

maps | traffic | navigation



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. In particular the words 'expect', 'anticipate', 'estimate', 'may', 'should', 'believe' and similar expressions are intended to identify forward-looking statements. 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 2011 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 forwardlooking statement to reflect events or circumstances after the date of this Annual Report.

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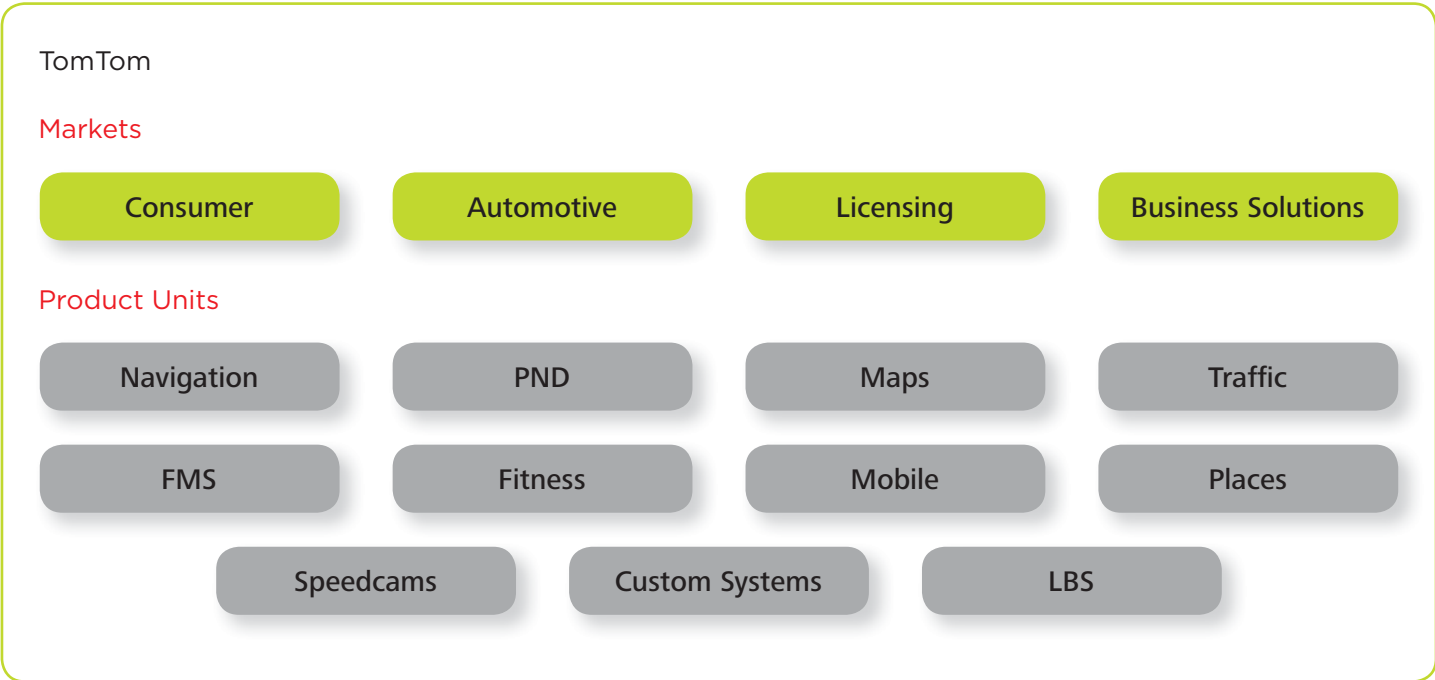
Profile

TomTom is a global supplier of location and navigation products and services.

We provide our customers with digital maps, traffic intelligence, navigation software, portable navigation devices (PNDs), automotive systems, fleet management services (FMS), smartphone apps, sports watches, points of interest, location based services (LBS) and speedcam intelligence.

Our company structure consists of four customer facing business units – **Consumer, Automotive, Business Solutions** and **Licensing**. The first three business units provide targeted solutions for our customers; consumers, car manufacturers and fleet owners. Licensing sells its content and services to multiple customer groups including PND and wireless companies, governments and enterprises. The business units embed eleven product units. The product unit focus enables us to bring the highest quality innovative products to market fast.

Headquartered in Amsterdam, TomTom has over 3,700 employees and operates from 50 locations in 35 countries.



In 2011 we saw the PND markets in Europe and North America reduce in size. As a result, group revenue declined despite the strong performance of our Automotive, Licensing and Business Solutions business units.

Restructuring programme

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The macroeconomic downturn impacted our channel partners, who reduced their own inventory levels. As a result of this destocking our sales volumes were less than customers purchased. The lower PND volumes affected our profitability. To counter this, we initiated a restructuring programme in order to reduce our cost base. As part of the programme, we reduced the total number of jobs within TomTom by approximately 450. As far as possible our aim was to realise this by attrition. To my regret, however, a significant proportion of the reduction in the size of our staff had to be achieved through forced lay-offs.

Milestones

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Clearly, 2011 was a difficult year. Nevertheless, we also reached a number of important milestones during the period. We are pleased that car manufacturers Opel and Ford have adopted our navigation solutions. During the year we also launched our first GPS sports watch, saw increased take-up of our LIVE Services, and added our 180,000th WEBFLEET subscriber. We are particularly proud to say that we sold our 60 millionth navigation solution this year.

Product development and return on investment

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TomTom's R&D is spread across a wide range of technologies that enable a wide portfolio of products. The majority of these technologies and products are interdependent, which gives us a competitive advantage. The technologies involved include software systems for map-making, as well as navigation software for data services and for PNDs, in-dash units, smartphones and tablets and real-time traffic and fleet management systems. As part of the restructuring programme, we have reorganised our product development activities around eleven product units. Each unit has a well-defined product and technology scope and is accountable for investing its allocated budget to increase the rate of new product introductions, as well as for achieving the highest possible returns.

Adapting to a changing environment

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We have a history of adapting to changing industry developments. Our company started out as a bespoke software developer. Within a few years we transformed the company into a consumer focused application developer. Early in the millennium, we shifted our focus to car drivers and launched the first GPS-linked car navigation app. During this time we also established the TomTom brand. A few years later we transformed our GPS-linked car navigation app into an affordable turn-by-turn navigation solution, the PND. In fact, we kick-started an entire industry by creating a new product category and democratising navigation. During these years of growth we invested significantly in new businesses and technologies that are currently sources of growth for our company – in-dash navigation, maps, traffic and fleet management services.

There is no question that this is a time of rapid and fundamental change for our industry. New technologies and changing business models facilitate new user behaviour.

Long-term vision

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Around the globe over a billion cars are driven by people who have very similar aims: to get to their destinations safely and efficiently, to be well informed about their options, and hopefully to enjoy the journey. TomTom has the assets and technology to equip every car with navigation and location services, and can therefore serve all these people.

I believe that we can achieve this by taking a device-agnostic approach. In today's world, device purposes increasingly overlap with each other. We must aim to supply the necessary content, software and levels of service regardless of the platform used.

Our world is also increasingly interconnected. Today, people want to connect to family, friends, work and information sources wherever they are. These developments are highly relevant to the automotive industry. That is why we have been working on realising the truly connected car in cooperation with Renault. Our unique set of assets enables us to offer the automotive industry all the content and services it needs, from maps to real-time services. The R-link product that we have co-developed with Renault has given us all a first glimpse of the possibilities in this area. Our aim is to bring relevant and up-to-date information to car drivers in a new and unprecedented way. The future is connected.

As part of this, we understand that our role in helping drivers is not limited to the times when they are actually in their cars. In the future, the planning phase of every car journey will also be important, as well as the time after people have parked their cars. We have a role to play here too in offering our customers a seamless cross-platform travel experience.

2012

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Looking to the coming year, we will complete the restructuring process early in the year and increase our focus on the growth parts of our business, in order to claim a leading position in the rise of the connected car and grow our position as a fleet management services and location and navigation content provider. At the same time, we will continue to fully leverage our leading position in the PND market. In particular, we will stimulate demand by ensuring that we provide our customers with the latest technologies and world-class navigation and location experiences.

I am very proud of our achievements as a company over the past twenty years. We could not have reached this point in our journey without the efforts, insight, creativity and commitment of our employees, partners and all the other stakeholders who have stood by us during these years of change and development.

I am also excited about the journey we have ahead of us. We are operating in a rapidly changing environment, and while it presents us with a number of important challenges, I believe that it also offers significant opportunities for our business. I am committed to taking TomTom successfully through the next stage of its evolution necessary to address the challenges and opportunities that we face today.



Harold Goddijn | Chief Executive Officer, TomTom NV

We continued to broaden our business in 2011. Overall, our business was affected by challenging conditions in consumer electronics markets but we experienced good growth in other areas. Below we discuss the developments in the past year and provide more details on the different business units.

Business Review 2011 |

Consumer

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During 2011 we refreshed our complete PND product line-up and simplified and strengthened our product range.

TomTom HD Traffic was introduced in several countries, including the US and Canada. The unique combination of our real-time traffic service, HD Traffic and dynamic routing is now available in 23 countries across the globe. TomTom HD Traffic is generated from a network of over 80 million probes. It covers up to 99.9% of the road networks and includes coverage of traffic jams on main roads as well as secondary and local roads. The system updates drivers with a complete and accurate overview of the situation on the road network every other minute.

During the year our base of active users of LIVE Services, including TomTom HD Traffic, doubled from 690,000 to 1.5 million users. Sales of devices with LIVE Services increased relative to the year before. Around 25% of the people who bought LIVE Services as part of the purchase price of their PND device renewed their subscription after the initial one-year period, which compares to 20% in 2010. We expanded geographically with the introduction of the VIA range in India. We also introduced our new Search & Go travel specific real-time services as part of our premium range devices, including Expedia, TripAdvisor and Twitter.

We started shipping the Nike+ SportWatch GPS powered by TomTom, a GPS sports watch that we developed in cooperation with Nike, during 2011. The market has received the watch well. It has an innovative design, is very easy to use and connects to Nikeplus.com for the after-run experience.

Automotive

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The Automotive business unit extended its relationships with its existing partners Renault, Fiat and Mazda during the year. We began supplying our factory-fitted navigation product, including a real-time charging station reservation feature, for Renault's electric vehicle, Fluence. We are now supplying nearly all of Renault's passenger vehicles and light commercial vehicles with

our navigation solution. We are supplying the Fiat group with our navigation solutions for more than ten of their models across their Fiat, Alfa Romeo and Lancia brands. Additions to the line-up were the new Fiat Panda and the Fiat 500 in the US, which offer our integrated solution as an option. We are now supplying navigation products to Mazda for their new Mazda 3 and CRX-5 series in addition to the Mazda 5, which we were already supplying.

We reached an important milestone in mid-2011 when we sold the one millionth Carminat TomTom system to Renault. This was accomplished in just over two years, due to a high take-up rate of over 40%.

During the year, our partners shifted from non-connected systems to connected systems in most countries where we make LIVE Services available. We also announced a new partnership with the introduction of TomTom Connect, a semi-integrated navigation solution tailored specifically for Opel and Vauxhall cars. The system is a neatly integrated portable system and includes LIVE Services.

Licensing

The Licensing business unit put a lot of effort into leveraging its traffic asset. We strengthened our portfolio of historical and real-time traffic product and made it available in more countries. TomTom's expanded coverage of real-time traffic products enables its customers in enterprise, government and the hardware and wireless markets in these countries to deliver solutions based on accurate, comprehensive and up-to-date traffic information.

In addition to expanding our real-time traffic information offering, we expanded our historical traffic information products with the launch of Traffic Stats, an online portal which provides governments and enterprises with access to the world's largest historical traffic database. Our historical traffic database consists of over five trillion data points that were anonymously shared with us by drivers covering over 140 billion kilometres, which is the equivalent of driving every road in our markets some 3,000 times. This information delivers deep insights into actual driving behaviour, and enables governments and local authorities to optimise road usage, as well as to make well-founded road infrastructure decisions based on these insights. Licensing announced a number of contracts with governments and local authorities related to traffic information, including the Flemish government, the city of Zurich and the Province of North Holland in the Netherlands.

We continued to grow the coverage and features of our map products. We expanded map coverage in Latin America by adding Venezuela and French Guiana to our MultiNet database. The latest map release of 2011 includes coverage of 35 million kilometres (21 million miles) of road in over 100 countries. We were also first

to market with fully integrated U.S. Census 2010 boundary data, a key requirement for marketing professionals who use census information to conduct demographic analysis. We conflated nearly 11 million block boundaries to our MultiNet core map, the largest boundary integration project ever completed by TomTom.

During the year we launched our local search app, TomTom Places, for the iPhone and for Android smartphones. It is available in eight countries – Belgium, Denmark, Germany, Ireland, Norway, Portugal, Spain, Sweden and the Netherlands – and supported in each of the local languages. The product enables users to search for shops, hotels, restaurants and tourist attractions and provides detailed information about their search results. The local search is based on TomTom's enhanced database of points of interest of 10 million establishments and provides directions to the destination while taking into account the current traffic situation. TomTom Places is also available online at <http://places.tomtom.com>.

Business Solutions

This year our business unit Business Solutions became the fleet management services company with the largest customer base in Europe, and now has 15,000 individual customers and an installed base of 180,000 subscribers. This compares to 12,000 customers and an installed base of 134,000 in 2010. During the year Business Solutions expanded into Australia and entered into a partnership with Tracker, South Africa's leading vehicle tracking company.

We introduced a number of new features during the year, including Active Driver Feedback, WEBFLEET OptiDrive and the vehicle maintenance planning tool in WEBFLEET. All are focused on further improving the safety and efficiency benefits for businesses. Active Driver Feedback promotes safe driving by providing drivers with immediate feedback on their performance via their TomTom PRO navigation devices. WEBFLEET OptiDrive and vehicle maintenance planning give business management easy tools that help their drivers to drive more safely and in a more environmentally friendly way.

TomTom Business Solutions received the IT innovation accolade at the 2011 GreenFleet Awards for its WORKsmart-Eco product, and was thereby recognised for its efforts to help companies operate more efficiently and in a more environmentally friendly way. WORKsmart-Eco helps companies to reduce fuel consumption and the CO₂ emissions of their vehicle fleets.

During 2011 we launched WEBFLEET Mobile for the iOS and Android platforms. This product provides managers on the move with essential information about their vehicle fleet, helping them to stay in control and to be of service to their customers.

In addition, we entered the car lease industry during the year through a partnership with private lease company Mijndomein Auto. This service offers consumers and businesses the opportunity to lease a car equipped with TomTom Business Solutions technology that helps to reduce the car's CO₂ emissions by giving drivers instant feedback on their driving behaviour and fuel consumption.

Financial Review 2011^{1,2} |

Overview

TomTom generated revenue of €1.3 billion in 2011, down 16% year-on-year (2010: €1.5 billion). The gross margin strengthened to 50%.

Our core PND markets in Europe and North America declined during the year, and destocking by our channel partners further limited our opportunity to sell PNDs. On the positive side, we saw strong growth in in-dash automotive solutions, content licensing and in fleet management systems, but these successes could not fully compensate for the decline on the consumer side of the business.

Lower revenue had a negative impact on our operating margin and we took action to reduce operating costs. During the second half of the year we initiated a restructuring programme to lower our cost base by €50 million for 2012. We also took the opportunity to reorganise the company around our products with the goal of increasing the pace of our development programmes. Our operating margin declined from 12% to 8%.

Operating expenses for 2011 (excluding restructuring charges of €15 million) decreased by €16 million year-on-year, resulting in an operating result of €102 million (2010: €190 million).

Our net result margin remained fairly stable at 6%. This was due to lower interest costs resulting from the lower level of debt, as well as a positive foreign exchange result.

Net debt decreased from €294 million at the beginning of the year to €194 million as of 31 December 2011.

Key figures^{1,2} (in € millions)

	2011	% of revenue	2010	% of revenue	2009	% of revenue
Consumer	833	66%	1,158	76%	1,205	81%
Automotive	235	18%	179	12%	100	7%
Licensing	142	11%	131	9%	133	9%
Business Solutions	64	5%	53	3%	41	3%
Hardware	867	68%	1,164	77%	1,175	79%
Content & Services	407	32%	357	23%	305	21%
TOTAL REVENUE	1,273	100%	1,521	100%	1,480	100%
GROSS PROFIT	640	50%	744	49%	731	49%
OPERATING EXPENSES¹	538	42%	554	36%	500	34%
OPERATING RESULT	102	8%	190	12%	231	16%
EBITDA	221	17%	299	20%	337	23%
NET RESULT¹	73	6%	110	7%	94	6%

¹ Excluding impairment charges (2011: €512 million) and restructuring expenses (2011: €15 million, 2010: €3.3 million, 2009: €10 million) and the tax effects.

² Totals are based on non-rounded figures.

Revenue

Consumer revenue decreased year-on-year by €325 million to €833 million, mainly due to lower PND sales; this was partly offset by growth in content and services revenue. The growth in content and services revenue in Consumer came mainly from LIVE Services subscriptions revenue, but mobile and maps also performed well. Consumer revenue included the first contributions from the new sports watch which was developed in partnership with Nike.

Automotive revenue grew strongly both in systems sales and map sales to €235 million, an increase of 31% year-on-year (2010: €179 million). In total Automotive sold 800,000 in-dash units in 2011, up from 584,000 in 2010.

Licensing delivered a growth in revenue, and grew 9% to €142 million (2010: €131 million). The growth came from strong revenue in the internet and wireless segment.

Business Solutions continues to achieve strong organic growth in the number of WEBFLEET subscribers. Year-on-year, revenue increased by €11 million (20%) to €64 million from €53 million. The number of WEBFLEET subscriptions increased by 34% to 180,000.

Content & Services revenue increased from €357 million in 2010 to €407 million in 2011, and currently accounts for 32% of group revenue (2010: €23%). The growth in Content & Services was mainly driven by strong growth in Consumer’s LIVE Services subscriptions revenue, increased revenue in WEBFLEET Business Solutions, and growth in map licensing revenue.

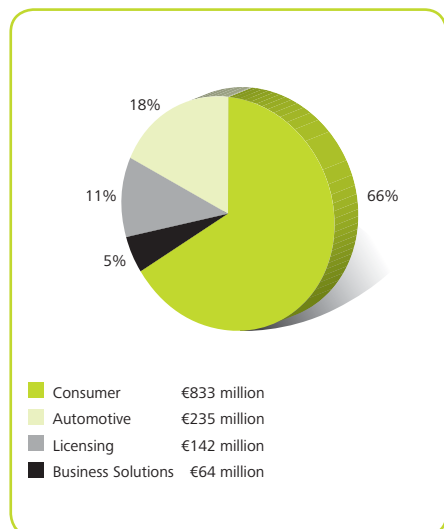
Revenue by geography

From a geographical perspective, the EMEA region contributed 74% of group revenue (2010: 70%) while North America and Rest of World (mainly Asia Pacific) accounted for 20% (2010: 25%) and 6% (2010: 5%) respectively. Compared to 2010, revenue in the EMEA region and North America decreased by €133 million and €124 million respectively. Revenue in the Rest of World increased by €9 million. During the year we launched our PNDs in the Indian and South East Asian markets and expanded the availability of our HD traffic products.

