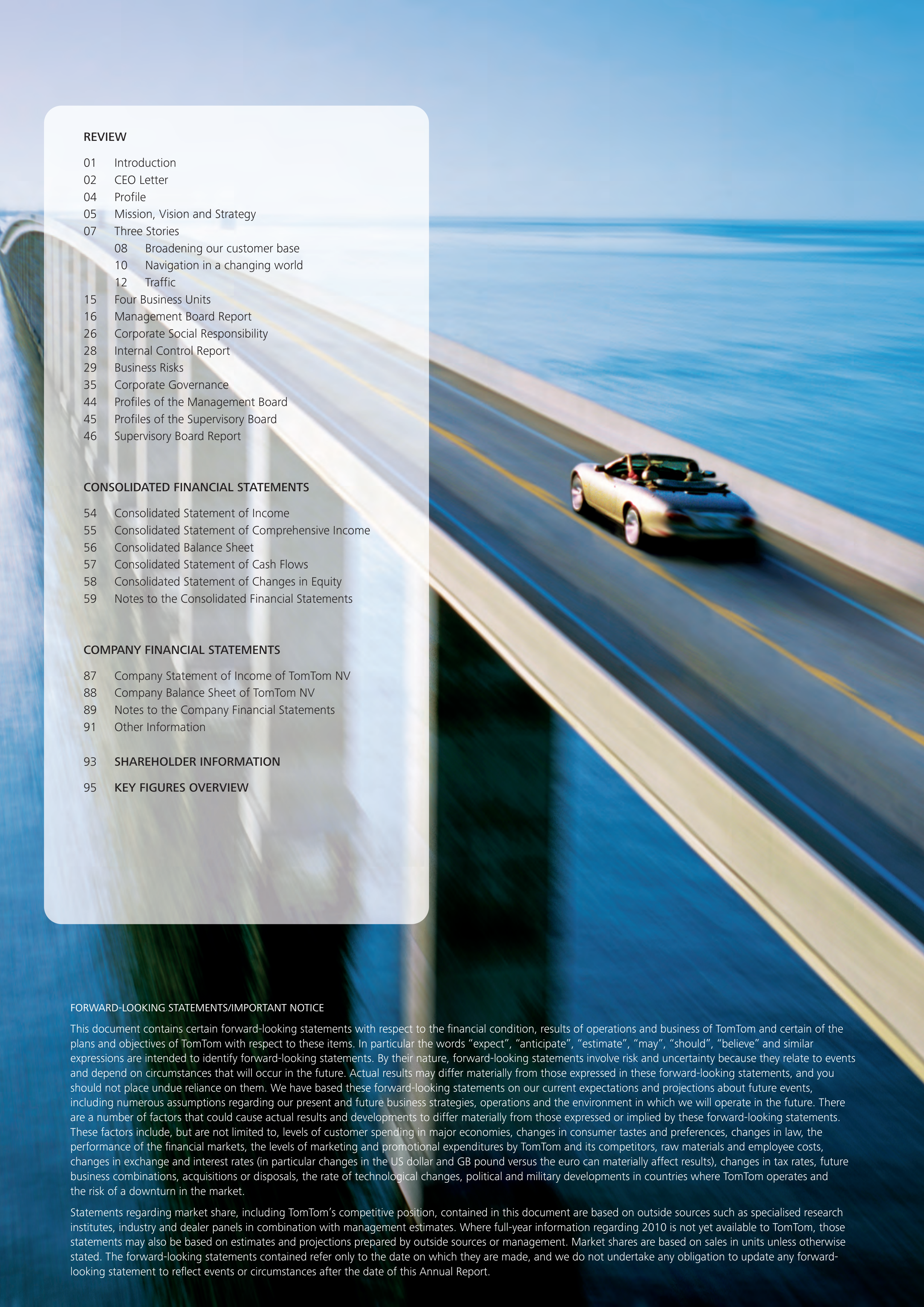
TOMTOM

ANNUAL REPORT AND ACCOUNTS

2010

Freedom to move…



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FORWARD-LOOKING STATEMENTS/IMPORTANT NOTICE

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

Statements regarding market share, including TomTom’s competitive position, contained in this document are based on outside sources such as specialised research institutes, industry and dealer panels in combination with management estimates. Where full-year information regarding 2010 is not yet available to TomTom, those statements may also be based on estimates and projections prepared by outside sources or management. Market shares are based on sales in units unless otherwise stated. The forward-looking statements contained refer only to the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Annual Report.

INTRODUCTION

TomTom is the world's leading provider of location and navigation products and services. Our products include portable navigation devices, in-dash infotainment systems, fleet track and trace solutions, maps and real-time traffic services, including the award winning HD Traffic®.

FINANCIAL HIGHLIGHTS 2010

- €1.5 billion revenue – up 3%
- €357 million Content & Services revenue – up 17%
- €0.49 earnings per share – up 3%
- 49% gross margin
- 12% operating margin
- Net cash flow from operating activities €210 million

OPERATIONAL HIGHLIGHTS 2010

- New and extended automotive contracts with Mazda, Renault, Fiat and Toyota
- Introduction of PND ranges with instant routing and improved user interfaces
- New licensing contracts with HTC and MiTAC
- HD Traffic rolled out across Europe
- Implementation of an integrated group wide technology platform

CEO LETTER

In 2010 we made good progress with broadening the base of our company; we increased revenue by growing our newer income streams, generated a significant amount of cash and grew earnings per share whilst continuing to invest in our products and people.

HD Traffic, our real-time traffic solution, plays an important part in our strategy to expand the services we can offer our customers. We can help them reach their destinations safely, efficiently and with relevant information literally at their fingertips. Independent tests have identified HD Traffic as the most accurate traffic solution currently on the market. As our customer base grows, so will the data streams it generates, this in turn will ensure that the quality of the services will continue to improve. We launched HD Traffic widely across Europe and in 2011 we will make it available in the US.

Our automotive business is developing well. Our customers are offering our navigation systems on more of their models, in more countries, and take-up rates are increasing. We will continue our dialogue with other car manufacturers to extend our client base. We offer increasingly enhanced content and services that are particularly valuable to car manufacturers and we have the technology and assets to enable us to attain a leading position in the rise of the connected car.

The GPS sports watch, developed in conjunction with Nike and to be introduced to the market in 2011, is a good example of a product that leverages our platform assets and extends our reach into new markets. This very exciting product marks our first steps in the fast growing GPS sports segment.

TECHNOLOGY DEVELOPMENT /

We made major investments in our content and technology platforms in 2010. This year we will continue to invest; we focus on delivering the highest quality automotive grade maps and on keeping them up to date. We are building an efficient and scalable online delivery platform for our content and services, as well as a more configurable client software platform that can meet the future requirements of our customers. In addition we are developing an unrivalled database of points of interest, speed cameras, traffic information and much more, from which we can develop a range of products and services for different markets and applications.

THANK YOU /

My gratitude goes out to our employees for their commitment and hard work throughout the year. I would also like to thank our partners who work with us to deliver our solutions in this dynamic world. I thank our shareholders for recognising the value of our assets and the growth opportunity they provide. Finally, I would like to thank our customers who continue to welcome us on their journeys.

Harold Goddijn
Chief Executive Officer, TomTom NV

PROFILE

TomTom is the world's leading provider of location and navigation products and services focused on getting car drivers to their destinations safely, efficiently and well informed along the way.

→ Hundreds of millions of people use our devices, content and services. We sell our products in over 40 countries and have 3,500 employees.

Our company structure consists of four customer facing business units – Consumer, Automotive, Business Solutions and Licensing. The first three business units provide targeted solutions for customers; consumers, car manufacturers and their suppliers, and fleet owners. Licensing sells its content and services to multiple customer groups including portable navigation device (PND) companies, wireless companies, governments and enterprises.

TomTom's business units are supported by an integrated technology platform leveraging our technologies and expertise to enable us to continue to develop innovative products and services to meet and surpass our customers' growing needs.

MISSION, VISION AND STRATEGY

It is our mission to provide all drivers with the world's best navigation experience.

Our customers use our navigation products on a multitude of devices, such as our PNDs, in-dash systems and on smartphones. Moreover, many drivers benefit from our content on a range of third party applications and devices.

→ We further improve our products by taking advantage of the possibilities that arise from "connected navigation". Connected navigation provides customers with relevant and up-to-date information when it is needed. Much of that content can now be provided via real-time services such as traffic information and mobile speed cameras. An increasing proportion of our products come equipped with a cellular wireless data connection.

At TomTom we realise that traffic congestion has a significant negative economic impact and a direct effect on people's lives. We will continue to do all we can to ensure that our technologies help to minimise these impacts. TomTom connected navigation devices are already reducing the impact of traffic congestion as our customers are automatically being redirected to less congested routes. The collective effect of an increasing proportion of TomTom drivers being rerouted around congested traffic will lead to more effective usage of road networks and therefore reduce congestion for all drivers.

On the whole, we foresee that the usage of navigation and location applications will only continue to increase. The proportion of cars on the road with in-dash navigation systems will grow and we will play an increasingly bigger role in this development. More innovation will reinvigorate the market for PNDs, which will endure for the foreseeable future.

MISSION, VISION AND STRATEGY
continued

→ We are uniquely positioned with our clear driver-centric focus and asset ownership. Over the years we have invested in and acquired all of the content, knowledge and technologies that support today's car driver's navigation experience.

Our product strategy is to prioritise our R&D investments in support of our mission to provide all drivers with the world's best navigation experience. Technologically, we will focus our investments on our integrated common platform to best support our product strategy.

Our platform assets include content such as maps and real-time traffic data, services such as HD Traffic and speed cameras, and client software (also known as device software) such as fast routing that takes traffic congestion into account.

By owning the entire process; from the software technology, to creating the content up to developing and maintaining the products, we have a unique competitive advantage. This structure allows us to deliver navigation experiences that are difficult for the competition to match, such as higher quality traffic information and map improvements derived from, and enriched by, our community of device users.

Our growth targets will be achieved by selling an ever increasing array of innovative driver-centric solutions, and by expanding the market geographically and demographically. We will strengthen our market position by offering the best navigation experience for drivers by vertically integrating our platform assets in our own PND and in-dash systems. We will continue to deliver a constant stream of new PND products and take advantage of the opportunities which arise from our vertical integration to sell well designed devices that embed the "application in the plastic" to maintain our leading position in the PND market.

THREE STORIES

Over the following pages we describe three of TomTom's paths to productivity that in turn enable us to create: **Freedom to move…**

/ 1 Broadening our customer base p08 – 09

Responding to an expanding universe of needs

/ 2 Navigation in a changing world p10 – 11

Delivering the TomTom advantage to a wider market

/ 3 Traffic p12 – 13

Tackling global issues

1

Responding to an expanding universe of needs

Broadening our customer base

We focus on in-car navigation

We have dedicated ourselves to continuously introducing new in-car products and services in order to improve our customers' lives. To achieve this, we have been investing in – and own – all of the content, knowledge and technologies that together make up the TomTom customer experience. From hardware design to real-time traffic services; from routing technology to automotive-grade map content.

As the PND is the most flexible and uncompromising of dedicated in-car navigation devices, we have been able to introduce the latest and greatest innovations on this form factor. This started in 2004 with the introduction of the PND itself, later followed by exciting innovations such as Map Share®, IQ Routes® and HD Traffic.

All of these innovations, have since found their way onto a host of different devices and platforms. Smartphones carry our maps and applications; businesses streamline their operations using our fleet management tools; increasing numbers of car manufacturers fit our in-dash systems in their vehicles; traffic managers use our vast knowledge to improve their work; and of course you can find our maps all over the internet.

Navigation and location products and services are increasingly becoming an integral part of everyday life. We will continue to leverage our technologies in a broad way and develop innovative products and services to meet the ever-expanding range of our customers' needs.

As we embark on the next phase of this story, we are proud that hundreds of millions of people have already invited us into their lives.

2 Delivering the TomTom advantage to a wider market

At TomTom we are all about getting our customers to their destinations. Not just safely and with minimum hassle, but well-informed along the way.

In Western Europe and North America – our core markets – the benefits of navigation solutions are well-known. In these relatively mature markets, just over 30% of cars are equipped with some sort of navigation system, be it a PND, a system built into vehicle dashboards, or people using the navigation application on their smartphone.

For many drivers, the PND is the clear device of choice. Most PND sales are still to first-time buyers, though that is changing. Earlier adopters are starting to trade up, keen to enjoy the enhanced features offered by the latest state-of-the-art technologies. Their experience reflects the transformation of the PND itself – from its original role as basic route-finder to today’s true travel companion providing real-time traffic information, dynamic routing and up-to-date speed camera information.

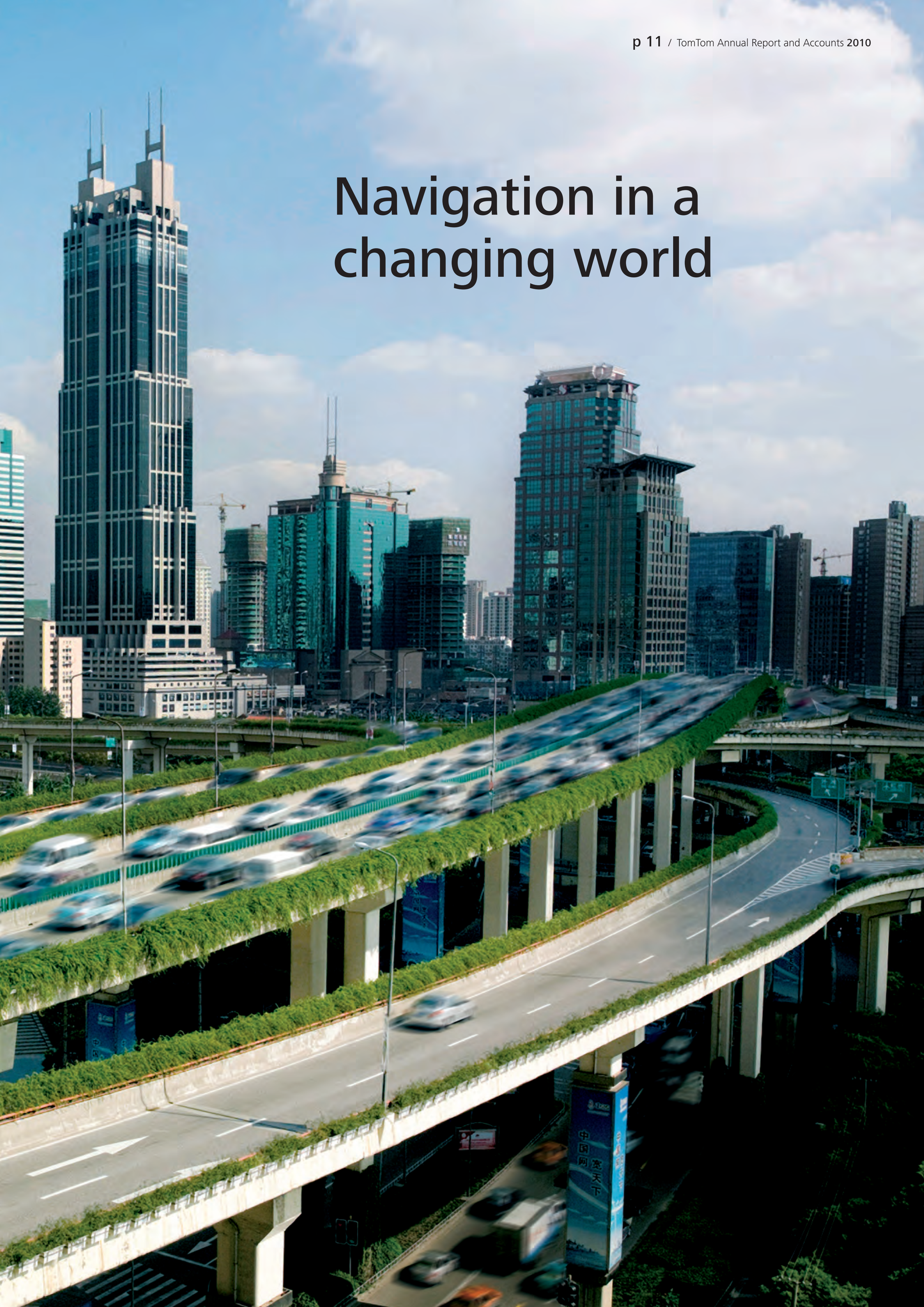
Outside our core markets, it is a different story. Here – across most parts of Eastern Europe, Asia, South America and Africa – people are just starting to discover what a navigation device can offer. In these markets penetration rates remain low. But as these economies develop, car sales are growing rapidly – and with them the demand for navigation products and services. At TomTom we intend to be at the forefront of this emerging trend. That is why we are committed to introducing our products into these new and growing markets.

It is a process we have already started. We expanded into countries like Argentina, Brazil, Mexico and China. India and Chile are the latest countries we have entered as we bring the TomTom solution to an ever wider market.

In each new country we enter, we tailor our approach to suit the precise profile of that market, focusing on different solutions and different ways to market.

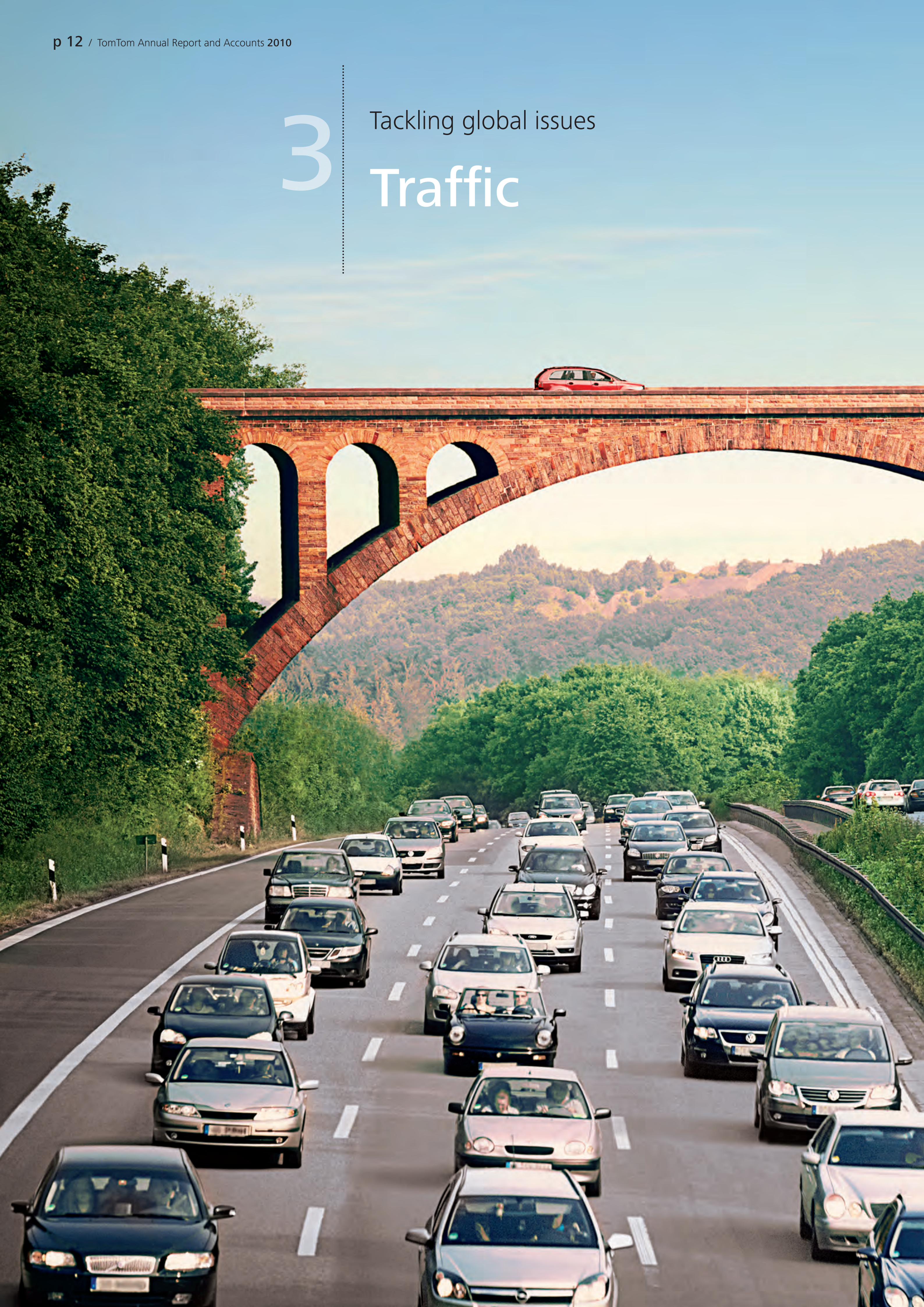
But one thing never changes. With TomTom on their side, drivers will arrive at their destinations safely, efficiently and well informed.

Navigation in a changing world



3 Tackling global issues

Traffic



→ At TomTom, in-car navigation is naturally what we do best. But the potential impact of what we do goes much wider than that. We believe we can make a "bigger difference".

In September 2010 we launched our Traffic Manifesto, underlining our commitment to tackling traffic congestion globally. By taking a lead in the fight against global traffic congestion, we not only aim to help people save time. We want to contribute to the wellbeing of our users by reducing stress and to help reduce the impact drivers have on the environment through lower fuel consumption and CO_2 emissions.

This is more than just grand words. Over time we aim to quantify the precise impact of our traffic navigation system on all three of these key areas – time, health and the environment.

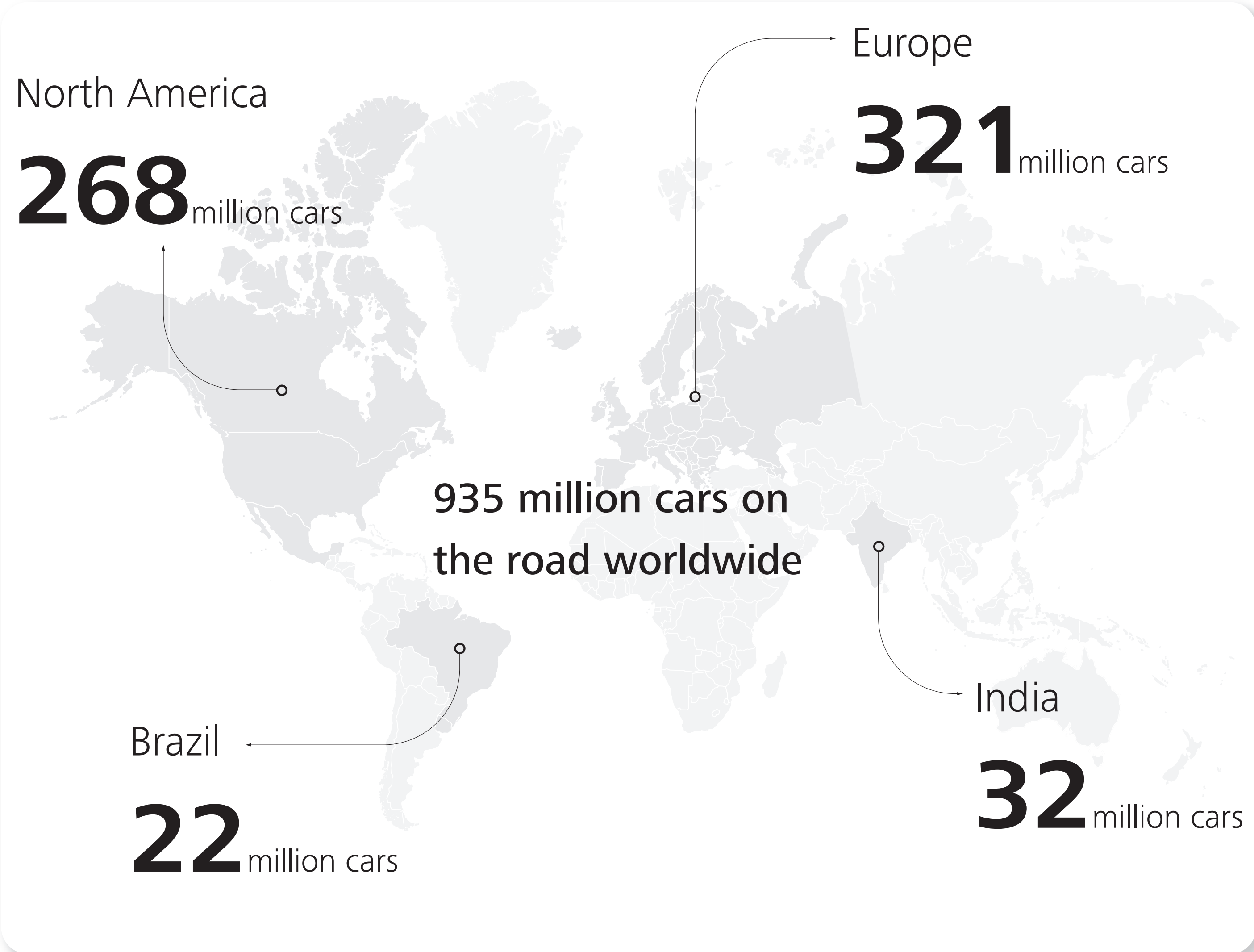
How will we achieve this? Put simply, the TomTom driving community is fundamental to the success of our mission.

