures on research activities are expensed in the income statement as incurred. Internal software costs relating to development of non core software with estimated average useful life of less than one year and engineering cost relating to the detailed manufacturing design of new products are expensed in the period in which they are incurred.

Acquired intangible assets

Definite-lived intangible assets acquired separately or through a business combination are initially recognised at cost. The cost of assets acquired separately includes the purchase price and directly attributable costs to bring the asset to its intended use. 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, these intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The estimated useful life of the intangible assets are as follows:

Databases and tools	10-20 years
Brand name	20 years
Customer relationships	20-27 years
Computer software	2-5 years
Acquired technology	4-5 years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

The costs of tools and moulds used to manufacture the group's products are capitalised within property, plant and equipment, and depreciated over their estimated useful lives.

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

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

Impairment of tangible and intangible assets

Assets, such as goodwill, that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation 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 estimating the fair value less costs to sell, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss (held for trading) and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The fair values and classification of the financial instruments used by the group are disclosed in note 33.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives are recorded as financial assets when their fair value is a positive number; otherwise the derivative is classified as a financial liability.

Regular purchases and sales of financial assets are recognised on the trade date – the date in which the group commits to purchase or sell the asset.

Financial assets carried at fair value through profit or loss are initially measured at fair value on the contract date and are marked to fair value at subsequent reporting dates. Transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in fair value of derivatives are recognised in profit or loss in the period in which they arise, except for derivatives that are highly effective and qualify for cash flow hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are measured at amortised cost (if the effect of time value is material) using the effective interest method, less any impairment. The group's financial assets classified in the category loans and receivables comprise 'trade receivables' and 'cash and cash equivalents' in the balance sheet (notes 17 and 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Trade receivables

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

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Preference shares

Reference is made to the corporate governance section on page 39.

Share premium

The share premium represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

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

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

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

Borrowings

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

3. FINANCIAL RISK MANAGEMENT

The Business Risk report included in this Annual Report, contains auditable parts comprising 'Credit', 'Liquidity', 'Loan covenants', 'Foreign currencies' and 'Interest rates'. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Risk management is carried out in accordance with the Treasury policy which has been approved by the Supervisory Board. The written principles and policies are reviewed periodically to reflect changes in market conditions and the activities of the business.

3. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The group's financing policy aims to maintain a capital structure which enables the group to achieve its strategic objectives and daily operational needs, and to safeguard the group's ability to continue as a going concern.

In order to maintain or adjust the capital structure, the group may issue new shares, adjust its dividend policy, return capital to shareholders or sell assets to reduce debt.

With respect to debt financing, the group focuses on interest cover and leverage. Net debt is calculated as total borrowings less cash and cash equivalents plus our financial lease commitments.

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.

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.

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

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

Multiple Deliverable Arrangements (MDA) require TomTom to deliver hardware and/or a number of services under one agreement, or under a series of agreements which are commercially linked. Revenue recognition must be determined separately for each of the deliverables identified, and for that purpose TomTom must attribute a reliable fair value to each deliverable. IFRS permits the use of a combination of estimation and allocation methods if that combination best reflects a transaction's substance. The absence of a reliable fair value for any of the deliverables indicates that the goods and services do not operate independently. In this situation, the whole revenue is allocated over the subscription period.

b) Impairment of non-financial assets

The group reviews impairment of non-financial assets at least on an annual basis. This requires an estimation of the fair value of the cash-generating units to which the non-financial assets are allocated. Estimating the fair value amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. For additional information on goodwill impairment test, refer to note 13.

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 22.

d) Provisions

For our critical accounting estimates and judgements on provisions, refer to note 26.

e) Doubtful receivables allowance

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

f) Capitalised databases and tools

Internally generated databases and tools are capitalised in accordance with IAS 38. Assumptions are made regarding the estimated level of completion. At the point where activities no longer relate to development but to maintenance, capitalisation is discontinued. Management are also required to make judgements in respect of developed software tools. For additional information refer to note 13.

g) Income taxes

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

5. SEGMENT REPORTING

The group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segments and to assess their performance. The adoption of IFRS 8 for the group has resulted in an aggregate disclosure of the key performance measures of other non significant operating segments separately from the Consumer segment within the previously reported TomTom segment.

Internal management reporting is structured based upon two main segments, TomTom and Tele Atlas (Licensing). TomTom generates revenue primarily from the sale of navigation solutions whilst Tele Atlas develops and licenses the use of geographic database to its customers.

Although the group has activities in different continents, segmentation by product segment better reflects the core activities of the business.

Management assesses the performance of segments based on the measures of revenue, gross result, earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA). Given our shared service structure, it was not practical to allocate operating expenses (including depreciation and amortisation) and total assets to each operating segment within the previously reported TomTom segment. Accordingly operating expenses and total assets are all recorded in the TomTom Consumer segment in our reporting to the CODM. The effects of non-recurring items such as impairment (if any) are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to the segments.

Inter-segment transactions are accounted for at an arms-length basis.

(€ in thousands)	2009					2008				
	TomTom Consumer	TomTom Other	TomTom Total	Tele Atlas	Total	TomTom Consumer	TomTom Other	TomTom Total	Tele Atlas	Total
Revenue										
Segment revenue	1,205,321	89,691	1,295,012	274,167	1,569,179	1,516,839	35,773	1,552,612	184,165	1,736,777
Inter-segment revenue	0	0	0	-89,519	-89,519	0	0	0	-62,764	-62,764
Total external revenue	1,205,321	89,691	1,295,012	184,648	1,479,660	1,516,839	35,773	1,552,612	121,401	1,674,013
Gross result	462,061	37,033	499,094	231,942	731,036	599,167	21,540	620,707	159,997	780,704
Operating expenses ^{1,2}	305,269	n/a	305,269	204,879	510,148	376,730	n/a	376,730	156,754	533,484
Operating result (EBIT)^{1,2}	193,825	n/a	193,825	27,063	220,888	243,977	n/a	243,977	3,243	247,220
Depreciation & amortisation ¹	45,007	n/a	45,007	61,329	106,336	37,306	n/a	37,306	35,458	72,764
EBITDA^{1,2}	238,831	n/a	238,831	88,393	327,224	281,283	n/a	281,283	38,701	319,984
Total assets	1,514,288	n/a	1,514,288	1,442,952	2,957,240	1,552,073	n/a	1,552,073	1,423,296	2,975,369

1 TomTom operating expenses, depreciation and amortisation and assets are all recorded in the TomTom Consumer segment as it was not practical to reallocate these expenses and assets in our internal reporting to the CODM.

2 2008 Operating expenses, EBIT and EBITDA exclude the impairment charge.

5. SEGMENT REPORTING (continued)

A reconciliation of segments performance measures (EBIT and EBITDA) to the group's result before tax is provided below.

(€ in thousands)	2009	2008
EBITDA¹	327,224	319,984
Depreciation and amortisation	-106,336	-72,764
EBIT	220,888	247,220
Non recurring charges	0	-1,047,776
Interest result	-70,815	-52,055
Other finance result	-41,202	72,148
Result of associates	2,603	-13,455
Result before tax	111,474	-793,918

1 TomTom defines EBITDA as operating result excluding amortisation, depreciation and impairment charges. EBITDA is not a measure of financial performance under IFRS and may not be comparable to similarly titled measures of other companies.

Total segment assets for management reporting are measured consistently with the assets measure on the balance sheet. Assets are only allocated to TomTom and Tele Atlas segments which is consistent with our reporting to the CODM. A reconciliation from total segments assets to the group's total assets in the balance sheet is included below

(€ in thousands)	2009	2008
Total segments' assets	2,957,240	2,975,369
Elimination of inter-segment assets	-271,480	-208,679
Total assets	2,685,760	2,766,690

Revenue from external customers are derived primarily from the sale of portable navigation devices and the related services and the royalty income generated from licensing the content of our geographic database.

