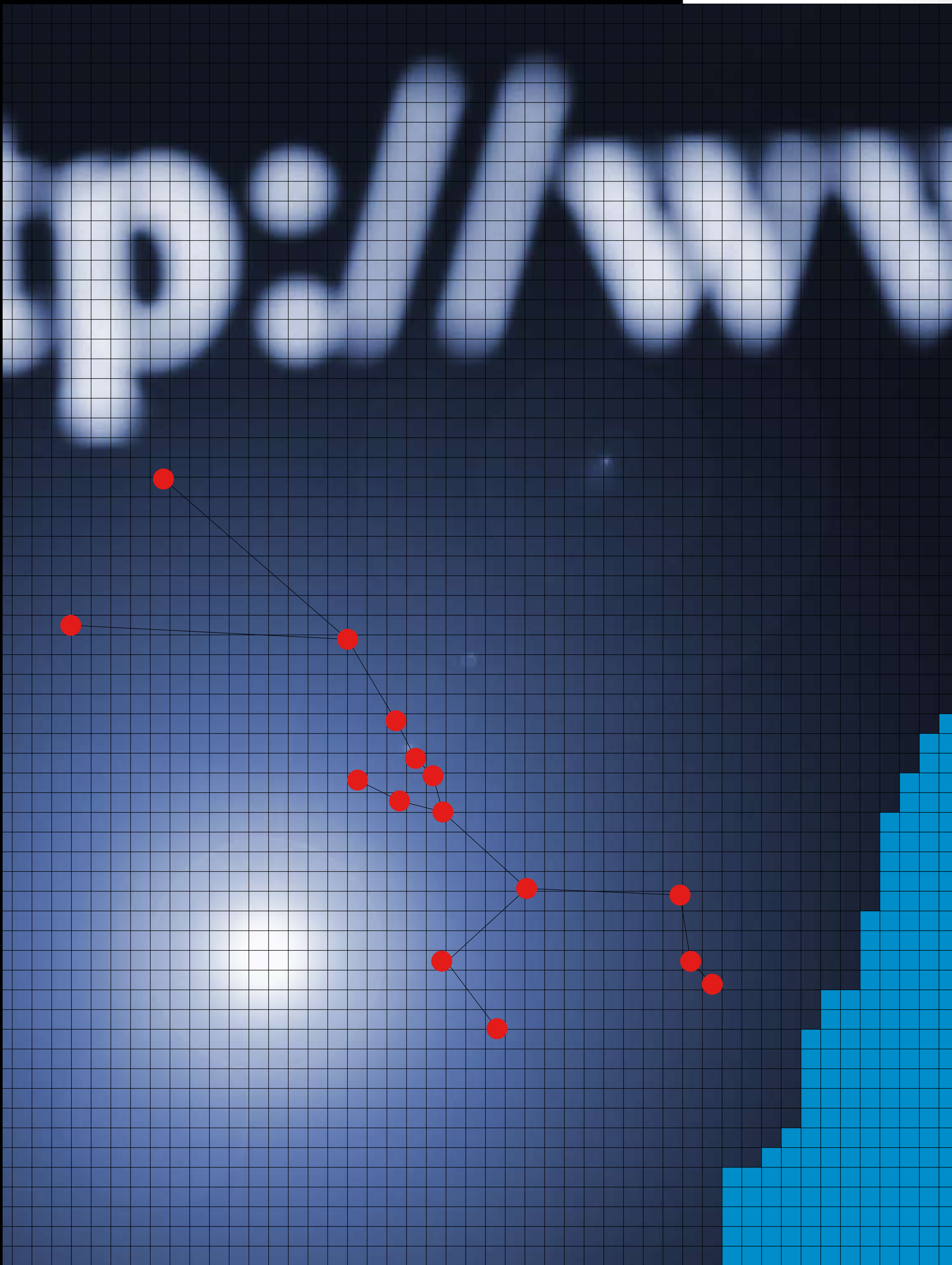
TradeDoubler

Market like you mean it



TradeDoubler Annual Report 2007

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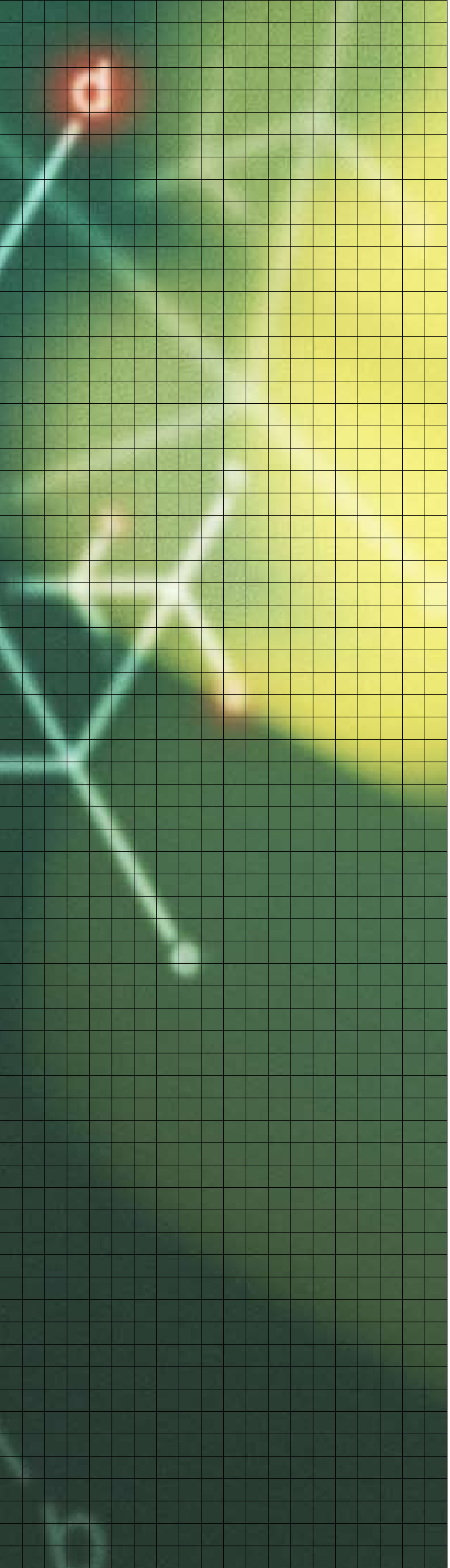
The Annual Report is a translation of the Swedish Annual Report. In event of any discrepancies, the Swedish version shall apply.



2007 in brief

Financial

- Revenues increased by 52.7 percent to SEK 2 663.6 million (1,744.1).
- Gross Profit increased by 32.4 percent to SEK 636.0 million (480.3).
- Operating profit (EBIT) increased by 2.5 percent to SEK 194.8 million (190.1).
- Profit after tax increased by 8.5 percent to SEK 152.3 million (140.4).
- Reported earnings per share amounted to SEK 5.34 (4.93) after full dilution.

Operational

- All geographic markets continued to show growth.
- 95 percent (92) of Group revenues in 2007 were generated outside Sweden.
- The number of advertisers grew from 1 276 to 1 662 and the number of active publishers increased from 110 098 to 120 816.
- Search engine marketing was added to our offering through the acquisition of The IMW Group.
- TradeDoubler opened new offices in Tokyo and Vienna during 2007.

Key figures

MSEK	2007	2006	%
Revenue	2 663.6	1 744.1	52.7
Gross profit	636.0	480.3	32.4
Operating profit (EBIT)	194.8	190.1	2.5
EBIT margin (%)	7.3	10.9	–33.0
Profit before tax	209.0	198.2	5.4
Net profit	152.3	140.4	8.5
Cash flow from operations	140.4	229.2	–38.7
Liquid assets	224.2	433.1	–48.2
Diluted earnings per share (SEK)	5.34	4.93	8.3
Average no. of employees (FTE)	461	308	49.7

This is TradeDoubler

TradeDoubler's performance-based digital marketing products and services provide companies with the tools and expertise to drive results online whether they are looking to generate sales or drive brand awareness. Headquartered in Stockholm, TradeDoubler boasts a unique global reach with local presence in 19 countries. With a breadth of expertise across multiple industry sectors and a network of over 120 000 website publishers we help our almost 1 700 advertising clients globally, such as Apple Store, Dell, TeliaSonera, eBay and Kelkoo, to deliver online results.

Unique pan European reach

While the effects of traditional marketing are hard to measure accurately, internet advertising allows advertisers to measure consumer response more precisely and in real time. TradeDoubler's solutions enable the unique tracking of value-added activities on the internet and help content providers, publishers, to make money by ensuring advertiser clients a high return on their marketing investments on the internet. As a pioneer in internet marketing solutions with many years in the business, TradeDoubler's experience in internet marketing solutions is unrivalled in the European market.

Founded in 1999, TradeDoubler has grown into the leading European performance-based digital marketing company. Headquartered in Stockholm, the company boasts a unique pan European reach with local presence in 18 countries. During 2007, this superior reach has been complemented with an office in Tokyo.

Scale and reach sets TradeDoubler apart from other digital marketing companies. The strong network of publishers and advertisers enables the company to share unique local, European and industry insight across borders and sectors creating value for its advertisers and publishers.

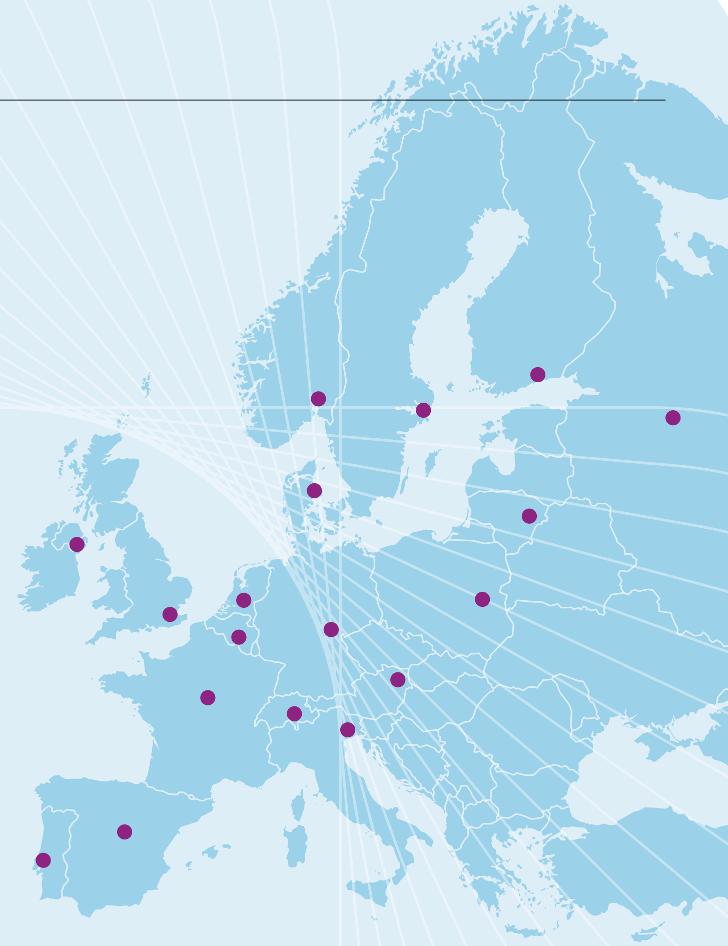
Search engine marketing

Beside the extensive European affiliate marketing business, we are also a leading player in search engine marketing in Europe following last year's acquisition of The IMW Group with The Search Works and The Technology Works. The Search Works, founded in 1999, has always been at the forefront of search engine marketing and possess the number one position in the UK.

Dedicated staff with vast experience

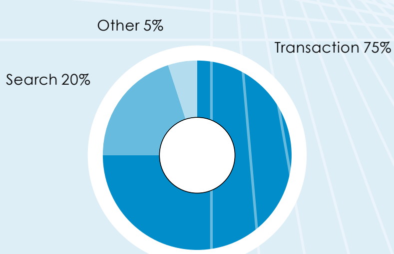
Our dedicated teams of digital marketing professionals strive to optimise the performance of our clients' digital marketing activities. Whether they are looking to generate brand awareness or direct response we have the relevant expertise and technical capability to help them deliver their online advertising strategies. Our teams include a wealth of experienced digital marketing consultants and account managers, campaign managers and traffickers, publisher managers and technology specialists.

We remain committed to building long term profitable partnerships with our advertisers and our network of high quality website publishers to ensure that we continue to improve our reputation for driving excellent results through digital marketing.

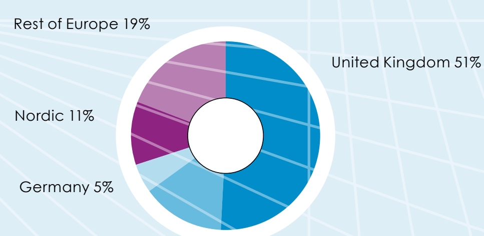


TradeDoubler is a pan European digital marketing company. With the launch of td Technology in Japan, the company has established a presence in Asia giving it a global reach.

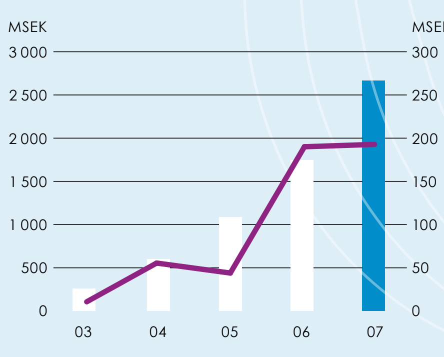
Revenue by business segment



Revenue by geography

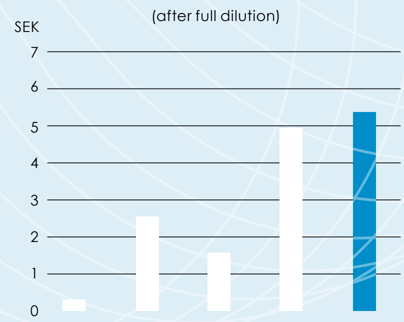


Revenue and EBIT



Earnings per share

(after full dilution)



Word from the CEO

By many measures, 2007 has been an excellent year for TradeDoubler. We revised our growth strategy and added search engine marketing, the largest digital marketing segment, to our offering. Our revenues were the highest ever and our staff grew by nearly 60 percent.

It is now clear that online marketing has become one of the most powerful ways of reaching customers of all ages. Young Europeans already spend more time online than in front of the TV, and we see a firm increase in the amount of time spent on the internet among most other demographic groups.

Undoubtedly 2007 was another good year of growth for the digital marketing industry. Growing online marketing budgets are naturally positive for TradeDoubler, as it drives e-commerce, but more importantly, a growing number of advertisers discover the advantages of performance based digital marketing.

Revenue and profit in 2007

Revenue grew by 53 percent to SEK 2 664 million and gross profit by 32 percent to SEK 636 million. Diluted earnings per share increased to SEK 5.34 compared to SEK 4.93 in 2006. We are pleased with our financial performance, not least considering our long-term growth investments and the integration of The IMW Group.

Key strengths

One of TradeDoubler's key strengths is that our business model is based on creating measurable value for our clients. Payments from advertisers can be significantly higher with performance based advertising as they are essentially paying not for the advertising itself, but for the desired end result.

Our experienced staff is another important asset. It is their hard work meeting client requirements on a daily basis that is driving our development. Recruitment and acquisitions added nearly 200 staff to a total of 550 employees last year. We will continue to grow our headcount, but expect it to be at a lower pace in 2008.

Technology has also been a prerequisite for our rapid international expansion. Our technology platform was originally designed for affiliate marketing and with the acquisition of The Technology Works we can now also offer our clients a market leading search engine marketing solution.

Important events in 2007

Our first part of the year was characterized by the change of management and the AOL offer, which was withdrawn in March due to insufficient shareholder acceptance. Clearly these events had a disruptive impact on our business focus as well as on our financial performance during the first half of 2007.

We revised our strategy, resulting in an increased commitment to invest in continued growth in the company. This resulted in an increased cost base during the first half of 2007 and The IMW Group acquisition.

The acquisition of The IMW Group announced in July was very strategic to TradeDoubler. It marked our entry into search engine marketing, today the largest online marketing channel, but also gave us a foothold in the important Asian market.

Clients

By the end of the year we had 1 662 advertisers and over 120 000 active publishers in our network. While we did see the loss of a couple of key clients, we added more than 200 advertisers during 2007. These include a number of major clients, such as British Airways, British Telecom, Expedia, Lufthansa, Nordea, Saxo Bank and BMW. Our dependence on individual clients is low as our large client base is spread over multiple accounts in many industries, however our ability to deliver across multiple geographies for our major clients remains a strength.

We see strong cross selling opportunities within our client base, especially with the addition of search engine marketing in our offering. Many clients already buy multiple products and services from us and we expect this trend to accelerate as launch The Search Works outside of the UK.

Market consolidation

Consolidation within the online marketing industry was on everybodys lips in 2007, when we saw several high profile deals taking place. Mergers and acquisitions in the market have blurred the lines between more traditional business models and those that are now taking us to new frontiers in how the industry and the internet as a whole is evolving.

Growing fragmentation of the media landscape

The increasing media fragmentation today is primarily attributable to the increased number of technological devices providing consumers with a large variety of options to obtain media content. This makes building a brand more demanding than in the past. Let me dwell on some of the recent trends in the media landscape:

- Social networking has most definitely been the buzz phrase of 2007 and has entrenched itself firmly in the headlines as the latest trend in Web 2.0.
- The growth in popularity of mass social networking sites such as Facebook, MySpace and Bebo has seen the internet heavily influence the lives of consumers and businesses. With the recent Facebook valuation, the market is poised to see how significant a role these types of networking sites will take in 2008.
- There is little doubt that mobile advertising is going to grow and grow. The market penetration of handsets is such that the opportunity cannot be ignored and as technology makes it possible for people to watch TV and search the internet on their phones, then advertising partnerships will follow suit. The mobile handset is undoubtedly a powerful tool with extensive opportunity for potential advertising revenue. Partnerships between Google and Vodafone in 2007 and Yahoo!'s launch of its global mobile display advertising platform have demonstrated the importance of this channel.
- With faster broadband connections and a thirst for new forms of content by consumers, video content is becoming easier to obtain through either social media sites like YouTube or video content providers such as Joost and Babelgum. For advertisers today this is an important revenue stream and for the time being it will have an impact on the online advertising market, but is essentially just another part of the overall digital marketing mix.
- Ultimately fragmentation results in the division of the media audience among a growing number of channels making planning and buying of advertising and media a more difficult process. Advertisers will have to embrace a flexible approach and adapt to the ever changing internet fads, which are developing faster than we can predict, to be able to capitalise on it further.

Future vision

2007 has seen the emergence of mobile and video advertising and the social networking phenomenon has taken hold, but the industry is still testing the water and I believe will continue to do so in 2008 before we truly see these channels take off.

The technologies that are powering digital advertising are becoming ever more sophisticated. I believe 2008 will be the year that we will see the emergence of new and improved tools designed to enable advertisers to more effectively target specific online demographics by tailoring their advertising message to the relevant audience. Improved tools and technology will also enable advertisers to truly understand the value of different online channels thereby enabling them to apportion spend accordingly. I expect that as a result, whilst search will continue to prosper, we will see display advertising becoming more prevalent as its true value is realised.

As a global provider of digital marketing solutions, TradeDoubler is committed to being a leader in the development of digital advertising. We already cover more than an estimated 80 percent of our clients' digital marketing needs and we continue to enhance our offering.

Overall the future looks bright for the digital marketing industry and for TradeDoubler. Undoubtedly, 2007 had some key highlights, but 2008 is set to be another year of challenges, opportunities and innovation for the industry. TradeDoubler is well positioned in this fast growing market and I expect 2008 to be a prosperous year.

Stockholm, April 2008

William Cooper President and Chief Executive Officer

Word from the Chairman

2007 was an eventful year for TradeDoubler. The bid from AOL in January was later withdrawn as it lacked sufficient shareholder support. After nearly six years as president and CEO of TradeDoubler, Martin Henricson left his position in March to pursue other challenges.

Martin joined a small, but not yet profitable start-up company with a promising business concept. He left a company that had just concluded its first year as a public company, with solid growth and profitability. Martin has made a long-lasting contribution to our company and we are happy to be able to share his knowledge and experience on the Board of Directors going forward. I am equally pleased with our appointment of William Cooper as our new CEO. Will possesses unique experience and knowledge about the still young internet marketing industry and he has a solid background in our company. One of Will's first important decisions was to acquire The IMW Group. This marked our entry into the rapidly expanding market of search engine marketing and emphasized our commitment to invest in the long term growth of our company.

We have the benefit of operating in a growth market. We are convinced that we can deliver solid and sustainable return for our shareholders by enhancing our service offering in our existing countries and by gradually expanding our geographical presence. In addition, we will also evaluate a number of acquisition targets that can accelerate our growth and strengthen our position in existing as well as new markets. Prerequisites are, of course, that the investments meet our required rate of return and that we are able to integrate these new entities from an organisational and management perspective. All of the above measures aim to strengthen TradeDoubler's position as a global supplier of digital marketing solutions.

One of the major strengths of TradeDoubler is the quality of the workforce. Their commitment to TradeDoubler's core values – knowledge, action, results – and willingness to embrace change underpins our continued strong achievements.

The fears of a US recession and the prospects of a slowdown in the global economy ahead are likely to have a negative impact on ad spending by many companies. Fortunately for us, most advertisers still have to adapt their marketing efforts to reflect the internet's growing share of people's media consumption. This means that even if marketing budgets should flatten out, we expect to see continued growth for internet marketing. In addition, we believe performance based marketing, where advertisers pay only for the desired end result, will increase further at the expense of more traditional marketing methods in times of economic uncertainty.

The Board of Directors has been busy during 2007, meeting 19 times on a broad range of issues from acquisitions to a new strategy for the company. We will continue our work with a commitment to capture the opportunities in the rapidly growing internet marketing industry. We believe this will form a positive environment for our employee development as well as creating value for our shareholders.

TradeDoubler has established a unique position in Europe with a broad network of advertisers and publishers. Through our acquisition in 2007 we have established an initial presence in Asia. Our company stands stronger than ever with an expanding product range, reliable technology and unrivalled experience in performance-based digital marketing. We are ready to further capitalise on these important assets with continued growth in the years to come. I am proud to be associated with such an exciting company.

Stockholm, April 2008
Kjell Duveblad Chairman of the Board

Market

The internet's share of total media consumption continues to increase at the expense of other media such as TV and newspapers. E-commerce also continues to grow at a rapid pace as it offers more convenient shopping and provides higher price transparency than traditional sales channels. To date, nearly eight out of ten European internet users have bought products or services online.

Growth in e-commerce

Whilst the industry continues to grow faster than any other advertising channel in history, expectations for future growth are becoming more realistic and we cannot expect to see the same levels of growth as we did over the earlier part of the decade. Having said that, there are several European markets which have previously been slower to adopt online up to this point, such as Italy and Spain, which are now showing positive signs of change.

Online retail spending in Europe as percentage of total retail spending is expected to increase from 2.7 percent in 2006 to about 5 percent in 2012 (Jupiter Research). By then, online retail spending is forecast to exceed EUR 145 billion, showing annual growth of 14 percent between 2007 and 2012 (Jupiter Research). This will consist of an increase in individual online spending as well as rising numbers of online buyers.

Online advertising spend

During the past few years online advertising has been dominated by search and display advertising and e-mail campaigns. While still commanding an important share of online ad spend, we expect to see a significant increase in ad spending in emerging channels such as in-game advertising, video, social networks and mobile.

The total online advertising market in Europe was worth an estimated EUR 7.7 billion in 2007 (Jupiter Research), representing growth of 24 percent compared with 2006. Online ad spending is forecast to grow at an annual rate of 13 percent and reach EUR 13.9 billion by 2012 (Jupiter Research).

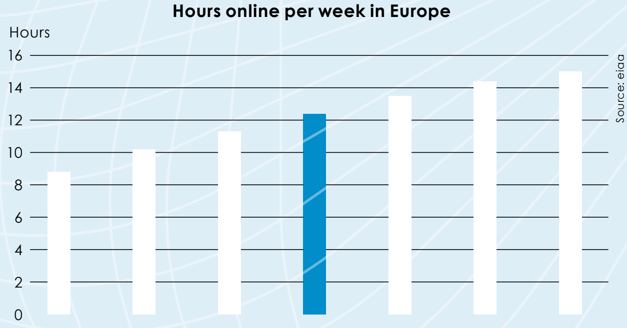
Paid search is the largest online advertising category and accounted for 43 percent of Western European online ad spending in 2007 and is expected to make up 49 percent of online ad spending in 2012 (Jupiter Research).

Internet penetration

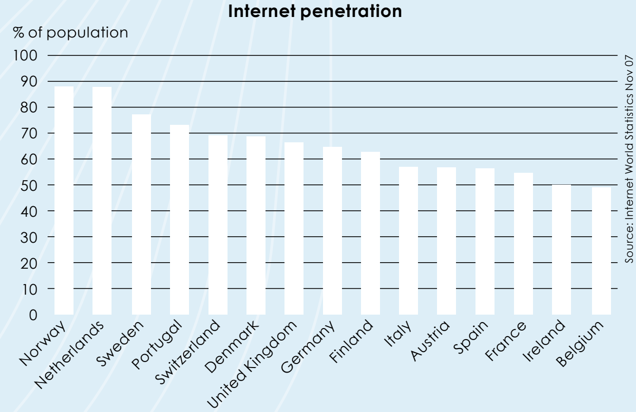
When it comes to online market maturity in Europe, the Nordic countries together with the Netherlands are in the lead. The internet penetration in the European Union was 56 percent in November 2007, while penetration in the Nordic countries was significantly higher at 71 percent on average (Internet World Stats).

European broadband penetration is also an important driver for the growth of e-commerce. According to Forrester Research, broadband access will reach 71 percent in Europe by 2013. Currently about 44 percent of European households have broadband access.

Hours online per week in Europe



Internet penetration



Internet marketing benefits

Performance based marketing has a number of benefits compared to traditional marketing, which contribute to the growth of internet advertising in Europe.

While the effects of traditional marketing are hard to measure accurately, internet advertising allows advertisers to measure consumer response more precisely and in real time. This enables advertisers to rapidly adapt their advertising and improve their results.

With internet marketing, advertisers can cost-effectively design and modify their advertisements to specific user interests or to certain geographic areas or target groups.

Search engine marketing is another internet marketing example, which is impossible to achieve through traditional media. By typing a search query, the consumer is telling you exactly what he or she is looking to buy. This makes conversion rates extremely high. Almost 90 percent of all online purchases originate from search engine listings.

Competitive landscape

The competition in internet marketing solutions continues to grow on the back of the increased internet penetration and the strong growth in e-commerce. The entry barriers are relatively low as new players basically only need the technology to report clicks, leads and sales accurately plus a network of online publishers.

Europe is still a fragmented arena as local markets are protected by language, and to some extent also currency barriers. While a few players, like TradeDoubler, operate in ten or more countries across Europe, most of the companies are only present in less than a handful of European countries. Traditionally, local players in Europe have commanded a larger share of individual markets than most multinational companies. The market is, however, consolidating, and during the past few years many of the local players have been acquired by larger European or US affiliate marketing companies.