Already, we can reduce journey times for TomTom drivers by up to 15%. In the future, when we confidently expect 10% of all drivers will be using TomTom HD Traffic – there will be a "collective effect" reducing everyone's time spent in traffic by 5%. Millions of TomTom drivers will not only reduce the impact of traffic congestion for themselves but for every driver.

Our Traffic Manifesto sets out a number of key action areas to achieve this goal. As well as leading the continuous improvement of traffic and route guidance technology, we also intend to bring together key traffic stakeholders to share ideas. In 2011 we will hold our first TomTom Traffic Summit.

Building on our market leading expertise in navigation, we are eager to work with businesses, organisations and governments to make a truly "bigger difference".

An underpenetrated in-car navigation market



Global growth opportunities

- ~30% penetration rate in Europe and North America
- <5% penetration rate in India and Brazil

Our four business units leverage our technology and assets to equip our customers with the best products and services.

Consumer

is focused on developing navigation products and real-time services for consumers on PNDs, mobile phones or via the internet.

Automotive

provides automotive manufacturers and their suppliers with location and navigation solutions including integrated navigation systems, LIVE Services as well as advanced automotive-grade mapping content.

Licensing

sells our high-quality maps, navigation content and LIVE Services to PND manufacturers, internet organisations, smartphone manufacturers, mobile application developers, governments and enterprises.

Business Solutions

is a leading provider of fleet management systems, navigation products and smart solutions for reducing financial and environmental costs for commercial fleets in Europe and North America.

Management Board Report

BUSINESS REVIEW

2010 was a pivotal year for TomTom, in which our transformation into a more broadly based company became clearly visible. We started to report on our four business units individually, as new revenue streams became more significant, providing more detailed information on our specific businesses and increasing transparency.

CONSUMER /

In the year we refreshed our entire PND product range. In the entry level range the TomTom EASE and Start2 were introduced, developed with the particular needs of occasional drivers and people who are new to car navigation in mind. The TomTom Via was introduced to refresh our mid-range PND offering, while in the premium range we introduced the GO 1000. Both the Via and GO ranges are equipped with our latest software, enhanced user interface and instant routing technologies. Both ranges are also available with LIVE Services, offering customers the highest quality and most up-to-date real-time services, such as HD Traffic, speed camera information and local search.

We continue to expand our LIVE Services offering across Europe and will be making it available in the US over the course of 2011. In Europe, a pan-European network deal enabled us to offer our LIVE Services to consumers across 33 countries at a very appealing price of 17 euro cents per day, or €49.95 per year after a 12-month trial period. By the end of the year the service was running in 17 countries and more than 1.5 million TomTom customers were able to access it.

Our total PND customer base grew to 50 million users, of whom 27 million are regularly updating their devices via our TomTom HOME portal.

Geographically, the Consumer business unit expanded into Morocco, China, Malaysia and Singapore. By year-end, we were selling our products and services in 37 countries.

In 2010 we extended our lead in the European market, achieving a 48% market share. In North America we increased our market share to 27%, further strengthening our number two position.

The TomTom App for iPhone continued to be one of the biggest selling products in the Apple App Store, with close to half a million downloads in the past year. LIVE Services, including traffic information and Map Share, were made available through the app in 2010, enabling iPhone users to take advantage of all the map improvements shared amongst the broader TomTom community.

Just after the close of the year, we announced the introduction of a new product, a GPS sports watch that we developed in collaboration with Nike; the 'Nike+ SportWatch GPS Powered by TomTom' representing our first product in the fast-growing sports and fitness market. This partnership with Nike combines the strengths of the two companies to deliver a game-changing product for runners.

AUTOMOTIVE /

We have been able to significantly grow our European in-dash market share from 10% in 2009 to 16% in 2010.

Automotive expanded its relationship with Renault, Fiat and Toyota in 2010, significantly increasing the number of models which will offer in-built TomTom solutions.

After a positive response from Renault customers – with unprecedented take-up rates of more than 40% across its different model ranges – Renault decided to increase the number of its models to feature TomTom. This will include a 100% fit of the Renault Espace model in 2011. In 2011, we will also start supplying Renault with our connected navigation systems featuring TomTom LIVE Services.

Fiat deepened its partnership with TomTom to cover seven car models compared with one in 2009, including the Alfa Romeo and Iveco brands. Toyota has upgraded us to tier one supplier status and added the Toyota Aygo next to the Yaris to the list of models which will feature TomTom. In the US, two Subaru models will be equipped with TomTom.

Automotive also entered into new partnerships in 2010, including an agreement to provide Mazda with a dealer option solution for the Mazda5. This was made possible as a result of our close collaboration with SANYO, who delivered the multi-media component of the solution. Automotive also entered into a partnership with Sony. Sony will incorporate TomTom navigation solutions into its multi-media offerings in both Europe and North America.

Automotive's commitment to bringing connected navigation solutions in-dash will go beyond Renault in 2011. Mazda, Fiat and Sony will also feature connectivity. All of these products provide a better navigation experience for the end-user, whilst creating recurring revenue models.

Automotive saw an increase in content sales of over 20% from 2009 to 2010. We entered into a joint venture with AutoNavi, the leading provider of digital map content and navigation and location-based solutions in China, positioning us strongly in the world's fastest growing automotive market. Automotive continues to expand its customer base and geographic presence through its position with content customers such as BMW, Ford, GM and Toyota. In 2010 Automotive began supporting Daimler with a multiple year subscription model, providing end-users with the most up-to-date content available.

LICENSING /

Quality improvement, coverage expansion and the creation of innovative location content were the main focus areas for Licensing in 2010. Throughout the year our maps were enriched with advanced features such as lane guidance, signpost and speed limit information. Our customers are playing an increasingly important role in developing our map database, as our growing community of users share relevant information with us. Community input is now used to update TomTom maps in 40 countries worldwide. Certified tests early in the year confirmed that our maps rate highest in terms of quality and reliability, and in some cases are up to 10% more accurate than alternative maps.

We expanded our map database to become the most comprehensive available, covering 12 more countries and five million kilometres of routable roads more than the nearest competitor. Over the year we made available several new maps within our key expansion regions including Latin America (Argentina, Chile, Uruguay and Mexico) and Eastern Europe (Ukraine).

Two notable customer wins in 2010 were MiTAC and HTC. MiTAC is an existing TomTom customer for its Mio and Navman brands and now also uses our content for its Magellan brand, the third largest PND brand in the US. Smartphone manufacturer HTC has included our content on their latest Desire smartphones, giving them more control over their customers' user experience.

Management Board Report (continued)

We began a collaboration with business listings company Localeze to provide premium points of interest (POI) content. We have made HD Traffic available for our business-to-business customers in 5 countries in Europe and in the US. We will further enhance our traffic and road usage information offering for businesses and traffic managers.

We are well positioned to meet some of the most challenging and historically un-met data requirements of enterprises and governments. Through our vast database of speed measurements and driving behaviour including trillions of GPS measurements, we are able to create street centerlines and control points of unparalleled positional accuracy. We turn this high accuracy data into products that allow enterprise and government customers to easily combine disparate datasets; achieve pin-point address accuracy for high-value measurements like flood-zone determinations; and more accurately model the core data necessary for traffic planning. In addition, this proprietary data allows us to become the new standard in road congestion mitigation, traffic control placement and commuter modeling. By making this data available in different formats and time slices, we are giving customers a view on traffic management that has never been available before.

To further optimise the delivery of products and services to governments and enterprises we set up a dedicated team that will focus on the needs of these customers. This international team includes traffic engineers, GIS experts and digital cartographers who are creating a suite of new industry specific products.

BUSINESS SOLUTIONS /

Business Solutions continued its strong growth and increased the number of active subscribers to its WEBFLEET™ service to 134,000, a growth of 39% year on year.

During the year we launched TomTom ecoPLUS™, a device which provides businesses with a cost-effective and scalable way to measure and reduce their fuel costs and carbon footprint. EcoPLUS provides our fleet management application WEBFLEET with data taken directly from vehicles, giving fleet managers in the office the ability to measure and benchmark fuel efficiency and carbon footprint data and allowing them to take any remedial action required. TomTom ecoPLUS forms a part of the WORKsmart™-Eco solution, which helps businesses to optimise vehicle utilisation and encourage eco-friendly driving behaviour.

Three new PNDs for businesses were introduced in 2010, the TomTom PRO 9100, PRO 7100 and PRO 7100 TRUCK. The PRO devices are part of the WORKsmart solution with additional business functionality and seamless integration to WEBFLEET, TomTom's award winning fleet management system. The additional functionality includes order management and workflow support, worktime registration, driver management and logbook reporting, bi-directional text and status messaging and remote destination and address management. The PRO series has further improved route guidance and includes fast route calculation. It comes with a new user interface making it easier to use and hosts a variety of safety features such as advanced lane guidance, hands-free calling and text-to-speech. In addition, the PRO range features Eco Routes which guides drivers via more fuel-efficient routes, saving companies money as well as reducing the impact on the environment. In combination with the WEBFLEET service the PRO series includes also access to LIVE Services with HD Traffic.

Business Solutions is currently active in 18 countries and will continue to pursue a strategy of organic growth in order to increase the size of our customer base. This approach has the key strength of retaining a homogeneous platform which avoids legacy technological debt from different platforms.

FINANCIAL REVIEW 2010[1]

In 2010 TomTom delivered a solid operational and financial performance. Revenue for the group increased to €1.52 billion compared to €1.48 billion in the previous year. We invested in research and development and marketing at a higher level than in the previous year and we grew the net result by 17% to €110 million.

TomTom group[1, 3] (in € millions)	2010 reported	2010 % of revenue	2009 reported	2009 % of revenue	2008[2] reported	2008[2] % of revenue
Hardware	1,164	77%	1,175	79%	1,471	84%
Content & Services	357	23%	305	21%	277	16%
Consumer	1,158	76%	1,205	81%	1,517	87%
Automotive	179	12%	100	7%	62	4%
Licensing	131	9%	133	9%	141	8%
Business Solutions	53	3%	41	3%	29	2%
Total revenue	1,521	100%	1,480	100%	1,748	100%
Gross profit	744	49%	731	49%	871	50%
Operating expenses	554	36%	500	34%	627	36%
EBIT	190	12%	231	16%	244	14%
EBITDA	299	20%	337	23%	343	20%
Net result	110	7%	94	6%	143	8%

In 2010 we broadened our revenue mix. Revenues from content and services as a percentage of group revenue increased from 21% in 2009 to 23% in 2010. The more recently formed business units Automotive and Business Solutions grew strongly and increased revenue to €232 million (2009: €141 million). Our gross margin was 49% resulting in a gross profit of €744 million (2009: €731 million).

In 2009 TomTom brought its cost base into line with the changed macro economic conditions and reduced operating expenses compared to 2008 by €127 million. In 2010 we increased our investments in our research and development (R&D) activities as well as our marketing spend. As a result of these investments EBIT was 18% lower at €190 million (EBIT 2009: €231 million). However our net result increased by €16 million to €110 million, an increase of 17% over 2009.

On 31 December 2010 net debt had decreased to €294 million down from €442 million at the start of the year mainly due to strong cash flow from operations of €265 million.

REVENUE /

The composition of 2010 revenues compared to 2009 is shown in the table above. Group revenue was €1,521 million, an increase of 3% compared to 2009.

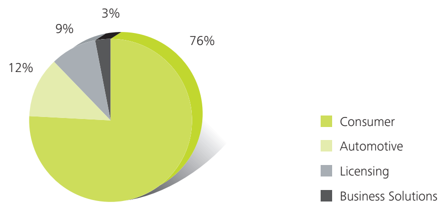
In 2010 our revenues derived from content and services increased to €357 million a year on year increase of 17% (2009: €305 million). The increase mainly results from increased service revenues from our Consumer business unit as well as from higher WEBFLEET subscriptions in our Business Solutions business unit.

1 For comparative reasons we have excluded restructuring expenses (2010: €3.3 million, 2009: €10.3 million) and the related tax effects.
2 For comparative reasons the 2008 data are pro forma and we have excluded goodwill impairment charges.
3 Totals are based on non-rounded figures.

Management Board Report (continued)

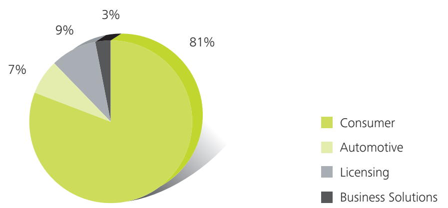
REVENUE 2010 (in € millions)

Consumer	1,158	76%
Automotive	179	12%
Licensing	131	9%
Business Solutions	53	3%



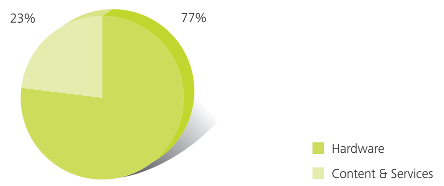
REVENUE 2009 (in € millions)

Consumer	1,205	81%
Automotive	100	7%
Licensing	133	9%
Business Solutions	41	3%



REVENUE 2010 (in € millions)

Hardware	1,164	77%
Content & Services	357	23%



Consumer revenue benefited from increased sales of content and services like map subscriptions and our LIVE Services. Consumer hardware revenue decreased because of lower PND unit sales as the size of the market reduced and a limited decline in our average selling price (ASP). The effect of the decrease in market size was partly offset by an increase in our market share. The trend of year on year ASP decline is clearly flattening and towards the end of 2010 we even saw areas where we strengthened our ASP mainly as a result of adding features and services to our product offering.

Automotive revenue nearly doubled in 2010 from €100 million in the previous year to €179 million in 2010. Automotive saw strong revenues from hardware as well as content and services. We sold 584,000 in dash systems compared with 260,000 in 2009. The increased revenue resulted from volume shipments to Renault as well as increased sales to other customers like Fiat, Sony and Toyota. Our Automotive map revenues also showed strong growth year on year.

Our Licensing business unit showed a slight revenue decrease of 2%. The decrease resulted from a decline in revenues from the PND segment as the total market volume in the PND segment is down; within this segment we added the Magellan brand to our customer base. Our sales to enterprises and governments declined but the impact was offset by a revenue increase from internet and wireless customers.

Business Solutions increased revenue by 29% year on year. The revenue increase came from a strong increase in the number of WEBFLEET subscriptions, which increased to 134,000 at the end of 2010 from 96,000 in 2009. In 2010 Business Solutions introduced its new PRO range of devices and expanded into several new geographical markets.

Revenue by geography

In 2010, the group generated revenue in EMEA, North America and the rest of the world which is mainly Asia Pacific. The proportion of sales outside EMEA decreased slightly to 30% in 2010 (2009: 32%) as a result of lower sales in North America. In EMEA, revenue increased by 6% to €1.07 billion, up from €1.01 billion in 2009. Sales in North America decreased by 8% to €380 million in 2010 down from €411 million in 2009. In the rest of the world sales were up 14% to €70 million from €62 million in 2009.

Gross result

The gross margin was 49% for the year and was the same as last year (2009: 49%). The gross profit increased to €744 million, an increase of €13 million or 2% over 2009. The majority of trade purchases are denominated in US dollars. During 2010, we were impacted by a strengthening of the US dollar against the euro. On average, the US dollar rate strengthened by 4% compared to 2009, which decreased our gross margin for 2010 by 1 percentage point.

OPERATING EXPENSES[1] /

Overall operating expenses in 2010 increased by €54 million to €554 million, up from €500 million in 2009. The increase in operating expenses resulted from increased investment in research and development (R&D) as well as in marketing. Headcount grew from 3,089 to 3,487 employees, with the growth mainly taking place in R&D. As a percentage of sales, operating expenses increased by 2 percentage points to 36% in 2010 from 34% in 2009.

R&D expenses

The ability of our research and development teams to create innovative, high-quality and easy-to-use navigation products and services is the critical driver of the group's competitiveness in the market. TomTom strives to gain efficiencies mainly in the map content production process and benefits from synergies resulting from the combination of our four business units and their shared technology. In 2010 TomTom increased R&D investment. Total R&D increased by 16% to €162 million in 2010, up from €139 million in 2009. The growth in investment was mainly in our shared platform technology units. R&D expenses include personnel costs, third party software, manufacturing design costs, patent creation and maintenance costs. Excluding amortisation and capitalisation R&D expenses for 2010 were €194 million (2009: €165 million).

Amortisation of technology and databases

Amortisation of technology and databases for the year was €78 million (2009: €75 million). The amortisation charge mainly results from the acquisition of Tele Atlas as we amortise the assets identified at acquisition date. It also includes the amortisation of other intangibles resulting from smaller acquisitions and internally generated assets which fulfil certain criteria for capitalisation.

Marketing expenses

Marketing expenses include third party expenses such as advertising expenses and any expenses directly attributable to our marketing teams, including personnel expenses. Marketing expenses increased 21% year over year to €105 million in 2010, up from €86 million in 2009. As a percentage of Consumer revenue marketing expenses increased from 7% in 2009 to 9% in the current year. We increased marketing spend to create attention for our traffic services and to continue to strengthen our brand name.

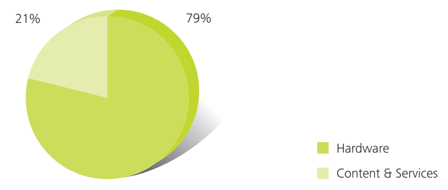
SG&A expenses

The group's SG&A function has been designed to create value for the group by leveraging the scale of the group and by creating efficiencies. SG&A expenses include the costs of personnel engaged in sales activities, customer support, IT, HR, legal, office and other general expenses. SG&A expenses increased by 4% to €197 million in 2010, up from €189 million in 2009.

1 For comparative reasons we have excluded restructuring expenses and the related tax effects.

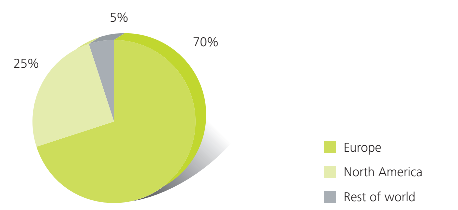
REVENUE 2009 (in € millions)

Hardware	1,175	79%
Content & Services	305	21%



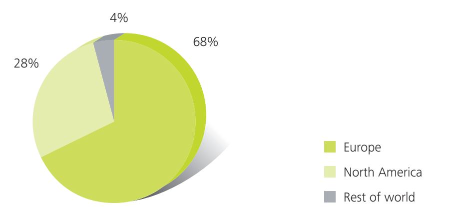
REVENUE 2010 (in € millions)

Europe	1,070	70%
North America	380	25%
Rest of world	70	5%



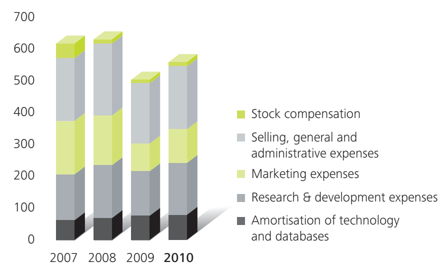
REVENUE 2009 (in € millions)

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

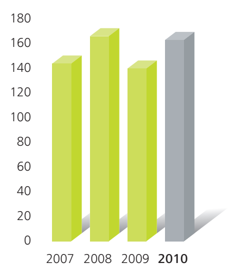


Management Board Report (continued)

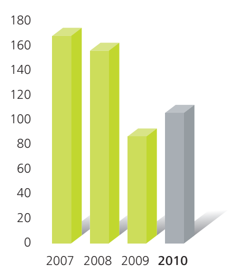
OPERATING EXPENSES (in € millions)



RESEARCH & DEVELOPMENT EXPENSES (in € millions)



MARKETING EXPENSES (in € millions)



STOCK COMPENSATION CHARGES /

The company provides a number of share-based compensation plans to employees. Charges resulting from these plans are calculated in accordance with IFRS 2 "Share-based payments".

The equity-settled plans of 2009 and 2010 result in a non-cash accounting charge and relate to the granting of share options. The charge for share options is recognised evenly over the vesting period of the share options granted. In 2010, this led to a charge of €12 million (2009: €9 million). In 2008 TomTom adopted a cash-settled share based incentive plan for which the charges are determined by a valuation model. Based upon this valuation model TomTom estimates the fair value of the liability on our balance sheet. In 2010 TomTom recorded a charge of €1.2 million compared to a charge of €1.4 million in 2009.

FINANCIAL INCOME AND EXPENSES /

The net interest expense for 2010 amounted to €35 million (2009: €71 million). The reduced interest expense is explained by the significantly lower outstanding borrowings over the year compared to the previous year.

The other financial result shows a loss of €16 million (2009: loss of €41 million), which arose mainly from foreign exchange contracts. The loss on foreign exchange hedge instruments was mainly driven by a loss of time value in our options portfolio during the year. TomTom hedges its net exposure related to its US dollar sales and purchases as well as its exposure related to revenues in GBP, AUD, CHF and SEK.

Contracts are put in place to cover committed and anticipated exposures in non-functional currencies. The company revalues all derivative contracts to market value at the end of each period, as well as cash and other assets and liabilities denominated in currencies other than the functional currency.

TAXATION /

Income taxes amounted to €27 million compared to €28 million in 2009. The effective tax rate was 19.8% in 2010 compared to 22.8% in 2009. The effective tax rate decreased 3 percentage points mainly as a result of the transfer of a content database from the US to the Netherlands.

NET RESULT /

The result for 2010 was €110 million, €16 million higher than in 2009 (€94 million). This is mainly the result of the higher gross profit and decreased borrowing costs and lower losses on our derivative portfolio partly offset by the increase in operating expenses.

LIQUIDITY AND CAPITAL RESOURCES /

Cash flow from operations was €265 million compared to €430 million in 2009. Cash generated by operations results from the operating profit of €186 million adjusted for non cash items. In 2010 investment in working capital increased by €26 million due to an increase in inventories and receivables partly offset by an increase in current liabilities.

Cash flow used in investing activities consisted of capital expenditure of €65 million (2009: €90 million), of which €47 million was invested in technology and development and €18 million on property, plant and equipment. Our main investments in 2010 were in our map database, data centres and navigation technologies.

Cash flow used in financing activities is mainly related to the term loan repayment of €210 million.

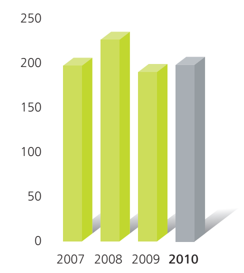
DEBT FINANCING /

On 31 December 2010 the book value of the company's borrowings amounted to €588 million, a decrease of €202 million compared to the previous year (2009: €790 million). Excluding transaction costs, which are netted against the borrowings, gross borrowings amounted to €598 million, down from €808 million in the previous year. The decrease resulted from the €210 million debt repayment.