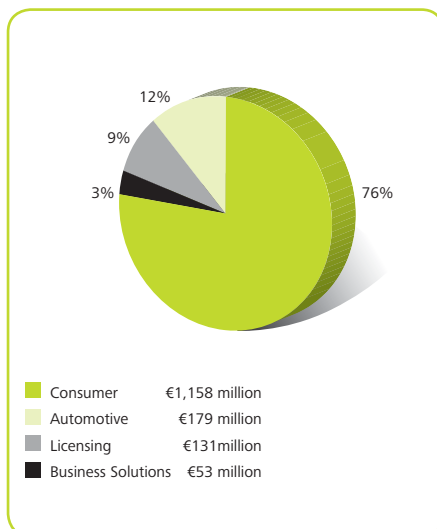
Gross profit

Gross profit decreased by 14% from €744 million in 2010 to €640 million 2011, due to the decline in revenue. Gross margin increased by one percentage point year-on-year to 50% (2010: 49%), mainly because of the higher proportion of Content & Services revenue in the overall revenue mix.

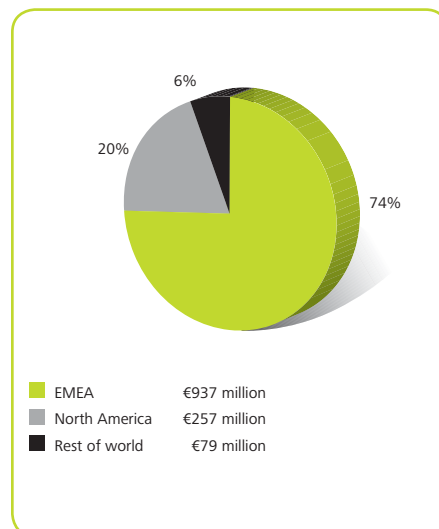
Revenue 2011 by business unit



Revenue 2010 by business unit



Revenue 2011 by geography



Operating expenses

Given the changed market conditions during the year, we balanced our operational expenditures by reducing our spending in some areas of the business. However, we continued to invest in key areas that are essential to support TomTom's future growth. Total operating expenses for the year amounted to €538 million, a decrease of 3% year-on-year (2010: €554 million). Operating expenses as a percentage of revenue increased by six percentage points to 42% (2010: 36%).

We continued our investment in our map assets and innovative development projects during 2011, resulting in a year-on-year increase of €5 million (3%) in R&D expenses. Amortisation of technology and databases increased from €78 million in 2010 to €85 million, mainly due to accelerated amortisation of particular technologies for which a shorter useful life is expected.

Marketing expenses decreased by 27% to €77 million (2010: €105 million). Our major marketing efforts in 2011 included our Break Free campaign, which aimed at increasing public awareness of the LIVE Traffic services offered by our award-winning HD Traffic technology. By increasing our installed base of connected devices we are also able to offer better quality traffic information to our customers and business partners.

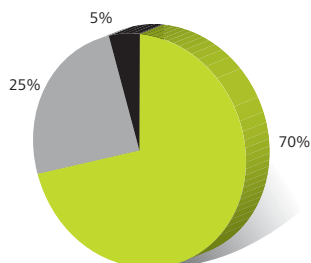
Financial income and expenses

Net interest expense for the year was €22 million, down by €13 million compared to 2010 as a result of debt repayments in 2010 and in 2011. Interest expense includes the amortisation of transaction costs related to the borrowings facility which amounted to €6.3 million, as well as other interest expenses amounting to €0.8 million.

Other financial results shows a gain of €6 million in 2011 as against a loss of €16 million in 2010, mainly driven by positive foreign exchange results from balance sheet revaluations of monetary items and our hedge instruments and partly offset by a loss of time value in our options portfolio during the year. We hedge our net exposure related to our US dollar sales and purchases, as well as our exposure related to revenues in GBP, AUD, CHF and SEK.

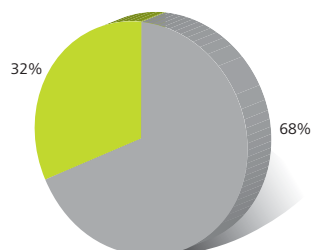
TomTom's foreign exchange risk management policy is approved by the Supervisory Board. Contracts are in place to cover committed and anticipated exposures in non-functional currencies. The company revalues all derivative contracts to market value at the end of each reporting period, as well as cash and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

Revenue 2010 by geography



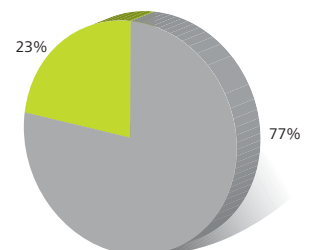
EMEA	€1,070 million
North America	€380 million
Rest of world	€70 million

Revenue 2011 by category



Hardware	€867 million
Content & Services	€407 million

Revenue 2010 by category



Hardware	€1,164 million
Content & Services	€357 million

Taxation

Excluding the tax effect of the impairment and restructuring charges, the income tax charge for the year was €13 million compared to €27 million in 2010. The effective tax rate for 2011 was 15.0% as compared to 19.8% last year. The decrease in group effective tax rate is mainly due to utilisation of losses not previously capitalised and prior period adjustments, following the completion of tax returns related to previous years in 2011.

Net result

The net result for the year was €73 million, down by €37 million as compared to €110 million in 2010. The decrease was due to the lower revenue, which was partly compensated by lower operating and interest expenses as well as positive foreign exchange results.

Liquidity and capital resources

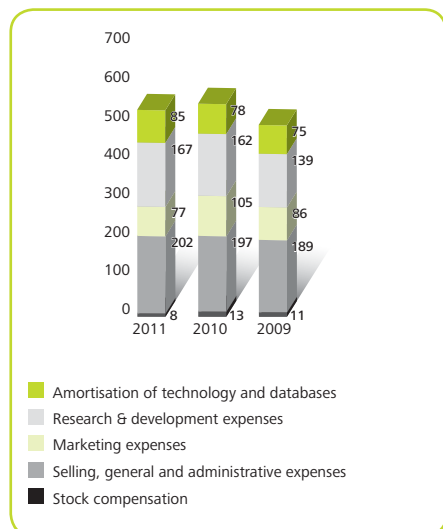
During 2011 we generated €195 million in cash from operations as compared to €265 million in 2010. The decrease was mainly driven by lower operating results offset by lower investments in working capital.

We invested €58 million in intangible assets during 2011 as part of our commitment to continuous innovation mainly in technology and database development projects. Moreover, we also invested in property, plant and equipment, and on buying out some local map making partners which gave TomTom full control of map operations in certain additional geographical markets.

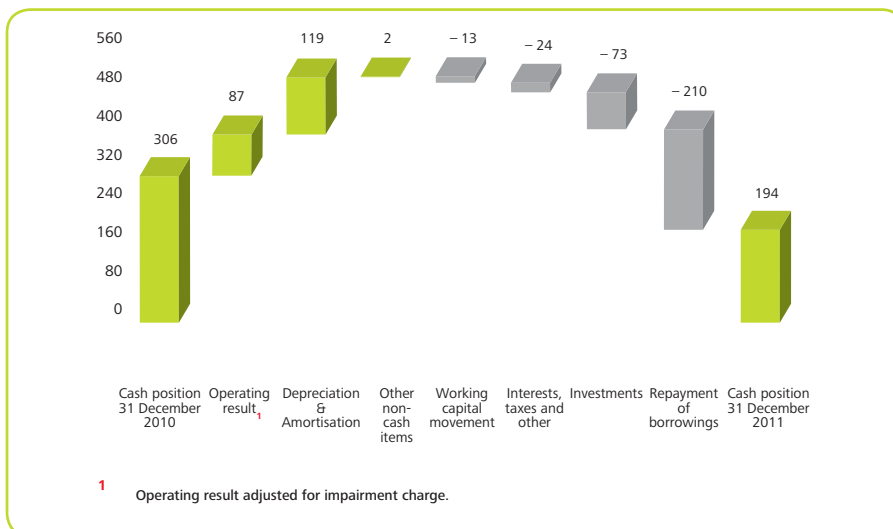
With regard to debt financing, we repaid €210 million of outstanding borrowings during 2011 in line with our debt repayment schedule.

Operating expenses (€ in millions)

For comparative reasons we have excluded impairment and restructuring expenses.



Cash flow development (€ in millions)



Debt financing

Following the 2011 repayment, the carrying value of our borrowings as of 31 December 2011 was €384 million (31 December 2010: €588 million). This carrying value included the transaction costs, which were netted against the borrowings. The nominal value of the outstanding borrowings was €388 million, which must be fully repaid by the end of 2012.

On 1 April 2011 we signed a forward-start facility arrangement consisting of a €250 million term loan facility and a €150 million revolving credit facility. This was in anticipation of the scheduled repayment mentioned above, as well as to secure financial resources for ongoing operational and strategic requirements beyond the term of the existing facilities.

Our net debt position as of 31 December 2011 was €194 million, down from €294 million at the end of 2010. Our leverage ratio was reduced from 0.98 in 2010 to 0.88 in 2011.

Human Resources |

TomTom employs 3,700 people at over 50 locations around the world. We have a committed, skilled and diverse workforce and we are proud to employ people who make TomTom such a unique company.

TomTom is committed to providing a creative and stimulating work environment that enables our people to use their skills in building great experiences for our customers. We aim to ensure that the people who work for us have the opportunities to fulfil their career aspirations by providing them with interesting and challenging work, as well as by involving them in our career-planning programme. We value the people who work for us, and this value is central to our culture. It is at the heart of TomTom's talent acquisition, talent management, retention and compensation strategies.

Employee talent management

Over the past 12 months we have continued to invest in our talent management strategy. This strategy aims to deliver on several key objectives:

- 1 **Talent pipeline** – we aim to identify and support a ready pipeline of talent to take on management positions and critical roles in the future.

- 2 **Employee retention** – our aim is to retain employees by providing career growth and challenges for employees across the company. We recognise that our employees are individuals and therefore have different career needs. In particular, we have created specialist career paths focused on technical streams. Half of our workforce are in technical roles.
- 3 **Talent matching** – we aim to improve employee productivity by matching people with their jobs, keeping them motivated and interested in their work.

As part of our talent management strategy, TomTom already has a company-wide Talent Board in place, consisting of senior executives who can assist in the development of succession plans and make key investment decisions relating to the career planning and talent development of the people who work for us. We are particularly proud that we have succeeded in filling executive and key managerial roles from within TomTom this year. A number of our employees enjoyed promotion or lateral job moves during 2011 that will help them to build further on their career aspirations.

During 2011, we continued to place great emphasis on developing the skills involved in people management. We received good feedback from participants in our Management Development Programmes, in which we continue to invest. This year we also compiled a full curriculum of online training in soft skills, supported by classroom-based learning, to support our employees in their personal self-development.

Employee engagement

As in previous years, we have carried out team-specific engagement surveys in order to get structured feedback from employees with regard to identifying priorities and enabling managers to take action to enhance employee commitment. The results provide our management teams with useful information for improving management action plans in areas such as the organisation of work, training, remuneration, workload and internal communication. Following the 2010 surveys, we invested in the development and roll-out of a company-wide internal communications programme to ensure that our global workforce is able to fully understand and engage in our group strategy.

As part of the restructuring programme we began a full review of our internal company structure with the aim of ensuring that our organisation is streamlined and effective. This programme had three goals: to further improve the relevance, usability and quality of our products; to empower all organisational units and further improve their accountability; and to save costs. The change programme was announced to our employees in October. It became effective from 1 January 2012.

Global capabilities

TomTom's employee base is diverse and based in a number of countries around the world. In 2011, we moved a number of roles from the US and Europe to our engineering activities in Central Europe and India. We are also presently expanding the number of technical resources that we employ in our Taiwan based teams. At the end of 2011 approximately 11% of our workforce were based in the Americas, 17% in APAC and 72% in Europe, Middle East and Africa.

Compensation and benefits

We believe that our remuneration strategy is a key element in our ability to attract and retain talent. We therefore aim to provide fair, competitive and responsible pay for each of our employees. We achieve this on the basis of compensation and benefits packages that are consistent worldwide, while taking into account local differences. In 2011 we launched a compensation and benefits programme based on this view.

Compensation

In January we introduced a new worldwide job-ranking framework and salary structure. The framework and salary structure harmonises the compensation and benefits of all TomTom and former Tele Atlas employees, and provides consistency and equity for every employee. The job-ranking framework applies to all TomTom employees; the salary framework is customised by country.

The job grades enable comparison of our compensation and benefits against the markets within which TomTom competes for talent. This helps to ensure that our employees' pay is measured against market practice in each country.

The outcome of the benchmarking analysis on the basis of job content and grades is a compensation package that is competitive as compared to the other companies in our industry. We focused first on the cash elements, followed by research later in the year into other elements such as insurances, pensions, company cars and smaller, often local, benefit items.

Our next step will be to determine each employee's pay from this package on the basis of value added, individual performance, peer comparison, external comparison and the ability of the company to fund all of this.

Bonus programmes

Our performance-related bonus plan, which was introduced in 2009, 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 the realisation of annually determined financial company targets. If the company target is met, 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, and reflected in the job grade. The plan fits with our vision that success for TomTom as a business should also mean success for the individual employee.

The salary and bonus potential benchmark analysis has led to new bonus potential targets. These are differentiated by region and show a fair reflection of the pay practice in these regions, as well as matching our global remuneration policy.

Share incentives programme

Long-term incentives are part of our remuneration policy, both for the Management Board, as well as for our workforce. They are intended to attract and retain key talent to the company while aligning their interests with those of our shareholders. Until 2010 our main share incentive programme was to offer stock options to selected talents. The stock option programme has since been decreased in volume in order to address the risk of dilution and underline the long term character of this compensation element. Performance shares and restricted stock units were introduced in May. All programmes have a vesting period of three years. The new share incentives programme design has enabled us to continue offering share incentives to the eligible people in our workforce at a reduced risk of dilution.

Benefits

The new grading and benchmark analysis has enabled us to harmonise the benefits packages that we provide to our TomTom and former Tele Atlas employees. Our acquisition of Tele Atlas in 2008 required us to align our benefits worldwide. Although some existing differences will be phased out over time, the vast majority of our employees are now being paid according to the same principles. This assures them of equal opportunity and increased transparency as regards their remuneration.

TomTom is committed to offering all employees sufficient security in terms of pension, health and disability cover. Our worldwide benefit programmes therefore focus primarily on these areas.

Corporate Social Responsibility (CSR) |

In 2011 TomTom appointed a CSR Programme Director, who reports directly to the Board of Management. Our objective with this appointment is to develop and strengthen our CSR programme and integrate our CSR activities into our current business, thereby increasing the resources that we dedicate to CSR.

During the year we conducted an internal review of our CSR activities. This review resulted in a revised strategy, which from 2012 will be embedded into our corporate strategic planning process.

Our CSR activities are focused on three key areas that are important to us as a business:

- 1 Supply chain** – our aim is to ensure that we behave responsibly towards our customers, consumers and suppliers, as well as to meet current standards for supply chain management in areas such as labour conditions, human rights, health, safety and environment.
- 2 Environmental impact** – we aim to measure and manage our largest environmental impact, as well as the positive impact of our products on carbon dioxide emissions.
- 3 Community giving** – our aim is to focus on donating key assets such as our navigation products or expertise in such a way as to enable and enhance the work of charitable organisations.

Supply chain

Outsourcing is a key element of our business model. The assembly of PND and in-dash navigation systems, accessories and logistics/reverse logistics is entirely outsourced. Customer care and content production are partly outsourced. Our top 20 tier 1 suppliers operate in 13 countries and account for up to 4,000 workers who are involved in producing TomTom branded products, including content and services.

Our supply chain standards are set by the TomTom Ethical Trading Code of Practice (ETCOP). For PND, in-dash navigation systems and accessories the ETCOP is integrated into our quality system standards and processes. We support the ETCOP by conducting annual quality audits of the suppliers we work with. These audits provide us with information that enables us to assess our suppliers' compliance with the standards set by the ETCOP. They provide us with an overview of our suppliers' management systems and processes, and cover areas such as child labour, forced labour, discrimination, working hours and compensation, as well as health, safety and environment.

As mentioned, these assessments focus on our suppliers of PNDs, in-dash navigation systems and accessories. During 2011 we assessed all the suppliers involved through our audit process. In particular, during the course of 2011 our largest suppliers passed independent audits that were conducted on behalf of our customers. The objective of these audits was to assess the supplier's compliance against specific customer standards for supply chain management and performance.

Environmental impact

With regard to the environment, we focus on helping our customers to reduce their carbon emissions, as well as on our own impact on the environment through our operations and products. We believe that TomTom products can contribute significantly to safeguarding and improving our environment by enabling customers to reduce their carbon footprints.

In 2011 Business Solutions launched a number of features that significantly enable customers to achieve this. More detailed information on this can be found on pages 6 and 7.

During 2011 we also invested in our products for and in support of electric vehicles. Working with Renault, we launched a product that enables drivers to use electric vehicles more effectively and efficiently. The product is derived from our ECO routing function, a standard feature on all PNDs since 2009. For electric vehicles we completely customised our software to gather information on the vehicles' real-time battery status, so that drivers are constantly informed about the range available to them. The software can also route the user to a charging station if needed. The embedded connectivity can also help drivers to find the nearest charging station. Battery management and available range are visually integrated in the map and navigation display so that both are relevant and easy for the drivers to use. This extension of our ECO routing function is available as part of Renault's first in-dash navigation system for electric vehicles.

In 2012 we aim to measure our own carbon footprint as a company, in order to understand where to focus our efforts going forward.

Community giving

TomTom has more than 50 offices worldwide, and each of them is part of a community. We believe that donating key assets, such as products or the time and skills of our employees, can help to build stronger communities wherever we live and work. Until recently, the main focus of our community charitable donation programme was on road safety. In 2011 we extended this to include three new areas: disaster emergency relief, the charitable care community and disadvantaged youth.

In response to the Japanese earthquake and tsunami that followed, we enabled employees worldwide to make cash donations to the International Red Cross.