A breakdown of the external revenue to types of products and services and to geographical areas is as follows:

External revenue – products and services

(€ in thousands)	2009	2008
Sale of goods	1,139,734	1,431,379
Rendering of services	155,278	121,233
Royalty revenue	184,648	121,401
	1,479,660	1,674,013

External revenue – geographical areas

(€ in thousands)	2009	2008
Europe	1,007,205	1,181,599
North America	410,918	433,835
Rest of the world	61,537	58,579
	1,479,660	1,674,013

The total of non-current assets other than financial instruments and deferred tax assets located in the Netherlands is €1,770 million (2008: €1,786 million) and the total of these assets located in other countries is €115 million (2008: €133 million). The group has no employment benefit assets and rights arising under insurance contracts. The total assets in the Netherlands include the carrying value of the step up in the fair value of assets resulting from the Tele Atlas acquisition. For accounting purposes, this amount is not allocated to the individual countries.

The group has no significant concentration of sales from a particular individual external customer.

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.

In Germany Tele Atlas operates a defined benefit plan. Benefits are paid from a separately administered fund whilst contributions are charged to the income statement.

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. The pension liability is further disclosed in note 28.

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, 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 on-target bonus percentage is set at 64% of the base salary for members of the Management Board and 80% of the salary for the CEO, and the maximum annual incentive achievable is 96% of the annual base salary for members of the Management Board and for the CEO it is 120% of the annual base salary.

The actual bonus pay out depends on certain challenging financial targets (EBIT and cash flow). The total remuneration paid to or on behalf of members of the Management Board for the year ended 31 December 2009, amounted to approximately €1.4 million (2008: €1.4 million), of which approximately 34% represented bonus payments (2008: 38%). In 2009 the bonus achievement was 30% of the target bonus.

Key management summary of salaries, performance-related bonuses and other emoluments

	Short term employee benefits	Post employment benefits	Other long term benefits	Termination benefits	Share plan	Options	Total remuneration
2009							
Management Board and senior management	2,697,274	138,745	0	180,000	321,819	-86,986	3,250,852
Supervisory Board	254,891	0	0	0	0	0	254,891
2008							
Management Board and senior management	3,138,527	164,069	0	0	-615,437	-2,310,323	376,836
Supervisory Board	181,216	0	0	0	0	0	181,216

Overview of salaries, performance-related bonuses and other emoluments

	Salary	Bonus	Post employment benefits	Other emoluments ¹	Total remuneration
2009					
Management board					
Harold Goddijn	194,400	46,656	0	100,000	341,056
Marina Wyatt	316,623	60,792	27,024	200,000	604,439
Alain De Taeye	366,566	70,381	28,000	0	464,947
	877,589	177,829	55,024	300,000	1,410,442
2008					
Management board					
Harold Goddijn	194,400	180,292	0	0	374,692
Alexander Ribbink ²	105,200	71,953	8,618	0	185,771
Marina Wyatt	305,952	180,292	30,595	100,000	616,839
Alain De Taeye ²	194,259	0	30,296	0	224,555
	799,811	432,537	69,509	100,000	1,401,857

1 The Supervisory Board awarded Marina Wyatt a special payment of €200,000 in 2009 for her contribution to the rights offering and a special payment of €100,000 in 2008 for her contribution to the Tele Atlas acquisition. Harold Goddijn was awarded a special payment of €100,000 in 2009 for his contribution to the rights offering.

2 Alexander Ribbink resigned in June 2008 and Alain De Taeye was appointed in September 2008.

7. EMPLOYEE BENEFITS (continued)

Overview of remuneration of members of the Supervisory Board

	2009	2008
Karel Vuursteen (Chairman) ¹	56,000	44,469
Doug Dunn	42,000	36,000
Guy Demuyneck	46,000	37,750
Rob van den Bergh	42,000	36,000
Ben van der Veer	45,000	11,250
Peter Wakkie ²	16,583	0
Joost Tjaden ³	7,308	0
Andrew Browne ⁴	0	15,747
Total	254,891	181,216

1 Karel Vuursteen was appointed Chairman on 30 April 2008.

2 Peter Wakkie was appointed on 28 April 2009.

3 Joost Tjaden was appointed on 30 June 2009.

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

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

Stock option plan

	Outstanding 1 Jan 2009	Granted In 2009	Liffe Adjustment	Exercised in 2009	Forfeited in 2009	Outstanding 31 Dec 2009	Exercise price	Expiry date
Harold Goddijn	0	150,000	31,500	0	0	181,500	5.71	16 June 2016
Marina Wyatt	500,000	0	105,000	0	0	605,000	21.85	10 August 2012
Marina Wyatt	500,000	0	94,185	0	51,500	542,685	28.07	9 November 2013
Marina Wyatt	0	150,000	31,500	0	0	181,500	5.71	16 June 2016
Alain De Taeye	0	150,000	31,500	0	0	181,500	5.71	16 June 2016
Total	1,000,000	450,000	293,685	0	51,500	1,692,185		

For a description of the stock option plan and the Liffe adjustment, reference is made to note 22: Share-based compensation.

Performance share plan

	Outstanding 1 Jan 2009	Liffe adjustment	Exercised in 2009	Forfeited in 2009	Outstanding 31 Dec 2009	Expiry date
Harold Goddijn	29,200	6,132	0	0	35,332	May 2010 / June 2011
Marina Wyatt	15,100	3,171	0	0	18,271	May 2010 / June 2011
Alain De Taeye	17,200	3,612	0	0	20,812	May 2010 / June 2011
Total	61,500	12,915	0	0	74,415	

There were no grants of performance shares in 2009. For a description of the performance share plan, reference is made to note 22: Share-based compensation.

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES

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

(€ in thousands)	2009	2008
Salaries	143,568	123,533
Social security costs	20,742	14,655
Pensions	7,245	5,249
Share-based compensation	10,567	5,564
Other	45,599	68,447
Personnel expenses	227,721	217,448

Pension costs consist of the costs of the defined contribution plans of €6.1 million (2008: €4.9 million) and of the defined benefit plan of €1.1 million (2008: €0.3 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES (continued)

Average number of employees

The average number of employees in 2009 was 3,294 (2008: 2,703). At 31 December 2009, the group had 3,089 (2008: 3,498) employees.

Operating expenses include an amount of €106 million for depreciation and amortisation expenses (2008: €73 million).

(€ in thousands)	2009	2008
Amortisation	85,920	55,414
Depreciation	20,416	17,350
Total amortisation and depreciation	106,336	72,764

The costs for operating leases in 2009 amounted to €14.1 million (2008: €17.4 million).

9. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2009	2008
Interest income	2,843	13,991
Interest expense	-73,658	-66,046
Interest result	-70,815	-52,055
Other financial result	-214	-3,966
Exchange rate result	-40,988	76,114
Other financial result	-41,202	72,148

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

The interest expense relates to interest paid on our borrowings and amortised transaction costs (see note 24).

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 12.5% and 41%. This, together with timing differences, can cause the effective tax rate to differ from the Dutch corporate tax rate.