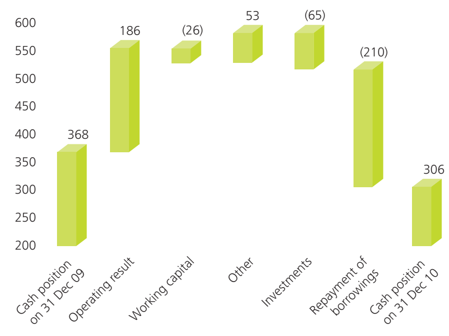
On 31 December 2010 net debt had decreased to €294 million, down from €442 million at the start of the year. The net debt is the sum of the borrowings (€598 million), less the cash and cash equivalents at the end of the year (€306 million) plus financial lease commitments (€1 million). The reduction in net debt results from another year of strong cash generation. We reduced our leverage ratio from 1.31 in 2009 to 0.98 in 2010.

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

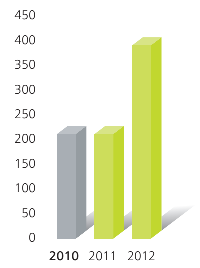
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (in € millions)



2010 CASHFLOW DEVELOPMENT (in € millions)



REDEMPTION SCHEDULE (in € millions)



Management Board Report (continued)

HUMAN RESOURCES

TomTom has 3,500 people working at over 40 locations around the world. Our workforce is hugely diverse which we believe has been a major contributor to our success.

Our passion for people is central to our culture. Work at TomTom is centred on four core values; open spirit, passion for results, innovative thinking and customer driven. Our core values are at the heart of TomTom's talent acquisition, talent management, retention and compensation strategies.

EMPLOYEE TALENT MANAGEMENT /

In 2010, we implemented our talent management strategy. This strategy aims to deliver on several key objectives:

- to identify and support a ready pipeline of talent to take on management positions and critical roles in the future
- to retain employees by providing career growth and challenges for employees across the company. In terms of career development we recognise our employees have different career needs. For example 50% of our people work in technical fields and we have therefore created specialised career paths to allow for career growth in technical streams, and
- to improve employee productivity by matching people with their jobs, keeping them motivated and challenged.

As part of our talent management strategy, we introduced a Talent Board comprised of senior executives to assist in the development of succession plans and make key investment decisions. During the year, these investments resulted in the delivery of leadership development programmes for our commercial and technology teams worldwide. We also created and rolled out a new management development training approach for our first line managers to provide them with the necessary skills to manage employees effectively.

EMPLOYEE ENGAGEMENT /

As in prior years, the use of team specific engagement surveys provided structured feedback from employees to help identify priorities and enable managers to take action to enhance employee commitment. The results provide our management teams with useful feedback to improve management action plans on topics like the organisation of work, training, remuneration and workload. These plans included the reallocation of work streams between our business units and technology teams earlier in the year.

GLOBAL CAPABILITIES /

The employee base in TomTom is diverse and geographically spread. In 2010, we made plans to increase the number of employees involved in engineering activities in Central Europe and India. We developed a global location strategy for our engineering teams worldwide. At the end of 2010, approximately 60% of employees were based outside the Netherlands (15% in the Americas, 14% in APAC and 30% in other European locations).

COMPENSATION AND BENEFITS /

Compensation

Our compensation programme supports our overall company strategy. It consists of a mixture of base salary and performance-related bonus, plus a long-term incentive for certain employees in mission critical roles.

The goal is to provide a fair, competitive and responsible base pay for each of our employees and to provide a consistent worldwide framework of compensation and benefits packages which also take local circumstances into account. We introduced a globally uniform job matrix for the company. The purpose of this project, known as "global grading", was to rank jobs internally by using a fixed set of criteria so that we could compare all roles at TomTom internally and externally. By doing so, we have been able to provide cohesion between jobs located in different business units, departments or regions.

As a result we can develop more transparent compensation and benefits policies and programmes such as market competitive pay ranges, personal bonus policies and other benefits programmes such as our company car policy. Global grading will also better allow us to map out internal career paths for employees as well as an associated competency framework. In 2011, we will continue to fine tune this work, by evolving our job matrix and the associated policies and programmes.

Bonus programmes

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

In addition to this annual bonus plan we provide individual, role-specific output bonuses as an incentive for certain employees for areas such as patent creation, exceptional individual recognition and referrals.

Benefits

TomTom is committed to providing all our employees with competitive benefits in terms of pension, health and disability cover. Our worldwide benefit programmes therefore focus primarily in these areas. However, depending on local circumstances and practices in certain countries, some additional programmes are in place.

TECHNOLOGY

TomTom's full range of navigation solutions – covering our Consumer, Automotive, Licensing and Business Solutions businesses – consists of a rich set of navigation products, services and content offerings. Fundamental to this is that they are all created on a common, integrated platform. Around three quarters of TomTom's total R&D is invested into this platform – a clear demonstration of the extraordinary level of technical synergy that exists between our different businesses.

All of our devices, from consumer PNDs to automotive in-dash systems to fleet management products, are built on a common hardware and software platform. Our iPhone application is based on the same navigation application that is used in our devices. TomTom's services are delivered directly to our devices wirelessly, or to customers via the web. Through the internet, consumers can buy products, accessories, maps and services, and enterprise fleet managers can access the WEBFLEET management application. We deliver rich navigation content in various forms: as a 'product' in the case of a map downloaded by a user to a TomTom device or as a database licensed to an enterprise or government customer. TomTom offers maps as a service through our web-based location based services platform and other mechanisms such as Map Share. Live content, such as the award winning HD Traffic service, is delivered as a live feed to TomTom devices and can also be delivered to Licensing and Automotive customers.

The development of this platform, including the production of navigation content, is done through a common platform engineering group set up at the beginning of 2010. This change has enabled TomTom to fully integrate previous acquisitions, allowing us to fully capture the synergy between map making and the development of navigation devices and services.

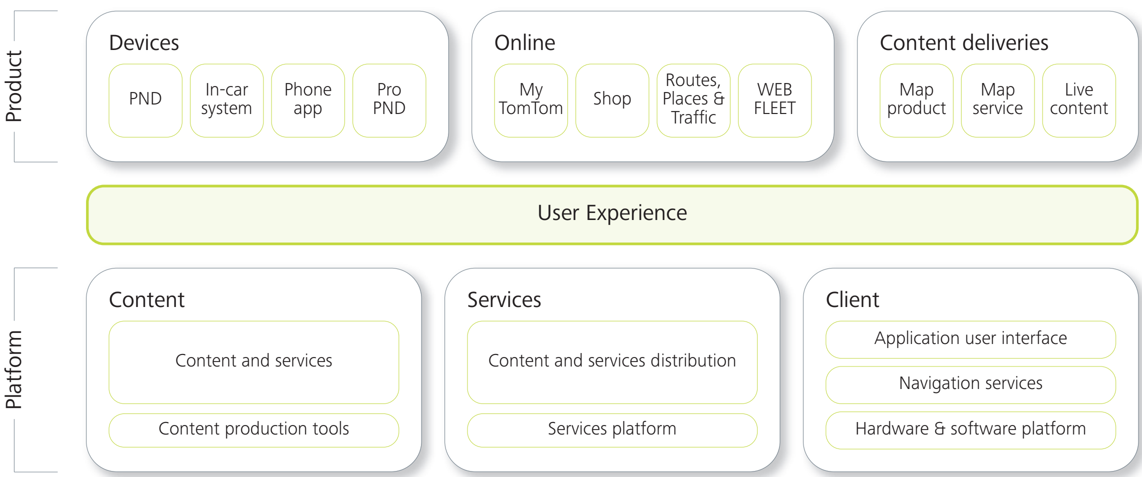
The synergy provided by a common platform does more than just bring financial benefits. It also helps to reduce technical complexity and accelerates our ability to deliver real customer benefits. This can clearly be seen, for example, in the unrivalled accuracy and coverage of HD Traffic and the freshness of our maps.

We believe a common, integrated platform provides us with a crucial ability to differentiate the TomTom offering. By coordinating the activities of our Content, Services and Client software teams, the operations of which are described below, we are able to more effectively deliver superior user experiences.

The Content group delivers the world's foremost global navigation content. The group's activities consist not only of map creation, but also the development of the proprietary tools used by map editors and others involved in the navigation content production process. In addition to maps, we produce a number of value-adding content 'layers', such as points of interest, visualisation features, enterprise specific information, speed cameras and HD Traffic. The technology we employ in our map production process is evolving rapidly to take advantage both of the vast amount of data that is anonymously shared with TomTom by our customers, and also the more detailed input provided by the community of professional and consumer map users. As a result we are able to publish up-to-date accurate content faster.

The Services group develops and operates TomTom's services. In 2010 TomTom introduced a range of new services, including a significant geographical expansion of the LIVE Services offering and a new web-based service called MyTomTom, which allows users to manage the content of their device and replaces the TomTom HOME PC-based application. The Services group covers five different domains, (1) Device management allows end-users or fleet owners to add maps, voices and other content to their devices. (2) LIVE Services represents a portfolio of navigation-related content, such as traffic and speed camera information, delivered as a service directly to the device using cellular networks. (3) eCommerce represents our online store for products, accessories and service subscriptions. (4) Map distribution is the technology enabling our users to upgrade or add new maps to their devices. (5) Location Based Services deliver maps, routes, traffic information, points of interest and other navigation services to multiple web or smartphone applications such as TomTom's web-based route planner (routes.tomtom.com).

The Client group is responsible for developing the hardware and software stacks that power our devices. During 2010, the work of this group helped us to introduce a new generation of devices featuring a refreshed user interface (UI), much improved routing performance, and a range of other new features. The client platform contains system software – mostly consisting of open source software assets – as well as our navigation services (proprietary navigation algorithms connected to the on-board map). A user interface layer represents what the user interacts with and implements the visual elements of our application. The TomTom UI is highly evolved and optimised for in-car use to support safe driving.



Corporate Social Responsibility

We have built our corporate social responsibility (CSR) strategy around the following areas: social and environmental impact, compliance and community.

SOCIAL AND ENVIRONMENTAL IMPACT

At TomTom we take responsibility for our environmental impact and try to minimise the negative effects of our activities on the environment at all times. In fact, we hope that when customers use our products their impact on the environment is reduced. It has been proven that drivers who use our solutions such as HD Traffic reach their destinations quicker and via more efficient routes which consequently reduces their CO_2 emissions.

We have found that drivers who use our solutions are able to reduce their journey times by up to 15%. We believe that when 10% of all drivers use HD Traffic a “network effect” will be created which will reduce the time spent in traffic for all drivers by 5%. In September our Traffic Manifesto was launched. The TomTom driving community is fundamental to the success of our mission to reduce traffic congestion for all. The potential impact of widespread adoption of real-time traffic services is significant and we are only just starting to measure the impact this will have on the environment, particularly in terms of CO_2 emission.

We are dedicated to ensuring the bulk of our products can be recycled. By incorporating this as a key aspect in the early phase of our product design process the rate of recyclable components in our products is high. Our devices exceed the requirement for their category within the Waste Electrical and Electronic Equipment (WEEE) Directive which states the minimum requirements of 65% for reuse/recycling and 75% for recovery. We also finance the treatment and recycling of old TomTom products returned through designated collection points in accordance with local requirements.

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

RESPONSIBLE DRIVING /

Our LIVE Services bundle provides our customers with relevant and up-to-date information about their journey such as speed limits and speed cameras. Live traffic information is clearly displayed so drivers can anticipate congestion and take alternative routes. Map Share and map subscriptions provide customers with the latest changes in the road network. These services contribute to an overall safer driving experience.

We help fleets to drive more responsibly through our fleet management business unit which provides tailored routing for commercial fleets. This reduces the likelihood that trucks are routed along small rural roads, or find themselves obstructed by a low bridge, for example. Our fleet management software, WEBFLEET, also includes a CO_2 reporting tool to give businesses the ability to measure and track their environmental impact. With ecoPLUS companies get a real-time view of the fuel efficiency of every vehicle in their fleet. By combining the fuel usage of the vehicle over time with location data and detailed engine use, companies can analyse poor driving techniques and routing choices which lead to excessive fuel use and therefore CO_2 emissions. This provides companies with the tools to directly monitor and lower their CO_2 emissions.

DRIVER SAFETY /

According to independent research into driver safety it is safer to drive with a TomTom navigation device. This is due to reduced stress and less distractions for the driver. The main reasons for this include shorter travel times reducing the opportunity to get into an accident; drivers are guided into the correct lane when planning to make a turn due to lane guidance; and our intuitive user interface which allows users to have safer interactions with their navigation device whilst driving.

Additionally with a connected device providing live traffic information (such as HD Traffic) drivers are able to plan their trips in a more informed way, choosing to drive when roads are less busy or to avoid traffic congestion by rerouting their journey.

WHAT IF YOU DO GET INTO TROUBLE – WE CAN HELP /

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

We partner with roadside assistance services in many countries to give car drivers support wherever they are underlining our commitment to driver safety.

COMPLIANCE

We are committed to upholding the environmental laws and regulations in all of the jurisdictions in which we operate. As a matter of practice we ensure we apply at a minimum the standards applicable in the European Union to all our products in all the markets we operate across the globe.

The key European Union regulations we comply with include the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation, the Restriction of Hazardous Substances (RoHS) Directive, and the Waste Electrical and Electronic Equipment (WEEE) Directive.

We continue to implement measures to reduce the environmental impact of our products throughout their life cycle. The Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation controls the substances on the 'candidate list of Substances of Very High Concern (SVHC)' in the products we sell.

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

SUPPLY CHAIN MANAGEMENT /

We require our partners throughout the supply chain to comply with our Ethical Trading Code of Practice. This code is part of our procurement process and is embedded in our vendor selection process. In addition our device manufacturers have been independently certified as meeting the fair labour standards set by the Business Social Compliance Initiative (BSCI), further embedding our Ethical Trading Code of Practice into our supply chain.

Furthermore, we expect our suppliers to ensure that their products and services are produced in accordance with relevant legislation including the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (REACH) Directive, the Restriction of Hazardous Substances (RoHS) Directive and the Waste Electrical and Electronic Equipment (WEEE) Directive.

All TomTom's suppliers of portable navigation devices meet international standards covering environmental performance (ISO 14001) and the Occupational Health and Safety Assessment Series (OHSAS 18001).

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

COMMUNITY

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

TomTom's main objective for corporate sponsorship is to invest in programmes that are focused on road safety initiatives. We have supported numerous initiatives through the donation of products over the last year.

An example of our community involvement is the To the Heart charity organisation in Belgium. Since 1998, To the Heart have supported various charities in India, in co-operation with a local NGO, Deepalaya, including the support of a school in one of the poorest areas of the country.

TomTom will continue to be involved in local community initiatives globally and support activities and programmes aimed at increasing driver safety.

Internal Control Report

The Management Board is responsible for risk management and internal control systems. The Management Board believes that the company maintains an adequate and effective system of risk management and internal control that complies with the Dutch Code of Corporate Governance.

Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide reasonable, but not absolute, assurance against material misstatements in the financial statements or financial loss.

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

The company embeds risk management into periodic strategic and business planning and internal control mechanisms. A top-down approach is followed, whereby the major risks that could affect the business are identified by responsible management together with an assessment of the effectiveness of the processes and controls in place to manage and mitigate these risks.

This, however, does not imply that the company can provide certainty as to the realisation of business and financial strategic objectives. Internal controls over financial reporting can only be expected to provide reasonable but not absolute assurance as to the prevention and detection of misstatements, errors, fraud or violation of law or regulations.

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

1. Clearly defined lines of accountability and delegation of authority are in place, together with comprehensive reporting and analysis against approved budgets.
2. Operating risk is minimised by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout the business.
3. An organisational design is in place that supports business goals and enables staff to be successful in their roles.
4. Treasury operations manage the investment of cash balances and exposure to currency transaction risks through treasury policies, risk limits and monitoring procedures.
5. A Code of Conduct and a Code of Ethics is embedded into the culture of the company and is accessible to all staff via the intranet.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING /

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

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

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

Management Board

Harold Goddijn – CEO

Marina Wyatt – CFO

Alain De Taeye

18 February 2011

Business Risks

Our group can be adversely affected by a variety of business risks and economic developments. In order to manage our most important risks we update our business risk profile every year. The business risk profile captures the most important risks we aim to manage in the forthcoming year in order to help us to be successful over the longer term.

APPROACH TO RISK MANAGEMENT /

We establish our business risks profile using a consensus-building model. All members of our Executive Committee are involved and agree the risk management priorities for the group. These risks may be strategic, operational, compliance, legal or financial in nature. Lead ownership for each risk is taken on by an executive team member which helps achieve clear accountability for mitigating actions to be taken. The Business Assurance department facilitates the annual assessment of business risk which brings a certain level of objectivity to the understanding of risk and the assessment of the effectiveness of management's risk mitigation practices.

When we update our group strategy we consider which business risks could have a significant impact on meeting our strategic goals. In preparation for these strategy discussions, an assessment is performed by the lead risk owner for each risk, and this is used to establish an overview of the current status of the management of key risks. We qualify and prioritise risk by assessing which risks would have the highest impact on our business if they were to materialise. We evaluate how well our organisation can manage and mitigate these risks should they materialise. The business risk profile serves as a driver for assigning resources and management attention to the management and mitigation of key risks in the organisation and is cascaded down into our annual business plans and budgets.

GROUP RISK PROFILE /

Below is an overview of the business risks which we believe are of most relevance to the achievement of our long-term goals and strategy. This risk overview is not exhaustive and should be considered in connection with any forward-looking statements.

Revenues, gross margins, profitability, liquidity and cash flows may fluctuate as a result of a number of different risk factors. There may be risks, not yet known to us, which are currently not deemed to be material, but that could later turn out to have a significant impact on our business.

STRATEGIC RISKS /

Changing competitive landscape

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

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

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

Mobile navigation

We have a successful mobile navigation application and cradle for the i-phone and sell digital maps to a variety of handset operators. The expanding use of mobile phones for portable navigation will increase market penetration for navigation solutions. A shift toward navigation solutions on mobile phones and away from PNDs could negatively affect our PND market size and/or profitability.

Off-board navigation

We face competition from navigation products that use "off-board" technology; a competing technology which remotely delivers navigation data stored on a network to mobile phones with installed Java capability or web browsers. Certain of our competitors offer off-board portable navigation products to consumers. We could face additional competition for our products from this technology, especially if the cost of data transmission over mobile networks declines significantly.

Digital mapping

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

If we are unable to maintain a competitive and high quality digital map database our business, results of operations or financial condition could be adversely materially affected.

Business Risks (continued)

Automotive

Our business is focused on the automotive navigation experience, and we aim to be a tier one supplier to many car manufacturing clients. With our current technology capabilities, end-user experience of navigation and map quality we believe we will continue to grow as a supplier to the automotive industry.

Trends indicate that the penetration rate of in-dash navigation solutions for new cars is increasing although the refresh rate of new cars each year is only a small percentage of the total cars on the road. Therefore we expect over the long term that a significant portion of navigation systems will be built-in. The automotive industry is an integral part of our long-term business strategy and we are focusing on collaborating with vehicle manufacturers to produce embedded in-dash navigation devices, provide map data and deliver navigation software solutions.

Although the navigation experience for our end-users is similar, whether the navigation system is built into the dashboard or provided on a PND, the dynamics of being a tier one supplier in the automotive industry are very different from those for delivering mass-market consumer electronics. The dynamics of supplying to the automotive industry present challenges in growing our automotive business and maintaining profitability over the longer term. If we are unsuccessful in maintaining and growing a profitable automotive business, our organisation results will suffer. Even if we are able to achieve in the in-dash sector the same volumes of portable navigation devices we produce today, we may be unable to deliver the same level of profitability.

We are pursuing new automotive opportunities and considering a variety of different navigation solutions for these clients. We expect our revenue from this segment to continue to grow and we will be paying particular attention as an organisation that all new automotive customers we sign will be profitable and sustainable over the longer term.

Innovation

Our markets are characterised by rapid technological change. We believe that, to be successful in the consumer electronics industry, it is vital to have the right capabilities to deliver innovation to market with speed.

The majority of our revenue is derived from integrated PNDs. If new product implementations do not achieve required levels of market acceptance, or if the speed of development and time-to-market of these products compares unfavourably with directly competing products, or alternative navigation solutions, this could have a material adverse effect on our business results. In order to mitigate product concentration risks related to sales of PND hardware we aim to diversify our product and service offering and to expand our recurring revenue streams.

Our success depends on our ability to rapidly develop and commercialise new and upgraded products and services, the timing of releases of these, our ability to accurately forecast market demand, our product mix relative to that of our competitors, and our ability to understand and meet changing consumer preferences. Although we continue to focus on producing high quality automotive navigation solutions, there can be no guarantee that our products will compete successfully against current or new market entrants or competing technologies.

We mitigate these risks by investing in the development and sharing of our technologies between the different business units. This is driven through our platform units which focus on creating innovative benefits to enhance the navigation experience for our customers.

Average selling price and volume decline in PND market

Navigation solutions are available on a variety of different platforms including PNDs, built-in automotive systems, smartphones and on-line. We have navigation products and services offerings on all these different delivery platforms. The majority of our revenues and profits are generated from our PND business. We are expanding our automotive, smartphone, service and on-line businesses. By offering a superior navigation experience on our PNDs relative to our competitors' offerings we aim to maintain a strong brand and ensure robust demand and stable pricing for our PND devices over the medium and short term.

The average selling prices (ASPs) of our products are primarily affected by the competition we face in various markets, our pricing compared to alternative products, our ability to provide enhanced services, levels of discretionary consumer spending, and the strength of our brand in terms of innovation, quality and user-friendliness. The volume of demand for our PND devices is affected by the level of market penetration in the various countries in which we operate, the price of the products and our market share relative to other competing navigation solutions.

We plan our business based on management estimates of average selling price and volume in the PND market and growth in demand for navigation on alternative delivery platforms. If the average selling price and/or volumes in the PND market decline faster than we anticipate this could have a material negative impact on our revenues, gross margins and/or results of operations which we may not be able to offset with cost reductions, upgrades or new product innovations.

Brand

We use the same TomTom brand across all our business units and the products and services that we offer. If we face factors that negatively affect our reputation or brand image, such as adverse consumer publicity, inferior product quality or poor service, this could have a material adverse effect on our business, results of operations or financial condition. We may be unable to sustain or improve the strength of our brand and may, as a consequence, experience difficulty in maintaining our market acceptance.

Our primary tool to strengthen and develop our brand is the quality of products and services we offer. This is supported by communicating the benefits of our products through marketing campaigns and co-marketing activities with retailers. We are constantly striving to increase awareness of our brand and strengthen our reputation in the markets in which we operate for providing smart, easy-to-use, high-quality, desirable navigation solutions that meet customer needs in innovative ways.

We aim to enhance our full user experience through our services and customer support. Further we have a team dedicated to understanding the user experience of all our products and services and this team advises in the development of new products and services.

Geographical footprint

The North American market presents substantial business opportunities for the sale of navigation solutions and it is therefore desirable for the company to maintain a sustainable and profitable North American business. We view maintaining, or preferably growing, market share as a vital component to being successful in the US market. If our market share does not remain stable or grow further, we may not be able to maintain our volume and profits in the region and our retailer support for our products and services could decline. Even if we maintain successful market share and average selling prices in the US, a slowdown in consumer spending could lead to a volume decrease in the navigation solutions sold in North America, which would adversely impact our anticipated revenues and profits from the region.

Dependency on GPS satellites

For our navigation products and services we depend on GPS satellite transmissions to provide positional data to our customers. GPS satellites are funded and maintained by the US government and we have no control over their maintenance, support or repair. The free use and availability of GPS signals to the level of accuracy required for commercial use remains at the sole discretion of the US government.