Zanox (has acquired First-Coffee and eprofessional) is an affiliate network company with headquarters in Germany, and offices in nine countries of which seven are in Europe. Zanox claims to have over 2 000 advertiser clients and more than one million publishers in its network.

Commission Junction is an affiliate network owned by the listed company ValueClick with headquarters in New York. Besides the US, Commission Junction has operations in the UK, France, Germany and Sweden.

Affilinet (part of the Adlink Group, that also owns CibleClick) is an affiliate network owned by the listed company United Internet with headquarters in Germany. Affilinet has offices in Germany, France and the UK.

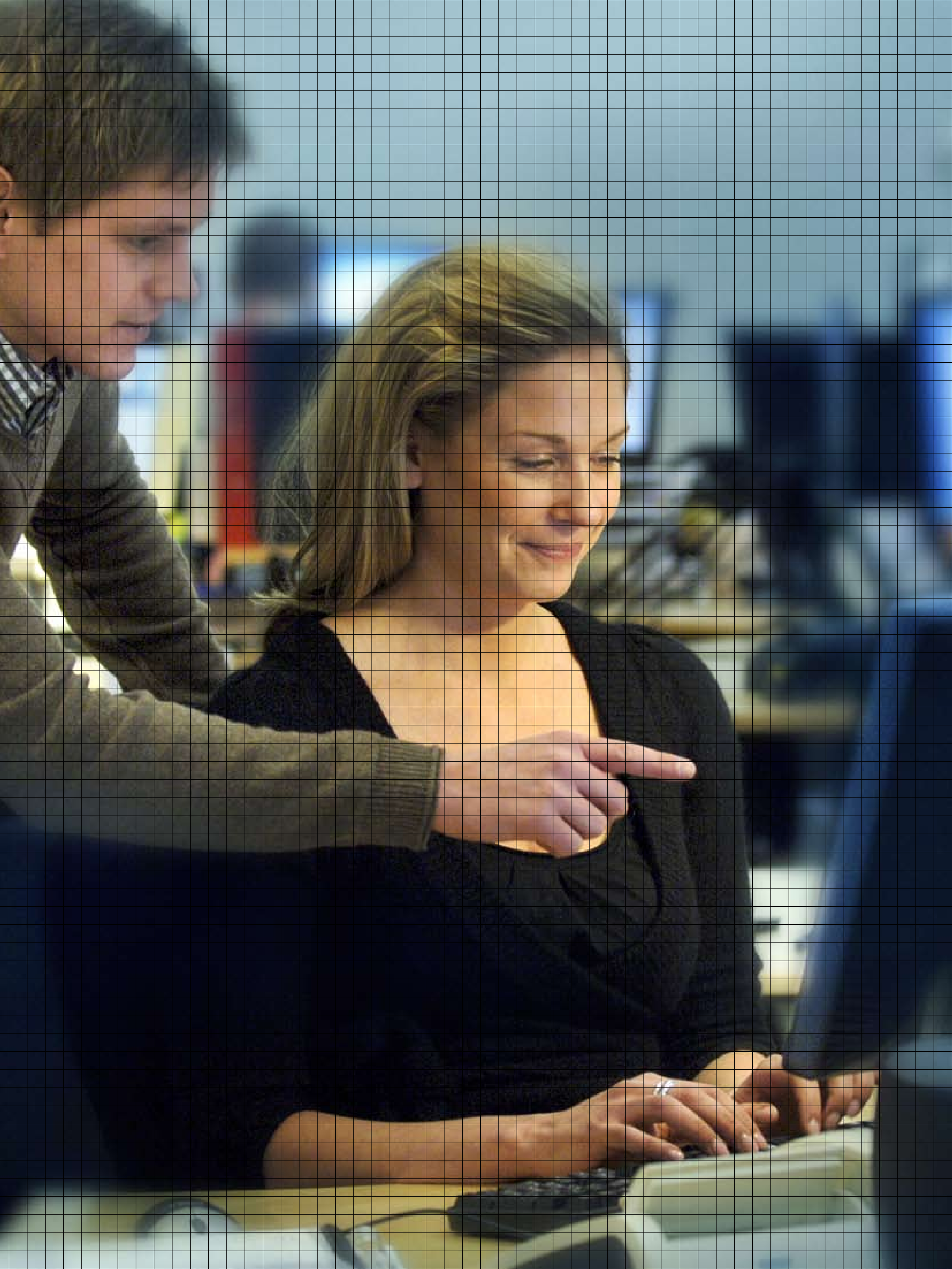
Buy.at is a UK specialist affiliate marketing network with offices in Newcastle and London. The company has over 200 advertisers and more than 6 000 publishers in its network.

DGM was founded in 1999 as the first affiliate marketing company in the UK. In 2003 the company extended its portfolio of performance-based marketing products, launching its online advertising network and acquiring leading search engine marketing specialist IBNet plc.

Google AdSense is an ad serving program run by Google. Website owners can enroll in this program to enable text, image and, more recently, video advertisements on their sites. These ads are administered by Google and generate revenue on either a per-click or per-thousand-impressions basis. Google is also currently beta-testing a cost-per-action based service.

Latitude is an independent, UK based search engine marketing company founded in 2001. In the UK, it is second to The Search Works in terms of revenue from paid search.

Zed is a London based media agency, whose search division offers a range of search marketing solutions. Zed has also been managing affiliate programs in the UK since 2004.



Strategic assets and business concept

Vision
To redefine the marketing landscape.

Mission
We create results by improving your digital marketing through our expertise, networks and technology.

TradeDoubler aims to expand its business and establish close cooperation with existing advertisers by offering a broad range of products and services. We work constantly to develop and enhance our existing technology platforms by upgrading existing functions and adding new ones. This ensures that our products remain competitive at all times. We strive to give our advertiser clients access to increased advertising space through our ever growing publisher network.

- Increase revenue from existing advertisers
- Expand and strengthen our publisher network
- Upgrade our products and add new system functionality
- Actively seek new advertiser clients
- Develop new products and services
- Extend our international presence

Our aim is to expand our advertiser base across all sectors, generally as well as in selected markets. As a result, we have broadened our offering to include search engine marketing, which is the biggest driver of online advertising growth and represents more than 40 percent of total online advertising spend across Europe today. In addition, TradeDoubler has launched products to facilitate the needs of companies marketing and selling more complex services, such as financial services and B2B areas which have rather long sales cycles. We have also continued to develop our ad network so that it can operate more effectively in sectors such as fast-moving consumer goods and automotive.

Strategic assets

PAN EUROPEAN NETWORK

A comprehensive, pan European network of advertisers and publishers

TECHNOLOGY

A proprietary technology platform supporting our business model

KNOWLEDGE/PEOPLE

The company's deep knowledge within internet advertising

Performance based marketing

TradeDoubler's goal is to generate measurable sales results for its clients through performance based marketing. The business model is based on a network of advertisers and publishers linked together through TradeDoubler's transaction platform.

In contrast to the CPM (cost-per-thousand-impressions) or CPC (cost-per-click) models which reward publishers each time an internet user views or clicks on an online ad, publishers working on a CPA (cost-per-action) basis are rewarded when an internet user continues on to carry out a pre-defined action (such as making a purchase) on the advertiser's website. Payments from advertisers can be significantly higher with CPA as they are essentially paying not for the advertising itself, but for the desired end result.

TradeDoubler's main source of income is based on three different online marketing models; Affiliate Marketing, Campaigns and search engine marketing.

Business model

Affiliate marketing

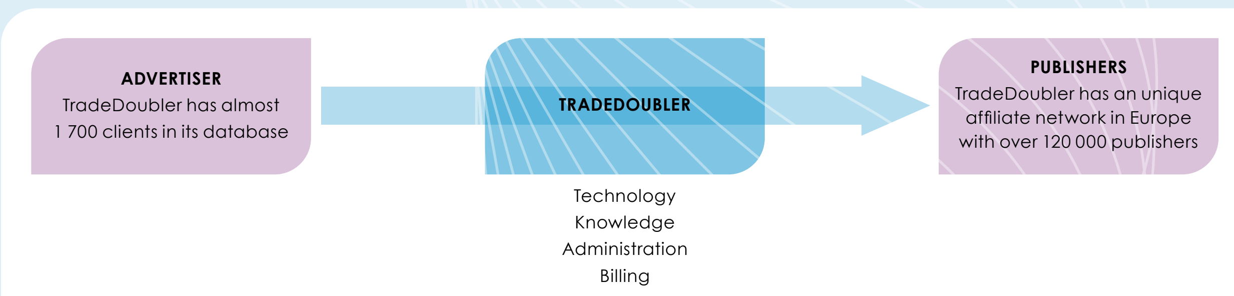
Affiliate marketing is TradeDoubler's core business model. It is a web based marketing practice in which an advertiser rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts.

Through their internet traffic, publishers provide advertisers with impressions, visitors, leads and sales. In exchange they get paid commission by the advertisers.

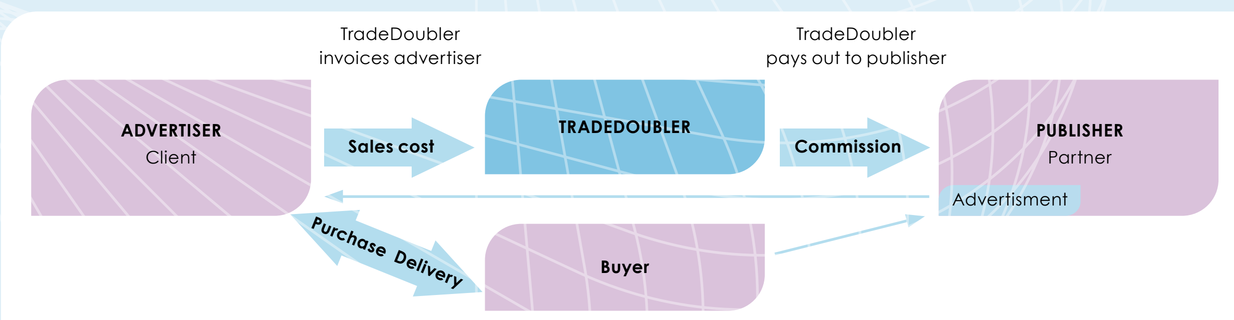
TradeDoubler enables the unique tracking of these value-added user activities and can thereby bill the advertisers and pay out the commissions to the right publishers.

Affiliate marketing overlaps with other internet marketing methods to some degree, because affiliates often use regular advertising methods. Those methods include paid search engine marketing, search engine optimisation and e-mail marketing.

AFFILIATE MARKETING



AFFILIATE MARKETING EXAMPLE



Campaigns

Internet marketing campaigns share many characteristics with affiliate marketing. The main differences are that campaigns make use of either a select group of publishers for high quality conversions or the broad reach of the affiliated publishers for larger volumes. Normally the campaigns are limited to a specific period of time.

Advertisers can either complement an existing affiliate program or run campaigns alone as a digital marketing tool. The advantages of tracking and the unique ROI metric can also be achieved for any qualitative or quantitative target for the advertiser. Publishers are rewarded predominantly on a cost-per-click basis, and campaign margins are normally higher than margins for affiliate programs.

Search engine marketing

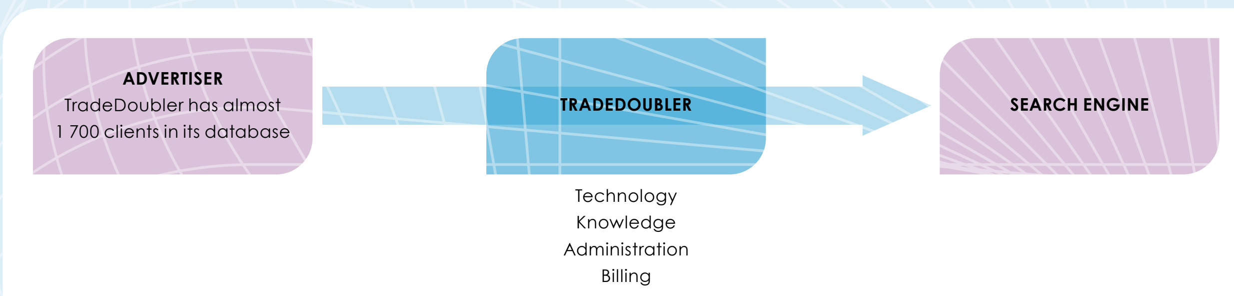
Search engine marketing is a form of digital marketing that seeks to promote websites by increasing their visibility in the search engine result pages (SERPs). Search engine marketing allows advertisers to be found in search listings on specific keywords.

Almost 90 percent of all online purchases originate from search engine listings whilst 60 percent of searches begin with the purpose of an online purchase in mind.

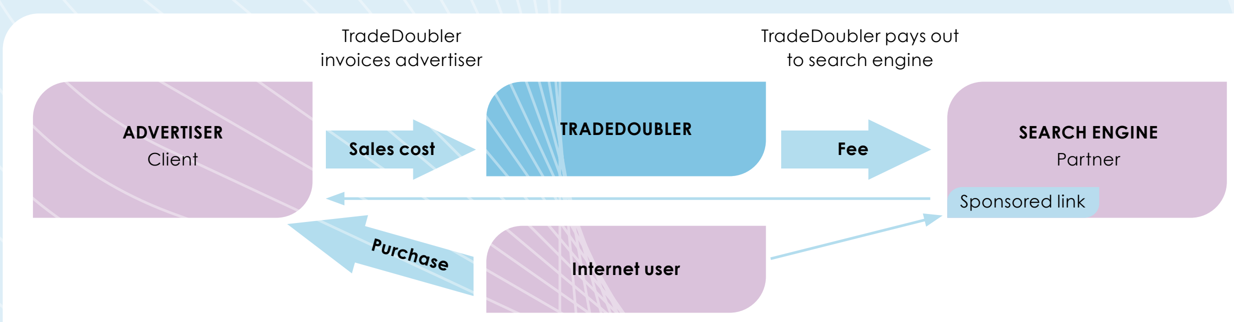
By typing a search query, the consumer is telling you exactly what he or she is looking to buy. This makes conversion rates extremely high.

TradeDoubler offers the expertise as well as the technology to develop paid search marketing strategies, which enables clients to optimise their online search campaigns bidding on the keywords with the highest conversion rates.

SEARCH ENGINE MARKETING



SEARCH ENGINE MARKETING EXAMPLE



Pan European network

TradeDoubler's network of offices covers 18 European countries and through the acquisition of The IMW Group in 2007, we now have an Asian foothold with an office in Tokyo.

Pan European projects

TradeDoubler's unique pan European reach and strong market position has resulted in an increased number of cross-border assignments. About 30 percent of our affiliate marketing revenues derive from projects spanning two or more countries and we expect that figure to increase going forward.

The UK is the most sophisticated search market in the world, ahead of the US. The Search Works has strong relationships with search engines in all territories and our objective is to launch The Search Works' offering into five major European countries during 2008.

Growth and trends

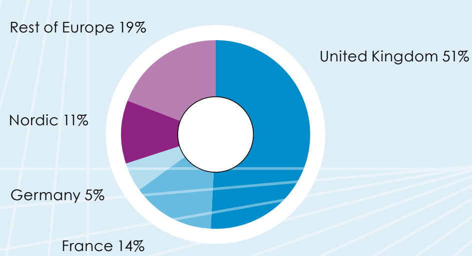
Online advertising has buoyed the overall advertising market across many European markets where expenditure on other channels such as TV is either declining or stagnant. As advertisers demand more transparency and greater ROI from their advertising spend, the internet provides the visibility and opportunities that they require and the accountability of the model has enticed greater numbers of advertisers to allocate larger budgets towards the internet.

The effects of the decline in the financial markets, the property market slowdown and the accompanying credit crunch, impacts consumer behaviour. As a result, the short term effect on TradeDoubler's UK affiliate business is a slowdown in growth from its historical growth levels. Whilst channel share varies considerably across Europe, it is estimated that by 2012 the online advertising market will have increased so significantly that it will account for 18 percent of total European advertising spend and will be worth over EUR 16 billion (Forrester Research).

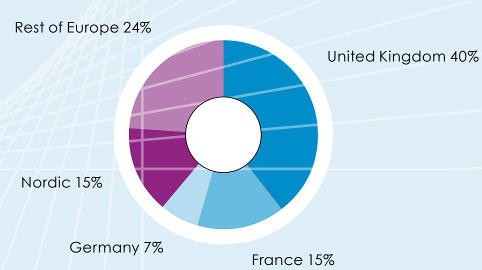
E-commerce has escalated as consumers have become more confident online shoppers, responding better to more engaging rich media and video ad formats and improved relevancy in the advertising that is served to them. European online buyers are predicted to spend more than EUR 263 billion online by 2011 (Forrester Research) as more people shop online and as existing online shoppers increase the amount they spend on the internet. The UK, Germany and France are expected to continue to account for over two thirds of total European e-commerce with the travel, finance, electronics, apparel and entertainment sectors attracting the majority of the spend.

Paid search – the process whereby advertisers bid on specific keywords to appear in pay-per-click search listings and pay only when an internet user clicks through to their website – is hugely appealing to advertisers as it provides them with the opportunity to put an advertising message in front of an internet user at the exact moment that they are searching for the

Revenue by geography



Gross profit by geography



advertiser's product or service. It is hugely cost effective and the majority of online purchases originate from search engine listings. There is also evidence to support the branding benefits of search and, importantly, the detrimental effect that a lack of presence in search results can have on a brand. As European e-commerce and broadband adoption increases, search spending across Europe is predicted to escalate by 80 percent over the next five years to reach EUR 8 billion in 2012 (Forrester Research).

New potential markets

Although growth in advertising spend overall may slow down in 2008, digital marketing is expected to grow at the expense of offline marketing. Performance based marketing is also believed to be less cyclical than traditional marketing as advertisers pay only for the advertisements that give a true and measurable return on their investment.

In this favourable market environment TradeDoubler continues to evaluate new geographical markets to enter. To broaden our European coverage is at the top of the agenda, but we have also established a presence in Asia through the launch of td Technology in Japan. Formerly The Technology Works, which was acquired by TradeDoubler in July 2007, the rebranded td Technology is a media technology company that allows customers to control, measure and optimise online marketing activity.

Our scalable technology platform facilitates effective expansion into new geographic markets. It allows active transfer of knowledge accumulated in countries with developed online advertising markets to operations in less mature markets. TradeDoubler prefers entry into new markets in partnership with large advertisers and only when the market in question is deemed sufficiently mature based on a number of criteria, including internet and broadband penetration and secure e-commerce payment structures.

Technology platform

All services TradeDoubler offers its clients and affiliate partners are built on our technology platform, which was first released in 1999. Except for our search offering, the same platform is used for our entire product range across all the markets where we operate.

Designed for performance based marketing

Contrary to many competing platforms that were originally based on impressions or clicks, our technology was designed for sales and lead tracking from the start. We believe this to be an advantage to us as the technology supporting the latter is more complex.

Scalable and flexible platform

TradeDoubler's platform is proprietary, but offers interfaces to relevant external and internal IT systems, both when offered as a hosted service, e.g. through the affiliate programme or when sold as a standalone ASP solution like td Toolbox.

The platform is fully scalable, which is an essential factor when TradeDoubler expands into new geographic markets, but also to cope with the steady increase in transaction volumes. It also effectively handles multiple languages and currencies and is easily adaptable to local legislation as well as payment and billing procedures.

High security

TradeDoubler's technology platform is built upon high security management standards to enable the prevention of fraud, avert malicious intrusion-related threats and to ensure the protection of personal information. We have solid procedures in place to detect and prevent fraud by a team of staff specifically assigned to this area.

TradeDoubler follows the guidelines of P3P (Platform for Privacy Preferences Project), an industry initiative to develop standards for protecting the personal information of internet users.

Application and data security is also very high. Our main production site is located on Telia servers placed in rock shelters in the Stockholm area and all important client data is mirrored on servers in other locations.

Platform upgrades

Our technology platform is continously upgraded by the addition or replacement of functions in order to meet current and future trends in online marketing.

td Searchware 4

In July 2007, our technology was complemented by BidBuddy, a search engine marketing platform brought in through the acquisition of The Technology Works (part of The IMW Group). In January 2008, BidBuddy relaunched as td Searchware 4, which, together with td Toolbox, sits within a newly formed division of TradeDoubler – td Technology.

TradeDoubler has started the work to integrate the two technology platforms, which will provide our clients with a complete overview of their digital marketing needs. It will also make it possible for advertisers to monitor the results of all their online marketing efforts and to allocate budgets to the internet marketing methods with the highest return on investment at any given time.

TRADEDOUBLER'S TRANSACTIONS

12 billion impressions per month	**134 million unique visitors per month**	**7.6 million leads per month**

Employees

TradeDoubler has grown rapidly since its start in 1999. At the end of 2007, the number of employees was 550. Entreprenurial spirit has been at the heart of the company since it began. Another success factor has been the proactive approach to decision making.

Recruitment
TradeDoubler's strong growth continues and we will add more countries to our map in the future. To find and recruit skilled people is among management's top priorities going forward. Another challenging task is to transfer TradeDoubler's corporate culture and core values to our new employees.

Whenever possible, TradeDoubler recruits internally to different positions throughout the company. Our skilled and experienced workforce is an excellent recruitment base for the challenging tasks that arise on the back of our continued growth and internationalisation.

Employee development
We also have a strong focus on employee training and development, as people are a key asset to our success. All new employees go through local job training as well as a training session at our head office during the first months of their employment. The programme provides new employees with an introduction to their job and to TradeDoubler's corporate culture and values. Inviting new employees to our head office is seen as a way of creating a strong base for the company's culture and products, and helps new employees to take up their role as quickly and efficiently as possible. During 2007 TradeDoubler held six centralised introductory training sessions at our head office.

In 2008 we will focus more on just-in-time training in order to ensure that client requirements as well as operational requirements are being met.

One of TradeDoubler's many tools to improve the business is our yearly Employee Satisfaction Survey. It is important for us to evaluate and understand employees' opinions and level of job satisfaction in order to improve employee motivation and business performance. The survey also creates accountability amongst managers and employees.

Management training
As TradeDoubler is a young and rapidly-growing company, it is key to our future success that we identify and develop leaders at an early stage. During the year TradeDoubler ran two 5-day programmes for middle management, focusing on situational leadership and change management.

International career opportunities
Digital marketing is still a young and relatively immature industry. Therefore, the best way to gain extensive knowledge about the industry is to work for the best companies. TradeDoubler has a unique position with an unrivalled presence in Europe.

With operations in 19 countries across Europe and Asia, TradeDoubler can offer its employees plenty of international career opportunities. Employees are also encouraged to take on significant responsibility at an early stage.

CORE VALUES	CORNERSTONES	LEADERSHIP VALUES
Knowledge **Action** **Results**	**Cost-effectiveness** **Focus** **Profit** **Return on investment**	**Open minded** **Appreciative** **Inspiring**

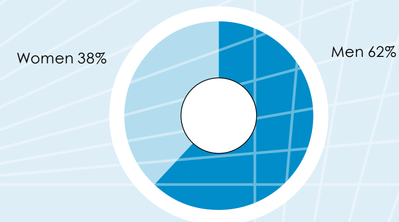
When opening offices in new countries we hire people locally, but also have employees from our established markets help out with the start-up. This is an efficient way to spread our business concept and core values, but also creates exciting and rewarding opportunities for our more experienced employees.

Rapid employee growth

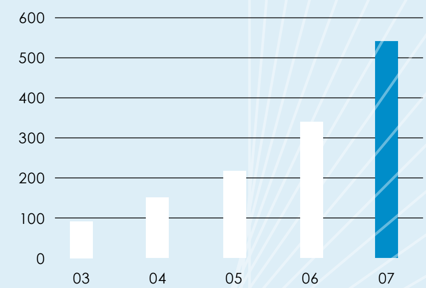
At year-end 2007, the TradeDoubler Group had 550 employees (351). The average number of employees was 461 (308). 38 percent of our staff are women and 90 percent of the employees have a college or university degree. The average age in the company is around 30 years.

Approximately 85 percent of the staff are involved in sales, while the others work with technology, product development or support functions.

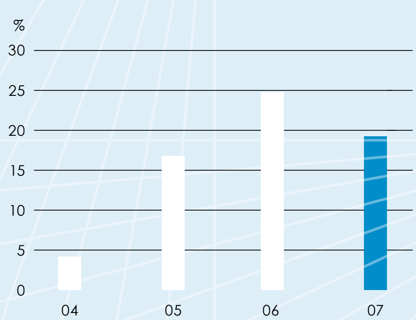
Employees, gender



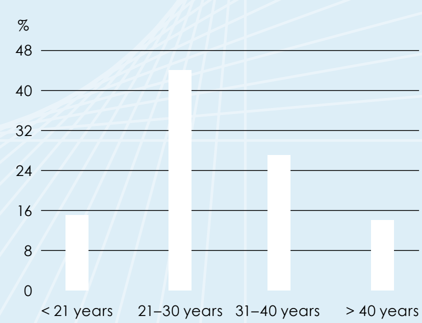
No. of employees at year-end



Staff turnover



Employees, age



Business segments

The appeal of performance-based marketing will continue and with the acquisition of The Search Works and The Technology Works, TradeDoubler has expanded its product offering to encompass a broad range of performance-based online marketing disciplines including search, affiliate marketing, online campaigns, an ad network, pay-per-call advertising and a sophisticated tracking and ad-serving technology. TradeDoubler reports its operations under three business segments, all with different prerequisites.

Transaction

This is the largest business segment and encompasses TradeDoubler's original performance-based offering which includes affiliate marketing, online advertising campaigns, pay-per-call and an online tracking and ad-serving technology.

Affiliate marketing

Affiliate marketing is based on CPA (cost-per-action), where publishers get rewarded when an internet user carries out a pre-defined action on the advertisers website. TradeDoubler's affiliate marketing programs focus on generating sales by utilising our affiliate network with thousands of quality websites.

The affiliate business segment includes our td Pull product, which makes use of our advanced tracking technology to drive and measure online traffic, leads and sales.

Campaigns

When an advertiser requests a marketing campaign to increase sales, an account manager from TradeDoubler sets up relationships with selected high performing publishers in terms of traffic volumes as well as relevance for a specific period of time. TradeDoubler typically receives a significant share of the total marketing budget.

TradeDoubler basically offers two types of internet marketing campaigns; bespoke campaigns and banner campaigns.

Bespoke campaigns are typically used for acquiring new online customers, promoting new products and increasing brand awareness. This type of campaign is supported by TradeDoubler's td Push product.

Banner campaigns entail embedding an advertisement into a web page. Images are usually in a high-aspect ratio shape (i.e. either wide and short, or tall and narrow) hence the reference to banners. Banner campaigns are supported by TradeDoubler's td Reach product.

Market

The affiliate marketing business in the UK experienced a slowdown in 2007 and was also significantly negatively affected by two large client losses during the year. The UK market is likely to grow at a slower pace than historic impacted by a general slowdown in the economic climate. Competition has also increased leading to effects on pricing and more compelling offers to publishers.