(€ in thousands)	2009	2008
Current tax expense	23,809	60,832
Deferred tax	1,279	17,298
Income tax expense	25,088	78,130

The effective tax rate, based on income before taxes excluding impairment was 22.5% (2008: 30.8%). The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2009	2008
Effective tax rate (excluding impairment)	22.5%	30.8%
Effect impairment charge	0%	-40.6%
Effective tax rate (including impairment)	22.5%	-9.8%

10. INCOME TAX (continued)

	2009	2008
Dutch tax rate	25.5%	25.5%
Higher weighted average statutory rate on group activities	2.7%	0.9%
Income exempted from tax	-13.2%	-4.5%
Non tax deductible share options	2.1%	5.7%
Non tax deductible (exempted) result associates	-0.6%	1.5%
Other	6.0%	1.7%
Effective tax rate (excluding impairment)	22.5%	30.8%

11. GOVERNMENT GRANTS

The group recognised as income a government grant of €5.9 million (2008: €3.9 million) in respect of research and development activities performed by the group. The group is not obliged to refund these amounts. Government grants are reported as a gain within operating expenses.

12. EARNINGS PER SHARE

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

(€ in thousands)	2009	2008
Earnings		
Earnings (net result attributed to equity holders)	86,767	-872,585
Adjusted earnings		
Net result	86,767	-872,585
Impairment charge	0	1,047,776
Amortisation of acquired intangibles	66,340	48,446
Restructuring expenses	10,250	16,533
Tax effect of adjustments	-19,530	-16,570
Adjusted earnings	143,827	223,602
	2009	2008
Number of shares		
Weighted average number of ordinary shares for basic earnings per share ¹	183,991,151	148,176,238
Effect of dilutive potential ordinary shares		
Share options ¹	913,560	1,207,777
Weighted average number of ordinary shares for diluted earnings per share¹	184,904,711	149,384,015
Earnings per share		
Basic (in €) ¹	0.47	-5.89
Diluted (in €) ¹	0.47	-5.89
Adjusted earnings per share²		
Basic (in €) ¹	0.78	1.51
Diluted (in €) ¹	0.78	1.50

1 For comparison purpose, the weighted average number of shares and earnings per share calculation for 2008 have been adjusted to reflect the impact of rights issue in July 2009.

2 Adjusted earnings per share is not an IFRS performance measure and thus is not comparable across companies.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

12. EARNINGS PER SHARE (continued)

Diluted earnings per share

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

Adjusted earnings per share

Adjusted earnings per share is calculated by dividing the adjusted earnings by the weighted average number of ordinary and diluted shares outstanding during the year. The adjusted earnings are calculated differently compared to the previous year as we decided to only adjust for acquisition-related restructuring costs and amortisation and not the total depreciation and amortisation costs to give better insight into our performance.

13. INTANGIBLE ASSETS

(€ in thousands)	2009	2008
Goodwill	854,713	854,713
Other intangible assets	986,472	1,011,194
Total intangible assets	1,841,185	1,865,907

(€ in thousands)	Goodwill	Database and tools	Internally generated	Other ¹	Total
Balance as at 1 January 2008					
Investment cost	0	0	11,700	77,223	88,923
Accumulated amortisation and impairment	0	0	-3,273	-29,306	-32,579
	0	0	8,427	47,917	56,344
Movements					
Investments	0	8,007	20,762	23,152	51,921
Acquisition of subsidiary	1,902,489	872,909	0	83,600	2,858,998
Amortisation charges	0	-26,649	-4,159	-24,606	-55,414
Impairment charge	-1,047,776	0	0	0	-1,047,776
Net foreign currency exchange differences	0	0	982	852	1,834
	854,713	854,267	17,585	82,998	1,809,563
Balance as at 31 December 2008					
Investment cost	1,902,489	880,916	32,462	184,204	3,000,071
Accumulated amortisation and impairment	-1,047,776	-26,649	-6,450	-53,289	-1,134,164
	854,713	854,267	26,012	130,915	1,865,907
Movements					
Investments	0	20,108	19,766	3,137	43,011
Transfers between categories	0	0	2,051	-982	1,069
Acquisition of subsidiary	0	0	0	19,126	19,126
Amortisation charges	0	-46,461	-12,312	-27,147	-85,920
Net foreign currency exchange differences	0	-1,691	20	-337	-2,008
	0	-28,044	9,525	-6,203	-24,722
Balance as at 31 December 2009					
Investment cost	1,902,489	899,603	54,279	205,208	3,061,579
Accumulated amortisation and impairment	-1,047,776	-73,380	-18,742	-80,496	-1,220,394
	854,713	826,223	35,537	124,712	1,841,185

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

13. INTANGIBLE ASSETS (continued)

All intangible assets besides goodwill have finite useful lives. Goodwill has an indefinite useful life. The database as acquired at acquisition date represents all stored routing data used for Tele Atlas Maps and has a remaining useful life of 17 years and 5 months.

The amortisation charges totalling to €85.9 million (2008: €55.4 million) are included in following line items in the income statement: amortisation of technology and databases: €75.0 million (2008: €47.7 million); R&D expenses: €7.6 million (2008: €5.8 million); marketing expenses: €0.4 million (2008: €0.3 million) and selling, general and administrative expenses: €2.9 million (2008: €1.6 million).

Impairment test for goodwill

Goodwill is allocated to the group's cash generating units (CGUs) identified according to the core business activities as monitored by management.

A segment-level summary of the goodwill allocation for our main segments is presented below.

[€ in thousands]	2009			2008		
	TomTom	Tele Atlas	Total	TomTom	Tele Atlas	Total
Goodwill before impairment	710,584	144,129	854,713	710,584	1,191,905	1,902,489
Goodwill after impairment	710,584	144,129	854,713	710,584	144,129	854,713

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

These calculations use post-tax cash flow projections based on financial forecasts approved by management covering a four-year period. Management considered the effects of applying a pre-tax approach and concluded that this will not materially change the outcome of the impairment test. Cash flows beyond the four-year period are extrapolated using the estimated growth rates.

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

Management expectations and other input to the calculation such as discount rate, market size and market shares reflect the current economic climate and market developments relevant to the segments. Insofar possible, our expectations and input to the impairment calculation have been cross checked with the available external information from various analysts.

The calculated fair value less costs to sell resulted in a recoverable amount that was higher than the carrying amount for both segments and accordingly no impairment charge has been recorded in 2009 (2008: €1,048 million).

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

	2009		2008	
	TomTom	Tele Atlas	TomTom	Tele Atlas
Revenue – perpetual growth ¹	1.2%	1.4%	0.8%	1.8%
Operating expenses – perpetual growth ¹	1.2%	1.4%	0.8%	1.8%
Discount rate ²	10.5%	10.5%	10.6%	10.6%

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

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

A sensitivity analysis was performed for our discount rate (10.5%) and the perpetual growth percentage for the two main segments (TomTom: 1.2%, Tele Atlas: 1.4%). The sensitivity of the enterprise value is detailed below:

Sensitivity analysis discount rate			
Discount rate	9.50%	10.50%	11.50%
Impairment (€ in thousands)	0	0	0
Sensitivity analysis perpetual growth			
Perpetual revenue growth (%)	TomTom	0.20%	1.20%
	Tele Atlas	0.40%	1.40%
Impairment (€ in thousands)		0	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

14. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer hardware	Other	Total
Balance as at 31 December 2007				
Investment cost	6,614	10,098	13,824	30,536
Accumulated depreciation	-2,948	-5,416	-4,348	-12,712
	3,666	4,682	9,476	17,824
Movements				
Investments	1,081	8,232	20,006	29,319
Acquisition of subsidiary (net)	2,086	11,881	8,885	22,852
Disposals (net)	-4	-112	-34	-150
Depreciation charges	-1,849	-7,863	-7,638	-17,350
Net foreign currency exchange difference	-264	644	280	660
	1,050	12,782	21,499	35,331
Balance as at 31 December 2008				
Investment cost	11,925	48,268	47,850	108,043
Accumulated depreciation	-7,209	-30,804	-16,875	-54,888
	4,716	17,464	30,975	53,155
Movements				
Investments	569	5,984	4,580	11,133
Acquisition of subsidiary (note 30)	402	0	0	402
Transfer between categories	3,398	6,503	-10,970	-1,069
Depreciation charges	-3,821	-11,466	-5,129	-20,416
Net foreign currency exchange difference	-45	-162	-94	-301
	503	859	-11,613	-10,251
Balance as at 31 December 2009				
Investment cost	16,249	60,593	41,365	118,207
Accumulated depreciation	-11,030	-42,270	-22,003	-75,303
	5,219	18,323	19,362	42,904

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

The carrying value of fixed assets held under finance leases at 31 December 2009 was €2.2 million (2008: €3.2 million).