Following Hurricane Irene and the tropical storms that affected the east coast of the United States of America, employees from the local TomTom office mobilised to support the communities directly affected through donations. TomTom PNDs were used across seven states in the Emergency Response Vehicles of the American Red Cross during the response to the disaster. This was possible due to a product donation (originally made in 2008), which equipped more than 300 Emergency Response Vehicles of the American Red Cross in the USA with TomTom PNDs and maps.

Through our partnership with the Giving Back Foundation, a Dutch based charitable organisation, TomTom also gives employees the opportunity to act as mentors to talented and ambitious school and university students, with the intention of equipping them for professional life. In 2011 we increased the number of TomTom employees who participated in this programme. As part of the programme the students were hosted at TomTom offices in the UK and the Netherlands.

The next phase

We are at the start of the next phase of our journey in CSR. Of necessity, our CSR strategy must be a living document, both because ours is a dynamic business and because our broader environment is constantly changing. Naturally we will continue to monitor the world around us and to review and update our strategy as circumstances require. As part of this, we intend to ensure that we continue to make our understanding and reporting of our CSR activities more transparent.

For more detail on our CSR programme please refer to <http://corporate.tomtom.com/ethics.cfm>.

Business Risks

Our group can be adversely affected by a variety of business risks and economic developments. We update our business risk profile every year in order to manage our most important risks. We do not quantify these risks or specify a list of the top five risks as we believe that the careful management of all these risks is important and that singling out particular risks could be misleading to investors. The sequence of risks below in no way reflects an order of importance, vulnerability or materiality.

Approach to risk management

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Our Executive Committee together agree on the risk management priorities for the group. Lead ownership for each risk is taken on by an executive team member. The Business Assurance department facilitates the annual assessment of business risks, which results in an appropriate level of objectivity in the assessment of risks. The business risk profile is taken into account when establishing our annual business plans and budgets.

Group risk profile

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Below is an overview of the business risks that we believe are of most relevance to the achievement of our long-term goals and strategy. This risk overview is not exhaustive and should be considered in connection with forward-looking statements. There may be risks, not yet known to us, which are currently not deemed to be material, but which could later turn out to have a significant impact on our business.

Strategic risks

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Changing competitive landscape

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

Many of our current and potential future competitors are large, well-known organisations with greater financial, technical and human resources than our group, and they may have greater ability to fund product research and development and capitalise on potential market opportunities.

Global economics

The majority of our sales are generated in Europe, which makes us vulnerable to the debt crisis in the European Union. The US is also an important market for us; further deterioration in consumer demand in the US would also have a negative impact on our financial results.

Any devaluation of the Euro would negatively impact our profitability, as the majority of our purchases are made in USD. Although we use foreign exchange contracts to hedge activities, these are short term in nature. Any material structural reduction in the value of the Euro against the US Dollar would have a negative impact on our profitability.

Operations could be hindered by potential cash shortages were it to become more difficult to obtain funding from banks that are short on cash or are regulated in providing loans.

Brand

We use one brand for all of the products and services that we deliver to market. This leads to brand concentration risk. Factors that negatively affect our reputation or brand image, such as adverse consumer publicity, inferior product quality or poor service could have a material adverse effect on our business, results of operations or financial condition.

We are constantly striving to increase awareness of our brand and strengthen our reputation for providing smart, easy-to-use, high-quality, desirable navigation solutions that meet customer needs in innovative ways. We aim to enhance our full user experience through our services and customer support.

Innovation

Our markets are characterised by rapid technological change requiring the delivery of highly competitive products. We continue to focus on producing high-quality navigation solutions, however, there can be no guarantee that our products will compete successfully against current or new market entrants or competing technologies.

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.

PND market

A number of factors impact the demand for our PND hardware. These include the product life cycle, which is approaching a mature phase. We are therefore experiencing a natural decline in demand, as well as difficulty in predicting the replenishment market and the competitive landscape for alternative navigation

solutions, such as smart phone navigation and built in automotive systems.

The difficulty to accurately predict the decline in PND demand in Europe and the US creates uncertainties as to the extent that we can invest in new technologies and new markets. Any entry into a new market or a new technology requires substantial investment prior to break-even being attained.

Non-PND business

The navigation experience for our end-users is similar, whether the navigation system is built in the dash or provided on a PND.

The dynamics of being a supplier in the automotive industry are, however, vastly different from those for delivering mass-market consumer electronics. The design costs of supplying to the automotive industry present challenges in growing our automotive business and maintaining profitability over the longer term.

Some of our digital map competitors have historically been TomTom customers and can be expected to reduce or cease their licensing of TomTom maps in the future.

TomTom has seen rapid expansion of its fleet management business, although the size of our fleet management operations is still relatively small compared to the decline in our PND business.

Geographical sustainability

The North American market presents substantial business opportunities for the sale of navigation solutions. We view maintaining, or preferably growing, market share as a vital component to being successful in the US market.

We may not be able to maintain our volume and profits in the region and our retailer support for our products and services could decline. Even if we maintain successful market share and average selling prices in the US, a further slowdown in consumer spending than anticipated could lead to a volume decrease in the navigation solutions sold in North America, which would adversely impact our anticipated revenues and profits from the region.

Dependency on GPS satellites

For our navigation products and services 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. Any reallocation of, or interference with, these bands could impair the use of our products. Alternate systems are all in various stages of

development; the compatibility of our products and services with these new systems has yet to be determined.

Operational risks

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Human resources

Being a market leader in our industry means having the most talented people working effectively together. The success of our business depends on attracting, integrating and retaining highly skilled personnel in all business units and development centres, especially as regards transferring technologies to low-cost countries.

We aim to bring the highest calibre people into our organisation. We have a rigorous recruitment process so that we can have high levels of confidence in the people we hire. To retain talent within our organisation, we monitor the organisational health of the company and manage cultural aspects accordingly.

Organisational design

A new operational structure was implemented in December 2011, designed to facilitate speed and agility in innovation, product development and accountability for results. This will enable more efficient and effective use of resources across product lines. The impact on operations and personnel is expected to be significant, including reductions and related costs.

Should we be unable to optimise our organisational design, this may lead to market opportunity costs and loss of market share, or impair our ability to address market demands and customer expectations. Employee motivation, energy and productivity may decline leading to inefficiencies and loss of key personnel.

Supply chain

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 any reduction in their ability to supply our needs would adversely effect on our business.

For our highest volume products we maintain dual-sourcing production from two different manufacturing partners. In order to have the most innovative products in the market we will always expect to have certain components in our devices that are only available from specific leading technology organisations. Single source component risk will remain a part of our business model for the foreseeable future.

Demand forecasting

Forecasting demand for our products is important both for our financial performance and for our ability to maintain good customer relationships with distributors and retailers. If the

number of units needed is over-forecasted, we could face downward pricing pressure in order to shift excess stock in the channel and an increase in finished goods inventory and net working capital.

If demand is under-forecasted and this is followed by a shortage of products, we could face unfulfilled consumer demand and a resulting loss of revenues.

For planning and budgeting purposes we apply various scenarios to best prepare for further changes in economic conditions. We also monitor sell-through rates and expectations of future demand at our major distributors and retailers.

Product quality

Material defects, errors or failures in any of our products could result in decreasing revenues, increased operating costs and/or the possibility of significant consumer product liability.

We set out guidelines and manage the quality control procedures for testing and manufacturing to our own rigorous specifications. In addition, we require our contract manufacturers to perform their own quality control tests. We have dedicated employees who monitor the quality of our products, contract manufacturers and component suppliers.

Digital mapping

The competitive environment requires continuous investment in new technology for creating and updating map databases. We may be unable to invest sufficiently to compete in terms of both the quality and coverage of our maps.

Several companies and governmental agencies are making map data with rapidly improving coverage and content that is available free of charge or at lower prices. The information required to create digital map databases is now more readily available through public sources. Technological developments allow for methods of data collection that enable existing competitors or potential entrants to enter the market with reasonably reliable map databases.

Performance of real-time services

We provide real-time services, such as HD Traffic, to our customers. Insufficient demand for these services or interruptions to our services could materially adversely affect our results of operations or our financial condition.

When 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, or the loss of, or delays in our research and development work and/or product shipments, or affect our distributor and consumer relationships.

Disaster recovery planning

Unforeseen business disruptions could severely affect our business activities and the services offered to our customers. We provide fleet management services, live traffic data and sales via our web store on a 24-hour basis. The permanent or temporary loss of these systems would result in reputational damage, loss of revenue and liabilities to our clients. In the case of a catastrophic disaster our company's success rests on our ability to restore our critical data and re-build our IT business systems.

Although we do have business continuity and disaster recovery planning in place for certain systems and various eventualities, we are unable to plan for every type of possible disaster or incident.

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 defend and protect our trade secrets and rights to the intellectual property in our products.

We may be faced with claims that we have infringed the intellectual property rights or patents of others, which if successfully asserted against us may require us to pay substantial damages or force us to stop or delay developing, manufacturing or selling products. Even if we were to prevail, any litigation could be costly and time-consuming.

Privacy of customer data

Growing concerns about location privacy may result in governments adopting additional, more restrictive legislation to protect their citizens. As a result of these restrictions, our potential for growth could be materially adversely affected and/or the cost to implement privacy safeguards could increase.

We use trace data from our customers, which helps to improve the quality of our map data and services we offer. Concerns have been raised about the possibility that location-based products could be used to violate personal privacy by potentially making available a record or other details of a person's geographical location to others as well as law enforcement. Our approach to privacy is to keep our customer data confidential and anonymise trace data from individual customers to protect their identities.

Information security

Global increases in IT and Internet security threats have been observed, as well as higher levels of professionalism in computer crime. This raises the risk of confidentiality, availability and integrity of data and information.

The leakage of confidential information, improper use of our systems and networks or defective products could adversely affect our business. We have a security program in place to mitigate these risks.

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. Cash balances are only held with counterparties that have a credit risk rating of at least A – as rated by an acknowledged rating agency and a satisfactory credit default swap (CDS) pricing of our financial counterparties.

Our exposure to wholesale customers is managed through establishing proper credit limits, continuous credit risk assessments of each individual customer and the purchase of credit insurance to cover a large part of our exposure within our Consumer business.

Our procedures include aligning our credit and trading terms and conditions with our assessment of the individual characteristics and risk profile of each customer. This assessment is based on our past experience and independent ratings from external rating agencies whenever available.

Our total bad debt provision represented approximately 0.1% of our group revenue as of 31 December 2011 (2010: 0.2%).

Liquidity

Our approach to managing liquidity is to ensure that we have sufficient funds 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.

To ensure we have sufficient cash to meet expected operational expenses, including the servicing of financial obligations we regularly monitor our actual and future cash flow requirements. We take into account the maturity profiles of financial assets and liabilities and the rolling forecast of the group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility of €174 million.

In April 2011 we signed a forward-start facilities agreement comprising of a €250 million term loan facility and a €150 million revolving credit facility that will extend the maturity of the existing bank facilities that the company has in place – a €388 million term loan facility that is due in December 2012. This will provide TomTom with the financial resources for ongoing operational and strategic requirements beyond the term of the existing facilities.

The facilities agreement start date is 31 December 2012. It will mature on 31 March 2016.

The contractual maturity of our trade and other liabilities is less than one year.

Loan covenants

The terms of the current facility agreement as amended in June 2009 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.

In 2011 we repaid €175 million ahead of schedule. The remaining repayment of €35 million was repaid in December 2011.

We closely monitor these contractual performance indicators. Based on the group's plan for 2012, management expects to be able to comply with the loan covenants.

Foreign currencies

We operate internationally and are exposed to foreign exchange risk arising from multiple currencies, primarily with respect to the US dollar. Foreign currency exposures on our commercial transactions relate mainly to our estimated purchases and sales transactions that are denominated in currencies other than our reporting currency – the euro (€).

We manage our foreign currency transaction risk through the buying and selling of options to cover forecasted net exposures and by entering into forward contracts for near-term forecasts and 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 Policy, which has been approved by the Audit Committee.

A 2.5% strengthening/weakening of the euro as of 31 December against the currencies listed in the table below would result in increased (decreased) profit or loss by the amounts as shown. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis as that for 2010.

Interest rates

Our interest rate risk arises primarily from the existing long-term borrowings. These borrowings have a floating interest coupon based on Euribor plus 1.50%. Interest rate risk is hedged with appropriate hedging instruments whenever deemed necessary in accordance with the Treasury Policy.

The Euribor element of the interest coupon of the current borrowings that matures on 31 December 2012 is hedged with swap instruments up to 31 December 2011. Changes in Euribor during 2012 may have an impact on the group's results for the coming year.

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

Effect of 2.5% strengthening/weakening of USD, GBP and AUD versus the euro on net profit after tax

(In €)	2011		2010	
	Strengthen	Weaken	Strengthen	Weaken
AUD	23,112	- 22,698	584,065	- 587,030
GBP	- 294,344	279,986	796,912	- 778,473
USD	499,013	- 474,068	1,852,634	- 2,037,586

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

As a listed company, TomTom is subject to the Dutch Corporate Governance Code, which came into force on 1 January 2009 (the Code). Our Management Board and Supervisory Board have strived to comply with the guidelines laid down in the Code and will continue their efforts to do so. Any substantial change in TomTom's corporate governance structure shall be explained to the shareholders at an Annual General Meeting of Shareholders.

The Corporate Governance Code

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We apply all of the relevant provisions of the Code with two deviations which we explain 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 portable 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, which provides that the number of options granted shall be dependent on the achievement of challenging targets specified beforehand.

Options granted to Management Board members in 2009 and 2010 under the TomTom Management Board Stock Option Plan 2009 vest as follows: 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. This vesting timeline is not in line with best practice provision II.2.4. At the time the plan was introduced, we were operating in a rapidly changing environment that was highly competitive. The plan was designed to attract and retain 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. To ensure that the plan fulfilled this aim, the company opted for this vesting timeline in 2009 and 2010. To emphasise the long-term retention element of the plan and move this in line with the Code, the vesting timeline of the plan was amended at the Annual General Meeting of Shareholders in 2011. As a result, all options granted in

2011 under the amended TomTom Management Board Stock Option Plan 2009, vest three years after the date of granting, in line with the requirements of the Code. 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.

- 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 and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third of the issued share capital.

TomTom's Articles of Association provide that a binding nomination for the appointment of members of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the 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 its issued share capital. The company deviates from this best practice provision because it believes that maintaining continuity in its Management Board and Supervisory Board is critical for delivering long-term shareholder value. The company would like to protect its stakeholders against a sudden change in management by maintaining the qualified majority and voting quorum requirement, which is allowed under Dutch law.

Management Board

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General

The Management Board is responsible for the day-to-day management of the operations of the company. Its responsibilities include setting and achieving the company's strategic objectives, managing the company's strategic risks, legal compliance and corporate social responsibility matters that are relevant to the company's business. The Management Board is accountable in these areas to the Supervisory Board and to the General Meeting of Shareholders. In performing its duties, the Management Board is guided by the interests of the company, taking into consideration the interests of the company's stakeholders. The Management Board provides the Supervisory Board in a timely manner with all information necessary for the exercise of the duties of the Supervisory Board. Furthermore, it consults with the Supervisory Board on important matters and submits certain important decisions to the Supervisory Board for its (prior) approval.

Composition and appointment

The Articles of Association provide that the Management Board consists of at least two members. Each member of the Management Board is appointed for a maximum period of four years and can be re-appointed for another period of not more than four years at a time.

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 a case, 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.

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.

Members of the Management Board

Currently, the Management Board consists of:

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

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

Remuneration

Upon a proposal by the Remuneration Committee, the Supervisory Board determines the remuneration of the individual members of the Management Board in accordance with the Remuneration Policy for the Management Board. The General Meeting of Shareholders adopted this policy in 2009. 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 and note 7 to the financial statements.

Conflicts of interests

Members of the Management Board must report and provide all relevant information regarding any conflict of interests or potential conflict of interests to the Chairman of the Supervisory Board. The Supervisory Board decides, without the member of the Management Board being present, whether there is a conflict of interests. During 2011, no such conflicts of interests occurred.

Supervisory Board

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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 acts in the interest of our company as a whole as well as its stakeholders.

The Articles of Association require that certain decisions of the Management Board be subject to the approval of the Supervisory Board. Resolutions of the Management Board to issue shares, grant rights to acquire shares or to restrict or exclude pre-emptive rights require prior approval of the Supervisory Board. Other resolutions requiring such approval include (i) proposals to amend the Articles of Association; (ii) proposals to conclude a legal merger or a demerger; and (iii) proposals to reduce the issued share capital.

Composition and appointment

The Articles of Association provide that the Supervisory Board consists of three or more members. 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 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 case, the appointment of a member of the Supervisory Board in contravention of the nomination requires a resolution of the General Meeting of Shareholders adopted with a majority of at least two thirds of the votes cast, representing more than 50% of the issued share capital. The Supervisory Board appoints a Chairman and a Deputy Chairman from amongst its members. The members of the Supervisory Board retire periodically in accordance with a rotation plan. 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 Supervisory Board has determined a profile regarding its size and composition taking into account the nature of TomTom's business, its activities and the desired expertise. The Supervisory Board profile and rules that further regulate its decision making process, are both posted on TomTom's corporate website.

Members of the Supervisory Board

The Supervisory Board consists of the following six members:

- Karel Vuursteen | Chairman
- Doug Dunn | Deputy Chairman
- Guy Demuynck
- Rob van den Bergh
- Ben van der Veer
- Peter Wakkie

Doug Dunn and Rob van den Bergh were re-appointed as Vice-Chairman and Member of the Supervisory Board respectively at the Annual General Meeting of Shareholders on 29 April 2011. We currently have a vacancy in the Supervisory Board.

This vacancy shall be filled in cooperation with the shareholders Cyrte Investments BV and Janivo Holding BV, as they have the right to nominate a candidate for one seat on the Supervisory Board. The Supervisory Board will ensure that the nominee has the experience and expertise as set out in the profiles of the Supervisory Board.

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

The committees

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

The Audit Committee

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, 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

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 Demuyndck | 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 re-appointments. Succession planning for senior management in general and topics related thereto are also a focus of the Selection and Appointment Committee.

The Selection and Appointment Committee comprises of:

- Karel Vuursteen | Chairman
- Guy Demuyndck
- Peter Wakkie

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

Remuneration

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. 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 consolidated financial statements. In 2011 the Annual General Meeting of Shareholders adopted an increase to the annual remuneration of the Supervisory Board members. As a result, the annual remuneration of the Chairman of the

Supervisory Board is now €50,000 and €40,000 for the other Supervisory Board members. The annual remuneration for sub-committees membership remained unchanged.