GPS signals are carried on radio frequency bands which are specifically allocated on a global basis. Any reallocation of, or interference with, these bands could impair the use of our products. If a significant number of the existing GPS satellites become obsolete, unusable or are not upgraded as planned, there could be a significant deterioration in the reliability, accuracy or utility of the entire GPS network.

Galileo is the global navigation satellite system (GNSS) currently being built by the European Union (EU) and European Space Agency (ESA). Once completed Galileo will become the global standard for civil navigation by satellite. Galileo will offer an alternative and complementary solution to GPS.

OPERATIONAL RISKS /

Human resources

We believe that, to be the market leader in our industry, we need to have the most talented people working effectively together. The success of our business depends on attracting, integrating and retaining qualified personnel in all business units and development centres. If we are unable to retain or increase our pool of talented people to keep abreast with the competitive environment our business would suffer. The loss of key personnel could have a material adverse effect on our business.

We aim to bring the highest calibre people into our organisation. We have a rigorous recruitment process so that we can have high levels of confidence in who we hire. To retain talent within our organisation we monitor the organisational health of the company and manage cultural aspects accordingly. Top performers in the company are rewarded financially and given opportunities to develop and expand their careers. Long-term incentives are given to key personnel which helps align their personal goals with company goals and retain key talent and knowledge within our organisation.

Supply chain

Our supply chain and distribution model is outsourced. This increases our ability to scale up or down the supply chain, while limiting capital expenditure risks. It also increases flexibility to develop new and exciting products that are different from those supported by our current supply chain. We depend on a limited number of third parties and, in certain instances, on sole suppliers, for component supply and manufacturing. Any disruption to, or termination of, our relationships with third party manufacturers, suppliers or distributors, or any reduction in their ability to supply our needs, could have a material adverse effect on our business.

The supply disruption risk for our highest volume products is mitigated by maintaining dual-sourcing production from two different manufacturing partners. In order to limit component supply risks, we evaluate component supply at the earliest possible stage of the design process to reduce risk in the hardware design phase by using components that can be sourced in a reliable and predictable way. We mitigate supply disruption risks by actively minimising the number of single source components. However in order to have the most innovative products in the market we will always expect to have certain components in our devices that are only available from specific leading technology organisations and single source component risk will remain a part of our business model for the foreseeable future. In order to mitigate this residual risk we have taken out insurance for lost market opportunity in the event that a natural catastrophe significantly impairs our manufacturing capabilities.

Business Risks (continued)

Map quality

Map quality is integral to delivering the highest quality navigation experience, irrespective of what delivery platform is used. This is of key importance to our PNDs, automotive clients, governmental clients, fleet management clients, our smartphone navigation solutions and our customers who license our maps and use them in their products. We therefore aim to have the highest quality automotive maps in the industry.

A key aspect of achieving this is the move from producing maps in a manual fashion supported by technology, to production with a higher level of automation. Over the past few years we acquired Tele Atlas (for map data), Applied Generics (for HD Traffic) and ilocal (for enriched map content), and additionally we launched Map Share. In order to facilitate the production of higher quality maps at lower production costs we established a single production platform for map development. This enables us to further automate the integration of our map data sources, including leveraging our community input, for the benefit of all our customers.

We are continuing to develop new technologies to expand our map production capabilities and improve the quality of our maps. We have shortened production cycles of maps so that we can have more frequent map updates and improve the "freshness" of our map. We are continuing to invest in developing maps in new geographies to expand our global presence across all our business lines.

We face competition in the map industry from companies that have greater resources and can therefore afford to invest more than we can in map production. If these competitors are able to produce significantly higher quality maps than we can, it could severely impact the competitiveness of all our products and ultimately our performance as an organisation. Furthermore, some of our competitors have historically been TomTom customers and can be expected to reduce or cease their licensing of TomTom maps in the future. As a smaller organisation we need to be more dynamic, focused and innovative to make sure our map quality is leading the automotive navigation industry.

Tele Atlas acquisition

TomTom acquired Tele Atlas in 2008 with the strategic goal of reducing map production costs and improving map quality. We improve the quality of our maps by absorbing community input from our navigation end-users into the map data creation process. The community input is gathered via automatic anonymous trace data from devices in the market and directly through customer feedback provided by Map Share. The possibility exists that we will not be able to fully realise the cost and revenue synergies anticipated from the acquisition, which could lead to a further impairment of our intangible assets and/or goodwill.

Real-time services

We provide real-time services such as HD Traffic, IQ Routes and dynamic routing to our customers. Our subscription base in the fleet management business is growing and we are extending this service to new countries. Through our website, customers can buy our products and services on-line. However, should these services not achieve anticipated levels of demand our results of operations and financial condition may be adversely affected.

Furthermore, in providing these services to our customers we rely on our own, as well as outsourced, information technology, telecommunications and other infrastructure systems. A significant disruption to the availability of these systems could cause interruptions to our service to customers, loss of, or delays in, our research and development work and/or product shipments, or affect our distributor and consumer relationships.

Together with our outsourced partners for ICT we have backup and continuity procedures in place; however, these may not function as intended when, and if, required. It is not possible for us to plan for every kind of incident or disaster that we may encounter. This could cause a disruption to our business activities and interruption of our services to our customers.

There may be disasters that we are unable to plan for, or disasters that we are unable to recover from, that could have a material adverse affect on our reputation, financial performance and sustainability.

LEGAL AND COMPLIANCE RISKS /

Intellectual property

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

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

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

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

Privacy of customer data

We use trace data from our customers which helps improve the quality of our map data and live services we offer. Concerns have been raised about the possibility that GPS-based satellite navigation products could be used to violate personal privacy by potentially making available a record of a person's geographical location to others. The technological potential of our current or future products may create similar concerns for the general public. Concerns about privacy may result in users choosing not to employ all of the features of our products. If these or other public opinion issues arise in connection with our products or across the industry, our business, our brand, results of operations or financial condition could be materially adversely affected.

Governments are seen implementing legislation allowing law enforcement bodies broad, direct and cross-jurisdiction access to personal data. Depending on country and cultural background, this could raise additional consumer concerns regarding the use of our products and services.

Growing concerns about location privacy, fed by incidents and violations caused by others in the industry may result in governments adopting additional, more restrictive legislation to protect their citizens. As a result of these restrictions, our business, results of operations or financial condition could be materially adversely.

FINANCIAL RISKS /

Credit

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

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

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

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

As of 31 December 2010, our total bad debt provision represented approximately 0.2% of our group revenue (2009: 0.6%).

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

Liquidity

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

Business Risks (continued)

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

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

Loan covenants

At the start of 2010, the outstanding amount of the term loan drawn under the facilities agreement entered in 2007 was €808 million, with €210 million scheduled for repayment in December 2010. We repaid early €125 million in September 2010 and the remaining €85 million in December 2010.

At the start of 2011 the outstanding amount of the term loan is €598 million. Based on the annual redemption schedule, €210 million is due in December 2011 and €388 million in December 2012.

The €174 million revolving credit facility included in the facilities agreement remained entirely undrawn as of 31 December 2010.

The terms of the facilities agreement were amended in June 2009. The amended financial covenants require us to meet performance indicators relating to interest cover and leverage. The following tables show the covenants applicable in 2010 and relevant periods thereafter. We met the terms of these covenants throughout 2010. In case of breach of such covenants, the banks are contractually entitled to request early repayment of the outstanding amount.

Relevant Period Ending	Interest Cover
30 June 2010	4.5:1
Each relevant period ending thereafter	5.0:1

Relevant Period Ending	Leverage Ratio
30 June 2010	3.50:1
31 December 2010	3.00:1
30 June 2011	2.50:1
Each relevant period ending thereafter	2.00:1

We closely monitor the contractual performance indicators and based on the group's plan for 2011, management expects to be able to comply with the loan covenants.

Foreign currencies

We operate internationally and conduct our business in multiple currencies. Revenues are earned in euro, pound sterling, the US dollar and other currencies, and do not necessarily match our cost of sales and other costs in euro, the US dollar and other currencies. Foreign currency exposures on our commercial transactions relate mainly to our estimated purchases and sales transactions that are denominated in currencies other than our reporting currency – the euro (€).

We manage our foreign currency transaction risk through the buying and selling of options to cover forecasted net exposures and by entering into forward contracts for near term forecasts and commitments. We aim to cover our exposure for both purchases and sales for the relevant term based on our business characteristics. All such transactions are carried out within the guidelines set by the Corporate Treasury Policy, which has been approved by the Audit Committee.

A 2.5% strengthening/weakening of the euro as of 31 December against the currencies listed below would have increased (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2009.

	2010		2009	
(in €)	Strengthen	Weaken	Strengthen	Weaken
AUD (net profit after tax)	584,065	-587,030	178,260	-169,564
GBP (net profit after tax)	796,912	-778,473	692,324	-658,559
USD (Net profit after tax)	1,852,634	-2,037,586	1,416,227	-1,349,176

Interest rates

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

Market-based interest income is received on the cash balances left on bank accounts for working capital purposes. Our surplus cash is invested in vanilla investment instruments like bank deposits and money market funds with approved external counterparts. All transactions are governed by the Corporate Treasury Policy.

Corporate Governance

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

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

THE CORPORATE GOVERNANCE CODE

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

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

   The TomTom Management Board Stock Option Plan 2009, as adopted by the General Meeting of Shareholders in April 2009, is aimed at attracting and retaining key talent to the company in order to safeguard its human capital and aligning TomTom’s long-term incentives with common practices within international companies operating in the technology sector. The number of options that vest is subject to the achievement of pre-determined performance criteria. Options vested under this plan can be exercised during a period of seven years following the grant date. One third of the options granted vest after one year, another one third vest after two years and the final one third vest after three years following the grant date. Although this vesting timeline is not in line with best practice provision II.2.4, the environment in which we operate is changing rapidly and highly competitive. To ensure that the TomTom Management Board Stock Option Plan 2009 does indeed fulfill its aim, the company has opted for this timeline.

2. Best practice provision IV.1.1 provides that a company’s General Meeting of Shareholders may pass a resolution to set aside the binding nature of a nomination for the appointment of a member of the Management Board or the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes representing at least one third of the issued share capital.

   TomTom’s Articles of Association provide that a binding nomination for the appointment of members of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board may only be set aside by a resolution of the General Meeting of Shareholders passed with a two-thirds majority representing more than 50% of its issued share capital. The company deviates from this best practice provision because it believes that maintaining continuity in its Management Board and Supervisory Board is critical for delivering long-term shareholder value. The company would like to protect its stakeholders against a sudden change in management by maintaining the qualified majority and voting quorum requirement, which is allowed under Dutch law.

MANAGEMENT BOARD

GENERAL /

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

COMPOSITION AND APPOINTMENT /

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

Corporate Governance (continued)

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

A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Management Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of the company's issued share capital.

MEMBERS OF THE MANAGEMENT BOARD /

Currently, the Management Board consists of:

→ Harold Goddijn – CEO

→ Marina Wyatt – CFO

→ Alain De Taeye

Further details on the members of the Management Board, and their biographies, can be found in the Profiles of the Management Board section on page 44 of this Annual Report.

REMUNERATION /

Upon a proposal by the Remuneration Committee, the Supervisory Board determines the remuneration of the individual members of the Management Board in accordance with the Remuneration Policy for the Management Board. This policy was adopted by the General Meeting of Shareholders in 2009. The Supervisory Board presents to the General Meeting of Shareholders for approval any scheme providing for the remuneration of the members of the Management Board in the form of shares and options. For further information about the remuneration of the members of the Management Board, see the Remuneration Report included in the Supervisory Board Report section and the notes included in the Financial Statements in this Annual Report.

CONFLICTS OF INTERESTS /

Members of the Management Board must report and provide all relevant information regarding any conflict of interests or potential conflict of interests to the Chairman of the Supervisory Board. The Supervisory Board decides, without the member of the Management Board being present, whether there is a conflict of interests. During 2010, no such conflicts of interests occurred.

SUPERVISORY BOARD

GENERAL /

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

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

COMPOSITION AND APPOINTMENT /

The Articles of Association provide that the Supervisory Board of the company consists of three or more members. Each member of the Supervisory Board is appointed for a maximum of four years. This appointment can be renewed for two additional periods of not more than four years at a time. The General Meeting of Shareholders appoints the members of the Supervisory Board, subject to the right of the Supervisory Board to make a binding nomination. The General Meeting of Shareholders may at all times, by a resolution passed with a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital, resolve that the nomination submitted by the Supervisory Board is not binding. In such case, the appointment of a member of the Supervisory Board in contravention of the nomination requires a resolution of the General Meeting of Shareholders adopted with a majority of at least two thirds of the votes cast, representing more than 50% of the issued share capital. The Supervisory Board appoints a Chairman and a Deputy Chairman from amongst its members. The members of the Supervisory Board retire periodically in accordance with a rotation plan. A resolution of the General Meeting of Shareholders to suspend or dismiss members of the Supervisory Board requires a majority of at least two-thirds of the votes cast, representing more than 50% of the issued share capital.

The Supervisory Board has determined a Profile regarding its size and composition taking into account the nature of TomTom's business, its activities and the desired expertise. In 2010 the Profile was amended to reflect the topic of diversity as introduced in the Code. The amended Profile and the Supervisory Board rules that further regulate its decision making process, are both posted on the TomTom website.

MEMBERS OF THE SUPERVISORY BOARD /

The Supervisory Board consists of the following six members:

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

Karel Vuursteen was re-appointed as Chairman at the Annual General Meeting of Shareholders on 26 April 2010. The Supervisory Board member Joost Tjaden, who was also a member of the Audit Committee, resigned on 1 July 2010. Currently the Supervisory Board is in the process of finding a suitable candidate for this vacancy in cooperation with the shareholders Cyrte Investments BV and Janivo Holding BV as they have the right to nominate a candidate for one seat on the Supervisory Board. When drawing up the nomination, the Supervisory Board will ensure that the nominee has the experience and expertise as set out in the Supervisory Board Profile.

Further details on the members of the Supervisory Board, and their biographies, can be found in the Profiles of the Supervisory Board section on page 45 of this Annual Report.

The committees

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

The Audit Committee

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

The Audit Committee consists of:

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

The Remuneration Committee

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

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

The Selection and Appointment Committee

The Selection and Appointment Committee focuses on drawing up selection criteria and appointment procedures for Supervisory Board members and Management Board members, assessing the size and composition of the Supervisory Board and the Management Board, making a proposal for a composition profile of the Supervisory Board and making proposals for appointments and re-appointments. Succession planning for senior management in general and topics related thereto are also a focus of the Selection and Appointment Committee.

The Selection and Appointment Committee comprises of:

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

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

Remuneration

The remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders. Members of the Supervisory Board are not authorised to receive any payments under the company's pension or bonus schemes or under the option or share plans. For detailed information about the individual remuneration of members of the Supervisory Board see note 7 to the Financial Statements of TomTom NV included in this Annual Report, on page 68.

Corporate Governance (continued)

Conflicts of interests

Members of the Supervisory Board must report and provide all relevant information regarding any potential conflict of interests to the Chairman of the Supervisory Board or, in the case of a conflict of interests of the Chairman of the Supervisory Board, to the Deputy Chairman of the Supervisory Board. The Supervisory Board decides, without the relevant member being present, whether a conflict of interests exists. A member of the Supervisory Board shall not take part in any discussions or decision making that involves a subject or a transaction in relation to which such member has a conflict of interests with the company. Such transactions are disclosed in the Annual Report. No such conflicts of interests occurred during 2010.

Shareholdings

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

Rotation plan

The Supervisory Board has adopted the following rotation plan:

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

GENERAL MEETING

FUNCTIONING OF THE GENERAL MEETING OF SHAREHOLDERS /

The Annual General Meeting of Shareholders must be held within six months of the end of each financial year. An Extraordinary General Meeting of Shareholders may be convened, whenever the company's interests so require, by resolution of the Management Board or the Supervisory Board.

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

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

In accordance with Dutch law the mandatory registration date is set 28 days prior to the day of the General Meeting of Shareholders. Shareholders registered at such date are entitled to attend the meeting and to exercise other shareholder rights during the meeting, notwithstanding the subsequent sale of their shares after the registration date. The admitted institutions (aangesloten instellingen) in the Netherlands are not required to (and generally do not) block the shares registered to attend the General Meeting of Shareholders.

Notice of the General Meeting of Shareholders is given in accordance with Dutch law and the Articles of Association. Currently, the notice has to be made at least 42 days before the meeting.

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

The minutes of the General Meeting of Shareholders are kept and the resolutions are recorded in writing by the Management Board. The minutes will be made available to shareholders on our website no later than three months after the meeting. Shareholders are given the opportunity to provide their comments in the subsequent three months, and thereafter the minutes are adopted by the Chairman and the Company Secretary. The voting results will be published on our website after the General Meeting of Shareholders in accordance with Dutch law.

VOTING RIGHTS /

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

Resolutions of the General Meeting of Shareholders are adopted by an absolute majority of votes cast, except where Dutch law or our Articles of Association provide for a special majority.

According to our Articles of Association, the following decisions of the General Meeting of Shareholders require a majority of at least two thirds of the votes cast, representing more than 50% of our issued share capital:

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

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

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

AMENDMENT OF THE ARTICLES OF ASSOCIATION /

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

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

Following the adoption of a resolution to amend the Articles of Association during the Annual General Meeting of Shareholders held in April 2010, the Articles of Association were amended in July 2010 to comply with new legislation/regulations.

The changes to the Articles of Association included the amendment of the manner and time of convocation of general meetings and fixation of the registration date in view of the implementation of the Shareholders Rights Directive. Furthermore, the revised Articles of Association provide that (i) the Management Board may now submit a statement of all share issues made during the past calendar quarter to the Trade Register quarterly (instead of after each issue) and (ii) the annual accounts must now be prepared within four months after the end of the financial year and this period can no longer be extended.

The capital structure

The company's authorised share capital amounts to €180,000,000 and is divided in 600,000,000 ordinary shares with a nominal value of €0.20 each and 300,000,000 preferred shares, with a nominal value of €0.20 each. On 31 December 2010, a total of 221,808,085 ordinary shares were issued.

ISSUE OF SHARES /

The Management Board, subject to the prior approval of the Supervisory Board, has the power to issue shares or grant rights to acquire shares if so designated by the General Meeting of Shareholders or our Articles of Association. No resolution of the General Meeting of Shareholders or the Management Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares. The Management Board continues to believe it is in the company's best interests to be able to react in a timely manner when certain opportunities arise that require the issue of ordinary shares. Therefore, the Management Board wishes to be authorised to issue ordinary shares and to grant rights to subscribe for such shares when such occasions occur, without the need to obtain prior approval from its shareholders at an Extraordinary General Meeting of Shareholders which would take valuable time to convene and may create disruptive market speculation.

Corporate Governance (continued)

During the Annual General Meeting of Shareholders held in April 2010, a resolution was passed to extend the authorisation of the Management Board to resolve to issue ordinary shares (or grant rights to subscribe for such shares) until 26 October 2011. This authority is limited to 20% of the number of issued ordinary shares at the time of issue and subject to the following limitations:

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

Separately, the Management Board, subject to the prior approval of the Supervisory Board, has been authorised to grant rights to subscribe for ordinary shares up to 6,500,000 ordinary shares for the purpose of executing the TomTom Employee Stock Option Plan 2009 and the TomTom Management Board Stock Option Plan 2009 (the "Stock Option Plans 2009"). This authorisation is granted for a period starting from the 2010 Annual General Meeting of Shareholders until the Annual General Meeting of Shareholders to be held in 2011.

In addition to the authorisations referred to above, until 26 October 2011, the Management Board has – with the prior approval of the Supervisory Board – the authority to issue preference shares or to grant rights to subscribe for preference shares. For further information on this authority of the Management Board, see the Protection Mechanism section below.

PRE-EMPTIVE RIGHTS /

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

During the Annual General Meeting of Shareholders, held in April 2010, a resolution was passed to extend the authority of the Management Board, subject to the prior approval of the Supervisory Board, to restrict or exclude pre-emptive rights in relation to shares issued pursuant to any authorisation as mentioned in the Issue of Shares section above. In addition, to the extent necessary, the Management Board has also been authorised to exclude the pre-emptive rights in connection with its authorisation to grant rights to subscribe for shares under the Stock Option Plans 2009.

REPURCHASE BY THE COMPANY OF ITS OWN SHARES /

In accordance with the Articles of Association, subject to certain conditions, the company may acquire fully paid-up shares in the capital of the company for consideration, subject to authorisation of the General Meeting of Shareholders. During the Annual General Meeting of Shareholders in April 2010, the Management Board has been authorised to acquire shares in the capital of the company up to 10% of the issued share capital and for a price of approximately the stock exchange price with a margin of 10% of the stock exchange price. Stock exchange price means: the average of the closing price of the TomTom share according to the Official Price List of NYSE Euronext Amsterdam on the five consecutive trading days immediately preceding the date of purchase. The authorisation has been granted for a period of 18 months, until 26 October 2011.

PREFERENCE SHARES AS PROTECTION MECHANISM

GENERAL /

On 26 May 2005, Stichting Continuïteit TomTom (the "Foundation") was established as a protection instrument against hostile takeovers and to protect TomTom's interests in other situations. The purpose of the Foundation is to safeguard the company's interests and those of its subsidiaries as well as the interests of all those involved in the organisation, and to ensure that influences which, in contravention with those interests, could affect our independence, continuity and/or corporate identity, are repelled. We believe that the issue of preference shares or the grant of rights to subscribe for preference shares to the Foundation, may have the effect of preventing, discouraging or delaying an unsolicited attempt to obtain (de facto) control and may help us to strengthen our position in relation to a bidder and its plans, and to seek alternatives. Currently there are no preference shares outstanding but a call option to issue preference shares is in place.

COMPOSITION OF CONTINUITY FOUNDATION /

In accordance with the Foundation's Articles of Association, the Board members are appointed by the Board of the Foundation. The Board consists of three members, Mick den Boogert, Robert de Bakker and Frans Koffrie. The Management Board of the company and the Board of the Foundation declare that they are jointly of the opinion that the Foundation is independent from the company.

PROTECTION MECHANISM /

Foundation Continuity TomTom

The company has granted the Foundation a call option (the "Call Option"), entitling it to subscribe for preference shares, equal to a maximum of 50% of the aggregate issued and outstanding share capital (excluding issued and outstanding preference shares) of the company at the time of issue. The issue of preference shares in this manner would cause substantial dilution to the voting power of any shareholder whose objective was to gain control of the company.

Management Board authority to issue additional preference shares

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

As mentioned above, during the Annual General Meeting held in April 2010, a resolution was passed to extend the authority of the Management Board to issue preference shares and to grant rights to subscribe for such shares until 26 October 2011, which authority is limited to 50% of the aggregate issued and outstanding share capital (excluding issued and outstanding preference shares) of the company at the time of issue.

Also the authorisation of the Management Board to restrict or exclude pre-emptive rights pertaining to the (rights to subscribe for) preference shares was extended until 26 October 2011 at the Annual General Meeting of Shareholders in April 2010.

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

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

The issue of preference shares is meant to be temporary. Unless the preference shares have been issued by a vote of the General Meeting of Shareholders, our Articles of Association require that a General Meeting of Shareholders is held within six months after the issue of preference shares to consider their purchase or withdrawal. If at this General Meeting of Shareholders no resolution on the purchase or withdrawal of the preference shares is adopted, a General Meeting of Shareholders will be held every six months thereafter for as long as preference shares remain outstanding.