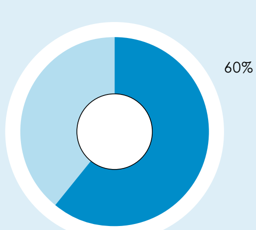
Southern Europe and the Nordic region will see strong growth over the next five years although the largest three markets – UK, France and Germany – will continue to account for approximately three quarters of total online advertising spend.

The growth of our campaign products was very strong in 2007.

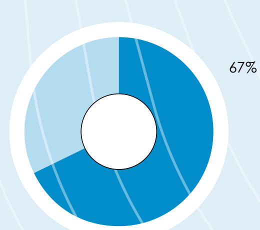
Goals for 2008

One of the objectives for 2008 is to increase the conversion rate in order to maintain the high margins within the business segment. This can be achieved through the utilisation of more advanced technology, improved tracking and by focusing on efficient publisher channels. Through the launch of contextual services and product feeds, publishers will get more efficient tools for filling their media inventory. Taken together, client as well as publisher initiatives will further strengthen TradeDoubler's competitive advantage as a supplier of performance-based marketing solutions.

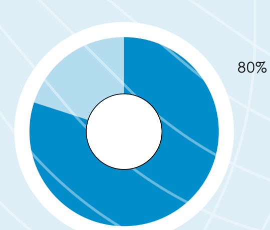
Share of revenue
Pro forma* 2007



Share of gross profit
Pro forma* 2007



Share of employees



* Figures include The IMW Group also prior to aquisition.

Search

The acquisition of The IMW Group announced in July 2007 marked TradeDoubler's entry into search engine marketing. Acting as an outsourcing partner, we actively manage the search marketing for our advertiser clients by providing the tools and expertise to develop optimal keyword strategies.

A range of search marketing solutions

In July, 2007, TradeDoubler acquired all shares in The IMW Group, which included The Search Works and those companies trading as The Technology Works. The acquisition reinforced TradeDoubler's position as one of the largest online marketing companies in Europe. It has also expanded our performance-based product portfolio into the search market and provides opportunities for further geographic expansion. The Search Works is active in the UK, while The Technology Works has additional presence in Europe and in Asia.

Through The Search Works, TradeDoubler offers a range of search marketing solutions including; paid search, search engine optimization, mobile search, training and consultancy.

A team of professionals actively manages our clients' search marketing, who benefit from our in-depth knowledge of our reliable technology suite td Searchware 4, established relationships with the search engines, and the expertise of our editorial team.

Business planning and recruitment for the rollout of The Search Works to Europe's major markets continues as planned. Our aim is to launch our search agency services on five major markets in Europe during 2008.

Market

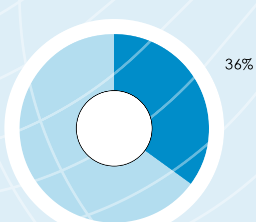
In 2007 The Search Works increased its turnover and net profitability and enjoyed a number of notable client wins, against a background of growth in the search marketing and online industries overall. It is expected that search marketing in the UK will continue to grow in 2008 although the marketplace is in a state of change, influenced by consolidation and the strength of Google; as a result The Search Works is likely to experience increased competition and pressure on margins.

Goals for 2008

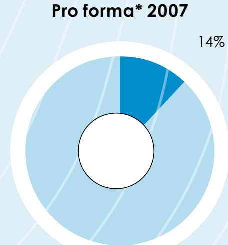
In 2008 The Search Works will continue to grow revenues from pay-per-click (PPC) and search engine optimisation (SEO), but will also reposition its offering to incorporate a broader product and service portfolio to capitalise on the opportunities afforded by the wider digital market.

The Search Works agency business will also expand geographically into five other European territories – France, Germany, Spain, Sweden and The Netherlands.

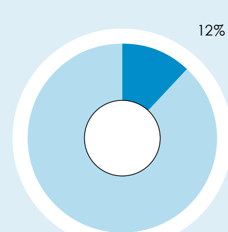
Share of revenue
Pro forma* 2007



Share of gross profit
Pro forma* 2007



Share of employees



* Figures include The IMW Group also prior to aquisition.

Other

This is the smallest business segment and includes revenues from technology products sold on a standalone basis as well as consultancy fees.

Other revenues consist mainly of start-up, licence and monthly fees from software products, mainly td Toolbox and td Searchware 4, sold on a standalone basis. Other revenues within this business segment comes from the relatively new area of call center links with our product td Talk. Revenues from TradeDoubler's consultancy services are also included here.

TradeDoubler's integrated marketing interface, td Toolbox, provides ad serving, tracking and analysis and gives a seamless overview of all internet marketing activities. It tracks interactive marketing results in real time to ensure time and resources are spent in the most effective way.

The newly formed td Technology unit has launched the next evolution of the BidBuddy search management tool which has been re-branded td Searchware 4. Building on the heritage of BidBuddy, it includes new functionality and design which frees users to focus on the important strategic and creative aspects of their campaigns.

The work progressing to integrate td Toolbox functionality with the td Searchware 4 product will facilitate the progressive development of a fully functional cross-media management tool.

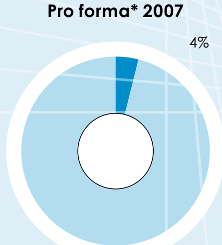
Market

The td Toolbox product has continued its favourable development in TradeDoubler's European markets during 2007. The ever increasing transaction volumes on the internet require technology that enables the efficient follow up and handling of advertisements and the ability to track and analyse web site traffic in an optimal fashion. Through the acquisition of The Technology Works in 2007, TradeDoubler possesses world class technology, which combined matches world leading technologies. As a result of the industry consolidation, independent technology solutions such as TradeDoubler's are scarce. The growth of digital marketing and search advertising increase the demand for both services and technology solutions. Advertisers and clients, such as media agencies adapting to digital marketing require complete and integrated solutions with vendor support. Strategies for digital marketing and creating effective marketing solutions add value to advertisers as well as publishers.

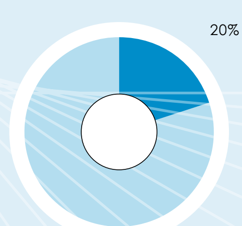
Goals for 2008

During 2008, TradeDoubler will develop an integrated, common technology platform based on td Searchware 4 and td Toolbox. As a result, TradeDoubler will be able to offer clients worldwide a scalable, secure and unique technology solution through its network of offices in Europe and Asia as well as through resellers. With a high and sustainable gross margin and by expanding with existing products and services, the business segment is expected to increase its share of the Group's profit.

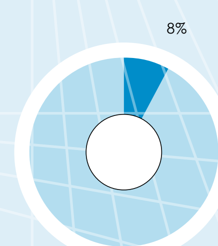
Share of revenue Pro forma* 2007



Share of gross profit Pro forma* 2007



Share of employees



* Figures include The IMW Group also prior to aquisition.

Client structure

TradeDoubler's network of advertisers and publishers is one of the largest in Europe and consists of almost 1 700 advertisers and over 120 000 active publishers in 18 European countries.

Advertisers

TradeDoubler's advertising clients are active in e-commerce sectors including consumer electronics, telecoms, financial services, gaming and entertainment, and travel and tourism. Clients range from companies with strong brand names and high sales volumes to smaller companies with a more niche-oriented sales strategy. The internet is a strategic sales channel for these companies and a key part of their marketing mix.

The internet commands an increasing share of the average media consumption in all age groups and online shopping continues to grow rapidly. As a result, there is a soaring interest among advertisers to harness the internet as a cost-effective medium to market products and services. Advertisers are under growing pressure to make their advertising more effective and to show measurable results – something that is possible with performance based marketing on the internet.

Our number of advertising clients has increased rapidly during the past years and amounted to 1 662 at the end of 2007. Our dependence on individual advertiser clients is low as our large client base is spread over multiple accounts in many industries. In 2007, our ten largest advertisers accounted for 20 percent (22) of gross profit and our single largest advertiser accounted for 4 percent (5). TradeDoubler usually enters into standard contracts with advertisers. These agreements can usually be terminated with three months' notice by either party.

Publishers

TradeDoubler's publishers fall within several categories, with some spanning more than one category. The network comprises publishers that conduct keyword marketing, websites with wide-ranging content and heavy traffic volume, and websites with lower traffic volume, aimed at more specific user groups.

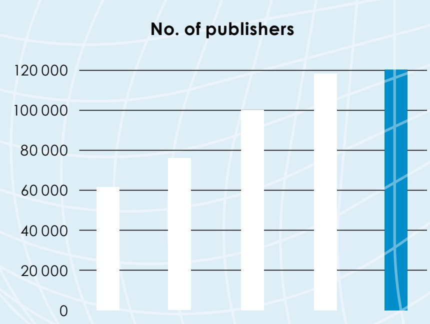
The number of active publishers (publishers that generated at least one transaction over the last month) has also grown substantially, from 37 000 at the end of 2001 to 120 816 at the end of 2007.

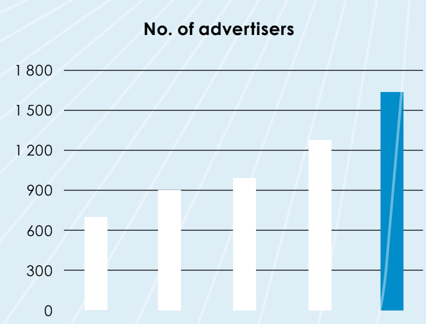
TradeDoubler's ten largest publishers accounted for 10 percent (10) of gross profit last year, while the single largest publisher accounted for 3 percent (2) during 2007.

Publishers normally join TradeDoubler's network by registering online, which is free of charge. TradeDoubler then signs a standard contract with the publisher that can be terminated by the latter without notice and on any grounds. TradeDoubler can terminate the contract on special grounds, for instance publication of inappropriate content. TradeDoubler has ethical and quality guidelines that mean it does not work with advertisers and publishers who use websites with dubious content or who engage in illegal activities.

Media agencies

Media agencies make up an important client category for TradeDoubler as our value add in digital marketing complements the agencies' traditional offering to its advertising clients. Agencies are critical for our campaign business, but also vital for our standalone technology products td Toolbox and td Searchware 4. The importance of agencies is also proliferating in affiliate marketing.





Product offering

AFFILIATE

td Pull (Affiliate network) generates sales by harnessing the pulling power of thousands of high quality affiliate websites through TradeDoubler's affiliate network. Makes use of our advanced tracking technology to drive and measure online traffic, leads and sales.

td Talk (Pay-per-call network) is used for generating targeted sales leads from a handpicked network of quality websites. It can connect and track online visitors to a call centre, where operators will be able to assist them with complex buying decisions.

CAMPAIGNS

td Push (Campaign network) enables active optimisation of digital advertising campaigns. Provides access to a bespoke network of websites and makes it possible to more precisely target specific audiences. Used for acquiring new online customers, promoting new products and increasing brand awareness.

td Reach (Ad network) helps advertisers to place ads on premium websites at competitive prices. The advanced technology makes it easy to manage and optimise online advertising campaigns. Advertisers can either reach out to their mainstream audience or target a specific demographic.

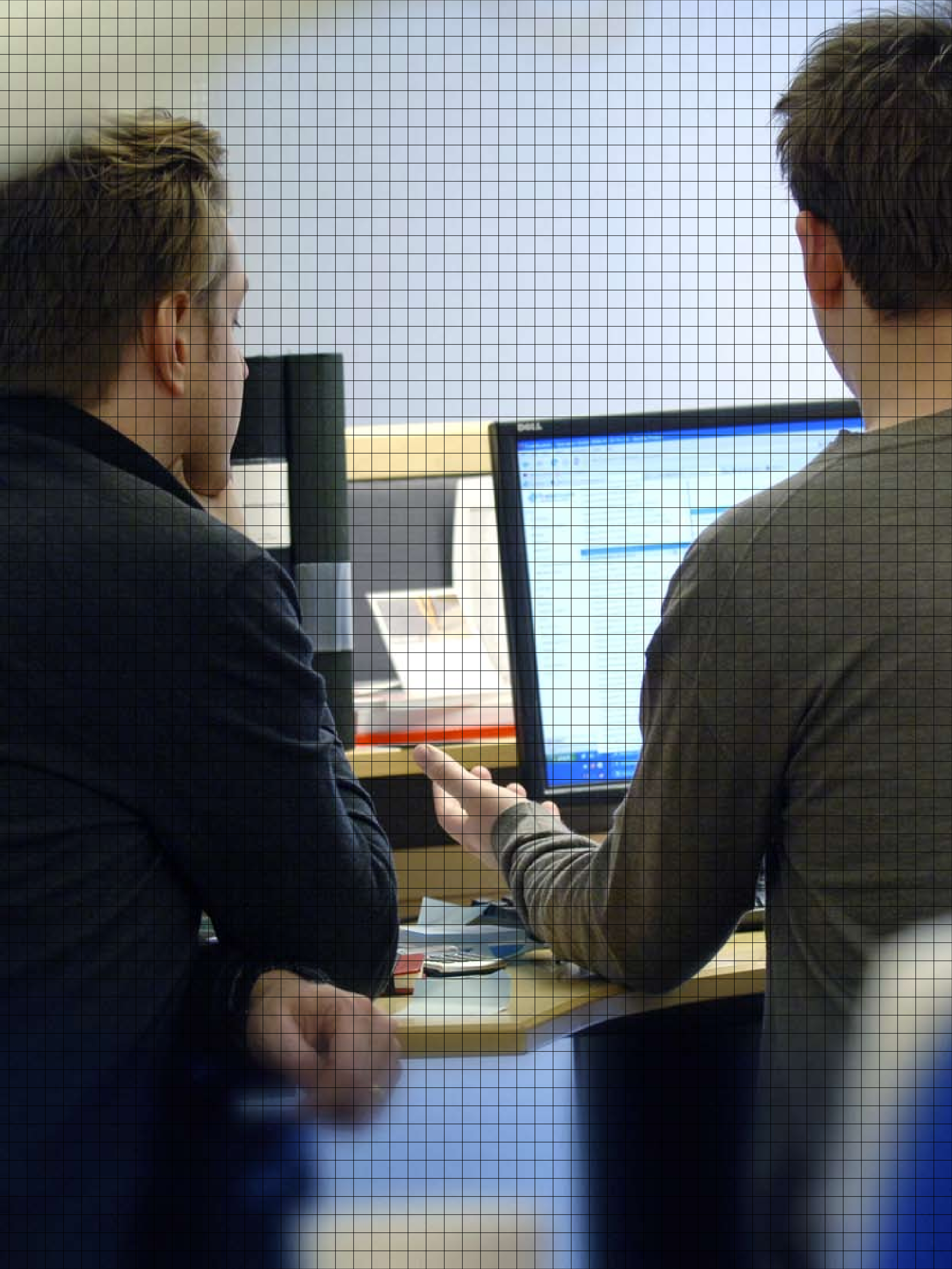
SEARCH

td SearchWare 4 is a sophisticated online marketing platform with advanced editorial, reporting and automated strategy capabilities that empower search marketing professionals to be experts at what they do. The new Strategy Groups functionality enables users to fine-tune their search campaigns to achieve a higher return.

OTHER

td Toolbox (Marketing interface) provides ad serving, tracking and analysis in order to optimise the return on online marketing investments. Gives a seamless overview of all internet marketing activities and tracks the interactive marketing results in real time to ensure time and resources are spent in the most effective way.

TradeDoubler's **Consultancy Services** focus on optimising and integrating clients' online advertising strategies. Our consultants have in-depth expertise in performance-based internet marketing and help advertisers improve their returns on digital advertising expenditure and publishers optimise their channels to increase earnings capacity.



The share

TradeDoubler's shares (TRAD.ST) are listed on the Stockholm Stock Exchange Mid Cap list. The closing price on December 28 2007 was SEK 139, giving TradeDoubler a market capitalisation of SEK 3 900 million.

Share capital on 31 December 2007 totalled SEK 11 371 743.60 distributed between 28 429 359 shares, each with a par value of SEK 0.40. All shares have equal rights in the assets and profit of the Group. At the Annual General Meeting, each person with voting entitlements may vote for the full number of owned and represented shares with no limitations to the number of votes. The number of shareholders as of 31 December 2008 was 2 805.

Share price trend and revenue

The share was introduced at SEK 110 when listed on 8 November 2005. The share closed on all trading days from the introduction until 31 March 2008 with an average daily turnover of SEK 35 million.

Dividend policy

It is TradeDoubler's intention to pay shareholders a dividend of at least 50 percent of income after tax, provided that an adequate capital structure is maintained. The withdrawal could take place as either share dividend, share redemption or share repurchase.

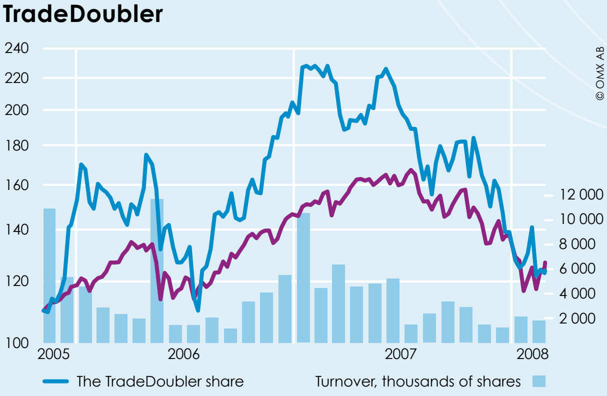
Dividend

The proposal of the Board of Directors is that a dividend be paid of SEK 2.75 per share.

Warrant programme

Two warrant programmes (2006/2010 and 2007/2010) are currently running with conversion permitted during 1–15 February 2009–2010 and 1–15 February 2010 respectively. The outstanding 1 174 350 warrants carry entitlements to 1 174 350 shares.

TradeDoubler



Capital market information

As a listed company, TradeDoubler is obliged to follow the listing agreement of the Stockholm Stock Exchange which regulates market information requirements, as well as the rules of the Swedish Industry and Commerce Stock Exchange Committee (NBK). Interested parties can subscribe to press releases via the TradeDoubler website as well as receive financial and other general information about the Group.

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Distribution of ownership by size

	No. of shareholders	No. of shares	Holding/ votes (%)
1–500	2 062	333 868	1.17
501–1 000	303	258 819	0.91
1 001–5 000	235	563 302	1.98
5 001–10 000	53	395 677	1.39
10 001–15 000	19	240 957	0.85
15 001–20 000	24	426 924	1.50
20 001–	109	26 209 812	92.19
Total 31 December 2007	**2 805**	**28 429 359**	**100.00**

Distribution of ownership – Individuals

	No. of shareholders	Share-holders (%)	Holding	Holding/ votes (%)
Individuals	1 963	69.98	1 076 946	3.79
of which based in Sweden	1 943	69.27	746 046	2.62
Legal entities	842	30.02	27 352 413	96.21
of which based in Sweden	583	20.78	18 645 502	65.59
Total 31 December 2007	**2 805**	**100.00**	**28 429 359**	**100.00**
of which based in Sweden	**2 526**	**90.05**	**19 391 548**	**68.21**

Ten largest owners – shareholdings

	No. of shares	Holding/ votes (%)
Alecta pensionsförsäkring	4 150 000	14.60
SSB CL Omnibus AC OM07 (15 PCT)	2 358 613	8.30
Amf pensionsförsäkrings AB	1 300 000	4.57
Ram one	1 300 000	4.57
Fjärde AP-fonden	1 027 690	3.61
Bear, Sterns & Co., W9	1 025 500	3.61
AFA-Sjukhusförsäkrings AB (AKT)	1 001 928	3.52
Första AP-fonden	996 634	3.51
CR Suisse Lux S A PB	773 579	2.72
Didner & Gerge aktiefond	690 000	2.43
Total ten largest owners	**14 623 944**	**51.44**
Other	13 805 415	48.56
Total 31 December 2007	**28 429 359**	**100.00**

Ten largest countries of ownership

	No. of shareholders	No. of shares	Holding/ votes (%)
Sweden	2 526	19 391 548	68.21
USA	25	3 524 736	12.40
United Kingdom	37	2 418 234	8.51
Luxembourg	25	1 356 729	4.77
France	12	360 409	1.27
Iceland	3	298 672	1.05
Belgium	5	185 306	0.65
Finland	5	170 750	0.60
Denmark	48	130 444	0.46
United Arab Emirates	1	78 173	0.27
Total ten largest countries of ownership	**2 687**	**27 915 001**	**98.19**
Total other countries	118	514 358	1.81
Total 31 December 2007	**2 805**	**28 429 359**	**100.00**

Share capital development

Date	Transaction	No. of shares issued	Class of shares	Total shares	Nominal value/ par value SEK	Share capital
19 August 1999	Incorporation	1 000	Ordinary shares	1 000	100	100 000.00
5 January 2000	New issue and share split	483 681	Ordinary shares	1 483 681	0.1	148 368.10
19 April	New issue	635 863	B preference share	2 119 544	0.1	211 954.40
10 July 2001	New issue	998 123	D preference share	3 117 667	0.1	311 766.70
10 July 2001	New issue	198 397	C preference share	3 316 064	0.1	331 606.40
10 July 2001	New issue	462 926	C preference share	3 778 990	0.1	377 899.00
2 April 2002	New issue[1]	57 167	C preference share	3 836 157	0.1	383 615.70
2 April 2002	New issue[2]	192 338	C preference share	4 028 495	0.1	402 849.50
31 December 2004	New issue[4]	4 878	Ordinary shares	4 033 373	0.1	403 337.30
31 December 2004	New issue[4]	46 666	Ordinary shares	4 080 039	0.1	408 003.90
31 December 2004	New issue[4]	3 332	Ordinary shares	4 083 371	0.1	408 337.10
15 September 2005	Bonus issue[5]	—	All	4 083 371	2.4	9 872 090.40
15 September 2005	Share split[6]	—	All	24 500 226	0.4	9 800 090.40
October 2005	Conversion[7]	—	Ordinary shares	24 500 226	0.4	9 800 090.40
October–December 2005	New issue[4]	2 227 914	Ordinary shares	26 728 140	0.4	10 691 256.00
January–April 2006	New issue[3]	606 861	Ordinary shares	27 335 001	0.4	10 934 000.40
October–December 2006	New issue[4]	619 836	Ordinary shares	27 954 837	0.4	11 181 934.80
January 2007	New issue[4]	60 450	Ordinary shares	28 015 287	0.4	11 206 114.80
October–December 2007	New issue[4]	474 522	Ordinary shares	28 429 359	0.4	11 371 743.60

1 Directed to Livförsäkringsaktiebolaget Skandia.
2 Directed to Quantum Industrial Partners LLC, SFM Domestic Investments LLC and Arctic Ventures I ehf.
3 Issued in conjunction with the exercise of employee warrants in TradeDoubler, and the exercise of warrants by Livförsäkringsaktiebolaget Skandia, Quantum Industrial Partners ldc, SFM Domestic Investments llc and Arctic Ventures I ehf.
4 Issued pursuant to the exercise of employee warrants in TradeDoubler.
5 Reflects the increase in share capital due to a bonus issue through an increase in the par value of the share from SEK 0.10 to SEK 2.40.
6 Reflects the decrease in par value of TradeDoubler shares and the corresponding increase in the number of shares.
7 Reflects the conversion of preference shares to ordinary shares in TradeDoubler

Share-related key ratios

	2003	2004	2005	2006	**2007**
Earnings per share	0.31	2.55	1.57	5.13	5.42
Earnings per share after full dilution	0.30	2.33	1.38	4.93	5.34
P/E ratio	350	60	98	40	26
Share price/equity	88	44	22	16	11

Earnings per share Profit for the year divided by average no. of shares.
Earnings per share after full dilution Profit for the year divided by average no. of shares after full dilution.
P/E ratio Share price divided by earnings per share for the year. The share price for 2004, when the share was not listed, is assumed to be the same as at the end of 2005.
Share price/equity Share price divided with equity per share. The share price for 2004, when the share was not listed, is assumed to be the same as at the end of 2005.

Board of Directors' Report

The Board of Directors and CEO of TradeDoubler AB, corporate registration number 556575-7423, herewith submit the annual report and consolidated financial statements for the 2007 financial year.

General description of operations

Group

TradeDoubler's products and services in performance-based marketing offer companies the tools and specialist expertise required to deliver online results, whether the goal is to generate sales or raise brand awareness. Headquarted in Stockholm, Sweden, the company has a global reach with offices in 19 countries. TradeDoubler assists almost 1 700 local and international advertisers to deliver online results, thanks to its wide-ranging expertise and network comprising more than 120 000 publishers. In addition to operations in affiliate marketing, TradeDoubler is also a leader in search engine marketing in Europe following the acquisition of The IMW Group, with The Search Works and The Technology Works in 2007. Since its inception in 1999, The Search Works has been at the absolute cutting edge in search engine marketing and is the leading player in the UK market.

TradeDoubler's platform for online marketing generates more than 134 million unique visitors online and more than SEK 3 000 million in order value each month. Moreover, TradeDoubler's technology generates and tracks more than 7.6 million leads or registrations per month, as well as handling over 60 million key words for its customers.

TradeDoubler's product portfolio covers most of the online advertising segment. The Group continues to maintain its strong position with its original product portfolio – the traditional affiliate product td Pull, the rapidly growing campaign products td Push, td Reach, and td Talk – which capitalises on the benefits of integrating telephone sales with online advertising, plus td Technology – which is a highly competitive, integrated and independent technology solution. td Technology combines the strengths of td Toolbox and td Searchware 4, The Technology Works' platform for search bid management (formerly BidBuddy).

TradeDoubler's primary focus is to create sales results for its advertisers in the Transaction, Search and Consulting product areas, with the latter mentioned based on proprietary technology. The company's main price models are CPA (cost-per-action), plus CPL (cost-per-lead) and CPC (cost-per-click), as well as a limited offering in CPM (cost-per-thousand impressions). TradeDoubler licences its 2 technologies – td Toolbox and td Searchware 4 – thereby attracting advertisers, publishers and media agencies. In 2007, TradeDoubler continued its success in selling the complementary campaign offering, td Push and td Reach.

TradeDoubler has a strong track record as regards international expansion, thanks to its underlying scalable technology that can be fully customised to meet local requirements in terms of languages, regulatory frameworks, payment and billing systems. In addition, the company's market position is unique in terms of geographic reach and the level of local customisation to match widely varying markets. TradeDoubler's system currently manages 15 languages, including Japanese, Korean and Chinese. Transactions are conducted in twelve currencies and system management is designed to meet local tax regulations as well as payment and banking system requirements.

Solid growth, a broadened product offering and high quality ensure that TradeDoubler will attain its defined vision, namely, "to redefine the marketing landscape".

Significant events during the period

The first quarter of 2007 was dominated by AOL's offer for the Group, which confirmed TradeDoubler's strategic value and highlighted the substantial confidence in the Group and its continuing independent growth in the digital advertising market. A keener focus on growth and the consolidation of resources in all markets were the key components in ensuring the future growth of the Group. During the third quarter, a strategically important step was taken into the area of search engine marketing through the acquisition of Interactive Marketing Works (IMW). The integration of the companies in The IMW Group – The Search Works and The Technology Works – as well as preparations for the launch of search operations on TradeDoubler's selected existing markets in addition to changes designed to strengthen future profitability in operational activities, marked developments during the fourth quarter, which proved very solid in terms of volume.