15. INVESTMENTS IN ASSOCIATES

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

(€ in thousands)	2009	2008
Balance as at 1 January	5,663	816,788
Result associates	2,603	-16,695
Movement resulting from business combination	0	-792,355
Other direct equity movements	-583	-2,075
Share in equity	7,683	5,663

The estimated full year revenues and net profits of the associates and their aggregated assets (excluding goodwill) and liabilities are as follows:

2009

(€ in thousands)				Revenues full year ²	Net result full year	Interest held
Name associate	Place of incorporation	Assets	Liabilities			
Infotech enterprises ^{1,2}	India	117,860	2,905	131,918	13,712	1.35%
Mappoint Asia ¹	Thailand	4,890	4,762	6,827	497	27.7%
MapIT ¹	South Africa	13,075	4,105	5,019	503	49%

15. INVESTMENTS IN ASSOCIATES (continued)

2008

(€ in thousands)

Name associate	Place of incorporation	Assets	Liabilities	Revenues full year ²	Net result full year	Interest held
Infotech enterprises ^{1,2}	India	105,780	6,272	106,113	13,470	1.36%
Mappoint Asia ¹	Thailand	5,170	5,560	3,929	-1,553	27.7%
MapIT ¹	South Africa	11,744	3,649	5,361	1,068	49%

1 All associates have a 31 March year-end, data for calculating the result associate, based on the equity method, is obtained from January through to December. The summarised financial information of Infotech presented above is based on financial statements for the year ended 31 March 2009.

2 Infotech is regarded as an associate as Tele Atlas is represented in the Supervisory Board.

16. INVENTORIES

(€ in thousands)	2009	2008
Finished goods	46,370	87,746
Components and sub-assemblies	20,349	57,652
Inventories	66,719	145,398

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €506 million (2008: €667 million).

As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €14.5 million (2008: €6.6 million). The costs are included in cost of sales.

17. TRADE RECEIVABLES

(€ in thousands)	2009	2008
Gross trade receivables	303,266	303,933
Allowance for doubtful receivables	-9,242	-13,952
Trade receivables (net)	294,024	289,981

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 insurance for European, North American, Asian, Australian and African receivables balances from PND, Automotive and WORK customers.

The following summarises the movement in the allowance for doubtful trade receivables account:

(€ in thousands)	2009	2008
Balance as at 1 January	-13,952	-3,042
Acquisition of subsidiary	-435	0
Additional receivables impairment	-1,622	-13,595
Receivables written off during the year as uncollectible	145	1,847
Unused amounts reversed	6,330	881
Translation effects	292	-43
Balance as at 31 December	-9,242	-13,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

17. 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 our customers have not been exceeded, and an analysis of overdue amounts and related provisions for doubtful trade accounts receivable:

(€ in thousands)	2009	2008
Of which:		
Not overdue	281,555	259,093
Overdue < 3 months	8,888	39,453
3 to 6 months	5,029	2,178
Over 6 months	7,794	3,209
less provision	-9,242	-13,952
Trade receivables (net)	294,024	289,981

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

(€ in thousands)	2009	2008
EUR	106,621	135,771
GBP	33,310	39,305
USD	128,213	100,150
Other	25,880	14,755
Trade receivables (net)	294,024	289,981

18. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2009	2008
Prepayments	9,029	10,182
VAT and other taxes	13,308	1,890
Other receivables	3,698	3,915
	26,035	15,987

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

19. OTHER FINANCIAL ASSETS

Other financial assets include derivative financial instruments. Derivatives held for trading are classified as a current asset or liability. Derivatives in a hedging relationship are classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(€ in thousands)	2009 Assets	2009 Liabilities	2008 Assets	2008 Liabilities
Derivatives – held for trading	10,602	-328	36,583	-582
Interest rate swaps – cash flow hedges	0	-5,050	0	0
Total	10,602	-5,378	36,583	-582
Interest rate swaps – cash flow hedges	0	94	0	0
Current portion	10,602	-5,284	36,583	-582

19. OTHER FINANCIAL ASSETS (continued)

a) Derivatives held for trading

The notional principal amounts of the outstanding forward foreign exchange and option contracts at 31 December 2009 were €420 million (2008: €693 million).

All our outstanding options and forwards have a contractual maturity of less than one year.

b) Cash flow hedges

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2009 were €810 million (2008: nil).

There was no ineffectiveness recognised in profit and loss in 2009 related to our cash flow hedges (2008: nil).

At 31 December 2009, the fixed interest rate varies from 1.563% to 1.588% (2008: n/a), and the main floating rate is Euribor. Gains and losses recognised in the hedging reserve in equity (note 33) on interest rate swap contracts as of 31 December 2009 will be released to the income statement at the maturity date of the financial instruments (note 24).

A 0.5% decrease or increase in the average Euribor rate over 2009 would cause our 2009 equity balance to increase or decrease by €6.6 million (2008: nil) as a result of the change in the market to market value of the interest rate swap contracts.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and derivative liabilities in the balance sheet.

The table below analyses the group's net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the discounted cash flows. Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

At 31 December 2009 (€ in thousands)	< 1 yr	1-2 yrs	2-5 yrs	> 5 yrs
Derivatives in hedging relationship	-5,050	94	0	0
Derivatives held for trading	10,274	0	0	0
At 31 December 2008 (€ in thousands)	< 1 yr	1-2 yrs	2-5 yrs	> 5 yrs
Derivatives in hedging relationship	0	0	0	0
Derivatives held for trading	36,001	0	0	0

20. CASH AND CASH EQUIVALENTS

(€ in thousands)	2009	2008
Cash and equivalents	173,403	194,322
Deposits	195,000	126,717
	368,403	321,039

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

21. SHAREHOLDERS' EQUITY

	2009 No.	2009 (€ in thousands)	2008 No.	2008 (€ in thousands)
Authorised:				
Ordinary shares	600,000,000	120,000	333,000,000	66,600
Preferred shares	300,000,000	60,000	166,500,000	33,300
	900,000,000	180,000	499,500,000	99,900
Issued and fully paid:				
Ordinary shares	221,718,074	44,344	123,316,000	24,663

All shares have a par value of €0.20 per share (2008: €0.20 per share). For rights, restrictions and other conditions attached to ordinary and preference shares, reference is made to Corporate Governance section in the Annual Report.

In 2009, 1,534,787 shares were issued following the exercise of share options by employees (2008: 1,530,689).

Offering of ordinary shares – July 2009

On 17 July 2009 TomTom successfully closed and settled a rights issue which raised €359 million. On 2 July TomTom had raised €71 million through a private placement via an issue of shares. In the private placement Janivo Holding BV, Cyrte Investments BV and Alain De Taeye agreed to subscribe for 11.6 million ordinary shares at a price of €6.12. In the rights offering 85.3 million ordinary shares were offered in a 5 for 8 rights offering. The offer shares had a nominal value of €0.20 each and were offered to shareholders at €4.21 each. The gross proceeds of the offering and private placement together were €430 million.