OBLIGATIONS OF SHAREHOLDERS TO DISCLOSE HOLDINGS

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

Corporate Governance (continued)

Under the Financial Markets Supervision Act, we are required to inform the AFM immediately if our issued and outstanding share capital, or voting rights, change by 1% or more compared with our previous notification. Other changes in our capital or voting rights need to be notified periodically. The AFM will publish such notification in a public register. If a person's capital or voting rights meet or surpass the above mentioned thresholds as a result of a change in our issued and outstanding share capital or voting rights, that person is required to make such notification no later than the fourth trading day after the AFM has published our notification as described above.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations, and publishes any notification it receives. As at 31 December 2010, we do not know of any person or legal entity holding an interest in our ordinary share capital and/or voting rights of more than 5% (also based on the AFM register of substantial holdings) other than:

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

DECREE ARTICLE 10 OF THE EU TAKEOVER DIRECTIVE

According to Decree Article 10 of the EU Takeover Directive, TomTom has to report on, amongst others, its capital structure, restrictions on voting rights and the transfer of securities, significant shareholdings in TomTom, the rules governing the appointment and dismissal of members of the Management Board and the Supervisory Board, the amendment of the Articles of Association and the powers of the Management Board (in particular the power to issue shares or to repurchase shares). The Management Board states that the information required to be disclosed under the Decree Article of the 10 EU Takeover Directive, to the extent applicable to TomTom, is included in this Corporate Governance section of this Annual Report.

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

According to the Dutch Governmental Decree of 20 March 2009 on Corporate Governance (the "Decree"), TomTom has to publish a statement on corporate governance (the "Corporate Governance Statement"). The Corporate Governance Statement has to report on compliance with the Code. In addition, the Corporate Governance Statement must provide information on the functioning of the General Meeting of Shareholders including its main rights, the composition of the Management Board and the Supervisory Board including its committees and the information which must be disclosed pursuant to the Decree Article 10 of the EU Takeover Directive. The Management Board states that the aforementioned information is included in this Corporate Governance section. In accordance with the Decree, the Corporate Governance Statement must also describe the main characteristics of the internal risk management and control systems connected to the company's financial reporting process. This description is included in the Internal Control report section on page 28 of the Annual Report and is, for the purpose of complying with the Decree, included for reference in this Corporate Governance section.

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

In 2008, a statement within the meaning of clause 2:153 (1) Dutch Civil Code was filed with the Trade Register which provides that TomTom NV meets the requirements as set out in clause 2:153 (2) Dutch Civil Code. During 2010 the majority of the employees of the TomTom group worked outside of the Netherlands (see note 8 to the Consolidated Financial Statements on page 70 of this Annual Report). Consequently, as TomTom NV acts as a mere holding and finance company, the exemption of clause 2:153 (3) (b) Dutch Civil Code applies to TomTom NV as a result of which the statement that has been filed with the Trade Register may be cancelled. Once the company's 2010 annual accounts have been adopted, TomTom NV intends to cancel the aforementioned statement.

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

The Management Board is responsible for the preparation and fair presentation of the Financial Statements and for the preparation of the Management Report. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Company Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

→ the annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and

→ the Management Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the company faces.

Amsterdam, 18 February 2011

The Management Board

Harold Goddijn – CEO

Marina Wyatt – CFO

Alain De Taeye

Profiles of the Management Board

←←← Harold Goddijn
←← Marina Wyatt
← Alain De Taeye

Harold Goddijn (50)
Member of the Management Board, Chief Executive Officer

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

Marina Wyatt (47)
Member of the Management Board, Chief Financial Officer

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

Alain De Taeye (53)
Member of the Management Board

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

Profiles of the Supervisory Board

←←← Karel Vuursteen
←← Doug Dunn
← Guy Demuynck

←←← Rob van den Bergh
←← Ben van der Veer
← Peter Wakkie

Karel Vuursteen (69)
Chairman

Karel Vuursteen is a Dutch national. Having earned a Masters in Agriculture from Wageningen University in the Netherlands, Karel worked from 1968 to 1991 for Royal Philips Electronics NV, including management positions throughout Europe and North America. His last position at Royal Philips was President of Philips Lighting BV. In 1991, Karel joined Heineken NV as a member of the Executive Board, moving into the role of Vice Chairman in 1992 and finally Chairman of the Executive Board from 1993 until 2002. Karel is currently a member of the Board of Directors of Heineken Holding NV, Chairman of the Supervisory Board of Akzo Nobel NV and a member of the Board of Henkel KGaA. Karel is also Chairman of Stichting Concertgebouw Fonds and Stichting Grachtenfestival. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until the AGM in 2014.

Doug Dunn (66)
Deputy Chairman

Doug Dunn is a British national. He holds a Higher National Qualification in Electrical and Electronic Engineering from the College of Advanced Technology, Sheffield University. After various engineering and senior management positions in the US and the UK with Motorola Semiconductors, he was Managing Director of the Semiconductor and Components division of General Electric Company Plc from 1980 until 1993. He was a member of the Board of Management of Royal Philips Electronics NV (1998) and Chief Executive Officer of its Semiconductor Division (1993-1996) and its Consumer Electronics division (1996-1998). From 1999 to 2004 he was Chief Executive Officer and President of ASML Holding NV. Doug currently serves as chairman of the Board of Directors of ARM Holdings Plc and is a non-executive director of Soitec SA and member of the Supervisory Board of STMicroelectronics NV. In May 2009 he was elected to the Supervisory Board of BE Semiconductor Industries NV (Besi). He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until the AGM in 2011.

Guy Demuynck (59)
Guy Demuynck is a Belgian national. Guy gained his Masters degrees in Applied Economics and Marketing & Distribution from the Universities of Antwerp and Ghent respectively. He began his career at Royal Philips Electronics NV, where he worked for 26 years in various commercial and marketing roles in Europe, the US and East Asia, culminating in his appointment as Chief Executive Officer of Philips Consumer Electronics division in 2000. In this role, he also served as a member of the Philips Group Management Committee until December 2002. Guy is a former member of the Board of Management of Royal KPN NV, with responsibility for KPN's mobile division, and served on the Supervisory Board of E-Plus Mobilfunk Geschäftsführungs GmbH. From 2006 until August 2008, Guy was Chief Executive Officer of Kroymans Corporation BV, a company active in the automotive industry. In 2009 and 2010, Guy was the Chief Executive Director of Liquavista BV, a company active in the consumer electronic industry. Guy currently is a member of the Management Board of Belgacom NV. He was recently appointed as a member of the Supervisory Board of both Apollo Vredestein BV, a tyre manufacturer and Xsens Holding BV, a company active in the sensor industry. He was first appointed to the TomTom Supervisory Board in May 2005. His current term runs until the AGM in 2012.

Rob van den Bergh (60)
Rob van den Bergh is a Dutch national. Rob earned his Masters degree in Law at Leiden University in the Netherlands. From 1975 until 1980, Rob worked as Legal Counsel General Affairs for "Nederlandse Dagblad Unie", a publisher of Dutch daily newspapers. He then began a longstanding career with VNU NV (currently Nielsen Media Research BV) from 1980 until 2006. This included six years as a member of the Executive Board, two years as Vice Chairman of the Executive Board, and finally Chairman of the Executive Board in the US. Rob was a member of the Supervisory Board of ABN AMRO NV from 2005 until 2009. He currently serves as Chairman of the Supervisory Boards of NV Deli Maatschappij and Stichting holding Isala Klinieken and as a member of the Supervisory Boards of Holding Nationale Goede Doelen Loterijen NV (Postcode Loterij) and Pon Holdings BV. He is also a member of the Advisory Board of CVC Capital Partners Nederland and of the Investment Committee of NPM Capital NV. He was first appointed to the TomTom Supervisory Board in April 2007. His current term runs until the AGM in 2011.

Ben van der Veer (59)
Ben van der Veer is a Dutch national. He became a Registered Accountant in 1980 while he was employed by KPMG in the Netherlands. In 1987 he was appointed as partner of KPMG and from 1989 he was Chairman for the Amsterdam office. Ben joined the Board of Management in 1997 and was elected Chairman of the Board of Management in 1999. In this capacity he joined the International Board of the KPMG network. In 2005 Ben was elected as Chairman of the Board of the EMEA region, one of KPMG's three international regions. In this leading position he also became a member of the International Management Committee of the KPMG International network. Ben retired from KPMG in September 2008. Ben is currently a non-executive director of Reed Elsevier Group plc and Reed Elsevier PLC and a member of the Supervisory Board of Reed Elsevier NV. He is also a member of the Supervisory Boards of AEGON NV, Siemens Nederland NV, Royal Friesland Campina NV and Stichting Amsterdams Historisch Museum. He was first appointed to the TomTom Supervisory Board in October 2008. His current term runs until the AGM in 2012.

Peter Wakkie (62)
Peter Wakkie is a Dutch national. With a background in law, Peter was a member of the Executive Board of Royal Ahold NV from 2003 until December 2009. He recently co-founded his own company SPINATH+WAKKIE which provides crisis management consultancy services to Dutch enterprises facing unforeseen and, potentially, damaging events. He is also Deputy Chairman of the Supervisory Board of Wolters Kluwer NV and a member of the Supervisory Boards of ABN AMRO Group NV, ABN AMRO Bank NV and BCD Holdings NV. In addition, Peter is a member of the Monitoring Commissie Corporate Governance Code. He was first appointed to the TomTom Supervisory Board in April 2009. His current term runs until the AGM in 2013.

Supervisory Board Report

GENERAL

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

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board consists of the following six members: Karel Vuursteen, Doug Dunn, Guy Demuynck, Rob van den Bergh, Ben van der Veer and Peter Wakkie. Short biographies of the members are included in the Management Board and Supervisory Board section of this Annual Report on page 45.

At the General Meeting of Shareholders in 2010, Karel Vuursteen was re-appointed as Chairman of the Supervisory Board for another four-year period. On 1 July 2010, Joost Tjaden resigned from the Supervisory Board; his decision to step down was not related to the company. Currently we are in the process of finding a suitable candidate to replace Mr Tjaden. When drawing up the nomination, the Supervisory Board will ensure that the nominee has the experience and expertise as set out in the Supervisory Board Profile.

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

While the full Supervisory Board retains overall responsibility for its tasks, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee prepare and assist the decision-making process of the Supervisory Board. Each of these committees is composed of members of the Supervisory Board. The chairmen of these committees work closely with senior management and the company and have regular face-to-face meetings to set the agendas and prepare all relevant information for the committee meetings. Meetings of the Supervisory Board are preceded by committee meetings; a summary of the deliberations and proposed resolutions of the committees is discussed at the beginning of the Supervisory Board meeting. The minutes of the committee meetings are distributed to all Supervisory Board members. A further description of the composition and tasks of the committees can be found in the Corporate Governance section of this Annual Report (starting on page 35).

The requirements for the size and composition of the Supervisory Board are reflected in the Profile of the Supervisory Board. To reflect the topic of 'diversity', introduced in the Code as per January 2009, the Supervisory Board reviewed and amended its Profile in 2010. The new Profile can be found on the TomTom website.

ACTIVITIES 2010

Meetings and meeting structure

During 2010 the Supervisory Board held eight meetings with the Management Board present; four quarterly meetings, a Strategy Day, two Budget meetings and a Governance and Induction session.

The agenda for the quarterly meetings was prepared by the Chairman, the Management Board and the Company Secretary. On the agenda of each of these meetings the company's strategy featured, as well as presentations by senior management to inform the Supervisory Board of new developments and to provide updates on specific areas of the business. Other recurring agenda items were financial reviews, press releases, R&D, marketing and operational updates.

In preparation of the meeting, the Supervisory Board is provided with comprehensive quarterly reports on the developments, challenges and opportunities in the company; this is to facilitate an open and productive discussion.

In the months when there was no quarterly meeting of the Supervisory Board, conference calls were scheduled with the Management Board to discuss financial updates and developments within the company.

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

The Supervisory Board also held meetings without members of the Management Board being present. These included meetings to review the composition and functioning of the Management Board and the performance of its individual members. Furthermore, the company's strengths and challenges were discussed in such meetings.

To evaluate the functioning of the Supervisory Board and its committees, all members completed a self-assessment questionnaire, the objective of which was to provide the framework for discussion. The discussions regarding the feedback received through the questionnaires included recommendations to facilitate changes and improvements.

Following the June 2010 elections, the new Works Council met with two members of the Supervisory Board: the feedback received in these meetings is of great added value to the functioning of the Supervisory Board.

In 2010 all members of the Supervisory Board attended meetings frequently (see next table).

Supervisory Board Report

	Karel Vuursteen	Doug Dunn	Guy Demuynck	Rob van den Bergh	Ben van der Veer	Peter Wakkie	Joost Tjaden
26 January	✓	–	✓	✓	✓	✓	✓
17 February	✓	✓	✓	✓	✓	✓	✓
23 April	✓	✓	✓	✓	✓	✓	✓
3 June	✓	✓	✓	✓	✓	✓	✓
20 July	✓	–	✓	✓	✓	✓	n.a.
19 October	✓	✓	✓	✓	✓	✓	n.a.
15 November	✓	✓	✓	✓	✓	✓	n.a.
16 December	✓	–	–	✓	✓	✓	n.a.

2010 topics

The long-term strategic direction of the company, which operates in a rapidly changing industry, was the focal point for the deliberations of the Supervisory Board in the 2010 meetings. In discussions with the Management Board, the Supervisory Board explored ways in which the company can position itself for future growth through product innovation, moving into new geographical areas and through diversification.

In November 2010, an updated three-year strategic plan was presented to the Supervisory Board, setting out the strategic objectives and targets of the various organisation units. The strategic direction and the accompanying Mission Statement, "To provide all drivers with the world's best navigation experience", have the full support of the Supervisory Board. The Supervisory Board feels that it would not be appropriate to divulge further details of the strategy discussion given the highly competitive market in which the company operates.

The 2010 Group's Risk Profile provided the basis for a discussion on the company's approach to business risks. The Supervisory Board assessed which business risks could have a significant impact on meeting the company's strategic goals, the methodology employed for drawing up the 2010 Business Risk Summary and the status of the most important risks.

An update on corporate social responsibility within TomTom was presented in the October meeting. Covered were recent initiatives in the area of CSR (the Traffic Manifesto and the ecoPLUS project), the outcome of the internal audit on CSR and the actions scheduled for 2011.

The Supervisory Board actively monitored the company's succession planning programme for senior management. The final report was presented to the Supervisory Board in the meeting of October 2010. The Supervisory Board has asked the Selection and Appointment Committee to continue to follow the progress of the programme closely.

In addition to the strategy discussions and recurring general agenda items, the Supervisory Board meetings covered other topics such as:

→ the legal compliance and control framework
→ recent corporate governance developments
→ remuneration of the Management Board
→ the composition of the Supervisory Board and Management Board
→ the valuation of intangible assets, and
→ the annual budget of the company.

REMUNERATION OF THE SUPERVISORY BOARD

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

The annual remuneration is €35,000 for Supervisory Board members and €45,000 for the Chairman. The annual remuneration for participation in the Audit Committee is €7,000 for members of the Audit Committee and €10,000 for the Chairman. The annual remuneration for participation in the Remuneration Committee and the Selection and Appointment Committee is €4,000 for members and €7,000 for the Chairman. The remuneration of Supervisory Board members and committee members is proportional to the number of months served. The aggregate remuneration of the Supervisory Board members in 2010 amounted to €295,000. The individual remuneration of the Supervisory Board members is shown in the notes to our Consolidated Financial Statements, which are included in this Annual Report on page 69.

REMUNERATION COMMITTEE

The Remuneration Committee met four times during 2010, with all members present at each meeting. These meetings were also attended by the CEO and the SVP Human Resources and the VP Compensation and Benefits.

Throughout the year, the Committee endeavoured to monitor the effectiveness and relevance of TomTom's Management Board Remuneration Policy and whether the individual remuneration packages of the Management Board members were in line with this policy. Also an external HR consultancy performed a scenario analysis, within the meaning of the Code, on the individual long-term incentive scheme for the Management Board members. In addition, the Committee reviewed whether the key performance indicators (KPIs) set for the variable remuneration component were in line with market practice and an effective retention instrument in the current employment climate at Management Board level. In October, another third party performed a benchmarking exercise on the total cash component of these Management Board packages.

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

→ the 2010 conditional grant of stock options to Management Board members under the TomTom Management Board Stock Option Plan 2009 (taking into account the ratio of fixed pay versus pay-at-risk)
→ the potential dilutive effect of the various TomTom Stock Option Plans
→ aligning the severance and notification provisions in the employment contracts of the Management Board members, and
→ the outcome of the Remuneration Committee's self-assessment.

Supervisory Board Report

REMUNERATION REPORT

REMUNERATION POLICY

According to the company's Articles of Association, the Supervisory Board proposes, and the General Meeting of Shareholders adopts, the Remuneration Policy for the members of the Management Board. The Supervisory Board determines the remuneration of individual members of the Management Board within the limits of the Remuneration Policy and reviews this policy regularly in light of internal and/or external developments. At the start of 2010, the Supervisory Board decided to continue to apply the Remuneration Policy in place at that time. The full text of the policy can be found on the TomTom website.

The objective of the company's Remuneration Policy is to ensure that the company rewards its Management Board in such a way that highly qualified and expert executives can be recruited and retained, and to ensure that the Management Board members' remuneration is consistent with the company's strategy, its operational and financial results and delivery of value to shareholders. Furthermore, the policy is aimed at applying a responsible and sustainable remuneration framework in line with the general result-driven remuneration principles and practices throughout the company. As stated in the Remuneration Policy, remuneration for the Management Board consists of four components: base salary, short-term incentive, long-term incentive and pension.

APPLICATION IN 2010

The details of the individual remuneration of all members of the Management Board and the costs thereof to the company as well as the information described in best practice provision II.2.13 (d) of the Dutch Corporate Governance Code are presented in the notes to the Consolidated Financial Statements, on page 68, 69 and 70 of this Annual Report.

1. **Base salary at median market level**

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

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

   On the basis of this information, the Supervisory Board concluded that, of the Management Board, the base salaries of the CEO and the CFO were not in line with median market level. Therefore the Supervisory Board decided to increase the base salary of the CEO by approximately 25% to €250,000 and of the CFO to €400,000. With these adjustments, the salary of the CFO was at the median market level, and a first measured step was taken to bring the CEO's salary closer to the median.

2. **Short-term incentive**

   The percentage-of-salary bonus scheme is aimed at creating one uniform bonus structure throughout the organisation. It aligns the management bonus scheme with the bonus structure for other staff within the company and with Dutch market practice. This remuneration component was also benchmarked against the same peer group as was used for the base salary comparison. The level of cash payment under the bonus scheme depends on the fulfilment of annually pre-determined criteria and objectives. Our 'on-target' bonus percentages are determined by the difference between the total cash payment at the third quartile minus the median base salary of our peer group companies. The 'on target' bonus percentage for the CEO position is 80% of the base salary and 64% for the other members of the Management Board. In case of excellent performance, the maximum bonus amount can increase to 1.5 times the 'on target bonus' amounts, i.e. 120% of the base salary for the CEO position and 96% of the base salary for the other members of the Management Board. In addition to the incentive scheme based on pre-determined performance criteria, the Supervisory Board may also decide to reward bonuses for exceptional individual performance at its own discretion.

   To reflect the company's strategic objective to broaden the revenue base for the group and the associated changing business models, at the time of setting the KPIs for 2010, the Supervisory Board decided to add a top line performance related target, alongside the EBIT and cash flow KPIs. The KPIs for 2010 were weighted as follows:

   - → revenue (40%)
   - → EBIT (40%)
   - → cash flow (20%)

   After the challenges of 2009, 2010 showed a good revenue performance. EBIT figures reflected planned increases in investments in R&D and marketing expenditure, together with a stable gross margin. Therefore the Supervisory Board has concluded that the KPIs set for 2010 were both effective and appropriate.

   Applying the pre-determined performance criteria to the 2010 results of the company, as published in this Annual Report, the Supervisory Board has awarded an overall pay-out ratio of 89% of the target bonus.

Supervisory Board Report

3. **Long-term incentive**

   For 2010, the Supervisory Board decided to continue to apply the TomTom Management Board Stock Option Plan 2009 (the "Option Plan"). The Option Plan is aimed at attracting and retaining key talent to the company in order to safeguard its human capital and it aligns the company's long-term incentives with common practices within international companies operating in the technology sector.

   Pursuant to the Option Plan, the number of options that vest is subject to the achievement of pre-determined performance criteria. The performance conditions are measured over the year in which the options are granted. Options vested under the Option Plan can be exercised during a period of seven years following the grant date. One third of the options granted vest after one year, one third vest after two years, and the final third vest after three years following the grant date. The exercise price of the options is determined on the basis of the average of the closing prices of company shares in the three days preceding the grant date.

   With a view to creating consistency in the long-term incentive scheme and given the volatility of the company's share, the Supervisory Board decided to retain Market Capitalisation (as at 31 December 2010) as the KPI for the Option Plan of 2010.

   As the Supervisory Board wished to embed the company's vision and corresponding strategy more deeply in the performance criteria for the Management Board long-term incentive scheme, it initiated a process of formulating alternative KPIs for 2011. The suggested amendments are detailed in the Outlook 2011 paragraph of this Remuneration Report.

   For 2010, the conditional grant of stock options to the Management Board members was based on a fixed pay versus pay-at-risk ratio. To be consistent with general market practice and the granting policy applicable to the other key company employees, this ratio was set at 1:2. With the grant price of 2010, this resulted in a conditional grant of 150,000 stock options for each Management Board member.

   The Supervisory Board holds that, on 31 December 2010, the conditional target for 2010 was achieved, and therefore has decided that the full entitlement of the options granted in 2010 will be granted unconditionally for the remainder of the seven year plan. The rules of the Option Plan dictate that of the total of 450,000 options awarded to the Management Board members, a third shall vest on 10 May 2011. The remaining two thirds will vest in equal parts on 10 May 2012 and 10 May 2013 respectively.

   A scenario analysis, within the meaning of best practice provision II.2.1 of the Dutch Corporate Governance Code, was carried out in 2010.

4. **Pension plan contributions**

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

   The CEO has opted to waive his rights to take part in the company's pension plan and preferred to arrange a private solution without any contribution from the company. The CFO does not participate in the company's pension plan and therefore receives a 10% contribution of her gross annual base salary. Finally, Alain De Taeye waived his eligibility for participation in the company pension plan and has arranged a private solution for which he receives a contribution of 7% of his gross annual base salary.

   In addition to the above-mentioned remuneration components, the Management Board members are entitled to remuneration components such as medical insurance, death and disability insurance and benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice. The company does not provide loans to members of the Management Board.

OUTLOOK 2011

The Supervisory Board does not intend to change the Remuneration Policy in the foreseeable future, with the exception of the proposal to adjust the vesting timeline applicable to the options granted to the Management Board under the long-term incentive scheme. To emphasise the long-term retention element of the scheme and bring this in line with the Code, the Supervisory Board is considering submitting for approval to the Annual General Meeting of Shareholders a vesting regime in which all options granted under the plan will vest three years after the grant date.

Following the outcome of the benchmarking exercise, the Remuneration Committee concluded that the base salaries of the CFO and Alain De Taeye are at the median level of Dutch market pay and therefore do not need to be adjusted in 2011. For the CEO, however, a second measured step will be taken to bring his base salary closer to the median in 2011.

For 2011 the Supervisory Board has decided to apply the same KPIs for the short-term incentive scheme as in the previous year. The Supervisory Board continues to believe that a strong grip on operating costs makes for a sound company and a good EBIT performance. Cash flow will be monitored closely to ensure that the company retains the ability to invest in products and services and with a view to the redemption of its debt. To foster top line growth, it is deemed important to maintain the Revenue KPI.

The Market Capitalisation KPI for the long-term incentive scheme will be replaced in 2011 by KPIs which are linked to the company's strategic plans for 2011 to 2013. The KPIs will focus on the broadening of the group's revenue base and the position of TomTom as a preferred employer. As the related targets are deemed commercially sensitive information they will not be disclosed.