A number of appointments were made of key personnel and senior executives. Among other developments, William Cooper moved from his position as COO to CEO, Casper Seifert was appointed CFO and Andreas Bernström COO, while new arrival Ulrika Wahllöf took up her position as Human Resources Manager.

Business model

Affiliate marketing

Affiliate marketing is a web-based marketing method in which advertisers pay one or more affiliates for the customers generated by the affiliate partner's marketing. Publishers are paid by advertisers to display their advertisements. Payments may be based on the number of viewings, visitors, leads or purchases. This is called affiliate marketing and represents TradeDoubler's core business model. TradeDoubler permits the tracking of each visitor's value-creating activities and can subsequently invoice advertisers and pay remuneration to the right publishers. To a certain extent, affiliate marketing overlaps other online marketing methods, since affiliates frequently deploy conventional advertising methods. These methods encompass search engine marketing, search engine optimization and e-mail marketing.

Search engine marketing

Search engine marketing is a form of digital marketing that offers websites a high-profile position on a search engine's results pages. Search engine marketing permits advertisers to be displayed among the search results for specific key words. Almost 90 per cent of all online purchases derive from search engine results and 60 per cent of all searches are made in an effort to complete an online purchase. By searching for a key word, the consumer states exactly what he/she wishes to buy. This means that the number of viewings that lead to a purchase will be extremely high. TradeDoubler offers the expertise and technology required to develop strategies for search engine marketing and to ensure that customers optimise their online campaigns by bidding for the key words that lead to most purchases.

Revenue and earnings

Group revenue advanced 52.7 percent during the period to SEK 2 663.6 million (1 744.1). Transaction revenues accounted for SEK 2 000.8 million (1 629.8) of total revenue, up 22.8 percent. The Search Works' revenue totalled SEK 526.4 million (0.0). The Technology Works' revenue is included in other revenue. Other revenue consists mainly of licence, start-up and monthly fees, as well as consulting revenue, and totalled SEK 136.4 million (114.3), an increase of 19.3 percent.

EBITDA rose 9.0 percent for the period and amounted to SEK 214.1 million (196.5), while operating profit for the period increased 2.5 percent, totalling SEK 194.8 million (190.1), corresponding to an operating margin of 7.3 percent (10.9). Operating margin, adjusted for share-related expenses during the period, was 7.6 percent (11.1) of revenue and 31.9 percent (40.2) of gross profit.

Financial items amounted to SEK 14.1 million (8.1) and included exchange-rate differences of SEK 17.3 million (0.0). Non-recurring costs during the period were SEK 4.8 million (0.0).

Amortisation/depreciation costs for intangible and tangible assets, respectively, in The Search Works and The Technology Works totalled SEK 11.3 million.

Earnings were adversely affected in the amount of SEK 7.9 million (3.0) for costs relating to ongoing warrants programs. Earnings were also negatively impacted as a result of costs incurred ahead of the rollout of The Search Works in the five key European markets.

Pre-tax profit for the period totalled SEK 209.0 million (198.2) and profit after tax rose 8.5 percent, totalling SEK 152.3 million (140.4).

The weighted average number of shares after dilution amounted to 28 546 284, leading to earnings per share after dilution of SEK 5.34 (4.93), up 8.3 percent.

Financial position and cash flow

Cash and cash equivalents at 31 December 2007 totalled SEK 224.2 million (433.1). Cash flow from operations before changes in working capital amounted to SEK 226.2 million (196.6). The change in working capital was a negative SEK 85.8 million (32.5). Investments in tangible assets totalled SEK 12.8 million (7.3) and mainly related to investments in computer equipment. Investments in subsidiaries totalled SEK 722.7 million (9.9) during the period. Total cash flow amounted to a negative SEK 211.5 million (220.2). Group net debt at 31 December 2007 was SEK 282.7 million.

Revenue by geographic region

Revenue increased in all geographic markets. In the UK, revenue surged 87.9 percent (45.8) as a result of the inclusion of The Search Works' operations. The transaction segment in the UK expanded its revenue by 14.0 percent compared with the previous year. In France and Germany, revenue growth was 22.3 percent (84.6) and 23.3 percent (75.8), respectively. In the rest of Europe, excluding the Nordic region, revenue grew by 40.1 percent (88.0) from the preceding year. Meanwhile, in the Nordic market, TradeDoubler's revenue rose by 17.4 percent (45.8), compared with the previous year. During 2007, 95 percent (92) of the company's sales were generated outside Sweden.

Parent Company

The Parent Company is a limited liability company listed on the mid-cap list of the OMX Nordic Exchange Stockholm, with its registered office in Stockholm. The street address of the company's headquarter is Barnhusgatan 12, 111 23 Stockholm.

The Parent Company's operations cover the development and operation of the technology platform as well as Group-wide functions.

The Parent Company's revenue – consisting primarily of license income from subsidiaries – totalled SEK 276.4 million (235.4), corresponding to an increase of 17.4 percent. Profit after financial items amounted to SEK 103.4 million (111.1). Investments in material fixed assets during the period amounted to SEK 4.9 million (4.3). Cash and cash equivalents at 31 December totalled SEK 102.5 million (159.6). The average number of employees in the Parent Company was 102 (77) during the period.

TradeDoubler share and ownership structure

Share capital at 31 December 2007 – including paid-up, non-registered share capital – in TradeDoubler AB totalled SEK 11 432 653, distributed among 28 581 633 shares, with a par value of SEK 0.40. During the year, the number of shares rose by 626 796 including shares relating to warrants but which had not yet been registered at year end. Each share provides entitlement to one voting right and equal rights to participation in the company's capital and earnings. TradeDoubler AB has only one type of share. There are no agreements limiting the transfer of shares.

At 31 December 2007, TradeDoubler had 2 805 shareholders. The ten largest shareholders were: Alecta, SSB CL Omnibus AC OM07, Swedbank Robur Mutual Funds, Afa Försäkring, AMF Pension, Ram One, Nordea Mutual Funds, Fourth Swedish Public Pension Fund, Bear, Sterns&Co and the First Swedish Public Pension Fund. The company holds no treasury shares – refer to pages 30 and 31 for additional information on the share.

Outlook for future progress

TradeDoubler's goal is to grow in line with the underlying market.

Development operations

2007 saw the rollout of a number of functions designed to improve the management and delivery of advertisements in TradeDoubler's platform. These upgrades cover all products – td Pull, td Push, td Reach, td Toolbox and td Talk. As a result of this development, business value has been boosted throughout operations, with higher functional efficiency in TradeDoubler's platform, higher returns on capital employed in operations involving advertising sites for advertisers, and greater rewards for TradeDoubler's publishers.

Rich media

TradeDoubler's functionality, which facilitates the deployment of rich media, is a highly efficient approach to working with performance-based online marketing. Rich media is a general term for advertising formats that are more than just a conventional image and are used to create advertising spots with built-in functions, such as advertisements with search functions for products. Previously, the use of rich media required highly advanced technical know-how; however these latest advances have substantially simplified the deployment of this format.

Reporting

TradeDoubler's report module is used to meet the information and assessment requirements of advertisers and publishers. As part of the Group's focus on transparency and profitability, TradeDoubler's report module has been developed to include graphic functions.

New technology

Thanks to its acquisition of The IMW Group in July 2007, TradeDoubler gained access to new technology in search word advertising. During the year, TradeDoubler commenced work on integrating this new technology into td Toolbox technology.

Contextual internet marketing was launched during 2007 and td Talk technology – derived from the acquisition of Advertigo in 2006 – was launched in an additional number of markets during the year. TradeDoubler also continued to develop functions for increasingly complex information management for all markets. The system ensures that all publishing and updating of information on TradeDoubler's web pages is efficient and secure. The system is fully integrated with the TradeDoubler business system, which offers prompt and easy access to all information required for all markets. In addition, TradeDoubler has also launched upgrades to facilitate the efforts of publishers, advertisers and, of course, Group employees. Moreover, work efficiency has been enhanced for TradeDoubler's campaign products and for advertisers using the company's Product Feed product, since a publisher can now market an advertiser's complete product offering.

Non-financial result indicators

Workforce

Since our employees are a precondition for our success, TradeDoubler focuses considerably on training and personal development. Each new employee undergoes training at his/her workplace and at our head office during the initial employment period. Our training programme offers new employees an introduction to their work, as well as to TradeDoubler's corporate culture and core values. Inviting new employees to our head office is one way of creating a solid background for the company's culture and products, making it easier for employees to quickly and effectively feel at home in their new positions. Over the course of 2007, TradeDoubler completed six centralised introductory training courses at its head office. During 2008, the focus will be on just-in-time training to ensure that customer requirements – as well as our own operational requirements – are met. One of TradeDoubler's many tools for improving operations is the annual employee survey. Management and employees alike must accept responsibility for survey results.

Personnel

At 31 December 2007, the number of employees in the Group totalled 550 (351), of whom 38 percent (36) were women. During the period, the number of employees rose by 199 (78), of whom 101 derived from the acquisition of The IMW Group. Most new recruitment occurred during the first half of the year. The average number of employees for the period was 461 (308).

Remuneration guidelines for senior executives

The Board proposes that these guidelines remain unchanged from the preceding year, refer to Note 5.

Financial instruments and risk management

Trading in securities for speculative purposes is not undertaken, refer to Note 22.

Currency risk

Transaction exposure

TradeDoubler is exposed to currency risk in 19 countries involving nine currencies, with GBP and EUR representing the majority share. GBP accounted for 51 percent (42) of total revenue and EUR for 35 percent (42). A corresponding relationship applies to purchases, with some 24 percent (15) and 28 percent (34) of total costs denominated in GBP and EUR, respectively.

Exposure is attributable to exchange-rate fluctuations for customer or supplier invoices, which is limited by the fact that customer billing and suppliers' invoices are largely in local currency for all companies in the Group.

Translation exposure

What is referred to as translation exposure arises in conjunction with the translation of foreign companies' assets and liabilities to the Parent Company's reporting currency.

The Group's net investments in foreign currency primarily involve GBP and EUR. The Group's current policy is to hedge only confirmed future flows in respect of the above translation exposure in foreign currency.

Credit policy

The company is exposed to credit risk, which arises primarily in connection with accounts payable. Accounts payable at year-end totalled SEK 685.7 million. All new customers are subjected to credit rating reports, which provide the basis for credit and payment terms and conditions for each customer. Credit rating reports provide an assessment of customers' financial positions, based on information compiled from various credit rating companies. The Group has established a credit policy that determines how customers are managed, with decision-making levels set for various credit limits. TradeDoubler requires advance payment from customers deemed to have a low credit rating. TradeDoubler has concluded that there is no specific risk concentration for any geographic area or customer category.

Risk and uncertainty factors

TradeDoubler's operations encompass the development of advanced software and accompanying services. Operations are growing at a rapid rate internationally. In addition to relations with customers and suppliers, the company's risks include – but are not limited to – the degree of customer acceptance of existing, new and upgraded products and services, growth in demand for the company's products, the company's relations with third-party suppliers, as well as the company's ability to make accurate forecasts and manage sales volumes in various currencies. The Group and Parent Company share these risks. The Group is exposed to exchange-rate fluctuations.

Proposed appropriation of earnings

TradeDoubler has generated and continues to generate positive cash flows that exceed those required for ongoing operations. Thus, and in line with the dividend policy, the Board of Directors proposes a dividend equivalent to SEK 2.75 per share.

The Board proposes that the earnings available at the disposal of the Annual General meeting, SEK 91 431 734 and unrestricted reserves of SEK 14 586 528, be appropriated as follows:

Dividend, 28 581 633 shares x 2.75	SEK 78 599 491
To be carried forward to a new account	SEK 27 418 771
Total	**SEK 106 018 262**

Income statement

CONSOLIDATED

SEK thousands	Note	2007	2006
Continuing operations			
Revenue	2, 3	2 663 642	1 744 080
Cost of goods sold		–2 027 619	–1 263 783
Gross profit		**636 023**	**480 297**
Selling expenses		–310 459	–200 110
Administrative expenses		–102 567	–72 041
R&D expenses		–28 164	–18 080
Operating profit	3, 5, 6, 7, 18, 23	**194 833**	**190 066**
Financial income		31 790	8 534
Financial expense		–17 667	–400
Net financial items	8	**14 123**	**8 134**
Profit before tax		**208 956**	**198 200**
Tax	9	–56 609	–57 814
Net profit for the year		**152 347**	**140 386**
Earnings per share	17		
Before dilution (SEK)		5.42	5.13
After dilution (SEK)		5.34	4.93

The entire profit is attributable to the shareholders in the Parent Company.

PARENT COMPANY

SEK thousands	Note	2007	2006
Revenue	2, 3	276 368	235 426
Cost of goods sold		–10 687	–14 937
Gross profit		**265 681**	**220 489**
Selling expenses		–30 638	–18 333
Administrative expenses		–95 899	–74 837
R&D expenses		–28 152	–18 080
Operating profit	3, 5, 6, 7, 18, 23	**110 992**	**109 239**
Result from financial items	8		
Interest income and similar items		27 667	1 906
Interest expenses and similar items		–35 282	–14
Profit after financial items		**103 377**	**111 131**
Profit before tax		**103 377**	**111 131**
Tax	9	–29 162	–26 670
Net profit for the year		**74 215**	**84 461**

Balance sheet

CONSOLIDATED

SEK thousands	Note	31 Dec. 2007	31 Dec. 2006
Assets	4, 10		
Intangible fixed assets	11	730 667	12 715
Tangible fixed assets			
Equipment tools, fixtures and fittings	12	24 918	11 558
Financial investments		803	803
Deferred tax receivables	9	49 455	2 263
Total fixed assets		**805 843**	**27 339**
Accounts receivable – trade	22	685 749	417 514
Prepaid expenses and accrued income	14	15 357	6 453
Other receivables		28 406	30 316
Current investments	10, 22	477 485	
Cash and cash equivalents	27	224 157	433 082
Total current assets		**1 431 154**	**887 365**
Total assets		**2 236 997**	**914 704**

SEK thousands	Note	31 Dec. 2007	31 Dec. 2006
Shareholders' equity and liabilities	15		
Share capital		11 372	11 158
Paid-up, non-registered share capital		61	
Other capital contributions		103 609	96 854
Reserves		–40 535	–6 968
Retained profit incl. net profit for the year		286 801	247 921
Shareholders' equity attributable to Parent Company shareholders		**361 308**	**348 965**
Total shareholders' equity		**361 308**	**348 965**
Liabilities	4, 10		
Other provisions	19	1 121	
Deferred tax liabilities	9	33 227	3 562
Total long-term liabilities		**34 348**	**3 562**
Current interest-bearing liabilities	16, 22	964 707	
Accounts payable		257 913	12 662
Publisher payable		311 660	270 374
Tax liabilities	9	48 100	26 325
Other liabilities	20	209 703	196 949
Accrued expenses and deferred income	21	49 258	45 367
Provisions	19		10 500
Total current liabilities		**1 841 341**	**562 177**
Total liabilities		**1 875 689**	**565 739**
Total shareholders' equity and liabilities		**2 236 997**	**914 704**

For information on pledged assets and contingent liabilities, refer to Note 24.

Balance sheet

PARENT COMPANY

SEK thousands	Note	31 Dec. 2007	31 Dec. 2006
Assets			
Tangible fixed assets			
Equipment tools, fixtures and fittings	12	7 586	6 639
Participations in Group companies	26	58 246	46 587
Other long-term receivables	24	552	536
Total financial fixed assets		*58 798*	*47 123*
Total fixed assets		**66 384**	**53 762**
Current assets			
Accounts receivable		2 539	3 596
Receivables from Group companies	13	842 954	127 951
Other receivables		6 373	1 085
Prepaid expenses and Accrued income	14	1 186	3 550
Total current receivables		*853 052*	*136 182*
Current investments	10	477 485	–
Total current investments		*477 485*	*0*
Cash and bank balances		102 517	159 596
Total current assets		**1 433 054**	**295 778**
Total assets		**1 499 438**	**349 540**

SEK thousands	Note	31 Dec. 2007	31 Dec. 2006
Shareholders' equity and liabilities			
Shareholders' equity	15		
Restricted shareholders' equity			
Share capital (28 429 359 shares at a par value of 0.40 SEK)		11 372	11 158
Paid-up, non-registered share capital		61	–
Statutory reserve		89 022	89 022
Non-restricted shareholders' equity			
Share premium reserve		14 587	7 832
Retained profit		17 216	63 520
Net profit for the year		74 215	84 461
Total shareholders' equity		**206 473**	**255 993**
Current liabilities			
Liabilities to credit institutions	16	964 707	–
Accounts payable		8 660	5 486
Liabilities to Group companies		196 151	5 453
Current tax liabilities		53 130	24 837
Other liabilities		57 968	43 025
Accrued expenses and deferred income	21	12 349	14 746
Total current liabilities		1 292 965	93 547
Total shareholders equity and liabilities		**1 499 438**	**349 540**

Pledged assets and contingent liabilities, Parent Company

SEK thousands		31 Dec. 2007	31 Dec. 2006
Pledged assets	24	489 132	536
Contingent liabilities	24	None	None

Changes in shareholders' equity

GROUP

SEK thousands	Note	2007 Share capital	2007 Paid-up, non-registered share capital	2007 Other capital contributions	2007 Reserves	2007 Retained earnings incl. net profit	2007 Total shareholders' equity	2006 Share capital	2006 Other capital contributions	2006 Reserves	2006 Retained earnings incl. net profit	2006 Total shareholders' equity
Opening shareholders' equity, 1 January		11 158	–	96 854	–6 968	247 921	348 965	10 765	89 022	–223	88 998	188 562
Change in translation reserve during the year	15	–	–	–	–33 567	–	–33 567	–	–	–6 745	–	–6 745
Total change in net asset value reported directly against shareholders' equity, excl. transactions with the company's shareholders		**–**	**–**	**–**	**–33 567**	**–**	**–33 567**	**–**	**–**	**–6 745**	**–**	**–6 745**
Net profit for the year		–	–	–	–	152 347	152 347				140 386	140 386
Total change in net asset value, excl. transactions with the company's shareholders		**–**	**–**	**–**	**–33 567**	**152 347**	**118 780**	**–**	**–**	**–6 745**	**140 386**	**133 641**
Dividends		–	–	–	–	–140 076	–140 076	–	–	–	–	–
New share issue		214	61	6 755	–	–	7 030	393	7 832	–	–	8 225
Share-related remuneration paid using equity instruments, IFRS 2		–	–	–	–	13 978	13 978	–	–	–	2 928	2 928
Tax effect of exercise of warrants		–	–	–	–	12 631	12 631	–	–	–	15 609	15 609
Closing shareholders' equity, 31 December		**11 372**	**61**	**103 609**	**–40 535**	**286 801**	**361 308**	**11 158**	**96 854**	**–6 968**	**247 921**	**348 965**

PARENT COMPANY

		2007							2006					
		Restricted			Non-restricted				Restricted		Non-restricted			
SEK thousands	Note	Share capital	Paid-up, non-registered share capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit for the year	Total shareholders' equity	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit for the year	Total shareholders' equity
Opening shareholders equity, 1 January	15	11 158	–	89 022	7 832	63 520	84 461	255 993	10 765	89 022	–	55 621	7 899	163 307
Previous year's profit reversed		–	–	–	–	84 461	–84 461	–	–	–	–	7 899	–7 899	–
Group contribution granted after tax effect		–	–	–	–	–3 471	–	–3 471	–	–	–	–	–	–
Total change in net asset value reported directly against shareholders' equity, excl. transactions with the company's shareholders		**–**	**–**	**–**	**–**	**–3 471**	**–**	**–3 471**	**–**	**–**	**–**	**–**	**–**	**–**
Net profit for the year		–	–	–	–	–	74 215	74 215	–	–	–	–	84 461	84 461
Total changes in net asset value excl. transactions with the company's shareholders		**–**	**–**	**–**	**–**	**–3 471**	**74 215**	**70 744**	**–**	**–**	**–**	**–**	**84 461**	**84 461**
Dividends		–	–	–	–	–140 076	–	–140 076	–	–	–	–	–	–
New share issue		214	61	–	6 755	–	–	7 030	393	–	7 832	–	–	8 225
Share-related remuneration paid using equity instruments, IFRS 2		–	–	–	–	12 782	–	12 782	–	–	–	–	–	–
Closing shareholders' equity, 31 December		**11 372**	**61**	**89 022**	**14 587**	**17 216**	**74 215**	**206 473**	**11 158**	**89 022**	**7 832**	**63 520**	**84 461**	**255 993**

Cash-flow statement

CONSOLIDATED

SEK thousands	Note	2007	2006
	27		
Current operations			
Profit before tax		208 956	198 201
Adjustments for non-cash items		33 233	3 337
Income taxes paid		–16 000	–4 903
Cash flow from operating activities before changes in working capital		**226 189**	**196 635**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating assets		–33 231	–167 206
Increase (+)/Decrease (–) in operating liabilities		–52 554	199 739
Cash flow from operating activities		**140 404**	**229 168**
Investing activities			
Acquisition of tangible fixed assets		–12 763	–7 301
Acquisition of subsidiaries/operations net liquidity effect	4	–722 692	–9 900
Cash flow from investing activities		**–735 455**	**–17 201**
Financing activities			
New share issue		7 030	8 225
Current investments		–477 485	–
Loans raised		994 122	–
Dividend paid to Parent Company shareholders		–140 076	–
Cash flow from financing activities		**383 591**	**8 225**
Cash flow for the year		–211 460	220 192
Cash and cash equivalents at the beginning of the year		433 082	218 348
Exchange-rate differences in cash and cash equivalents		2 535	–5 458
Cash and cash equivalents at the end of the year		**224 157**	**433 082**

PARENT COMPANY

SEK thousands	Note	2007	2006
	27		
Current operations			
Profit after financial items		103 377	111 131
Adjustments for items not Included in cash flow		7 473	3 547
Income taxes paid		480	
Cash flow from operating activities before changes in working capital		**111 330**	**114 678**
Cash flow from changes in working capital			
Increase (–)/Decrease (+)in operating assets		–716 884	–28 979
Increase (+)/Decrease (–) in operating liabilities		206 417	17 439
Cash flow from operating activities		**–399 137**	**103 138**
Investing activities			
Acquisition of tangible fixed assets		–4 913	–4 252
Acquisition of subsidiaries/operations net liquidity effect		–2 385	–15 534
Cash flow from investing activities		**–7 298**	**–19 786**
Financing activities			
New share issue		7 030	8 225
Current investments		–477 485	–
Loans raised		964 707	–
Dividend paid		–140 076	–
Group contribution granted		–4 820	–
Cash flow from financing activities		**349 356**	**8 225**
Cash flow for the year		–57 079	91 577
Cash and cash equivalents at the beginning of the year		159 596	68 019
Cash and cash equivalents at the end of the year		**102 517**	**159 596**

Notes

01.
Accounting principles

Compliance with norms and legislation
The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union. In addition, recommendation RR 30 of the Swedish Financial Accounting Standards Council (Supplementary Accounting Rules for Corporate groups) has been applied.

The Parent Company applies the same accounting policies as the Group, except in the instances described in the section "Parent Company accounting principles". Discrepancies between the principles applied by the Parent Company and the Group arise due to restrictions on the ability to apply IFRS within the Parent Company imposed by the Swedish Annual Accounts Act, the Pension Obligations Vesting Act ("Tryggandelagen") and, in some cases, by tax considerations.

Valuation basis applied in drawing up the financial reports of the Parent Company and the consolidated financial statements
Assets and liabilities are reported at historical cost, with the exception of certain financial assets and liabilities that are reported at fair value. Financial assets and liabilities reported at fair value consist of derivative instruments and financial assets, which are valued via the income statement, or financial assets that may be sold.

Fixed assets and assets held for sale are recognised at whichever is the lower of prior carrying amount and fair value less selling expenses.

Functional currency and reporting currency
The functional currency for the Parent Company is the Swedish krona, which is also the functional and presentation currency for the Parent Company and the Group. Thus, the financial reports are stated in Swedish kronor and all amounts are rounded off to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial reports
Preparing financial statements in accordance with IFRS requires executive management to make estimates and assumptions that affect the application of the accounting principles and the reported amounts for assets, liabilities, revenue and expenses. Actual outcomes may differ from estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by management in the application of IFRS that have a material impact on the financial statements and estimates and which may give rise to significant adjustments in future financial statements are presented in more detail in Note 29.

Significant accounting principles
The consolidated accounting principles outlined below, with the exceptions as detailed, have been applied consistently throughout the periods covered by the financial statements. Group companies have also applied the consolidated accounting principles consistently.

Changes in accounting principles
IFRS 7 – Financial instruments: Disclosures, and the related amendments in IAS 1 Presentation of Financial Reports demands extensive disclosure of financial instruments that are significant for the company's financial position and results, as well as qualitative and quantitative information on the nature of risks and their scope. IFRS 7 – Financial instruments: Disclosures, and the related amendments in IAS 1 Presentation of Financial Reports will give rise to extensive additional disclosure in the Group's financial reports for 2007 in respect of the Group's financial instruments and equity.

IFRIC 10 Interim Financial Reporting and Impairment, prohibits the reversal of impairment made in previous interim periods in respect of goodwill, investments in equity instruments or in financial assets reported at cost. IFRIC 10 shall be applied in the consolidated financial accounting for 2007. The statement shall be applied in a forward looking manner from the date on which the Group first begins to apply the impairment rules in IAS 36 and the valuation rules in IAS 39, that is, in respect of goodwill as of 1 January 2004 and in respect of financial instruments on 1 January 2005. As no such reversals were conducted, the statement has no effect on the consolidated financial reports.

IFRIC 11 IFRS 2 Repurchase of the company's shares and intra-Group transactions. The interpretation statement came into effect on 1 March 2007 and applies to the accounting year that commenced after this date.

A number of new standards, amendments to standards and interpretation statements came into effect from the 2008 financial year and have not been applied in drawing up these financial reports.

Classification etc.
Consolidated and Parent Company fixed assets and long-term liabilities consist essentially of amounts expected to be recovered or paid more than 12 months after the balance sheet date. Consolidated and Parent Company current assets and current liabilities consist predominantly of amounts expected to be recovered or paid within 12 months of the balance sheet date.

Segment reporting
A segment is part of the Group that is identifiable for accounting purposes and which either produces products or services (business segment) or goods or services in an economic area (geographical segment) that are exposed to risks and opportunities that differ from other segments. Segment information is presented only for the Group, in accordance with IAS 14.

The Group's internal reporting system is based on geographic areas as the primary basis of division and business areas as the Group's secondary segmentation.

Basis of consolidation
Subsidiaries
The consolidated financial statements comprise the financial statements of TradeDoubler AB and its subsidiaries. Subsidiaries are businesses over which the company has a controlling influence. Controlling influence means a direct or indirect right to structure the company's financial and operational strategies to obtain economic benefits. When determining whether a controlling influence exists, potential voting equity that can be called upon or converted without delay should be considered.