Our reserves are freely distributable except for €34.3 million of legal reserves. Note 6 in our company financial statements provides an overview of our non-distributable reserves.

Protection mechanism

The Corporate Governance section of this annual report provides a detailed description regarding the use of Stichting Continuïteit TomTom ("the Foundation") as a protection measure against hostile takeovers.

Management is of the opinion that the call option does not represent a significant value as meant in IAS 1, paragraph 31 due to the fact that the likelihood that the call option will be exercised is very remote. In the remote event that the call option is exercised, the B preference shares which are issued are intended to be cancelled shortly after issuance. The option is therefore not accounted for in the annual accounts nor is any additional information as meant by IAS 32 and 39 provided.

22. 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.

In July 2009 TomTom finalised a rights issue in which shares were issued at €4.21 and every shareholder received 5 rights for every 8 shares they held. As a result of this rights issue the holdings of TomTom option and performance share holders were diluted. TomTom agreed to compensate this group via a standard and generally accepted formula; the Liffe formula. The Liffe formula is defined by NYSE Liffe, a global derivatives business of the NYSE Euronext group. This formula has the effect of preserving the existing rights of the option holders. No additional expense arises due to the application of the formula. We did not revalue our existing share option models as the clear intention was only to preserve the value of the options that shareholders had before the rights issue.

Share option plan

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

22. SHARE-BASED COMPENSATION (continued)

Stock compensation reserve

(€ in thousands)

	2009	2008
Opening balance	69,469	58,765
Stock compensation expense	7,863	6,940
Tax benefit	0	5,847
Release to retained earnings	-9,376	0
Share options exercised	-1,689	-2,083
Closing balance	66,267	69,469

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.

Share option plan 2009:

In June 2009 the group issued 5.8 million stock options. The 2009 share option plan qualifies as an 'Equity-settled share based payment plan'. The options will vest in three equal yearly portions, the first third after one year, the second third after two years and the remaining third after three years from the grant date. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period.

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

The following table summarises information about the stock options outstanding at 31 December 2009:

Year of grant	Number outstanding at 31 Dec 2009 ¹	Exercise price per share ¹	Weighted average remaining life	Number exercisable at 31 Dec 2009	Weighted average exercise price
2005	3,130,865	21.85-23.82	2.78	3,130,865	23.16
2006	1,958,385	21.07-31.14	3.77	1,958,385	27.57
2007	36,300	25.55	4.19	0	25.55
2009	7,033,730	5.71-6.00	6.46	0	5.76

1 The number of outstanding options and the exercise price per share are corrected for the Liffe adjustment.

A summary of the group's stock option plans and the movement during the years 2008 and 2009 is presented below:

Option plans	2009	Weighted average exercise price ¹	2008	Weighted average exercise price
Outstanding at the beginning of the year	6,496,967	19.20	9,557,648	21.02
Granted	5,813,000	5.71-6.00	0	0
Liffe adjustment	2,203,087	n/a	0	n/a
Exercised	-1,534,787	0.62	-1,530,689	3.75
Forfeited	-818,987	25.47	-1,529,992	28.9
Outstanding at the end of the year	12,159,280	13.81	6,496,967	23.23

1 The weighted average price for 2009 is corrected for the Liffe adjustment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

22. SHARE-BASED COMPENSATION (continued)

Performance share plan

In 2007 and 2008 the group introduced performance share plans for employees. Conditional awards of TomTom shares were made under the share-based incentive plans of 2007 and 2008. In 2008 all employees, except for Management Board members, were offered the choice of 100% vesting or the original vesting criteria. The original vesting criteria can result in a vesting ranging from 0-150% of the conditional award. The actual vesting percentage depends on the total shareholder return of TomTom NV compared to other companies listed in the AEX index, and the EPS growth of TomTom NV. For the performance shares granted in 2007 and 2008, the measurement period is three years starting at 1 January 2007 and 1 January 2008 respectively. On 31 December 2009 the liability with regard to the performance share plan is €2.1 million (2008: €0.7 million).

The following table provides more information about the performance shares which were conditionally awarded in 2007 and 2008. There were no awards made in 2009.

Share plans	2009	2008
Outstanding at the beginning of the year	482,200	185,100
Granted	0	347,400
Liffe adjustment	102,669	0
Exercised	0	0
Forfeited	-21,009	-50,300
Outstanding at the end of the year	563,860	482,200

Valuation assumptions

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

The fair value of the share options granted in June 2009 was determined by the Binomial tree model. This 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 vesting period, based on the group's estimate of equity instruments that will eventually vest.

The input into the share option 2009 valuation model is as follows:	2009
Share price at grant date ¹ (euro)	7.26
Weighted average exercise price ¹ (euro)	6.91-7.26
Weighted average expected volatility	55%
Expiration date	16 June 2016
Weighted average risk free rate	3.56%
Expected dividends	Zero

¹ Prices disclosed are pre-rights issue.

The option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom NV stock price. 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.

23. MINORITY INTERESTS

Movements in minority interests were as follows:

(€ in thousands)	2009	2008
Opening balance at 1 January	4,964	0
Acquisition of subsidiaries	0	5,096
Minority share in acquisition of subsidiaries	-381	537
Exchange result	511	-669
Closing balance at 31 December	5,094	4,964

24. BORROWINGS

Borrowings (€ in thousands)	2009	2008
Non-current	588,141	1,241,900
Current ¹	201,387	146,588
Total borrowings	789,528	1,388,488

¹ €210 million of the original loan amount will be repaid in December 2010. The full amount payable on the loan is reduced by the netting off of the loan negotiation costs which are amortised over the period of the loan through an interest charge.

The group negotiated a syndicated loan facility consisting of a €1,585 million term loan and a €175 million revolving credit facility to fund the Tele Atlas acquisition. Transaction costs related to the facility amounted to €50.3 million. The facility terminates on 31 December 2012 and has an annual repayment schedule. The interest is in line with market conditions and based on Euribor with a spread that depends on certain leverage covenants. The average interest percentage paid on the borrowings in 2009 was 3.36% (2008: 6.35%). The group's borrowings are subject to covenant clauses whereby the group is required to meet certain performance indicators with regard to our financial condition. The performance indicators relate to interest cover and leverage. In case of a breach of these covenants the banks are contractually entitled to request early repayment of the outstanding amount. The carrying amount of the group's borrowings is denominated in euros.

In 2009 the group made repayments to the borrowings for an amount of €619 million and the group renegotiated the terms of the agreement. Due to the repayments, the group immediately recognised €13.4 million of loan transaction costs that were previously being amortised over the life of the loan.

Relevant period ending	Interest cover ¹	Leverage ratio ²
31 December 2009	4.50	3.50
30 June 2010	4.50	3.50
31 December 2010	5.00	3.00
30 June 2011	5.00	2.50
31 December 2011	5.00	2.00
30 June 2012	5.00	2.00
31 December 2012	5.00	2.00

¹ Interest cover is defined as the ratio of last twelve months (LTM) EBITDA to the last twelve months interest expense for the relevant period.

² Leverage ratio is defined as the ratio of total consolidated net debt on a specified date to consolidated LTM EBITDA in respect of the relevant period ending on that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

24. BORROWINGS (continued)

The group has the following undrawn borrowing facilities:

Borrowings (€ in thousands)	2009	2008
Undrawn borrowings	174,227	175,000
Total undrawn borrowings	174,227	175,000

Annual repayment schedule (€ in thousands)

2010	210,000
2011	210,000
2012	388,000
Total	808,000

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

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

Non-current borrowings (€ in thousands)	Notional amount		Fair value	
	2009	2008	2009	2008
Borrowings ¹	598,000	1,268,000	552,587	930,355
	598,000	1,268,000	552,587	930,355

1 Borrowings do not include amortised costs.

The fair value of the borrowings is estimated on the basis of discounted cash flow analysis using recent market interest rate paid by comparable companies on borrowings with comparable terms.