Supervisory Board Report

EMPLOYEE ARRANGEMENTS AND SEVERANCE AGREEMENTS

All members of the Management Board have an employment contract with the company. The employment contract with Alain De Taeye entitled TomTom to request Alain De Taeye to resign on 19 September 2010 in which case the employment contract would be terminated with mutual consent as of 30 September 2010. In 2010, with the approval of the Supervisory Board, it was decided not to invoke this right and continue the employment contract with some adjustments. The company took this opportunity to align the severance payment and the notification period provisions with those included in the contracts of the other Management Board members.

Although all the employment contracts are entered into for an indefinite period of time, the term of office of members of the Management Board is four years. After this period, they can be re-appointed for another term of not more than four years at a time. For all members of the Management Board a notice period of 12 months is applicable. In the event that the employment of a member of the Management Board is terminated by or on the initiative of us, he or she shall be entitled to a fixed amount of 50% of one year's base salary, including holiday allowance, unless the employment is terminated for causes within the meaning of the articles 7:677 (1) and 7:678 of the Dutch Civil Code, in which situation the Management Board member is not entitled to any severance compensation. This amount will be due in addition to the salary to be paid to members of the Management Board during the agreed notice period of 12 months. A member of the Management Board will not be entitled to the severance if the employment is terminated by him or her or on his or her initiative.

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

AUDIT COMMITTEE REPORT

Currently the Audit Committee comprises of Ben van der Veer (Chairman), Doug Dunn and Rob van den Bergh.

Five Audit Committee meetings were held during the financial year, all well attended, including the four meetings held prior to the publication of the quarterly financial results which were attended by all Audit Committee members. In December an additional meeting was held to review, in advance of the publication of the Annual Report, the valuation of goodwill and intangible assets.

The Audit Committee considers that there is sufficient breadth, depth, industry relevant knowledge, experience and expertise for them to appropriately discharge their duties. This includes appropriate requisite financial skills and experience that would reasonably be expected for an Audit Committee.

As a standard modus operandi of our Audit Committee, the Management Board members, Marina Wyatt (CFO) and Alain De Taeye, as well as the Director of Business Assurance, Robert Schiering, attended all meetings. The external auditor attended all agenda items related to the publication of quarterly results. During 2010 the Audit Committee met separately (independently from management) with the Director of Business Assurance and the external auditor. The external auditor holds independent communication channels with the Audit Committee.

During 2010 the Audit Committee invited the following people from the organisation to attend meetings:

- → the CEO in order to discuss the most important strategic group risks and related mitigating actions, and
- → the most senior leaders of IT, Tax, Treasury and Investor Relations.

ACTIVITIES

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

- → the integrity of the company's quarterly financial results under IFRS, annual report and related press releases including the company's accounting and financial reporting policies and processes, disclosure controls and procedures and financial statement audits
- → relations with the external auditor, including the scope of their plans, assessment of their independence, approval of their remuneration, and their annual re-appointment
- → the role and functioning of the internal audit department which is part of the Business Assurance team which also handles business risk management
- → the maintenance of an effective system of risk management and internal control relating to strategic, financial, operational and compliance risks
- → compliance with the recommendations and observations of the internal and external auditors
- → review of the approach to treasury and foreign exchange management
- → the financing of the company
- → the application of information and communication technology (ICT)
- → the policy of the company on tax planning and compliance, and
- → the companies code of ethics and the approach taken to protecting and securing key company assets.

Included in the Audit Committee charter is the supervision of compliance with legal and regulatory requirements. This topic was covered by the Supervisory Board through discussions with the Group General Counsel and therefore did not form part of the agenda of the Audit Committee in 2010.

In July 2010 the Audit Committee performed an assessment of the Audit Committee Charter and resolved that no changes were necessary. The audit committee charter is available on the TomTom website.

Supervisory Board Report

FINANCIAL REPORTING

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

BUSINESS ASSURANCE

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

Under the direction of the Audit Committee, the Business Assurance team develops the internal audit rotation plan. This is done in close consultation with executive management to determine the most important areas of the business to audit and the appropriate timing of audits. The rotation plan includes the most important business processes, subsidiary office reviews, audit of major IT projects prior to going live, security audits and special requests. From this rotation plan Internal Audit, in consultation with senior management, select which areas of the business to audit every year and this is presented and approved by the Audit Committee. Members of the Audit Committee and Management Board are at liberty to request any internal audit or special consulting service to be performed by Internal Audit at any time. Approximately twenty percent of the internal audit work load is based on these special requests by executive management approved by the Management Board and Audit Committee. This demonstrates the healthy working relationship Internal Audit holds with the business and helps keep the internal audit work schedule closely aligned with the changing and dynamic nature of our business.

INDEPENDENCE

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

→ the Audit Committee Charter describes the purpose, authority and responsibility of Internal Audit (i.e. Business Assurance department)
→ the Director of Business Assurance has unrestricted access to the Supervisory Board and Audit Committee, reports regularly to the Audit Committee and maintains a direct relationship with the Audit Committee Chairman
→ the individual members of the Internal Audit department are qualified professionals who uphold the ethical guidelines on independence from the professional bodies that govern their professions, and
→ management is ultimately held accountable for the effectiveness of internal control and risk systems, while the internal auditor's role is limited to providing assurance and advice.

EXTERNAL AUDITOR

The Audit Committee agrees the appointment and compensation of the external auditor, subject, in each case, to the approval of the company's shareholders at the Annual General Meeting of Shareholders. Deloitte Accountants BV has acted as external auditor for the company since 2004. Following the 2008 Audited Financial Statements the Audit Committee performed a thorough assessment of Deloitte's performance and independence and presented the outcome of this assessment to shareholders at the Annual General Meeting of Shareholders in April 2009. During 2010 the Audit Committee assessed the performance of the external auditor taking into account an AFM review that was performed. Deloitte have expressed their willingness to continue in office for the company during 2011. Resolutions proposing their re-appointment will be submitted to the forthcoming Annual General Meeting of Shareholders.

During 2010 the external auditor attended the four Audit Committee meetings for the agenda items relating to the production of external financial reporting and related press releases. These meetings were performed with Management Board members being present. In order to facilitate free and open discussions between the Audit Committee members and the external auditor, they also met separately, without the Management Board present. The chairman of the Audit Committee and lead audit partner of Deloitte maintain direct communication channels outside of Audit Committee meetings.

The Audit Committee reviewed the independence of the external auditor taking into account qualitative and quantitative factors, and concluded that they have sufficient objectivity and independence to perform the external audit function. On page 52 a summary is provided of services performed by Deloitte Accountants BV, its network affiliates and the fees earned.

Supervisory Board Report

Type of service € in thousands	2010		2009	
Audit – group	473	30%	475	29%
Audit – statutory	227	14%	227	14%
Audit services*	109	7%	485	30%
Non-audit services	104	7%	27	2%
Tax compliance**	654	42%	417	25%
Total	1,567	100%	1,631	100%

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

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

SELECTION AND APPOINTMENT COMMITTEE

The Selection and Appointment Committee met four times during the course of 2010, with all members present at each meeting. These meetings were also attended by the SVP Human Resources and the CEO attended two of the meetings. In 2010 the main area of attention was succession planning for senior management with a view to further growing the company in a structured and sustainable manner.

Other topics covered during the meetings of the Selection and Appointment Committee were:

→ the nomination for re-appointment of the Chairman of the Supervisory Board and the associated new rotation plan
→ the review of the size and composition of the Supervisory and Management Boards, also in view of the vacancy following Joost Tjaden's resignation
→ the Supervisory Board Profile, and
→ the outcome of the Selection and Appointment Committee's self-assessment.

FINANCIAL STATEMENTS

The consolidated annual Financial Statements of the company for 2010, as prepared by the Management Board, have been audited by Deloitte Accountants BV. The Supervisory Board has approved these Financial Statements for 2010 and all individual members of the Supervisory Board, together with the members of the Management Board, have signed the Financial Statements for 2010. The Supervisory Board recommends to the General Meeting of Shareholders to adopt the Annual Accounts for 2010. The Annual Report for 2010 is available at the company's offices on request and on the company's website. Upon adoption of the Annual Accounts for 2010, and in accordance with article 2:394 of the Dutch Civil Code and article 5:25o of the Financial Markets Supervision Act, the Management Board will file the Annual Accounts for 2010 with the AFM. The members of the Supervisory Board have signed the annual Financial Statements pursuant to the statutory obligation under article 2:101 (2) Dutch Civil Code. The Supervisory Board would like to thank the Management Board members and all employees for their dedication and hard work in 2010.

Supervisory Board

Karel Vuursteen

Doug Dunn

Guy Demuynck

Rob van den Bergh

Ben van der Veer

Peter Wakkie

18 February 2011

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Consolidated Statement of Income

for the year ended 31 December

(€ in thousands)	Notes	2010	2009
Revenue	5	1,521,083	1,479,660
Cost of sales	6	777,018	748,624
Gross result		744,065	731,036
Operating expenses			
Research and development expenses		161,875	139,441
Amortisation of technology and databases		77,644	74,998
Marketing expenses		104,788	86,363
Selling, general and administrative expenses		199,941	198,779
Stock compensation expense	22	13,495	10,567
Total operating expenses[1]	8	557,743	510,148
Operating result		186,322	220,888
Interest result	9	-35,064	-70,815
Other financial result	9	-15,962	-41,202
Result of associates	15	-1,270	2,603
Result before tax		134,026	111,474
Income tax	10	-26,356	-25,088
Net result		107,670	86,386
Attributable to:			
– Equity holders of the parent		107,768	86,767
– Minority interests	23	-98	-381
Net result		107,670	86,386
Earnings per share (in €)	12		
Basic		0.49	0.47
Diluted		0.49	0.47

1 Our operating expenses in 2010 include restructuring expenses of €3.3 million (2009: €10.3 million).

The notes on pages 59 to 86 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December

(€ in thousands)	2010	2009
Net result	107,670	86,386
Other comprehensive income:		
Currency translation differences	2,055	-925
Cash flow hedge	2,411	-4,956
Other comprehensive income for the year	4,466	-5,881
Total comprehensive income for the year	112,136	80,505
Attributable to:		
– Equity holders of the parent	111,250	80,375
– Minority interests	886	130
Total comprehensive income for the year	112,136	80,505

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

The notes on pages 59 to 86 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

as at 31 December

(€ in thousands)	Notes	2010	2009
Assets			
Non-current assets			
Goodwill	13	854,713	854,713
Other intangible assets	13	946,263	986,472
Property, plant and equipment	14	38,977	42,904
Investments in associates	15	7,720	7,683
Deferred tax assets	25	22,265	28,205
Total non-current assets		1,869,938	1,919,977
Current assets			
Inventories	16	93,822	66,719
Trade receivables	17	305,821	294,024
Other receivables and prepayments	18	41,853	26,035
Other financial assets	19	5,724	10,602
Cash and cash equivalents	20	305,600	368,403
Total current assets		752,820	765,783
Total assets		2,622,758	2,685,760
Equity and liabilities			
Equity			
Share capital	21	44,362	44,344
Share premium		974,554	973,755
Legal reserves		45,757	34,319
Stock compensation reserve	22	71,662	66,267
Accumulated deficit		-222	-106,209
Equity attributable to equity holders of the parent		1,136,113	1,012,476
Minority interests	23	5,416	5,094
Total equity		1,141,529	1,017,570
Non-current liabilities			
Borrowings	24	384,011	588,141
Deferred tax liability	25	211,014	222,129
Long term liability		926	1,158
Provisions	26	51,051	57,847
Total non-current liabilities		647,002	869,275
Current liabilities			
Trade payables	27	218,419	201,176
Income taxes		7,043	5,882
Other taxes and social security		28,400	24,304
Borrowings	24	203,586	201,387
Provisions	26	58,237	56,503
Accruals and other liabilities		318,542	309,663
Total current liabilities		834,227	798,915
Total equity and liabilities		2,622,758	2,685,760

The notes on pages 59 to 86 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 31 December

(€ in thousands)	Notes	2010	2009
Cash flows from operating activities			
Operating result		186,322	220,888
Financial losses		-11,789	-19,741
Amortisation of intangible assets	13	94,235	85,920
Depreciation of property, plant and equipment	14	14,863	20,416
Change in provisions		-5,180	-1,267
Change in stock compensation reserve	22	12,901	7,748
Changes in working capital:			
Change in inventories		-26,987	81,363
Change in receivables and prepayments		-27,617	-14,090
Change in current liabilities (excluding provisions)		28,545	48,536
Cash generated from operations		265,293	429,773
Interest received	9	977	2,843
Interest paid	9	-25,589	-66,480
Corporate income taxes paid	10	-30,378	-25,798
Net cash generated from operating activities		210,303	340,338
Cash flows used in investing activities			
Acquisition of subsidiary	30	0	-13,973
Investments in intangible assets	13	-47,096	-56,991
Investments in property, plant and equipment	14	-17,866	-18,735
Total cash used in investing activities		-64,962	-89,699
Cash flow used in financing activities			
Repayment of borrowings		-210,000	-622,048
Proceeds on issue of ordinary shares	21	817	415,941
Net cash used in financing activities		-209,183	-206,107
Net (decrease) / increase in cash and cash equivalents		-63,842	44,532
Cash and cash equivalents at the beginning of period		368,403	321,039
Effect of exchange rate changes on cash balances held in foreign currencies		1,039	2,832
Cash and cash equivalents at the end of period		305,600	368,403

The notes on pages 59 to 86 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(€ in thousands)	Notes	Share capital	Share premium	Other reserves[1]	Accumulated deficit	Total	Minority interests	Total equity
Balance as at 31 December 2008		24,663	575,918	102,215	-194,387	508,409	4,964	513,373
Comprehensive income								
Result for the year		0	0	0	86,767	86,767	-381	86,386
Other comprehensive income								
Currency translation differences		0	0	-1,436	0	-1,436	511	-925
Transfer to legal reserves		0	0	7,965	-7,965	0	0	0
Cash flow hedge		0	0	-4,956	0	-4,956	0	-4,956
Total Other comprehensive income		**0**	**0**	**1,573**	**-7,965**	**-6,392**	**511**	**-5,881**
Total Comprehensive income		**0**	**0**	**1,573**	**78,802**	**80,375**	**130**	**80,505**
Transactions with owners								
Stock compensation expense	22	0	0	7,863	0	7,863	0	7,863
Issue of share capital	21	19,681	397,837	-11,065	9,376	415,829	0	415,829
Balance as at 31 December 2009		44,344	973,755	100,586	-106,209	1,012,476	5,094	1,017,570
Comprehensive income								
Result for the year		0	0	0	107,768	107,768	-98	107,670
Other comprehensive income								
Currency translation differences		0	0	1,071	0	1,071	984	2,055
Transfer to legal reserves		0	0	7,956	-7,956	0	0	0
Cash flow hedge		0	0	2,411	0	2,411	0	2,411
Total Other comprehensive income		**0**	**0**	**11,438**	**-7,956**	**3,482**	**984**	**4,466**
Total comprehensive income		**0**	**0**	**11,438**	**99,812**	**111,250**	**886**	**112,136**
Transactions with owners								
Dividends to minority shareholders		0	0	0	0	0	-251	-251
Change in minority share	23	0	0	0	0	0	-313	-313
Stock compensation expense	22	0	0	5,640	0	5,640	0	5,640
Issue of share capital	21	18	799	-245	6,175	6,747	0	6,747
Balance as at 31 December 2010		44,362	974,554	117,419	-222	1,136,113	5,416	1,141,529

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

The notes on pages 59 to 86 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. GENERAL

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

The Consolidated Financial Statements comprise the company and its subsidiaries (together referred to as "the group"). In accordance with section 402 of Part 9 of Book 2 of the Netherlands Civil Code, a condensed income statement is presented in the Company Financial Statements.

The financial statements have been prepared by the Board of Management and authorised for issue on 18 February 2011. The financial statements will be submitted for approval to the Annual General Meeting of Shareholders on 29 April 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

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

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

Changes in accounting policies and disclosures

IFRS 3 (revised) "Business Combinations", and consequential amendments to IAS 27 "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared to IFRS 3. The revised standard has not been applied by the group as there has been no business combination transaction that took place during 2010.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions do not result in goodwill or gains and losses. The standard also specifies the accounting when control ceases. Any remaining interest in the entity is re-measured at fair value, and a gain or loss is recognised in profit or loss.

IAS 36 (amendment), "Impairment of assets", effective 1 January 2010 clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8, "Operating segments". In accordance with this amendment, the goodwill has been reallocated to each of the operating segments. The goodwill impairment test has been performed for each of these operating segments based on the revised allocation.

The 2009 and 2010 "Improvements to IFRS" include various amendments across different standards that largely clarify the required accounting treatment where previous practice had varied and have resulted in a number of changes in the detail of the group's accounting policies. The effective dates vary standard by standard but most are effective 1 January 2010. There has been no material impact on the group's accounting policies as a result of the amendments included in "Improvements to IFRS".

Other standards and interpretations issued and effective from 1 January 2010 did not have a material impact on the group.

All other standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2010 have not yet been adopted. The group anticipates that the adoption of these standards and interpretations will have no material impact on the financial statements of the group in future periods.

Foreign currencies

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Foreign exchange gains and losses are presented under "Other financial result" in the income statement.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Group companies

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

Use of estimates

The preparation of these financial statements requires management to make certain assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are used when accounting for significant items and matters such as revenue recognition, inventory obsolescence, product warranty costs, depreciation and amortisation, asset valuations, impairment assessments, taxes, earn-out provisions, other provisions, stock-based compensation and contingencies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

Cash flow statements

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

Basis of consolidation

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

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

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Business combinations

The group uses the acquisition method of accounting to account for business combinations. The cost of the acquisition is measured as the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement (if the payment is probable) and any costs directly attributable to the business combination. Identifiable assets acquired, liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Effective from 1 January 2010, the group adopted IFRS 3 (Revised) which resulted in certain changes which will be applicable to all future business combination transactions. These changes include:

- → the consideration transferred includes the best estimate of the contingent consideration regardless of its probability of payment
- → all acquisition related transaction costs are expensed as incurred and no longer form part of the purchase consideration, and
- → on an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Such choice will determine the level of goodwill recognised as of the acquisition date.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, or other evidence of significant influence. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

Revenue recognition

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

Sale of goods

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

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

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

Royalty revenue

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

Sale of services

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

Multiple element arrangements

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

Interest income and expense

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

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

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

Derivative financial instruments and hedging activities

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

When hedge accounting is applied, the group formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. When it is established that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the group discontinues hedge accounting prospectively. When hedge accounting is discontinued, the group continues to carry the derivative on the balance sheet at its fair value, and gains and losses that were recognised in Other comprehensive income up to the point of de-designation will remain in equity until the forecast transaction is ultimately recognised in the income statement. Gains or losses on the hedging instrument after de-designation will be recognised in profit or loss if the hedging instrument continues to be held.

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

Government grants

The group receives government grants related to the research and development activities performed by the group. Government grants are recognised at their fair value when there is a reasonable assurance that the group will comply with the conditions attached to them, and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

Pension costs

The group operates various defined contribution plans and a defined benefit plan for a German subsidiary. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction of future payments is available.

The assets of the German defined benefit scheme are held separately from those of the group in independently administered funds. Contributions are charged to the income statement as they become payable, in accordance with the rules of the scheme. The contributions are included in employee benefit expense. Full defined benefit disclosures are not provided given the fact that the plan is not significant.

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock compensation expense

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

Share option plans

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. Fair value is measured by use of a binomial tree model. The expected life of the share options used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and makes a corresponding adjustment to equity (Stock compensation reserve) over the remaining vesting period. The proceeds received, net of any directly attributable transaction costs, are credited to Share capital (nominal value) and Share premium when the options are exercised.

Performance share plan

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

Taxation

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

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

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets other than goodwill

Internally generated intangible assets

Internal software development costs relating to core technology are recognised as an intangible asset if, and only if, all of the following have been demonstrated:

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

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

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets other than goodwill (continued)

Internally generated intangible assets (continued)

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

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

Acquired intangible assets

Definite-lived intangible assets acquired separately or through a business combination are initially recognised at cost. The cost of assets acquired separately includes the purchase price and directly attributable costs to bring the asset to its intended use. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, these intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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

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

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

Property, plant and equipment

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

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

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

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

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

Impairment of tangible and intangible assets

Assets, such as goodwill, that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. In estimating the fair value less costs to sell, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

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

Financial assets at fair value through profit or loss

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

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

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

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

Loans and receivables

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

Inventories

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

Trade receivables

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

Cash and cash equivalents

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

Financial liabilities and equity instruments

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

Share capital

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

Preference shares

Reference is made to the Corporate Governance section on pages 39-41.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share premium

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

Provisions

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

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

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

Borrowings

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

3. FINANCIAL RISK MANAGEMENT

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

Capital risk management

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

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

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

Further quantitative disclosures are included throughout these Consolidated Financial Statements and/or in the business risk report.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Revenue recognition

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

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

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

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

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Impairment of non-financial assets

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

c) Stock compensation plan

In order to calculate the charge for share-based compensation as required by IFRS 2, the group makes estimates, principally relating to the assumptions used in its models to calculate the stock compensation expenses as set out in note 22.

d) Provisions

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

e) Capitalised databases and tools

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

f) Income taxes

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

5. SEGMENT REPORTING

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

Internal management reporting is based upon four main segments (Consumer, Automotive, Licensing and Business Solutions) which are presented as reportable segments in these financial statements. As part of the integration of the former Tele Atlas operation certain activities, like navigation content production, have been restructured among the business units within the group. The segment information reported and the comparative information reflect these changes and are therefore not necessarily comparable with the previously reported segment information.

Management assesses the performance of segments based on the measures of revenue and earnings before interest and taxes (EBIT), whereby the EBIT measure includes allocations of expenses from supporting functions within the group. Such allocations have been determined based on relevant measures which reflect the level of benefits of these functions to each of the operating segments. The effects of non-recurring items such as impairment (if any) are excluded from management's measurement basis. Interest income and expenses and tax are not allocated to the segments.

(€ in thousands)	2010	2009
Revenue		
Consumer	**1,158,002**	1,205,362
Automotive	**179,470**	100,495
Licensing	**130,767**	133,157
Business Solutions	**52,844**	40,646
Total	**1,521,083**	1,479,660
EBIT		
Consumer	**187,329**	246,572
Automotive	**1,868**	-14,267
Licensing	**281**	-5,481
Business Solutions	**13,131**	9,791
Unallocated	**-16,287**	-15,727
Total	**186,322**	220,888

IFRS 8 has been amended so that a measure of segment (non-current) assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker. The amendment is effective for periods beginning on or after 1 January 2010. In accordance with this amendment, no measure of segment assets is reported.

Notes to the Consolidated Financial Statements

5. SEGMENT REPORTING (continued)

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

(€ in thousands)	2010	2009
EBIT	186,322	220,888
Interest result	-35,064	-70,815
Other finance result	-15,962	-41,202
Result of associates	-1,270	2,603
Result before tax	134,026	111,474

Revenues from external customers are derived primarily from the sale of portable navigation devices and in-dash navigation systems and related content and services and the royalty income generated from licensing our map database.

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

External revenue – products and services[1]

(€ in thousands)	2010	2009
Sale of goods	1,164,477	1,174,543
Rendering of services	162,882	120,469
Royalty revenue	193,724	184,648
	1,521,083	1,479,660

1 As a result of changes in our internal reporting structure a reallocation of revenue between sale of goods and rendering of services took place. For comparative purposes the 2009 figures have been changed accordingly.

External revenue – geographical areas

(€ in thousands)	2010	2009
Europe	1,070,127	1,007,205
North America	380,463	410,918
Rest of the world	70,493	61,537
	1,521,083	1,479,660

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

6. COST OF SALES

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

7. EMPLOYEE BENEFITS

Pension scheme

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

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

Employees in the United States are offered the opportunity to participate in the 401K pension plan, which involves no contribution or obligation from the group besides withholding and paying the employee contribution. The pension liability is further disclosed in note 28.