Subsidiaries are reported in the financial statements using the purchase method. This regards the purchase of a subsidiary as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost of the acquisition is determined via a purchase analysis conducted at the time of the acquisition. The analysis determines the cost of equity interests or the subsidiary's operations and the fair value of acquired identifiable assets on the acquisition date and assumed liabilities and contingent liabilities. The cost of an acquired subsidiary's shares and operations comprise the fair value on the transaction date of the assets, liabilities and issued equity instruments provided as consideration for the acquired net assets and transaction costs directly attributable to the purchase. In the event that the cost of acquiring a business exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is recognised as goodwill. When the difference is negative, it is reported directly in the income statement.

The financial statements of subsidiaries are included in the consolidated financial statements from the purchase date until the date on which the controlling influence ceases.

Elimination of transactions in consolidation
All inter-company balances and transactions, including unrealised profits and losses arising from intra-Group transactions, are eliminated in full in conjunction with the preparation of the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised profits, but only insofar as there are no indications of impairment.

Foreign currency translation
Transactions in foreign currencies
The Group's reporting currency is the Swedish krona (SEK). Transactions in foreign currencies are translated at the functional exchange rate prevailing on the date of the transaction. The functional currency is that which applies in the primary economic environments in which the company operates. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange prevailing on the balance sheet date. All differences are taken to the income statement. Non-monetary items measured at historical cost are translated using the exchange rate as the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing on the date when the fair value was determined.

Financial reporting by foreign subsidiaries
Assets and liabilities in foreign subsidiaries, including goodwill and other consolidated deficit and surplus values, are translated from the functional currency of foreign operations to the Group's reporting currency, that is, Swedish kronor, at the closing exchange rate. Income and expenses in foreign operations are translated to Swedish kronor at the average exchange rate that represents an approximation of the rates that prevailed on the date of each transaction. Translation differences arising in conjunction with such translation are reported directly against shareholders' equity as a translation reserve.

At present, TradeDoubler does not hedge currency exposure. In conjunction with the divestment of a foreign entity, the accumulated translation differences attributable to the entity are reported in the consolidated income statement. As of the reporting date, TradeDoubler has not divested any business entity.

Revenue
Recognition of revenue is in accordance with IAS 18, Revenue. Revenue is reported in the income statement when it is probable that the economic benefits will accrue to the Group and the amount of revenue can be measured reliably. Revenue includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit.

Revenue is measured at the fair value of the consideration received or receivable less any discounts. Consideration is usually cash and its payment constitutes revenue.

Revenue from rendering services is recognised when it can be measured reliably and the economic benefits accrue to the Group.

Consolidated revenue consists of payments from companies and organisations that advertise and market their products and services via the Group. It consists of fixed revenues in the form of start-up fees and monthly fees, variable transaction revenues and variable consulting revenues.

Fixed revenue, including start-up fees, monthly fees, variable transaction revenues and variable consulting revenues, is recognised in the period during which the services are provided.

Revenue consists primarily of transaction fees.

For the Parent Company, revenue consists mainly of licence fees debited to subsidiaries.

Operating expenses and finance income and expense
Cost of services sold
Cost of services sold relates to payments to publishers in the context of transaction revenues.

Financial income and expense
Finance income is primarily interest on bank deposits and is recognised in the income statement as it arises in line with the effective interest method. Dividend income is recognised in the income statement when dividends to the Group fall due. Financial expense consists of interest expense on loans, the effect of the dissolution of present value calculation of provisions, losses from changes in value of financial assets valued at fair value via the income statement, impairment of financial assets and such losses on hedging instruments reported in the income statement. All loan expenses are reported in earnings using the effective interest method, irrespective of how the borrowed funds have been deployed. Exchange-rate gains and losses are reported in net form.

Financial instruments
Financial instruments are measured and reported in the consolidated financial statements in accordance with IAS 39.

Financial assets reported in the balance sheet include – on the assets side – cash and cash equivalents, trade receivables and other non-current receivables. Financial liabilities include accounts payable, current publisher payables and liabilities to credit institutions.

Reporting in and removal from the balance sheet
A financial asset or liability is recognised in the balance sheet when the company or one of its subsidiaries becomes a party to the instrument contract. Trade receivables are recognised when an invoice is dispatched. Liabilities are recognised when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Accounts payable are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised, expire or the company no longer has control over them. The same rule applies to parts of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same rule applies to part of a financial liability.

Purchases and sales of financial assets are recognised on the business date, which is the day on which the company contracts to acquire or divest the asset.

Fair value of listed financial assets corresponds to the buying rate on the balance sheet date. The fair value of unlisted financial assets is established by applying valuation techniques such as recently completed transactions, the price of similar instruments and discounted cash flows.

Classification and valuation
Financial instruments that are not derivatives are initially reported at their acquisition value, corresponding to the instrument's fair value plus transaction costs for all financial instruments, apart from those classified as financial assets reported at fair value via the income statement, which are reported at fair value, excluding transaction cost. A financial instrument is classified in its initial reporting on the basis of the purpose for which the instrument was acquired. Classification determines how the financial instrument is valued after the initial reporting occasion, as described below.

Loans and trade receivables
Loans and trade receivables are financial assets that are not derivatives, and have fixed payments or payments that can be determined in advance, and that are not quoted on an active market. Assets in this category are measured at amortized cost. Amortized cost is measured using the effective rate of interest expected to accrue, that is, after deductions for receivables.

Trade receivables are reported in the amount that is expected to be received less doubtful claims, which are assessed individually. Since trade receivables have a short expected maturity, the value of each receivable is carried at its nominal amount with no discount. Impairment losses of trade receivables are charged under operating expenses.

Receivables with an expected maturity of more than one year are classed as long-term receivables and those with shorter maturities are classed as other receivables.

Financial liabilities

Financial liabilities are calculated at their amortized cost. Amortized cost is estimated using the effective rate of interest calculated on the date the liability was carried. This means that premiums or discounts and share issue expenses are deferred and amortized over the term of the liability.

Accounts payable have short expected maturities and are carried at their nominal value with no discount.

Cash and cash equivalents

Cash and cash equivalents are cash and immediately available at banks and similar institutions as well current investments with a term from their acquisition date of less than three months and which are exposed only to insignificant risk of value fluctuations.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised as assets in the balance sheet if it is probable that their future economic benefits will accrue to the Group and if their cost can be reliably calculated. Acquisition cost corresponds to the purchase price and the costs directly attributable to putting the asset in place.

Tangible fixed assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. Additional expenses are added to cost only if it is probable that the future economic benefits associated with the asset will increase. All other costs are expensed.

Tangible fixed assets consisting of units with different economic lives are treated as separate tangible fixed assets.

The carrying amount of an item of tangible fixed assets is derecognised from the balance sheet on retirement or divestment or when no future economic benefits can be expected from its use, retirement or divestment. Gains or losses arising from divestment or retirement of assets consist of the difference between the revenue and the carrying amount, less direct selling expenses, which are reported as other operating income or expenses.

Leased assets

The Group's lease contracts are classified as operating leases and involve the lessor retaining the absolute majority of the risks and the benefits of ownership of an asset. Operating leases involve the lease fee being carried as a liability during the period in use, and this amount may differ in practice from the lease fees paid during the year.

Depreciation principles

Straight-line depreciation is applied over an asset's estimated useful life. The Group applies component depreciation, meaning that the estimated useful life of components forms the basis for depreciation. To date, the nature of tangible fixed assets has been such that component depreciation has not applied. Estimated useful life:

Equipment	Three–five years

An annual assessment is performed of each asset's residual value and useful life.

Intangible assets

Goodwill

Goodwill is valued at the acquisition value, less any accumulated impairment. Goodwill is distributed to cash-generating units and is tested at least once annually for any impairment requirement.

Development

Expenses for new or substantially improved products or processes are carried as assets in the balance sheet only if the product or process is technologically or commercially viable and the Group has sufficient resources to complete development. Capitalisation may occur when a new platform or functionality is developed and includes costs for materials and direct work and a reasonable share of indirect costs. System maintenance expenses are recognised as they arise. Capitalised development expenses are reported at cost minus accumulated depreciation and impairment charges.

To date, no development expenses have been capitalised. This is because previous platform development took place when the Group applied generally accepted Swedish accounting principles that did not require development expenses to be capitalised.

Other intangible assets

Other intangible assets acquired by the Group consist of customer relations, technology platforms and brands and are reported at acquisition value, minus accumulated amortisation (refer below) and impairment.

Additional expenses

Additional expenses for capitalised intangible assets are reported as an asset in the balance sheet only when they increase the future economic benefits for the specific asset to which they pertain. All other costs are expensed as they arise.

Depreciation principles

Depreciation is reported in the income statement on a straight-line basis over the estimated useful life of assets, insofar as the useful lives are not indeterminable. Goodwill and intangible assets with an indeterminable useful life are tested for impairment requirements annually or as soon as there are indications suggesting a decrease in the value of the asset. Intangible assets that can be amortised are amortised from the date from which they are available for use. The estimated useful lives are:

Customer relations	Seven years
Technology platforms	Three years
Brands	Five years
Development	Three years

Impairment

The carrying amounts of the Group's assets are tested on each balance sheet date to determine if there is any indication of an impairment requirement. IAS 36 is applied for testing impairment requirements for assets other than financial assets, which are tested in accordance with IAS 39, assets for sale and groups of assets for disposal, which are tested in line with IFRS 5, and deferred tax receivables. For exempted assets, as above, the reported value is tested in accordance with each standard.

Impairment testing for tangible and intangible assets and participations in subsidiaries

If there is an indication that an asset may be impaired, the asset's recoverable amount is calculated using IAS 36 (see below). If it is impossible to determine significant independent cash flows to a single asset, the assets in conjunction with impairment testing should be grouped to the lowest level at which it is possible to identify significant independent cash flows – a so-called cash-generating unit.

An impairment loss is reported if the carrying value of an asset or cash-generating unit (group of units) is higher than the recoverable amount. Impairment is charged to the income statement.

The recoverable value is the higher of the fair value, less selling expenses, and value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free interest rate and the risk relating to the specific asset.

Impairment testing for financial assets

On each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of assets require impairment. Objective evidence consists in part of observable circumstances that have occurred and which have negative implications for the potential to recover the acquisition value.

The recoverable value of assets belonging to the categories of loan receivables and accounts payable, which are reported at amortised cost, is calculated as the present value of future cash flows discounted by the effective rate interest that applied when the asset was reported for the first time. Assets with a short term are not discounted. Any impairment is charged to the income statement.

Reversal of impairment

An impairment is reversed if there are indications that the impairment requirement no longer exists and that there has been a change in circumstances underlying the calculation of the recoverable value. A reversal is done only insofar as the asset's reported value after reversal does not exceed the reported value that would have been reported, less deductions for amortisation whenever applicable, if no impairment is applied.

Impairments of loan receivables and accounts receivable that are reported at accrued cost are reversed if a later increase of the reversal value can be attributed to an event that occurred after the impairment was made.

Earnings per share

Calculation of the earnings per share is based on the net profit for the year in the Group, attributable to the Parent Company's shareholders, and on the weighted average number of shares outstanding during the year. In calculating earnings per share after dilution, earnings and the average number of shares are adjusted to take account of the effects of diluting potential of ordinary shares, which consists of warrants issued to employees during the reporting periods.

Employee benefits

Defined-contribution plans

The Group only uses defined-contribution pension plans. These involve the company paying fixed amounts to an insurance company and it has no obligation to pay additional amounts.

Costs for defined-contribution plan fees are recognised as an expense in the income statement as they arise.

Compensation on termination of employment

A provision is recognised in conjunction with the termination of employment only if it is evident that the company is obligated, without any realistic possibility of withdrawal, by a formal detailed plan to terminate employment before the normal retirement date. When compensation is offered to encourage voluntary severance, it is reported as a cost if it is likely that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

Share-based remuneration

Employee warrant programmes permit employees to acquire shares in the Parent Company. The fair value of the allocated warrants is carried as a personnel cost and gives rise to a corresponding increase in shareholders' equity. Fair value is calculated as of the date of allotment and is allocated over the period in which the warrants accrue.

The fair value of the allotted warrants is calculated according to the Black-Scholes method, taking into consideration the terms and conditions prevailing on the allotment date, including - whenever available - the market value. The amount reported as an expense is adjusted to reflect the actual number of warrants accrued.

Social security expenses attributable to warrant programmes are recognised in the financial statements. Provisions for social security expenses are calculated as the best estimate at each balance-sheet date of the Group's future liability for social security fees. These provisions are carried over the period in which the benefit accrues. Calculations are based on the fair value of the warrants on each balance-sheet date. The provision for social security expenses includes social security expenses for equity instruments.

Provisions

Provisions are recognised in the balance sheet when the Group has an existing legal or informal commitment as a result of past events, for which it is probable that a flow of economic benefits will be required to settle the commitment, and a reliable estimate of the amount can be made. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the unavoidable costs of meeting the obligations of a contract exceed the benefits that the Group expects to obtain from fulfilling its contractual obligations.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement except where the underlying transaction is reported in equity, in which case any tax effect is reported in equity.

Current tax is the tax to be paid or received for the current year with the application of the set tax rates or those that have been adopted as of the balance sheet date. This includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated according to the balance-sheet method on the basis of temporary differences between the carrying amounts and tax values of assets and liabilities. The following temporary differences are not taken into consideration: the taxable temporary difference arising from the initial recognition of goodwill; differences relating to the initial recognition of assets and liabilities other than in a business combination, which, at the time of the transaction, do not affect either accounting or taxable income; and differences attributable to investments in subsidiaries and associates that are not expected to be reversed in the foreseeable future. Measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be recovered or settled and with application of the tax rate and regulations in effect or in practice adopted as of the balance-sheet date.

Deferred tax assets relating to temporary differences deductible for tax purposes and loss carry-forwards are only recognised to the extent that it is likely that they can be utilised. Their value is reduced when it is no longer deemed likely that they can be utilised.

Any additional income tax arising from dividends is recognised when the dividend is carried as a liability.

Contingent liabilities

A contingent liability is reported when there is a potential undertaking that derives from past events and whose existence is confirmed only by one or several uncertain future events or when there is an undertaking that is not reported as a liability or provision due to the fact that it is unlikely that an outflow of resources will be required.

Accounting principles of the Parent Company
The financial statements of the Parent Company were prepared in accordance with the Swedish Financial Accounts Act (1995:1554) and Recommendation RR 32:06 Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council. RR 32:06 requires the financial statements of the Parent Company to apply all the IFRS standards and statements approved by the EU insofar as this is possible in the context of the Swedish Financial Accounts Act and taking account of the link between financial reporting and taxation. The recommendation states the exceptions and additions to and from IFRS that may be made. The recommendations of the Emerging Issues Task Force (Swedish Financial Accounting Standards Council) for listed companies are also applied.

Differences between Group and Parent Company accounting principles
Differences between the accounting principles of the Group and the Parent Company are shown below. The accounting principles for the Parent Company have been applied consistently to all periods covered by the Parent Company's financial statements.

Classification and disposition
The Parent Company's income statement and balance sheet are structured according to the disposition set out in the Annual Accounts Act. The difference between IAS 1 Presentation of Financial Statements, which is applied to the structure of consolidated financial reports, is primarily the reporting of financial revenues and expenses, fixed assets, shareholders' equity and the occurrence of provisions under a separate heading in the balance sheet.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company using the cost method. Only dividends received are recognised in income, providing that they relate to profit earned after the acquisition date. Distributions received in excess of such profits are considered a recovery of investment and reduce the carrying amount of the investment.

Intangible assets
Development
All development costs arising in the Parent Company are reported as an expense in the income statement.

Income tax
Untaxed reserves as recognised in the Parent Company include deferred tax liability. In the consolidated financial statements, however, untaxed reserves are apportioned between deferred tax liability and equity.

Group contributions and shareholder contributions for legal entities
The company recognises Group contributions and shareholder contributions in line with the pronouncement of the Financial Accounting Standards Council's Emerging Issues Task Force. Shareholder contributions are recognised in the recipient's equity and capitalised under shares and investments by the provider to the extent that there is no impairment charge. Group contributions are recognised in line with their financial character. This means that Group contributions provided for the purpose of reducing Group income tax are recognised in equity against retained earnings minus their current tax effect.

Group contributions that are similar to a dividend are recognised as a dividend. This means contributions received and their current tax effect are carried in the income statement. Group contributions provided and their current tax effect are reported directly against retained earnings.

Group contributions that are similar to shareholder contributions capital are recognised by the recipient in retained earnings, allowing for their current tax effect. The provider recognises its contribution and current tax effect as an investment in Group companies insofar as there is no impairment charge.

02.
Distribution of revenue by source

	Group		Parent Company	
SEK thousands	**2007**	2006	**2007**	2006
Revenue				
Transaction revenues	2 000 781	1 629 787	10 585	14 153
Search revenues	526 450	–	–	–
Other revenues	136 411	114 293	2 964	2 074
Licence fees	–	–	262 819	219 199
Total revenue	**2 663 642**	**1 744 080**	**276 368**	**235 426**

03.
Segment reporting

Segment reporting is prepared primarily for the Group's geographic areas, on which its internal reporting systems are based.

Internal pricing among the Group's various segments is based on the "arm's length principle" (ALP) – that is, between parties that are independent of each other, well informed and with an interest in completing the transaction.

Segment reporting of revenue, assets and investments include directly attributable items as well as items that may be distributed among segments in a reasonable and reliable manner. In addition, however, there are cash and cash equivalents, financial assets and other receivables at the central level that cannot be distributed among segments in a reasonable and reliable manner.

Geographic areas
The geographic areas comprise the Group's primary segment and this segment is divided into the following geographic areas: the UK, France, Germany, Sweden, other Nordic countries and the rest of Europe. The UK and Germany also serve customers to a certain extent in Ireland and Austria, respectively.

Information regarding the segments' assets and the period's investments in fixed assets is based on where the assets are located.

Operating areas
Operating areas comprise the Group's secondary segment, comprising Transaction, Search and Other. Revenues for the operating areas appear in Note 2 and other information cannot be presented in the segment.

SEK thousands	United Kingdom 2007	2006	France 2007	2006	Germany 2007	2006	Sweden 2007	2006
External revenue	1 369 445	728 754	363 580	296 527	145 687	118 226	140 872	145 958
Investments	725 550	606	362	236	312	258	283	219
Depreciation/amortisation	2 975	382	203	191	254	200	296	221
Operating profit	144 120	139 623	60 567	46 739	18 454	13 693	13 898	24 457
Assets	1 242 088	381 594	107 714	85 757	36 244	31 593	35 180	37 662
Liabilities	469 025	230 430	92 067	73 361	58 352	42 626	29 098	33 270

SEK thousands	Rest of Nordic region 2007	2006	Rest of Europe 2007	2006	Parent Company and eliminations 2007	2006	Group 2007	Group 2006
External revenue	146 902	98 951	497 156	355 664	–	–	**2 663 642**	**1 744 080**
Investments	384	307	1 963	1 447	6 601	14 128	**735 455**	**17 201**
Depreciation/amortisation	297	194	1 056	605	14 174	4 616	**19 255**	**6 409**
Operating profit	25 778	18 241	80 024	48 603	–148 008	–101 290	**194 833**	**190 066**
Assets	39 526	34 398	169 345	143 522	606 900	200 178	**2 236 997**	**914 704**
Liabilities	41 581	28 594	84 938	55 240	1 100 628	102 217	**1 875 689**	**565 739**

04.
Aquisition of operations

On 26 July 2007, all the shares were acquired in the British company Interactive Marketing Works Ltd (IMW Group), which includes The Search Works and the companies operating under the name The Technology Works. The acquisition strengthens TradeDoubler's position as one of the largest companies in online advertising in Europe and also broadens the portfolio of performance-based products to encompass the search word market, as well as permitting continuing geographic expansion. The purchase price was GBP 57.5 million.

Over the course of the five months after the acquisition, The IMW Group contributed SEK 49 942 thousands to the Group's gross profit and SEK 10 275 thousands to profit after financial items during 2007. If the acquisition had been completed as of 1 January, the Group's gross profit would have been SEK 70 485 thousands higher and profit after financial items would have increased by SEK 5 232 thousands.

The acquisition had the following effects on the Group's assets and liabilities:

Net assets of the acquired company on the acquisition date:

SEK thousands	Reported value in the aquisition	Fair value adjustment	Fair value reported in the Group
Tangible fixed assets	9 909	–	9 909
Intangible fixed assets	2 147	123 436	125 583
Accounts receivable and other receivables	255 370	–	255 370
Cash and cash equivalents	50 465	–	50 465
Deferred tax receivable	–	49 682	49 682
Accounts payable and other operating liabilities	–315 259	–	–315 259
Deferred tax liability	–	–34 742	–34 742
Net identifiable assets and liabilities	**2 632**	**138 376**	**141 008**
Group goodwill	–	–	650 299
Purchase price paid	**–**	**–**	**791 307**
Less: cash and cash equivalents in the acquisition	–	–	50 465
Less: financed via borrowings	–	–	18 150
Net cash flow	**–**	**–**	**722 692**

The acquisition price totalled SEK 791 307 thousand, including acquisition costs of SEK 17 969 thousand. Equity in The IMW Group totalled SEK 2 632 thousand as of 31 July 2007, entailing that SEK 788 675 thousand was allocated to acquired assets and liabilities. Overall, SEK 49 682 thousand was allocated to deferred tax receivables and acquired intangible assets, primarily customer relations, valued at SEK 123 436 thousand, with an accompanying deferred tax liability of SEK 34 472 thousand. The remaining SEK 650 299 thousand was allocated to goodwill, refer also to Note 11.

05.
Employees, personnel costs and remuneration of senior executives

Remuneration costs for employees

SEK thousands	Group 2007	2006
Wages/salaries and remuneration, etc.	195 882	137 061
Share-related remuneration	13 978	2 928
	209 860	**139 989**
Pension, costs, fee-based plans (refer also to Note 18)	7 128	4 415
Social security contributions	31 893	30 262
Social security contributions attributable to share-related costs	–6 013	6 027
	33 008	**40 704**
Total	**242 868**	**180 693**

Average number of employees	2007	men (%)	2006	men (%)
Parent Company				
Sweden	102	70	77	66
Total Parent Company	**102**	**70**	**77**	**66**
Subsidiaries				
TradeDoubler AB, Sweden	39	64	31	58

TradeDoubler Ltd, United Kingdom	71	57	54	57
Interactive Marketing Works Ltd	36	64	–	–
TradeDoubler AS, Norway	10	73	7	57
TradeDoubler ApS, Denmark	14	73	11	82
TradeDoubler Oy, Finland	9	67	5	60
TradeDoubler GmbH, Germany	32	70	28	68
TradeDoubler SARL, France	36	59	26	65
TradeDoubler Espana SL, Spain	26	61	18	56
TradeDoubler Srl, Italy	20	57	14	57
TradeDoubler BV, Netherlands	24	78	15	87
UAB TradeDoubler, Lithuania	6	46	5	40
TradeDoubler Sp zoo, Poland	10	83	6	83
TradeDoubler AG, Switzerland	8	53	4	50
TradeDoubler BVBA, Belgium	13	58	7	71
TradeDoubler Sociedade Unipessoal LDA, Portugal	2	82	–	–
TradeDoubler, Russia	3	77	–	–
TradeDoubler Ltd, Ireland	1	67	–	–
TradeDoubler GmbH, Austria	0	0	–	–
Total in subsidiaries	359	64	231	63
Total Group	**461**	**65**	**308**	**64**

Board of Directors and senior executives, by gender

	Group		Parent Company	
Percentage of women	**2007**	2006	**2007**	2006
Board of Directors	12.5	25	12.5	25
CEO and other senior executives	15.6	17.3	11	17.3

Wages/salaries and other remuneration distributed by country and among senior executives and other employees in the Group

	2007		2006	
	Senior executives	Other employees	Senior executives	Other employees
Parent Company				
Sweden	18 224	22 255	19 820	15 755
(of which, bonus)	(2 148)	(1 927)	(4 394)	(4 434)
Subsidiaries				
Sweden	–	15 438	–	12 455
(of which, bonus)	–	(64)	–	(732)
Subsidiaries abroad				
United Kingdom	–	62 635	–	26 620
(of which, bonus)	–	(71)	–	(3 066)
Norway	–	5 434	–	4 147
(of which, bonus)	–	(389)	–	(282)
Denmark	–	8 072	–	6 950
(of which, bonus)	–	(47)	–	(648)
Finland	–	3 817	–	1 836
(of which, bonus)	–	(202)	–	(145)
Germany	1 555	13 065	1 325	12 892
(of which, bonus)	–	(62)	(187)	(1 338)
France	–	15 726	–	11 309
(of which, bonus)	–	(637)	–	(908)
Spain	–	9 052	–	6 855
(of which, bonus)	–	(–19)	–	(668)
Italy	–	9 001	–	5 444
(of which, bonus)	–	(105)	–	(210)
Netherlands	–	8 340	–	6 214
(of which, bonus)	–	(23)	–	(451)
Lithuania	–	1 477	–	966
(of which, bonus)	–	(10)	–	(83)
Poland	–	3 591	–	2 579
(of which, bonus)	–	(43)	–	(278)
Switzerland		5 026	–	2 256
(of which, bonus)	–	(605)	–	(251)
Belgium		4 588	–	2 497
(of which, bonus)	–	(508)	–	(305)
Portugal		853	–	69
(of which, bonus)	–	(8)	–	–
Russia	–	852	–	–
(of which, bonus)	–	(76)	–	–
Ireland	–	595	–	–
(of which, bonus)	–	–	–	–
Austria		264	–	–
(of which, bonus)	–	(30)	–	–
Total subsidiaries	**1 555**	**167 827**	**1 325**	**103 089**
(bonus)	–	(2 862)	(187)	(9 365)
Total Group	**19 779**	**190 081**	**21 145**	**118 844**
(bonus)	(2 148)	(4 789)	(4 581)	(13 799)

In the United Kingdom, Interactive Marketing Works was included for 2007 with personnel costs of SEK 25 537 thousands (bonus 0).

Remuneration of the CEO, senior executives and Board

Remuneration and other benefits, 2007 (SEK thousands)	Basic salary, Board remuneration	Variable salary	Financial instruments etc.	Pension obligations	Total
Board of Directors					
Kjell Duveblad (Chairman)	500	–	–	–	500
Lars Lundquist	300	–	–	–	300
Lars Stugemo	200	–	–	–	200
Martin Henricson	200	–	–	–	200
Elisabet Annell	275	–	–	–	275
Felix Hagnö	200	–	–	–	200
Rolf Lydahl	250	–	–	–	250
Kristofer Arwin	200	–	–	–	200
William Cooper (CEO)	1 961	676	1 398	–	4 035
Martin Henricson (CEO)	225	–	–	75	300
Other senior executives (eleven persons)	11 765	1 472	5 889	839	19 965
Total Parent Company	**16 076**	**2 148**	**7 287**	**914**	**26 425**
Total subsidiaries	**–**	**–**	**–**	**–**	**–**

At 31 December, the Group Management Board consisted of twelve people. The remuneration of senior executives above pertains to the people that were active during the year. Of these, six remained in their positions at year-end.