Conflicts of interests

Members of the Supervisory Board must report and provide all relevant information regarding any potential conflict of interests to the Chairman of the Supervisory Board or, in the case of a conflict of interests of the Chairman of the Supervisory Board, to the Deputy Chairman of the Supervisory Board. The Supervisory Board decides, without the relevant member being present, whether a conflict of interests 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 such member has a conflict of interests with the company. Such transactions are disclosed in the annual report. No such conflicts of interests occurred during 2011.

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 Code and were not granted as part of his remuneration.

Rotation plan

The Supervisory Board has adopted the rotation plan as shown in the table below.

General Meeting

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Functioning of the General Meeting of Shareholders

The Annual General Meeting of Shareholders must be held within six months of the end of each financial year. The discussion of the annual report, the adoption of the annual accounts and the release from liability of the members of the Management Board and Supervisory Board are recurring agenda items. An Extraordinary General Meeting of Shareholders may be convened, whenever the company's interests so require, by resolution of the Management Board or the Supervisory Board.

	Date of first appointment	Date of re-appointment	End of term	Date of possible re-appointment
Karel Vuursteen	25 April 2007	26 April 2010	AGM 2014	AGM 2014
Doug Dunn	13 May 2005	29 April 2011	AGM 2015	AGM 2015
Guy Demuyndck	13 May 2005	23 April 2008	AGM 2012	AGM 2012
Rob van den Bergh	25 April 2007	29 April 2011	AGM 2015	AGM 2015
Ben van der Veer	1 October 2008	n.a.	AGM 2012	AGM 2012
Peter Wakkie	28 April 2009	n.a.	AGM 2013	AGM 2013

Shareholders representing, alone or in aggregate at least one-tenth of the company's issued and outstanding share capital may, pursuant to the Dutch Civil Code and TomTom's Articles of Association, request that a General Meeting of Shareholders be convened. If such General Meeting of Shareholders has not been convened within 30 days the shareholders are authorised to call such a General Meeting of Shareholders themselves.

Shareholders holding at least 1% of the company's issued and outstanding share capital, or shares representing a value of at least €50 million, may submit proposals for the agenda. Provided such proposals are substantiated and received not later than the 60th day before the General Meeting of Shareholders, they will be included as agenda items for the relevant meeting.

In accordance with Dutch law the mandatory registration date is set 28 days prior to the day of the General Meeting of Shareholders. 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 registration date. The intermediaries in the Netherlands are not required to (and generally do not) block the shares registered to attend the General Meeting of Shareholders.

Notice of the General Meeting of Shareholders is given in accordance with Dutch law and the Articles of Association. Currently, the notice has to be given at least 42 days before the 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 are kept and the Management Board records the resolutions in writing. The minutes will be made available to shareholders on our corporate website no later than three months after the meeting. Shareholders are given the opportunity to provide their comments in the subsequent three months, after which the Chairman and the Company Secretary adopt the minutes. The voting results will be published on our website after the General Meeting of Shareholders in accordance with Dutch law.

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 the company are suspended as long as they are held in treasury.

Resolutions of the General Meeting of Shareholders are adopted by an absolute majority of votes cast, 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 a member of our Management Board or Supervisory Board
- a resolution to appoint a member of the Management Board or Supervisory Board in contravention of the list of nominees submitted by the Supervisory Board, and
- a resolution to dismiss or suspend a member of the Management Board or Supervisory Board.

In addition, in accordance with Dutch law, our Articles of Association provide that, if less than 50% of our issued share capital is represented at the meeting, certain decisions of the General Meeting of Shareholders require a majority of at least two-thirds of the issued capital represented. This includes decisions of our General Meeting of Shareholders regarding:

- the restriction and exclusion of pre-emptive rights, or the designation of the Management Board as the authorised body to exclude or restrict such rights
- the reduction of our issued share capital, and
- a legal merger or demerger of the company.

Amendment of the Articles of Association

Upon proposal by the Management Board, which has been approved by the Supervisory Board, the General Meeting of Shareholders can resolve to amend the Articles of Association of the company.

A resolution of the General Meeting of Shareholders to amend the Articles of Association requires an absolute majority of votes cast irrespective of the share capital represented at the General Meeting of Shareholders. The complete proposal 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

The company's authorised share capital amounts to €180,000,000 and is divided in 600,000,000 ordinary shares with a nominal value of €0.20 each and 300,000,000 preferred shares, with a nominal value of €0.20 each. On 30 December 2011, a total of 221,895,012 ordinary shares were 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 continues to believe it is in the company's best interests to be able to react in a timely manner when certain opportunities arise that require the issue of ordinary shares. Therefore, the Management Board wishes to be authorised to issue ordinary shares and to grant rights to subscribe for such shares when such occasions occur without the need to obtain prior approval from its shareholders at an Extraordinary General Meeting of Shareholders, which would take valuable time to convene and may create disruptive market speculation.

During the Annual General Meeting of Shareholders held in April 2011, a resolution was passed to extend the authorisation of the Management Board to resolve to issue ordinary shares (or grant rights to subscribe for such shares) until 29 October 2012. This authority is limited to 20% of the number of issued ordinary shares at the time of issue and subject to the following limitations:

- 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;
- 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.

Separately, the Management Board, subject to the prior approval of the Supervisory Board, has been authorised to grant rights to subscribe for ordinary shares up to 3,350,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan 2009 and the TomTom Management Board Stock Option Plan 2009, as amended in 2011. This authorisation is granted for a period starting from the 2011 Annual General Meeting of Shareholders until the Annual General Meeting of Shareholders to be held in 2012.

In addition to the authorisations referred to above, until 29 October 2012, the Management Board has – with the prior approval of the Supervisory Board – the authority 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

Unless restricted or excluded, 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. As mentioned above, 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 by the Management Board.

During the 2011 Annual General Meeting of Shareholders, a resolution was passed to extend the authority of the Management Board, subject to the prior approval of the Supervisory Board, to restrict or exclude pre-emptive rights in relation to shares issued pursuant to any authorisation as mentioned in the Issue of Shares section above. In addition, to the extent necessary, the Management Board has also been authorised to exclude the pre-emptive rights in connection with its authorisation to grant rights to subscribe for shares under the TomTom Employee Stock Option Plan 2009 and the amended TomTom Management Board Stock Option Plan 2009.

Repurchase by the company of its own shares

In accordance with the Articles of Association and subject to certain conditions, the company may acquire fully paid-up shares in the capital of the company for consideration. This is subject to authorisation of the General Meeting of Shareholders. During the Annual General Meeting of Shareholders in April 2011, the Management Board has been authorised to acquire shares in the capital of the company up to 10% of the issued share capital. Transactions must be executed for a price of the stock exchange price with a margin of 10%. 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 29 October 2012.

Preference shares as protection mechanism

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General

On 26 May 2005, Stichting Continuïteit TomTom (the Foundation) was established as a protection instrument against hostile takeovers and to protect TomTom's interests in other situations. The purpose of the Foundation is to safeguard the company's interests and those of its subsidiaries as well as the interests of all stakeholders of the organisation, and to ensure 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 strengthen our position in relation to a bidder and its plans, and to seek alternatives. Currently there are no preference shares outstanding but a call option to issue preference shares is in place.

Composition of continuity foundation

The Board of the Foundation appoints the Board members in accordance with the Foundation's Articles of Association. The Board consists of three members, Mick den Boogert, Robert de Bakker and Frans Koffrie. 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 authority to issue additional preference shares

In addition to the Call Option, the Management Board has the authority to issue preference shares. The Management Board believed 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 has already exercised its Call Option and subsequently the preference shares have been cancelled. As with the instrument in place for the Foundation, any possible issuances of preference shares will be temporary and subject to the company's Articles of Association and the legislation on takeovers.

As mentioned above, during the Annual General Meeting held in April 2011, 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 29 October 2012, which authority is limited to 50% of the aggregate outstanding share capital (excluding issued and outstanding preference shares) of the company at the time of issue.

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 29 October 2012 at the

Annual General Meeting of Shareholders in April 2011.

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 issued 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 approval of the Management Board and Supervisory Board. No resolution of the General Meeting of Shareholders or the Management Board is required for an issue of preference shares pursuant to the exercise of a previously granted right to subscribe for preference shares (including the right of the Foundation to acquire preference shares pursuant to the Call Option).

The issue of preference shares is meant to be temporary. Unless the preference shares have been issued by a vote of the General Meeting of Shareholders, our Articles of Association require that a General Meeting of Shareholders be held within six months after the issue of preference shares to consider their purchase or withdrawal. If at this General Meeting of Shareholders no resolution on the purchase or withdrawal of the preference shares is adopted, 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 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 NYSE 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 meet or surpass the above mentioned 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 2011, 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 as at 31 December 2011) other than:

- Harold Goddijn 11.8%
- Corinne Goddijn-Vigreux 11.8%
- Pieter Geelen/Stichting Beheer Moerbeij 11.8%
- Peter-Frans Pauwels/Stichting Beheer Pillar Arc 11.8%
- Flevo Deelnemingen IV BV (Cyrte/Janivo) 8.4%

Decree article 10 of the EU Takeover Directive

According to Decree Article 10 of the EU Takeover Directive, TomTom is required 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, 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 Management Board states that the information required to be disclosed under the Decree Article of the 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 Dutch Governmental Decree of 20 March 2009 on Corporate Governance (the 'Decree'), 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 that must be disclosed pursuant to the Decree Article 10 of

the EU Takeover Directive. The Management Board states that the aforementioned information is included in this Corporate Governance section. In accordance with the Decree, 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 and is, for the purpose of complying with the Decree, included for reference in this Corporate Governance section.

Mandatory statement for large companies within the meaning of 2:153 Dutch Civil Code

In 2008, a statement within the meaning of clause 2:153 (1) Dutch Civil Code was filed with the Trade Register which provides that TomTom NV meets the requirements as set out in clause 2:153 (2) Dutch Civil Code. As announced in our 2010 annual report, due to the fact that the exemption of clause 2:153 (3) (B) Dutch Civil Code applied to TomTom NV, the aforementioned statement was cancelled following the adoption of the 2010 Annual Accounts by the Annual General Meeting of Shareholders in 2011.

In Control Statement and Responsibility Statement

The Management Board is responsible for TomTom's 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.

The 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 financial loss or material misstatements in the financial statements.

TomTom views the management of risk as a key management activity. The Management Board reviews the effectiveness of TomTom's 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.

TomTom embeds risk management into the periodic strategic business planning and internal control mechanisms. A top-down approach is followed, whereby the major risks that could affect the business objectives are identified by responsible management together with an assessment of the effectiveness of the processes and internal controls in place to manage and mitigate these risks. Please refer to the Business Risks section for an overview of our most important risks. Assurance on the effectiveness is obtained through management reviews, control self-assessments, internal audits and testing of certain aspects of the internal financial control systems by the external auditors during the course of their annual audit.

This, however, does not imply that TomTom can provide certainty as to the realisation of business and financial 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:

- clearly defined lines of accountability and delegation of authority are in place, together with comprehensive reporting and analysis against approved budgets
- operating risk is minimised by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the business
- an organisation design is in place that supports business objectives and enables staff to be successful in their roles.
- treasury operations manage the investment of cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures
- an Insider Information Policy and a Code of Ethics is embedded into the culture of TomTom and is accessible to all staff via the intranet.

The key 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 TomTom'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
- TomTom is able to report its financial statements in compliance with IFRS.

The Management Board believes, based on the activities performed in 2011 and in accordance with best practice provision II.1.5 of the Dutch Corporate Governance Code, that the risk management and control systems, with regard to the financial reporting risks, have worked properly in 2011, and that the risk management and control systems provide reasonable assurance that the 2011 financial statements do not contain any errors of material importance.

With reference to the statement within the meaning of article 5:25C (2) (c), the Financial Markets Supervision Act, 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 of the company 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.

Amsterdam, 28 February 2012

The Management Board

Harold Goddijn | CEO

Marina Wyatt | CFO

Alain De Taeye

Profiles of the Management Board

HAROLD GODDIJN (51) | 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 (48) | 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 TAEYE (54) | Member of the Management Board

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

Profiles of the Supervisory Board

KAREL VUURSTEEN (70) | Chairman

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 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 and a member of the Board of Henkel KGaA. Karel is also Chairman of Stichting Het Concertgebouw Fonds and Stichting Grachtenfestival. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until 2014.

DOUG DUNN (67) | Deputy Chairman

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 the UK with Motorola Semiconductors, he was Managing Director of the Semiconductor and Components division of Plessey Plc and the 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 from 1993 until 1996 and its Consumer Electronics division from 1996 until 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. He is also a member of the Supervisory Boards of STMicroelectronics NV and BE Semiconductor Industries NV (Besi). He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2015.

GUY DEMUYNCK (60)

Guy Demuyck 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 NV, 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. In 2009 and 2010, Guy was the Chief Executive Director of Liquavista BV, a company active in the consumer electronic industry. Guy currently is a non-executive member of the Management Board of Belgacom NV and a member of the Supervisory Board of Apollo Vredestein BV. He is also a member of the Supervisory Boards of Xsens Holding BV, a company active in the sensor industry and Teleplan International NV, a global provider of high-tech after-market computer services. In addition, Guy was recently appointed as a member of the Supervisory Board of Divitel BV, a company active in the digital streaming technology. He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until 2012.

ROB VAN DEN BERGH (61)

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 'Nederlandse Dagblad Unie', a publisher of Dutch daily newspapers. 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 Boards of NV Deli Maatschappij and Stichting Holding Isala Klinieken and as a member of the Supervisory Boards of Koninklijke Ahold NV, Holding Nationale Goede Doelen Loterijen NV (Postcode Loterij) and Pon Holdings BV. He is also 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 2015.

BEN VAN DER VEER (60)

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 Friesland Campina NV and Stichting Amsterdams Historisch Museum. He was first appointed to the TomTom Supervisory Board in October 2008. His current term runs until 2012.

PETER WAKKIE (63)

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. In 2010 he co-founded his own company SPINATH+WAKKIE which provides crisis management consultancy services to Dutch enterprises facing unforeseen and, potentially, damaging events. He is also Deputy Chairman of the Supervisory Board of Wolters Kluwer NV and a member of the Supervisory Boards of ABN AMRO Group NV, ABN AMRO Bank NV and BCD Holdings NV. In addition, Peter is a member of the Board of the Dutch Association of Security Issuers ('Vereniging Effecten Uitgevende 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.

Supervisory Board Report

General

The Supervisory Board is responsible for supervising the activities and decisions of the Management Board. The Supervisory Board is also responsible for the supervision of the general course of affairs of the company. It provides advice both at the request of the members of the Management Board and on its own initiative. In performing its duties, the Supervisory Board is guided by the interests of the company and its businesses, taking into account the interests of TomTom's stakeholders and at the same time 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 and can be found on the TomTom website.

Composition of the Supervisory Board

The Supervisory Board consists of the following six members: Karel Vuursteen, Doug Dunn, Guy Demuynck, Rob van den Bergh, Ben van der Veer and Peter Wakkie. Short biographies of the members are included in the Profiles of the Supervisory Board.

At the General Meeting of Shareholders in 2011, Doug Dunn and Rob van den Bergh were re-appointed as Deputy Chairman and Member of the Supervisory Board respectively for another four year period. We currently have a vacancy in the Supervisory Board. This vacancy will be filled in cooperation with the shareholders Cyrt Investments BV and Janivo Holding BV, as they have the right to nominate a candidate for one seat on the Supervisory Board. The Supervisory Board will ensure that the nominee has the experience and expertise as set out in the Supervisory Board profile.

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

While the full Supervisory Board retains overall responsibility for its tasks, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee prepare and assist the decision-making process of the Supervisory Board. Each of these committees is composed of members of the Supervisory Board. The chairmen of these committees work closely with senior management and the company and conduct regular face-to-face meetings to set the agendas and prepare all relevant information for the committee meetings. Meetings of the Supervisory Board are preceded by committee meetings; a summary of the deliberations and proposed resolutions of the committees is discussed at the beginning of a Supervisory Board meeting. The minutes of the committee meetings are distributed to all Supervisory Board members. A further description of the

composition and tasks of the committees can be found in the Corporate Governance section.

The requirements for the size and composition of the Supervisory Board are reflected in the Supervisory Board profile, which can be found on the TomTom website.

Activities 2011

Meetings and meeting structure

During 2011 the Supervisory Board held five meetings with the Management Board present; the quarterly meetings and the Governance & Induction session.

The agenda for the quarterly meetings was prepared through mutual consultation between the Chairman, the Management Board and the Company Secretary. The company's strategy featured on the agenda of each of these meetings, as well as financial reviews, press releases, operational updates and the R&D programme.

In order to facilitate an open and productive discussion, the Supervisory Board is provided before each meeting with comprehensive quarterly reports on the developments, challenges and opportunities in the company.

Monthly conference calls were scheduled with the Management Board to discuss financial updates and developments within the company in the months when there was no quarterly Supervisory Board meeting. In addition to these monthly calls, two extra calls were scheduled in Q1 and Q4 to discuss the re-financing project and restructuring programme respectively.

The Supervisory Board and the Management Board feel it is of utmost importance that the Supervisory Board members have the opportunity to meet the Management Board and senior management outside of the regular meetings and calls. These informal consultations ensure that the Supervisory Board remains well informed about the running of the business.

The Supervisory Board also held meetings without members of the Management Board being 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.

The meetings of the Supervisory Board had an attendance rate of 100%.

To assess its own functioning, all Supervisory Board members completed a self-assessment questionnaire which provides the framework for discussion of the functioning of the Supervisory Board, its committees and its members.

The Supervisory Board questionnaire also sought to evaluate the interaction with the Audit, Remuneration and Selection and Appointment Committees. Similar self-assessment questionnaires were prepared for the three committees and their members.

Among other items assessed were the size and expertise of the Supervisory Board, the meeting schedule, the agenda setting process, the quality and relevance of the preparation materials and presentations and the board dynamics during the meetings. Also assessed was the Supervisory Board's contribution to the testing and development of the company's strategy and the role the Management Board took in setting and reviewing the budget of the company.

A report summarising the feedback from the Supervisory Board and committee members was compiled, analysed and submitted to the Supervisory Board and Management Board for review and discussion. The discussions resulted in recommendations for improvement and suggestions for their implementation. One of these being the Supervisory Board's intention to have its functioning assessed by a third party every three years, starting in 2012.

The Works Council met with two members of the Supervisory Board in April and October. The April meeting focused on the company's corporate culture and on the outcome of the employee engagement survey. Among the topics discussed were TomTom as an employer, the company's career development programme, the attrition rate level and our employee retention policy. The focal point of the October meeting was the cost saving and restructuring programme. Feedback received from the Works Council during these meetings is of great added value to the functioning of the Supervisory Board.