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

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

In accordance with the Dutch Corporate Governance Code 2009, the remuneration of Supervisory Board members does not depend on the results of the company. The company does not grant either stock options or shares to its Supervisory Board members and the company does not provide loans to them.

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

Notes to the Consolidated Financial Statements

7. EMPLOYEE BENEFITS (continued)

Remuneration policy for members of the Management Board and the Supervisory Board (continued)

The actual bonus pay-out depends on certain challenging financial targets (revenue, EBIT and cash flow). The total remuneration paid to or on behalf of members of the Management Board for the year ended 31 December 2010, amounted to approximately €1.7 million (2009: €1.4 million), of which approximately 36% represented bonus payments (2009: 34%). In 2010, the bonus achievement was 89% of the target bonus (2009: 30%).

Summary of key management remuneration

(€)	Salary and bonus	Post employment benefits	Other long-term benefits	Termination benefits	Share plan	Share options	Total
2010							
Management Board and senior management[1]	4,636,072	184,238	0	0	179,482	2,306,150	7,305,942
Supervisory Board	295,000	0	0	0	0	0	295,000
2009							
Management Board and senior management	2,697,274	138,745	0	180,000	321,819	-86,986	3,250,852
Supervisory Board	254,891	0	0	0	0	0	254,891

1 The number of people designated as senior management increased from five in 2009 to nine in 2010.

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

(€)	Salary	Bonus	Post employment benefits	Other emoluments[1]	Total remuneration
2010					
Management Board					
Harold Goddijn	250,000	178,000	0	0	428,000
Marina Wyatt	400,000	227,840	35,600	0	663,440
Alain De Taeye	375,000	213,600	26,250	0	614,850
	1,025,000	**619,440**	**61,850**	**0**	**1,706,290**
2009					
Management Board					
Harold Goddijn	194,400	46,656	0	100,000	341,056
Marina Wyatt	316,623	60,792	27,024	200,000	604,439
Alain De Taeye	366,566	70,381	28,000	0	464,947
	877,589	177,829	55,024	300,000	1,410,442

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

Overview of remuneration of members of the Supervisory Board

(€)	2010	2009
Karel Vuursteen (Chairman)	**56,000**	56,000
Doug Dunn	**42,000**	42,000
Guy Demuynck	**46,000**	46,000
Rob van den Bergh	**42,000**	42,000
Ben van der Veer	**45,000**	45,000
Peter Wakkie[1]	**43,000**	16,583
Joost Tjaden[2]	**21,000**	7,308
	295,000	254,891

1 Peter Wakkie was appointed on 28 April 2009.
2 Joost Tjaden resigned from the Supervisory Board on 1 July 2010.

Notes to the Consolidated Financial Statements

7. EMPLOYEE BENEFITS (continued)

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

Stock option plan	Outstanding 1 Jan 2010	Granted in 2010	Exercised in 2010	Forfeited in 2010	Outstanding 31 Dec 2010	Exercise price	Expiry date
Harold Goddijn	181,500	0	0	0	181,500	5.71	16 June 2016
Harold Goddijn	0	150,000	0	0	150,000	5.32	12 May 2017
Marina Wyatt	605,000	0	0	0	605,000	21.85	10 August 2012
Marina Wyatt	542,685	0	0	0	542,685	28.07	9 November 2013
Marina Wyatt	181,500	0	0	0	181,500	5.71	16 June 2016
Marina Wyatt	0	150,000	0	0	150,000	5.32	12 May 2017
Alain De Taeye	181,500	0	0	0	181,500	5.71	16 June 2016
Alain De Taeye	0	150,000	0	0	150,000	5.32	12 May 2017
	1,692,185	450,000	0	0	2,142,185		

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

Performance share plan	Outstanding 1 Jan 2010	Granted in 2010	Exercised in 2010	Forfeited in 2010	Outstanding 31 Dec 2010	Expiry date
Harold Goddijn	35,332	0	-8,843	-6,403	20,086	June 2011
Marina Wyatt	18,271	0	-4,562	-3,303	10,406	June 2011
Alain De Taeye	20,812	0	0	0	20,812	June 2011
	74,415	0	-13,405	-9,706	51,304	

There were no grants of performance shares in 2010. For a description of the performance share plan, reference is made to note 22: Share-based compensation.

8. ADDITIONAL INFORMATION REGARDING OPERATING EXPENSES

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

(€ in thousands)	2010	2009
Salaries	151,813	143,568
Social security costs	24,469	20,742
Pensions	8,307	7,245
Share-based compensation	13,495	10,567
Other	49,894	45,599
Personnel expenses	247,978	227,721

Pension costs consist of the costs of the defined contribution plans of €7.3 million (2009: €6.1 million) and of the defined benefit plan of €1.0 million (2009: €1.1 million).

Average number of employees

The average number of employees in 2010 was 3,288 (2009: 3,294). At 31 December 2010, the group had 3,487 (2009: 3,089) employees. During 2010, the majority of the employees of TomTom worked outside of the Netherlands.

Operating expenses include an amount of €109 million for depreciation and amortisation expenses (2009: €106 million).

(€ in thousands)	2010	2009
Amortisation	94,235	85,920
Depreciation	14,863	20,416
Total amortisation and depreciation	109,098	106,336

The costs for operating leases in 2010 amounted to €16.6 million (2009: €14.1 million).

Notes to the Consolidated Financial Statements

9. FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

(€ in thousands)	2010	2009
Interest income	977	2,843
Interest expense	-36,041	-73,658
Interest result	-35,064	-70,815
Other financial result	-286	-214
Exchange rate result	-15,676	-40,988
Other financial result	-15,962	-41,202

The foreign exchange line item is composed of results related to hedging contracts and balance sheet item revaluations. Hedging contracts are entered to protect the group from adverse exchange rate fluctuations that may result from USD, GBP, AUD, CHF and SEK exposures.

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

10. INCOME TAX

The activities of the group are subject to corporate income tax in several countries, depending on presence and activity. The applicable statutory tax rates vary between 12.5% and 41%. This, together with timing differences, can cause the effective tax rate to differ from the Dutch corporate tax rate.

(€ in thousands)	2010	2009
Current tax expense	31,345	23,809
Deferred tax	-4,989	1,279
Income tax expense	26,356	25,088

The effective tax rate, based on income before taxes was 19.7% (2009: 22.5%). The reconciliation between the tax charge on the basis of the Dutch tax rate and the effective tax rate is as follows:

	2010	2009
Dutch tax rate	25.5%	25.5%
Higher weighted average statutory rate on group activities	4.9%	2.7%
Income exempted from tax	-7.6%	-13.2%
Non tax deductible share options	1.4%	2.1%
Non tax deductible (exempted) result associates	0.0%	-0.6%
Other	-4.5%	6.0%
Effective tax rate	19.7%	22.5%

11. GOVERNMENT GRANTS

The group recognised as income a government grant of €9.5 million (2009: €5.9 million) in respect of research and development activities performed by the group. The group is not obliged to refund these amounts. Government grants are reported as income within operating expenses.

Notes to the Consolidated Financial Statements

12. EARNINGS PER SHARE

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

(€ in thousands)	2010	2009
Earnings		
Earnings (net result attributed to equity holders)	107,768	86,767
Adjusted earnings		
Net result	107,768	86,767
Amortisation of acquired intangibles	61,136	66,340
Restructuring expenses	3,344	10,250
Tax effect of adjustments	-16,442	-19,530
Adjusted earnings	155,806	143,827

	2010	2009
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	221,723,538	183,991,151
Effect of dilutive potential ordinary shares		
Share options	316,812	913,560
Weighted average number of ordinary shares for diluted earnings per share	222,040,350	184,904,711
Earnings per share (in €)		
Basic (in €)	0.49	0.47
Diluted (in €)	0.49	0.47
Adjusted earnings per share[1] (in €)		
Basic (in €)	0.70	0.78
Diluted (in €)	0.70	0.78

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

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The company has one category of potential dilutive ordinary shares: share options. For these share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares), based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued, assuming the exercise of the share options.

Adjusted earnings per share

Adjusted earnings per share is calculated by dividing the adjusted earnings by the weighted average number of ordinary and diluted shares outstanding during the year.

Notes to the Consolidated Financial Statements

13. INTANGIBLE ASSETS

(€ in thousands)	2010	2009
Goodwill	854,713	854,713
Other intangible assets	946,263	986,472
Total intangible assets	**1,800,976**	1,841,185

(€ in thousands)	Goodwill	Database and tools	Internally generated	Other[1]	Total
Balance as at 1 January 2009					
Investment cost	1,902,489	880,916	32,462	184,204	3,000,071
Accumulated amortisation and impairment	-1,047,776	-26,649	-6,450	-53,289	-1,134,164
	854,713	**854,267**	**26,012**	**130,915**	**1,865,907**
Movements					
Investments	0	20,108	19,766	3,137	43,011
Transfers between categories	0	0	2,051	-982	1,069
Acquisition of subsidiary	0	0	0	19,126	19,126
Amortisation charges	0	-46,461	-12,312	-27,147	-85,920
Currency translation differences	0	-1,691	20	-337	-2,008
	0	-28,044	9,525	-6,203	-24,722
Balance as at 31 December 2009					
Investment cost	1,902,489	899,603	54,279	205,208	3,061,579
Accumulated amortisation and impairment	-1,047,776	-73,380	-18,742	-80,496	-1,220,394
	854,713	**826,223**	**35,537**	**124,712**	**1,841,185**
Movements					
Investments	0	18,772	21,962	7,305	48,039
Transfers between categories	0	0	0	6,970	6,970
Amortisation charges	0	-51,484	-18,829	-23,922	-94,235
Currency translation differences	0	-273	-12	-698	-983
	0	-32,985	3,121	-10,345	-40,209
Balance as at 31 December 2010					
Investment cost	1,902,489	918,102	76,229	218,785	3,115,605
Accumulated amortisation and impairment	-1,047,776	-124,864	-37,571	-104,418	-1,314,629
	854,713	**793,238**	**38,658**	**114,367**	**1,800,976**

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

All intangible assets besides goodwill have finite useful lives. Goodwill has an indefinite useful life. The database as acquired at acquisition date represents all stored routing data used for our digital maps and has a remaining useful life of 16 years and 5 months.

The amortisation charges totalling to €94.2 million (2009: €85.9 million) are included in the following line items in the Income Statement: amortisation of technology and database: €77.6 million (2009:€75.0 million); R&D expenses: €10.0 million (2009: €7.6 million); Marketing expenses: €1.7 million (2009: €0.4 million) and Selling, general and administrative expenses: €4.9 (2009: €2.9 million).

Notes to the Consolidated Financial Statements

13. INTANGIBLE ASSETS (continued)

Impairment test for goodwill

Goodwill is allocated to the group's cash generating units (CGUs) identified according to the core business activities as monitored by management. In accordance with the amendment to IAS 36 "Impairment of assets" and due to internal change in group structure the goodwill has been reallocated to each of the operating segments defined in accordance with IFRS 8 "Operating segments". The goodwill impairment test has been performed for each of these operating segments based on the revised allocation.

A segment-level summary of the goodwill allocation for our segments in 2010 and 2009 is presented below.

(€ in thousands)	2010
Consumer	641,831
Automotive	83,389
Licensing	85,217
Business Solutions	44,276
	854,713

(€ in thousands)	2009
TomTom	710,584
Tele Atlas	144,129
Total	854,713

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

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

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

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

The calculated fair value less costs to sell resulted in a recoverable amount that was higher than the carrying amount for all segments and accordingly no impairment charge has been recorded in 2010 (2009: nil).

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

	2010			
	Consumer	Automotive	Licensing	Business Solutions
Revenue – perpetual growth[1]	0.5%	1.8%	1.0%	1.0%
Operating expenses – perpetual growth[1]	0.5%	1.8%	1.0%	1.0%
Discount rate[2]	10.0%	10.0%	10.0%	9.5%

	2009	
	TomTom	Tele Atlas
Revenue – perpetual growth[1]	1.2%	1.4%
Operating expenses – perpetual growth[1]	1.2%	1.4%
Discount rate[2]	10.5%	10.5%

1 Weighted average growth rate used to extrapolate cash flows beyond the forecast period.
2 Post-tax discount rate applied to the cash flow projections.

Notes to the Consolidated Financial Statements

13. INTANGIBLE ASSETS (continued)

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

Sensitivity analysis discount rate

(€ in thousands) Discount rate	Rate	Consumer Impairment	Rate	Automotive Impairment	Rate	Licensing Impairment	Rate	Business Solutions Impairment
-1%	9.0%	0	9.0%	0	9.0%	0	8.5%	0
Input	**10.0%**	**0**	**10.0%**	**0**	**10.0%**	**0**	**9.5%**	**0**
+1%	11.0%	0	11.0%	0	11.0%	0	10.5%	0

Sensitivity analysis perpetual growth rate

(€ in thousands) Perpetual growth rate	Rate	Consumer Impairment	Rate	Automotive Impairment	Rate	Licensing Impairment	Rate	Business Solutions Impairment
-1%	-0.5%	0	0.8%	0	0.0%	0	0.0%	0
Input	**0.5%**	**0**	**1.8%**	**0**	**1.0%**	**0**	**1.0%**	**0**
+1%	1.5%	0	2.8%	0	2.0%	0	2.0%	0

14. PROPERTY, PLANT AND EQUIPMENT

(€ in thousands)	Furniture and fixtures	Computer hardware	Other	Total
Balance as at 31 December 2008				
Investment cost	11,925	48,268	47,850	108,043
Accumulated depreciation	-7,209	-30,804	-16,875	-54,888
	4,716	**17,464**	**30,975**	**53,155**
Movements				
Investments	569	5,984	4,580	11,133
Acquisition of subsidiary (net)	402	0	0	402
Transfers between categories	3,398	6,503	-10,970	-1,069
Depreciation charges	-3,821	-11,466	-5,129	-20,416
Currency translation differences	-45	-162	-94	-301
	503	859	-11,613	-10,251
Balance as at 31 December 2009				
Investment cost	16,249	60,593	41,365	118,207
Accumulated depreciation	-11,030	-42,270	-22,003	-75,303
	5,219	**18,323**	**19,362**	**42,904**
Movements				
Investments	189	5,580	12,486	18,255
Transfer between categories (net)	0	0	-6,970	-6,970
Depreciation charges	-2,492	-9,056	-3,315	-14,863
Currency translation differences	65	-759	345	-349
	-2,238	-4,235	2,546	-3,927
Balance as at 31 December 2010				
Investment cost	16,503	65,414	47,226	129,143
Accumulated depreciation	-13,522	-51.326	-25,318	-90,166
	2,981	**14,088**	**21,908**	**38,977**

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

The carrying value of fixed assets held under finance leases at 31 December 2010 was €1.2 million (2009: €2.2 million).

Notes to the Consolidated Financial Statements

15. INVESTMENTS IN ASSOCIATES

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

(€ in thousands)	2010	2009
Balance as at 1 January	7,683	5,663
Result associates	-1,270	2,603
Other direct equity movements	1,307	-583
Balance as at 31 December	7,720	7,683

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

2010

Name associate (€ in thousands)	Place of incorporation	Assets	Liabilities	Revenues full year	Net result full year	Interest held
Infotech enterprises[1,2]	India	189,541	36,806	150,086	25,091	1.35%
Mappoint Asia[1]	Thailand	5,947	6,145	4,325	-416	27.7%
MapIT[1]	South Africa	7,741	336	5,176	2,498	49%

2009

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

1 All associates have a 31 March year-end. Data for calculating the result associate, based on the equity method, is obtained from January through to December. The summarised financial information is based on local accounting principles of each respective associate.

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

16. INVENTORIES

(€ in thousands)	2010	2009
Finished goods	63,431	46,370
Components and sub-assemblies	30,391	20,349
Inventories	93,822	66,719

The amount of inventories recognised as an expense when the inventories are sold and included in cost of sales amounted to €511 million (2009: €506 million).

As a result of the write-down of inventories to their net realisable value, the group recognised a cost of €8.9 million (2009: €14.5 million). The costs are included in cost of sales.

17. TRADE RECEIVABLES

(€ in thousands)	2010	2009
Gross accounts receivables	309,181	303,266
Allowance for doubtful receivables	-3,360	-9,242
Trade receivables (net)	305,821	294,024

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

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is some concentration of credit risk with respect to trade receivables, but this is actively monitored by management. Credit risk is to some extent further mitigated by the purchase of insurance for European, North American, Asian, Australian and African receivables balance from Consumer, Automotive and Business Solutions customers.

Notes to the Consolidated Financial Statements

17. TRADE RECEIVABLES (continued)

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

(€ in thousands)	2010	2009
Balance as at 1 January	-9,242	-13,952
Acquisition of subsidiary	0	-435
Additional receivables impairment	-379	-1,622
Receivables written-off during the year as uncollectible	439	145
Unused amounts reversed	6,021	6,330
Currency translation differences	-199	292
Balance as at 31 December	-3,360	-9,242

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

(€ in thousands)	2010	2009
Of which:		
Not overdue	266,775	281,555
Overdue < 3 months	31,879	8,888
3 to 6 months	2,804	5,029
Over 6 months	7,723	7,794
Less provision	-3,360	-9,242
Trade receivables (net)	305,821	294,024

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

(€ in thousands)	2010	2009
EUR	156,857	106,621
GBP	35,854	33,310
USD	83,340	128,213
Other	29,770	25,880
Trade receivables (net)	305,821	294,024

18. OTHER RECEIVABLES AND PREPAYMENTS

(€ in thousands)	2010	2009
Prepayments	8,362	9,029
VAT and other taxes	15,846	13,308
Other receivables	17,645	3,698
	41,853	26,035

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

Notes to the Consolidated Financial Statements

19. OTHER FINANCIAL ASSETS

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

	2010		2009	
(€ in thousands)	Assets	Liabilities	Assets	Liabilities
Derivatives – held for trading	5,724	-598	10,602	-328
Interest rate swaps – cash flow hedge	0	-3,354	0	-5,050
Total	5,724	-3,952	10,602	-5,378
Less non-current portion				
Interest rate swaps – cash flow hedge	0	0	0	94
Current portion	5,724	-3,952	10,602	-5,284

a). Derivatives held for trading

The notional principal amounts of the outstanding forward foreign exchange and option contracts at 31 December 2010 were €277 million (2009: €420 million).

All our outstanding options and forwards have a contractual maturity of less than 1 year.

b). Cash flow hedge

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2010 were €600 million (2009: €810 million).

In September 2010 we repaid €125 million of our borrowings early. This resulted in a charge for ineffectiveness of our hedging instrument of €0.8 million (2009: nil).

At 31 December 2010, the fixed interest rate varies from 1.563% to 1.588% (2009: from 1.563% to 1.588%), and the main floating rate is EURIBOR. Gains and losses recognised in the hedging reserve in equity (note 33) on interest rate swaps contracts as at 31 December 2010 will be continuously released to the income statement until the repayment of the bank borrowings (note 24).

A 0.5% decrease or increase in the average EURIBOR rate over 2010 would cause our equity balance to increase or decrease by €2.6 million in 2010 (2009: €6.6 million).

The table below analyses the group net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

At 31 December 2010 (€ in thousands)	**< 1 yr**	**1-2 yrs**	**2-5 yrs**	**> 5 yrs**
Derivatives in hedging relationship	-3,354	0	0	0
Derivatives held for trading	5,126	0	0	0

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

20. CASH AND CASH EQUIVALENTS

(€ in thousands)	2010	2009
Cash and equivalents	279,734	173,403
Deposits	25,866	195,000
	305,600	368,403

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

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

Notes to the Consolidated Financial Statements

21. SHAREHOLDERS' EQUITY

	2010 No.	2010 (€ in thousands)	2009 No.	2009 (€ in thousands)
Authorised:				
Ordinary shares	600,000,000	120,000	600,000,000	120,000
Preferred shares	300,000,000	60,000	300,000,000	60,000
	900,000,000	180,000	900,000,000	180,000
Issued and fully paid:				
Ordinary shares	221,808,085	44,362	221,718,074	44,344

All shares have a par value of €0.20 per share (2009: €0.20 per share). For rights, restrictions and other conditions attached to ordinary and preference shares, reference is made to the Corporate Governance section in the Annual Report.

In 2010, 90,011 shares were issued following the exercise of share options by employees (2009: 1,534,787).

Our reserves are freely distributable except for €41 million of legal reserves. Note 6 in our Company Financial Statements provides an overview of our non-distributable reserves.

Protection mechanism

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

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

22. SHARE-BASED COMPENSATION

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

Share option plans

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

Stock compensation reserve

(€ in thousands)	2010	2009
Opening balance	66,267	69,469
Stock compensation expense	12,285	7,863
Release to retained earnings	-6,645	-9,376
Share options exercised	-245	-1,689
Closing balance	71,662	66,267

Share option plan 2005:

The compensation under the plan qualifies as "Equity-settled share-based payments". The vesting period under the 2005 share option plan is three years followed by an exercise period of four years. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of four years, starting three years after the date of the grant. Options expire seven years after the date of grant.

Notes to the Consolidated Financial Statements

22. SHARE-BASED COMPENSATION (continued)

Share option plan 2009:

Under this plan the group issued 6.0 million stock options in May 2010 (2009: 5.8 million). The 2009 share option plan qualifies as an 'Equity-settled share based payment plan'. The options will vest in three equal yearly portions, the first third after one year, the second third after two years and the remaining third after three years from the grant date. These terms result in options under the plan that cannot be transferred, pledged or charged and may be exercised only by the option holder over a period of seven years from the grant date but only after completion of the vesting period. Options expire after the exercise period.

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

The following table summarises information about the stock options outstanding at 31 December 2010:

Outstanding stock options

Year of grant	Number outstanding at 31 Dec 10	Exercise price per share	Weighted average remaining life	Number exercisable at 31 Dec 10	Weighted average exercise price
2005[1]	3,021,965	21.85-23.82	1.78	3,021,965	23.16
2006[1]	1,830,125	21.07-31.14	2.77	1,830,125	27.57
2007[1]	36,300	25.55	3.19	36,300	25.55
2009[1]	6,421,672	5.71-6.00	5.46	2,140,557	5.76
2010	5,878,500	4.81-5.48	6.35	0	5.32

1 The number of outstanding options and the exercise price per share are corrected for the Liffe adjustment which has the effect of preserving the existing rights of the option holders following the rights issue in 2009.

A summary of the group's stock option plans and the movements during the years 2010 and 2009 are presented below:

Option plans	2010	Weighted average exercise price[2]	2009	Weighted average exercise price
Outstanding at the beginning of the year	12,159,280	13.81	6,496,967	19.20
Granted	6,013,500	5.32	5,813,000	5.71-6.00
Liffe adjustment	0	0	2,203,087	n/a
Exercised	-90,011	5.72	-1,534,787	0.62
Forfeited	-894,207	16.00	-818,987	25.47
Outstanding at the end of the year	17,188,562	11.06	12,159,280	13.81

2 See footnote 1 above.

Performance share plan

In 2007 and 2008 the group introduced performance share plans for employees. Conditional awards of TomTom shares were made under the share-based incentive plans of 2007 and 2008. In 2008 all employees, except for Management Board members, were offered the choice of 100% vesting or the original vesting criteria. The original vesting criteria can result in a vesting ranging from 0-150% of the conditional award. The actual vesting percentage depends on the total shareholder return of TomTom NV compared to other companies listed in the AEX index, and the EPS growth of TomTom NV. For the performance shares granted in 2007 and 2008, the measurement period is three years starting at 1 January 2007 and 1 January 2008 respectively. On 31 December 2010 the liability with regard to the performance share plan was €2.4 million (2009: €2.1 million).

The following table provides more information about the performance shares which were conditionally awarded in 2007 and 2008. There were no awards made in 2010 (2009: nil).