Remuneration and other benefits, 2006 (SEK thousands)	Basic salary, Board remuneration	Variable salary	Financial instruments etc.	Pension obligations	Total
Board of Directors					
Kjell Duveblad (Chairman)	400	–	–	–	400
Lars Lundquist	–	–	–	–	–
Lars Stugemo	150	–	–	–	150
Elisabet Annell	200	–	–	–	200
Catharina Stackelberg	150	–	–	–	150
Felix Hagnö	–	–	–	16	16
Rolf Lydahl	–	–	–	–	–
Kristofer Arwin	–	–	–	–	–
Göran Strandberg	–	–	–	–	–
Peter Ahldin	–	–	–	–	–
Martin Henricson (CEO)	1 800	900	–	571	3 271
Other senior executives (twelve persons)	12 726	3 494	1 499	589	18 308
Total Parent Company	**15 426**	**4 394**	**1 499**	**1 176**	**22 495**
Total subsidiaries	**–**	**–**	**–**	**–**	**–**

Share-related remuneration

Refer to Note 18 for information regarding the terms and conditions for allotment.

Severance pay – CEO

TradeDoubler's employment contract with the CEO states that the contract may be terminated by either party with six months notice. The CEO is entitled to salary during the notice period. The CEO is bound by a competition clause that extends for twelve months. If because of this clause, he is prevented from accepting new employment, he is entitled to a salary during the period, unless TradeDoubler relinquishes its rights pursuant to the contract.

Bonus – CEO

The CEO is entitled to a bonus if certain targets are attained. For 2007, the targets were defined in terms of sales growth and higher earnings. The CEO may receive a maximum of GBP 90 000. In 2007, GBP 50 000 was paid.

Severance pay – senior executives

Employment agreements with senior executives, with the exception of the CEO, do not include provisions covering severance pay. However varying notice periods apply for each individual, depending on the reasons for notice of termination. The notice period is normally three to six months.

Pensions – senior executives

TradeDoubler has individual pension agreements with all senior executives, which means that the company pays a fixed amount in pension premiums for each individual. The size of such pension premiums varies among individuals and is reviewed annually. Currently, none of the senior executives are entitled to pension premiums exceeding 22 percent of salary. None of the senior executives is entitled to early retirement. The retirement age for all senior executives is 65.

Bonus – senior executives

TradeDoubler has individual bonus programs for certain senior executives that entitle them to a bonus payment if certain targets are attained. The targets are set each year by the Remuneration Committee. During 2007, the targets were based on revenue and earnings growth. In addition, there were individual targets defined for certain senior executives. The maximum amount that may be paid during any bonus program ranges from 10 to 50 percent of each individual's salary.

Loans to senior executives

No loans were granted to the CEO or to other senior executives.

Sickness absenteeism in the Parent Company

%	**2007**	2006
Total sickness absenteeism as a percentage of regular working hours	1.95	1.51
Percentage of total sickness absenteeism relating to continual sickness absenteeism of 60 days or more (percentage of long-term sickness absenteeism, all hours for at least 60 days, in relation to the total sickness absenteeism)	21.26	19.87

Sickness absenteeism as a percentage of each group's regular working hours

Sickness absenteeism, distributed by gender:		
Men	1.06	0.69
Women	3.79	2.83
Sickness absenteeism, distributed by age group:		
29 years or younger	1.78	0.77
30–49 years	2.11	1.89
50 years or older	n/a	n/a

Guidelines for remuneration and other terms and conditions of employment for corporate executives TradeDoubler AB (publ.)

The Annual General Meeting in 2007 approved the following guidelines for the remuneration of senior executives.

In addition to the CEO "corporate executive management" refers to the members of the Group Management Board.

The remuneration of corporate executives shall be on commercial terms, that is, adapted to the forms and remuneration levels in markets in which the company is active. The basis for variable remuneration must be measurable and be consistent throughout the Group to a certain extent. Growth and improvement in operating earnings is to be given priority and there must be an upper ceiling for the outcome of variable remuneration.

Total remuneration consists of the following components: fixed salary, pension premiums, employee stock options and terms in the event governing notice of termination.

Fixed salary: the fixed salary shall be on commercial terms (taking into account the geographic market in which the employee is employed) and based on ability, responsibility and performance.

Variable salary: Variable salary shall be on commercial terms and shall give priority to growth, operating earnings and be consistent throughout the Group. The outcome for variable remuneration shall have an upper ceiling. The variable pay must not exceed 50 percent of their fixed salary, unless there are social reasons.

Pension: For senior executives, a market-based fixed premium pension plan may apply.

Severance pay: A common notice of period of three to six months shall apply for corporate executives. In the event of notice being served by the employee, normally no severance pay applies. Corporate executives may be subject to a competition ban for a period of six to twelve months from the date of termination. During the period of the ban, and insofar as no severance pay is paid, remuneration shall be paid. Severance pay and remuneration during the period of the competition ban shall be accompanied by deduction rights for the company and shall not form a basis or pension rights.

Employee warrants: In addition to variable pay, which as a rule gives priority to growth and profitability within a particular financial year, the Board offers an incentive programme that provides corporate executive management, as well as other key people in the company, with the opportunity to share in the company's long-term growth. This is best done by offering employees the potential to acquire shares in the company at a pre-determined price via an employee warrant programme. The exercise of these options requires an improvement in earnings per share in the company (refer also to the proposal in Personnel Warrant Programme).

Other benefits: In addition to the above, other benefits, vis-à-vis overall remuneration, shall have a limited value and correspond to what is normal in each market.

Issues involving the terms and conditions for the CEO are prepared by the Remuneration Committee and decided on by the Board. The CEO determines the terms and conditions for other corporate executives following consultation with the Board's remuneration Committee or the Chairman of the Board. If special reasons exist, the Board or the CEO may in certain cases diverge from these guidelines.

06.
Fees and cost remuneration for auditors

	Group		Parent Company	
SEK thousands	**2007**	2006	**2007**	2006
KPMG				
Auditing assignments	2 797	2 168	1 050	958
Other assignments	1 035	554	1 357	499
Mr Salvage&Co				
Auditing assignments	915	164	–	–
Other assignments	399	133	–	57
Other auditors				
Auditing assignments	75	178	–	–
Other assignments	113	76	–	–

Auditing assignments refer to the examination of the annual report and accounting, as well as the administration of the Board and CEO, other assignments that are part of the task of the company's auditors as well as advice and other assistance arising from observations during auditing and the completion of such other working tasks.

07.
Operating costs by type of cost

	Group	
SEK thousands	**2007**	2006
Cost compensation for publishers	1 538 796	1 263 783
Costs for search engines	488 823	–
Personnel costs	268 108	194 343
Depreciation	19 255	6 409
Other operating costs	153 827	89 479
	2 468 809	**1 554 014**

08.
Net financial items

	Group	
SEK thousands	**2007**	2006
Interest income on bank balances	14 439	8 534
Exchange-rate fluctuations	17 351	–
Financial income	**31 790**	**8 534**
Interest expenses on financial liabilities valued at the accrued acquisition cost	–17 667	–
Exchange-rate fluctuations	–	–400
Financial expense	**–17 667**	**–400**
Net financial items	**14 123**	**8 134**

	Parent Company	
SEK thousands	**2007**	2006
Interest income, Group companies	22 900	–
Interest income, other	4 767	1 906
Financial income	**27 667**	**1 906**
Interest expense	–18 958	–14
Exchange-rate fluctuations	–16 324	–
Financial expense	**–35 282**	**–14**
Net financial items	**–7 615**	**1 892**

09.
Taxes

Reported in the income statement

	Group	
SEK thousands	**2007**	2006
Current tax expense		
Tax expense for the period	–59 649	–52 559
Deferred tax expense		
Deferred tax expense attributable to temporary differences	–1 033	–3 157
Deferred tax income from tax values in loss carry-forwards capitalized during the year	5 745	–
Deferred tax expense resulting from utilisation of previously capitalised tax value in loss carry-forwards	–3 738	–2 098
Total reported tax expense in the Group	**–56 609**	**–57 814**

Of the total tax expense for the year, SEK 12 631 thousands (15 609) is reported directly against shareholders' equity.

	Parent Company	
SEK thousands	**2007**	2006
Current tax expense		
Current expense	–29 162	–24 836
Deferred tax expense		
Deferred tax expense as a result of the utilisation of previously capitalised tax values in loss carry-forwards	–	–1 834
Total reported tax expense in the Parent Company	**–29 162**	**–26 670**

Reconciliation of effective tax

	Group			
	2007		2006	
	%	SEK thousands	%	SEK thousands
Profit before tax		208 956		198 201
Tax according to the applicable tax rate for the Parent Company	28.0	–58 508	28.0	–55 496
Effect of other tax rates for foreign subsidiaries	0.4	–928	0.8	–1 641
Non-deductible expenses	1.2	–2 425	0.6	–1 127
Non-taxable revenue	–0.1	134	–0.1	140
Previously reversed depreciation	–	–	–0.1	161
Reversed depreciation	0.1	–210	–	–
Increases in loss carry-forwards without corresponding capital-ization deferred tax	0.9	–1 820	0.4	–814
Capitalization of loss carry-forwards	–2.7	5 745	–	–
Utilisation of previously non-capitalised loss carry-forwards	–0.9	1 963	–2.4	4 815
Difference in tax social security contributions on warrants	–	–	1.7	–3 445
Other	0.3	–560	0.2	–407
Reported effective tax	**27.1**	**–56 609**	**29.2**	**–57 814**

	Parent Company			
	2007		2006	
	%	SEK thousands	%	SEK thousands
Profit before tax		103 377		111 131
Tax according to applicable tax rate for the Parent Company	28.0	–28 945	28	–31 117
Non-deductible expenses	0.3	–285	0.3	–336
Non-taxable revenue	–0.1	134	–0.1	140
Utilisation of previously non-capitalised loss carry-forwards	0.1	–	–4.0	4 483
Reversed depreciation	–	–66	–	–
Previously reversed depreciation	–	–	–0.1	160
Reported effective tax	**28.2**	**–29 162**	**24.0**	**–26 670**

Reported deferred tax receivables and liabilities in the balance sheet

Deferred tax receivables and liabilities are attributable to the following:

Group	Deferred tax receivable		Deferred tax liability		Net	
SEK thousands	**2007**	2006	**2007**	2006	**2007**	2006
Loss carry-forwards	49 455	263	–	–	49 455	263
Payroll overhead, share-related remuneration	–	2 000	–	–	–	2 000
Other fixed assets	–	–	–33 227	–3 562	–33 227	–3 562
Deferred tax receivables/liabilities	**49 455**	**2 263**	**–33 227**	**–3 562**	**16 228**	**–1 299**

Non-reported deferred tax receivables

Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax receivables have not been reported in the income statements and balance sheet:

	Group		Parent Company	
SEK thousands	**2007**	2006	**2007**	2006
Deficit for tax purposes	26 912	29 130	–	–
	26 912	**29 130**	**–**	**–**

Of the deficit for tax purposes, 4 002 thousands SEK has a term of five years, SEK 463 thousands has a term of ten years and SEK 22 447 thousands has a perpetual term.

Group SEK thousands	Balance 1 Jan. 2007	Reported via the income statement	Aquisition of operations	Translation differences	Balance 31 Dec. 2007	Balance 1 Jan. 2006	Reported via the income statement	Aquisition of operations	Balance 31 Dec. 2006
Capitalisation of loss carry-forwards	263	2 007	49 682	–2 497	49 455	2 361	–2 098	–	263
Payroll overhead, share-related remuneration	2 000	–2 000	–	–	–	5 445	–3 445	–	2 000
Other fixed assets	–3 562	3 033	–34 742	2 044	–33 227	–	–	–3 562	–3 562
Deferred tax receivables/ tax liabilities, net	**–1 299**	**3 040**	**14 940**	**–453**	**16 228**	**7 806**	**–5 543**		**–1 299**

Parent Company SEK thousands	Balance 1 Jan. 2007	Reported via the income statement	Reported via equity	Balance 31 Dec. 2007	Balance 1 Jan. 2006	Reported via the income statement	Reported via equity	Balance 31 Dec. 2006
Capitalisation of loss carry-forwards	–	–	–	–	1 834	–1 834	–	0
	–	**–**	**–**	**–**	**1 834**	**–1 834**	**–**	**0**

10.

Valuation of financial assets and liabilities at fair value

Fair value and reported value as reported in the balance sheet below:

Group

2007 SEK thousands	Accounts loan and receivables	Other liabilities	**Total reported value**	**Fair value**
Cash and bank balances	224 157	–	**224 157**	**224 157**
Accounts receivable	685 749	–	**685 749**	**685 749**
Current investments (blocked funds)	477 485	–	**477 485**	**477 485**
Total	**1 387 391**	**–**	**1 387 391**	**1 387 391**
Current liabilities to publishers	–	311 660	**311 660**	**311 660**
Liabilities to credit institutions	–	964 707	**964 707**	**964 707**
Accounts payable	–	257 913	**257 913**	**257 913**
Total	**–**	**1 534 280**	**1 534 280**	**1 534 280**

Group

2006 SEK thousands	Accounts loan and receivables	Other liabilities	**Total reported value**	**Fair value**
Cash and bank balances	433 082	–	**433 082**	**433 082**
Accounts receivable	417 514	–	**417 514**	**417 514**
Total	**850 596**	**–**	**850 596**	**850 596**
Current liabilities to publishers	–	270 374	**270 374**	**270 374**
Accounts payable	–	12 662	**12 662**	**12 662**
Total	**–**	**283 036**	**283 036**	**283 036**

Parent Company

2007 SEK thousands	Accounts loan and receivables	Other liabilities	**Total reported value**	**Fair value**
Cash and bank balances	102 517	–	**102 517**	**102 517**
Receivables from Group companies	842 954	–	**842 954**	**842 954**
Accounts receivables	2 539	–	**2 539**	**2 539**
Current investments (blocked funds)	477 485	–	**477 485**	**477 485**
Total	**1 425 495**	**–**	**1 425 495**	**1 425 495**
Liabilities to credit institutions	–	964 707	**964 707**	**964 707**
Liabilities to Group companies	–	196 151	**196 151**	**196 151**
Accounts payable	–	8 660	**8 660**	**8 660**
Total	**–**	**1 169 518**	**1 169 518**	**1 169 518**

Parent Company

2006 SEK thousands	Accounts loan and receivables	Other liabilities	**Total reported value**	**Fair value**
Cash and bank balances	159 596	–	**159 596**	**159 596**
Receivables from Group companies	127 951	–	**127 951**	**127 951**
Accounts receivable	3 596	–	**3 596**	**3 596**
Total	**291 143**	**–**	**291 143**	**291 143**
Liabilities to Group companies	–	5 453	**5 453**	**5 453**
Accounts payable	–	5 486	**5 486**	**5 486**
Total	**–**	**10 939**	**10 939**	**10 939**

Fair value

The financial assets of the Group and Parent Company consist of accounts receivable, long-term and other receivables, while financial liabilities consist of accounts payable and current liabilities to publishers and bank loans. In the case of financial receivables and liabilities with a term of less than one year, the reported value is deemed to reflect the fair value. The fair value of financial liabilities that are not derivative instruments is computed using the future cash flow of the capital amount and interest discounted to current market interest rates on the closing date.

11.
Intangible assets

Group		Acquired intangible assets		
SEK thousands	Develop-ment expenses	Market and customer-based assets	Goodwill	Total
Accumulated acquisition costs				
Opening balance, 1 Jan. 2006	–	–	–	–
Acquisition of operations	13 750	–	–	13 750
Closing balance, 31 Dec. 2006	**13 750**	**–**	**–**	**13 750**
Opening balance, 1 Jan. 2007	13 750	–	–	13 750
Acquisition of operations	21 786	103 797	650 299	775 882
Assets developed in-house	220			220
Exchage rate differences for the year	–1 252	–6 573	–40 519	–48 344
Closing balance, 31 Dec. 2007	**34 504**	**97 224**	**609 780**	**741 508**
Accumulated depreciations and impairment				
Opening balance, 1 Jan. 2006	–	–	–	–
Depreciation for the year	–1 035	–	–	–1 035
Closing balance, 31 Dec. 2006	**–1 035**	**–**	**–**	**–1 035**
Opening balance Jan. 2007	–1 035	–	–	–1 035
Depreciation for the year	–4 334	–5 875	–	–10 209
Exchange-rate differences for the year	64	339	–	403
Closing balance, 31 Dec. 2007	**–5 305**	**–5 536**	**–**	**–10 841**
Reported values				
At 1 Jan. 2006	–	–	–	–
At 31 Dec. 2006	12 715	–	–	12 715
At 1 Jan. 2007	12 715	–	–	12 715
At 31 Dec. 2007	29 199	91 688	609 780	730 667

Amortisation of intangible assets is included in administrative costs.

The acquisition in 2007 of The IMW Group consists of two separate product units – The Search Works, which is active in search engine advertising, and The Technology Works, a technology supplier for search engine advertising, which is in the investment stage. In conjunction with the acquisition, SEK 773 735 thousands was allocated to the following intangible assets thousands:

Intangible assets		Depreciation period
Customer relations	100 453	Seven years
Brands	3 344	Five years
Technology platforms	17 396	Three years
Development	2 243	Three years
Goodwill	650 299	Indeterminable lifetime

In addition to the synergy effects in the existing market, goodwill value includes estimated values for future revenue in other geographic markets in which TradeDoubler currently pursues operations, primarily France, Germany, Netherlands, Spain and Sweden. The goodwill value is distributed among revenues in Search and Technology Works. Goodwill value also includes the customer and service organisation, marketing, and relations with the official authorities.

To check whether there is an impairment requirement in respect of goodwill, the recoverable value for these cash-generating units is tested by calculating the value in use for each unit. The calculation has been conducted through the computation of future cash flows, based on assumptions in respect of growth, margin growth and investments in fixed assets and working capital. The estimates are based on the financial budgets approved by management and anticipated and extrapolated trends in the short and medium terms up to 2014. The anticipated cash flow has been discounted using a weighted capital cost, which provides a total discount rate of 15–20 percent, including a risk factor of 6–7.5 percent.

The calculations show that the value in use exceeds the reported value and that there are no impairment requirements. Development expenses include technology platforms, computer programmes, patents and contractual rights such as licences and franchise agreements. Market and customer-based assets primarily include brands, customer-related agreements and the value of customer relations. All intangible assets, except goodwill are amortised. Refer to Note 1 for information on amortisation/depreciation principles.

12.
Tangible fixed assets

Group SEK thousands	Equipment, tools, fixtures and fittings
Accumulated acquisition cost	
Opening balance Jan. 2006	24 954
Acquisitions	7 301
Exchange-rate differences	–238
Closing balance, 31 Dec. 2006	**32 017**
Opening balance, 1 Jan. 2007	32 017
Acquisition of operations	9 909
Acquisitions	12 763
Exchange-rate differences	–353
Closing balance, 31 Dec. 2007	**54 336**
Accumulated depreciation	
Opening balance, 1 Jan. 2006	–15 173
Depreciation for the year	–5 374
Exchange-rate differences	88
Closing balance, 31 Dec. 2006	**–20 459**
Opening balance, 1 Jan. 2007	–20 459
Depreciation for the year	–9 046
Exchange-rate differences	87
Closing balance, 31 Dec. 2007	**–29 418**
Reported values	
Per 1 Jan. 2006	9 781
Per 31 Dec. 2006	11 558
Per 1 Jan. 2007	11 558
Per 31 Dec. 2007	24 918

Parent Company SEK thousands	Equipment, tools, fixtures and fittings
Accumulated acquisition cost	
Opening balance Jan. 2006	17 940
Acquisitions	4 252
Closing balance, 31 Dec. 2006	**22 192**
Opening balance, 1 Jan. 2007	22 192
Acquisitions	4 913
Closing balance, 31 Dec. 2007	**27 105**
Accumulated depreciation	
Opening balance Jan. 2006	–12 006
Depreciation for the year	–3 547
Closing balance, 31 Dec. 2006	**–15 553**
Opening balance, 1 Jan. 2007	–15 553
Depreciation for the year	–3 966
Closing balance, 31 Dec. 2007	**–19 519**

Reported values 2006	2006
At 31 Dec. 2006	6 639
At 31 Dec. 2007	7 586

13. Receivables from Group companies

Parent Company SEK thousands	Receivables from Group companies **2007**	2006
Accumulated acquisition cost		
1 Jan.	127 951	99 142
Lending	715 003	28 809
	842 954	**127 951**

14. Prepaid expenses and accrued income

	Group		Parent Company	
SEK thousands	**2007**	2006	**2007**	2006
Rent	1 454	1 717	646	529
Other	13 903	4 736	540	3 021
	15 357	**6 453**	**1 186**	**3 550**

15. Shareholders' equity

Share capital

Holders of ordinary shares are entitled to dividends that are determined in arrears and the shareholding provides entitlement to voting rights at the AGM, with one vote per share. All shares have equal rights to TradeDoubler's remaining net assets.

Other capital contributions

This item pertains to equity capital injections from shareholders. It includes part of the share premium reserves transferred to the statutory reserve at 31 December 2005. Allocations to the share premium reserve from January 2006 onwards are also reported as capital contributions.

Reserves

Translation reserve

The translation reserve encompasses all exchange-rate differences arising from the translation of financial reports from foreign operations that have drawn up their financial reports in a currency other than the currency used to present the Group's and Parent Company's financial reports, namely, Swedish kronor.

Group SEK thousands	Specification of shareholders equity reserve item **2007**	2006
Translation reserve		
Opening translation reserve	–6 968	–223
Translation difference for the year	–33 567	–6 745
Closing translation reserve	**–40 535**	**–6 968**

[1] The change in the translation reserve consists of the translation difference during the year in conjunction with the translation of the balance sheets of foreign subsidiaries to SEK.

Retained earnings, including net profit for the year

Retained earnings, including net profit for the year, include profit in the Parent Company and its subsidiaries. Previous allocations to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

Dividend

The Board of Directors has proposed a dividend of SEK 2.75 per share (5.00).

Parent Company

Restricted reserves

Restricted reserves may not be reduced through an allocation of earnings.

Share capital

The share capital consists of 28 429 359 ordinary shares with a par value of SEK 0.40 each, and each share carries one voting right.

Statutory reserve

The purpose of the statutory reserve has been to save part of net earnings that is not required to cover losses brought forward.

Unrestricted shareholders equity

Retained earnings

This consists of the previous year's unrestricted shareholders' equity after any allocation to reserves and after any distribution of earnings. Together with net profit for that year and any reserve for fair value, this makes up unrestricted shareholders' equity, that is, the amount available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, that shares are priced at more than their par value, an amount equivalent to the amount received over and above the par value of shares is transferred to the share premium reserve.

Capital management

The company's definition of capital corresponds to shareholders' equity, which at year-end totalled SEK 361 million (349). The measures of the company's capital structure used for control purposes are the Interest Coverage Ratio, defined as pre-tax profit, plus interest expense, divided by interest expense; and the Debt/Equity Ratio, defined as the total of interest-bearing liabilities and pension provisions less cash and cash equivalents and interest-bearing receivables, divided by shareholders' equity. The debt/equity ratio at year-end was 72.8 percent.

The Board intends to propose an annual dividend each year – or some other form of distribution to shareholders – that corresponds over time to an average of at least half of profit for the year after tax.

16.

Liabilities to credit institutions

SEK thousands	**2007**	2006
Bank loans	964 707	–
Total	**964 707**	**–**

The overdraft facility is governed by a number of operationally-related and financial terms and conditions, including limit values for certain financial key ratios. In addition the credit agreement includes conditions that can act as a curtailing factor, impose conditions or forbid the Group from assuming additional debt, conducting acquisitions, disposing of assets, assuming capital or financial leasing costs, providing security, changing the Group's operations or deciding on a merger.

17.

Earnings per share

Earnings per share before dilution amounted to SEK 5.42 (5.13) and earnings per share after dilution were SEK 5.34 (4.93). The calculation of earnings per share is based on the earnings and number of shares presented below.

Profit underlying the computation of earnings per share before and after dilution

Amounts in SEK thousands	**2007**	2006
Net profit for the year accruing to the Parent Company's shareholders	152 347	140 386

Weighted average of ordinary shares outstanding

Thousand units	**2007**	2006
Weighted average of ordinary shares outstanding ordinary shares, before dilution	28 092	27 351
Effect of warrants outstanding during the year	454	1 128
Weighted average of ordinary shares outstanding ordinary shares, after dilution	**28 546**	**28 479**

Potential future dilution

Dilution during 2007 and 2006 derives from the 2004–2007 employee warrant programme, which was terminated during 2007. The 2006–2010 and 2007–2010 employee warrant programmes do not have an equally diluting effect because the levels to date for earnings per share according to the employee warrant programme's earning terms/conditions do not provide or could not provide warrant holders with the rights to exercise any warrants. These options may result in dilution in the future if the reported earnings per share are sufficiently high (refer to the description of the employee warrant programmes' terms/conditions in Note 18). Future dilution requires also that the share price rises to a level higher than that of the warrants' exercise price, namely, SEK 175.50 and SEK 220.80. At year-end 2007, the share price was SEK 139. The average share price in 2007 was higher than this, but since the terms/conditions mean that dilution is not an issue, the average share price in 2007 has no effect on the two latest programmes.

18.

Pensions, share-related remuneration and senior executives' benefits

Defined-contribution plans

The Group uses only defined contribution plans. These consist of individual agreements with certain employees. Payment for these plans is made regularly in line with agreements.

	Group		Parent Company	
SEK thousands	**2007**	2006	**2007**	2006
Expenses for defined-contribution plans	7 128	4 415	2 619	1 987

Share-related remuneration

During 2006 and 2007, the Group had four warrant programmes outstanding, of which one was terminated in 2006 and one during 2007.

2002/2007 warrant programme

During 2002, employees were allocated 54 668 warrants free of charge. Following the approval of the AGM in 2005, each warrant provided the right to subscribe for six shares at an aggregate exercise price of SEK 53. The earnings terms and conditions of the warrants extended over approximately one year of employment and the exercise period extended from 1 October 2004 to 31 December 2007. All warrants had been either exercised or expired at year-end 2006.

2004/2007 warrant programme

During 2004, employees were allocated 277 665 warrants. Following the approval of the AGM in 2005, each warrant provided the right to subscribe for six shares at an aggregate exercise price of 75 SEK. The earnings terms and conditions of the warrants extended over approximately one year of employment and the exercise period extended from 1 October 2005 to 31 December 2007. All warrants had been either exercised or expired at year-end 2007.