Since we hedged our exposure to movement in Euribor rate as from 31 July 2009 to 31 December 2011, our exposure to interest rate risk was limited to the first seven months period of the year. A 0.5% increase or decrease in the Euribor rate throughout this period would cause our post tax results for the year and equity to decrease or increase by €3.1 million.

Finance leases

These are finance leases for plant and machinery, cars and equipment. The net book value of the assets related to these leases is €2.2 million (2008:€3.2 million). Future minimum lease payments are as follows:

(€ in thousands)	2009	2008
Commitments less than 1 year	1,042	1,214
Commitments between 1 – 5 years	1,193	2,160
Commitments longer than 5 years	1	0
Total minimum lease payments	2,236	3,374
Less amounts representing finance charges	-78	-162
Present value of minimum lease payments	2,158	3,212

25. DEFERRED INCOME TAX

As at 31 December 2009, the group has a deferred tax liability of €222 million (2008: €229 million). A deferred tax asset has been recorded amounting to €28 million (2008: €33 million). The deferred tax asset and deferred tax liability result from timing differences between the tax and accounting treatment of the amortisation of intangible assets, tax loss carry forwards and certain provisions.

(€ in thousands)	2009	2008
Deferred tax:		
To be recovered after more than 12 months	-191,958	-188,035
To be recovered within 12 months	-1,966	-8,063
	-193,924	-196,098

The movement of the deferred tax is as follows:

Deferred tax (€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
Balance as at 31 December 2007	14,449	0	898	8,604	0	23,951
Charged / (released) to income	-14,258	-8,991	8,471	1,750	-4,270	-17,298
Acquisition of subsidiary	0	2,078	-301,330	-2,466	94,064	-207,654
Net foreign currency exchange rate differences	0	165	-3,756	0	8,494	4,903
Balance as at 31 December 2008	191	-6,748	-295,717	7,888	98,288	-196,098
Charged / (released) to income	1,456	4,636	10,635	1,959	-19,965	-1,279
Acquisition of subsidiary (note 29)	0	0	-4,877	0	4,877	0
Net foreign currency exchange rate differences	0	0	6,093	0	-2,640	3,453
Balance as at 31 December 2009	1,647	-2,112	-283,866	9,847	80,560	-193,924

Due to the drop in our share price the deferred tax asset related to the stock option plan has been released in 2008.

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

(€ in thousands)	2009	2008
Deferred tax:		
Deferred tax assets	28,205	32,977
Deferred tax liabilities	-222,129	-229,075
	-193,924	-196,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

26. PROVISIONS

(€ in thousands)	Warranty	Claims, Litigation & Other	Total
Opening balance at 1 January 2008	39,378	56,591	95,969
Increases in provisions	49,931	46,627	96,558
Utilised	-41,281	-9,076	-50,357
Released	0	-29,237	-29,237
Opening balance at 1 January 2009	48,028	64,905	112,933
Increases in provisions	42,142	17,564	59,706
Utilised	-39,908	-4,209	-44,117
Released	0	-14,172	-14,172
Closing balance at 31 December 2009	50,262	64,088	114,350

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.

Claims, litigation and other provision

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

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

The methodology used to determine the amount of the liability requires significant 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)	2009	2008
Non-current	57,847	55,702
Current	56,503	57,231
	114,350	112,933

27. TRADE PAYABLES

All trade payable balances are due within one year.

28. PENSION ACCRUALS

(€ in thousands)	2009	2008
Opening balance at 1 January	5,012	0
Acquisition of subsidiary	0	5,150
Amounts charged / released to the income statement	1,412	127
Utilised	-1,208	-265
Closing balance at 31 December	5,216	5,012

Pension liabilities relate to the Tele Atlas defined benefit plan in Germany and the staff leaving indemnity plan in Italy. There are no plan assets in relation to these plans. The defined benefit plan assumes a discount rate of 5.7% (2008: 6.4%), a rate of salary increase of 3.0% (2008: 3.0%) and German mortality rates.

29. COMMITMENTS AND CONTINGENT LIABILITIES

The group has long-term financial commitments, which are not shown in the group's balance sheet as at 31 December 2009.

Operating leases

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

(€ in thousands)	2009	2008
Commitments less than 1 year	20,298	16,850
Commitments between 1 – 5 years	46,657	43,508
Commitments longer than 5 years	6,604	17,256
	73,559	77,614

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

Purchase commitments

As at 31 December 2009, the group had open purchase commitments with our contract manufacturers for certain products and components. Based on our forecasts of the number of units we will require, our contract manufacturers order the requisite component parts from their suppliers. Our manufacturers have commitments on these components. In certain circumstances, we have a contractual obligation to purchase these components from our manufacturers.

Other commitments

The group has contracts with 3rd party suppliers or other business partners that include minimum royalty or revenue share payments over the duration of the contracts which range from 2 to 5 years. The total commitments under these contracts are presented below.

(€ in thousands)	2009	2008
Commitments less than 1 year	18,918	17,960
Commitments between 1 – 5 years	37,823	54,385
Commitments longer than 5 years	200	600
	56,941	72,945

Contingencies

Please refer to note 26 for disclosures on tax and legal contingencies.

Based on legal advice, there were no other contingencies that management expects to have a material adverse effect on the group's financial position as of 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TOMTOM NV

30. BUSINESS COMBINATIONS

2009

In the fourth quarter of 2009, TomTom acquired 100% shares of ilocal International B.V. and ilocal Holding B.V. (hereafter referred to jointly as 'ilocal') for a cash consideration of €15.1 million.

ilocal is a business listing company based in Amersfoort, the Netherlands. ilocal owns a database of categorised and geo referenced business listings in the Netherlands (www.ilocal.nl) and Belgium (www.ilocal.be) and has technologies in place to maintain the quality and freshness of this database. This technology will complement TomTom's existing in-house and third party sourced Points of Interest datasets which in turn will enrich the quality of our navigation content.

The fair value of the net assets acquired amounted to €15.1 million which comprise mainly of: intangible assets (€19.2 million), property, plant & equipment – PP&E (€0.4 million), deferred tax assets (€4.9 million), deferred tax liabilities (€4.9 million), trade debtors (€0.4 million), cash and cash equivalents (€0.2 million), trade payables (€0.9 million) and other liabilities (€4.2 million). The fair value of PP&E, trade debtors, cash, trade payables and other liabilities equal their previous carrying value.

The acquired business contributed net revenue of €0.3 million and a net loss of €0.6 million to the group for the period from 1 December 2009 to 31 December 2009. Should we have accounted for the acquisition from 1 January 2009, the group revenue and net result would have been €1,482.8 million and €80.0 million respectively.

2008

In June 2008, the group acquired the remaining shares of its associate Tele Atlas, a global provider of digital map technology. The total purchase consideration paid for Tele Atlas amounted to € 2,869 million and the fair value of the net assets acquired amounted to €966 million, which comprise mainly of intangible assets (databases, tools, customer relationships and brand name) of €957 million, cash and cash equivalents of €234 million, deferred tax liability of €262 million and other liabilities of €104 million. Goodwill resulting from this acquisition amounted to €1,902 million at acquisition date.

The acquired business contributed €121 million in revenue and net profit of €5.9 million (excluding impairment) for the period between 1 June 2008 and 31 December 2008. Should we have accounted for the acquisition from 1 January 2008, the group revenue and operating loss for 2008 would have been €1,749 million and €820 million respectively.

31. RELATED PARTY TRANSACTIONS

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. The total amount of related party transactions with Tele Atlas for the period between 1 January 2008 and 31 May 2008 amounted to €30.8 million. Refer to note 7 for transactions with key management personnel.