Share plans	2010	2009
Outstanding at the beginning of the year	563,860	482,200
Granted	0	0
Liffe adjustment	0	102,669
Exercised	-161,872	0
Forfeited	-38,988	-21,009
Outstanding at the end of the year	363,000	563,860

Notes to the Consolidated Financial Statements

22. SHARE-BASED COMPENSATION (continued)

Valuation assumptions

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

The fair value of the share options granted in May 2010 and June 2009 was determined by the binomial tree model. This model contains the input variables, including the risk-free interest rate, volatility of the underlying share price, exercise price, and share price at the date of grant. The fair value calculated is allocated on a straight-line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

The input into the share option valuation model is as follows:	2010	2009
Share price at grant date[1] (euro)	5.48	7.26
Weighted average exercise price[1] (euro)	5.32-5.48	6.91-7.26
Weighted average expected volatility	55%	55%
Expected expiration date	12 May 2017	16 June 2016
Weighted average risk free rate	2.42%	3.56%
Expected dividends	Zero	Zero

1 Prices disclosed for 2009 are pre rights issue.

The option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Volatility is determined using industry benchmarking for listed peer group companies, as well as the historic volatility of the TomTom NV stock. The group's employee stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate.

23. NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

Movements in minority interests were as follows:

(€ in thousands)	2010	2009
Opening balance at 1 January	5,094	4,964
Minority interest in the net result of subsidiaries	-98	-381
Dividends paid	-251	0
Change in minority share	-313	0
Currency translation differences	984	511
Closing balance at 31 December	5,416	5,094

24. BORROWINGS

(€ in thousands)	2010	2009
Non-current	384,011	588,141
Current[1]	203,586	201,387
Total borrowings	587,597	789,528

1 €210 million of the original loan amount will be repaid in December 2011. The full amount payable on the loan is reduced by the netting off of the loan negotiation costs which are amortised over the period of the loan through an interest charge.

In 2008, the group negotiated a syndicated loan facility consisting of a €1,585 million term loan and a €175 million revolving credit facility to fund the Tele Atlas acquisition. Transaction costs related to the facility amounted to €50.3 million. The facility terminates on 31 December 2012 and has an annual repayment schedule. The interest is in line with market conditions and based on EURIBOR with a spread that depends on certain leverage covenants. The average interest percentage paid on the borrowings in 2010 was 3.07% (2009: 3.36%). The group's borrowings are subject to covenant clauses whereby the group is required to meet certain performance indicators with regard to our financial condition. The performance indicators relate to interest cover and leverage. In case of a breach of these covenants the banks are contractually entitled to request early repayment of the outstanding amount. The carrying amount of the group's borrowings is denominated in euros.

In 2010 the group repaid €210 million, of which €125 million was repaid ahead of schedule in September and €85 million was repaid at the end of December in line with our repayment schedule.

Notes to the Consolidated Financial Statements

24. BORROWINGS (continued)

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

1 Interest cover is defined as the ratio of last twelve months ('LTM') EBITDA to LTM interest expense for the relevant period.
2 Leverage ratio is defined as the ratio of total consolidated net debt on a specified date to consolidated LTM EBITDA in respect of the relevant period ending on that date.

The group has the following undrawn borrowing facilities:

(€ in thousands)	2010	2009
Undrawn borrowing facilities	174,227	174,227
Total	**174,227**	174,227

Annual repayment schedule (€ in thousands)	
2011	210,000
2012	388,000
Total	**598,000**

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

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

	Notional amount		Fair value	
(€ in thousands)	2010	2009	2010	2009
Borrowings[1]	388,000	598,000	381,779	552,587
	388,000	598,000	381,779	552,587

1 Borrowings do not include amortised costs.

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

A 0.5% increase or decrease in EURIBOR rate throughout this period would cause our post tax results for the year and equity to decrease or increase by €0 million (2009: €3.1 million).

Finance leases

These are finance leases for plant and machinery, cars and equipment. The net book value of the assets related to these leases is €1.2 million (2009: €2.2 million). Future minimum lease payments are as follows:

(€ in thousands)	2010	2009
Commitments less than 1 Year	1,016	1,042
Commitments between 1 – 5 Years	201	1,193
Commitments longer than 5 Years	1	1
Total minimum lease payments	1,218	2,236
Less amounts representing finance charges	-29	-78
Present value of minimum lease payments	1,189	2,158

Notes to the Consolidated Financial Statements

25. DEFERRED INCOME TAX

As at 31 December 2010, the group has a deferred tax liability of €211 million (2009: €222 million). A deferred tax asset has been recorded amounting to €22 million (2009: €28 million). The deferred tax asset and deferred tax liability result from temporary differences between the tax and accounting treatment of the amortisation of intangible assets, tax-loss carry-forwards and certain provisions.

(€ in thousands)	2010	2009
Deferred tax:		
To be realised after more than 12 months	-187,205	-191,958
To be realised within 12 months	-1,544	-1,966
	-188,749	-193,924

The movement of the deferred tax is shown below:

(€ in thousands)	Stock compensation expense	Other	Intangible assets	Provisions	Assessed losses	Total
Balance as at 31 December 2008	191	-6,748	-295,717	7,888	98,288	-196,098
Charged / (released) to income	1,456	4,636	10,635	1,959	-19,965	-1,279
Acquisition of subsidiary	0	0	-4,877	0	4,877	0
Currency translation differences	0	0	6,093	0	-2,640	3,453
Balance as at 31 December 2009	1,647	-2,112	-283,866	9,847	80,560	-193,924
Charged / (released) to income	1,054	2,588	25,953	-5,594	-19,012	4,989
Currency translation differences	0	0	-549	735	0	186
Balance as at 31 December 2010	2,701	476	-258,462	4,988	61,548	-188,749

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

(€ in thousands)	2010	2009
Deferred tax:		
Deferred tax assets	22,265	28,205
Deferred tax liabilities	-211,014	-222,129
	-188,749	-193,924

26. PROVISIONS

(€ in thousands)	Warranty	Claims, Litigation & Other	Total
Opening balance as at 1 January 2009	48,028	64,905	112,933
Increases in provisions	42,142	17,564	59,706
Utilised	-39,908	-4,209	-44,117
Released	0	-14,172	-14,172
Balance at 1 January 2010	50,262	64,088	114,350
Increases in provisions	29,325	9,239	38,564
Utilised	-28,147	-2,963	-31,110
Released	-5,317	-7,199	-12,516
Balance as at 31 December 2010	46,123	63,165	109,288

Warranty provision

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

Notes to the Consolidated Financial Statements

26. PROVISIONS (continued)

Claims, Litigation & Other provision

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

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

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

Analysis of total provisions

(€ in thousands)	2010	2009
Non-current	51,051	57,847
Current	58,237	56,503
	109,288	114,350

27. TRADE PAYABLES

All trade payable balances are due within one year.

28. PENSION ACCRUALS

(€ in thousands)	2010	2009
Balance as at 1 January	5,216	5,012
Additions	1,608	1,412
Utilised	-447	-1,208
Balance as at 31 December	6,377	5,216

Pension liabilities relate mainly to the Tele Atlas defined benefit plan in Germany and the staff leaving indemnity plan in Italy. There are no plan assets in relation to these plans. The defined benefit plan assumes a discount rate of 5.0% (2009: 5.7%), a rate of salary increase of 1.2% (2009: 3.0%) and German mortality rates.

29. COMMITMENTS AND CONTINGENT LIABILITIES

The group has long-term financial commitments, which are not shown in the group's balance sheet as at 31 December 2010.

Operating leases

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

(€ in thousands)	2010	2009
Commitments less than 1 year	21,955	20,298
Commitments between 1 – 5 years	42,824	46,657
Commitments longer than 5 years	8,702	6,604
	73,481	73,559

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

Notes to the Consolidated Financial Statements

29. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Purchase commitments

As at 31 December 2010, the group had open purchase commitments with our contract manufacturers for certain products and components. Based on our forecasts of the number of units we will require, our contract manufacturers order the requisite component parts from their suppliers. Our manufacturers have commitments on these components. In certain circumstances, we have a contractual obligation to purchase these components from our manufacturers.

Other commitments

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

(€ in thousands)	2010	2009
Commitments less than 1 year	25,641	18,918
Commitments between 1 – 5 years	37,175	37,823
Commitments longer than 5 years	0	200
	62,816	56,941

Contingencies

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

Based on legal advice, there were no other contingencies that management expects to have material adverse effect on the group's financial position as at 31 December 2010.

30. BUSINESS COMBINATIONS

2010

No business combination transaction took place in 2010.

2009

On 26 November 2009, TomTom acquired 100% shares of ilocal International BV and ilocal Holding BV (hereafter referred to jointly as 'ilocal') for a cash consideration of €15.1 million.

ilocal is a business listings company based in Amersfoort, the Netherlands. ilocal owns a database of categorised and geo-referenced business listings in the Netherlands and Belgium and has technologies in place to maintain the quality and freshness of this database. This technology complements TomTom's existing in-house and third-party sourced points of interest datasets which in turn enriches the quality of our navigation content.

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

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

31. RELATED PARTY TRANSACTIONS

Refer to note 7 for transactions with key management personnel. Certain key management personnel also hold ownership interest in TomTom NV as disclosed under the Corporate Governance section in page 42.

In the normal course of business, the group receives map development and support services from its associate Infotech enterprises Ltd. Such transactions take place at the normal market conditions and the total payments made for these services in 2010 amounted to €13.6 million (2009: €12.9 million).

32. AUDITORS' REMUNERATION

The total remuneration to Deloitte for the statutory audit of 2010 for TomTom amounted to €473,000 (2009: €475,000). The total service fees paid to the Deloitte network amounted to €1,567,000 (2009: €1,631,000). Included in the total remuneration is an amount of €809,000 (2009: €985,000) invoiced by Deloitte Accountants B.V. Details of the audit, audit related and non audit fees paid to Deloitte can also be found in the Supervisory Board report.

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

(€ in thousands)	Loans and receivables	Assets / liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial assets / liabilities at amortised cost	Total
31 December 2010					
Assets as at balance sheet date					
Other financial assets – derivatives	0	5,724	0	0	5,724
Trade receivables	305,821	0	0	0	305,821
Cash and cash equivalents	305,600	0	0	0	305,600
Total	**611,421**	**5,724**	**0**	**0**	**617,145**
Liabilities as at balance sheet date					
Trade payables	0	0	0	218,419	218,419
Other financial liabilities – derivatives	0	598	3,354	0	3,952
Finance lease liabilities	0	0	0	0	0
Borrowings	587,597	0	0	0	587,597
Total	**587,597**	**598**	**3,354**	**218,419**	**809,968**

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

Fair value estimation

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

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

(b) Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices); and

(c) Level 3: inputs for the asset or liability that are not based on observable market data.

The group's fair value of financial assets/liabilities carried at fair value through profit or loss and the derivatives in a hedging relationship are determined using valuation techniques (discounted cash flow analysis) that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. In accordance with the fair value hierarchy established by IFRS 7, these types of inputs classify as Level 2 inputs.

Company Statement of Income of TomTom NV

for the year ended 31 December

(€ in thousands)	Notes	2010	2009
Result of subsidiaries after taxation	2	138,255	164,254
Other income and expenses after tax	3	-30,487	-77,487
Net result		107,768	86,767

The notes on pages 89 to 90 are an integral part of these Company Financial Statements.

Company Balance Sheet of TomTom NV

as at 31 December
(before proposed appropriation of result)

(€ in thousands)	Notes	2010	2009
Assets			
Non-current assets			
Investments in subsidiaries	2	3,173,829	3,019,488
Deferred tax asset	4	2,701	479
Other financial assets		479	1,541
Total non-current assets		3,177,009	3,021,508
Current assets			
Receivables		52,304	59,873
Cash and cash equivalents		1,790	1,481
Total current assets		54,094	61,354
Total assets		3,231,103	3,082,862
Equity and liabilities			
Shareholders' equity	5		
Share capital		44,362	44,344
Share premium		974,554	973,755
Other reserves	6	117,419	100,586
Accumulated deficit		-107,990	-192,976
Result for the year		107,768	86,767
Total shareholders' equity		1,136,113	1,012,476
Borrowings	7	402,003	605,589
Deferred tax liability	4	2,651	4,670
Inter-company payable	8	1,479,009	1,229,478
Provisions		1,402	539
Total non-current liabilities		1,885,065	1,840,276
Borrowings	7	203,586	201,387
Other liabilities		6,339	28,723
Total current liabilities		209,925	230,110
Total equity and liabilities		3,231,103	3,082,862

The notes on pages 89 to 90 are an integral part of these Company Financial Statements.

Notes to the Company Financial Statements

1. PRESENTATION OF FINANCIAL STATEMENTS AND RECOGNITION AND MEASUREMENT PRINCIPLES

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

In accordance with section 362.8 of Part 9 of Book 2 of the Netherlands Civil Code, the company has prepared its Company Financial Statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code, applying the principles of recognition and measurement as adopted in the Consolidated Financial Statements (IFRS). Investments in subsidiaries are accounted for using the equity method. For more information on the accounting policies applied, and on the notes to the Consolidated Financial Statements, please refer to page 59 to 86.

2. INVESTMENTS IN SUBSIDIARIES

The movements in the Investments in subsidiaries were as follows:

(€ in thousands)	Investments in subsidiaries
Balance as at 31 December 2008	2,835,649
Movements 2009	
Acquisition of subsidiary	15,265
Currency translation differences	-1,436
Transfer to stock compensation reserve	5,688
Other direct equity movements	68
Result of subsidiaries	164,254
Balance as at 31 December 2009	3,019,488
Movements 2010	
Currency translation differences	1,071
Transfer to stock compensation reserve	12,361
Other direct equity movements	2,654
Result of subsidiaries	138,255
Balance as at 31 December 2010	**3,173,829**

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

3. OTHER INCOME AND EXPENSES AFTER TAX

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

4. DEFERRED TAXATION

As at 31 December 2010, the company has a deferred tax asset of €2.7 million (2009: €0.5 million) and a deferred tax liability of €2.7 million (2009: €4.7 million). The deferred tax asset and deferred tax liability result from temporary differences between the tax and accounting treatment of the stock compensation expenses and the borrowing costs respectively. The movement of the deferred tax positions during the year were the result of changes/reversals of temporary differences and have been charged/released to the income statement.

5. SHAREHOLDERS' EQUITY

For the statement of changes in consolidated equity for the year ended 31 December 2010, please refer to page 58 in the Consolidated Financial Statements. Additional information on the shareholders' equity is disclosed in note 21 in the Consolidated Financial Statements.

Notes to the Company Financial Statements

6. OTHER RESERVES

(in € thousands)	Legal reserve participations	Cumulative translation adjustment	Total legal reserves	Stock compensation reserve	Total
Balance as at 31 December 2008	**25,390**	**7,356**	**32,746**	**69,469**	**102,215**
Currency translation differences	0	-1,436	-1,436	0	-1,436
Transfer from retained earnings	7,965	0	7,965	0	7,965
Stock compensation expense	0	0	0	7,863	7,863
Issue of share capital	0	0	0	-11,065	-11,065
Cash flow hedges	-4,956	0	-4,956	0	-4,956
Balance as at 31 December 2009	**28,399**	**5,920**	**34,319**	**66,267**	**100,586**
Currency translation differences	0	1,071	1,071	0	1,071
Transfer from retained earnings	7,956	0	7,956	0	7,956
Stock compensation expense	0	0	0	12,285	12,285
Issue of share capital	0	0	0	-245	-245
Release to detained earnings	0	0	0	-6,645	-6,645
Cash flow hedges	2,411	0	2,411	0	2,411
Balance as at 31 December 2010	**38,766**	**6,991**	**45,757**	**71,662**	**117,419**

Legal reserves

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

Stock compensation reserve

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

7. BORROWINGS

Please refer to note 24 in the Consolidated Financial Statements.

8. INTERCOMPANY PAYABLE

Intercompany payable comprises of loans provided by subsidiaries. The interest rate on the loan during 2010 is based upon LIBOR plus a margin of 0.7%. Although no repayment period has been agreed the loan has a long-term nature.

9. OFF-BALANCE SHEET COMMITMENTS

The company has issued several declarations of joint and several liabilities for various group companies, in compliance with Section 403 of Part 9 of Book 2 of the Netherlands Civil Code.

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

Amsterdam, 18 February 2011
Management Board:
Harold Goddijn
Marina Wyatt
Alain De Taeye

Amsterdam, 18 February 2011
Supervisory Board:
Karel Vuursteen
Doug Dunn
Guy Demuynck
Rob van den Bergh
Ben van der Veer
Peter Wakkie

TOMTOM NV
AMSTERDAM

Other Information

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULTS

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

PROPOSED APPROPRIATION OF RESULT

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

STICHTING CONTINUÏTEIT TOMTOM

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

AUDITOR'S REPORT

Reference is made to the auditor's report on page 92.

Independent auditor’s report

To the Shareholders and Supervisory Board of TomTom N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2010 of TomTom N.V., Amsterdam. The financial statements include the Consolidated Financial Statements and the Company Financial Statements. The Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2010, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The Company Financial Statements comprise the company balance sheet as at 31 December 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2010, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, the Company Financial Statements give a true and fair view of the financial position of TomTom N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Amsterdam, 18 February 2011
Deloitte Accountants B.V.

Signed by: A. Sandler

Shareholder Information

LISTING

TomTom NV (TOM2 / ISIN: NL0000387058) has been listed on NYSE Euronext Amsterdam in the Netherlands since 27 May 2005. Since 2006 TomTom is included in Euronext's Amsterdam Exchange Index (AEX) – composed of the 25 most traded companies in the Netherlands – with a weighting factor of approximately 0.2% of the index. Share options of TomTom are traded on the Euronext Amsterdam Derivative Market.

FINANCIAL CALENDAR

27 April 2011	– Publication results Q1 2011
29 April 2011	– Annual General Meeting of Shareholders
22 July 2011	– Publication results Q2 2011
24 October 2011	– Publication results Q3 2011

SHARES OUTSTANDING

At the end of the year TomTom NV had 221,808,085 shares outstanding. The number of options outstanding was 17,188,562.

MAJOR SHAREHOLDERS

At the end of 2010 the following shareholders with a holding of 5% or more were known to us:

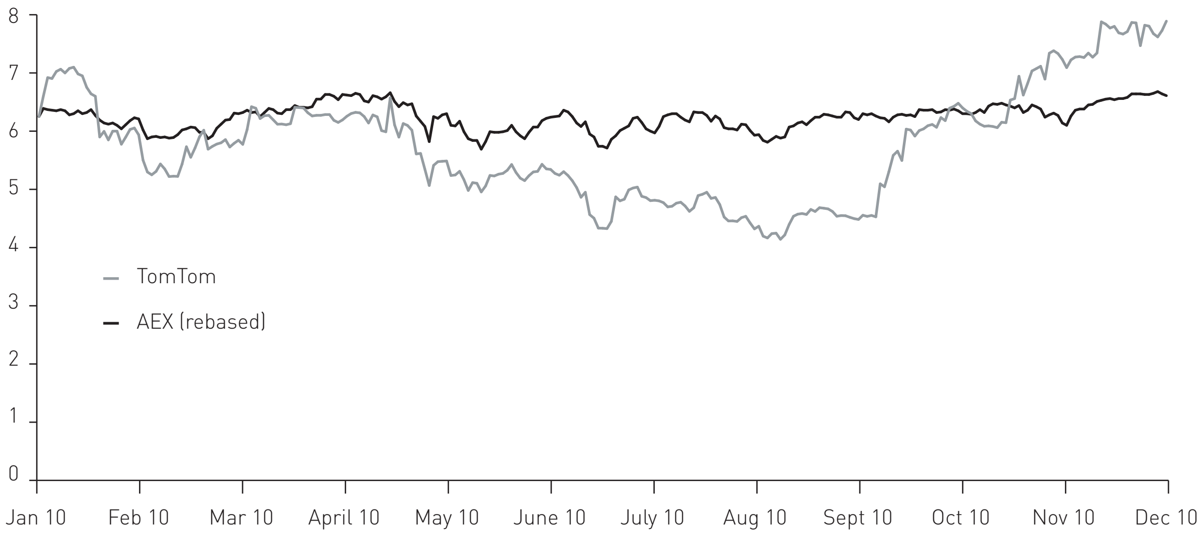
	# Shares	% of shares outstanding
Harold Goddijn	26,137,832	11.8%
Corinne Goddijn-Vigreux	26,137,831	11.8%
Pieter Geelen / Stichting Beheer Moerbei	26,137,831	11.8%
Peter-Frans Pauwels / Stichting Beheer Pillar Arc	26,137,832	11.8%
Flevo Deelnemingen IV BV (Cyrte/Janivo)	18,576,279	8.4%

PROTECTION MECHANISM

In 2005 the Stichting Continuïteit TomTom was established as an instrument of protection against hostile takeovers and to protect our interests in other situations. We have granted Stichting Continuïteit TomTom a call option, entitling it to acquire from us preference shares, up to a maximum of 50% of our total issued and outstanding share capital (excluding issued and outstanding preference shares). The issue of preference shares or the grant of rights to subscribe for preference shares, may have the effect of preventing, discouraging or delaying an unsolicited attempt to obtain control and may help us to determine our position in relation to a bidder and its plans, and to seek alternatives. There are currently no preference shares outstanding. More information on the protection mechanism can be found in the Corporate Governance section pages 40 to 41.

Shareholder Information

SHARE PRICE DEVELOPMENT



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

DIVIDEND POLICY

TomTom has no current plans to distribute dividends.

MORE INFORMATION

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

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

Key Figures Overview

TomTom (in € millions, unless otherwise stated)	2010	2009	2008	2007	2006
Income and expenses					
Revenue	**1,521**	1,480	1,674	1,737	1,364
Gross profit	**744**	731	781	764	579
Operating result[1]	**186**	221	247	428	340
Net result (attributed to equity holders)[1]	**108**	87	175	317	222
Data per share					
Earnings per share (in €) – diluted[1 2]	**0.49**	0.47	1.17	2.20	1.57
Adjusted earnings per share (in €) – basic[2 3]	**0.70**	0.78	1.50	2.28	1.63
Shares outstanding					
Average # basic shares outstanding (in millions)[2]	**222**	184	148	138	133
Average # diluted shares outstanding (in millions)[2]	**222**	185	149	144	142
Regional revenue split (including intercompany)					
Europe	**1,070**	1,007	1,182	1,396	1,226
North America	**380**	411	434	271	106
Rest of World	**70**	62	59	70	31
Cash flow					
Cash generated from operations	**265**	430	463	535	392
Net cash flow from operating activities	**210**	340	354	441	292
Cash flow used in investing activities	**-65**	-90	-1,903	-867	-29
Cash flow from financing activities	**-209**	-206	1,408	453	1
Net increase in cash and cash equivalents	**-64**	45	-142	28	264
Balance sheet					
Goodwill	**855**	855	855	0	0
Intangible assets	**946**	986	1,011	56	39
Inventories	**94**	67	145	131	123
Trade receivables	**306**	294	290	403	266
Cash and cash equivalents	**306**	368	321	463	438
Provisions	**109**	114	113	96	44
Borrowings	**588**	790	1,388	0	0
Trade payables	**218**	201	152	152	67
Total equity and liabilities	**2,623**	2,686	2,767	1,970	903
Key ratios					
Days sales of inventory (DSI)	**31**	21	47	33	57
Days sales outstanding (DSO)	**55**	51	51	58	71
Creditor days	**72**	64	49	38	31
Share price (in €)					
At end of period	**7.89**	6.25	4.30	42.56	27.04
Volume (million shares)	**552**	811	480	313	232
Number of employees					
At end of period	**3,487**	3,089	3,498	1,337	809

1 Excluding non-cash goodwill impairment charge for 2008.
2 The earnings per share number and the weighted average number of shares outstanding for all comparative years have been adjusted to reflect the impact of the right offering that took place in July 2009.
3 Earnings per share adjusted for acquisition related amortisation, goodwill impairment and restructuring charges on a post tax basis.

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

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

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

Designed and produced by MAGEE www.magee.co.uk
Printed by PUSH

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