2011 topics

At the start of the year, the company refinanced its debt position to facilitate its strategic developments and provide flexibility to accommodate the business cycle and volatility of the industry, as further described in the Management Board Report. The Supervisory Board assisted the company with finding the most appropriate re-financing solution.

The feedback received from the employee engagement survey was discussed in a meeting of the Supervisory Board during the first quarter of 2011. Among the points discussed were such items as the company's employee retention policy, career development opportunities and the corporate culture. Subsequently action points for improvement were agreed with management and

progress was monitored by the Supervisory Board throughout the year.

During the second quarter the acceleration in the decline of the size of the PND market began to significantly impact the company's performance. The effect of this trend became the main focus for the Supervisory Board meetings. The first actions taken as a result of the deteriorating financial performance of the company were to take an impairment charge and issue a profit warning. In the second half of the year the company adjusted its full-year and mid-term financial planning. In consultation with the Supervisory Board, the company reassessed the balance between the cost-base and revenue. This resulted in a company-wide restructuring programme that aimed to reduce our cost base and to optimise our organisational structure, which was completed in December of 2011. The Supervisory Board was actively involved in the preparation of this project, and monitored the decisions and progress throughout.

Alongside the developments in the PND market and the restructuring programme, the attention of the Supervisory Board was focused on the opportunities and challenges faced by the company's Automotive business unit. Specific attention was given to the strategic direction of the Automotive business unit in this complex market.

The effectiveness of the R&D programme of a technology company such as TomTom is of great importance, particularly in economically challenging times. The Supervisory Board reviewed the planned projects and provided feedback on the R&D programme's focus and prioritisation throughout the year.

In addition to these discussion items, the Supervisory Board meetings covered topics such as:

- recent Corporate Governance developments;
- remuneration of the Management Board;
- the composition of the Supervisory Board and Management Board; and
- the annual budget of the company.

Remuneration of the Supervisory Board

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

As adopted at the 2011 General Meeting of Shareholders, from 1 January 2011 the annual remuneration for Supervisory Board members is €40,000, while for the Chairman it is €50,000. The annual remuneration for participation in the Audit Committee is €7,000 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 number of months served. The aggregate remuneration of the Supervisory Board members in 2011 amounted to €304,000. The individual remuneration of the Supervisory Board members is reflected in note 7 of our consolidated financial statements.

Remuneration Committee

The Remuneration Committee met five times during 2011. All members were present at each meeting. Each of these meetings was also attended by a member of the Management Board and the VP Compensation and Benefits. Preparation meetings between the Chairman of the committee, VP Compensation and Benefits and the Company Secretary were held prior to each committee meeting.

The Committee monitored the effectiveness and relevance of TomTom's Management Board Remuneration Policy throughout the year, as well as the extent to which the individual remuneration packages of the Management Board members were in line with this policy. In addition, a scenario analysis within the terms of the best practice provision II.2.1 of the Code was performed on the variable remuneration components of these remuneration packages.

In addition, the Committee reviewed whether the key performance indicators (the 'KPIs') that had been set for the variable remuneration components were in line with market practice and appropriate with a view to the company's strategy. A benchmarking on the total cash component of these Management Board packages was performed in October.

Other areas of attention which were addressed by the Committee were:

- the 2011 conditional grant of stock options to Management Board members under the TomTom Management Board Stock Option Plan 2009;
- the outcome of the Remuneration Committee's self-assessment.

Remuneration report

Remuneration policy

The company's Articles of Association state that the Supervisory Board shall propose, and the General Meeting of Shareholders shall adopt, 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 this policy regularly in light of internal and/or external developments. At the start of 2011 the Supervisory Board decided to continue to apply the Remuneration Policy with the exception of the vesting timeline applicable to the options granted to the Management Board under the long-term incentive scheme (see for further details under section 3 of this Remuneration Report). 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 are recruited and retained, and to ensure that the Management Board members' remuneration is consistent with the company's strategy, its operational and financial results and delivery of value to shareholders. Furthermore, 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. Our Remuneration Policy establishes that remuneration for the Management Board shall consist of four components: base salary, short-term incentive, long-term incentive and pension.

Application in 2011

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 Code are presented in note 7 to the consolidated financial statements.

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 measured way. 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 2011 the base salary of the Management Board was benchmarked against a peer group consisting of 70 Dutch companies with a two-tier board structure, the majority of which were AEX and AMX listed. Among these companies were Aegon, Ahold, AkzoNobel, ASML, Heineken, KPN, NXP, Philips, TNT, Unilever and Wolters Kluwer. On the basis of this information, the Supervisory Board concluded that the base salary of Harold Goddijn should be brought in line with median market level, while those of Marina Wyatt and Alain De Taeye were in line with the median market level and did not need adjustment for 2011. The Supervisory Board further decided to increase the CEO's base salary to €375,000 in order to bring it closer to the median market level.

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 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 third quartile minus the median base salary of our peer group companies. The on-target bonus percentage for the CEO position is 80% of the base salary and 64% for the other members of the Management Board. The maximum bonus amount may be increased to 1.5 times the 'on-target bonus' amounts, i.e. 120% of the base salary for the CEO position and 96% of the base salary for the other members of the Management Board in cases of excellent performance. The Supervisory Board may also decide to reward bonuses for exceptional individual performance at its own discretion, in addition to the incentive scheme based on pre-determined performance criteria.

For 2011 it was decided to apply the same KPIs for the short-term incentive plan as in the previous year: revenue, EBIT and cash flow. The Supervisory Board continued to believe that these financial KPIs would foster revenue growth, control operating costs and retain the company's ability to invest.

The KPIs for 2011 were weighted as follows:

- revenue (40%);
- EBIT (40%);
- cash flow (20%).

In economically challenging times it is of the utmost importance that the company continues to generate sufficient cash and that costs remain firmly under control. The Supervisory Board is of the opinion that the rapidly changing and competitive market warranted strong financial control and that therefore the strictly financial nature of the KPIs set for 2011 were appropriate.

Applying the pre-determined performance criteria to the 2011 results of the company, as published in this Annual Report, the Supervisory Board has concluded that none of the members of the Management Board is eligible for a bonus pay-out under the short-term incentive scheme.

3. Long-term incentive

The long-term incentive component is laid down in the TomTom Management Board Stock Option Plan 2009, as amended in 2011 (the "Option Plan"). The Option Plan is

aimed at attracting and retaining key talent to the company in order to safeguard its human capital and it aligns the company'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. In 2011, the Annual General Meeting of Shareholders adopted an adjustment to the vesting regime set out in the Remuneration Policy in order to emphasise the long-term retention element of this plan and to align the vesting timeline with the Corporate Governance provisions. Under the new regime, the performance criteria are measured over a three-year period, which period will run from January 1st of the calendar year in which the options are granted. To the extent that the performance conditions have been fulfilled, the options shall vest three years after the grant date.

For 2011 the Supervisory Board decided that the company's vision and the corresponding company strategic plans for 2011 to 2013 should be more deeply embedded into the performance criteria for the Management Board's long-term incentive scheme. The 2011 criteria focus on the broadening of the group's revenue base and the position of TomTom as a preferred employer. The related targets are deemed commercially sensitive information and will not be disclosed.

In the Remuneration Committee meeting of October, the committee reviewed and discussed whether the performance criteria for 2011 were validly set. Given the developments in the company and the PND market in particular, the committee concluded that the criteria were appropriate for 2011.

The exercise price of the options is determined on the basis of the average of the closing prices of company shares during the three days preceding the grant date. Options vested under the Option Plan can be exercised during a period of seven years following the grant date.

As in previous years, for 2011 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 company employees, this ratio was set at 1:2. With the grant price of 2011, this resulted in a conditional grant of 150,000 stock options to each Management Board member. These will vest three years after the date of granting.

4. Pension plan contributions

Members of the Management Board are eligible and have the option 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 the annual base salary.

The CEO has opted to waive his rights to take part in the company's pension plan and does not receive any contribution from the company. The CFO does not participate in the company's pension plan and receives a contribution of 10% of her gross annual base salary into her pension plan. Alain De Taeye does not participate in the company pension plan and receives a contribution of 7% of his gross annual base salary in his pension plan.

In addition to the above-mentioned remuneration components, the Management Board members are entitled to remuneration for items such as medical insurance, death and disability insurance, and they also 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 2012

The Supervisory Board does not intend to change the Remuneration Policy in the foreseeable future.

Following the outcome of the 2011 benchmarking exercise, the Remuneration Committee concluded that the base salaries of Marina Wyatt and Alain De Taeye are at the median level of Dutch market pay and therefore do not need to be adjusted in 2012. The CEO's base salary is currently under median market level but will not be brought closer to the median in 2012.

The Supervisory Board has decided to apply the same performance criteria for the short-term incentive scheme as in the previous year. The focused nature of the KPIs reflects the Supervisory Board's opinion that these times call for strong financial guidance.

The Supervisory Board has further decided that for 2012 the long-term performance criteria remain unchanged. The related targets are deemed commercially sensitive information and therefore will not be disclosed.

Employee arrangements and severance agreements

All members of the Management Board have an employment contract with the company. Although the employment contracts are entered into for an indefinite period of time, the term of office of members of the Management Board is four years. After this period, they may be re-appointed for another term of not more than four years at a time. A notice period of 12 months is applicable for all members of the Management Board. In the event

that the employment of a member of the Management Board is terminated by or on the initiative of the company, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance, unless the employment is terminated for causes within the meaning of the articles 7:677 (1) and 7:678 of the Dutch Civil Code, in which situations the Management Board member is not entitled to any severance compensation. This amount will be due in addition to the salary to be paid 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.

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

Selection and Appointment Committee

The Selection and Appointment Committee met four times during the course of 2011, with all members present at each meeting. Topics covered during the meetings of the Selection and Appointment Committee were:

- the nominations for re-appointment of the Deputy-Chairman and a member of the Supervisory Board respectively, and the associated new rotation plan
- the review of the size and composition of the Supervisory and Management Boards, bearing in mind the vacancy in the Supervisory Board
- recent corporate governance topics: proposed limitation of the number of Supervisory Board positions in Dutch companies/foundations, one-tier versus two-tier board structure
- the Act on Management and Supervision which is expected to come into force on 1 July 2012
- the outcome of the Selection and Appointment Committee's self-assessment.

Audit Committee report

Management Board members Marina Wyatt, Alain De Taeye and the VP of Business Assurance attended all meetings either in full or part during the year. The external auditor attended all agenda items relevant to the publication of the quarterly results. During the year the Audit Committee also invited the following colleagues to attend meetings:

- the CEO, in order to discuss the most important group risks and internal controls and
 - the leaders of Legal, IT, Tax, Corporate Development & Treasury, Financial Shared Services and Corporate Social Responsibility.
- Four Audit Committee meetings were held during the year, each prior to the publication of the quarterly financial results. All Audit Committee members attended each of the meetings.

The Audit Committee considers that it has sufficient breadth, depth, industry-relevant knowledge, experience and expertise available to enable it to discharge its duties appropriately. In particular, it considers that the financial skills and experience that can reasonably be expected of an Audit Committee in the discharge of its duties were available during the year.

Activities

The Audit Committee assisted the Supervisory Board in overseeing the following areas of the business:

- the integrity of the company's quarterly financial results and related press releases, the annual report, including the company's accounting and financial reporting policies and processes, disclosure controls and procedures, as well as financial statement audit;
- relations with our external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their annual re-appointment;
- the role and functioning of the Internal Audit department, which is part of the Business Assurance team that incorporates business risk management;
- the maintenance of an effective system of risk management and internal control relating to strategic, financial, operational and compliance risks;
- compliance with the recommendations and observations of the internal and external auditors;
- review of our approach to treasury and foreign exchange management;
- the financing of the company;
- the application of information and communication technology;
- the approach to tax planning;
- legal compliance, as well as any legal matters that could significantly impact the company's financial statements;
- the code of business conduct and ethics, and the approach taken to protecting and securing key company assets.

In July 2011 the Audit Committee carried out an assessment of the Audit Committee Charter and resolved that no changes were necessary aside from the need to update changes to job titles referred to in the Charter.

The Audit Committee Charter is available on the TomTom website.

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 approach to risk analysis and internal audits, as well as by facilitating self-assessments. The Business Assurance team assists in the independent review of controls that manage risk. The VP of Business Assurance leads the department, reporting functionally to the Audit Committee and administratively to the CFO. During 2011 the VP of Business Assurance reported to the Audit Committee each quarter and attended each quarterly Audit Committee meeting, and maintained open communication lines with the Chairman of the Audit Committee.

The audit programme covers key business processes, subsidiary office reviews, the auditing of major IT projects before they go live, security audits and special requests. Working with management, Internal Audit selects the areas of the business to be audited and this selection is presented to and approved by the Audit Committee.

Members of the Audit Committee and Management Board can request an internal audit or special consulting service to be carried out by internal audit at any time. Approximately twenty per cent of the internal audit workload during 2011 was based on such special requests.

Independence

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

- the Audit Committee Charter describes the purpose, authority and responsibilities of Internal Audit (the Business Assurance department);
- the VP of Business Assurance has unrestricted access to the Audit Committee, and reports regularly to the Audit Committee, as well as maintaining a direct relationship with the Audit Committee Chairman;
- all individual members of the Internal Audit department are qualified professionals bound by the ethical guidelines covering independence laid down by the professional bodies governing registered accountants and internal auditors;
- management is ultimately accountable for the effectiveness of our internal control and risk systems, while the internal auditor's role is limited to providing assurance and advice.

External auditor

The Audit Committee agrees the compensation of the external auditor and recommends to the Supervisory Board the appointment of an 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. An extensive review of the performance and independence of external audit over the previous four years was carried out in accordance with the Code. The review covered all audit services provided by the external auditor. Participants in the review included the CFO and the Audit Committee, as well as financial leaders in the business. Based upon the outcome of this review, the Audit Committee recommends to the Supervisory Board to re-appoint Deloitte for the 2012 financial year-end audit, subject to the approval of the shareholders at the Annual General Meeting of Shareholders in 2012. Deloitte has expressed its willingness to continue in office for the company during 2012. Resolutions proposing their re-appointment will be submitted to the forthcoming Annual General Meeting of Shareholders.

During 2011 the external auditor attended the four Audit Committee meetings to address agenda items relating to the production of external financial reporting and related press releases. Management Board members were present during these meetings. The Audit Committee and the external auditor also met separately, without the Management Board present, in order to facilitate free and open discussions.

The Audit Committee reviewed the independence of the external auditor, taking into account qualitative and quantitative factors. The committee concluded that the external auditor has sufficient objectivity and independence to perform the external audit function. Below a summary is provided of services performed by Deloitte Accountants BV, its network affiliates and the fees earned.

Type of service

€ in thousands	2011	% of total	2010	% of total
Audit – group	436	31%	473	30%
Audit – statutory	236	17%	227	14%
Audit services ¹	131	9%	109	7%
Non-audit services	0	0%	104	7%
Tax compliance ²	626	43%	654	42%
Total	1,429	100%	1,567	100%

¹ During 2011 audit services consisted of fees related to the audits of entities liquidated in Belgium, Business Unit Automotive subsidy audits and a privacy audit.

² Tax compliance comprises of corporate tax compliance services including local tax filings and HR related compliance services.

Financial Statements

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The consolidated annual Financial Statements of the company for 2011, as prepared by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these Financial Statements for 2011 and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the Financial Statements for 2011. The Supervisory Board recommends to the General Meeting of Shareholders to adopt the Annual Accounts for 2011. The Annual Report for 2011 is available at the company's offices on request and on the company's website. Upon adoption of the Annual Accounts for 2011, and in accordance with article 2:394 of the Dutch Civil Code and article 5:250 of the Financial Markets Supervision Act, the Management Board will file the Annual Accounts for 2011 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 for their dedication and hard work in 2011.

Amsterdam, 28 February 2012

Supervisory Board
Karel Vuursteen
Doug Dunn
Guy Demuynck
Rob van den Bergh
Ben van der Veer
Peter Wakkie

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Consolidated Statement of Income

for the year ended 31 December

(€ in thousands)	Notes	2011	2010
REVENUE	5	1,273,217	1,521,083
Cost of sales	6	633,545	777,018
GROSS PROFIT		639,672	744,065
OPERATING EXPENSES			
Research and development expenses		172,822	161,875
Amortisation of technology and databases		84,619	77,644
Marketing expenses		78,062	104,788
Selling, general and administrative expenses		208,917	199,941
Impairment charge	13	511,936	0
Stock compensation expense		7,985	13,495
TOTAL OPERATING EXPENSES¹	8	1,064,341	557,743
OPERATING RESULT		- 424,669	186,322
Interest result	9	- 21,862	- 35,064
Other financial result	9	6,093	- 15,962
Result of associates	15	- 432	- 1,270
RESULT BEFORE TAX		- 440,870	134,026
Income tax	10	1,919	- 26,356
NET RESULT		- 438,951	107,670
Attributable to:			
- Equity holders of the parent		- 437,844	107,768
- Non-controlling interests	23	- 1,107	- 98
NET RESULT		- 438,951	107,670
EARNINGS PER SHARE (in €)	12		
Basic		- 1.97	0.49
Diluted		- 1.97	0.49

¹ Operating expenses in 2011 include restructuring expenses of €14.8 million (2010: €3.3 million).

The notes on pages 45 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December

(€ in thousands)	2011	2010
NET RESULT	- 438,951	107,670
OTHER COMPREHENSIVE INCOME:		
Currency translation differences	- 381	2,055
Cash flow hedge	2,545	2,411
OTHER COMPREHENSIVE INCOME FOR THE YEAR	2,164	4,466
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	- 436,787	112,136
Attributable to:		
- Equity holders of the parent	- 435,324	111,250
- Non-controlling interests	- 1,463	886
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	- 436,787	112,136

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

The notes on pages 45 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

as at 31 December

(€ in thousands)	Notes	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Goodwill	13	381,569	854,713
Other intangible assets	13	871,528	946,263
Property, plant and equipment	14	32,555	38,977
Investments in associates	15	4,450	7,720
Deferred tax assets	25	10,493	22,265
TOTAL NON-CURRENT ASSETS		1,300,595	1,869,938
CURRENT ASSETS			
Inventories	16	65,502	93,822
Trade receivables	17	184,939	305,821
Other receivables and prepayments	18	51,242	41,853
Other financial assets	19	2,784	5,724
Cash and cash equivalents	20	193,579	305,600
TOTAL CURRENT ASSETS		498,046	752,820
TOTAL ASSETS		1,798,641	2,622,758
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	44,379	44,362
Share premium		975,260	974,554
Other reserves		131,213	117,419
Accumulated deficit		- 444,852	- 222
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		706,000	1,136,113
Non-controlling interests	23	2,451	5,416
TOTAL EQUITY		708,451	1,141,529
NON-CURRENT LIABILITIES			
Borrowings ¹	24	0	384,011
Deferred tax liability	25	182,273	211,014
Long term liability		0	926
Provisions	26	50,114	51,051
TOTAL NON-CURRENT LIABILITIES		232,387	647,002
CURRENT LIABILITIES			
Trade payables	27	116,616	218,419
Income taxes		11,814	7,043
Other taxes and social security		9,128	28,400
Borrowings ¹	24	383,810	203,586
Provisions	26	51,213	58,237
Accruals and other liabilities	28	285,222	318,542
TOTAL CURRENT LIABILITIES		857,803	834,227
TOTAL EQUITY AND LIABILITIES		1,798,641	2,622,758

¹ The borrowings are fully due in 2012; a forward-start facility, which will replace the existing borrowings as from 31 December 2012, is in place.