2006/2010 warrant programme

The AGM in 2006 approved an warrants programme that was initiated at year-end of 2006/2007 and which has been charged to earnings since the beginning of 2007. The number of warrants issued totalled 893 300, which provided entitlement to an equal number of shares. Personnel warrants were allotted free of charge to personnel in TradeDoubler and are non-transferable. The programme extends to 31 December 2010 and offers entitlement to exercise the warrant rights for the purchase of shares during the periods 1–15 February 2008, 2009, 2010 and 1–15 December 2010. Employees may exercise one-third of the options each year. A precondition for exercising warrant rights is that the employee remains employed by the company and that earnings per share increase by 20 percent during the 2007, 2008 and 2009 financial years. If the increase in earnings per share is not sufficiently high during the first year, the one-third may instead be exercised during later periods if the accumulated earnings per share correspond to an annual increase of 20 percent. The subscription price is SEK 175.50.

2007/2010 warrant programme

The 2007 AGM approved the continuation of programme 2006/2010 warrant programme through the allotment, as of 1 July 2007, of an additional 560 400 warrants that provide entitlement to an equal number of shares. The personnel warrants were allotted free of charge to employees in TradeDoubler and are non-transferable. The programme extends to 31 December 2010, with entitlement to exercise the warrants for the purchase of shares during the periods 1–15 February 2009, 2010 and 1–15 December 2010. Employees may exercise half of the warrants each year. A precondition for exercising warrant rights is that the employee remains employed by the company and that earnings per share increase by 20 percent during the 2008 and 2009 financial years. If the increase in earnings per share is not sufficiently high in 2008, they may instead be used after 2009 if the accumulated earnings per share corresponds to an annual increase of 20 percent. The subscription price is SEK 220.80.

The terms and conditions for warrant allotments are presented below, according to which the share warrants are paid via the physical delivery of shares:

Allotment date/personnel category	Number of instruments
Group	
Allotment of options to senior executives during 2007	454 000
Allotment of share warrants to other employees during 2007	720 350
Total number of share warrants	**1 174 350**

Input data used in the computation of fair value in allotment (weighted averages)

	Programme 2006/2010	Programme 2007/2010
Exercise price (SEK)	175.50	220.80
Share price (SEK)	198.00	181.00
Volatility (%)	35	36
Lifetime (years)	3.04	2.78
Risk-free rate of interest (%)	4.13	4.13
Dividend (SEK)	–	–
Number of options	893 300	560 400
Fair value per option (SEK)	67.14	36.43

Valuation was done using the Black-Scholes option valuation model. The expected volatility is based on historic volatility (with the calculation based on the weighted average remaining lifetime of the warrants) adjusted for any expected changes in future volatility as a result of officially available information. The calculation of expected lifetime is based on a uniform distribution of the programme's various exercise periods in February of each year, with the portion earned in 2009 adjusted for the possibility of exercise in December 2010.

	Group			
	Weighted average exercise price		No. of shares to which warrants provide entitlement	
SEK	**2007**	2006	**2007**	2006
Outstanding at beginning of period	12.50	10.67	566 346	1 253 772
Allotted during the period	192.96	–	1 453 700	–
Forfeited during the period	178.09	12.50	279 350	7 140
Exercised during the period	12.50	11.83	566 346	680 286
Expired during the period	–	–	–	–
Outstanding at the end of the period	196.50	12.50	1 174 350	566 346
Exercisable at the end of the period	–	12.50	–	566 346

For warrants exercised during the period, the average weighted share price was SEK 166.

Outstanding warrants at the end of the period totalled 629 950 from the 2006/2010 programme, with an exercise price of SEK 175.50, and 544 400 warrants from the 2007/2010 programme, with an exercise price of SEK 220.80. These may be exercised during period noted above under the description of each programme.

Personnel costs (inc. payroll overhead) for share-related remuneration

	Group	
SEK thousands	**2007**	2006
Warrants allotted	7 965	8 955
Total personnel costs deriving from share-related remuneration	**7 965**	**8 955**

	Parent Company	
SEK thousands	**2007**	2006
Warrants allotted	4 125	–
Total personnel costs deriving from share-related remuneration	**4 125**	**–**

19. Provisions

	Group	
SEK thousands	**2007**	2006
Provisions that are long-term liabilities		
Social security contributions for share-related remuneration	1 121	–
Total	**1 121**	**–**
Provisions that are current liabilities		
Social security contributions for share-related remuneration	–	10 500
Total	**–**	**10 500**

20. Other liabilities

	Group	
SEK thousands	**2007**	2006
Other current liabilities		
Advance payments from customers	130 867	132 207
VAT	14 955	19 784
Tax-at-source and social security contributions	17 304	26 414
Other	46 577	18 544
	209 703	**196 949**

	Parent Company	
SEK thousands	**2007**	2006
Other liabilities		
Current liabilities to publishers	50 151	40 629
Other	7 817	2 396
	57 968	**43 025**

21.
Prepaid expenses and accrued income

SEK thousands	Group 31 Dec. 2007	Group 31 Dec. 2006	Parent Company 31 Dec. 2007	Parent Company 31 Dec. 2006
Holiday pay	20 054	29 142	8 785	11 306
Cost of search engines	8 637	–	–	–
Other	20 567	16 225	3 564	3 440
	49 258	**45 397**	**12 349**	**14 746**

22.
Financial policy

Financial policy
The company's financial policy is to minimise risk. The financial policy is regularly reviewed and approved by the Board. Responsibility for the group's financial transactions and risk are managed centrally by the group's accounting function. Cash and cash equivalents are deposited in bank accounts with major banks and credit institutions at optimal bank interest rates. Trading in securities for speculative purposes is not undertaken.

Liquidity risk
TradeDoubler's financial policy ensures minimum liquidity risk by avoiding all risks in cash flows. A publisher is paid only if the customer has first paid the invoice to TradeDoubler. This permits TradeDoubler to minimise its liquidity risk. TradeDoubler conducts credit rating assessments for all new customers and approves only advance payment from customers in the event of a lack of sufficient information on the customer. Currently, TradeDoubler does not have any central guidelines in its liquidity planning apart from those noted above.

Credit policy
The company is subject to credit risks that arise primarily in connection with accounts receivable from trade. At year-end, these accounts receivable totalled SEK 685.8 million (417.5). All new customers undergo credit rating checks, which provide the basis for the credit and payment terms for each customer. These credit rating checks provide an assessment of the customers' financial position based on information received from various credit rating companies. The Group has drawn up a credit policy governing how customers are to be managed, and at which decision-making level the various credit limits are to be set. TradeDoubler requires advance payment from customers that the company deems to have a low credit rating. TradeDoubler believes that there is no specific risk concentration for any geographical areas or customer category. The three largest customers account for 5.2 percent of accounts receivable. The company's maximum exposure to credit risk in accounts receivable is matched by the reported value in the balance sheet.

Maturity analysis, non-impaired accounts receivable SEK thousands	**2007** Reported value, non-impaired receivables	2006 Reported value, non-impaired receivables
Accounts receivable, not due	429 112	234 523
Accounts receivable, due 0–30 days	111 748	111 216
Accounts receivable, due > 30–90 days	81 723	52 395
Accounts receivable, due > 90+ days	63 166	19 380
	685 749	**417 514**

Bad debt losses
With due consideration of bad debt losses during the year, accounts receivable totalled SEK 2 988 thousand (1 206) for the Group. The loss arose in connection with the bankruptcy of one of the company's most significant customers. No bad debts were registered with the Parent Company during the year. Provisions for anticipated bad debts in the balance sheet amounted to SEK 5 622 thousand (3 260). Historically, bad debts have been of less significant amounts.

Market risks
Interest-rate risk
TradeDoubler plans to amortise its loan in the immediate future to minimise interest-rate risks.

Currency risks
Transaction exposure
TradeDoubler is exposed to currency risks in 19 countries involving nine currencies. The major foreign currencies are GBP and EUR. Of total revenue of SEK 2 664 million (1 744), GBP accounted for 51 percent (42) and EUR for 35 percent (42). Exposure is attributable to exchange rate fluctuations pertaining to accounts receivable and accounts payable, which are limited because invoicing to customers and from suppliers is done mainly in local currency for all companies in the Group.

Translation exposure
Exchange rate fluctuations are also present in the translation of foreign subsidiaries' assets and liabilities to the Parent Company's reporting currency, which is referred to as translation exposure. The Group's net investments in foreign currency primarily involve GBP and EUR.

Net consolidated assets, distributed by currency (%)	**2007**	2006
EUR	1.8	–6.6
GBP	66.6	57.0
SEK	36.2	56.0
Other	–4.5	–6.4
Total	**100.0**	**100.0**

The group does not hedge its translation exposure in foreign currency.

Sensitivity analysis
A 10 percent increase in the exchange rate of the Swedish krona vis-à-vis other currencies would entail a change in shareholders' equity of a negative SEK 16 648 thousand (negative: 10 577), with a negative impact on earnings of SEK 4 452 thousands (negative: 6 530). The sensitivity analysis is based on the assumption that other factors remain unchanged. The same assumptions were applied for 2006.

Duration analysis financial liabilities

Group

SEK thousands	Currency	Nom. amount original currency	2007 Total	2007 Within one month
Bank loans:		–	**–**	–
Bank loans, interest		–	**–**	–
Bank loans, SEB	TGBP	37 000	**477 485**	477 485
Bank loans, Den Danske bank	TSEK	487 222	**487 222**	487 222
Liabilities to suppliers		–	**257 913**	257 913
Current liabilities to publishers		–	**311 660**	311 660
Total			**1 534 280**	**1 534 280**

SEK thousands	Currency	Nom. amount original currency	2006 Total	2006 Within one month
Bank loans:		–	**–**	–
Bank loans, interest		–	**–**	–
Bank loans, SEB	TGBP	–	**–**	–
Bank loans, Den Danske bank	TSEK	–	**–**	–
Liabilities to suppliers		–	**12 662**	12 662
Current liabilities to publishers		–	**270 374**	270 374
Total			**283 036**	**283 036**

Shares in subsidiaries in Sweden. France. Holland and the United Kingdom have been presented as security for loan financing from SEB, which was raised in connection with the acquisition of The IMW Group in July 2007. The loan agreement includes the customary financial covenants in respect of benchmarks such as earnings and debt/equity ratio. The loan was reset in January 2008 to a loan denominated in SEK with an interest rate of 0.85 percent over the Stibor rate. The loan is amortised in the amount of 37 500 thousand per quarter. A current deposit serves as security for the loan at Den Danske Bank of SEK 487 222 thousand.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments varies as a result of changes in market interest rates. Interest rate risk can lead to changes in fair value and changes in cash flow. The fixed interest term is a significant factor affecting interest rate risk.

Management of the Group's interest exposure is centralised, which means that the finance function is responsible for identifying and managing this exposure.

At the closing date, the Group has a variable rate of interest on its financial liabilities of 5.16 percent. As of 31 December 2007, the interest rate is calculated as Stibor plus 0.85 percent.

Interest rate sensitivity analysis

An increase in the floating interest rate on bank loans would increase interest rate expenses during the initial twelve months by approximately SEK 4.3 million.

23. Operational leasing

Leasing with the company as lessee

Non-terminatable leasing payments amounts to:

SEK thousands	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Within one year	9 262	2 462	2 727	1 492
Between one and five years	14 854	24 121	–	–
Longer than five years	62 895	–	–	–
	87 011	**26 583**	**2 727**	**1 492**

During the year, the Group pledged itself to a new leasing agreement for the subsidiary in the UK, which extends over eight years. The IMW Group's total leasing costs amounted to SEK 1 604 thousand for the period 1 August to 31 December 2007. Operating leasing costs for 2007 totalled SEK 20 912 thousand for the group.

24. Pledged assets and contingent liabilities

SEK thousands	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Pledged assets				
Rental deposits	2 882	1 813	552	536
Blocked funds	477 485	–	477 485	–
Pledged subsidiaries	200 963	–	11 095	–
Total pledged assets	**681 330**	**1 813**	**489 132**	**536**
Contingent liabilities	**None**	**None**	**None**	**None**

25. Related parties

Relations with closely related parties

Transactions with closely associated parties within the TradeDoubler Group essentially consist of licence fees of SEK 263 million (219), which the Parent Company charges the subsidiaries, and other revenue of SEK 3.0 million (1.3). Transactions with closely related parties are priced on commercial terms and conditions. These fees are eliminated in the consolidated accounts. The Parent Company's receivables from subsidiaries totalled SEK 843.0 million (128.0). The Parent Company's liabilities to subsidiaries amount to SEK 196.2 million (5.5). In addition, the Parent Company financed subsidiaries with loans and shareholders' equity during their establishment phase.

Transactions with key persons in senior executive positions

No transactions with key people in senior executive positions occurred during the year.

26.
Group companies

Holdings in subsidiaries

	Subsidiary's registered office. country	Ownership, % 2007	2006
TradeDoubler Sweden AB	Stockholm, Sweden	100	100
TradeDoubler Ltd	London, United Kingdom	100	100
TradeDoubler AS	Oslo, Norway	100	100
TradeDoubler A/S	Copenhagen, Denmark	100	100
TradeDoubler Oy	Helsinki, Finland	100	100
TradeDoubler GmbH	Munich, Germany	100	100
TradeDoubler SARL	Paris, France	100	100
TradeDoubler Espana SL	Madrid, Spain	100	100
TradeDoubler Srl	Milano, Italy	100	100
TradeDoubler BV	Rotterdam, Netherlands	100	100
UAB TradeDoubler	Vilnius, Lithuania	100	100
TradeDoubler Sp zoo	Warszawa, Poland	100	100
TradeDoubler AG	Zürich, Switzerland	100	100
TradeDoubler BVBA	Mechelen, Belgium	100	100
TradeDoubler LLC	Moscow, Russia	100	100
TradeDoubler LDA	Lisbon, Portugal	100	100
Advertigo AB	Stockholm, Sweden	100	100
TradeDoubler Austira GmbH	Vienna, Austria	100	–
TradeDoubler Ireland Ltd	Dublin, Ireland	100	–
TheSearch Works Sarl	Paris, France	100	–
TradeDoubler Services 2 AB	Stockholm, Sweden	100	–
TradeDoubler Services 3 AB	Stockholm, Sweden	100	–
TradeDoubler Services 4 AB	Stockholm, Sweden	100	–

SEK thousands	Parent Company 31 Dec. 2007	31 Dec. 2006
Accumulated acquisition cost		
At 1 Jan.	46 587	31 052
Acquisition	11 659	15 535
Closing balance, 31 December	**58 246**	**46 587**

Acquisition costs for the year include unpaid contributions to subsidiaries in the amount of SEK 9 274 thousands. The remaining amount pertains to six minor acquisitions.

Specification of the parent company's direct holdings of participations in subsidiaries

Subsidiary	Corp. reg. no.	Reg. office	No. of shares	Participation, %	Reported value 31 Dec. 07	31 Dec. 06
TradeDoubler Sweden AB	556592-4007	Stockholm	1 000	100	1 255	1 094
TradeDoubler Ltd	3921985	London	5 000	100	8 671	2 633
TradeDoubler AS	982006635	Oslo	1 000	100	8 014	7 946
TradeDoubler A/S	25137884	Copenhagen	125	100	6 107	5 744
TradeDoubler Oy	777468	Helsinki	100	100	4 336	4 269
TradeDoubler GmbH	76167/URNo R181/2001	Munich	1	100	2 331	1 878
TradeDoubler SARL	B431573716 (2000B08629)	Paris	500	100	649	77
TradeDoubler Espana SL	B82666892	Madrid	100	100	6 681	6 218
TradeDoubler Srl	210954 (rep)/26762 (Rac)	Milano	1	100	2 871	2 669
TradeDoubler BV	20100140	Rotterdam	40	100	520	165
UAB TradeDoubler	1411537	Vilnius	100	100	106	27
TradeDoubler Sp zoo	015792506	Warszawa	1 000	100	309	105
TradeDoubler AG	CH020.3.3.028.851-0	Zurich	997	100	5 386	3 541
TradeDoubler BVBA	874694629	Mechelen	371	100	221	172
TradeDoubler LLC	7707589545	Moscow	1	100	3	3
TradeDoubler LDA	507810007	Lisbon	1	100	46	46
Advertigo AB	556695-6511	Stockholm	1 000	100	10 000	10 000
TradeDoubler Austria Gmbh	FN296915	Vienna	1	100	348	–
TradeDoubler Ireland Ltd	422593	Dublin	1	100	23	–
The Search Works Sarl	501439194	Paris	1 000	100	71	–
TradeDoubler Services 2 AB	556745-2999	Stockholm	1 000	100	100	–
TradeDoubler Services 3 AB	556745-5414	Stockholm	1 000	100	100	–
TradeDoubler services 4 AB	556745-5422	Stockholm	1 000	100	100	–
					58 246	**46 587**

TradeDoubler Ltd's direct holdings of participations in subsidiaries

Subsidiary	Corp. reg. no.	Registered office	Participations, %
Interactive Marketing Works Ltd	5401134	London	100

Interactive Marketing Works Ltd. direct holdings of participations in subsidiaries

The Search Works International Ltd	5302987	London	100
Bidbuddy Ltd	5295309	London	100
The Dialog Works Ltd	5551559	London	100
The Search Lb Ltd	5302987	London	100
The Technology Works KK	0110-01-53019	Tokyo	100

27.
Cash-flow statement, supplementary information

Cash and cash equivalents – group

SEK thousands	**2007**	2006
The following sub-components are cash and cash equivalents		
Cash and bank balances	224 157	433 082
Total according to the balance sheet	**224 157**	**433 082**
Total according to the cash-flow statement	**224 157**	**433 082**

Cash and cash equivalents – Parent Company

The following sub-components are cash and cash equivalents		
Cash and bank balances	102 517	159 596
Total according to the balance sheet	**102 517**	**159 596**
Total according to the cash-flow statement	**102 517**	**159 596**

Group	**2007**	2006
Interest received	14 439	8 534
Interest paid	–17 667	14
Parent Company		
Interest received	27 667	1 906
Interest paid	–18 958	14

Adjustments for items not included in cash flow

Group	**2007**	2006
Depreciation/amortisation	19 255	6 409
Costs pertaining to share-related remuneration	13 978	–3 072
	33 233	**3 337**
Parent Company		
Depreciation/amortisation	3 966	3 547
Costs pertaining to share-related remuneration	3 507	–
	7 473	3 547

Information on assets and liabilities in acquired companies is presented in Note 4, Acquisition of operations.

28.
Significant events after the closing date

No significant events occurred after the close of the period.

29.
Key estimates and assessments

The preparation of the annual accounts and application of accounting standards are frequently based on the management's assessments or on assumptions and estimates that may appear reasonable in prevailing conditions. These estimates are often based on experience as well as other factors, including expectations regarding future events. Using other assumptions and assessments, results may differ and – by definition – the actual outcome seldom coincides with assessments.

Intangible assets
In estimating the cash-generating units' recoverable amount for an assessment of any impairment requirement in respect of goodwill and other intangible assets, a number of assumptions have been made regarding future circumstances and estimates of parameters.

30.
Information on the Parent Company

TradeDoubler AB (publ) is a Swedish limited liability company, corporate registration number 556575-7423, and has its registered office in Stockholm. The Parent Company's shares are quoted on the OMX Nordic Exchange in Stockholm. The address of the company's headquarters is Barnhusgatan 12, 111 23 Stockholm.

The consolidated accounts for 2007 cover the Parent Company and its subsidiaries, which, combined, are referred to as the Group.

The undersigned assure that the consolidated accounts and annual report have been prepared in accordance with IFRS international accounting standards, as adopted by the EU, and pursuant to generally accepted accounting standards and provide an accurate impression of the financial position and performance of the Group and Parent Company, and that the Board of Directors' Report provides an accurate overview of the operations, financial position and performance of the Group and Parent Company and describes significant risks and uncertainty factors facing the Parent Company and companies included in the Group.

The consolidated balance sheet and income statement and the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting to be held on 6 May 2008.

Stockholm. 15 April 2008.

Kjell Duveblad
Chairman

Lars Lundquist
Deputy Chairman

Elisabet Annell
Board member

Martin Henricson
Board member

Rolf Lydahl
Board member

Lars Stugemo
Board member

Felix Hagnö
Board member

Kristofer Arwin
Board member

William Cooper
President and
Chief Executive Officer

Our audit report was submitted on 15 April 2008.

KPMG Bohlins AB
Carl Lindgren
Authorized Public Accountant

Auditors' report

To the Annual General Meeting of TradeDoubler AB (publ)
Corporate registration number 556575-7423

We have audited the annual accounts, the consolidated accounts and the accounting records as well as the administration of the Board of Directors and the CEO of TradeDoubler AB (publ) for 2007. The company's annual accounts are included in the printed version of this document on pages 32–62. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain a high degree of but not absolute assurance that the annual accounts and the consolidated accounts are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our statement concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted counter to the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our statements below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and performance in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and performance. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be appropriated in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm 15 April 2008
KPMG Bohlins AB

Carl Lindgren
Authorised Public Accountant

Five-year summary

GROUP

Condensed income statements	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
SEK thousands	2003	2004	2005	2006	**2007**
Revenue	259 607	597 744	1 085 047	1 744 080	2 663 642
Cost of services sold	–165 224	–409 213	–770 567	–1 263 783	–2 027 619
Gross profit	**94 383**	**188 531**	**314 480**	**480 297**	**636 023**
Selling expenses	–49 621	–86 658	–153 449	–200 110	–310 459
Administrative expenses	–25 487	–36 798	–102 455	–72 041	–102 567
R&D expenses	–8 585	–9 574	–14 625	–18 080	–28 164
Operating profit	**10 690**	**55 501**	**43 951**	**190 066**	**194 833**
Financial income	632	1 700	3 648	8 534	31 790
Financial expenses	–680	–713	–221	–400	–17 667
Pre-tax profit	**10 642**	**56 488**	**47 378**	**198 200**	**208 956**
Tax	–3 192	5 820	–8 526	–57 814	–56 609
Net profit for the year	**7 450**	**62 308**	**38 852**	**140 386**	**152 347**

GROUP

Condensed balance sheet	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
SEK thousands	2003	2004	2005	2006	**2007**
Assets					
Intangible fixed assets	–	–	–	12 715	120 887
Goodwill	–	–	–	–	609 780
Tangible fixed assets	3 724	6 600	9 781	11 558	24 918
Long-term receivables	536	536	778	803	803
Deferred tax assets	176	14 107	7 806	2 263	49 455
Total fixed assets	**4 436**	**21 243**	**18 365**	**27 339**	**805 843**
Accounts receivable – trade	72 771	147 144	253 716	417 514	685 749
Prepaid expenses and accrued income	2 164	4 278	4 851	6 453	15 357
Other receivables	657	1 350	38 526	30 316	28 406
Current investments[1]	–	–	–	–	477 485
Cash and cash equivalents	45 606	128 589	218 348	433 082	224 157
Total current assets	**121 198**	**281 361**	**515 441**	**887 365**	**1 431 154**
Total assets	**125 634**	**302 604**	**533 806**	**914 704**	**2 236 997**
Shareholders' equity and liabilities					
Total shareholders' equity	**28 048**	**93 488**	**188 562**	**348 965**	**361 308**
Other provisions	533	4 102	7 200	–	1 121
Deferred tax liabilities	–	–	–	3 562	33 227
Total long-term liabilities	**533**	**4 102**	**7 200**	**3 562**	**34 348**
Current liabilities					
Accounts payable	4 208	8 470	8 987	12 662	257 913
Current liabilities to publishers	55 522	110 881	178 845	270 374	311 660
Tax liabilities	–	–	1 612	26 325	48 100
Other liabilities	25 404	68 780	106 826	196 949	209 703
Liabilities to credit institutions	–	–	–	–	964 707
Accrued expenses and deferred income	11 919	16 883	32 474	45 367	49 258
Provisions	–	–	9 300	10 500	–
Total current liabilities	**97 053**	**205 014**	**338 044**	**562 177**	**1 841 341**
Total liabilities	**97 586**	**209 116**	**345 244**	**565 739**	**1 875 689**
Total shareholders' equity and liabilities	**125 634**	**302 604**	**533 806**	**914 704**	**2 236 997**

[1] Blocked funds.

GROUP

Condensed cash flow statement	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
SEK thousands	2003	2004	2005	2006	**2007**
Pre-tax profit	10 642	56 488	47 378	198 201	208 956
Adjusted for items not included in cash flow	3 039	10 524	25 510	3 337	33 233
Tax paid	–3 257	–7 678	–1 136	–4 903	–16 000
Cash flow from current operations before changes in working capital	10 424	59 333	71 752	196 635	226 189
Cash flow from changes in working capital	15 459	31 876	–29 912	32 533	–85 785
Cash flow from operating activities	25 883	91 210	41 840	229 168	140 404
Cash flow from investing activities	–2 664	–5 579	–7 218	–17 201	–735 455
Cash flow from financing activities	451	0	48 211	8 225	383 591
Cash flow for the year	**23 670**	**85 631**	**82 833**	**220 192**	**–211 460**

Key data	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**IFRS**
	2003	2004	2005	2006	**2007**
Operating margin (%)	4.1	9.3	4.0	10.9	7.3
EBITDA (SEK thousands)	13 310	58 167	48 118	196 474	214 088
EBITDA margin (%)	5.1	9.7	4.4	11.3	8.0
Equity/assets ratio (%)	22	31	35	38	16,2
Return on capital employed (%)	47	94	34	74	27
Return on shareholders' equity (%)	31	103	28	52	43
Risk-bearing capital (%)	22	31	35	38,5	17,6
Number of employees at end of period	92	160	256	351	550
Average number of employees	80	130	222	308	461

Corporate governance report

TradeDoubler AB (publ) has applied the Swedish Code of Corporate Governance since the company was listed on the O-List of the Stockholm Stock Exchange on 8 November 2005.

No divergences from the Code occurred in 2007. The Code stipulates that the Annual Report is to be followed by this corporate governance report, which provides a general description of how TradeDoubler has complied with the Code during the 2007 financial year.

TradeDoubler's auditors have not reviewed this corporate governance report.

1. Annual General Meeting

The Annual General Meeting (AGM) of TradeDoubler is TradeDoubler's highest decision-making body. Shareholders who are registered in the share register on the record day and have notified their participation in time are entitled to participate and vote at the AGM, in person or by proxy.

The 2007 AGM was held on 24 May in Stockholm. The Meeting was conducted in Swedish and simultaneously interpreted into English. The CEO's address was presented in English and interpreted in Swedish. The minutes of the meeting are available at TradeDoubler's website.

A total of 20 shareholders representing 52 percent of the shares and total voting rights were present.

2. Shareholders and share capital

As of 28 December 2007, TradeDoubler had 2 805 shareholders. The largest shareholder was Alecta with 14.6 percent of the total shares outstanding. Ownership by foreign shareholders totalled 10.0 percent of the shares.

TradeDoubler's share capital at the end of the year totalled SEK 11 371 744, distributed among 28 429 359 shares. All shares carry equal voting rights and equal rights to participate in the assets and earnings of the Group.

3. Nomination Committee

The Annual General Meeting in 2007 approved new guidelines for appointments to the Nomination Committee. The Nomination Committee shall consist of four members: one representative each from the three largest shareholders, as of the last stock market trading day in June, who wish to appoint such a representative, as well as the Chairman of the Board.