32. AUDITORS REMUNERATION

The total remuneration to Deloitte for the statutory audit of 2009 for TomTom group amounted to €475,000 (2008: €546,000). The total service fees paid to the Deloitte network amounted to €1,631,000 (2008: €1,653,000). Included in the total remuneration is an amount of €985,000 (2008: €940,000) invoiced by Deloitte Accountants B.V. Details of the audit, audit related and non audit fees paid to Deloitte can be found in the Supervisory Board report.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The following table presents the group's financial instruments according to the categories as defined in IAS 39:

(€ in thousands)	Loans and receivables	Assets / liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial assets / liabilities at amortised cost	Total
31 December 2009					
Assets as per balance sheet date					
Other financial assets – derivatives	0	10,602	0	0	10,602
Trade receivables	294,024	0	0	0	294,024
Cash and cash equivalents	368,403	0	0	0	368,403
Total	662,427	10,602	0	0	673,029
Liabilities as per balance sheet date					
Trade payables	0	0	0	201,176	201,176
Other financial liabilities – derivatives	0	328	4,956	0	5,284
Finance lease liabilities	0	0	0	2,158	2,158
Borrowings	789,528	0	0	0	789,528
Total	789,528	328	4,956	203,334	998,146

(€ in thousands)	Loans and receivables	Assets / liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial assets / liabilities at amortised cost	Total
31 December 2008					
Assets as per balance sheet date					
Other financial assets – derivatives	0	36,583	0	0	36,583
Trade receivables	289,981	0	0	0	289,981
Cash and cash equivalents	321,039	0	0	0	321,039
Total	611,020	36,583	0	0	647,603
Liabilities as per balance sheet date					
Trade payables	0	0	0	152,119	152,119
Other financial liabilities – derivatives	0	582	0	0	582
Finance lease liabilities	0	0	0	3,212	3,212
Borrowings	1,388,488	0	0	0	1,388,488
Total	1,388,488	582	0	155,331	1,544,401

Fair value estimation

In 2009 the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable of the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of the financial assets/(liabilities) carried at fair value through profit or loss and the derivatives in a hedging relationship are determined using valuation techniques (discounted cash flow analysis). Our valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. In accordance with the above mentioned hierarchy, these types of inputs classify as level 2 inputs.

COMPANY STATEMENT OF INCOME OF TOMTOM NV

for the year ended 31 December

(€ in thousands)	Notes	2009	2008
Result of subsidiaries after taxation	2	164,254	-802,388
Result of associate	3	0	-13,455
Other income and expenses after tax	4	-77,487	-56,742
Net result		86,767	-872,585

COMPANY BALANCE SHEET OF TOMTOM NV

/ 89

as of 31 December
(before proposed appropriation of result)

(€ in thousands)	Notes	2009	2008
Assets			
Non-current assets			
Investments in subsidiaries	2	3,019,488	2,835,649
Deferred tax asset		479	191
Other financial assets		1,541	1,050
Total non-current assets		3,021,508	2,836,890
Current assets			
Receivables		59,873	400
Inter-company receivable		0	0
Cash and cash equivalents		1,481	4,237
Total current assets		61,354	4,637
Total assets		3,082,862	2,841,527
Equity and liabilities			
Shareholders' equity	5		
Share capital		44,344	24,663
Share premium		973,755	575,918
Legal reserves	6	34,319	32,746
Stock compensation reserve	6	66,267	69,469
Retained (deficit) / earnings		-192,976	678,198
Result for the year		86,767	-872,585
Total shareholders' equity		1,012,476	508,409
Borrowings	7	806,976	1,388,488
Provisions		539	166
Deferred tax liability		4,670	9,693
Inter-company payable		1,229,478	933,931
Other current liabilities		28,723	840
Total equity and liabilities		3,082,862	2,841,527

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. PRESENTATION OF FINANCIAL STATEMENTS AND PRINCIPLE ACCOUNTING POLICIES

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

In accordance with section 362.8 of Part 9 of Book 2 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 57 to 87.

The total equity and profit in the company financial statements is equal to the consolidated equity.

2. INVESTMENTS IN SUBSIDIARIES

The movements in the investment in subsidiaries were as follows:

(€ in thousands)	Notes	Investments in subsidiaries
Balance as at 31 December 2007		
Book value		756,243
Movements 2008		
Conversion of associate to subsidiary		789,350
Acquisition of subsidiary		2,065,775
Cumulative translation adjustment		8,451
Transfer to stock compensation reserve	6	12,079
Other direct equity movements		6,139
Result of subsidiaries		-802,388
Balance as at 31 December 2008		
Book value		2,835,649
Movements 2009		
Investment in subsidiary		15,265
Cumulative translation adjustment		-1,436
Transfer to stock compensation reserve	6	5,688
Other direct equity movements		68
Result of subsidiaries		164,254
Balance as at 31 December 2009		
Book value		3,019,488

A list of subsidiaries and affiliated companies prepared in accordance with the relevant legal requirements (the Netherlands Civil Code Book 2, Part 9, Sections 379 and 414) is deposited at the office of the Chamber of Commerce in Amsterdam, the Netherlands.

3. RESULT OF ASSOCIATES

Please refer to note 15 in the Consolidated Financial Statements. The company had no associates in 2009.

4. OTHER INCOME AND EXPENSES AFTER TAX

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

5. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2009, please refer to page 56 in the Consolidated Financial Statements.

6. OTHER RESERVES

(€ in thousands)	Legal reserve participations	Cumulative translation adjustment	Total legal reserves	Stock compensation reserve	Total
Balance as at 31 December 2007	6,928	-1,096	5,832	58,765	64,597
Currency translation differences	0	8,452	8,452	0	8,452
Transfer from retained earnings	18,462	0	18,462	0	18,462
Stock compensation expense	0	0	0	12,787	12,787
Issue of share capital	0	0	0	-2,083	-2,083
Balance as at 31 December 2008	25,390	7,356	32,746	69,469	102,215
Currency translation differences	0	-1,436	-1,436	0	-1,436
Transfer from retained earnings	7,965	0	7,965	0	7,965
Stock compensation expense	0	0	0	7,863	7,863
Issue of share capital	0	0	0	-11,065	-11,065
Cash flow hedges	-4,956	0	-4,956	0	-4,956
Balance as at 31 December 2009	28,399	5,920	34,319	66,267	100,586

Legal reserves

Legal reserves are the non-distributable reserve that is recorded for an amount equal to the restricted reserves of the company's subsidiaries and the cumulative translation adjustment reserve.

Legal reserve participations include the hedging reserve that has been recorded for the effective portion of changes in the fair value of derivatives held by subsidiaries that are designated and qualify as cash flow hedges.

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.

7. BORROWINGS

Included in our borrowings are amounts due to group companies of €17 million with similar conditions as the external borrowings. For further details please refer to note 24 in the Consolidated Financial Statements.

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 of Part 9 of Book 2 of the Netherlands Civil Code.

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULTS

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

PROPOSED APPROPRIATION OF RESULT

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

STICHTING CONTINUITEIT TOMTOM

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

AUDITOR'S REPORT

Reference is made to the auditor's report on page 93.