The notes on pages 45 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 31 December

(€ in thousands)	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating result		- 424,669	186,322
Financial gains (losses)		4,554	- 11,789
Amortisation of intangible assets	13	98,590	94,235
Depreciation of property, plant and equipment	14	20,507	14,863
Impairment charge	13	511,936	0
Equity-settled stock compensation expenses	22	7,996	12,901
Change in provisions		- 10,224	- 5,180
Changes in working capital:			
Change in inventories		27,915	- 26,987
Change in receivables and prepayments		113,384	- 27,617
Change in current liabilities (excluding provisions)		- 154,770	28,545
CASH GENERATED FROM OPERATIONS		195,219	265,293
Interest received	9	2,871	977
Interest paid	9	- 18,459	- 25,589
Corporate income taxes paid	10	- 5,456	- 30,378
NET CASH GENERATED FROM OPERATING ACTIVITIES		174,175	210,303
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in intangible assets	13	- 57,918	- 47,096
Investments in property, plant and equipment	14	- 16,502	- 17,866
Dividend received	15	1,628	0
NET CASH USED IN INVESTING ACTIVITIES		- 72,792	- 64,962
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of borrowings	24	- 210,000	- 210,000
Proceeds on issue of ordinary shares	21	724	817
Acquisition of non-controlling interests		- 4,243	0
NET CASH USED IN FINANCING ACTIVITIES		- 213,519	- 209,183
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		- 112,136	- 63,842
Cash and cash equivalents at the beginning of period		305,600	368,403
Effect of exchange rate changes on cash balances held in foreign currencies		115	1,039
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		193,579	305,600

The notes on pages 45 to 72 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(€ in thousands)	Notes	Share capital	Share premium	Other reserves ¹	Accumulated deficit	Total	Non-controlling interests	Total equity
BALANCE AS AT 31 DECEMBER 2009		44,344	973,755	100,586	- 106,209	1,012,476	5,094	1,017,570
COMPREHENSIVE INCOME								
Result for the year		0	0	0	107,768	107,768	- 98	107,670
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	1,071	0	1,071	984	2,055
Transfer to legal reserves		0	0	7,956	- 7,956	0	0	0
Cash flow hedge		0	0	2,411	0	2,411	0	2,411
TOTAL OTHER COMPREHENSIVE INCOME		0	0	11,438	- 7,956	3,482	984	4,466
TOTAL COMPREHENSIVE INCOME		0	0	11,438	99,812	111,250	886	112,136
TRANSACTIONS WITH OWNERS								
Dividends to minority shareholders		0	0	0	0	0	- 251	- 251
Change in non-controlling interests	23	0	0	0	0	0	- 313	- 313
Stock compensation expense	22	0	0	5,640	0	5,640	0	5,640
Issue of share capital	21	18	799	- 245	6,175	6,747	0	6,747
BALANCE AS AT 31 DECEMBER 2010		44,362	974,554	117,419	- 222	1,136,113	5,416	1,141,529
COMPREHENSIVE INCOME								
Result for the year		0	0	0	- 437,844	- 437,844	- 1,107	- 438,951
OTHER COMPREHENSIVE INCOME								
Currency translation differences		0	0	- 25	0	- 25	- 356	- 381
Transfer to legal reserves		0	0	21,846	- 21,846	0	0	0
Cash flow hedge		0	0	2,545	0	2,545	0	2,545
TOTAL OTHER COMPREHENSIVE INCOME		0	0	24,366	- 21,846	2,520	- 356	2,164
TOTAL COMPREHENSIVE INCOME		0	0	24,366	- 459,690	- 435,324	- 1,463	- 436,787
TRANSACTIONS WITH OWNERS								
Dividend paid		0	0	0	0	0	- 542	- 542
Change in non-controlling interests	23	0	0	0	- 3,283	- 3,283	- 960	- 4,243
Stock compensation expense	22	0	0	- 10,347	18,343	7,996	0	7,996
Issue of share capital	21	17	706	- 225	0	498	0	498
BALANCE AS AT 31 DECEMBER 2011		44,379	975,260	131,213	- 444,852	706,000	2,451	708,451

¹ Other reserves include Legal reserves and the Stock compensation reserve.

The notes on pages 45 to 72 are an integral part of these Consolidated Financial Statements.

Notes to the 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 comprise the company and its subsidiaries (together referred to as 'the group'). A condensed income statement is presented in the company financial statements in accordance with section 402 of Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements have been prepared by the Management Board and authorised for issue on 28 February 2012. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 26 April 2012.

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 (IFRS) and IFRIC interpretations as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for financial instruments (including derivatives) classified at fair value through profit or loss and derivatives used for hedging, which are stated at fair value.

Income and expenses are accounted for on an accrual basis.

Changes in accounting policies and disclosures

Standards and interpretations that are issued and are effective from 1 January 2011 did not have a material impact on the group. All other standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2011 have not yet been adopted and are not expected to have material impact on the group.

Foreign currencies

The company'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 are presented under 'Other financial result' in the income statement.

Group companies

For consolidation purposes, the assets and liabilities of entities that have a functional currency other than the group's presentation currency are translated at the closing rate at the date of the balance sheet, whereas the income statement is translated at the average exchange rate for the period. Translation differences arising thereon are recognised in Other comprehensive income.

Use of estimates

The preparation of these financial statements requires management to make certain 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. The areas involving higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and unrealised gains and losses on transactions between group companies are eliminated.

Business combinations

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners. The difference between fair value of any consideration paid and the relevant share acquired or the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

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 Other comprehensive income is recognised in Other comprehensive income. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates of the financial impact of returns, as well as sales incentives are made 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 through licensing of geographic and/or other traffic-/location-based content to customers. Revenue is recognised based on the contractual terms and substance of the arrangements with the customers.

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.

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 that 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 agreed or estimated 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 are recognised using the effective interest method.

Leasing

The group leases certain property, plant and equipment. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the group. 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.

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 are depreciated over the shorter of the expected useful life of the asset and the lease term.

Derivative financial instruments and hedging activities

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 quoted prices for similar instruments or using valuation techniques with maximum use of market inputs. 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 designated as hedging instruments, in a highly effective hedge relationship, for which cash flow hedge accounting is applied.

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 hedge is not highly effective 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 recognised in Other comprehensive income up to the point of de-designation will remain in equity until the forecast transaction is ultimately recognised in the income statement. Gains or losses on the hedging instrument after de-designation will be recognised in profit or loss if the hedging instrument continues to be held.

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 a 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, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The 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 expense. 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 employee's 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 are determined separately for each plan.

Stock compensation expense

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

Equity-settled plans

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. The costs are determined based on the fair value of the granted instruments and the number expected to vest. At each balance sheet date, the entity revises its estimates of the number of instruments expected to vest.

Performance share plan

Cash-settled share-based payments are initially recognised at the fair value of the liability and are expensed over the vesting period. 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.

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 at 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 amounts of deferred tax assets are 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 this case, the tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination.

Goodwill

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ongoing 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, internally generated intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The useful life of the group's core technology is estimated to be between three and five 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, 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 an estimated average useful life of less than one year and engineering costs 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 are initially recognised at cost. The cost of assets acquired separately includes 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 live of the intangible assets are as follows:

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

Customer relationships include customers for maps; there is a high cost to changing map providers and historically there is high customer retention.

Property, plant and equipment

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

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

The 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Impairment of tangible and intangible assets

Assets, such as goodwill, that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested 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). Goodwill is tested at the operating segment level.

An impairment loss is recognised immediately in the income statement.

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

Financial assets

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

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

Financial assets at fair value through profit or loss

Derivatives are categorised at fair value through profit or loss 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.

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 income statement 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 twelve 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).

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. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

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, pension liabilities 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 risks 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. Financial 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.

Capital risk management

The group's financing policy aims to maintain a capital structure that 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 taking into account relevant interest cover and leverage covenants of our external borrowings as disclosed in note 24.

Further quantitative disclosures are included throughout these consolidated financial statements and/or in the business risk report.

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 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 and/or a number of services under one agreement which is 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 the impairment test reference is made 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 – Internally generated technology, databases and tools

Internally generated technology, databases and tools are capitalised in accordance with IAS 38. Assumptions and judgements are made with regard to assessing the expected future economic benefits, the economic useful life and the level of completion of the databases. At the point where activities no longer relate to development but to maintenance, capitalisation is discontinued. For additional information refer to note 13.

F – 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 operating segments are identified and reported on the basis of internal reports about components of the group that are regularly reviewed by the Management Board to assess the performance of the segments.

Internal management reporting is based upon four main segments (Consumer, Automotive, Licensing and Business Solutions), which are our operating segments.

Management assesses the performance of segments based on the measures of revenue and earnings before interest and taxes (EBIT), whereby the EBIT measure includes allocations of expenses from supporting functions within the group. Such allocations have been determined based on relevant measures that reflect the level of benefits of these functions to each of the operating segments. The effects of non-recurring items such as impairment are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to the segments. There is no measure of segment (non-current) assets provided to chief operating decision-maker.

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

(€ in thousands)	2011	2010
REVENUE		
Consumer	832,714	1,158,002
Automotive	234,755	179,470
Licensing	142,188	130,767
Business Solutions	63,560	52,844
TOTAL	1,273,217	1,521,083
EBIT		
Consumer	70,730	196,688
Automotive	2,347	- 12,344
Licensing	26,250	5,138
Business Solutions	15,243	12,403
TOTAL	114,570	201,885

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

(€ in thousands)	2011	2010
TOTAL SEGMENTS EBIT	114,570	201,885
Unallocated expenses ¹	- 27,303	- 15,563
Impairment charge	- 511,936	0
Interest result	- 21,862	- 35,064
Other finance result	6,093	- 15,962
Result of associates	- 432	- 1,270
RESULT BEFORE TAX	- 440,870	134,026

¹ Unallocated expenses in 2011 include €14 million group-wide restructuring costs which are not allocated to the operating segments.

Revenue from external customers is derived primarily from the sale of portable navigation devices and in-dash navigation systems and related content and services and the royalty income generated from licensing our map 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)	2011	2010
Sale of goods	866,703	1,164,477
Rendering of services	191,541	162,882
Royalty revenue	214,973	193,724
	1,273,217	1,521,083

5. SEGMENT REPORTING (CONTINUED)
External revenue – geographical areas

(€ in thousands)	2011	2010
Europe	937,483	1,070,127
North America	256,592	380,463
Rest of the world	79,142	70,493
	1,273,217	1,521,083

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.

7. EMPLOYEE BENEFITS
Pension scheme

The group's pension plans primarily comprise of defined contribution plans, limiting the employer's legal obligation to the amount it agrees to contribute during the period of employment.

In Germany the group 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.

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

The Remuneration Policy for members of the Management Board is drawn up by the Supervisory Board and approved by the General Meeting of Shareholders.

In accordance with the 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 (revenue, EBIT and cash flow). The total remuneration paid to or on behalf of members of the Management Board for the year ended 31 December 2011, amounted to approximately €1.2 million (2010: €1.7 million), of which 0% represented bonus payments (2010: 36%). In 2011, the bonus achievement was 0% of the target bonus (2010: 89%).

Summary of key management remuneration

(€)	Salary and bonus	Post employment benefits	Other long term benefits	Termination benefits	Share plan	Share options	Total remuneration
2011							
Management Board and senior management ¹	3,494,530	244,577	0	221,542	202,021	2,556,384	6,719,054
Supervisory Board	304,000	0	0	0	0	0	304,000
2010							
Management Board and senior management	4,636,072	184,238	0	0	179,482	2,306,150	7,305,942
Supervisory Board	295,000	0	0	0	0	0	295,000

¹ The composition of our senior management changed from 9 to 4 members following our reorganisation announcement on 8 December 2011.

7. EMPLOYEE BENEFITS (CONTINUED)

Overview of salaries, performance related bonuses and other emoluments of the Management Board

(in €)	Salary	Bonus	Post employment benefits	Other emoluments	Total remuneration
2011					
MANAGEMENT BOARD					
Harold Goddijn	375,000	0	0	0	375,000
Marina Wyatt	400,000	0	40,000	0	440,000
Alain De Taeye	375,000	0	26,491	21,000	422,491
	1,150,000	0	66,491	21,000	1,237,491

2010					
MANAGEMENT BOARD					
Harold Goddijn	250,000	178,000	0	0	428,000
Marina Wyatt	400,000	227,840	35,600	0	663,440
Alain De Taeye	375,000	213,600	26,250	0	614,850
	1,025,000	619,440	61,850	0	1,706,290

Overview of remuneration of members of the Supervisory Board

(in €)	2011	2010
Karel Vuursteen (Chairman)	61,000	56,000
Doug Dunn	47,000	42,000
Guy Demuyck	51,000	46,000
Rob van den Bergh	47,000	42,000
Ben van der Veer	50,000	45,000
Peter Wakkie	48,000	43,000
Joost Tjaden ¹	0	21,000
	304,000	295,000

¹ Joost Tjaden resigned from the Supervisory Board on 1 July 2010.

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

Stock option plan	Outstanding 01-01-2011	Granted in 2011	Exercised in 2011	Forfeited in 2011	Outstanding 31-12-2011	Exercise price	Expiry date
Harold Goddijn	181,500	0	0	0	181,500	5.71	16-06-2016
Harold Goddijn	150,000	0	0	0	150,000	5.32	12-05-2017
Harold Goddijn	0	150,000	0	0	150,000	6.10	09-05-2018
Marina Wyatt	605,000	0	0	0	605,000	21.85	10-08-2012
Marina Wyatt	542,685	0	0	0	542,685	28.07	09-11-2013
Marina Wyatt	181,500	0	0	0	181,500	5.71	16-06-2016
Marina Wyatt	150,000	0	0	0	150,000	5.32	12-05-2017
Marina Wyatt	0	150,000	0	0	150,000	6.10	09-05-2018
Alain De Taeye	181,500	0	0	0	181,500	5.71	16-06-2016
Alain De Taeye	150,000	0	0	0	150,000	5.32	12-05-2017
Alain De Taeye	0	150,000	0	0	150,000	6.10	09-05-2018
	2,142,185	450,000	0	0	2,592,185		

7. EMPLOYEE BENEFITS (CONTINUED)

For a description of the stock option plans reference is made to note 22: Share-based compensation.

Performance share plan	Outstanding 01-01-2011	Granted in 2011	Exercised in 2011	Forfeited in 2011	Outstanding 31-12-2011	Expiry date
Harold Goddijn	20,086	0	- 4,604	- 15,482	0	June 2011
Marina Wyatt	10,406	0	- 2,385	- 8,021	0	June 2011
Alain De Taeye	20,812	0	- 4,770	- 16,042	0	June 2011
	51,304	0	- 11,759	- 39,545	0	

There were no grants of performance shares in 2011. 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)	2011	2010
Salaries ¹	176,060	151,813
Social security costs	23,646	24,469
Pensions	8,474	8,307
Share-based compensation	7,985	13,495
Other	23,634	49,894
PERSONNEL EXPENSES	239,799	247,978

¹ Salaries include an amount of €10.1 million related to restructuring expenses in 2011.

Pension costs consist of the costs of the defined contribution plans of €8.2 million (2010: €7.3 million) and of the defined benefit plan of €0.3 million (2010: €1.0 million).

Average number of employees

The average number of employees in 2011 was 3,698 (2010: 3,288). At 31 December 2011, the group had 3,677 (2010: 3,487) employees. During 2011, the majority of the employees of TomTom worked outside the Netherlands.

Operating expenses include an amount of €119 million for depreciation and amortisation expenses (2010: €109 million).

(€ in thousands)	2011	2010
Amortisation	98,590	94,235
Depreciation	20,507	14,863
TOTAL AMORTISATION AND DEPRECIATION	119,097	109,098

The costs for operating leases in 2011 amounted to €18.5 million (2010: €16.6 million).

9. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2011	2010
Interest income	2,871	977
Interest expense	- 24,733	- 36,041
INTEREST RESULT	- 21,862	- 35,064
Other financial result	1,497	- 286
Exchange rate result	4,596	- 15,676
OTHER FINANCIAL RESULT	6,093	- 15,962

9. FINANCIAL INCOME AND EXPENSES (CONTINUED)

The foreign exchange line item is composed of results related to hedging contracts and balance sheet item revaluations. Hedging contracts are entered to protect the group from adverse exchange rate fluctuations that may result from USD, GBP, AUD, CHF and SEK exposures. 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 41.0%. The different tax jurisdictions in which we operate can cause the effective tax rate to differ from the Dutch corporate tax rate.

(€ in thousands)	2011	2010
Current tax expense	9,876	31,345
Deferred tax	- 11,795	- 4,989
INCOME TAX EXPENSE	- 1,919	26,356

The effective tax rate, based on income before taxes excluding impairment was 12.9% (2010: 19.7%). The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2011	2010
DUTCH TAX RATE	25.0%	25.5%
Higher weighted average statutory rate on group activities	8.2%	4.9%
Income exempted from tax	- 8.8%	- 7.6%
Non tax deductible share options	1.7%	1.4%
Utilisation of losses not previously capitalised	- 5.9%	0.0%
Prior year adjustments ¹	- 3.7%	0.0%
Other	- 3.6%	- 4.5%
EFFECTIVE TAX RATE	12.9%	19.7%

¹ Following the completion of tax returns related to previous years in 2011.

	2011	2010
Effective tax rate including impairment	- 0.4%	19.7%
Tax effect of impairment charge	13.3%	0%
Effective tax rate excluding impairment	12.9%	19.7%

11. GOVERNMENT GRANTS

The group recognised as income a government grant of €9.9 million (2010: €9.5 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 income within operating expenses.