The composition of the Nomination Committee was announced on 8 August 2007 and it consists of: Ramsay Brufer, Chairman of the Nomination Committee, representing Alecta Pensionsförsäkring, Anders Ljungqvist representing AMF Pensionsförsäkring and AMF Pension Fonder, Åsa Nisell representing Swedbank Robur Fonder and Kjell Duveblad Chairman of the Board of Directors.

On 22 August 2007, the Nomination Committee announced that Felix Hagnö, one of TradeDoubler's founders, had been co-opted to the Committee, since it otherwise consisted mainly of institutional shareholders.

The Nomination Committee's primary task is to prepare proposals for the 2008 Annual General meeting, and in particular:

- Propose a Chairman for the Nomination Committee
- Propose a Board of Directors
- Propose a Chairman of the Board
- Propose remuneration and other compensation for each Board member
- Propose remuneration for TradeDoubler's auditors
- Propose guidelines for appointing the Nomination Committee for the 2009 AGM.

The Nomination Committee will present its proposals and a report on its work to the Annual General Meeting.

Members of the Nomination Committee received no remuneration from TradeDoubler. However, Kjell Duveblad received remuneration as the Chairman of the Board and Felix Hagnö receives remuneration as a Board Member.

4. Board of Directors

TradeDoubler's Board of Directors and its Chairman are elected by the Annual General Meeting (AGM) for the period until the next AGM.

During 2007, the Board consisted of eight members, without deputies or personnel representatives. Neither the CEO nor anybody else among senior company management is a member of the Board.

Kjell Duveblad has been Chairman of the Board since 2005. Lars Lundquist has been Deputy Chairman since 2007 and is also the Chairman of the Remuneration Committee. Other members are Elisabet Annell, Chairperson of the Audit Committee, Kristoffer Arwin, Felix Hagnö, Martin Henricson, Rolf Lydahl and Lars Stugemo.

Flexi Hagnö is one of TradeDoubler's founders and formerly the CEO of the company. Martin Henricson was also the company's CEO.

Other Board members are viewed as being independent in relation to the major shareholders. Felix Hagnö's shareholding is less than 10 percent of the shares.

Additional information regarding members of the Board is available on page 71 (age, education, background, other board appointments, shareholdings and year of election to the Board).

The Board has adopted a formal work plan that details the Board's tasks and encompasses instructions for Committees, instructions to the CEO, and instructions regarding the CEO's financial reporting. This work plan was updated and adopted at the Board's statutory meeting following the AGM of 2007 and is continuously revised and supplemented.

The Board appoints the CEO, who, in turn, appoints other members of the Group Management Board. The CEO shall consult with the Board's Chairman, when the CEO appoints people to or dismisses them from the Group Management Board.

5. Board of Directors

The Board of Directors has ultimate responsibility for the organisation and its management. The Board determines the company's strategy and decides on the guidelines and instructions for the CEO and the Group Management Board. The Board shall regularly evaluate and monitor the company's organisation, financial status, financial reports, internal control, risk management, policy decisions and guidelines.

The Board holds seven regular meetings per year: once each quarter prior to the publication of the interim report, a statutory meeting after the AGM, a workshop in September to discuss the company's strategy and one meeting in December with the aim of approving the TradeDoubler Group's business plan and budget for the upcoming year.

In 2007, the Board held 19 meetings (20 in 2006). The large number of meetings was primarily due to TradeDoubler's acquisition of The IMW Group in July and the public offer from AOL in January. Most meetings, except those scheduled, were held in the form of telephone conferences. Two of the meetings were per capsulam.

Unless otherwise stated in this report, the CEO participates in all Board meetings, and other members of the Group Management Board are present when required. At most meetings, the Board conducts discussions at which neither the CEO nor anybody else from executive management is present. TradeDoubler's Chief Legal Counsel is the Board secretary.

Participation in Board meetings:

Kjell Duveblad	19/19	Felix Hagnö	16/19
Lars Lundquist	11/12	Martin Henricson	18/19
Elisabet Annell	17/19	Rolf Lydahl	11/12
Kristofer Arwin	11/12	Lars Stugemo	14/19

6. Committees

The Board has appointed two committees; the Audit Committee and the Remuneration Committee. The committees report regularly to the Board with respect to their work. A member of the Group Management Board participates as a member and committee secretary.

Instructions to the committees are part of the Board's work plan.

6.1 Audit Committee

The Audit Committee consists of three members: Elisabet Annell (Chair), Kjell Duveblad, and Rolf Lydahl. TradeDoubler's Chief Legal Counsel is the secretary of the Committee. The Committee meets five times annually. All members were present at all meetings, with the exception of Kjell Duveblad, who was absent on two occasions. The company's auditors, CFO and the Committee's secretary were present at all meetings.

In line with the Board's Instructions, the Audit Committee shall:

- Prepare financial reports and ensure their quality
- Continually meet with the company's auditors
- Acquire information regarding the direction of the audit and its scope
- Determine guidelines for services other than auditing that TradeDoubler may procure from the company's auditors
- Assess audit work and report to the Nomination Committee.

The primary function of the Audit Committee is mainly of a preparatory nature, but it is authorised to approve an increase in the scope of the audit and approve the auditors' remuneration.

During 2007, the Committee focused particularly on financial reporting, internal control and risk management. The Committee also participated in the recruitment of a new CFO.

The Audit Committee assessed its work and audit work during 2007.

6.2 Remuneration Committee

The Remuneration Committee consists of four members: Lars Lundquist (Chairman), Kjell Duveblad, Kristofer Arwin and Lars Stugemo. TradeDoubler's Human Resource Manager is the Committee's secretary.

The function of the Remuneration Committee is primarily to prepare matters for the consideration of the Board, which relate to remuneration of TradeDoubler's management and employees.

According to the Board's instructions, the Remuneration Committee shall:

- Provide the Board with proposals for principles governing the remuneration of the CEO and other executives
- Follow up the results of bonus and incentive programmes
- Provide the Board with proposals regarding remuneration and other employment terms and conditions for the CEO
- Ensure that the CEO's remuneration and that of other executives complies with the principles approved by the AGM
- Provide the Board with templates for employment contracts for executives
- Support the Board in monitoring applicable legislation, listing requirements and ensuring that the Code is observed in terms of disclosures regarding the remuneration of the CEO and other executives.

The Committee is authorised to approve salaries and benefits for the Group Management Board. The Board determines issues affecting remuneration of the CEO and the remuneration structure for the Group Management Board.

The Remuneration Committee had five recorded meetings between the 2007 AGM and the date of this report as well as informal contacts between the meetings.

During 2007, the Remuneration Committee prepared a new remuneration structure for the entire TradeDoubler Group in all markets and at all levels. The Committee also prepared a proposal for a new, long-term incentive programme that will be presented at the 2008 AGM.

7. Evaluation of the Board

The Board evaluates its work each year. In 2007, the evaluation was conducted within the Board during September and October in the form of a self-evaluation using questionnaires for all Board members, as well as subsequent discussions.

The results of the evaluation were reported to the Nomination Committee.

8. CEO

William Cooper has been TradeDoubler's CEO and President since 28 March 2007. He has the ultimate responsibility for the Group's day-to-day operations and for ensuring that operations are conducted in line with applicable law, decisions and guidelines. The CEO reports to the Board. The CEO's work and role are controlled by the instructions to the CEO and the instructions regarding the CEO's financial reporting that have been adopted and regularly updated by Board.

More information on William Cooper is available on page 72.

9. Auditors

KPMG Bohlins AB was appointed by TradeDoubler at the 2005 Annual General Meeting as auditors for a period of four years. Carl Lindgren, authorized public accountant, was appointed as auditor-in-charge at the 2006 Annual General Meeting.

The auditors attended all of the Audit Committee's meetings. The Board also convened with the auditors without the presence of the CEO or other members of company management.

During the period 2005 to 2007, the auditors had consulting assignments alongside their auditing tasks, primarily in matters relating to accounting issues.

10. Remuneration

10.1 Remuneration of the Board

The Annual Report for 2007 approved remuneration of the Board in the form of SEK 450 000 for the Chairman of the Board, SEK 250 000 to the Deputy Chairman and SEK 200 000 to each of the Board members. Remuneration of SEK 75 000 is paid to the Chairman of the Audit Committee, SEK 50 000 each to the Audit Committee's members and SEK 50 000 to the Chairman of the Remuneration Committee. Remuneration is paid once annually after the AGM.

No Board member participates in any of TradeDoubler's long-term incentive programmes.

10.2 Principles underlying remuneration of company executives

The 2007 AGM approved remuneration principles for the CEO and General Management Board. These principles are described on page 48 of the Annual Report and are essentially identical to the principles adopted by the 2006 AGM.

All remuneration for the CEO and General Management Board has been approved by the Board or the Remuneration Committee.

10.3 Remaining share-related incentive programs

Two long-term incentive programmes were in progress during 2007: programme 2004/2007, which expired on 31 December and programme 2006/2010.

The 2006/2010-employee warrant programme was approved by the 2006 and 2007 AGMs. Originally, it encompassed 1 400 000 options that each entitled the holder to one share during the exercise periods in 2008, 2009 and 2010. There are currently 901 391 options outstanding.

Options were issued twice within the framework of the 2006/2010 programme, namely, in December 2006 and August 2007.

10.4 Remuneration of auditors

The remuneration of auditors for the 2007 financial year was made in accordance with approved invoices. The auditors prepared a budget that was approved and regularly monitored by the Audit Committee.

11. Financial reports

The Board monitors the quality of financial reporting by means of instructions to the CEO and reporting instructions via the Audit Committee. The Audit Committee prepares all of TradeDoubler's financial reports due for publication. The entire Board approves TradeDoubler's interim reports and year-end report. The entire Board is ultimately responsible for ensuring that TradeDoubler's financial reports are prepared in accordance with applicable legislation, accounting standards and other requirements on limited liability companies.

It is the task of the CEO, in cooperation with the CFO, to prepare, evaluate and ensure the quality of all external financial reports, including financial communiqués, interim reports, year-end reports, press releases with financial content, and presentation material for the media, shareholders and financial institutions.

Organisation of internal control regarding financial reporting

Internal control with regards to financial reporting is defined as the process conducted by the Board, executive management and other personnel concerned to gain reasonable assurance of the accuracy of the Group's financial reporting. Internal control is organised on the basis of the following sub-areas: control environment, risk management, control systems, information and communication channels as well as procedures for follow-up.

Control environment

The basis for internal control with regards to financial reporting is the control environment, which shapes the culture and the values from which TradeDoubler operates. The Group's organisational structure, decision-making channels, authority and responsibility, policies and other governing documents that are communicated to all employees of TradeDoubler represent the key to this culture. Governing documents such as verification instructions and documentation of the division of work between the Board and CEO as well as between the various bodies that the CEO and Board have established are examples. Accounting policies and other guidelines in respect of financial reporting are regularly updated and reviewed annually.

Corporate governance report

Risk Management

Risk management in the group was prioritized during the year and a formal approach was established for measuring, valuing and managing risk. The focus of this risk management is the Board's overall responsibility and a clear decision-making procedure with a high degree of risk awareness among employees. At TradeDoubler, controlled risk-taking within set limits is combined with a high degree of transparency in external reporting. Responsibility within the Board for quality assurance of the Group's financial reporting lies with the Audit Committee. By means of continual contact with managers at TradeDoubler and with external auditors, the Audit Committee ensures that any risk of material misstatements in financial reporting are identified and dealt with. During the past year, for example, a formal analysis was conducted of the financial processes in an effort to identify high risk processes in the Group's accounting functions as well as to document and ensure the Group's financial processes. The subsequent assessment was based on the volume and the value of the transactions or risks, which are reported in the income statements and balance sheet. To ensure effective management and a low risk level for financial reporting, system support has been commissioned during the year that reduces the manual handling of flows and processes and thus the risk of mistakes. The current level of risk management and documentation is the basis for further measures designed to improve internal control and follow-up procedures for the future.

Control systems

The risks identified in respect of the financial reporting are managed via detailed control activities that are regularly updated and documented. The control activities may be of a general nature or related to a specific risk or individual account in the balance sheet or income statement. TradeDoubler's work on procedures and checks designed to ensure good internal control is present in all relevant areas and at all levels. Control activities are aimed at preventing and, when required, identifying inaccuracies and divergences - such as account reconciliations, analytical follow-up of outcomes and controls built into the IT system. Two areas of focus during the past year were processes and a process survey of work flows in the accounting organisation, as well as a complete review and reorganisation of the Group's accounting structure. The company tracks developments in IFRS and monitors the implementation of these in the Group.

Information and communication channels

TradeDoubler's information and communications channels are aimed at ensuring that financial reporting is complete and accurate. In an effort to attain these objectives, there are governing documents in the form of internal policies, guidelines and manuals to ensure that financial reporting is updated regularly, at least annually, which are communicated to the personnel involved.

Monitoring

The Board receives monthly financial reports and, at each Board meeting, the Group's financial situation is presented and discussed. TradeDoubler enhances and monitors compliance with these policies and guidelines, as well as the precision of financial reporting. The monitoring procedures also ensure that the Group's information and communications channels are appropriate and shaped to match financial reporting on the basis of the plan set by the Audit Committee. The results of audits, measures and status are continuously reported to the company's Board.

Conclusion

In line with the aforementioned reports for internal control, TradeDoubler's management has systematically verified and, when required, structured or created the internal documentation required for the maintenance of the internal control system. Nothing has arisen during this work to indicate that the control system does not work in the intended manner. In addition, the company's management continues to work with further improving and strengthening internal control in the Group. Proceeding on this basis, the Board has decided not to set up a special internal auditing function. This decision will be reviewed annually.

This report on internal control in respect of financial reporting for 2007 has been drawn up in accordance with the Swedish Code of Corporate Governance and is part of the company's governance report. The company's auditors have not examined the report.

Board of Directors

1. *KJELL DUVEBLAD* Chairman of the Board of Directors since June 2005. Born in 1954. He is a Swedish citizen. He is also the chairman of Remium Securities and Trio Enterprise. Member of the Boards of Bure Equity AB, Telelogic AB and a number of non-listed companies. He holds an MSc in Business Administration and Economics from the Stockholm School of Economics. Independence: Mr. Duveblad holds 30 000 shares and is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

2. *LARS LUNDQUIST* Deputy Chairman of the Board of Directors since 2007 and Chairman of the Remuneration Committee. Born in 1948, he is a Swedish citizen and holds a BSc in Business Administration and Economics from the Stockholm School of Economics and an MBA from the University of Wisconsin in the US. Lars Lundquist has more than 30 years experience working for banks, brokerages and insurance companies. He was Chief Financial Officer and Executive Vice-President of SEB prior to his retirement from this position on 1 January 2005. Mr. Lundquist is Chairman of the Boards of JM AB, Intrum Justitia AB and Försäkrings AB ERIKA as well as Deputy Chairman of the Board of the Swedish Sixth Pension Fund and a member of the Board and tax controller of the Swedish Heart & Lung Foundation. Independence: Mr. Lundquist holds 3 000 ordinary shares and is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

3. *ELISABET ANNELL* Member of the Board of TradeDoubler since June 2005 and Chairperson of the Audit Committee. Born in 1945. She is a Swedish citizen. Ms. Annell is a member of the Boards of Atria Scandinavia, Axel Johnson International AB, Catella AB, JM, Lantmännen Cooperative, Skandia Liv, Telligent and Öresundskonsortiet. Independence: Ms. Annel holds 1 700 ordinary shares and is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

4. *MARTIN HENRICSON* Member of the Board of TradeDoubler since 2001. Born in 1961. He is a Swedish citizen. CEO and President of Mercuri International, Previously President and Chief Executive Officer of TradeDoubler from 2001 to February 2007. Currently a member of the Boards of Implema, Yallotrade and Anew Learning. Martin Henricson has lengthy experience as a management consultant in IT and Telecom and has held a number of senior executive positions in Sweden and internationally, including positions in Resco and Telia. Independence: Mr. Henricson holds 10 000 ordinary shares and is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

5. *ROLF LYDAHL* Member of the Board since 2007. Born in 1945. He is a Swedish citizen and holds a BSc in Business Administration and Economics from the Stockholm School of Economics. He has experience in financial services and real estate, having served as Chief Executive Officer of the finance company Probo and Executive Vice President of Nordstjernan. He is Chairman of the Board of IndeCap and Jernhusen and a member of the Boards of Swedcarrier, Concordia Bus, AP Fastigheter and Steneken. Independence: Mr. Lydahl is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

6. *LARS STUGEMO* Member of the Board since 2006. Born in 1961. He is a Swedish citizen. Co-founder of HiQ and its President since 2000, as well as being a member of the Board of HiQ since 1998. Independence: Mr. Stugemo holds 700 ordinary shares in TradeDoubler and is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

7. *FELIX HAGNÖ* Member of the Board since 1999. Born in 1972. He is a Swedish citizen. Co-founder of TradeDoubler and Chief Executive Officer until 2001. Independence: Mr. Hagnö holds 715 150 ordinary shares in TradeDoubler and is not regarded as independent in relation to the company, and the company's executive management, but is viewed as being so in relation to the major shareholders in the company.

8. *KRISTOFER ARWIN* Member of the Board since 2007. Born in 1970. He is a Swedish citizen and holds a BSc in Business and Administration from Stockholm University. In 1999, Kristoffer Arwin founded the price comparison company PriceRunner and was its CEO until December 2005. He was a co-founder of and Chief Executive Officer of Wiral Internet Group since 2007. He is a member of the Boards of Alertsec and Superbo. Independence: Mr Arwin is regarded as independent in relation to the company, the company's executive management, and major shareholders in the company.

AUDITORS: KPMG BOHLINS AB SINCE 2005
Carl Lindgren. Born in 1958. Auditor-in-charge since 2006. Other assignments: Intrum Justitia, Investor, MTG and Nordea.

Group Management Board


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1. *WILLIAM COOPER* Chief Executive Officer since 2007. Born in 1973. Formerly COO at TradeDoubler from 2000 to 2006. He holds a BA Hons degree from Manchester University. Shareholding: 419 268 shares – 110 000 employee stock options.

2. *KAYHAN UTKUTUG* Vice President, Products since 2006 and Vice President Business Development since 2007. Born in 1974. He studied economics at Lund University and Université de Paris IX Dauphine. Shareholding: 7 000 shares – 70 000 employee stock options.

3. *ULRIKA WAHLLÖF* Human Resources Director since August 2007. Born in 1962. Ulrika Wahllöf's most recent appointment was as Vice President, Human Resources at OMX Technology AB. She holds a Bachelor of Science in Human Resources and labour Legislation from Uppsala University. Shareholding: 0 shares – 25 000 employee stock options.

4. *JIM BRIGDEN* Group Managing Director TradeDoubler UK since 2007. Formerly Sales Director for Overture Northern Europe from its launch in 2000 to May 2004. Shareholding: 0 shares – 30 000 employee stock options.

5. *CASPER SEIFERT* CFO since June 2007. Born in 1970. Mr. Seifert's most recent appointment was as CFO of Mekonomen AB. Casper Seifert holds a BA Hons with a major in Finance & Accounting from Stockholm University. Shareholding: 0 shares – 40 000 employee stock options.

6. *NIKLAS LUNDQUIST* General Counsel. Born in 1970. Holds an LLM from Stockholm University. Shareholding: 0 shares – 22 000 employee stock options.

7. *ANDREAS BERNSTRÖM* COO since 2007. Born in 1974. Formerly Managing Director of TradeDoubler, United Kingdom & Ireland. He holds a BA Hons from Manchester University and Master in Finance from Webster's University, London. Shareholding: 320 000 shares – 77 000 employee stock options.

8. *OLA UDÉN* Chief Technology Officer since 2001. Born in 1965. Holds an MSc in Business Administration and Economics from Uppsala University and a BSc in Computer Science from Mitthögskolan University College. Shareholding: 45 900 shares – 44 000 employee stock options.

9. *NICK HYNES* CEO, The IMW Group since 2004. Formerly Managing Director and President of Overture Europe. He holds an MBA, from the University of Bath. Shareholding: 0 shares – 0 employee stock options.

10. *MICK EMPSON* Managing Director, The Technology Works. Born in 1964. He holds a BA Hons in Business from Thames Valley University. Shareholding: 2 500 shares – 25 000 employee stock options.

11. *RENÉ RECHTMAN* Vice President International Advertiser and Publisher Sales since 2006. Born in 1970. Previously responsible for strategic/international clients and Danish operations. Holds an MSc and BSc in Political Science from Copenhagen University and is currently pursuing a PhD at Kingston Business School. Shareholding: 36 000 shares – 57 000 employee stock options.

12. *BJÖRN LINDBERG* Vice President International Client Relations since 2006. Born in 1960, he has studied Marketing & Business Economics at MIS Stockholm. Shareholding: 5 000 shares – 57 000 employee stock options.

Annual General Meeting, definitions and glossary

Annual General Meeting

The Annual General Meeting will be held in Musiksalen, Norra Latin Conference Centre in Stockholm on 6 May at 4:00 p.m. A summons to the meeting will be published not later than four weeks ahead of the AGM in Post- och Inrikes Tidningar (Swedish Gazette), Svenska Dagbladet and Dagens Industri.

Definitions

Operating margin Operating profit as a percentage of revenue.
EBITDA EBITDA is earnings before tax, net financial items and depreciation/amortisation and impairment.
EBITDA-margin EBITDA as a percentage of revenue.
Capital employed Total assets less current and long-term non-interest bearing liabilities, including deferred tax liabilities.
Return on capital employed Operating profit plus interest income as a percentage of average capital employed, calculated as opening and closing capital employed divided by two.
Return on shareholders' equity Earnings for the period as a percentage of the average shareholders' equity, calculated as open and closing shareholders equity divided by two.
Equity/assets ratio Shareholders' equity as a percentage of the balance sheet total.
Percentage of risk-bearing capital Total of shareholders' equity, minority interests, shareholder loans and deferred tax liabilities divided by total assets.

Glossary

Affiliate A person or a company, frequently a publisher, who is a member of TradeDoubler's affiliate network, and who generates online traffic to advertisers.
Affiliate marketing A form of performance-based internet advertising in which online publishers advertise in return for compensation based on specific actions of internet users – such as clicking, user registration or purchase, in response to their advertisements.
Affiliate programme This is used is connection with TradeDoubler's affiliate programme - a defined business relationship with advertisers and affiliates through which affiliates display advertisements in return for compensation based on pre-determined, fixed and measurable transactions that they deliver to the advertisers.
Vertical websites Websites with lower traffic volumes that focus on online users with specific demographic features or special interests.
Cost-per-action (CPA) A pricing module in which advertisers pay a fee based either on the sale of advertised products or a number of specific activities such as leads, – primarily registration – that their advertisements generates.
Cost-per-click (CPC) A price model in which advertisers pay a fee based on the number of clicks that their advertisements generate. This is a price model in which advertisers pay a fee based on the number of times an advertisement is displayed.
Premium websites Websites with relatively large traffic volumes that generate sales through offers to members from advertisers. Users regain part of the sales value in the form of money, bonus points or discounts.
Performance-based A general term for online marketing activities in which publishers only receive payment when a transaction (such as a lead, sale, or click) is generated.
Publisher Websites that agree to display advertisements in return for compensation based on specified actions on the part of internet users, such as clicks, user registrations, or purchases, in response to their advertisements.
Tracking The process and method used to follow up website traffic, primarily through the use of cookies.

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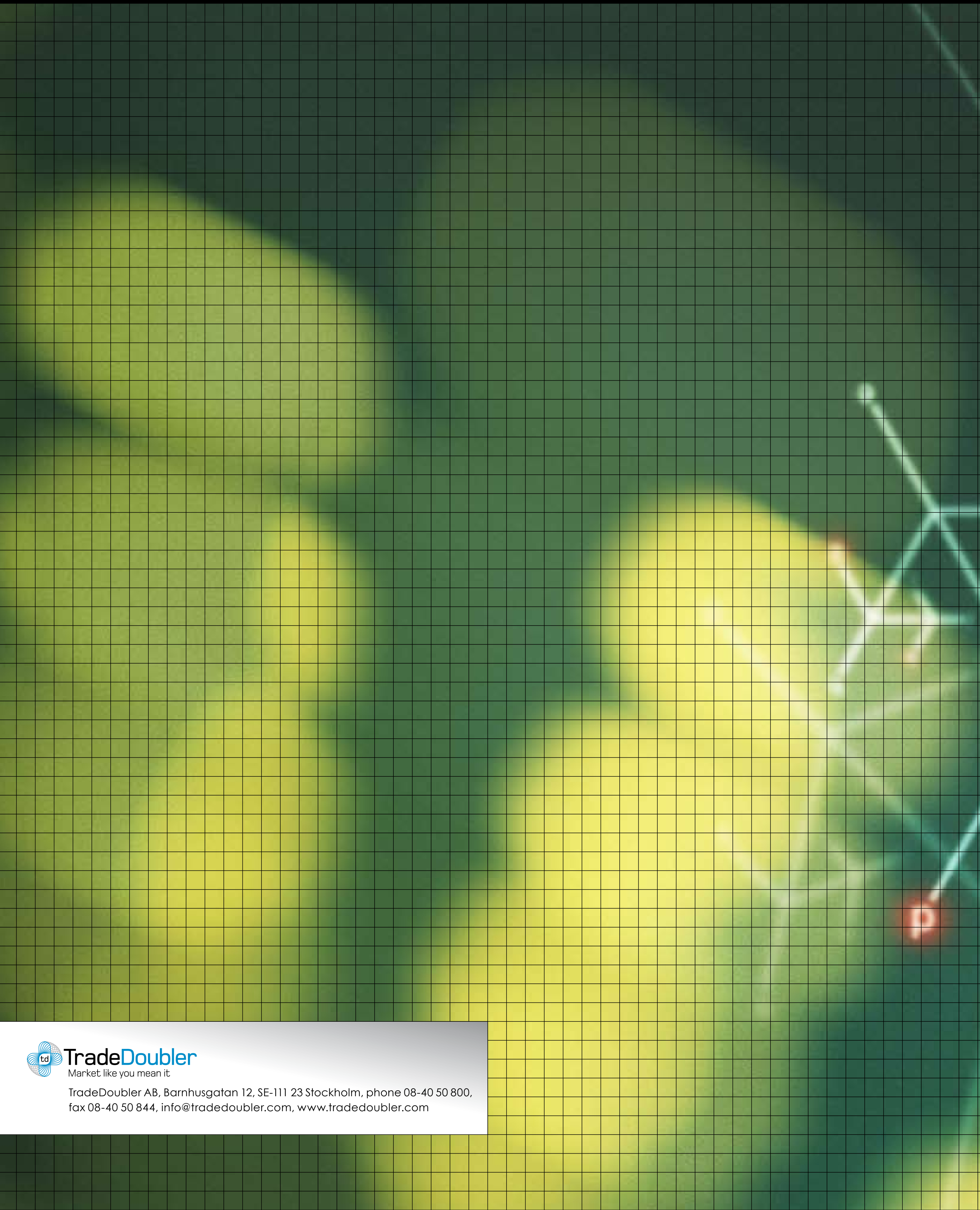

TradeDoubler
Market like you mean it

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