Amsterdam, 18 February 2010

Management Board:

Harold Goddijn

Marina Wyatt

Alain De Taeye

Amsterdam, 18 February 2010

Supervisory Board:

Karel Vuursteen

Doug Dunn

Guy Demuynck

Rob van den Bergh

Ben van der Veer

Peter Wakkie

Joost Tjaden

TOMTOM NV

STATUTORY SEAT AMSTERDAM

AUDITOR'S REPORT

To the Shareholders and Supervisory Board of TomTom NV

Report on the financial statements

We have audited the accompanying financial statements 2009 of TomTom NV, Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2009, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009, the company statement of income 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, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the Consolidated Financial Statements

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of TomTom NV as at 31 December 2009, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of TomTom NV as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam 18 February 2010
Deloitte Accountants BV

Signed by A. Sandler

SHAREHOLDER INFORMATION

LISTING

TomTom NV (TOM2 / ISIN: NL0000387058) has been listed on Euronext Amsterdam in the Netherlands since 27 May 2005. Since 2006 TomTom is included in Euronext's Amsterdam Exchange Index (AEX) – composed of the 25 most traded companies in the Netherlands – with a weighting factor of 0.16% of the index. Share options of TomTom are traded on the Euronext Amsterdam Derivative Market.

FINANCIAL CALENDAR

26 April 2010	– Publication results Q1 2010 and Annual General Meeting of Shareholders
21 July 2010	– Publication results Q2 2010
20 October 2010	– Publication results Q3 2010

SHARES OUTSTANDING

At the end of the year TomTom NV had 221,718,074 shares outstanding. The number of options outstanding was 12,159,280.

MAJOR SHAREHOLDERS

At the end of 2009 the following shareholders with a holding of 5% or more were known to us:

	# Shares	% of shares outstanding
Harold Goddijn	26,137,832	12%
Corinne Goddijn-Vigreux	26,137,831	12%
Stichting Beheer Moerbeij	26,137,831	12%
Stichting Beheer Pillar Arc	26,137,832	12%
Flevo Deelnemingen IV BV	18,576,279	8%

PROTECTION MECHANISM

In 2005 the Stichting Continuïteit TomTom was established as an instrument of protection against hostile takeovers and to protect our interests in other situations. We have granted Stichting Continuïteit TomTom a call option, entitling it to acquire from us preference shares, up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares). The issue of preference shares or the grant of rights to subscribe for preference shares, may have the effect of preventing, discouraging or delaying an unsolicited attempt to obtain control and may help us to determine our position in relation to a bidder and its plans, and to seek alternatives. In addition to this call option, the General Meeting of Shareholders authorised the Management Board in April 2009 to issue preference shares and to grant rights to subscribe for such shares until 28 October 2010, which authority is limited to 50% of the number of issued ordinary shares at the time of issue. More information on the protection mechanism can be found in the corporate governance section pages 39 to 40. There are currently no preference shares outstanding.

SHAREHOLDER INFORMATION

SHARE PRICE DEVELOPMENT



	2009	2008	2007	2006	2005
Year end share price	6.25	4.30	42.56	27.04	23.97
Year high	13.33	42.73	56.02	31.41	33.42
Year low	2.21	3.08	23.86	19.36	13.60
Average volume (in millions)	3.2	2.3	1.5	1.1	0.8

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

DIVIDEND POLICY

TomTom has no current plans to distribute dividends.

MORE INFORMATION

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

Our visiting address is:
Oosterdoksstraat 114
1011 DK Amsterdam
The Netherlands

KEY FIGURES OVERVIEW

TomTom (in € millions)	2009	Q4 '09	Q3 '09	Q2 '09	Q1 '09	2008	2007	2006	2005
Income and expenses									
Revenue	1,480	533	365	368	213	1,674	1,737	1,364	720
TomTom Business	1,295	483	318	322	172	1,553	1,737	1,364	720
Tele Atlas Business	185	50	47	46	41	121	0	0	0
Gross profit	731	245	191	188	107	781	764	579	311
Operating result ¹	221	111	70	57	-16	247	428	340	195
Net result (attributed to equity holders) ¹	87	73	31	20	-37	175	317	222	143
Data per share									
Earnings per share (in €) – diluted ^{1,2}	0.47	0.33	0.14	0.13	-0.24	1.17	2.20	1.57	1.04
Adjusted earnings per share (in €) – diluted ^{2,3}	0.78	0.39	0.20	0.22	-0.13	1.50	2.28	1.63	1.04
Shares outstanding									
Average # basic shares outstanding (in millions) ²	184	222	213	151	149	148	138	133	126
Average # diluted shares outstanding (in millions) ²	185	224	216	152	151	149	144	142	138
Regional revenue split									
Europe	1,007	319	270	268	150	1,182	1,396	1,226	670
North America	411	192	80	86	53	434	271	106	42
ROW	62	23	15	13	10	59	70	31	7
Cash flow									
Cash generated from operations	430	205	114	98	13	463	535	392	102
Net cash flow from operating activities	340	186	79	96	-20	354	441	292	43
Cash flow used in investing activities	-90	-32	-14	-12	-32	-1,903	-867	-29	-21
Cash flow from financing activities	-206	-210	-64	68	0	1,408	453	1	117
Net increase in cash and cash equivalents	45	-56	1	152	-52	-142	28	264	138
Balance sheet									
Goodwill	855	855	855	855	855	855	0	0	0
Intangible assets	986	986	978	992	1,000	1,011	56	39	16
Inventories	67	67	78	64	97	145	131	123	103
Trade receivables	294	294	212	237	134	290	403	266	151
Cash and cash equivalents	368	368	423	423	270	321	463	438	178
Provisions	114	114	101	103	101	113	96	44	21
Borrowings	790	790	996	1,394	1,391	1,388	0	0	0
Trade payables	201	201	138	143	70	152	152	67	55
Total equity and liabilities	2,686	2,686	2,690	2,717	2,517	2,767	1,970	903	464
Key ratios									
Average Sales Price (PND)	93	79	99	112	99	118	170	270	368
# PNDs sold (thousands)	11,554	5,096	2,581	2,458	1,419	12,032	9,574	4,687	1,688
Days sales of inventory (DSI)	21	21	41	33	84	47	33	57	92
Days sales outstanding (DSO)	51	51	53	59	58	51	58	71	77
Creditor days	64	64	73	73	61	49	38	31	49
Share price									
At end of period	6.25	6.25	11.72	5.85	2.45	4.30	42.56	27.04	23.97
Volume (million)	811	257	245	156	154	480	313	232	100
Number of employees									
At end of period	3,089	3,089	3,115	3,209	3,306	3,498	1,337	809	435

1 Excluding non-cash goodwill impairment charge for 2008.

2 The earnings per share number and the weighted average number of shares outstanding for 2009 and all comparative years have been adjusted to reflect the impact of the right offering that took place in July 2009.

3 The adjusted earnings for 2009 excludes the acquisition related amortisation, impairment charges and restructuring charges. All comparative EPS numbers have been adjusted and presented under the same basis as in 2009.

This has been printed using inks made from vegetable oil and are non-hazardous from renewable sources. Over 90% of solvents are recycled for further use and recycling initiatives are in place for all other waste associated with this production. The printers are FSC and ISO 14001 certified with strict procedures in place to safeguard the environment through all their processes. They have also registered and have had audits done by the Carbon Trust to reduce their Carbon Footprint.

The coated paper used in this report contains material sourced from responsibly managed forests, certified in accordance with the FSC (Forest Stewardship Council) and is manufactured to ISO 14001 and EMAS (Eco-Management & Audit Scheme) international standards, minimising negative impacts on the environment.

The paper used in the accounts section is produced with FSC mixed sources pulp which is fully recyclable, biodegradable, pH Neutral, heavy metal absence and acid-free. It is manufactured within a mill which complies with the international environmental ISO 14001 standard.



Designed and produced by **MAGEE** www.magee.co.uk

Printed by PUSH

TomTom NV
Oosterdoksstraat 114
1011 DK Amsterdam
The Netherlands

Tel: +31 (0)20 757 5000

WWW.TOMTOM.COM