12. EARNINGS PER SHARE

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

(€ in thousands)	2011	2010
EARNINGS		
Earnings (net result attributed to equity holders)	- 437,844	107,768
ADJUSTED EARNINGS		
Net result	- 437,844	107,768
Impairment charge	511,936	0
Amortisation of acquired intangibles	63,529	61,136
Restructuring expenses	14,798	3,344
Tax effect of adjustments	- 30,699	- 16,442
ADJUSTED EARNINGS	121,720	155,806

12. EARNINGS PER SHARE (CONTINUED)

	2011	2010
NUMBER OF SHARES		
Weighted average number of ordinary shares for basic earnings per share	221,874,248	221,723,538
EFFECT OF DILUTIVE POTENTIAL ORDINARY SHARES		
Share options and restricted stocks	29,686	316,812
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	221,903,934	222,040,350
EARNINGS PER SHARE (IN €)		
Basic	– 1.97	0.49
Diluted	– 1.97	0.49
ADJUSTED EARNINGS PER SHARE¹ (IN €)		
Basic	0.55	0.70
Diluted	0.55	0.70

¹ Adjusted earnings per share is not an IFRS performance measure and hence 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.

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 arising from share options and other equity-settled share-based plans. For the 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.

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.

13. INTANGIBLE ASSETS

(€ in thousands)	2011	2010
Goodwill	381,569	854,713
Other intangible assets	871,528	946,263
TOTAL INTANGIBLE ASSETS	1,253,097	1,800,976

(€ in thousands)	Goodwill	Database and tools	Internally generated	Other ¹	Total
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
MOVEMENTS					
Investments	0	18,772	21,962	7,305	48,039
Transfers between categories	0	0	0	6,970	6,970
Amortisation charges	0	- 51,484	- 18,829	- 23,922	- 94,235
Currency translation differences	0	- 273	- 12	- 698	- 983
	0	- 32,985	3,121	- 10,345	- 40,209
Balance as at 31 December 2010					
Investment cost	1,902,489	918,102	76,229	218,785	3,115,605
Accumulated amortisation and impairment	- 1,047,776	- 124,864	- 37,571	- 104,418	- 1,314,629
	854,713	793,238	38,658	114,367	1,800,976
MOVEMENTS					
Investments	0	25,116	29,274	4,022	58,412
Impairment charges	- 473,144	0	0	- 38,792	- 511,936
Transfers between categories	0	0	9,759	- 8,148	1,611
Amortisation charges	0	- 49,509	- 25,161	- 23,920	- 98,590
Currency translation differences	0	2,788	- 110	- 54	2,624
	- 473,144	- 21,605	13,762	- 66,892	- 547,879
Balance as at 31 December 2011					
Investment cost	1,902,489	945,711	115,064	214,605	3,177,869
Accumulated amortisation and impairment	- 1,520,920	- 174,078	- 62,644	- 167,130	- 1,924,772
	381,569	771,633	52,420	47,475	1,253,097

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

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 our digital maps and has a remaining useful life of 15 years and 5 months.

The amortisation charges totalling to €98.6 million (2010: €94.2 million) are included in the following line items in the Income Statement: amortisation of technology and databases: €84.6 million (2010: €77.6 million); R&D expenses: €9.0 million (2010: €10.0 million); marketing expenses: €1.3 million (2010: €1.7 million) and selling, general and administrative expenses: €3.7 million (2010: €4.9 million).

In the year we impaired €38.8 million on other intangibles mainly comprising of the customer relationships and the brand name of our Licensing segment.

Impairment test for goodwill

Goodwill is allocated to the group's operating segments identified according to the core business activities as monitored by management. An impairment test on goodwill is performed at least on annual basis or whenever Management identifies conditions that may trigger the risk of impairment.

As a result of a faster than expected decline in the PND market size which negatively impacted our Consumer segment's 2011 result and future outlook, Management issued a profit warning and performed a trigger-based impairment test in June 2011 in addition to the annual impairment test. The trigger-based impairment test resulted in a goodwill impairment charge of €473 million for the Consumer segment. The annual impairment test performed at year end did not result in any further impairment for any of the segments.

13. INTANGIBLE ASSETS (CONTINUED)

The following table sets out a segment-level summary of the goodwill for our segments before and after the impairment charge in 2011.

(€ in thousands)	Consumer	Automotive	Licensing	Business Solutions	Total
BALANCE AS AT 31 DECEMBER 2010	641,831	83,389	85,217	44,276	854,713
2011 impairment	- 473,144	0	0	0	- 473,144
BALANCE AS AT 31 DECEMBER 2011	168,687	83,389	85,217	44,276	381,569

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.

The calculations of fair value less cost to sell use post-tax cash flow projections based on financial forecasts approved by management covering a three year period and extrapolated for another five 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 three-year period are extrapolated using the estimated growth rates.

Management's cash flow projections for each of the segments in the forecasted and extrapolated period are based on management's assumptions on the expected revenue growth rate, gross margin and operating margin after allocation of operating expenses from shared units, taking into account management's expectation of market size and market share development.

The expected revenue growth rate incorporates the high level of decline in the PND revenue but also the growth potential of other revenue streams within Consumer and other segments. Gross margin and operating margin projections were aligned with the expected revenue developments. Key assumptions after the forecasted and extrapolated period as well as the discount rate used for each of the segments are presented below:

2011

(€ in thousands)	Consumer	Automotive	Licensing	Business Solutions
Revenue – perpetual growth ¹	- 1.0%	1.0%	0%	1.0%
Operating expenses – perpetual growth ¹	- 1.0%	1.0%	0%	1.0%
Discount rate ²	10.0%	10.0%	10.0%	9.5%

2010

(€ in thousands)	Consumer	Automotive	Licensing	Business Solutions
Revenue – perpetual growth ¹	0.5%	1.8%	1.0%	1.0%
Operating expenses – perpetual growth ¹	0.5%	1.8%	1.0%	1.0%
Discount rate ²	10.0%	10.0%	10.0%	9.5%

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

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

Discount rates used are post-tax and reflect specific risks relating to the relevant operating segments. Insofar possible, our expectations and input to the impairment calculation have been compared with the available external information from various analysts.

Management performed a sensitivity analysis on the relevant key assumptions in our 2011 year-end annual impairment testing. The outcome of this sensitivity analysis showed that when the revenue growth rates as used in the three year forecasted period and the five year extrapolated period for the Consumer segment decreased by 1.8% in each year (ceteris paribus), the fair value less costs to sell would fall to the level of the carrying value as at the end of 2011, leaving nil headroom.

The results of the sensitivity analysis of Automotive, Licensing and Business Solutions indicated that a reasonably possible change in the above-mentioned key assumptions would not cause their fair value less costs to sell to fall below the level of the carrying value.

14. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer hardware	Other	Total
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
MOVEMENTS				
Investments	189	5,580	12,486	18,255
Transfers between categories (net)	0	0	- 6,970	- 6,970
Depreciation charges	- 2,492	- 9,056	- 3,315	- 14,863
Currency translation differences	65	- 759	345	- 349
	- 2,238	- 4,235	2,546	- 3,927
Balance as at 31 December 2010				
Investment cost	16,503	65,414	47,226	129,143
Accumulated depreciation	- 13,522	- 51,326	- 25,318	- 90,166
	2,981	14,088	21,908	38,977
MOVEMENTS				
Investments	1,321	9,065	5,470	15,856
Transfer between categories (net)	0	2,175	- 3,785	- 1,610
Depreciation charges	- 2,048	- 12,812	- 5,647	- 20,507
Currency translation differences	- 27	- 73	- 61	- 161
	- 754	- 1,645	- 4,023	- 6,422
Balance as at 31 December 2011				
Investment cost	17,797	65,040	41,932	124,769
Accumulated depreciation	- 15,570	- 52,597	- 24,047	- 92,214
	2,227	12,443	17,885	32,555

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 2011 was nil (2010: €1.2 million).

15. INVESTMENTS IN ASSOCIATES

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

(€ in thousands)	2011	2010
BALANCE AS AT 1 JANUARY	7,720	7,683
Result of associates	- 432	- 1,270
Disposal of associate	- 29	0
Dividends received	- 1,628	0
Investments in associates	364	0
Other direct equity movements	- 1,545	1,307
BALANCE AS AT 31 DECEMBER	4,450	7,720

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

2011

Name associate (€ in thousands)	Place of incorporation	Assets	Liabilities	Revenues full year	Net result full year	Interest held
Infotech enterprises ^{1,2,3}	India	115,316	34,780	171,411	40,438	1.35%
MapIT ¹	South Africa	7,546	272	4,552	2,102	49.00%
Beijing Golden Tom	China	1,234	1,229	813	- 391	49.00%

2010

Name associate (€ in thousands)	Place of incorporation	Assets	Liabilities	Revenues full year	Net result full year	Interest held
Infotech enterprises ^{1,2}	India	189,541	36,806	150,086	25,091	1.35%
Mappoint Asia ¹	Thailand	5,947	6,145	4,325	- 416	27.70%
MapIT ¹	South Africa	7,741	336	5,176	2,498	49.00%

¹ These 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 presented above is based on financial statements for the year ending 31 March 2011.

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

³ The fair value of the investment in Infotech is €2.4 million (2010: €4.3 million).

16. INVENTORIES

(€ in thousands)	2011	2010
Finished goods	33,969	63,431
Components and sub-assemblies	31,533	30,391
INVENTORIES	65,502	93,822

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €432 million (2010: €511 million).

As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €11.2 million (2010: €8.9 million). The costs are included in cost of sales.

17. TRADE RECEIVABLES

(€ in thousands)	2011	2010
Gross accounts receivables	186,753	309,181
Allowance for doubtful receivables	- 1,814	- 3,360
TRADE RECEIVABLES (NET)	184,939	305,821

We expect to recover all receivables 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 certain of our large customers accounts. Management actively monitors the credit risk related to these customers and takes pro-active action to reduce credit limits if required. In our Consumer business, credit risk is to some extent further mitigated by the purchase of insurance, however it is not possible to insure all open credit exposures. Automotive, Licencing and Business Solutions customers are not insured for credit risk.

17. TRADE RECEIVABLES (CONTINUED)

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

(€ in thousands)	2011	2010
Balance as at 1 January	- 3,360	- 9,242
Additional receivables impairment	- 2,597	- 379
Receivables written-off during the year as uncollectible	2,166	439
Unused amounts reversed	2,025	6,021
Currency translation differences	- 48	- 199
BALANCE AS AT 31 DECEMBER	- 1,814	- 3,360

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)	2011	2010
Of which:		
Not overdue	168,060	266,775
Overdue < 3 months	17,617	31,879
3 to 6 months	999	2,804
Over 6 months	77	7,723
Less provision	- 1,814	- 3,360
TRADE RECEIVABLES (NET)	184,939	305,821

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

(€ in thousands)	2011	2010
EUR	81,228	156,857
GBP	16,618	35,854
USD	70,072	83,340
Other	17,021	29,770
TRADE RECEIVABLES (NET)	184,939	305,821

18. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2011	2010
Prepayments	7,545	8,362
VAT and other taxes	6,410	15,846
Other receivables	37,287	17,645
	51,242	41,853

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

19. OTHER FINANCIAL ASSETS

Other financial assets include derivative financial instruments carried at fair value through profit or loss and derivatives in a hedging relationship.

(€ in thousands)

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Derivatives at fair value through profit or loss	2,784	- 116	5,724	- 598
Interest rate swaps – cash flow hedge	0	0	0	- 3,354
TOTAL	2,784	- 116	5,724	- 3,952

A – Derivatives at fair value through profit or loss

The notional principal amounts of the outstanding forward foreign exchange and option contracts at 31 December 2011 were €64 million (2010: €277 million).

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

B – Cash flow hedge

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2011 were nil (2010: €600 million) as it has matured.

20. CASH AND CASH EQUIVALENTS

(€ in thousands)

	2011	2010
Cash and cash equivalents	192,861	279,734
Deposits	718	25,866
	193,579	305,600

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.

21. SHAREHOLDERS' EQUITY

	2011		2010	
	Number	(€ in thousands)	Number	(€ in thousands)
AUTHORISED				
Ordinary shares	600,000,000	120,000	600,000,000	120,000
Preferred shares	300,000,000	60,000	300,000,000	60,000
	900,000,000	180,000	900,000,000	180,000
ISSUED AND FULLY PAID				
Ordinary shares	221,895,012	44,379	221,808,085	44,362

All shares have a par value of €0.20 per share (2010: €0.20 per share). For rights, restrictions and other conditions attached to ordinary and preference shares, reference is made to the Corporate Governance section in the Annual Report.

In 2011, 86,927 shares were issued following the exercise of share options by employees (2010: 90,011).

Our reserves are freely distributable except for €70.1 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.

21. SHAREHOLDERS' EQUITY (CONTINUED)

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 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 in 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.

Share option plans

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

Stock compensation reserve (€ in thousands)	2011	2010
Opening balance	71,662	66,267
Stock compensation expense	7,996	12,285
Release to retained earnings	- 18,343	- 6,645
Share options exercised	- 225	- 245
CLOSING BALANCE	61,090	71,662

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 May 2011, the group granted 3.2 million stock options to certain selected employees under the 2009 share option plan which qualifies as an 'equity-settled share-based payment plan'. Different than the previous option grants made under the 2009 plan which vest in three equal yearly portions, the 2011 granted options will only vest and become exercisable after a three-year service period. All options granted under the 2009 plan cannot be transferred, pledged or charged and have an exercise period of seven years from the grant date, but can only be exercised 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 December 31, 2011:

Outstanding stock options

Year of grant	Number outstanding at 31-12-2011	Exercise price per share	Weighted average remaining life	Number exercisable at 31-12-2011	Weighted average exercise price
2005	1,179,750	21.85 – 23.82	0.78	1,179,750	22.15
2006	1,811,975	21.07 – 31.14	1.77	1,811,975	27.83
2007	18,150	25.55	2.19	18,150	25.55
2009	5,563,341	5.71 – 6.00	4.46	3,723,902	5.76
2010	5,036,583	4.81 – 5.48	5.35	1,935,245	5.32
2011	3,114,950	6.08 – 6.20	6.36	175,000	6.11

22. SHARE-BASED COMPENSATION (CONTINUED)

A summary of the group's stock option plans and the movements during the years 2011 and 2010 are presented below:

Option plans	2011	Weighted average exercise price	2010	Weighted average exercise price
Outstanding at the beginning of the year	17,188,562	11.06	12,159,280	13.81
Granted	3,164,950	6.11	6,013,500	5.32
Exercised	- 84,428	5.72	- 90,011	5.72
Forfeited	- 3,544,335	15.31	- 894,207	16.00
OUTSTANDING AT THE END OF THE YEAR	16,724,749	9.25	17,188,562	11.06

Performance share plan

In 2011 the group introduced a new performance share plan for employees. The performance shares are conditional on the employee completing three years' service (the vesting period). On 31 December 2011 the liability with regard to the performance share plan was € 0.3 million (2010: €2.4 million). The performance shares granted in 2008 have vested and were paid out to the employees in 2011.

The following table provides the movement in the number of performance shares granted in 2008 and 2011.

Share plans	2011	2010
Outstanding at the beginning of the year	363,000	563,860
Exercised	- 280,390	- 161,872
Granted	571,800	0
Cancelled	- 24,833	0
Forfeited	- 94,910	- 38,988
OUTSTANDING AT THE END OF THE YEAR	534,667	363,000

Restricted stocks plan

The group introduced in 2011 a restricted stock plan to retain a selected group of young talented employees. Each restricted-stock unit gives the right to receive one TomTom share after a three-year vesting period and qualifies as an equity-settled plan. The costs that arise from this plan are spread over the vesting period and have been determined based on TomTom's share price on the grant date. Total 2011 stock compensation expenses charged to the stock compensation reserve for this plan amounted to €60 thousand. As this plan is not significant, no further disclosures are provided.

Valuation assumptions

The fair value of the performance shares granted in 2008 and 2011 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 May 2011 and May 2010 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 valuation model is as follows:

	2011	2010
Share price at grant date (€)	6.04	5.48
Weighted average exercise price (€)	6.08 - 6.20	5.32 - 5.48
Weighted average expected volatility	50%	55%
Expected expiration date	9 May 2018	12 May 2017
Weighted average risk free rate	2.82%	2.42%
Expected dividends	Zero	Zero

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. 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. NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

Movements in non controlling interests were as follows:

(€ in thousands)	2011	2010
Opening balance at 1 January	5,416	5,094
Non controlling interest in the net result of subsidiaries	- 1,107	- 98
Dividends paid	- 542	- 251
Change in share non controlling interests	- 960	- 313
Currency translation differences	- 356	984
CLOSING BALANCE AT 31 DECEMBER	2,451	5,416

24. BORROWINGS

(€ in thousands)	2011	2010
Non-current	0	384,011
Current ¹	383,810	203,586
TOTAL BORROWINGS	383,810	587,597

¹ €388 million of the original loan amount will be repaid in December 2012. The full amount payable on the loan is reduced by the netting off of the loan transaction costs that are amortised over the period of the loan through an interest charge.

Our existing borrowings originated from a syndicated loan facility entered into in 2008 to fund the Tele Atlas acquisition. This facility comprises of a term loan and a revolving credit facility and has an annual repayment schedule until its termination date on 31 December 2012. The interest is in line with market conditions and is based on Euribor plus 1.50%. The average interest percentage paid on the borrowings in 2011 was 3.08% (2010: 3.07%).

The terms of the agreement include certain covenants clauses whereby the group is required to meet certain performance indicators with regard to our interest cover (5.0) and leverage ratio (2.0) which are tested twice a year. Interest cover is defined as the ratio of the last twelve months ('LTM') EBITDA to LTM interest expense for the relevant test period. Leverage ratio is defined as the ratio of total consolidated net debt as at the testing date to the consolidated LTM EBITDA in respect of the relevant period ending on that date. In case of a breach of these covenants the banks are contractually entitled to request early repayment of the outstanding amount.

In 2011 the group repaid €210 million, of which €175 million was repaid ahead of schedule in the second half year and the remaining €35 million at the end of December in line with our repayment schedule. As at 31 December 2011 the group had undrawn borrowing facilities amounted to €174.2 million (2010: €174.2 million).

The notional amount and the fair value of our non-current borrowings as at 31 December 2011 was nil as the remaining borrowings become due in 2012 and hence presented as current liabilities (2010: Notional amount: €388 million; Fair value: €382 million).

The 2010 fair value of the non-current borrowings is estimated on the basis of discounted cash flow analysis using recent market interest rates paid by comparable companies on borrowings with comparable terms.

The fair value of the outstanding current borrowings is estimated to approximate its notional amount.

On 1 April 2011 TomTom signed a forward-start facility arrangement comprising of a €250 million term loan facility and a €150 million revolving credit facility which will replace the existing borrowings as from 31 December 2012. The new loan of €250 million requires repayment of €75 million on 31 December 2013 and 31 December 2014 and the remaining €100 million on 31 March 2016. The covenants of this new facility require the group to have an interest cover of 4.0 and leverage ratio of 3.0 which will be tested twice a year starting from 31 December 2012. The interest rate on this new loan facility is based on Euribor plus a spread which depends on certain leverage covenants.

24. BORROWINGS (CONTINUED)
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 nil (2010: €1.2 million). Future minimum lease payments are as follows:

(€ in thousands)	2011	2010
Commitments less than 1 year	0	1,016
Commitments between 1 – 5 years	0	201
Commitments longer than 5 years	0	1
TOTAL MINIMUM LEASE PAYMENTS	0	1,218
Less amounts representing finance charges	0	- 29
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	0	1,189

25. DEFERRED INCOME TAX

As at 31 December 2011, the group has a deferred tax liability of €182 million (2010: €211 million). A deferred tax asset has been recorded amounting to €10 million (2010: €22 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)	2011	2010
DEFERRED TAX		
To be realised after more than 12 months	- 168,621	- 187,205
To be realised within 12 months	- 3,159	- 1,544
	- 171,780	- 188,749

The movement of the deferred tax is as follows:

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
BALANCE AS AT 31 DECEMBER 2009	1,647	- 2,112	- 283,866	9,847	80,560	- 193,924
Charged / (released) to income	1,054	2,588	25,953	- 5,594	- 19,012	4,989
Currency translation differences	0	0	- 549	735	0	186
BALANCE AS AT 31 DECEMBER 2010	2,701	476	- 258,462	4,988	61,548	- 188,749
Charged / (released) to income	- 2,619	- 277	26,122	- 968	- 10,463	11,795
Currency translation differences	0	138	7,251	130	- 2,345	5,174
BALANCE AS AT 31 DECEMBER 2011	82	337	- 225,089	4,150	48,740	- 171,780

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

(€ in thousands)	2011	2010
DEFERRED TAX		
Deferred tax assets	10,493	22,265
Deferred tax liabilities	- 182,273	- 211,014
	- 171,780	- 188,749

26. PROVISIONS

(€ in thousands)	Warranty	Claims, litigation & other	Total
OPENING BALANCE AS AT 1 JANUARY 2010	50,262	64,088	114,350
Increases in provisions	29,325	9,239	38,564
Utilised	- 28,147	- 2,963	- 31,110
Released	- 5,317	- 7,199	- 12,516
BALANCE AT 1 JANUARY 2011	46,123	63,165	109,288
Increases in provisions	27,312	34,022	61,334
Utilised	- 27,861	- 5,867	- 33,728
Released	- 2,401	- 33,166	- 35,567
BALANCE AS AT 31 DECEMBER 2011	43,173	58,154	101,327

Warranty provision

The group generally offers warranties for its portable 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 made a provision for potential legal, tax and other 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 that may take the form of licences and/or damages. While these claims will 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 such claims and 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 management is 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.

Other provisions include an amount of €6.3 million (2010: €6.4 million) related to a defined benefit plan in Germany and the staff leaving indemnity plan in Italy.

Analysis of total provisions

(€ in thousands)	2011	2010
Non-current	50,114	51,051
Current	51,213	58,237
	101,327	109,288

27. TRADE PAYABLES

All trade payable balances are due within one year.

28. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities comprise of the following:

(€ in thousands)	2011	2010
Deferred revenue	82,826	61,840
Margin related accruals	123,656	162,054
Operating expenses accruals	78,740	94,648
	285,222	318,542

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 2011.

Operating leases

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

(€ in thousands)	2011	2010
Commitments less than 1 year	16,833	21,955
Commitments between 1 - 5 years	31,966	42,824
Commitments longer than 5 years	5,214	8,702
	54,013	73,481

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

Purchase commitments

As at 31 December 2011, 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 third party suppliers or other business partners that include minimum royalty or revenue share payments over the duration of the contracts that range from 1 to 5 years. The total commitments under these contracts are presented below.

(€ in thousands)	2011	2010
Commitments less than 1 year	14,372	25,641
Commitments between 1 - 5 years	19,290	37,175
	33,662	62,816

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 at 31 December 2011.

30. BUSINESS COMBINATIONS

No business combination transaction took place in 2011 or 2010.

31. RELATED PARTY TRANSACTIONS

Refer to note 7 for transactions with key management personnel. Certain key management personnel also hold ownership interests in TomTom NV as disclosed under the Corporate Governance section in page 27.

In the normal course of business, the group receives map development and support services from its associate Infotech Enterprises Ltd. Such transactions take place at normal market conditions and the total payments made for these services in 2011 amounted to €12.9 million (2010: €13.6 million)

32. AUDITORS' REMUNERATION

The total remuneration to Deloitte for the statutory audit of 2011 for the group amounted to €436,000 (2010: €473,000). The total service fees paid to the Deloitte network amounted to €1,429,000 (2010: €1,567,000). Included in the total remuneration is an amount of €712,000 (2010: €717,000) invoiced by Deloitte Accountants B.V. Details of the audit, audit related and non audit fees paid to Deloitte can also be found in the Supervisory Board report.

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 2011					
ASSETS AS AT BALANCE SHEET DATE					
Other financial assets – derivatives	0	2,784	0	0	2,784
Trade receivables	184,939	0	0	0	184,939
Cash and cash equivalents	193,579	0	0	0	193,579
TOTAL	378,518	2,784	0	0	381,302

LIABILITIES AS AT BALANCE SHEET DATE					
Trade payables	0	0	0	116,616	116,616
Other financial liabilities – derivatives	0	116	0	0	116
Borrowings	0	0	0	383,810	383,810
TOTAL	0	116	0	500,426	500,542

(€ 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 2010					
ASSETS AS AT BALANCE SHEET DATE					
Other financial assets – derivatives	0	5,724	0	0	5,724
Trade receivables	305,821	0	0	0	305,821
Cash and cash equivalents	305,600	0	0	0	305,600
TOTAL	611,421	5,724	0	0	617,145

LIABILITIES AS AT BALANCE SHEET DATE					
Trade payables	0	0	0	218,419	218,419
Other financial liabilities – derivatives	0	598	3,354	0	3,952
Borrowings	587,597	0	0	0	587,597
TOTAL	587,597	598	3,354	218,419	809,968

33. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Fair value estimation

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy should have the following levels:

- A – **Level 1:** quoted prices (unadjusted) in active markets for identical assets and liabilities;
- B – **Level 2:** inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) and
- C – **Level 3:** inputs for the asset or liability that are not based on observable market data.

The group's fair value of 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) that 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 fair value hierarchy established by IFRS 7, 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	2011	2010
Result of subsidiaries after taxation	2	- 403,665	138,255
Other income and expenses after tax	3	- 34,179	- 30,487
NET RESULT		- 437,844	107,768

The notes on pages 75 to 77 are an integral part of these Company Financial Statements.

Company Balance Sheet of TomTom NV

as at 31 December

(before proposed appropriation of result)

(€ in thousands)	Notes	2011	2010
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	2	2,773,263	3,173,829
Deferred tax asset	4	82	2,701
Other financial assets		0	479
TOTAL NON-CURRENT ASSETS		2,773,345	3,177,009
CURRENT ASSETS			
Receivables		55,418	52,304
Cash and cash equivalents		1,653	1,790
TOTAL CURRENT ASSETS		57,071	54,094
TOTAL ASSETS		2,830,416	3,231,103
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5	44,379	44,362
Share premium		975,260	974,554
Other reserves	6	131,213	117,419
Accumulated deficit		- 7,008	- 107,990
Result for the year		- 437,844	107,768
TOTAL SHAREHOLDERS' EQUITY		706,000	1,136,113
Borrowings	7	0	402,003
Inter-company payable	9	1,715,937	1,479,009
Provisions		3,915	1,402
Deferred tax liability	4	1,048	2,651
TOTAL NON-CURRENT LIABILITIES		1,720,900	1,885,065
Borrowings	7	402,003	203,586
Other liabilities		1,513	6,339
TOTAL CURRENT LIABILITIES		403,516	209,925
TOTAL EQUITY AND LIABILITIES		2,830,416	3,231,103

The notes on pages 75 to 77 are an integral part of these Company Financial Statements.

Notes to the Company Financial Statements

1. PRESENTATION OF FINANCIAL STATEMENTS AND RECOGNITION AND MEASUREMENT PRINCIPLES

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.

The company has prepared its company financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and specifically, in accordance with section 362.8 of the Code. In doing so it has applied the principles of recognition and measurement as adopted in the consolidated financial statements (IFRS). Investments in subsidiaries are accounted for using the equity method. For more information on the accounting policies applied, and on the notes to the consolidated financial statements, please refer to page 45 to 72.

2. INVESTMENTS IN SUBSIDIARIES

The movements in the Investments in subsidiaries were as follows:

(€ in thousands)	Investments in subsidiaries
BALANCE AS AT 31 DECEMBER 2009	3,019,488
MOVEMENTS 2010	
Currency translation differences	1,071
Transfer to stock compensation reserve	12,361
Other direct equity movements	2,654
Result of subsidiaries	138,255
BALANCE AS AT 31 DECEMBER 2010	3,173,829
MOVEMENTS 2011	
Currency translation differences	- 25
Transfer to stock compensation reserve	7,562
Other direct equity movements	- 4,438
Result of subsidiaries	- 403,665
BALANCE AS AT 31 DECEMBER 2011	2,773,263

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. OTHER INCOME AND EXPENSES AFTER TAX

Other income and expense consists of the remuneration of the Management Board and the Supervisory Board, the interest expense on the borrowings and the 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.

4. DEFERRED TAXATION

As at 31 December 2011, the company has a deferred tax asset of €0.1 million (2010: €2.7 million) and a deferred tax liability of €1.0 million (2010: €2.7 million). The deferred tax asset and deferred tax liability result from temporary differences between the tax and accounting treatment of the stock compensation expenses and the borrowing cost respectively. The movement of the deferred tax positions during the year were the result of changes/reversals of temporary differences and have been charged/released to the income statement.

5. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2011, please refer to page 44 in the consolidated financial statements. Additional information on the shareholders' equity is disclosed in note 21 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 2009	28,399	5,920	34,319	66,267	100,586
Currency translation differences	0	1,071	1,071	0	1,071
Transfer from retained earnings	7,956	0	7,956	0	7,956
Stock compensation expense	0	0	0	12,285	12,285
Issue of share capital	0	0	0	- 245	- 245
Release to retained earnings	0	0	0	- 6,645	- 6,645
Cash flow hedges	2,411	0	2,411	0	2,411
BALANCE AS AT 31 DECEMBER 2010	38,766	6,991	45,757	71,662	117,419
Currency translation differences	0	- 25	- 25	0	- 25
Transfer from retained earnings	21,846	0	21,846	0	21,846
Stock compensation expense	0	0	0	7,996	7,996
Issue of share capital	0	0	0	- 225	- 225
Release to retained earnings	0	0	0	- 18,343	- 18,343
Cash flow hedges	2,545	0	2,545	0	2,545
BALANCE AS AT 31 DECEMBER 2011	63,157	6,966	70,123	61,090	131,213

Legal reserves

Legal reserves are the non-distributable reserves that are recorded for an amount equal to the restricted reserves of the company's subsidiaries and the cumulative translation adjustment reserve. The restricted reserves of the subsidiaries include the hedging reserve that has been recorded for the effective portion of changes in the fair value of derivatives held by the subsidiaries that are designated and qualify as cash flow hedge. The hedge instrument matured in December 2011.

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

Please refer to note 24 in the consolidated financial statements.

Included in our borrowings are amounts due to group companies of €17 million (2010: €17 million) with similar conditions as the external borrowings.

8. INTERCOMPANY PAYABLE

Intercompany payable comprises of loans provided by subsidiaries. The interest rate on the loan during 2011 is based upon LIBOR plus a margin of 0.7%. Although no repayment period has been agreed the loan has a long-term nature.

9. 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.

Furthermore the company forms part of a fiscal unity for corporate income tax and transaction tax purposes with several of its Dutch subsidiaries. Each company within the fiscal unity is jointly and severally liable for the fiscal liability of the fiscal unity.

Amsterdam, 28 February 2012

Management Board

Harold Goddijn

Marina Wyatt

Alain De Taeye

Amsterdam, 28 February 2012

Supervisory Board

Karel Vuursteen

Doug Dunn

Guy Demuynck

Rob van den Bergh

Ben van der Veer

Peter Wakkie

TomTom NV

Amsterdam

Other Information

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULTS

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

PROPOSED APPROPRIATION OF RESULT

The Management Board proposes to add the net result in full to the Accumulated deficit.

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 79.

Independent Auditor's Report

To the Shareholders and Supervisory Board of TomTom NV

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2011 of TomTom NV, Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2011, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2011, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of TomTom NV as at December 31, 2011, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of TomTom NV as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Amsterdam, 28 February 2012

Deloitte Accountants BV

Signed by: B.E. Savert

Shareholder Information

TomTom is committed to providing a high degree of transparency in its reporting and engages in open dialogues with investors. TomTom has an extensive communication programme with investors and sell side analysts, which includes the Annual General Meeting of Shareholders, roadshows, investor conferences and in-house meetings.

TomTom strictly adheres to applicable rules and legislation on fair disclosure. It is our goal to inform investors as well as possible about the company and its management, our strategy, goals and expectations. Investors and analysts are invited to contact us with any information requests they have. We do not hold roadshows, attend conference or meet with investors or analysts shortly before the publication of our quarterly results.

Listing

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

Financial calendar

25 April 2012	Publication Q1 2012 results
26 April 2012	Annual General Meeting of Shareholders
24 July 2012	Publication Q2 2012 results
30 October 2012	Publication Q3 2012 results

Shares outstanding

At the end of the year TomTom NV had 221,895,012 shares outstanding. The number of options outstanding was 16,724,749.

Major shareholders

At the end of 2011 the following shareholders with a holding of 5% or more were known to us:

	# shares	% of shares outstanding
Harold Goddijn	26,137,832	11.8%
Corinne Vigreux	26,137,831	11.8%
Pieter Geelen	26,137,831	11.8%
Peter-Frans Pauwels	26,137,832	11.8%
Janivo/Cyrte	18,576,279	8.4%

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 the call option, the Management Board has the right to issue preference shares. The authority is limited to 50% of the aggregate issued and outstanding share capital (excluding issued and outstanding preference shares) of the company at the time of issue. As with the instrument in place for the Foundation, any possible issuances of preference shares will be temporary and subject to the company's Articles of Association and the legislation on takeovers.

There are currently no preference shares outstanding. More information on the protection mechanism can be found in the corporate governance section pages 25 to 26.

Share information

(In €, unless stated otherwise)	2011	2010
Share price at start of the year	7.89	6.25
Share price at the end of the year	3.05	7.89
Highest share price	7.93	7.89
Lowest share price	2.49	4.14
Average daily volume shares traded (in thousands)	1,989	2,140
Diluted earnings per share (reported)	- 1.97	0.49
Diluted earnings per share (adjusted)	0.55	0.70
Diluted free cash flow per share	0.45	0.65
Earnings per share	- 1.97	0.49
Free cash flow per share	0.45	0.65
Weighted average number of shares outstanding (in millions)	221.9	221.7
Weighted average number of shares fully diluted (in millions)	221.9	222.0

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

Dividend policy

TomTom has no current plans to distribute dividends.

More information

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:

De Ruyterkade 145
1011 AC Amsterdam
The Netherlands

Key Figures Overview

(in € millions, unless stated otherwise)	2011	2010	2009	2008	2007
INCOME AND EXPENSES					
Revenue	1,273	1,521	1,480	1,674	1,737
Gross profit	640	744	731	781	764
Operating result ¹	102	190	231	264	428
Net result (attributable to equity holders of the parent) ²	74	110	94	188	317
DATA PER SHARE					
Earnings per share (in €) – diluted ³	- 1.97	0.49	0.47	- 5.89	2.20
Adjusted earnings per share (in €) – basic ^{3, 4}	0.55	0.70	0.78	1.50	2.28
SHARES OUTSTANDING					
Average # basic shares outstanding (in millions) ³	222	222	184	148	138
Average # diluted shares outstanding (in millions) ³	222	222	185	149	144
REGIONAL REVENUE SPLIT					
Europe	937	1,070	1,007	1,182	1,396
North America	257	380	411	434	271
ROW	79	70	62	59	70
CASH FLOW					
Cash generated from operations	195	265	430	463	535
Net cash flow from operating activities	174	210	340	354	441
Cash flow used in investing activities	- 73	- 65	- 90	- 1,903	- 867
Cash flow from / (used in) financing activities	- 214	- 209	- 206	1,408	453
Net (decrease) / increase in cash and cash equivalents	- 112	- 64	45	- 142	28
BALANCE SHEET					
Goodwill	382	855	855	855	0
Intangible assets	872	946	986	1,011	56
Inventories	66	94	67	145	131
Trade receivables	185	306	294	290	403
Cash and cash equivalents	194	306	368	321	463
Provisions	101	109	114	113	96
Borrowings	384	588	790	1,388	0
Trade payables	117	218	201	152	152
Total equity and liabilities	1,799	2,623	2,686	2,767	1,970
KEY RATIOS⁵					
Days sales of inventory (DSI)	31	31	21	47	33
Days sales outstanding (DSO)	48	55	51	51	58
Creditor days	56	72	64	49	38
SHARE PRICE					
At end of period	3.05	7.89	6.25	4.30	42.56
Volume (million)	715	552	811	480	313
NUMBER OF EMPLOYEES					
At end of period	3,677	3,487	3,089	3,498	1,337

2006	2005	2004
1,364	720	192
579	311	85
340	195	43
222	143	28
1.57	1.04	–
1.63	1.13	–
133	126	–
142	138	–
1,226	670	192
106	42	0
31	7	0
392	102	44
292	43	37
– 29	– 21	– 3
1	117	– 1
264	138	33
0	0	0
39	16	1
123	103	13
266	151	29
438	178	40
44	21	0
0	0	0
67	55	26
903	464	91
57	92	
71	77	
31	49	
27.04	23.97	
232	100	
809	435	

- ¹ Operating results excludes the impairment charges (2011: €512 million; 2008: €1,047 million) and restructuring charges (2011: €14.8 million; 2010: €3.3 million; 2009: €10.3 million; 2008: €16.5 million).
- ² Net result excludes the above mentioned impairment and restructuring charges and the related tax effects.
- ³ The earnings per share number and the weighted average number of shares outstanding for all years before 2009 have been adjusted to reflect the impact of the right offering that took place in July 2009.
- ⁴ Earnings per share adjusted for acquisition related amortisation, goodwill impairment and restructuring charges on a post tax basis.
- ⁵ Calculated based on the sales / cost of sales and the number of days in the last three months of the year.



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